TGS®

ANNUAL REPORT / **2021**

To shape the future of energy through innovative data solutions and intelligence.

Our Vision

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Combining core skillsets with our large and diversified portfolio of energy data, TGS is well set to continue supporting our customers in an increasingly complex energy landscape.

Financial Highlights

2021 Financial Highlights

(All amounts in USD 1,000s apart from EPS, ratios and dividend per share)

	2021	2020 Restated[2]	2019 Restated[2]	2018	2017
Revenue	518,689	360,001	585,610	614,239	492,181
EBIT	(72,331)	(228,919)	128,998	230,025	97,429
Pre-tax profit	(85,087)	(223,389)	131,211	236,771	99,636
Net income	(75,985)	(167,498)	113,111	178,800	75,594
EBIT margin	-14%	-64%	22%	37%	20%
Net income margin	-15%	-47%	19%	29%	15%
Return on average capital employed[1]	-7%	-20%	12%	24%	10%
Earnings per share	(0.65)	(1.43)	1.05	1.75	0.74
Earnings per share fully diluted	(0.65)	(1.43)	1.03	1.73	0.73
Total assets	1,629,827	2,008,818	2,211,080	1,582,044	1,424,100
Shareholders' equity	1,115,328	1,268,657	1,527,521	1,232,606	1,200,102
Equity ratio	68%	63%	69%	78%	84%
Share buy-back	15,689	6,601	43,413	–	–
Dividend per share (paid in year)	USD 0.56	USD 0.75	USD 1.08	USD 0.8	USD 0.6

1) Return on average capital employed = EBIT/Average capital employed. Capital employed = Equity + Net interest-bearing debt.

2) 2020 and 2019 figures have been restated. Refer to note 28 of the Annual Report for more details.

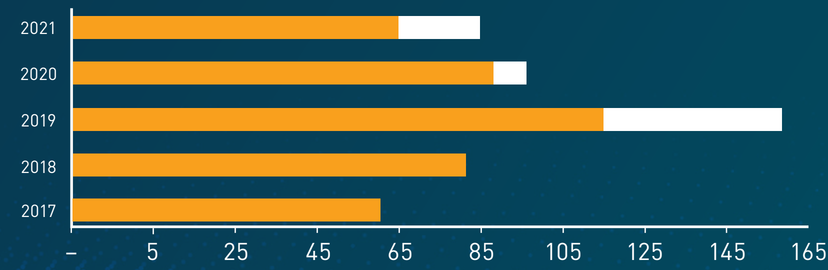
Multi-client Library

Multi-client Library	2021	2020 Restated[2]	2019 Restated[2]	2018	2017
Opening net book value	**965,551**	1,102,630	870,495	799,015	812,399
Multi-client data purchased from third parties	**16,000**	15,000	183,505	6,507	9,522
Investments in new projects	**182,178**	316,129	339,527	256,922	279,440
Amortization and impairment	**(458,861)**	(468,209)	(290,897)	(270,781)	(302,346)
Adjustments related to implementation of IFRS 15	**–**	–	–	78,832	–
Ending net book value	**704,868**	965,551	1,102,630	870,495	799,015
Prefunding % on operational investments[1]	**48%**	48%	38%	41%	41%

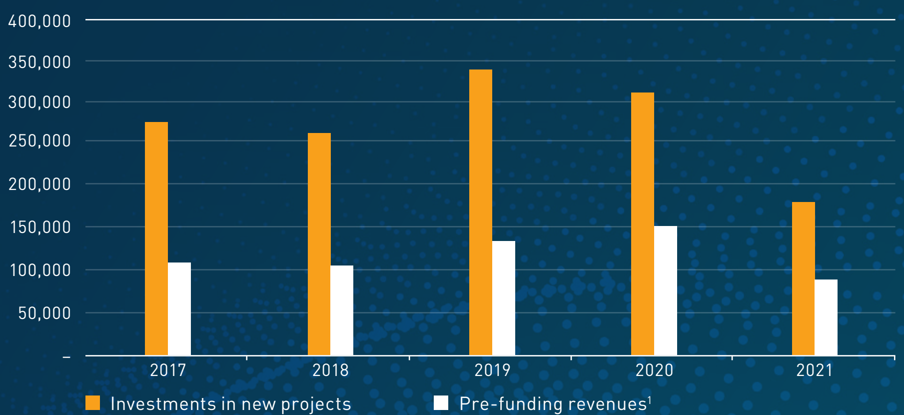
[1] Pre-funding revenues is based on segment reporting, see note 4 of the Annual Report for comparison to IFRS.

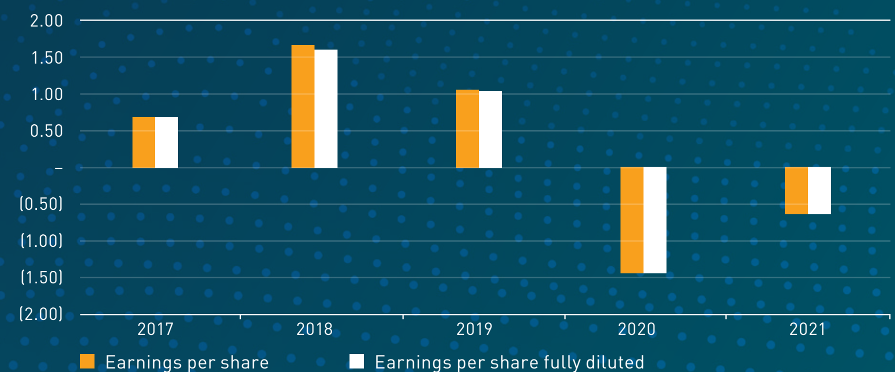
[2] 2020 and 2019 figures have been restated. Refer to note 28 of the Annual Report for more details.

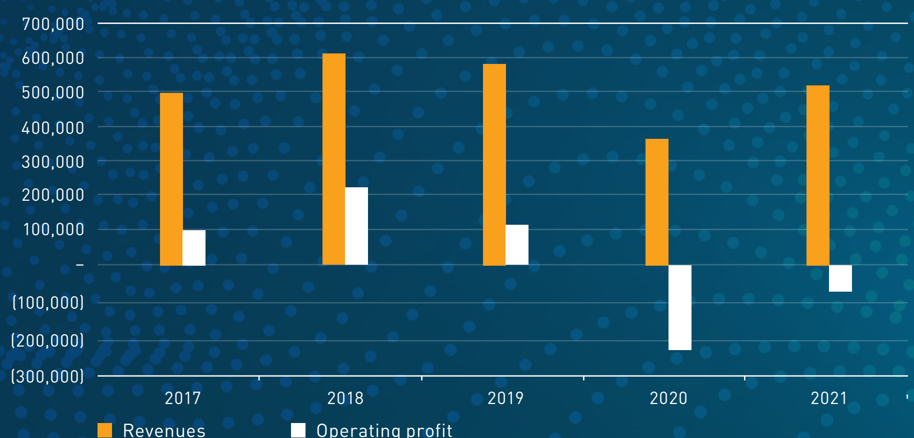
Cash Distribution to Shareholders

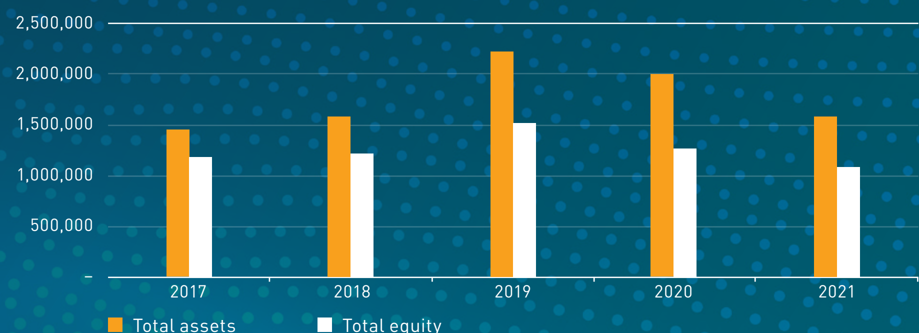


* Dividend payments in the year









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Letter to Shareholders,

2021 turned out to be another eventful year for the world, the energy industry and TGS. Successful rollouts of COVID vaccinations helped reduce the impact of the pandemic, and the world gradually began to get back to normal. As a result, the demand for energy grew, which, together with supply chain constraints, caused higher oil prices and record-high gas prices towards the end of the year. We expect this positive momentum to continue in 2022, and TGS is well placed to benefit from growing demand across our global energy data business, including both oil and gas subsurface data and new energy data and solutions.

> "TGS is well placed to benefit from growing demand across our global energy data business, including both oil and gas subsurface data and new energy data and solutions."

Our flexible business model remains superior in volatile markets, and while segment revenues were down 31% in 2021, free cash flow* was as much as 12 times higher than in 2020 due to significant cost reductions, lower CAPEX and strong cash collections. As a result, TGS paid dividends in 2021, totaling USD 66 million (equal to USD 0.56 per share). In addition, we spent USD 16 million repurchasing 1.3 million own shares, which are subject to cancellation at the Annual General Meeting (AGM). In May 2022, the Board will propose to the AGM authorization to pay further quarterly dividends for the following 12 months and renewal of authorization to repurchase shares. TGS' ambition of returning the Company's value creation to shareholders through a combination of quarterly cash dividends and share buybacks remains firm.

The focus on climate change and the energy transition continued in 2021, and an increasing number of governments and corporations worldwide have committed to gradually lower emissions and set ambitious net-zero targets. At the same time, we have also experienced that the energy transition must be carefully managed to avoid temporary shortages of supply and unsustainable prices. The EU's acceptance of the critical role of natural gas in the energy transition, serving as an energy source for all sectors, including heating, cooking and industrial applications, is a great example of how to stabilize the path to green energy while reducing carbon emissions in the short term.

A more sustainable world fueled by cleaner energy sources will not come overnight, meaning oil and gas will remain crucial for providing the energy society needs for the coming decades. Global oil and gas discoveries in 2021 hit their lowest level in 75 years, according to Rystad Energy, but continued growth in global demand for energy, increased focus on energy security and falling reserves of both oil and gas put pressure on governments and E&P companies to revise their strategies. Eventually, this will lead to increased exploration activity for oil and gas and significant growth in investments related to renewable energy. TGS will capitalize on these opportunities from our vast data library, core competencies and strong balance sheet. We are excited about an improving market in 2022 and additional growth opportunities thereafter across the energy spectrum.

> A more sustainable world fueled by cleaner energy sources will not come overnight, meaning oil and gas will remain crucial for providing the energy society needs for the coming decades."

While our subsurface data business for oil and gas contributed to most of our cash generation in 2021, the energy transition has highlighted new opportunities for TGS to grow and diversify our business further. Combining our industry-leading subsurface data library with the Company's unique expertise in big data and analytics, data management, international business development and client relationships, we are uniquely positioned to enter new business areas where data is key to making business-critical decisions. The acquisition of the UK-based company 4C Offshore in May 2021 marked TGS' entry into the rapidly growing market for data and insight for offshore wind. Following this acquisition, TGS organically developed and launched a wind data analytics platform, Wind AXIOM. The platform, consisting of various types of proprietary and public data combined with data analytics and AI/ML algorithms, allows developers, investors, analysts, banks and suppliers to assess and identify suitable areas for offshore wind development. Looking ahead, our strategy is to build a complete ecosystem on a digital platform consisting of high-quality data and applications supporting decision-making for companies invested in the energy transition. We remain committed to bringing innovative ideas and opportunities through our unique data and intelligence to help solve the world's evolving energy needs.

The employees of TGS are strong ambassadors of our core values of quality, service, integrity and growth. Thanks to our people, TGS has become one of the world's largest and most successful multi-client geoscience data providers. Going forward, we will continue to leverage our core strengths to broaden our product offerings to the wider energy industry, and we are excited to present and action our new vision to shape the future of energy through innovative data solutions and intelligence.

> We remain committed to bringing innovative ideas and opportunities through our unique data and intelligence to help solve the world's evolving energy needs."

The unprecedented challenges the world has endured clearly demonstrate why sustainability is so important. In 2021, we made significant strides to further ensure our commitment to sustainability. We are particularly proud to be one of the top four energy equipment and service companies in S&P Global's 2021 Corporate Sustainability Assessment with an improved rating from 2020. After formally adopting the United Nations' Women's Empowerment Principles in January 2021, TGS is also honored to be part of the 2021 and 2022 Bloomberg Gender Equality Index. We are encouraged by the increase in female hires in 2021 and aim to continue this trend in 2022. TGS remains fully committed to safeguarding and maintaining the environment in which we operate and live, while also providing a safe and healthy workplace for our employees and contractors. I encourage you to read our 2021 Sustainability Report for more details on our efforts.

2021 was a challenging year for many companies across the globe, but I am proud of the ongoing dedication of our employees to advance the Company's goals and shape the future of energy through innovative data solutions and intelligence. Our employees' dedication, passion and teamwork are what make TGS such a great company. Further, I would like to sincerely thank our clients for their ongoing trust in TGS. The continuous feedback on quality and service and repeat business are the ultimate proof of our success!

> Our employees' dedication, passion and teamwork are what make TGS such a great company."

Finally, I would like to thank our shareholders for your confidence and investment in TGS. We remain assured of our ability to deliver lasting value to our owners, and I'm looking forward to seeing you in person in 2022.

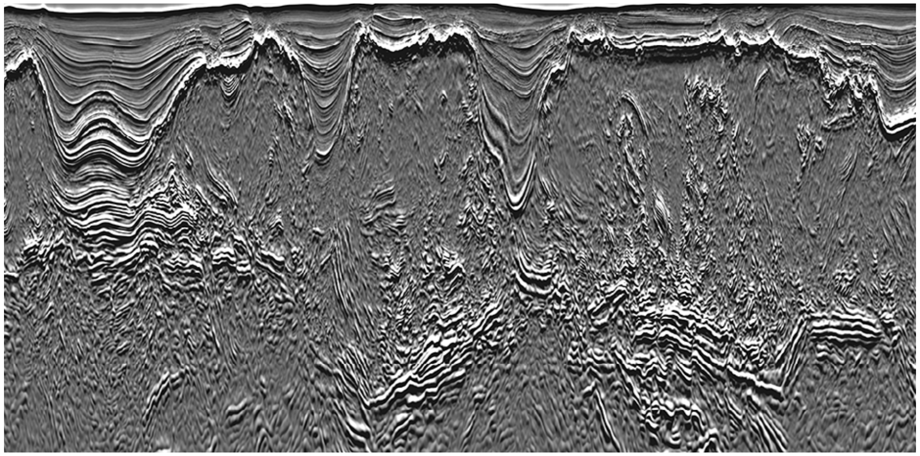
Kristian Johansen
Chief Executive Officer / TGS

2021 Highlights

OFFSHORE DATA LIBRARY

Latin America

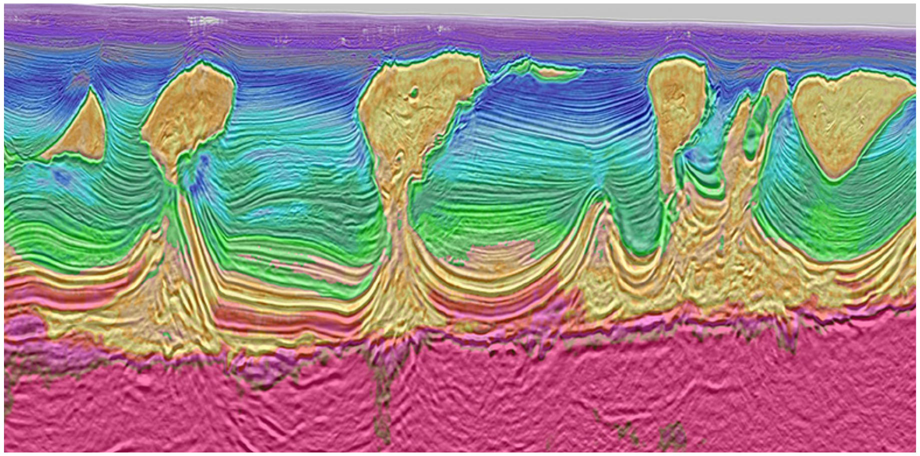
- In 2021, TGS continued its investment in Brazil through the following projects:
  - Completed acquisition for the Santos 3D Phase 4 survey, an approximate 3,400 km² extension to the Santos Phases 1-3 3D program, totaling 20,550 km² over key blocks in the southern Santos basin and the Ametista block within the pre-salt area.
  - Completed processing of the Santos Phase 1-3 3D in Q3 2022 - providing comprehensive coverage over the southern Santos basin in preparation for future bid rounds.
  - Completed acquisition for the Espirito Santo 3D, TGS' first dual-azimuth 3D survey in Brazil, which was designed to better illuminate the underlying structures.
  - Completed Campos 3D processing and delivered 14,112 km² of high-quality PSDM data to clients in Q3 2021.
  - Acquired and processed 9,518 km of 2D data in the Pelotas basin, providing modern data where existing coverage was sparse as more companies are investigating this basin.
  - Completed Pelotas basin 2D reprocessing, adding 19,500 km of upgraded broadband data to the existing Pelotas 2D grid.
  - Commenced 3D seismic data reprocessing projects in the Campos and Potiguar basins. Both of these reprocessing projects will provide additional volumes that can be utilized for specific interpretative purposes.
- In Argentina, TGS completed acquisition of 17,800 km² for the Malvinas 3D program. Fast Track data was delivered to clients in Q1 and Q3 of 2021, with final products expected in Q2 2022. This data enabled block holders to comply with work commitments while offering TGS additional opportunities for future sales to future partners or for regional viewing.
- In Suriname, TGS (in consortium with BGP and CGG) commenced the offshore Suriname Phase 1 3D survey, consisting of 11,100 km² new acquisition and 3,000 km² of reprocessing. Data deliveries will start throughout 2022 and Q1 2023 in preparation for the upcoming Suriname bid rounds.



Santos 3D, Offshore Brazil

US Gulf of Mexico

- Continued progress on the ultra-long offset Ocean Bottom Node (OBN) strategy and delivered final results from the Amendment Ph1 survey. Combining long offset data with new Dynamic Matching Full Waveform Inversion (DM-FWI) processing techniques, TGS delivered a step-change in subsalt imaging needed for our clients to push exploration and development in complex geologic environments.
- Commenced acquisition of Engagement Phase 2 in Q3, further extending the footprint of OBN data into Green Canyon, in partnership with Schlumberger.
- Reprocessing of Declaration Refocus (multi-azimuth WAZ data in Mississippi Canyon) continues. The updates provide an improved frequency image at Miocean and Norphlet levels, along with a new DM-FWI derived velocity model. In addition, the Eastern Delta Refocus project wrapped up in Q4 2021 and Sophies Refocus project began, both extending the coverage of modern processing with FWI.



Amendment DM FWI, Offshore US Gulf of Mexico

East Coast Canada

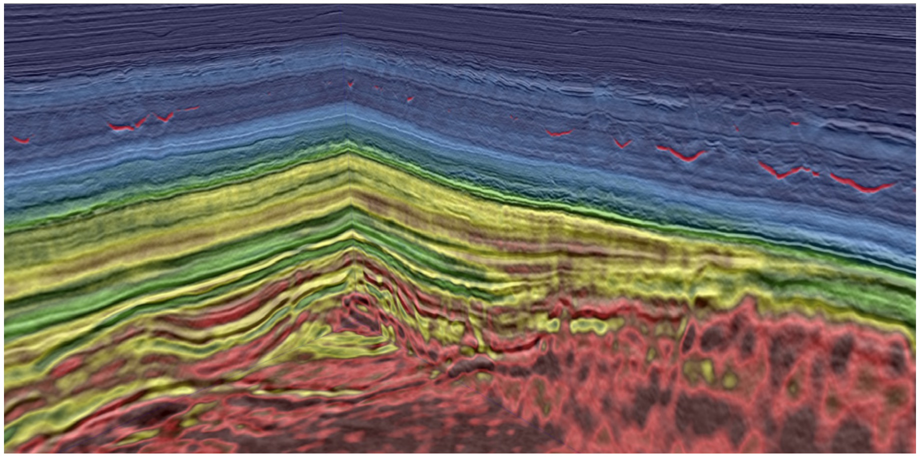
- Commenced new 3D surveys as well as infill/expansion of existing surveys. The Cape Anguille 3D survey in northern Orphan Basin Newfoundland covers approx. 10,000 km² and is acquired in partnership with PGS. These data provide state-of-the-art 3D coverage over the 2022 November license round. We were also able to fill in and complete the Lewis Hills 3D and Jeanne d'Arc 3Ds.
- Commenced a full reprocessing of the Lewis Hills 3D, including a new PSDM product, and the 2019 South East Grand Banks 2D data, including a new depth product. These 2D data cover the other area in Newfoundland that will be available for lease in November 2022.
- Led a crustal scale study of the gravity and magnetic data along the full Newfoundland and Labrador coast, which was completed in conjunction with BainGeo. This study supports our seismic library in exploration efforts throughout this highly prospective margin.

Africa Middle East

- Commenced a new 6,800 km² 3D seismic survey in the Red Sea, Egypt, in partnership with Schlumberger as part of a long-term commitment with the Egypt Ministry of Petroleum and South Valley Egyptian Petroleum Holding Company (GANOPE) to promote the prospectivity of the Egyptian Red Sea.
- Completed the NWAAM 2021 survey, the latest addition to the flagship North-West Africa Atlantic Margin (NWAAM) 2D campaign. This 7,500 km seismic survey was designed to illuminate the regional plays in the ultra-deep and deepwater areas with a new azimuth and provide prospectivity insights of an oil-prone area in relation to recent key wells.

Europe

- Completed the first season of NOAKA, a 437 km² Ocean Bottom Node (OBN) seismic survey on the Norwegian Continental Shelf (NCS) to emulate the previous success of the TGS-AGS Utsira OBN project in the North Sea, the first large-scale densely sampled OBN survey for exploration.
- Announced a suite of unique derivative datasets for the TGS Utsira OBN survey, created through Artificial Intelligence (AI) analysis. This groundbreaking project is the first example of AI geological interpretation on a large-scale, densely sampled OBN exploration dataset covering over 1,500 square kilometers. The objective was to deliver an entirely new suite of derivative seismic products to provide enhanced exploration insights through AI, especially in areas with significant Infrastructure lead exploration (ILX) activity.
- Significantly expanded and enhanced the TGS Facies Map Browser covering northwest Europe and Barents Sea. Version 4.6.0 was delivered in April 2020 to existing clients and made available to new customers, enabling them to instantly expand their subsurface knowledge of these key regions of exploration.

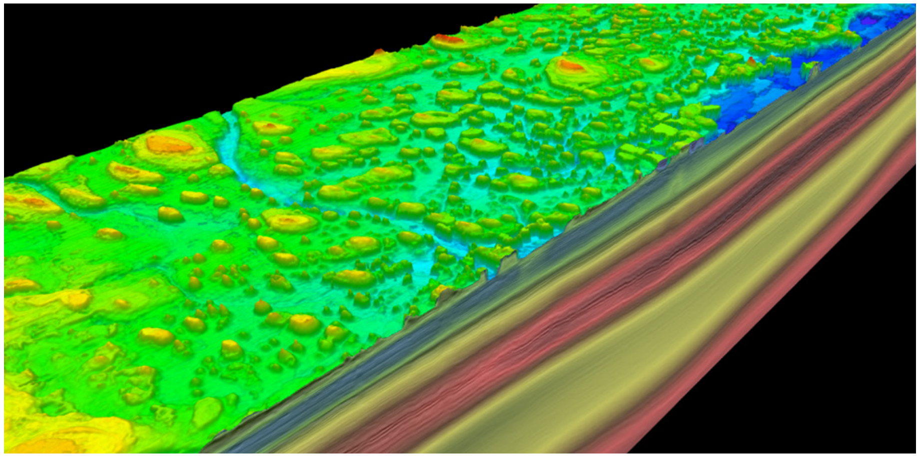


Utsira OBN, North Sea

Asia Pacific

- Commenced a 6,400 km² 3D survey in the Sarawak Basin, offshore Malaysia, together with PGS and Schlumberger. The survey is the first phase of a multi-year contract awarded by Petronas in 2020 through competitive bidding to acquire and process up to 105,000 square kilometers of multi-client 3D data over 5 years in the Basin.

- Purchased three 3D multi-client seismic surveys from Polarcus covering a total of 12,200 square kilometers offshore Australia to further enhance TGS' position in certain prospective basins where many of our customers are actively exploring.
- Undertook a comprehensive reprocessing of Kyranis 3D, an extensive cross-border multi-client seismic survey offshore both Timor-Leste and Australia. This 9,024 square kilometer survey will provide 3D broadband PSDM imaging for the first time in an area that has recently been re-opened for exploration.



Kyranis 3D, Offshore Australia

ONSHORE DATA LIBRARY

United States

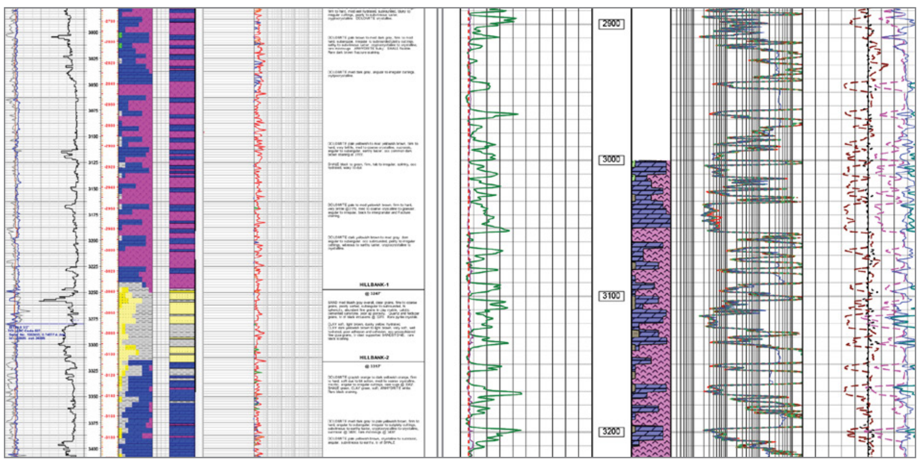
- Continued to invest in the Powder River Basin in 2021. After successfully completing the Railgun 3D in 2020, we acquired the Voyager 3D in Johnson County, Wyoming. Field operations were completed in Q4 2021. Final data delivery is expected in Q2 2022. With the addition of the 477 km² Voyager Survey, TGS now holds 1,440 km² of high-quality 3D data in this basin.
- Delivered final data products to our customers for the 247 km² Plains 3D in Yoakam County, Texas. The Plains 3D was acquired in late 2020 and utilized high-resolution, blended source acquisition techniques. The resulting subsurface image attests to the step-change improvement that can be achieved when these techniques are deployed.
- Secured and commenced a large, multi-client 3D acquisition project in a core area of the Montney Basin in Northeast British Columbia. The Hipp Creek 3D utilizes cableless, single-sensor recording technology, reducing the project's overall footprint and dramatically increasing efficiency via the rapid deployment and retrieval of recording equipment. Additional ESG attributes on the project include stakeless surveying, which nearly eliminates any marking along the survey's heavily tree-covered receiver lines.
- Completed assessment of an embedded test conducted in 2020 (Ravenclaw 3D) comprised of recording data collected using varying, low-impact directional charges. Data quality evaluations were conducted to determine the viability of low-impact charge sizes used as an alternative source to reduce a seismic project's environmental impact and further drive efficiency. Encouraging results from the first test have set the stage for Phase II of an imbedded test which will be carried out within the Hipp Creek 3D using varying design and charge size options under low-impact source constraints.

IMAGING TECHNOLOGIES

- Commercialized offering for DAS processing services, including 3D and 4D DAS.
- Depth Imaging:
  - » Advanced toolkit and capabilities with the addition of FWI Imaging. The technology creates a high-fidelity image, building on the success of DM-FWI.
  - » Added capabilities to produce higher-fidelity images in sparse acquisitions, including OBN and DAS, using the full acoustic wavefield in our imaging algorithms.
- Time Imaging:
  - » Broadened and deepened TGS' time processing toolkit with the addition of enhanced deblending and deghosting technologies along with denoise algorithms, including machine learning deswell, 3D curvelet technologies and complex wavelet technologies.
  - » Continued focused efforts to improve quality and deepen engagement with energy companies leading to a proprietary backlog.
- Advanced abilities to deliver cloud-based solutions by developing the Jefe batch system, which includes enhanced scalability and job error correction.
- Improved node processing technology and tools, including wavefield separation and node demultiple.

WELL DATA PRODUCTS

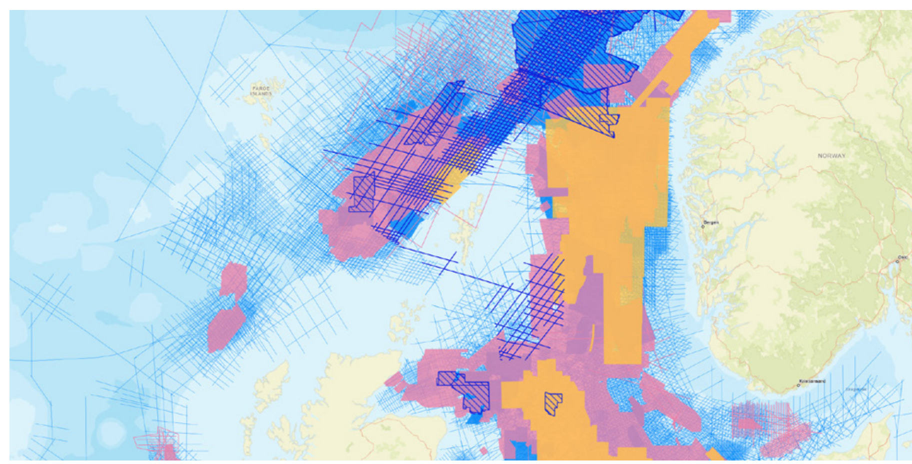
- Expanded well data offering by providing ESG data nationwide including Vent and Flare for 300,000+ wells and injection data for 122,000+ new wells and 31,000+ disposal wells.
- Expanded the world's largest digital well log data collection by adding 180,000 domestic digital Log ASCII Standard (LAS) wells, enhanced digital LAS+ well logs, raster logs, Validated Well Headers and ARLAS well as directional surveys and production data.
- Enhanced the user experience of the well data online portal R360 through improved search and download functionality, online account management features and customer onboarding features.
- Continued investment and expansion of TGS' leading interpretive product, the Facies Map Browser (FMB), in Northwest Europe and Barents Sea (FMB 4.6), Mexico FMB, and launched FMBConnect API Webservices.
- Completed the Haynesville Basin Temperature Model (BTM), which supports unconventional hydrocarbon exploitation, geothermal and CCUS domains.
- Added 150,000 international wells to the TGS well data collection.



Mud Log and LAS, Belize

DATA & ANALYTICS

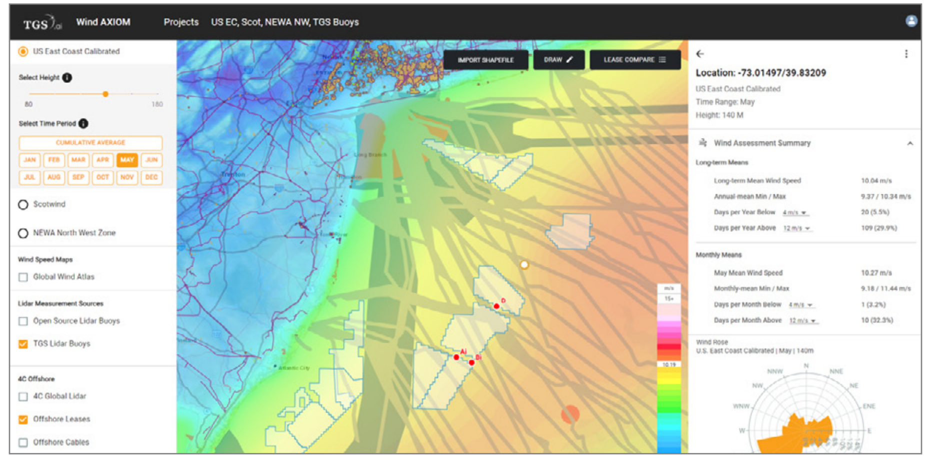
- Developed and released OSDU 3.0 compliant API supporting Well, Wellbores, Log Data and Wellbore Trajectories.
- Developed and released FMB In Cloud. Clients can now subscribe to our FMB data and access it via APIs.
- Developed and released a new Entitlement Engine for Well Data products to improve performance and user experience.
- Developed and released Industry Insights subscription email service.
- Launched a global Deep Learning model for swell noise removal in data processing. The machine learning model benefited from a novel workflow to generate training data from TGS' extensive worldwide library - creating a global model disrupts the traditional processing sequence and reduces project turnaround time.
- Expanded TGS' New Energy portfolio using the innovative TGS.ai platform by adding free apps for Carbon Storage, Deep Sea Minerals, Geothermal and Wind.
- Released commercial Carbon AXIOM, enabling analysis screening of over 10,000 potential carbon storage sites in the US Gulf Coast area, including feasibility for emitters.
- Collaborated with CGG and PGS to announce Versal, the world's first unified data ecosystem where clients can access and evaluate all their multi-client seismic data and entitlements in one place.



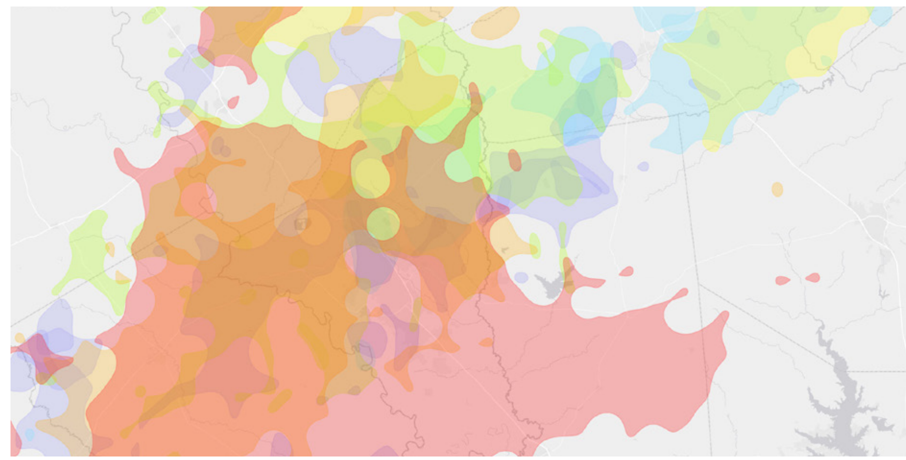
Versal

NEW ENERGY SOLUTIONS

- Launched the New Energy Solutions (NES) business unit to leverage TGS' unique energy data expertise and advance the company's goal of becoming the leading provider of energy data and insights. Focus will be directed toward industries actively contributing to reducing GHG emissions, such as Carbon Capture and Storage (CCS), Deep Sea Mining (DSM), geothermal energy, wind energy and solar energy.
- Developed and launched Carbon AXIOM, a subsurface classification dataset designed as a prospecting and technical assessment tool for potential carbon dioxide (CO_2) storage and enhanced oil recovery potential in depleted reservoirs. The Atlas is delivered in a convenient web interface with interactive browse and query capability, bringing together critical analytics about new storage volumes and CO_2 emitters.
- Released a comprehensive numerical weather prediction (NWP) model dataset, in collaboration with Vaisala, to create a higher resolution dataset than publicly available with coverage over the entirety of offshore Scotland. The dataset will assist in enhancing wind energy knowledge and operations offshore Scotland, including the ScotWind lease round areas.
- Expanded numerical weather prediction (NWP) model data coverage into the East Coast U.S. to inform and enhance wind resource assessment ahead of the New York Bight lease sale. This additional dataset covers a 400,000 square kilometers area extending from Massachusetts to North Carolina.
- Announced two new technology pilot projects for Carbon Capture and Storage (CCS) and offshore wind in collaboration with Magseis Renewables AS. Both projects intend to utilize high-resolution 3D seismic acquisition to demonstrate the technology for use in carbon storage and wind farm development.
- Acquired the company 4C Offshore, a leading market intelligence and consultancy firm, providing research and insights to the offshore wind industry. The strengths of 4C Offshore fit perfectly with TGS' ambition to become the leading global provider of energy data and insights to support decision-making processes across the energy value chain.
- Signed a Memorandum of Understanding (MOU) with carbon storage experts Horisont Energi to jointly develop new Carbon Capture and Storage (CCS) technologies. This represents a unique collaborative effort to identify and develop efficient methods for both the identification and classification of CO_2 storage reservoirs and 4D monitoring technology for the surveillance of CO_2 injection.



Wind AXIOM



Carbon AXIOM

Leading energy data and intelligence

This is TGS

This is TGS

Leading Energy Data and Intelligence

TGS is a leading energy data and intelligence company, recognized for its asset-light, multi-client business model and vast data collection.

TGS employs approximately 470 employees, with its corporate headquarters in Oslo, Norway, and its operational headquarters in Houston, Texas, U.S.A. The Company's other main offices are in the UK, Brazil and Perth, with additional employees located in other cities around the globe. The Company's stock is traded on the Oslo Stock Exchange. TGS' primary business is to provide data and intelligence to companies and investors across the energy spectrum. TGS offers extensive global data libraries that include seismic data, magnetic and gravity data, multi-beam and coring, digital well log and production data, wind energy data, and other data related to the renewables sector. TGS also offers specialized services such as advanced processing and analytics, and cloud-based data applications and solutions.

A Brief History

TGS was founded in Houston in 1981 and over time built the dominant 2D multi-client data library in the Gulf of Mexico. The company expanded further into North America and West Africa and upgraded to a substantial 3D portfolio in the Gulf of Mexico. Also, in 1981, NOPEC was founded in Oslo and began building an industry-leading multi-client 2D database in the North Sea, with additional operations in Australia and the Far East. In 1997, NOPEC went public on the Oslo Stock Exchange. In 1998, the companies merged to form TGS-NOPEC Geophysical Company (TGS), creating a winning combination for investors, customers and employees. Since then, we have set the standard for geoscience and subsurface data around the world.

We Are Energy Data

For over 40 years, TGS has built a strong foundation as a global leader in providing a diverse range of energy data and insights to meet the industry - where it's at and where it's headed. Our proven technology and innovation, robust business model, and obsession with customer service position us to continue to lead the way in oil and gas opportunities and undertake long-term investments in industries that look to reduce carbon emissions.

Our competitive advantages and core strengths of innovation, people, expertise, quality data and superior service allow us to provide the right energy data at the right time. We provide our customers with the actionable insights they need to make the best business decisions.

Before taking on energy investment risks, companies look for clarity and confidence through subsurface data. TGS geological, geophysical and engineering data coupled with analytical competencies provide valuable exploration insights, superior imaging of the subsurface and potential operational challenges ahead of drilling programs or infrastructure development. Our multi-client approach offers ease and flexibility for operators at a substantially lower cost than proprietary models.

Forward-looking, our data supports the development of renewable energy. Leveraging our historical data expertise and coupling this with machine learning, compute power, cloud-based applications and strategic partnerships, we offer the same superior data solutions and insights for new energy investments as we do for oil and gas.

Our Competitive Advantages

Focus

Last year, over 95% of our revenues came from multi-client data sales. This is our core business, and our entire company is intensely focused on developing the best multi-client projects to maximize returns and achieve long-term profitable growth. Our culture drives achievement where all employees have common goals and share in our success through profit-related bonuses.

Asset-Light

TGS does not own acquisition vessels and equipment. Nor do we have seismic crews on the payroll. All data acquisition activity is outsourced, which gives us the flexibility to execute only those projects that meet our investment criteria and align with client goals. We are not influenced by vessel or crew utilization targets. Instead, we only access these resources when needed, and we are free to use the most appropriate vendors and technologies to tackle specific imaging and intelligence challenges. TGS is asset-light, which means low overheads and high stability, regardless of industry cycles.

Quality Processing

While acquisition is outsourced, we process the data in-house. This is how we ensure our customers get the highest quality seismic data. To learn more about our processing services, visit: www.tgs.com/products-services/processing

Sustainability

TGS is committed to a sustainable future. To review our position on transparency, people and operations, and review our most recent ESG report card, visit: https://www.tgs.com/sustainability

ROI Discipline

TGS typically targets projects that will earn sales returns between 2 and 2.5 times the investment. On projects with lower targeted returns, we require high levels of pre-funding to ensure the investment remains attractive.

Renowned Data Collection

TGS has one of the largest and best performing multi-client data libraries in the world. We utilize this data resource both as an ongoing revenue stream and to leverage unique insight using data analytics techniques. In addition, we are committed to developing platforms to enhance data accessibility and empower business decisions.

Active Portfolio Management

The multi-client business is a portfolio business. Some projects may underperform, and others exceed expectations. A 3D project is a significant financial undertaking, and TGS has the means to invest in a broad portfolio of projects to balance risks and rewards.

Geographic Diversity

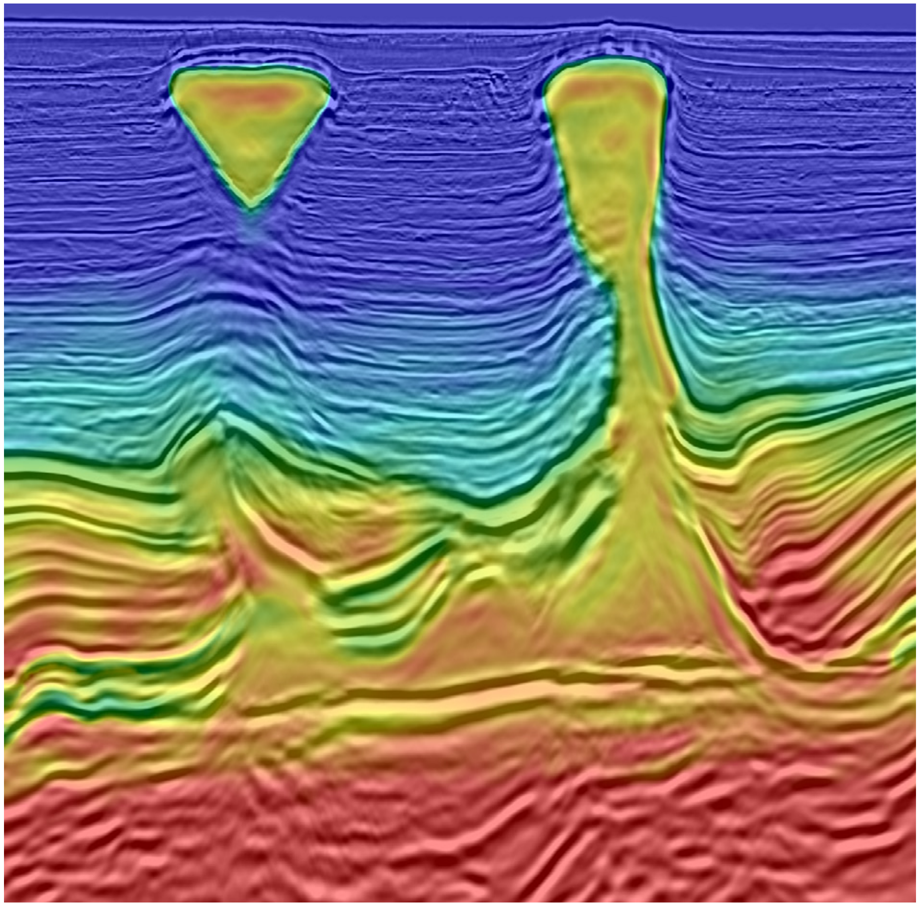
TGS has a truly global data collection with a diverse range of data types to serve the energy industry's expanding needs. We strive to build and maintain leadership positions around the world. Our oil and gas data covers a wide variety of exploration plays, including deepwater, pre-salt geologies, the Arctic and North America onshore. Our New Energy data and solutions support the evolving energy transition efforts across the globe. This diversity gives us significant stability and business continuity in the face of shifting markets, regional economic strain and geopolitical challenges.

Superior Team

Our most important competitive advantage comes from our people. Our global team's outstanding work, from data scientists to geoscientists, has made TGS the world's leading energy data provider. Our people are the reason TGS continues to deliver superior project quality and financial performance, year after year.

Strategic Acquisitions

While most of our growth has been organic, we have also expanded our business through acquisitions. These opportunities have allowed us to expand our energy data library - adding new processing capabilities and data types to our library. TGS will also purchase other multi-client libraries when the price is attractive and where we see strong potential returns.



Declaration Refocus M-WAZ, Offshore US Gulf of Mexico

Core Product Lines

Geophysical Multi-client Data

For nearly 40 years, TGS has provided multi-client seismic data to energy companies globally. Over that time, we have built experience in exploration areas worldwide, established a vast global database and become the leading multi-client data provider. We offer the most current data, acquired and imaged with the latest technologies. In addition to seismic data, our geophysical library includes gravity, magnetics, seep, geothermal, controlled-source electromagnetic and multibeam data. This library generates over 89% of our segment revenues and is organized by region: North and South America, Europe and Russia, Africa-Middle East and Asia Pacific. Our multi-client success begins with a professional, geoscience and commercial approach to project development. When planning new seismic surveys, our priority is to gain thorough geological and geophysical understanding. Our experienced project developers evaluate all available seismic, gravity, magnetic and geological data to set the project objectives and optimize the survey design. We also work closely with energy companies, local governments and geoscience specialists to address each survey's specific challenges. Our process ensures we acquire the right data to meet our clients' needs.

Geological Multi-client Data

TGS' Well Data Products vision is to provide a single platform to access the largest volume of high-quality digital subsurface and well performance data along with easy-to-use geoscience interpretation products. We have the industry's largest global collection of digital well logs available through our online well data portal, R360™. Additionally, our Well Performance Data now includes data in Canada and has expanded to provide previously unavailable historical production data in the U.S. prior to 1970. In 2021, we expanded the world's largest digital well log data collection by adding 180,000 domestic digital Log ASCII Standard (LAS) wells, enhanced digital LAS+ well logs, raster logs, Validated Well Headers and ARLAS well as directional surveys and production data. We also added 150,000 international wells to the TGS well data collection.

Imaging Services

TGS employs the latest processing technologies to deliver the imaging products demanded by energy companies through TGS' extensive multi-client data library and proprietary processing. TGS' imaging capabilities span a broad range of data types including 2D and 3D land and marine as well as 3D DAS and VSP processing services.

Products are delivered in both the depth and time domains. Depth processing includes a broad range of technologies including Dynamic Matching FWI, anisotropic parameter estimation, Kirchhoff, RTM and Least Squares Imaging. Access to our well log database enables calibration of our seismic data to well data. In addition to continuing to advance our depth processing capabilities, we continue to expand our time processing toolkit including the addition of 3D de-ghosting and a wide range of de-blending and de-noise techniques, including some algorithms that leverage the power of machine learning, which enables delivery of broad band data. The imaging technologies in combination with access to TGS' HPC and Cloud computing capacity allows TGS Imaging to deliver large volume and specialized processing services for vintage as well as high spec modern acquisition data types including high-density narrow azimuth towed streamer, OBN, OBC, wide azimuth towed streamer and other innovative acquisition geometries.

New Energy Solutions

TGS New Energy Solutions provides valuable insights for the energy transition toward more sustainable energy systems. Our data-driven solutions and accessible data platforms help reduce costs, risks, and cycle times, helping our customers and partners meet their carbon reduction goals.

For example, TGS provides subsurface insight and monitoring solutions to inform and support Carbon Storage initiatives across the globe. Carbon AXIOM, a platform designed as a screening tool for new CCS projects, was launched in 2021 to standardize attributes that provide a basis for comparing carbon storage opportunities and their proximity to emitters over a large area. The data is visualized via a user-friendly app for instant, interactive analysis of potentially suitable areas for carbon storage.

In addition, TGS provides various solutions for the offshore wind industry, whether it is actionable insights stemming from its market intelligence subsidiary 4C Offshore or through its Wind AXIOM solution for screening and evaluating new Wind development projects, including resource assessment, remote sensing and unique wind project information. Similar applications are being developed for geothermal and deep-sea minerals solutions to assist our clients in achieving their energy transition ambitions.

Executive Management

Kristian Johansen
CEO

Kristian joined TGS in 2010 as Chief Financial Officer and became Chief Operating Officer in early 2015 before being appointed Chief Executive Officer in March 2016. Prior to joining TGS, Kristian was the Executive Vice President and CFO of EDB Business Partner in Oslo (now Tietoevry). Mr. Johansen also has experience from executive and board positions in the construction, banking and oil industries. Mr. Johansen currently serves on the board of directors for the National Ocean Industries Association (NOIA) and is the Chairman of the International Association of Geophysical Contractors (IAGC). A native of Norway, Kristian earned his undergraduate and master's degrees in business administration from the University of New Mexico in 1998 and 1999.

Sven Børre Larsen
CFO

Sven served as CFO of TGS from 2015 until 2019, when he assumed the position of Head of Strategy and M&A. He took on the role of Interim CFO in August 2021. Before joining TGS in 2015, Sven was CFO of Prosafe, the world's leading owner and operator of semisubmersible accommodation vessels for the offshore oil and gas industry. He was also CFO of Prosafe Production, one of the world's leading FPSO contractors. Sven holds an M.S. degree in business specializing in finance from Bodo Graduate School of Business in Norway.

Whitney Eaton
EVP Compliance & ESG

Whitney joined TGS in 2014 as Corporate Compliance Director and was appointed to Vice President, Compliance, in August 2019. She gained additional responsibility for TGS' ESG program before becoming Executive Vice President, Compliance and ESG, in February 2021. Her background includes almost 15 years of legal experience, with significant knowledge on implementing and managing holistic corporate compliance programs. She received her JD degree from the University of Richmond School of Law and her BA in Public Communication with University Honors from American University.

Executive Management

Jan Schoolmeesters
EVP NES & Operations

Jan joined TGS with the acquisition of Spectrum where he had been the COO since 2011, responsible for global operations and executing the company's strategic growth plan. Prior to Spectrum, he served 16 years at PGS in various technical, operational and commercial leadership roles, including regional responsibility for the Asia Pacific business. Jan holds a master's degree in earth sciences and a Ph.D. in geophysics from Delft University of Technology.

Tana Pool
EVP Legal

Tana serves as an Executive Vice President - Legal and General Counsel, joining TGS in 2013. Her background includes a combination of legal and accounting experience, with significant knowledge of the energy sector. Prior to TGS, Tana worked with several global law firms, specializing in corporate and transactional law, and served as the general counsel of a publicly traded construction contractor focused on energy infrastructure. She received her BBA degree in accounting in 1982 from Texas Tech University and her JD degree from the University of Houston Law Center in 1992. She is also licensed as a Certified Public Accountant.

Will Ashby
EVP East Hemisphere

Will joined TGS in 2011 with the acquisition of Stingray Geophysical. He has served TGS in a number of leadership roles including M&A, Finance, Investor Relations, HR and Marketing. Will had executive responsibility for the North America business from January 2019 until moving to the role of Executive Vice President, Eastern Hemisphere in March 2021. Will has over 23 years of experience in the oil & gas industry, having worked with BP, QinetiQ and a number of start-up E&P services companies. Will received M.A. (with honors) and B.A. (with honors) degrees in geography from the University of Oxford in 1997.

David Hajovsky
EVP West Hemisphere

David joined TGS in 2017 as Director of Business Development in Western Hemisphere. In 2018 he took on the role of VP Latin America and oversaw the unit during the integration of Spectrum post-merger. David's latest assignment was VP of Africa, Mediterranean, Middle East and Asia Pacific before assuming the role of EVP Western Hemisphere in 2021. Prior to joining TGS, he spent nearly 9 years with PGS based in Houston, working in both the Onshore and Marine groups. David received his MBA (with distinction) from Robert Gordon University in 2011 and his B.S. degree in microbiology from the University of Texas in 2005.

Board of Directors

Henry H. Hamilton III
Chairman

Mr. Hamilton has served as Chairman of the Board of TGS since June 2009, and previously served as CEO of TGS from 1995 through June 2009. He started his career as a geophysicist with Shell Offshore (1981-1987) before joining Schlumberger (1987-1995), where he ultimately held the position of VP and General Manager for all seismic product lines in North and South America. Mr. Hamilton currently serves on the board of a privately held company. He was first elected as a Director of TGS in 1998 and as Chairman in 2009.

Wenche Agerup
Director

Ms. Agerup is currently head of Board Governance and Support in Telenor Asia in Singapore. She also chairs the board in Telenor Pakistan and serves on the board of Digi.com Berhad, an entity partially owned by Telenor, which is listed on the Malaysian stock exchange. She previously held positions in Telenor as EVP Corporate Affairs and General Counsel and Head of Group Holdings. From 1997 to 2015, she held various positions in Norsk Hydro, including head of Corporate M&A, Plant Manager in Årdal and Project Director in Hydro UMC in Australia. She served as Executive Vice President Corporate Staffs and General Counsel in Norsk Hydro from 2010 to 2015. Ms. Agerup also served as a board member of Equinor ASA from 2015 to 2020. She was first elected as a Director of TGS in 2015.

Mark Leonard
Director

Mr. Leonard is currently the President of Leonard Exploration, Inc. He retired in 2007 from Shell Oil Company after 28 years of service. During his tenure at Shell, Mr. Leonard held a number of executive positions including Director of New Business Development in Russia/CIS, Director of Shell Deepwater Services, Director of Shell E&P International Ventures and Chief Geophysicist for Gulf of Mexico. Mr. Leonard serves on the board of a privately held company and various nonprofit boards. He was first elected as a Director of TGS in 2009.

Board of Directors

Irene Egset
Director

Christoper Finlayson
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Ms. Egset currently serves as the Chief Financial Officer of Posten Norge, joining in 2019. From 2008 to 2018, she served in various financial leadership roles with Statkraft, joining as CFO of the Solar Power Unit from 2008, transferring to Statkraft Wind Power and Technologies (WPT) in 2010, and most recently serving as Executive Vice President and CFO of Statkraft from 2016 to 2018. From 2005 to 2008, she was a financial manager for J.F. Knudtzen, and from 2000 to 2005, she served as Controller for Nera SatCom, Ms. Egset held a variety of financial roles at Statoil (now Equinor) from 1992 to 2000. She began her career in 1988 as a financial manager for Ulstein Elektro (part of the Ulstein Group). Ms. Egset serves as a board member for three privately held companies. She was first elected as a Director of TGS in 2019.

Mr. Finlayson, a geologist and petroleum engineer by training, has nearly 40 years of technical and commercial experience in the oil and gas industry. He joined Shell in 1977 and, during his career, held various leadership roles in exploration and production and liquefied natural gas around the world. Mr. Finlayson joined BG Group plc in 2010 as Executive President and Managing Director, Europe and Central Asia. From 2013 to 2014, he served as the Chief Executive Officer and Executive Director of the BG Group. Mr. Finlayson serves as a non-executive Chairman of Siccar Point Energy Ltd., which is listed on the Oslo Stock Exchange, and a board member of one other privately held company. Mr. Finlayson is a Fellow of the Energy Institute. He was first elected as a Director of TGS in 2019.

Ms. Moen has 40 years of experience in leadership positions within the oil, gas and energy industry, 25 years of which (1982-2007) were within Equinor (Statoil) and four years (2007-2011) within Shell Europe. From 2011 to 2013, Ms. Moen served as Vice President of Petoro AS, a fully Norwegian State-owned oil company managing the State Direct Financial Interest in Joint Ventures (SDFI/SDØE); and from 2013 to January 2021, she served as CEO of Petoro. Ms. Moen serves on the board of directors of OKEA ASA, which is listed on the Oslo Stock Exchange. She currently serves as a board member of two privately held companies. She was first elected as a Director of TGS in 2021.

Mr. Øygard is a business owner, investor and independent advisor, with substantial expertise in the finance and energy industries. From 1983 to the mid-1990s, Mr. Øygard worked within the Norwegian Ministry of Finance, including as Deputy Minister, and held various other roles within the Norwegian Parliament. From the mid-1990s, Mr. Øygard held various prominent positions within McKinsey Company, with a focus on the global oil and gas industry. In 2009, Mr. Øygard served as the Interim Central Bank Governor of the Icelandic Central Bank. From mid-2016, he has been co-owner and Chairman of DBO Energy, a Brazilian oil and gas company. He is also the co-founder of two private companies in Brazil, focused on energy transition, and serves on the Board of several other privately held companies. Mr. Øygard serves as Chairman of the Board of Norwegian Air Shuttle ASA, which is listed on the Oslo Stock Exchange. He was first elected as a Director of TGS in 2021.

A strong balance sheet combined with robust cash generation capacity provides us with flexibility to continue to pay dividends to shareholders at the same time as we pursue selected strategic inorganic investment opportunities.

Board of Director's Report

2021 Board of Director's Report

TGS ASA and its subsidiaries (TGS or the Group) provide 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 operates globally and is presently active in North and South America, Europe, Africa, Middle East, Asia and Australia. The corporate headquarters of TGS are in Oslo, Norway. Its primary subsidiary, TGS-NOPEC Geophysical Company, is based in Houston, Texas, U.S.A. TGS also has regional offices in London, Rio, Perth, Calgary, Lowestoft and country-specific offices elsewhere, depending on project and sales activity.

All financial statements in this report are presented on a going concern basis in accordance with the Norwegian Accounting Act, section 3-3a, and the Board of Directors confirms that the prerequisites for a going concern assumption are indeed present.

Mergers and Acquisitions

In May 2021, the Group announced it had acquired 4C Offshore Ltd. (4C Offshore), a leading market intelligence provider for the offshore wind energy industry based in the UK. The acquisition of 4C Offshore was an important step in realizing the strategy of broadening the data offering towards energy transition-related industries.

In June 2021, TGS completed the acquisition of a portfolio of 3D seismic surveys, mostly in Australia, from Polarcus.

In November 2021, TGS completed the purchase of an interest in a portfolio of 3D seismic surveys in the Green Canyon area of the U.S. Gulf of Mexico.

Changes to Accounting Principles

No new IFRS standards or amendments, or IFRIC interpretations that are effective from 1 January 2021, had impact on the consolidated financial statements of TGS. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRS standards or amendments or IFRIC interpretations that are not yet effective that the Group currently expects will have a material impact on TGS' financial statements going forward.

Financial Results, Financial Position and Capitalization - IFRS

Note that the Financial Statements for 2020 have been restated. Please refer to note 28 for more details.

Revenues in 2021 amounted to USD 518.7 million, up 44% compared to the USD 360.0 million recognized in 2020. The increase is driven by completion of several significant projects during the year. Under IFRS, revenues are recognized at the point of delivery of completed data to the customer, leading to relatively high volatility in results quarterly and annually.

Operating loss for 2021 was USD 72.3 million, corresponding to a margin of -14%, compared to an operating loss of USD 228.9 million (-64% margin) in 2020. The negative result is driven by large impairments of the multi-client library recognized as a result of the continued challenging market conditions. In 2021, amortization and impairments of the multi-client library were USD 458.9 million versus USD 468.2 million in 2020. Of this amount, impairments (excluding accelerated amortization) accounted for USD 71.6 million, compared to USD 92.6 million in 2020. Accelerated amortization, which represents impairments recognized in connection with the recognition of revenues when projects are completed and performance obligations met, amounted to USD 213.0 million in 2021 versus USD 119.9 million in 2020. Straight-line amortization for 2021 totaled USD 174.3 million, down from USD 255.7 million in 2020. The reduction is partly caused by the impairments recognized in 2020 and partly by a lower level of investments in new projects during the past two years.

Net financial items amounted to USD -12.8 million in 2021 compared to USD 5.5 million in 2020. The reduction was primarily caused by net exchange losses of USD 8.9 million versus a gain of USD 7.8 million in 2020, but also increased financial expenses (USD 6.4 million in 2021 versus USD 3.1 million in 2020) had an impact.

Net loss before taxes was USD 85.1 million (USD 223.4 million in 2020).

In 2021 a tax gain of USD 9.1 million was recognized (gain of USD 55.9 million in 2020). The effective tax rate in 2021 was 11%, compared to 25% in 2020. Profits were generated in certain high-tax jurisdictions, and losses in other jurisdictions with an average tax rate of 20-22%, causing the reduction in effective tax rate. In 2020 there were losses in all tax jurisdictions.

Net loss after taxes was USD 76.0 million in 2021, compared to a net loss of USD 167.5 million in 2020.

At year-end 2021, cash and cash equivalents amounted to USD 215.3 million, an increase from USD 195.7 million at the end of 2020.

TGS held current assets of USD 435.3 million and current liabilities of USD 446.7 million on 31 December 2021. Goodwill increased to USD 304.0 million at the end of

2021 from USD 288.4 million at the end of the prior year. The increase is attributable to the acquisition of 4C Offshore Ltd., which was concluded in May 2021.

As of 31 December 2021, total equity amounted to USD 1,115.3 million (USD 1,268.7 million in 2020), corresponding to an equity ratio of 68% (63% in 2020). The reduction in equity was mainly caused by the impairments recognized on the multi-client library and subsequent negative results for 2021, as well as dividends and share repurchases.

TGS is listed on the Oslo Stock Exchange. It had a market capitalization of USD 1.1 billion as of 31 December 2021.

TGS issued 0.2 million new shares in 2021 as part of long-term incentive programs. The Board does not anticipate issuing any new shares in 2022 other than shares issued as part of employee long-term incentive programs or unless necessary to finance the acquisition of a target business or a major business opportunity.

Cash Flow from Operations, Investments, Financing and Dividends

TGS had cash flow from operating activities of USD 317.6 million in 2021, compared to USD 354.7 million in 2020. Operating cash flow is significantly higher than the operating result as non-cash expenses in the form of amortization and impairments of the multi-client library are the Group's largest expense item.

Net negative cash flow from investing activities amounted to USD 200.8 million in 2021, versus USD 390.5 million in 2020. Cash flow from investing activities included organic cash investments in the multi-client library of USD 155.5 million (USD 171.5 million including inorganic investments), compared to USD 341.1 million in 2020 (USD 356.1 million including inorganic investments).

TGS has paid quarterly dividends since 2016. The Annual General Meeting held on 11 May 2021 resolved to renew the Board of Directors' authorization to distribute quarterly dividends.

In 2021, TGS paid dividends totaling USD 65.5 million (USD 0.56 per share) down from USD 87.8 million (USD 0.75 per share) paid in 2020. In addition, in 2021 the Group repurchased 1.3 million own shares for a total of USD 15.7 million. In 2020, the Group repurchased 0.3 million own shares for a total of USD 6.6 million.

A total number of 50,100 treasury shares held by the Group were canceled following the decision of the Annual General Meeting on 11 May 2021.

On 10 February 2022, TGS announced that the Board of Directors resolved to pay a quarterly dividend of USD 0.14 in Q1 2022, maintaining the same quarterly run-rate for dividends as in 2021. The quarterly dividend was paid on 3 March 2022. On 11 February 2021, TGS announced that the Board had authorized a share repurchase program of up to USD 20 million to be executed before the Annual General Meeting in May 2022. As of 31 December 2021, USD 4.7 million of repurchases remained under this program.

Including dividends and other cash flows from financing activities, TGS' cash balance increased by USD 19.6 million in 2021 (USD 127.7 million reduction in 2020) to USD 215.3 million at year-end (USD 195.7 million at year-end 2020).

Shareholders Value Metrics	2021	2020 Restated[1]
Revenues (MUSD)	518.7	360.0
Operating Profit (MUSD)	(72.3)	(228.9)
Operating Margin	-14%	-64%
Earnings Per Share Fully Diluted (EPS) (USD)	(0.65)	(1.43)
Net Multi-client Revenues / Average Net Book Value Ratio of Multi-client Library	59%	33%
Return on Average Capital Employed (ROACE)	-7%	-20%
Free Cash Flow from Operations after Organic Multi-client Investments (MUSD)	162.2	13.6
Shareholders Equity / Total Assets	68%	63%

Operations - Segment Reporting

The annual report is prepared in accordance with IFRS, but for internal reporting purposes TGS uses segment reporting, where net revenues from projects-in-progress are recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenue recognition generally is deferred until project completion and delivery to the customer. For more details about segment reporting principles, see Note 5 of the Consolidated Financial Statements. The following review of the operations and multi-client library is based on segment reporting.

TGS reported pre-funding revenues of USD 86.8 million in 2021, down from USD 151.9 million in 2020. Organic multi-client investments in new projects amounted to USD 182.2 million in 2021, compared to USD 316.1 million in 2020, as the Group quickly scaled back investments in response to the negative market situation. The investments carried a pre-funding rate of 48% for 2021, the same pre-funding rate as in 2020.

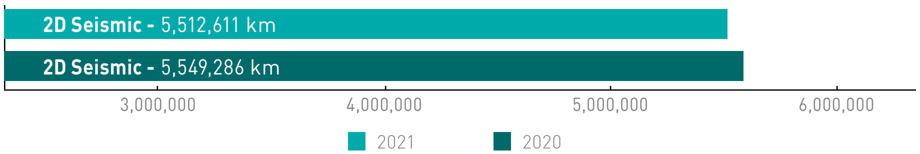
Late sales of vintage data and data in progress amounted to USD 196.8 million in 2021, down from USD 218.6 million in 2020. The decrease reflected clients' reduction in investments in exploration for oil and gas following volatility in commodity prices.

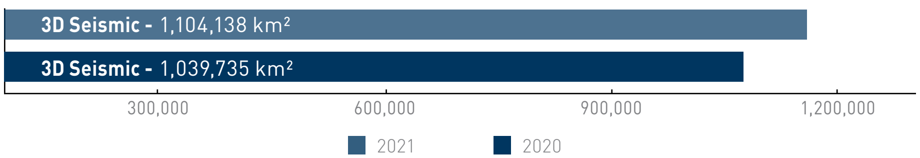
Proprietary revenues in 2021 amounted to USD 25.3 million, up from USD 15.2 million in 2020. The increase is attributable to a seismic project in Norway that TGS conducted on the exclusive basis for a client, in addition to the normal proprietary data processing activities.

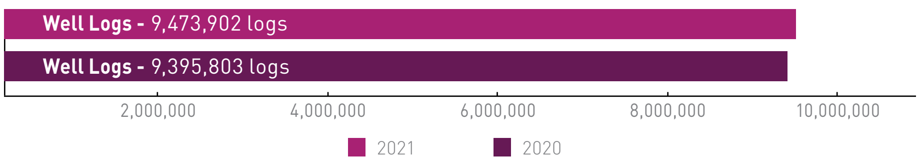
Total revenues amounted to USD 308.9 million, down 31% compared to the USD 448.8 million recognized in 2020.

Multi-client Data Library - Segment Reporting

TGS' geoscientific data library is one of the industry's most comprehensive multi-client resources, encompassing a wide range of geophysical, geological, gravity, magnetic and bathymetry data. The following chart summarizes TGS' data inventory at year-end.







*Data inventory may from time to time be reduced based on marketing rights expiring. This explains the reduction in 2D library when comparing 2021 to 2020.

With a net book value of USD 501.4 million (USD 646.7 million in 2020), TGS' library of multi-client seismic data, geological data and integrated products represented 35% (36% in 2020) of total assets as of 31 December 2021. Seismic data, representing 90% of the library's net book value at year-end, is amortized on a project-by-project basis as follows:

- During the work in progress (WIP) phase, amortization is based on total cost versus forecasted total revenues of the project.
- After a project is completed, it is amortized on a straight-line basis. The straight-line amortization is assigned over the remaining useful life, which for most offshore projects is four years. For most onshore projects, the useful life after completion is seven years.

In 2021, TGS recorded total investments in the multi-client library of USD 198.2 million (USD 331.1 million in 2020). Of this, USD 16.0 million (USD 15.0 million in 2020) was related to non-organic investments.

The well data library is amortized on a straight-line basis over seven years, while data purchased from third parties follows a straight-line amortization profile over the remaining useful life of the assets. Amortization and impairments of the multi-client library amounted to USD 343.4 million in 2021 versus USD 527.4 million in 2020.

Despite signs of improving market conditions towards the end of 2021, the Group recognized USD 96.7 million of impairments of the multi-client library in 2021 (USD 132.0 million in 2020). The impairments were mostly related to certain regions where demand is expected to continue to be weak. Examples of such markets are Argentina, where regulatory risk is high, and frontier parts of Norway, which is out of favor, with focus mostly on infrastructure-led exploration. Moreover, in certain cases, expected revenues are pushed out in time so that they fall outside of the forecasting window, thus affecting net present value calculations negatively.

Commitments to Seismic Acquisition Capacity

TGS procures all seismic acquisition capacity from external suppliers for both offshore and onshore projects. As of the end of 2021, TGS had entered into commitments for three 3D vessels, one source vessel and two OBN crews. All of these commitments will expire in 2022, and the amount committed, including contractual lease agreements, totaled USD 43 million for marine capacity (2020 total marine and land capacity: USD 22 million). Office leases and data center leases are recognized in the balance sheet. See Note 7 of the Consolidated Financial Statements for more information on lease liabilities.

New Energy Solutions

A successful transition toward a global energy system with less emissions of greenhouse gasses (GHG) requires significant changes in the energy mix in the longer term. Although oil and gas inevitably will remain important sources of energy also in the future, renewable energy sources are expected to gain significant market share over the coming decades. This implies that a much larger share of energy production will be intermittent by nature, causing more volatile prices and a larger need for back-up resources. Moreover, the energy supply is likely to be increasingly fragmented, with more energy sources holding significant shares of the market.

These developments are likely to lead to more complexity and volatility in the energy markets going forward. To help customers navigate the energy markets of the future, TGS launched its New Energy Solutions (NES) business unit in February 2021.

By leveraging its core strengths, TGS' goal is to be the leading provider of data and insights directed towards industries actively contributing to reduction of GHG emissions, such as Carbon Capture and Storage (CCS), geothermal energy, wind energy and solar energy. The starting point is the Company's vast subsurface data library, combined with core skills in geoscience, data processing, data management, data analytics and artificial intelligence (AI). This will be complemented by relevant additional data types and subject matter expertise.

The execution of the NES strategy accelerated during 2021. In May 2021, the Group acquired 4C Offshore Ltd., a leading provider of market intelligence for the offshore wind industry based in Lowestoft, UK. In addition, a number of organic growth projects have been initiated, with several products being launched.

Risk Management and Internal Control

TGS' activities are heavily dependent on the capital spending budgets of E&P companies in the oil and gas industry. These budgets are, in turn, largely a function of actual and/or expected shifts in oil and gas prices. Consequently, TGS' activities, opportunities and profitability are linked to the fluctuations in these prices. Under TGS' business model, discretionary investments in new multi-client projects are by far the largest use of the Group's cash. As TGS does not itself own seismic vessels or onshore seismic crews, but rather outsources these acquisition services on short-term contracts to vendors, the Group can quickly adjust cash outflow in accordance with market changes, thereby mitigating part of the risk represented by movements in oil and gas prices.

TGS is exposed to financial risks such as currency, liquidity and credit risk. Our operational exposure to currency risk is low as significant portions of revenues earned and costs incurred are in USD. However, as significant parts of the Group's taxes are calculated and paid in NOK and BRL, fluctuations between the NOK/BRL and the USD result in currency exchange gains or losses. From 2016, the quarterly dividend payments have been linked to USD, which has reduced the NOK exposure significantly.

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.

Liquidity risk arises from a lack of correlation between free cash flow and financial commitments. As of 31 December 2021, TGS held current assets of USD 435.3 million, of which cash and cash equivalents represented USD 215.3 million, and current liabilities were USD 446.7 million. In addition, the Group established a USD 100 million revolving credit facility in October 2018 and renewed it in February 2021; it remains undrawn at the date of this report.

The Group holds no material interest-bearing debt apart from capitalized lease obligations (USD 43.8 million versus USD 57.9 million 2020). The multi-client library (USD 704.9 million in 2021 versus USD 965.6 million in 2020) is treated as a non-current asset in the financial statements. The Board considers the liquidity risk of the Group to be low. TGS is exposed to credit risk through sales and receivables and uses its best efforts to manage this risk by monitoring receivables and implementing credit checks and other actions as deemed appropriate. In addition, excess cash is placed in either bank deposits or financial instruments that have a minimum rating of "investment grade."

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets, such as accounts receivables, other short-term receivables and other non-current assets. TGS evaluates the concentration of risk with respect to trade receivables as low due to the Group's credit rating policies and because our clients are mainly large energy companies, considered to be financially sound. TGS is highly focused on maintaining adequate internal controls.

The Group's primary business activity is building its multi-client geoscientific data library, which represents its largest financial asset, through multiple investments in new data for licensing to clients. TGS uses customized investment proposal models and reporting tools to assess and monitor the status and performance of the multi-client projects.

TGS is exposed to different types of climate-related risks, which are addressed by the Board's sustainability strategy. Please refer to the Sustainability report for more details.

Reference is made to Note 16 of the Consolidated Financial Statements and to the more detailed information on risk management and internal control in the Corporate Governance section of the Annual Report.

Organization, Working Environment and Equal Opportunity

TGS' global workforce grew 2% from year-end 2020 to year-end 2021 (decrease of 4% when excluding 4C Offshore).

As various office locations returned to in-person or hybrid working conditions, the focus was on renewing engagement activities and improving communication with the aim of reconnecting employees across departments and locations. The Board emphasizes the importance of employee engagement and has set relevant measures for management, e.g., as part of the 2022 Employee Bonus Plan. TGS continued to maintain voluntary staff turnover at an acceptable 10% (11% in 2020) and was successful in attracting new talent.

The Parent Company had 35 employees as of 31 December 2021. At year-end, TGS had a total of 471 employees in the following locations: 293 employees in the United States, 114 employees in the United Kingdom, 35 employees in Norway, 15 employees in Brazil, 7 employees in Australia, 4 employees in Canada and 3 employees in other countries. TGS also had 28 4C Offshore employees in the United Kingdom. The number of employees in the Group at the end of 2020 was 462.

The Board considers the working environment in the Group to be good, as confirmed by the annual employee engagement survey. The Board and Management believe that the diversity of our employees is a core strength of TGS; and employees of diverse gender, ethnicity and nationality are provided with equal opportunity and treated fairly within the Group.

At the end of 2021, women comprised 27% of the total workforce in the Group (29% in 2020). The corresponding figure for managers is 29% at the end of 2021 (29% in 2020). In 2021, 31% of promotions and 32% of new hires were female.

In 2021 a total of 862 (752 in 2020) working days were lost due to sickness, corresponding to 0.85% (0.62%) of total days worked.

Health, Safety and Environmental

As a strong supporter of environmental sustainability, TGS is fully committed to safeguarding and maintaining the environment in which we operate and live, while also providing a safe and healthy workplace for its employees and contractors. TGS manages and monitors these activities and operations through the active implementation of a comprehensive HSE Management System. Built around corporate policies and procedures and in alignment with industry standards. TGS' HSE Management System is designed to ensure that all Group operations are conducted in the absence of significant risk, which is achieved by continuously identifying and controlling hazards which may arise through any aspect of the Group's operations.

TGS understands the importance and value of working with local governments, regulatory authorities and non-government organizations and strives to establish effective communication with all relevant stakeholders to help identify, understand and mitigate environmental risks associated with geophysical research activities. TGS complies with relevant laws and local regulations, while also working closely with several industry associations to investigate and implement ways to mitigate the potential impact from seismic operations on the environment. Additionally, TGS works with vessel owners and seismic contractors to ensure compliance with TGS' Sustainability Program, which includes tracking and reporting of carbon emissions, zero reportable spills to the environment and reporting 3.4 metrics tons of marine debris removal efforts to EnerGeo's Ghost Net Initiative.

Each year, TGS promotes a top-down message of health and safety by requiring that each member of TGS' executive management conduct at least one HSE facility inspection and one field visit. In light of ongoing COVID-19 travel restrictions in 2021, members of TGS' Executive Management team participated in eight startup/closeout meetings with field crews and completed all executive HSE facility inspections. Additionally, TGS' Project and HSE Managers participated in all project planning activities. Finally, TGS achieved full compliance with vessel and land crew HSE audit requirements, and TGS Project and HSE Managers ensured that all outstanding action items were properly rectified before the start of acquisition. All employees completed one HSE training course in 2021 (100% training compliance) that included modules on mitigating COVID-19 in the office and office emergency preparedness/response.

In 2021, TGS continued to enact its business continuity plan and the local COVID-19 Response Teams continued to monitor the pandemic, ensuring that mitigation measures were aligned with national guidance from health authorities and that employees were given adequate support, information and resources for managing COVID-19. For TGS' field operations, all contractor and operational COVID-19 plans were reviewed by TGS and were updated accordingly throughout the lifecycle of each project, ensuring that adequate mitigation measures were implemented while also focusing on managing the wellbeing of field contractors. In 2021, there was one confirmed COVID-19 work-related case in a TGS office and no other community spread event occurred. Regarding field operations, there was one shoreside work-related COVID-19 case and there was no community spread onboard any of the vessels operating for TGS. Within our land operations, there were two work-related COVID-19 cases and the affected individuals received necessary treatment, were properly quarantined and fully recovered.

More detailed information on TGS' HSE initiatives may be found in the Sustainability Report, included as a separate section of the Annual Report and on TGS' website through our dedicated sustainability webpage.

Sustainability and Corporate Social Responsibility

Ensuring that TGS' business operates sustainably and provides sustainable solutions for our customers continues to be high on the Board of Directors' agenda. In 2021, the Group continued to address the implications of the COVID-19 pandemic, both in its workforce and its operations, through global and local strategies aimed at ensuring our employees' and contractors' health, safety, engagement and wellness.

TGS continued implementing the Board's sustainability strategy by addressing Scope 1 and 2 emissions and setting net zero targets, releasing a Human Rights policy coupled with enhanced review and monitoring our supply chain's human rights practices, and integrating a Supplier Code of Conduct and related contractual provisions into our supplier agreements to ensure our supply chain operates in a sustainable manner. In addition, TGS focused on ways to provide products and services to help our customers address their sustainability initiatives and diversified into providing commercial solutions for renewables industry.

TGS is committed to minimizing and mitigating the potential disruption to the marine and onshore environment and climate that may be caused by its operations. Proper project planning and management, as well as coordination with our vendors, partners and local communities, play a significant role in ensuring that our operations and activities do not have a detrimental impact to the environment.

Please refer to the Sustainability Report, included as a separate section of this Annual Report and on TGS' website at www.tgs.com, for more information. The report has been prepared in accordance with the Norwegian Accounting Act, section 3-3c, and the Board of Directors believes that the Group complies with the reporting requirements.

Board Structure and Corporate Governance

The Board of Directors consists of seven directors, each serving a one-year term. The Board's Audit and Compensation Committees are composed exclusively of independent directors. No material transactions other than the remuneration disclosed in Note 10 of the Consolidated Financial Statements have occurred in 2021 between TGS and its management, directors or shareholders.

The independent Nomination Committee, elected by the shareholders, consists of the following members: Glen Ole Rødland (Chair), Christina Stray and Herman Kleeven. Rødland and Stray were elected for two-year terms at the Annual General Meeting on 11 May 2021, while Kleeven was elected for a two-year term on 12 May 2020.

TGS emphasizes independence and integrity in all matters relating to the Board, management and its shareholders.

The Group conducts an active compliance program designed to continually inform and educate employees on ethical and legal issues. TGS employs a Board-appointed compliance officer who reports quarterly on the Group's compliance activities and objectives.

TGS bases its corporate governance policies and practices on the Norwegian Code of Practice for Corporate Governance issued on 14 October 2021. The Board of Directors believes that TGS complies in all areas relating to the Code of Practice and will address compliance with any subsequent amendments. A more detailed description of how TGS complies with the Code of Practice and the Norwegian Accounting Act's requirements for reporting on corporate governance is included in the Report on Corporate Governance included in this Annual Report and on TGS' website at www.tgs.com.

Salary and Other Compensation

TGS compensates its employees according to market conditions that are reviewed on an annual basis by the Compensation Committee. Compensation includes base salary, insurance and retirement benefits programs, a profit-sharing bonus plan based on the Group's performance and, in certain cases, equity-based, long-term incentive awards. For further details, please refer to section 12 of the Report on Corporate Governance and the Declaration on Executive Remuneration 2021.

The members of the Board of Directors do not participate in any bonus plan, profit-sharing plan or stock incentive plan. In recent years, the directors' compensation has been composed of both a fixed fee and a number of restricted TGS shares. The remuneration is not related to the Group's financial result.

Reference is made to Note 10 of the Consolidated Financial Statements for details on the remuneration for 2021.

Significant Litigation

The Board is regularly updated on significant litigation matters. As a result, at each Board meeting, the Board receives an update on any material developments in the matters described in Note 24 to the Consolidated Financial Statements. The Audit Committee also receives an update on a quarterly basis regarding other less significant potential and pending litigation matters.

Outlook

Although demand for multi-client seismic data remains at a low level in a historical perspective, some positive signs of improvement have been observed lately, and the sales momentum towards the end of 2021 was better than earlier in the year, even when adjusting for the normal seasonality. This is further underscored by a strong order inflow for new projects experienced during the last three months of the year.

Strengthening oil prices have driven reported cash flows of the E&P companies to record high levels, with returns on investments continuing to improve. As a result, spending for exploration and production activities is expected to grow substantially in 2022. Contrary to previous cycles, seismic spending has so far lagged the increase in energy prices, as clients to a larger extent are prioritizing investments in other energy sources with lower GHG emissions, combined with the strong focus on reducing debt and providing direct returns to shareholders.

While the strong recent cash flow has accelerated the deleveraging of balance sheets, some clients have indicated concerns about the falling reserves that will naturally result from reduced investments in exploration. The Board believes that the need to increase reserves, together with stronger balance sheets and solid oil and gas prices, will result in more exploration activity. As a result, the Board is confident about a gradually improving market in 2022.

Over the past weeks leading up to the date of this report, Russia's invasion of Ukraine has affected the global energy markets. Prices for oil and gas have increased substantially and the topic of energy security has been returning on the agenda, which could increase spending for the exploration for oil and gas.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks, uncertainties and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

Events after the Balance Sheet Date

After 31 December 2021 Russia invaded Ukraine. TGS has low direct exposure to the situation, with only approximately 0.3% of revenues in 2021 coming from the sale of data in Russia and no revenues from Ukraine. The Board of Directors continues to monitor the situation and assess potential direct and indirect consequences for TGS, and how it may affect financial performance going forward.

On 27 January 2022, a federal court in the U.S. decided to vacate the U.S. Gulf of Mexico (GOM) sale that took place in November 2021, ruling that the environmental impact study conducted in support of the lease sale was insufficient. Although the decision may be appealed, the practical effect is likely that no further lease sales in the GOM will occur until a new five-year lease schedule plan is in place. Over the past two to three years, there has been a gradual shift from frontier to infrastructure-led exploration in the GOM, and TGS' recent OBN-projects have been primarily targeted at held acreage rather than future licensing rounds. As such, the Board believes that most of its expected revenues in the U.S. would not be significantly impacted by a temporary halt in GOM acreage awards.

On 9 February 2022, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.14 per share (NOK 1.24) to shareholders. The dividend payment was made on 3 March 2022.

Annual Result of the Parent Company and Allocation of Loss

In 2021, revenues of the Parent Company decreased by 16% to USD 142.8 million from USD 170.5 million in 2020, as the challenging conditions in the global multi-client seismic market continued through the year. 2021 operating loss amounted to USD 53.9 million compared to an operating loss of USD 98.2 million in 2020. The decrease in loss was mainly due to lower amortization and impairment charges related to the multi-client library in 2021. Net loss for 2021 was USD 55.5 million, a reduction of 17% compared to net loss of USD 66.7 million in 2020. The Board proposes that the Parent Company's net loss of USD 55.5 million shall be allocated as follows:

Provision for dividend USD 16.3 million

Allocated to Other Equity USD -71.7 million

Total allocated USD -55.5 million

2021 was another demanding year for our industry, with continued low spending by clients, combined with longer periods of COVID-related office closures and travel restrictions. The Board of Directors would like to thank all employees for the flexibility and dedicated focus shown to maintain activity levels through this period.

Oslo, 30 March 2022

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

Confirmation from the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that this report of the Board of Directors with references to the notes to the accounts and the Corporate Governance section of the Annual Report includes a true and fair review of the development and performance of the business and the position of TGS, together with a description of the principal risks and uncertainties facing the Group.

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

TGS' asset-light and flexible business model ensures that we are continuing to generate healthy cash flow during periods of challenging market conditions.

TGS Financials

Consolidated Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Revenue	**4,5,18,25,28**	**518,689**	360,001
Cost of goods sold - proprietary and other	28	**11,625**	7,050
Amortization of the multi-client library	8,18,28	**174,276**	255,738
Impairment of the multi-client library	8,9,18,28	**284,584**	212,471
Personnel costs	10	**54,870**	53,864
Other operating expenses		**46,410**	39,866
Depreciation, amortization and impairment	6,7,8	**19,255**	19,932
Total operating expenses		**591,021**	588,920
Operating profit/(loss)		**(72,331)**	(228,919)
Financial income	26	**2,525**	853
Financial expenses	26,28	**(6,362)**	(3,130)
Net exchange gains/(losses)	26,28	**(8,918)**	7,807
Net financial items		**(12,756)**	5,530
Profit/(loss) before taxes		**(85,087)**	(223,389)
Taxes	27,28	**(9,103)**	(55,892)
Net Income		**(75,985)**	(167,498)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Other comprehensive income, net of tax	27	**–**	–
Total comprehensive income/(loss) for the period		**(75,985)**	(167,498)
Net income attributable to the owners of the Parent		**(75,985)**	(167,498)
Net income attributable to non-controlling interests		**–**	–
		(75,985)	(167,498)
Total comprehensive income attributable to the owners of the Parent		**(75,985)**	(167,498)
Total comprehensive income attributable to non-controlling interests		**–**	–
		(75,985)	(167,498)
Earnings per share (USD)	12	**(0.65)**	(1.43)
Earnings per share, diluted (USD)	12	**(0.65)**	(1.43)

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Consolidated Balance Sheet – Assets

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Assets			
Non-current assets			
Goodwill	3,8,9	**303,964**	288,377
Intangible assets: Multi-client library	3,8,9,28	**704,868**	965,551
Other intangible assets	8,9	**25,477**	17,396
Deferred tax assets	27,28	**95,888**	76,048
Buildings	6	**3,057**	2,257
Machinery and equipment	6	**16,462**	25,349
Right-of-use-asset	7	**35,770**	48,690
Sub-lease asset	7	**1,258**	965
Other non-current assets	17,24	**7,791**	19,471
Total non-current assets		**1,194,533**	1,444,104
Current assets			
Accounts receivable	16,19	**113,513**	168,746
Accrued revenues	16,19	**32,551**	108,737
Other receivables	19,28	**73,901**	91,516
Cash and cash equivalents	14	**215,329**	195,716
Total current assets		**435,294**	564,715
Total assets		**1,629,827**	2,008,818

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Consolidated Balance Sheet - Equity & Liabilities

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	13	**4,086**	4,082
Treasury shares	13	**(38)**	(1)
Share premium		**416,878**	416,878
Other paid-in equity		**45,248**	45,248
Total paid-in capital		**466,174**	466,206
Other equity	28	**649,161**	802,457
Equity attributable to owners of the Parent		**1,115,335**	1,268,664
Non-controlling interests		**(7)**	(7)
Total equity	28	**1,115,328**	1,268,657
Liabilities			
Non-current liabilities			
Other non-current liabilities	16	**2,706**	757
Lease liability	7	**33,022**	44,551
Deferred tax liability	27	**32,059**	29,100
Total non-current liabilities		**67,787**	74,408
Current liabilities			
Short-term debt	16,20	**-**	2,500
Accounts payable and debt to partners	16,20,28	**71,669**	77,683
Taxes payable, withheld payroll tax, Social Security and VAT	20,27,28	**77,941**	37,582
Lease liability	7,20	**10,782**	13,333
Deferred revenue	4,20,28	**238,169**	441,341
Other current liabilities	20,28	**48,151**	93,314
Total current liabilities		**446,712**	665,754
Total liabilities		**514,499**	740,162
Total equity and liabilities		**1,629,827**	2,008,818

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Oslo, 30 March 2022

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

Consolidated Statement of Changes in Equity

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Share Capital (par value at NOK 0.25)	Treasury Shares	Share Premium	Other Paid-in Capital	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
Opening balance 1 January 2021	4,082	(1)	416,878	45,248	(22,233)	824,689	1,268,664	(7)	**1,268,657**
Net income	–	–	–	–	–	(75,985)	(75,985)	–	**(75,985)**
Total comprehensive income	–	–	–	–	–	(75,985)	(75,985)	–	**(75,985)**
Distribution of treasury shares	–	0	–	–	–	238	238	–	**238**
Purchase of own shares	–	(38)	–	–	–	(15,651)	(15,689)	–	**(15,689)**
Cancellation of treasury shares held	(1)	1	–	–	–	–	–	–	**–**
Cost of equity-settled long-term incentive plans	5	–	–	–	–	3,627	3,632	–	**3,632**
Dividends	–	–	–	–	–	(65,524)	(65,524)	–	**(65,524)**
Balance 31 December 2021	**4,086**	**(38)**	**416,878**	**45,248**	**(22,233)**	**671,394**	**1,115,335**	**(7)**	**1,115,328**

	Share Capital (par value at NOK 0.25)	Treasury Shares	Share Premium	Other Paid-in Capital	Foreign Currency Translation Reserve	Retained Earnings[1]	Total	Non-controlling Interest	Total Equity
Closing balance 31 December 2019	4,127	(49)	416,878	45,248	(22,233)	1,101,841	1,545,819	(7)	**1,545,812**
Adjustments	–	–	–	–	–	(18,285)	(18,285)	–	**(18,285)**
Opening balance 1 January 2020	4,127	(49)	416,878	45,248	(22,233)	1,083,556	1,527,527	(7)	**1,527,520**
Net income	–	–	–	–	–	(167,498)	(167,498)	–	**(167,498)**
Total comprehensive income	–	–	–	–	–	(167,498)	(167,498)	–	**(167,498)**
Distribution of treasury shares	–	0	–	–	–	165	165	–	**165**
Purchase of own shares	–	(7)	–	–	–	(6,594)	(6,601)	–	**(6,601)**
Cancellation of treasury shares held	(54)	54	–	–	–	–	–	–	**–**
Cost of equity-settled long-term incentive plans	9	–	–	–	–	2,843	2,852	–	**2,852**
Dividends	–	–	–	–	–	(87,783)	(87,783)	–	**(87,783)**
Balance 31 December 2020	**4,082**	**(1)**	**416,878**	**45,248**	**(22,233)**	**824,689**	**1,268,664**	**(7)**	**1,268,657**

1) 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Consolidated Statement of Cash Flow

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020
Cash flow from operating activities			
Received payments from customers		**438,869**	572,021
Payments for salaries, pensions, social security tax		**(43,841)**	(69,340)
Payments of other operational costs		**(63,201)**	(84,260)
Paid income taxes	27	**(14,178)**	(63,694)
Net cash flow from operating activities[1]		**317,649**	354,728
Cash flow from investing activities			
Investments in tangible and intangible assets		**(13,579)**	(35,200)
Investments in multi-client library		**(171,490)**	(356,146)
Investments through mergers and acquisitions		**(18,304)**	–
Interest received		**2,525**	853
Net cash flow from investing activities		**(200,848)**	(390,493)
Cash flow from financing activities			
Interest paid		**(6,362)**	(2,896)
Dividend payments	13	**(65,524)**	(87,783)
Repayment of interest bearing debt		**(2,500)**	–
Purchase of own shares		**(15,689)**	(6,601)
Net Cash flow from financing activities		**(90,075)**	(97,280)
Net change in cash and cash equivalents		**26,726**	(133,045)
Cash and cash equivalents at the beginning of the period	14	**195,716**	323,408
Net unrealized currency gains/(losses)		**(7,113)**	5,354
Cash and cash equivalents at the end of the period	14	**215,329**	195,716

1) Reconciliation		**2021**	2020[2]
Profit before taxes		**(85,087)**	(223,389)
Depreciation/amortization/impairment	6,8,9	**478,115**	488,141
Changes in accounts receivables and accrued revenues		**131,418**	101,688
Unrealized currency gains/(losses)		**-**	(5,354)
Changes in other receivables		**17,616**	(39,316)
Changes in other balance sheet items		**(210,235)**	96,652
Paid taxes	27	**(14,178)**	(63,694)
Net cash flow from operating activities		**317,649**	354,728

[2)] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Notes to Consolidated Financial Statements

(All amounts in USD 1,000s unless noted otherwise)

1. GENERAL ACCOUNTING POLICIES

General Information

TGS ASA (the Parent Company) is a public limited liability company incorporated in Norway on 21 August 1996. The address of its registered office is Askekroken 11, 0277 Oslo, Norway. TGS ASA is listed on the Oslo Stock Exchange under the trading symbol "TGS."

TGS ASA and its subsidiaries (TGS or the Group) provide multi-client geoscience data to oil and gas exploration and production companies worldwide. In addition to extensive global geophysical and geological data libraries that include multi-client seismic data, magnetic and gravity data, digital well logs, production data and directional surveys, TGS also offers advanced processing and imaging services, interpretation products and data integration solutions. During 2021 TGS also established an offering of data, insights and software directed towards energy transition-related industries, such as wind, solar and geothermal energy, as well as Carbon Capture and Storage (CCS) and deep-sea mineral exploration. The consolidated financial statements of TGS were authorized by the Board of Directors on 30 March 2022.

Basis of Preparation

The consolidated financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) in effect as of 31 December 2021 and consist of the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes to the consolidated financial statements. The consolidated financial statements have been prepared on a historical cost basis. The financial statements of the subsidiaries have been prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Summary of Significant Accounting Policies

Principles of Consolidation

Companies Consolidated

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of 31 December 2021. Control is achieved when TGS is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, TGS controls an investee if and only if TGS has:

Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when TGS obtains control over the subsidiary and ceases when TGS loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date TGS gains control until the date TGS ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of TGS are eliminated in full through consolidation.

If TGS loses control over a subsidiary, the Group derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any retained investment is accounted for in accordance with the applicable IFRS.

Presentation Currency

TGS presents its consolidated financial statements in USD. The majority of TGS' revenues and expenses are denominated in USD, and USD is the functional currency for all material entities in TGS, including the Parent Company. The financial statements of the Parent Company are presented separately in this Annual Report.

Foreign Currency

Transactions in foreign currency are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in non-functional currencies are recognized within profit and loss.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customers at an amount which reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Unfinished data

Multi-client pre-funding contracts and contracts for late sales of unfinished data (i.e., contracts entered into after commencement of a survey, but prior to data being ready for delivery) are considered to be "right to use licenses" under IFRS 15, meaning that all revenues related to these contracts are 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. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Finished Data

Revenue for sale of finished data is recognized at a point in time, generally upon delivery of the final processed data (i.e., when the client has gained access to the data under a binding agreement). Through the binding agreement the customer is granted a non-exclusive license to use the finished data. Sales of finished data are presented as part of late sales revenue together with sales of unfinished data in cases where the relevant survey had already commenced when the contract was entered into.

Revenue Sharing Arrangements

From time to time, TGS enters into contracts where revenue is shared with governments or other parties (see Joint Arrangements below). Such revenue is recognized on a net basis in accordance with applicable recognition principles.

Proprietary Contracts

Revenue from proprietary contracts, where TGS delivers services for the exclusive benefit of the customer, is recognized over time, normally on a percentage of completion basis, measured according to the acquired and processed volume of data in relation to the total size of the project.

Royalty Income

Royalty income is recognized when the subsequent sale related to the royalty occurs.

Cost of Goods Sold (COGS) - Proprietary Contracts and Other

Cost of goods sold consists of direct costs related to proprietary contract work and costs related to delivery of geoscientific data.

Multi-client Library

The multi-client library includes completed and in-progress geophysical and geological data to be licensed on a non-exclusive basis to energy companies. The costs directly attributable to data acquisition and processing are capitalized and included in the library value. Costs directly attributable to data acquisition and processing includes mainly vessel costs, payroll and hardware/software costs. Data acquisition costs include mobilization costs incurred when relocating vessels to the survey areas. The library also includes the cost of data purchased from third parties. The library of finished multi-client seismic data and interpretations is presented at cost reduced by accumulated amortization and impairment.

Straight-line amortization

After a project is completed, a straight-line amortization is applied. The straight-line amortization is assigned over the remaining useful life, which for most marine projects is four years. For most onshore projects, the remaining useful life after completion of a project is seven years.

Accelerated Amortization of Seismic Data

No amortization is recognized until the point in time when the license is transferred to the customer, which would typically be upon completion of processing of the survey and granting of access to the finished survey or delivery of the finished data. When a project is completed and after pre-funding is recognized, recognition of accelerated amortization may be necessary in the event the recoverable value (present value of expected Late Sales) is lower than the net book value of the survey (capitalized cost of the survey).

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.

Amortization Policy on Seismic Data Purchased from Third Parties

When purchasing seismic data from third parties, a straight-line amortization over the remaining useful life of the data is recognized. The straight-line amortization is based on the cost of the seismic data recognized on the date of the purchase.

Amortization Policy on Well Data Products

The library of multi-client well logs is presented at cost, reduced by accumulated amortization. Amortization is recorded as a straight-line amortization over seven years.

Impairment Evaluation Multi-Client Library

When there are indicators that the net book value may not be recoverable, the library is tested for impairment on the individual cash generating unit (CGU). Any impairment of the multi-client library is recognized immediately and presented as "Impairment of the multi-client library" together with accelerated amortization in the statement of profit or loss.

For further information about impairment, see "Impairment of Non-Financial Assets" below.

Joint Arrangements

A joint arrangement is a contractual arrangement providing that TGS and other parties undertake an economic activity that is subject to joint control (i.e., when the strategic, financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control). Joint arrangements are classified as joint operations or joint ventures, depending on the rights to the assets and obligations for the liabilities of the parties to the arrangements. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is a joint venture. However, if the parties have rights to the assets and obligations related to the liabilities of the arrangement, the arrangement is a joint operation. Interests in joint ventures are accounted for using the equity method.

For certain multi-client library projects, TGS invests in the project with other parties and has cooperation agreements whereby revenues and costs will be shared with other companies. These agreements are initiated and agreed to as joint operations where both parties have rights to the assets and share in the liabilities. TGS recognizes its share of the investment in the multi-client library, its share of revenues from the sale of the multi-client survey, related amortization and expenses. When TGS has a right to market and sell the seismic project, TGS enters into the license contracts with customers and invoices and collects payments from the customers. Accounts receivables under these arrangements are presented on a gross basis, with the portion due to the partner being presented as debt to partners. Similarly, when a partner holds the right to market and sell the project and is the party responsible for invoicing and collection from the customers, TGS only recognizes its share of the related accounts receivables.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is expensed in the period in which the expenditure is incurred.

Intangible assets with finite life are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The straight-line amortization method is used for most intangible assets as this best reflects the consumption of the assets.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when TGS can demonstrate:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the product will generate future economic benefits;
- Adequate technical, financial or other resources to complete the development and to use the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When TGS acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the purchased business at fair value. This includes the separation of embedded derivatives in host contracts by acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a bargain purchase gain in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill from a business combination is, from the acquisition date, allocated to each of TGS' CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of TGS are assigned to those units. Each unit, or group of units to which the goodwill is allocated, represents the lowest level within TGS at which the goodwill is monitored for internal management purposes.

Should part of an operation carrying goodwill be disposed of, the goodwill which is associated with the disposed operation is then included in book value of the operation when determining the gain or loss on the disposal. The goodwill disposed of in this circumstance is determined measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU, or group of CGUs, to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the book value of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Tangible Non-Current Assets

Tangible non-current assets are presented at historical cost less accumulated depreciation and accumulated impairment losses. Purchases which are expected to have a technical and economic life of more than one year are capitalized as tangible non-current assets. Depreciation begins when the assets are available for use. Tangible non-current assets held for sale are stated at the lower of book value and presumed market value and are not subject to depreciation.

Impairment of Non-Financial Assets

TGS assesses, at each reporting date, whether there is an indication that an asset may need to be impaired. If any indication exists, or when annual impairment testing for an asset is required, TGS estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows calculated in USD are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, TGS estimates the asset's or the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Provisions and Contingencies

Provisions are made when TGS has a current obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations as a result of a past event where the existence of the liability depends on the occurrence, or not, of a future event. An existing obligation, in which it is not likely that the entity will have to dispose economic benefits, or where the obligation cannot be measured with sufficient reliability, is also considered a contingent liability. Contingent liabilities are not recognized in the financial statements, but if material, disclosed in the accompanying notes. A contingent asset is not recognized in the financial statement but disclosed if there is a certain degree of probability that it will be an advantage of TGS.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where TGS operates and generates taxable income.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities have been recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Parent Company pays its tax obligation in NOK and the fluctuations between the NOK and the USD impact the financial items. TGS' legal entities that do not have their tax base in USD are exposed to changes in the USD/tax base-currency rates. Effects within the current year are classified as tax expense.

Tax positions subject to uncertainty are identified and assessed either individually or in groups based on an estimate of the probability that the tax authorities will accept or reject a certain treatment. Where it is assessed that it is not probable the tax authorities will accept an uncertain tax treatment, the effect of the uncertainty is reflected in the calculation of the taxable profit, tax bases, unused tax losses or credits, or tax rates. The effect of the uncertainty is calculated by applying the most appropriate method (most likely amount or expected value). Changes in circumstances are assessed and reflected at each reporting date.

Share-based Payments

Key employees of TGS receive remuneration in the form of share-based payments pursuant to which employees render services as consideration for Performance Share Units (PSUs) and Restricted Share Units (RSUs).

The cost of the equity-settled transactions (PSUs and RSUs) is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuator using an appropriate pricing model.

The expense of the equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and TGS' best estimate of the number of the equity instruments that will ultimately vest. The Consolidated Statement of Comprehensive Income for a period represents the movement in cumulative expense recognized at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding unvested PSUs and RSUs is reflected as additional share dilution in the computation of diluted earnings per share.

Financial Assets

A financial asset is any contract which gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

The Group's financial assets are trade and other receivables, and cash and cash equivalents. Based on the nature of these assets and how they are managed, the Group has evaluated that these qualify for classification as measured at amortized cost.

Financial Liabilities

The Group has financial liabilities measured at amortized cost. Financial liabilities at amortized cost comprise largely of accounts payable and debt to partners, taxes and some minor amounts of non-current liabilities and long-term debt. These obligations are initially recognized at fair value less transaction costs, and subsequently measured at amortized cost through using the effective interest method. The Group has no financial liabilities at FVTPL.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL as well as for contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are deducted from the gross carrying amount of the financial asset. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Receivables are written off if the customer goes bankrupt, collection by a debt collector has been unsuccessful for a period and in other concrete cases. However, financial assets that are written off could still be subject to enforcement activities.

Pensions

TGS operates defined-contribution plans in Norway, UK, USA (401k) and Australia where the Group covers the superannuation. Contributions are expensed to the income statement as they become payable.

Leases

As a lessee:

The Group mainly leases offices and data centers. At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short-term leases (defined as twelve months or less) and low value assets, for which the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date, by using the Group's incremental borrowing rate. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable by TGS under residual value guarantees;
- The exercise price of a purchase option, if TGS is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects TGS exercising an option to terminate the lease.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability recognised, any lease payments made at or before the commencement date, less any incentives received, and any initial direct costs incurred by the Group. In addition, the right-of-use asset is affected by an estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Some property leases contain extension options exercisable by the Group. The Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only be the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As a lessor:

For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group sub-leases some of its right-of-use assets. On transition to IFRS 16, the right-of-use assets related to a financial sub-lease are de-recognized from the right-of-use asset and presented as a sub-lease asset and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are finance leases under IFRS 16.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash in bank accounts and on hand and short-term deposits with an original maturity of three months or less.

Treasury Shares

TGS' equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of TGS' own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the retained earnings.

Dividends

A dividend approved by TGS' shareholders is recognized as a liability in TGS' financial statements. A corresponding amount is recognized directly in equity.

Cash Flow Statement

The cash flow statement is compiled using the direct method.

Changes in Accounting Policy and Disclosures

No standards, amendments, IFRSs or IFRIC interpretations that are effective from 1 January 2021 had impact on the consolidated financial statements of TGS. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRSs or IFRIC interpretations that are not yet effective that the Group currently expects will have a material impact on TGS' financial statements going forward.

2. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying TGS' accounting principles, management is required to make estimates, judgments and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which will form the basis for making judgments on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of judgment and estimation of uncertainties at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment Evaluation of Multi-client Data Library

TGS performed impairment reviews and determined the value in use of the multi-client library during 2021. The Group estimated value in use based on discounted estimated future sales forecasts. The underlying estimates that form the basis for the sales forecast depend on variables such as the number of oil and gas exploration and production (E&P) companies operating in the area that would be interested in the data, overall E&P spending, expectations regarding hydrocarbons in the area, whether licenses will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. Local corporate tax rates and sales costs are applied. Changes in these estimates may potentially affect the estimated amount of future sales forecasts materially. The future sales forecasts are evaluated on a regular basis and impairments are recognized in the period they occur.

For details about the book value, amortization and impairment of the multi-client library, see Notes 8 and 9.

Impairment Evaluation of Goodwill

TGS tests the value of its goodwill on an annual basis or when there are indicators that the carrying amount may not be recoverable. This requires an estimation of the value in use or fair value less cost of disposal, whichever that is highest of the CGUs or groups of CGUs to which the goodwill is allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. Variables such as estimated future revenues, margins and estimated long-term growth are the key drivers for the basis of the value in use calculations. Future cash flows also depend on general development in E&P spending, the number of market participants and technological developments.

For details about goodwill and impairment, see Note 9.

Deferred Tax Assets, liabilities and uncertain tax positions

TGS operates in a range of tax jurisdictions with complex considerations and legislation concerning both indirect and direct taxation, which includes Brazil and Argentina. Thus, there is always an uncertainty related to reported tax liabilities and exposures. Tax assets and liabilities (both direct and indirect) are reported and assessed based on all known and available information and represent TGS' best estimate.

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 impact TGS results in each period.

For details about uncertain tax positions and tax contingencies, see Note 24.

Deferred tax assets are recognized for temporary deductible differences and carryforward tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing, any expiration of tax losses to be carried forwards, and level of future taxable profits together with future tax planning strategies.

For details about deferred tax assets, see Note 27.

Contingent Liabilities

The preparation of the financial statements has required TGS to make judgment, estimates and assumptions that affect the reported amounts of liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount in future periods.

For a description of contingent liabilities, see Note 24.

3. BUSINESS COMBINATIONS

On 12 May 2021, TGS announced its acquisition of all of the equity in 4C Offshore Limited (4C Offshore). 4C Offshore is a leading consultancy and market research company targeting the offshore wind energy market, providing risk analysis to the marine, energy and subsea sectors. The current service offerings include data subscriptions, consultancy and bespoke reports.

As the transaction was effective from 12 May 2021, the sales and costs from the acquired company for the period 12 May to 31 December 2021 is reflected in the consolidated financial statements of TGS.

The total goodwill, USD 15.6 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 4C Offshore's employees, new customers and potential extensions of existing relationships. The other major fair value adjustments relate to the value of the technology, customer relationships, trademark and deferred revenue.

The accounting for the acquisition will be revised to the extent new information is obtained within one year of the date of acquisition 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.

In June 2021, TGS completed the acquisition of a portfolio of 3D seismic surveys, mostly in Australia, from Polarcus.

In November 2021, TGS completed the purchase of an interest in a portfolio of 3D seismic surveys in the Green Canyon area of the U.S. Gulf of Mexico.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenue from contracts with customers has been disaggregated and presented in the table below.

Revenue type - 2021	IFRS (As reported)		Adjustment	Segment
Pre-funding	156,796	–	70,037	86,760
Late sales - unfinished data	218,292	–	142,700	75,592
Late sales - finished data	119,073		2,168	121,241
Proprietary	24,528		757	25,285
Total	**518,689**	**–**	**209,812**	**308,877**

Revenue type - 2020 Restated[1]	IFRS (As reported)	Adjustment	Segment
Pre-funding	85,715	66,209	151,924
Late sales - unfinished data	98,640	24,312	122,951
Late sales - finished data	159,680	-985	158,695
Proprietary	15,967	-757	15,210
Total	**360,001**	**88,779**	**448,780**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Payment terms

Payment terms for sale of unfinished data vary for each contract and are generally paid in portions over a longer period with 30-days payment terms. Payment terms for finished data and proprietary sales are mainly 30 days.

Other terms

The Group's refund liability, return liability and warranties are considered limited, and the Group has not recognized any such liabilities in the consolidated balance sheet.

Remaining performance obligations unsatisfied or partly unsatisfied are as of year-end.

Performance obligations unsatisfied at year-end	2021	2020 Restated[1]
Within one year	268,301	490,135
More than one year	55,962	22,107
Total	**324,262**	**512,242**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Receivables, contract assets and contract liabilities	31.12.2021	31.12.2020 Restated[1]
Accounts receivables	113,513	168,746
Accrued unbilled revenue (Contract asset)	32,551	108,737
Accounts payable and debt to partners	(71,669)	(77,683)
Deferred revenue (Contract liabilities)[2]	(238,169)	(441,341)

Contract liabilities[2]	2021	2020 Restated[1]
At 1 January	(441,341)	(314,897)
Deferred during the year	(93,510)	(308,049)
Recognized as revenue during the year	296,682	181,605
At 31 December	(238,169)	(441,341)
Current	(238,169)	(441,341)
Non-Current	–	–

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

[2] Contract liabilities are presented gross.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised goods or service and the payment is one year or less. Further, the Group applies the practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. Costs to obtain and costs to fulfill contracts are not considered significant by the Group, and these are therefore not capitalized.

5. SEGMENT INFORMATION

TGS reports monthly management information to executive management based on the defined operating segments. Where appropriate, these operating segments are aggregated into reportable segments that form the basis of the segment reporting. In 2019, following the acquisition of Spectrum, management reassessed its reportable segments and reports North America, Latin America and Land separately due to the increase in the size of these segments in respect of the group. Previously these three operating segments were aggregated into one reportable segment, North and South America. Land represents onshore activities in North America.

TGS has operating segments that do not individually meet the quantitative thresholds to qualify as reportable segments. The segments which are aggregated and form "Other segments/Corporate costs" include GPS Well Logs, GPS Interpretations, Global Services, Imaging, Data & Analytics, New Energy Solutions and G&A. GPS

Wells Logs and GPS Interpretations provide well data products, interpretive studies and services to clients; Imaging processes data for multi-client and proprietary projects and continually develops new technology and workflows for seismic imaging as well as enhancing existing ones; Data & Analytics provides Geoscience AI, Data Management, Cloud Computing and Data Library products and services; Global Services provides project management, GIS and HSE functions. New Energy Solutions is providing data driven insights and solutions that support the energy transition, with particular focus on renewable energy sources and Carbon Capture and Storage.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated using different principles for recognition of multi-client revenues and amortization of the multi-client library than the principles applied in the consolidated accounts.

In the segment information, revenues related to unfinished projects are recognized in accordance with percentage of completion of the relevant projects, while amortization in the work-in-progress (WIP) phase is based on the ratio of forecasted total revenues to total forecasted cost.

During the WIP phase, amortization is based on total expected cost versus total expected revenue of the project, i.e., amortization is recorded in line with how segment revenue is recognized for each project during this phase.

In the period after completion of the data, revenue recognition and amortization principles are consistent with those used for the consolidated accounts, meaning that a straight-line amortization is applied. The straight-line amortization is assigned over the remaining useful life, which for most marine projects is considered to be four years. For most onshore projects, the remaining useful life after completion of a project is considered to be seven years.

Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to the operating segments. Transactions between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. No inter-segment sales between the reportable segments have taken place during 2021 or 2020. Employee bonuses and cost related to share-based payments are recognized within "Corporate costs."

2021	North America	Latin America	Land	Europe	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Total
Pre-funding	13,777	15,970	82,278	35,957	5,694	3,120	156,796
Late sales - unfinished data	9,531	167,708	5,508	9,377	4,094	22,073	218,292
Late sales - finished data	51,387	11,068	23,247	16,775	12,808	3,787	119,073
Proprietary	0	0	0	8,788	11,016	4,724	24,528
Net external revenues	74,696	194,746	111,034	70,897	33,613	33,704	518,689
APM adjustments (segment pre-funding)[1]	11,956	19,150	-69,349	-33,445	2,946	-1,294	-70,037
APM adjustments (segment late sales - unfinished data)[1]	19,678	-149,775	-5,461	-7,657	2,844	595	-139,775
Net segment revenue	106,330	64,121	36,223	29,795	39,404	33,005	308,877
Costs of goods sold - proprietary & other	12	257	21	7,788	3,144	403	11,625
APM adjustments (Amortization and impairment of multi-client library)[2]	74,341	122,031	40,249	47,704	38,757	20,301	343,384
Operational costs	1,502	6,392	1,843	1,953	5,938	83,652	101,280
Depreciation, amortization and impairment of other tangible and intangible assets	28	145	246	19	70	18,747	19,255
Segment Operating profit/(loss)	30,446	-64,705	-6,137	-27,669	-8,504	-90,097	-166,666

1) Relates to revenues from unfinished data that has been recognized over time in segment reporting.

2) Relates to sales amortization under the WIP phase, linear amortization for finished projects and impairments under segment reporting. See above for more information on differences in accounting principles between segment reporting and IFRS.

2020	North America	Latin America	Land	Europe	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Total
Pre-funding	14,101	28,807	16,001	8,529	14,131	4,146	85,715
Late sales - unfinished data	6,752	49,147	9,930	89	9,539	23,183	98,640
Late sales - finished data	66,364	16,975	8,519	21,685	39,578	6,560	159,680
Proprietary	–	–	2,114	–	5,663	8,190	15,967
Net external revenues	87,217	94,929	36,564	30,302	68,911	42,078	360,001
APM adjustments (segment pre-funding)[1]	6,306	39,972	27,753	765	-7,998	-588	66,209
APM adjustments (segment late sales - unfinished data)[1]	2,779	25,357	-4,102	4,197	-5,236	-425	22,570
Net segment revenue	96,302	160,257	60,215	35,264	55,678	41,065	448,780
Costs of goods sold - proprietary & other	7	2,093	1,680	–	2,436	833	7,050
APM adjustments (Amortization and impairment of multi-client library)[2]	118,569	197,660	73,403	81,310	35,057	21,366	527,365
Operational costs	2,733	5,767	3,250	2,383	5,418	74,179	93,730
Depreciation, amortization and impairment of other tangible and intangible assets	59	152	247	22	78	19,374	19,932
Segment Operating profit/(loss)	-25,067	-45,415	-18,365	-48,451	12,688	-74,686	-199,296

1) Relates to revenues from unfinished data that has been recognized over time in segment reporting.

2) Relates to sales amortization under the WIP phase, linear amortization for finished projects and impairments under segment reporting. See above for more information on differences in accounting principles between segment reporting and IFRS.

Impairments of the multi-client library totaled USD 96.7 million for 2021 under the segment reporting.

Impairments of the multi-client library totaled USD 132.0 million for 2020 under the segment reporting.

A reconciliation of Operating profit/(loss) to Profit/(loss) before taxes is provided as follows:

	2021	2020
Operating profit for reportable segments	(166,666)	(199,296)
APM adjustment (amortization, impairment and revenue)	94,335	(29,623)
Operating profit according to IFRS	**(72,331)**	**(228,919)**
Financial income	2,525	853
Financial expenses	(6,362)	(3,130)
Exchange gains/losses	(8,918)	7,807
Profit/(loss) before taxes	**(85,087)**	**(223,389)**

Total assets are not a part of the information regularly provided to executive management. TGS does not report a measure of liabilities for the reportable segments. As the operating segments reported are broken down to geographic areas, there is no further breakdown of revenues to the customer's country of domicile.

In 2021, no customers represented more than 10% of total revenues individually. Similarly in 2020, no customers represented more than 10% of total revenues individually.

Analysis of external revenues:

	2021	2020
Pre-funding	86,760	151,924
Late sales	196,833	281,647
Proprietary	25,285	15,210
Total net revenues	**308,877**	**448,780**

6. TANGIBLE NON-CURRENT ASSETS

2021	Machinery and Equipment	Buildings[5]	2020
Cost as of 1 January 2021	144,388	7,931	152,319
Acquisition of a subsidiary[1]	288	–	288
Additions	3,394	1,387	4,781
Disposals[3]	(3,189)	–	(3,189)
Cost as of 31 December 2021	144,880	9,318	154,199
Accumulated depreciation as of 1 January 2021	**119,039**	**5,674**	**124,713**
Reclassification[2]	45	(45)	–
Depreciation for the year	7,989	491	8,480
Acquisition of a subsidiary[1]	126	–	126
Accumulated depreciation on disposals	(2,336)	14	(2,323)
Capitalized to the multi-client library[4]	3,555	127	3,682
Accumulated depreciation as of 31 December 2021	128,418	6,261	134,679
Net book value as of 31 December 2021	16,463	3,057	19,520
Useful life	2 to 7 years	3 to 12 years	

[1] Acquisition of 4C Offshore.

[2] Reclassification from Buildings to Machinery and Equipment.

[3] Gains on disposals during the year were recognized by 0.2 million.

[4] Capitalized directly as multi-client library and is not part of the depreciation charges recognized in the Statement of Comprehensive Income.

[5] Mainly leasehold improvements.

2020	Machinery and Equipment	Buildings[3]	2020
Cost as of 1 January 2020	122,526	13,916	136,442
Reclassification[1]	6,484	(5,017)	1,466
Additions	16,244	2,366	18,610
Disposals[2]	(866)	(3,333)	(4,199)
Cost as of 31 December 2020	144,388	7,931	152,319
Accumulated depreciation as of 1 January 2020	**100,212**	**11,519**	**111,731**
Reclassification[1]	5,127	(4,806)	321
Depreciation for the year	8,582	432	9,015
Accumulated depreciation on disposals[4]	(804)	(1,683)	(2,488)
Capitalized to the multi-client library	5,923	212	6,134
Accumulated depreciation as of 31 December 2020	119,039	5,674	124,713
Net book value as of 31 December 2020	25,349	2,257	27,606
Useful life	2 to 7 years	3 to 12 years	

[1] Reclassification from Buildings and Other Intangible Assets to Machinery and Equipment.

[2] Gains on disposals during the year were recognized by USD 0.9 million.

[3] Mainly leasehold improvements.

[4] Capitalized directly as multi-client library, and is not part of the depreciation charges recognized in the Statement of Comprehensive Income.

7. LEASES

Leases as a lessee

The Group mainly holds office and data center leases. These leases run for a period between three to eleven years. The Group has applied the exemption in IFRS 16 and not capitalized leases of low-value assets or short-term leases.

Right-of-use asset	Office leases	Data centers	Total
Balance at 1 January 2021	**26,974**	**21,715**	**48,690**
Additions	516	–	516
Impairments	-1,162	–	-1,162
Adjustments	-708	–	-708
Depreciation	-4,002	-7,564	-11,566
Balance at 31 December 2021	**21,619**	**14,151**	**35,770**

Sub-lease asset	Office leases	Data centers	Total
Balance 1 January 2021	965	–	965
Balance 31 December 2021	1,258	–	1,258

Right-of-use asset	Office leases	Data centers	Total
Balance at 1 January 2020	**17,026**	**6,419**	**23,445**
Additions	11,377	24,186	35,563
Impairments	-4,101	-370	-4,470
Adjustments	6,922	465	7,387
Depreciation	-4,251	-8,985	-13,235
Balance at 31 December 2020	**26,974**	**21,715**	**48,690**

Sub-lease asset	Office leases	Data centers	Total
Balance 1 January 2020	2,366	–	2,366
Balance 31 December 2020	965	–	965

The Group has recognized an impairment of right-of-use assets of USD 1.2 million in 2021 (USD 4.1 million in 2020). In both years, the impairments are mainly related to office premises that will no longer be in use. The impairment charge recognized is net of expected sub-lease income.

Amounts recognized in profit or loss	2021	2020
Interest on lease liability	-1,595	-1,920
Expense related to short-term leases	11,632	13,020
Expense related to leases of low-value asset, excluding short-term leases of low-value assets	2,628	3,143
Variable lease payments	1,512	1,966
Depreciation charge for the year[1]	-5,845	-4,648

[1] Depreciation charge for the year in the above table has been reduced with depreciations capitalized, and hence not directly expensed as depreciations in the Statement of Comprehensive Income.

Amounts recognized in the statement of cash flow	2021	2020
Total cash outflow for leases	(16,794)	(16,580)

Some leases include extension options exercisable near the end of the lease term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after reporting date.

Maturity analysis - lease payables	2021	2020
Less than one year	12,819	16,713
One to five years	23,003	32,176
More than five years	10,911	15,006
Total undiscounted lease payments	46,734	63,896
Discount effect	(2,929)	(6,011)
Lease liability as of 31 December	**43,804**	**57,885**

Lease liability	2021	2020
Current	10,782	13,333
Non-current	33,022	44,552
Lease liability as of 31 December	**43,804**	**57,885**

Leases as a lessor

The Group sub-leases office spaces that are not in use by the Group. The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after reporting date.

Maturity analysis - lease receivables	2021	2020
Less than one year	612	608
One to two years	436	537
Two to three years	260	–
Three to four years	22	–
Total undiscounted lease receivables	1,329	1,145
Unearned finance income	-72	-180
Net investment in the lease as of 31 December	1,257	965

8. INTANGIBLE ASSETS

2021 Acquisition Cost and Depreciation	Goodwill	Multi-client Library	Multi-client Library in Progress	Other Intangible Assets	Total
Cost as of 1 January 2021	338,991	5,015,337	561,919	105,451	6,021,697
Additions through business combinations	15,587	–	–	7,181	22,768
Addition[1]	–	17,193	180,984	9,905	208,083
Transfers	–	388,936	(388,936)	–	–
Cost as of 31 December 2021	354,578	5,421,467	353,967	122,537	6,252,548
Accumulated amortization and impairment as of 1 January 2021	50,615	4,590,875	20,829	88,055	4,750,375
Amortization for the year	–	176,362	–	5,713	182,076
Impairment for the year	–	277,149	5,349	–	282,498
Capitalized to the multi-client library[2]	–	–	–	3,292	3,292
Accumulated amortization and impairment as of 31 December 2021	50,615	5,044,387	26,179	97,060	5,218,241
Net book value as of 31 December 2021	303,964	377,080	327,788	25,477	1,034,307
Useful life		4 to 7 years		3 to 7 years	

1) Additions to Other Intangible Assets are internally developed software.

2) Capitalized directly as multi-client library, and is not part of the depreciation charges recognized in the Statement of Comprehensive Income.

2020 Acquisition Cost and Depreciation	Goodwill	Multi-client Library Restated[5]	Multi-client Library in Progress Restated[5]	Other Intangible Assets	Total
Cost as of 1 January 2020	338,991	4,728,448	517,679	96,402	5,681,520
Reclassification[1]	–	–	–	(1,466)	(1,466)
Additions[2]	–	30,894	300,235	10,779	341,908
Transfers	–	255,995	(255,995)	–	–
Disposals[3]	–	–	–	(264)	(264)
Cost as of 31 December 2020	338,991	5,015,337	561,919	105,450	6,021,698
Accumulated amortization and impairment as of 1 January 2020	50,615	4,143,496	–	82,700	4,276,811
Reclassification1	–	–	–	(321)	(321)
Amortization for the year	–	255,738	–	2,069	257,807
Impairment for the year	–	191,642	20,829	–	212,471
Accumulated amortization on disposals	–	–	–	(153)	(153)
Capitalized to the multi-client library[4]	–	–	–	3,760	3,760
Accumulated amortization and impairment as of 31 December 2020	50,615	4,590,875	20,829	88,055	4,750,375
Net book value as of 31 December 2020	288,377	424,462	541,089	17,395	1,271,323
Useful life		4 to 7 years		3 to 7 years	

1) Reclassification of Other Intangible Assets to Machinery and Equipment.

2) Additions to Other Intangible Assets are internally developed software.

3) Losses on disposals during the year were to USD 111 thousand.

4) Capitalized directly as multi-client library, and is not part of the depreciation charges recognized in the Statement of Comprehensive Income.

5) 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

9. IMPAIRMENT EVALUATION OF MULTI-CLIENT LIBRARY, GOODWILL AND OTHER INTANGIBLE ASSETS

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. Impairment indicators have been assessed as a result of the significant volatility in the market during 2021 and include factors such as revised sales estimates on existing surveys, COVID-19 market effects and oil price fluctuation. Key inputs and assumptions in the impairment model have been revisited. The challenging market presents uncertainties and risk related to these estimates.

Multi-client library

The Group estimates value in use based on discounted estimated future sales forecasts. For the multi-client library, the value in use has been determined based on revenue and cash flow projections from financial estimates prepared by management. Due to the prevailing markets, future expected cash flows are reduced and consequently the value in use of the multi-client library is reduced. The changes in the market are a consequence of factors such as revised sales estimates on existing surveys, COVID-19 effects and oil price fluctuations. TGS has implemented a detailed process each quarter to assess projects at risk and impairment of the library amid the current volatility and uncertainty in the market.

TGS is operating in a global industry. TGS' customers are operating on a global scale, and the market for TGS' products is global. However, many local aspects affect the risk of the various cash generating units (CGUs) across the world, as each survey is considered a CGU. Based on this, TGS applies a country risk premium to determine the post-tax weighted average cost of capital (WACC) of all CGUs. The WACC varies between 8.2% to 15.2% for all the CGUs throughout the Group. The significant difference is due to the country risk added for specific surveys in the multi-client library. The WACC unadjusted country-specific risk is 8.2%. The average WACC weighted according to CGU net book value is 10.0% post-tax and 13.9% pre-tax. At year-end 2020, TGS used a WACC between 8.0% to 19.2% for all the CGUs throughout the Group, with a WACC unadjusted country-specific risk of 8.0%. The change of WACC from 2020 to 2021 is mainly due to decreased country-specific risk and increased risk-free rate.

The table below shows the impairment charges recognized for the multi-client library in the year, including accelerated amortization as IFRS requires pre-funding revenues to be recognized upon delivery while no amortization charges are recognized at this point:

Impairment of multi-client library	2021	2020	2021 Value in Use	WACC
North America	14,049	40,413	314,556	8.2%
Latin America	139,408	88,972	270,494	12.9%
Land	73,699	33,681	133,482	8.2%
Europe	52,794	39,610	93,023	8.2%
Africa, Middle East and Asia Pacific	4,180	9,194	156,778	9.7%
Other	453	602	–	10.0%
Total	**284,584**	**212,471**	**968,333**	**9.5%**

Out of the amounts above, USD 213.0 million is accelerated amortization (USD 119.9 million in 2020).

The impairment review is sensitive to multiple inputs, such as expected sales forecasts and WACC. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. A change in WACC will also impact the impairment review, while other inputs are considered not to have a significant impact. The following provides a sensitivity analysis as to these inputs:

- 10% reduction of sales forecast would lead to increased impairment of USD 15.0 million.
- 20% reduction of sales forecast would lead to increased impairment of USD 37.4 million.
- 2.5% increase in WACC would lead to increased impairment of USD 8.1 million.
- 5% increase in WACC would lead to increased impairment of USD 17.3 million.

Management does not see any other reasonable changes in the key assumptions that could cause additional impairments as of 31 December 2021.

Goodwill

In accordance with IFRS, TGS tests goodwill for impairment annually at year-end, or more frequently if there are indications that goodwill might be impaired. A group of CGUs should be impaired if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher amount of the fair value and the value in use of a CGU. The carrying amount is the carrying amount of all PPE, intangibles, multi-client library, net working capital and goodwill allocated to the CGUs.

Specification of goodwill	North America	Latin America	Land	Europe	Africa Middle East & Asia/Pacific,	Other segments/Corporate costs	Total
Net book value as of 1 January 2021	24,899	100,856	26,894	37,201	48,820	49,706	288,377
PPA adjustment 4C acquisition	–	–	–	–	–	15,587	15,587
Impairment	–	–	–	–	–	–	–
Net book value as of 31 December 2021	**24,899**	**100,856**	**26,894**	**37,201**	**48,820**	**65,293**	**303,964**
WACC post-tax	8.2 %	10.8 %	8.2 %	8.2 %	9.8 %	8.2 %	9.5%

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGUs) as referred to in the table above.

Based on the impairment testing performed, no impairments have been recognized during 2021 (2020: USD 0 million).

In assessing value in use, the estimated future cash flows both from the current multi-client library and expected future investments are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The post-tax rate is calculated based on the local tax rates in the relevant tax jurisdictions and applying an average of the relevant country risks for the groups of CGUs as specified in the table above. TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Currently a long-term growth rate of 0% is applied.

The impairment calculations are most sensitive to the changes in the forecasted sales, which depend on both the expected investments and expected returns of investments. These factors are mainly influenced by future E&P spending and demand for TGS' products. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. In addition, the impairment calculations are sensitive to changes in WACC, as well as expected cost levels and expected development of working capital. The following provides a sensitivity analysis as to these inputs:

- 10% reduction of expected return of investments would lead to an impairment of USD 24.2 million.
- 20% reduction of expected return of investments would lead to an impairment of USD 113.1 million.
- 2.5% increase in WACC would lead to an impairment of USD 95.3 million.
- 5% increase in WACC would lead to an impairment of USD 144.0 million.

Management does not see any other reasonable changes in the key assumptions that would cause the value in use to be lower than its carrying value.

10. PERSONNEL COSTS / NUMBER OF EMPLOYEES / REMUNERATION TO EXECUTIVE MANAGEMENT, BOARD OF DIRECTORS AND AUDITORS

Personnel costs	2021	2020
Payroll	62,479	71,044
Social Security costs	5,180	6,118
Pension costs	3,990	3,695
Other employee-related costs	5,633	3,664
Salaries capitalized to developed software	(10,767)	(12,451)
Cost of RSU/PSU	6,119	2,852
Salaries capitalized to multi-client library	(17,763)	(21,058)
Personnel costs	54,870	53,864

The number of employees as of 31 December 2021 was 471 (including 28 employees in 4C Offshore) versus 462 as of 31 December 2020.

Cash bonus plans

In 2021, TGS had in place a Short-Term Incentive Bonus Plan that was funded by allocating 3.82% of budgeted EBITDA. Employees are generally eligible to participate in the bonus plan after being employed for six months. The bonus is payable quarterly, and the amount paid is based on actual EBITDA for the quarter. An individual employee's relative share of the bonus pool is based on level of responsibility, individual contribution, performance versus previous year goals, and benchmark data. All bonuses earned in respect of the 2021 bonus plan have been paid or accrued as of 31 December 2021. More information on the Short-Term Incentive is provided in the Group's Declaration on Executive Remuneration, published contemporaneously with the Annual Report.

Executive Management Stock Incentives

The following table provides the stock, incentive stock units [in the form of Performance Share Units (PSUs) and/or Restricted Share Units (RSUs)] and related warrants held by executive management.

Executive Management 2021

	No. of Shares Held 31/12/2021	Incentive stocks awarded in 2021	Total balance of freestanding warrants related to unvested incentive stock units
Kristian Johansen (CEO)	143,752	60,500	178,120
Fredrik Amundsen (CFO to August 2021)	36,320	–	–
Jan Schoolmeesters (EVP Digital Energy Solutions)	50,868	24,300	69,600
Will Ashby (EVP East Hemisphere)	49,829	24,300	69,600
Rune Eng (EVP International)	133,663	–	–
Tanya Herwanger (EVP Staff & Support)	26,358	–	–
Tana Pool (EVP Legal)	41,657	24,300	69,600
Sven Børre Larsen (CFO from August 2021)	48,680	24,300	55,300
Whitney Eaton (EVP ESG Compliance from March 2021)	2,158	24,300	35,980
David Hajovsky (EVP West Hemisphere from March 2021)	4,557	24,300	50,980

The table below shows total expensed compensation to executive management in 2021.

	Salary	Bonuses	Other Benefits[4]	Payments from long-term incentive plans[5]	Pension	Total Remunerations
Kristian Johansen (CEO)	609	73	97	586	17	1,382
Fredrik Amundsen (CFO to August 2021)[1,7]	259	15	97	156	16	543
Jan Schoolmeesters (EVP Digital Energy Solutions)[1]	458	19	3	–	14	494
Will Ashby (EVP East Hemisphere)[2]	321	22	136	233	22	734
Rune Eng (EVP International to February 2021)[1,6]	49	–	1,170	–	9	1,228
Tanya Herwanger (EVP Staff & Support to December 2021)[2]	299	31	2	168	21	521
Tana Pool (EVP Legal)	336	20	14	216	17	603
Sven Børre Larsen (CFO from August 2021)[1,3]	160	–	8	282	6	457
Whitney Eaton (EVP People & Sustainability from March 2021)	187	9	11	14	9	231
David Hajovsky (EVP West Hemisphere from March 2021)	245	22	16	60	9	352

The amounts set forth in the table above reflect amounts paid to the executives during the year. Compensation is only reflected for the period of time that the executive served as an executive of the Group. With respect to bonus amounts, the Short-Term Incentive Bonus Plan is paid on a quarterly basis following reporting of the quarterly results. Therefore, bonuses paid in 2021 reflect bonus amounts for the fourth quarter of 2020 and the first three quarters of 2021.

1) Compensation is paid in NOK, with the USD equivalent determined based on the average exchange rate during the year.

2) Compensation is paid in EUR and GBP, with the USD equivalent determined based on the average exchange rate during the year.

3) Mr. Larsen became CFO of the Group in August 2021.

4) Other benefits include certain benefits provided to all employees (Company-paid life insurance and welfare insurance). Other benefits also include certain expatriate benefits for applicable executives.

5) Represents the value of shares issued during 2021 with respect to the 2018 Long-Term Incentive Plan, which vested in 2021.

6) Mr. Eng served as part of the Executive Team through February 2021. He received total termination benefits of USD 1,168 million as set forth in the table above as "Other Benefits."

7) Mr. Amundsen resigned his position as CFO in August 2021, but continued as an employee through the balance of 2021. He received termination benefits of USD 86,000 as set forth in table above under "Other Benefits."

The table below shows total compensation to executive management in 2020.

	Salary	Bonuses	Other Benefits[4]	Payments from long-term incentive plans[5]	Pension	Total Remunerations
Kristian Johansen (CEO)	532	314	116	1,202	17	2,181
Fredrik Amundsen (CFO)[1]	310	61	5	443	13	832
Jan Schoolmeesters (EVP Operations)[1]	355	296	3	–	11	665
Will Ashby (EVP North America)	267	61	103	407	17	854
Rune Eng (EVP International)[1]	424	479	(0)	–	11	913
Tanya Herwanger (EVP Staff & Support)[2]	259	33	44	395	8	739
Tana Pool (EVP Legal)	324	67	14	407	17	829
Sven Børre Larsen (was part of the Executive Team from February to May 2020)[1,3]	112	75	1	–	4	192
Dean Zuzic (CFO to February 2020)[1]	40	301	–	–	2	343

The amounts set forth in the table above reflect amounts paid to the executive during the year. With respect to bonus amounts, the Short-Term Incentive Bonus Plan is paid on a quarterly basis following reporting of the quarterly results. Therefore, bonuses paid in 2020 reflect bonus amounts for the fourth quarter of 2019 and the first three quarters of 2020.

1) Compensation is paid in NOK, with the USD equivalent determined based on the average exchange rate during the year.

2) Compensation is paid in EUR and GBP, with the USD equivalent determined based on the average exchange rate during the year.

3) Compensation is only reflected for the period of time that the executive served as an executive of the Group. Sven Børre Larsen was an employee of the Group during the entire 2020, and part of the Executive Team from February 2020 until May 2020.

4) Other benefits include certain benefits provided to all employees (Company-paid life insurance and welfare insurance). Other benefits also include certain expatriate benefits for applicable executives.

5) Represents the value of shares issued during 2020 with respect to the 2017 Long-Term Incentive Plan, which vested in 2020.

TGS awards its executive and senior leadership teams Long-Term Incentives with performance metrics measured over a three-year period. In 2021, performance share units (PSUs) were issued to the executive and senior leadership teams under the 2021 Long-Term Incentive Plan. The plan and status versus performance metrics is further described in the Declaration on Executive Remuneration. The 2021 plan is settled in TGS common shares, and each PSU represents the right to receive one common share. The total number of shares issuable is determined based upon the Group's achievement against the performance metrics, with the payout ranging from 0% to 100% of the PSUs awarded. The 2021 plan also provides for the issuance of RSUs to non-executive key employees, as further described in the 2021 Declaration on Executive Remuneration.

Termination benefits

The CEO and certain other executives have employment agreements that provide for certain benefits upon termination of employment. Pursuant to Mr. Johansen's employment agreement, the maximum amount payable to the CEO in case of termination of employment without cause or for good reason is one times the amount of his highest annual base salary in effect during the three years that immediately precede the date of termination, payable over an ensuing one-year period and conditional upon his continued compliance with restrictive covenants. Additionally, the maximum amount payable to the TGS CFO, Mr. Larsen, in case of termination for any reason other than redundancy, gross misconduct or statutory retirement, is the lower of (i) one times the amount of his highest annual base salary in effect during the three years that immediately precede the date of termination, spread over an ensuing one-year period conditional upon his continued compliance with restrictive covenants or (ii) an agreed cap.

In the case of termination for Mr. Johansen and Mr. Larsen associated with a "change of control" event, the amount payable is one times the highest gross annual compensation received during the three years immediately preceding the "change of control" event, paid as a lump sum.

No other members of the executive management team have employment agreements providing termination benefits.

Board of Directors Fees and Other Fees

The following sets forth the compensation paid to the Board of Directors.

Board of Directors Fees 2021

	Director's fee[1]	Value of Shares Received[2]	Total Remunerations
Hank Hamilton (Chair of the Board)	175	–	175
Mark Leonard (Director)[3]	44	24	63
Irene Egset (Director)[3]	44	24	63
Wenche Agerup (Director)	39	24	63
Christopher Geoffrey Finlayson (Director)	39	24	63
Svein Harald Øygard (Director)	19	24	43
Grethe Kristin Moen (Director)	19	24	43
Vicki Messer (Director until May 2021)	20	–	20
Torstein Sanness (Director until May 2021)	20	–	20

1) The table includes Directors' fees paid during the year. Directors receive fees on a biannual basis as decided by the AGM, payable in NOK. Deviations in individual fees are related to the timing of the biannual payments.

2) In May 2021, each of the Directors, other than the Chair, received 1,650 restricted shares in TGS.

3) Includes fee from being Chair of the Compensation Committee (Mr. Leonard) and the Audit Committee (Mrs. Egset).

Board of Directors Fees 2020

	Director's fee[1]	Value of Shares Received[2]	Total Remunerations
Hank Hamilton (Chair of the Board)	200	–	200
Mark Leonard	39	18	57
Vicki Messer	35	18	53
Tor Magne Lønnum (Director until May 2020)	39	–	39
Wenche Agerup	35	18	53
Torstein Sanness	35	18	53
Irene Egset	35	18	53
Christopher Geoffrey Finlayson	54	50	103

1) The table includes Directors' fees paid during the year. Directors receive fees on a biannual basis as decided by the AGM, payable in NOK. Deviations in individual fees are related to the timing of the biannual payments.

2) In May 2020, each of the Directors, other than the Chair, received 1,650 restricted shares in TGS. Mr. Finlayson received additional 1,650 restricted shares in TGS for 2019.

Board of Directors' Stock Ownership

	No. of Restricted Shares Received during 2021	No. of Shares Held 31/12/2021
Hank Hamilton (Chair of the Board)	–	1,352,400
Mark Leonard (Director)	1,650	29,100
Irene Egset (Director)	1,650	4,950
Wenche Agerup (Director)	1,650	11,550
Christopher Geoffrey Finlayson (Director)	1,650	4,950
Svein Harald Øygard (Director)	1,650	1,650
Grethe Kristin Moen (Director)	1,650	1,650

Compensation to the members of the Nomination Committee[1]

	2021	2020
Tor Himberg-Larsen (Chair until May 2021)	21	13
Christina Stray	12	5
Herman Kleeven	11	4
Glen Ole Rødland (Chair from May 2021)	11	–

[1] The table shows compensation paid during the year. The members of the committee receive compensation per meeting held, and the amounts are paid in NOK.

Auditor's Fee

Audit and other services	2021	2020
KPMG		
Statutory audit	1,448	1,120
Other attestation services	6	6
Other services	56	3
Total fees	**1,510**	**1,129**

All amounts are exclusive of VAT.

11. SHARE-BASED PAYMENTS

Since 2015, TGS has issued awards of incentive stock units to its executive management, senior leadership team and other non-executive key employees. From 2015 to 2021, TGS awarded a limited number of performance share units (PSUs) to executive management, while a limited amount of restricted share units (RSUs) were awarded to non-executive key employees other than the executive management. In 2019, 2020 and 2021, TGS awarded PSUs to members of the senior leadership team. The awards are settled in common shares of TGS, and each of the PSUs and RSUs represent the right to receive the maximum of one common share. The PSUs and the RSUs vest three years after the date of grant. During 2021, the 2018 PSU and RSU awards vested, and in 2020, the 2017 PSU and RSU awards vested.

In 2021, TGS issued a total of 338,600 PSUs to members of the executive and senior leadership teams. The actual number of shares to be received by holders of the 2021 PSUs are dependent on three performance metrics which are measured for the period 1 January 2021 through 31 December 2023 (2020 plan: 1 January 2020 through 31 December 2022):

- Relative return on average capital employed
- Absolute return on average capital employed
- Health, social and environmental (HSE) metrics and sustainability metric (2021 and 2020 only)

The performance metrics are described in more detail in the Declaration on Executive Remuneration. The payout percentage for the PSUs will depend on the Group's achievement when all the performance metrics are fully earned, with payout ranging from 0% to 100%. If fully earned at 100% payout, a total of 314,300 PSUs would vest (2020 plan: 204,000 PSUs remaining at 31 December 2021). The fair value of the PSUs granted in 2021 is measured based on the market value at the grant date and expensed over the vesting period.

The holders of the RSUs are eligible to receive one share per RSU on the vesting date, and the fair value of the RSUs granted in 2021 is measured based on the market value of the shares on the grant day. A total of 137,500 RSUs were granted in 2021 (2020 plan: 114,000 RSUs).

The expense recognized for incentive stock units awarded, which is considered expense for employee services during the year, is shown in the following table.

	2021	2020
Expense arising from equity-settled, share-based payment plans	5,820	2,843

TGS' shares are traded in NOK at the Oslo Stock Exchange. TGS' functional currency is USD and the share-based payment plans will expose TGS to currency risk in relation to the amount of costs booked with fluctuations between NOK and USD.

The fair value of share-based payments granted is estimated at the date of the grant using the Black-Scholes model, taking into account the vesting pattern of each share-based award. Fair value of the share-based award has been determined by a level 3-technique from the fair value hierarchy (see also Note 16).

The following table illustrates the number of outstanding share-based awards expected to be vested (No.) and weighted average exercise prices (WAEP) of, and movements in, RSUs and PSUs.

	2021 No.	WAEP (NOK)[1]	2020 No	WAEP (NOK)[1]
Outstanding at 1 January	1,145,070	0.25	1,177,710	0.25
Granted during the year	480,100	0.25	456,300	0.25
Adjusted quantity due to performance criteria	(127,200)		74,000	
Forfeited during the year	(189,660)		(163,440)	
Exercised during the year	(247,000)	0.25	(399,500)	0.25
Expired during the year	–		–	
Outstanding at 31 December	1,061,310	0.25	1,145,070	0.25

1) The WAEP for the incentive stock units is the par value of each share of stock, which must be paid by the holder of the units.

The weighted average remaining contractual life for the long-term incentive plans outstanding on 31 December 2021 is 1.63 years (2020: 1.73 years).

The weighted average fair value of the PSUs and RSUs granted during 2021 was NOK 99.76. The weighted average fair value of the PSUs and RSUs granted during 2020 was NOK 138.92.

The RSU and PSU plan is equity-settled and the fair values are measured at grant date.

The liabilities, Social Security taxes, arising from the plans amounted to USD 0.14 million as of 31 December 2021 (2020: USD 0.8 million).

Outstanding PSUs and RSUs as of 31 December 2021.

No. of PSUs/RSUs	Exercise dates	Holders	Price/ conditions	Granted
86,250	See below[1]	Key employees	Fair market value (FMV) of a share including expected dividends	30 August 2019
219,160	See below[2]	Executive management	Fair market value (FMV) of a share including expected dividends, adjusted for performance criteria	30 August 2019
103,500	See below[3]	Key employees	Fair market value (FMV) of a share including expected dividends	10 August 2020
204,000	See below[4]	Executive management	Fair market value (FMV) of a share including expected dividends, adjusted for performance criteria	10 August 2020
134,100	See below[5]	Key employees	Fair market value (FMV) of a share including expected dividends	10 August 2021
314,300	See below[6]	Executive management	Fair market value (FMV) of a share including expected dividends, adjusted for performance criteria	10 August 2021
1,061,310				

1) The holders will receive maximum one share per unit on 30 August 2022.

2) The holders will receive maximum one share per unit on 30 August 2022, subject to determination of payout percentage ranging from 0% to 100%.

3) The holders will receive maximum one share per unit on 10 August 2023.

4) The holders will receive maximum one share per unit on 10 August 2023, subject to determination of payout percentage ranging from 0% to 100%.

5) The holders will receive maximum one share per unit on 10 August 2024.

6) The holders will receive maximum one share per unit on 10 August 2024, subject to determination of payout percentage ranging from 0% to 100%.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of TGS by the weighted average number of ordinary shares outstanding (net of treasury shares) during the year. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of TGS by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (RSUs and PSUs) into ordinary shares. The following reflects the income and share data used in the basic and diluted earnings per share computations.

	2021	2020 Restated[1]
Net profit attributable to ordinary equity holders of the Parent	(75,985)	(167,498)
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	116,740	117,054
Effect of dilution	1,101	1,183
Weighted average number of ordinary shares (excluding treasury shares) adjusted for effect of dilution	117,841	118,237
Basic earnings per share	(0.65)	(1.43)
Diluted earnings per share	(0.65)	(1.43)

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

13. EQUITY AND SHAREHOLDERS' AUTHORIZATIONS

Ordinary shares issued and fully paid

	Number of shares	USD
31 December 2018	102,647,790	3,672
Issued 14 August 2019 for Spectrum ASA acquisition, see note 3	16,076,047	449
Issued 27 August 2019 for cash on vesting of PSU and RSU	182,941	5
31 December 2019	118,906,778	4,127
Cancelled treasury shares 25 August 2020	(1,924,450)	(54)
Issued 25 August 2020 for cash on vesting of PSU and RSU	321,070	9
31 December 2020	117,303,399	4,082
Cancelled treasury shares 30 September 2021	(50,100)	(1)
Issued 06 October 2021 for cash on vesting of PSU and RSU	187,819	5
31 December 2021	117,441,118	4,086

Treasury shares

TGS, from time to time, buys back shares under authorizations given by the shareholders. The shares may be held in treasury, used as payment in M&A transactions, used in relation to exercise of employees' stock options or eventually cancelled. As of 31 December 2021, TGS held 1,334,261 treasury shares, 1.14% of the total shares issued (2020: 75,000 shares, 0.06%). The following table shows the movement of treasury shareholdings.

	Number of shares	USD
31 December 2018	104,630	3
9 May 2019, treasury shares distributed to Board members	(9,900)	(0)
15 May 2019 - 20 December 2019, treasury shares bought back	1,647,370	46
31 December 2019	1,742,100	49
14 May 2020, treasury shares distributed to Board members	(11,550)	(0)
18 February - 26 February 2020, treasury shares bought back	268,900	7
25 August 2020, treasury shares cancelled	(1,924,450)	(54)
31 December 2020	75,000	2
11 February - 13 December 2021, treasury shares bought back	1,319,261	38
11 May 2021, treasury shares distributed to Board members	(9,900)	(0)
30 September 2021, treasury shares cancelled	(50,100)	(1)
31 December 2021	1,334,261	38

Shareholders' Authorization to the Board to Increase Share Capital in the Group and to Issue Convertible Loans

By resolution of the Annual General Meeting (AGM) held 11 May 2021, the Board is authorized to, on behalf of the Group, increase share capital of the Group by up to NOK 2,932,584 through one or more issuances of new shares or bonus issues. The subscription price and other subscription terms will be determined by the Board. The capital increase may be paid in cash, by set-off or by other contributions in kind. The authorization includes the right to incur special obligations on behalf of the Group, cf. Section 10-2 of the Norwegian Public Limited Liability Companies Act. The shareholders' preemptive rights pursuant to Sections 10-4, cf. Section 10-5 of the Norwegian Public Limited Liability Companies Act, to subscribe for any new shares may be deviated from by the Board. The authorization encompasses share capital increases in connection with mergers, cf. section 13-5 of the Norwegian Public Limited Liability Companies Act. The authorization is valid until the Annual General

Meeting in 2022, but no later than 30 June 2022. The authorization replaces previously granted authorizations to issue new shares. By resolution of the AGM held 11 May 2021, the Board is also granted the authorization to issue loans for a total amount of up to NOK 2,250,000,000 with the right to require shares to be issued (convertible loans). The share capital may be increased by up to NOK 2,932,584 provided that the combined number of shares that are issued pursuant to this authorization and the authorization to increase the share capital will not exceed 10% of the Group's current share capital. The subscription price and other subscription terms will be determined by the Board. The shareholders' preemptive rights pursuant to section 11-4 of the Norwegian Public Limited Companies Act, cf. sections 10-4 and 10-5, may be deviated from by the Board. The authorization is valid until the Annual General Meeting in 2022, but no later than 30 June 2022. The authorization replaces previously granted authorizations to issue convertible loans. In addition, by resolution of the AGM held 11 May 2021, the issuance of maximum 550,000 shares, supported by freestanding warrants, to executives and key employees pursuant to the TGS 2021 Long-Term Incentive Plan (2021 LTIP), was approved. By the resolution of the AMG held 11 May 2021, the Group's share capital was reduced by NOK 12,525 through cancellation of 50,100 treasury shares held by the Group, each with par value of NOK 0.25.

Shareholders' Authorization to the Board to Buy Back Shares in the Group

By resolution of the AGM held 11 May 2021, the Board is authorized to acquire, on behalf of the Group, the Group's own shares up to 10% of the nominal value of Group's share capital, which pursuant to the current nominal value is up to NOK 2,932,584. The limitations are adjusted in the event of share consolidation, share splits and similar transactions. The lowest price to be paid per share is the par value and the highest price to be paid per share is the volume weighted average price as quoted on the stock exchange for the five business days prior to the time of the acquisition plus 5%. The lowest price is equal to the current nominal value and shall be adjusted in the event of share consolidation, share splits and similar transactions. Acquisition and sale of the Group's own shares can take place in the manner which the Board of Directors considers to be in the Group's best interest. The authorization can be used one or several times. This authorization is valid until the AGM in 2022, however no longer than until 30 June 2022. The authorization replaces previously granted authorizations to acquire own shares.

Shareholders' Authorization to the Board to Distribute Dividends

The AGM held 11 May 2021 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2020 financial statements. The authorization shall be valid until the Group's AGM in 2022, but no later than 30 June 2022.

- On 12 May 2021, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.14 per share (NOK 1.16) to the shareholders.
- On 22 July 2021, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.14 per share (NOK 1.23) to the shareholders.
- On 28 October 2021, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.14 per share (NOK 1.18) to the shareholders.
- On 10 February 2022, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.14 per share (NOK 1.24) to the shareholders.

The 20 Largest Shareholders as of 31 December 2021 as Registered with VPS

	Name	Country		Shares	%
1	The Northern Trust Comp	United States		14,080,698	12.0%
2	FOLKETRYGDFONDET	Norway	Ordinary	9,059,634	7.7%
3	The Bank of New York Mellon SA/NV	The Netherlands	Nominee	8,507,076	7.3%
4	State Street Bank and Trust Comp	United States		8,497,479	7.2%
5	RBC INVESTOR SERVICES TRUST	Canada	Nominee	4,350,627	3.7%
6	JPMorgan Chase Bank	United States		4,196,702	3.6%
7	PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	2,419,645	2.1%
8	BNP Paribas Securities Services	Luxembourg	Nominee	2,235,673	1.9%
9	Brown Brothers Harriman (Lux.) SCA	Luxembourg	Nominee	2,005,497	1.7%
10	State Street Bank and Trust Comp	United States		1,689,902	1.4%
11	BNP Paribas Securities Services	Luxembourg		1,629,992	1.4%
12	The Northern Trust Comp	United States		1,560,283	1.3%
13	HAMILTON	United States		1,352,400	1.2%
14	TGS ASA	Norway	Ordinary	1,334,261	1.1%
15	State Street Bank and Trust Comp	United States		1,246,066	1.1%
16	CLEARSTREAM BANKING S.A.	Luxembourg	Nominee	1,191,355	1.0%
17	The Northern Trust Comp	United States		1,177,264	1.0%
18	The Northern Trust Comp	United States		1,151,514	1.0%
19	JPMorgan Chase Bank	United States		1,092,311	0.9%
20	The Bank of New York Mellon	United States	Nominee	1,091,960	0.9%
	20 LARGEST			**69,870,339**	**59.6%**
	Total number of shares, par value of NOK 0.25			**117,303,399**	**100.0%**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and high liquid instruments purchased with maturities of three months or less.

Cash and cash equivalents	2021	2020
Bank deposits	213,834	194,180
Restricted cash deposits	1,495	1,537
Total cash bank deposits	**215,329**	**195,716**

The bank deposits are mainly denominated in USD.

Restricted cash deposits relate to employee tax withholdings in Norway.

15. RELATED PARTIES

No material transactions took place during 2021 or 2020 with related parties. See Note 10 for further information of the remuneration to the Board of Directors and to the executive management. See Note 3 for Business Combinations.

See Note 23 for further information about the Parent Company's subsidiaries. Internal transactions are eliminated in the consolidated financial statements and do not represent transactions with related parties.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

TGS has various financial assets. These are primarily held in USD, which is the functional currency for most of TGS' entities. TGS' principal financial liabilities comprise trade payables and other current liabilities. TGS does not hold any currency or interest rate swaps.

It is, and has been, TGS' policy that no trading in derivatives is undertaken. The primary risks arising from the financial risk management are currency risk, liquidity risk and credit risk.

The Board of Directors reviews and approves policies for managing each of the risks, which are summarized below.

Currency Risk

Substantial portions of TGS' revenues and costs are in US dollars. Due to this, TGS' operational exposure to exchange rate fluctuation is low. However, as the Parent Company pays taxes in Norwegian kroner to Norwegian Tax Authorities and dividends to shareholders in Norwegian kroner, fluctuations between the NOK and the USD impact currency exchange gains or losses on the tax expense and financial items of the consolidated accounts. A reasonably possible strengthening (weakening) of the USD against NOK at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the following amounts: For deferred tax balances calculated in NOK, a change of +10% on the NOK/USD currency exchange rate would have an impact on profit after tax of approximately USD 4.9 million (2020: USD 3.1 million). Further, the Group also holds financial instruments denominated in BRL, which is cash and cash equivalents, accounts receivable and accounts payable. A change of +10% on the BRL/USD currency exchange rate would have a negative impact on profit before tax of approximately USD 0.8 million (2020: USD 3.3 million). This analysis assumes that all other variables remain constant.

Liquidity Risk

Liquidity risk arises from a lack of correlation between cash flow from operations and financial commitments. Per the balance sheet date, TGS held current assets of USD 435.3 million, of which cash and cash equivalents represented USD 215.3 million and other current assets represent USD 220.0 million. In comparison current liabilities amounted to USD 446.7 million. As of 31 December 2021, TGS considers the liquidity risk to be low.

The table shows a maturity analysis for the different financial liabilities.

2021	0-6 months	6-12 months	> 1 year	Total
Accounts payable and debt to partners	71 669	–	–	71 669
Taxes	–	77 941	–	77 941
Other non-current liabilities	–	–	2 706	2 706
Total	**71 669**	**77 941**	**2 706**	**152 316**

2020 Restated[1]	0-6 months	6-12 months	> 1 year	Total
Accounts payable and debt to partners	77 683	–	–	77 683
Taxes	–	37 582	–	37 582
Other non-current liabilities	–	–	757	757
Total	**77 669**	**37 582**	**757**	**116 023**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Credit Risk

All placements of excess cash are bank deposits. TGS is exposed to credit risk through sales and uses best efforts to manage this risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the table below and the carrying value of the accounts receivables and other short-term receivables disclosed in Note 19. TGS considers the concentration of risk with respect to trade receivables as low due to the Group's credit rating policies and as its clients are primarily large oil and gas companies considered to be financially sound.

TGS from time to time accepts extended payment terms on parts of firm commitments from clients. To the extent these terms do not carry an interest component to be paid by clients, the revenues recognized by TGS are discounted to reflect this element. TGS may also seek extra security from the clients in certain cases, such as pledges, overriding royalty interest agreements (ORRIs) or carried interests in an exploration license held by the client.

As of 31 December 2021, none of the outstanding accounts receivables were secured by ORRIs (2020: USD 0 million).

For details of the accounts receivable including aging, refer to Note 19.

For details on other financial assets, refer to Note 19.

Capital Management

The goals for TGS' capital management of funds held are to:

- Protect and preserve investment principal,
- Provide liquidity and
- Return a market rate of return or better.

As of 31 December 2021, total equity represented 68% of total assets (2020: 63%).

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.

The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the Group, its financial position and the market.

Fair Value of Financial Instruments

Set out below is a comparison by class of the book value and fair value of the financial instruments that are carried in the financial statements.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, accounts receivables and other short-term receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of other financial non-current assets is evaluated by TGS based on parameters such as interest rates and the individual creditworthiness of the counterparty.
- Fair value of other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the long-term debt is determined by using the discounted cash flow method that reflects the issuer's borrowing rate as at the end of the reporting period.

31 December 2021	Financial instruments at amortized cost
Assets	
Accounts receivable	113 513
Accrued revenues	32 551
Cash and cash equivalents	215 329
Total financial assets	**361 393**
Liabilities	
Interest-bearing loans and borrowings	
Short-term debt	–
Other financial liabilities	
Trade and other payables	149 611
Total financial liabilities	**149 611**

31 December 2020 Restated[1]	Financial instruments at amortized cost
Assets	
Accounts receivable	168 746
Accrued revenues	108 737
Cash and cash equivalents	195 716
Total financial assets	**473 199**
Liabilities	
Interest-bearing loans and borrowings	
Short-term debt	2 500
Other financial liabilities	
Trade and other payables	115 266
Total financial liabilities	**117 766**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Fair Value Hierarchy

TGS uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

17. OTHER NON-CURRENT ASSETS AND LIABILITIES

Other Non-current Assets

Other non-current assets comprise accounts receivables with extended payment terms and loans. None of the non-current receivables are due as per 31 December 2021.

Interest-bearing loans

TGS has interest-bearing loans to Production Energy Company AS. The loan has a total gross value of USD 21.1 million. The loan has a carrying value of USD 0 million as of 31 December 2021 and 31 December 2020. Impairment provisions have been made for the loan (USD 21.1 million).

Other non-current assets	2021	2020
Restricted cash	4,391	3,128
Investments in associated companies	2,906	2,906
Interest-bearing loans	21,100	21,100
Loss allowance interest-bearing loans	(21,100)	(21,100)
Other non-current assets	494	13,437
Total other non-current assets	**7,791**	**19,471**

PIS/COFINS tax credit filing in Brazil

In 2016, Spectrum (now part of TGS) filed credits for certain transaction taxes in Brazil (PIS/COFINS). The tax credit is recognized as other receivables and classified as current and non-current, based on expected utilization. The credits recognized as other current receivables or other current liabilities are expected to be utilized within the next 12 months.

18. JOINT OPERATIONS

As part of its multi-client business, TGS invests in some of the multi-client projects as joint operations. Projects considered as joint operations are typically seismic projects organized between two parties where a vessel owning company provides the vessel used to acquire the data, while TGS provides the data processing services. Both parties have rights to the assets and liabilities relating to these arrangements and share the costs of the project.

TGS has not established any material legal entities together with other companies with the purpose of acquiring a seismic project. The table below provides TGS' share of revenues, amortization, impairment and net book value of the multi-client library at year-end for projects considered as joint operations.

Other non-current assets	2021	2020 Restated[1]
Revenue joint operations (projects invoiced by TGS)	251,466	208,303
Revenue allocated to partners (projects invoiced by TGS)	(87,171)	(61,308)
Net revenue (projects invoiced by TGS)	**164,295**	**146,995**
Revenue allocated to TGS from partners (projects invoiced by partner)	32,649	17,316
Net revenue joint operations	**196,944**	**164,311**
Amortization	99,123	115,880
Impairment	121,971	88,932
Net book value of multi-client library (joint operations) at 31 December (recognized by TGS)	341,750	633,919

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

19. ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

Accounts receivables are measured at cost less any amounts of expected credit losses.

The amount of revenues for in-progress projects not yet invoiced is presented as accrued revenues in the balance sheet.

Other short-term receivables consist primarily of prepayments made for multi-client projects during the seismic data acquisition phase.

For certain multi-client library projects, TGS has cooperation agreements pursuant to which revenues are shared with other companies and/or governments. In such situations, accounts receivables are presented gross for projects where TGS issues the license agreement and is responsible for invoicing, while the related partner share is presented within "Accounts payable and debt to partners." See Note 25 for a breakdown of gross revenues and revenues allocated to other parties and Note 18 for gross revenues and revenues allocated to other parties from projects considered as joint operations.

In cases where extended payment terms have been agreed, the implied interest is reflected in the stated amount.

	2021	2020 Restated[1]
Accounts receivables	115,987	171,644
- Provision for impairment of accounts receivables	(2,474)	(2,899)
Accounts receivables - net	113,513	168,746
Accrued revenues	32,551	108,737
Other current receivables	73,901	91,516
Total	**219,965**	**368,999**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

The aging of the accounts receivables and accrued revenue (nominal amounts) are as follows:

	Total	Not due	< 30 days	30 - 60 days	60 - 90 days	Over 90 days
2021	148,538	101,192	17,628	2,913	7,594	19,213
2020	280,381	225,733	1,311	6,736	1,353	45,247

TGS applies the simplified approach when calculating expected credit losses. When calculating expected credit loss, TGS takes into account the aging of the outstanding amounts and other relevant information.

TGS has a credit assessment and payment terms policy. Credit assessments are required when signing or renegotiating a new master license agreement or supplemental license, changes occur in credit rating, payment terms on prior sales are not met due to potential financial difficulties, or insight or information indicates that an existing client is in a difficult financial situation. TGS uses D&B as credit rating provider. When the credit rating is at a low level, an approval from the area Executive Vice President or the CFO will be required.

TGS also risk rates all clients. The credit risk rating is assessed in 4 levels, where risk category 1 is low risk (national oil companies, majors or supermajors, clients with superior reputation, clients with high credit rating); category 2 is medium risk (clients that do not fall into category 1 or 3); category 3 is high risk (companies with poor payment history and/or low credit rating or low transparency - regarding shareholder structure and financial information); and category 4 is receivables collected by Joint Venture partners. As of 31 December 2021, 84% of TGS' customers are in category 1, 7% in category 2, 2% in category 3 and 7% in category 4. For amounts above 90 days, 50% are within category 1, 5% in category 2, 5% in category 3 and 40% in category 4. Provisions for accounts receivables are based on an individual assessment and calculated expected credit losses.

Movements on TGS' provision for impairment of accounts receivables are as follows:

	2021	2020
At 1 January	2,899	422
Provision for receivables impairment	(424)	2,567
Receivables written off during the year as uncollectible	–	(64)
Amount collected	–	(26)
At 31 December	**2,474**	**2,899**

The provision for impaired receivables has been included in "Other operating expense" in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

For a description of credit risk, see Note 16.

20. CURRENT LIABILITIES

	2021	2020 Restated[1]
Accounts payables	31,477	34,034
Debt to partners	40,192	43,648
Short-term debt	–	2,500
Lease liabilities	10,782	13,333
Deferred revenue (contract liabilities)	238,169	441,341
Accrued expenses and other current liabilities	48,151	93,315
Taxes payable, withheld payroll tax, Social Security and VAT	77,941	37,582
Total current liabilities	**446,712**	**665,754**

[1)] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Accounts payables are non-interest-bearing and are normally settled on 30-days terms.

Contract liabilities relate to deferred revenue. See Note 4 for further details.

21. BANK OVERDRAFT FACILITY AND GUARANTEES

3-Year Term Secured Revolving Credit Facility

In October 2018, TGS entered into a secured revolving credit facility of USD 100 million with an interest rate of LIBOR + 2% per interest period as determined by TGS and as per the defined terms of the revolving credit facility. The closing of the security granted under the credit facility occurred in January 2019. TGS paid an upfront fee of 0.60% of the facility amount and pays a commitment fee of 0.40 % per annum for the unused and uncancelled part of the facility. With respect to financial conditions, TGS must maintain (i) an equity ratio of 50% or more, (ii) a leverage ratio of no more than 1.00:1.00, (iii) EBITDA minus operational capex at zero or above, and (iv) must maintain a liquidity of USD 75 million on a consolidated basis. As of 31 December 2021, TGS had not drawn any amounts under the facility and was in full compliance with all of the financial covenants. The facility is secured by a lien on the assets of the Parent company and subsidiaries having net revenues representing 5% or more of the Group's net revenues as defined in the facility (as of year-end 2021, TGS AP Investment AS, TGS-NOPEC Geophysical Company, A2D Technologies Inc., TGS Geophysical Company (UK) Limited, TGS Canada Corp. and TGS AS). The same subsidiaries have also provided guarantees.

The revolving credit facility was renewed with three years in February 2021 with same terms except from:

- Margin increase due to increased market risk post-COVID (+ 50 bps)
- Letter of Credit option removed as agreed
- Updates on sanctions language
- Reference rate transition language update
- Any other LMA-based updates

Guarantees

As of 31 December 2021, one new guarantee has been issued on behalf of the Group. (2020: 0 USD million.)

TGS provides, from time-to-time, Parent company guarantees for its subsidiaries' performance linked to certain projects. In addition, under section 479A of the UK Companies Act 2006, a number of TGS' UK-based subsidiaries have claimed an exemption from audit of their statutory financial statements for the year ended 31 December 2020. This is pursuant to guarantees issued by TGS whereby the Parent undertakes to guarantee all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. TGS may make an annual election to support such guarantees for each financial year. Management is in the process of drafting annual financial statements for all UK-based subsidiaries for the years ended 31 December 2021. It is unlikely that the exemptions under section 479A of the UK Companies Act 2006 will be practically exercised for these. Dormant subsidiaries will apply the exemption under section 480 of the Act, and other operating entities will be audited for that year. In this case, no guarantees will be required.

22. COMMITMENTS

Operating Leases

As of the end of 2021, TGS had entered into commitments for three 3D vessels, one source vessel and two OBN crews. All these commitments will expire in 2022, and the amount committed, including contractual lease agreements, totaled USD 43 million (2020 total: USD 22 million). Office leases and data center leases are recognized in the balance sheet. See Note 7 for more information on such lease liabilities.

23. SUBSIDIARIES AND JOINT VENTURES

The table below shows the Group's subsidiaries and joint ventures as of 31 December 2021.

Company Name	Country of Incorporation	Shareholding and Voting Power
TGS ASA	Norway	Parent Company
TGS AP Investments AS	Norway	100%
TGS AS	Norway	100%
TGS NES AS	Norway	100%
TGS Contracting AS	Norway	100%
Aceca Norge AS	Norway	100%
OBS MC Investments I AS	Norway	100%
Spectrum Geo AS	Norway	100%
Spectrum Geo CH AS	Norway	100%
Carmot Seismic AS	Norway	100%
Carmot Processing AS	Norway	100%
TGS-NOPEC Geophysical Company (UK), Ltd.	UK	100%
TGS Geophysical Investments, Ltd.	UK	100%
Spectrum Geo Ltd.	UK	100%
Spectrum Energy and Information Technology Ltd.	UK	100%
Aceca Ltd.	UK	100%
TGS Geophysical Company (UK) Ltd.	UK	100%
Magsurvey, Ltd.	UK	100%
4C Offshore Ltd.	UK	100%
Spectrum Information Technology Ltd.	UK	100%
Spectrum Resources Ltd.	UK	100%
Spectrum Geophysical Services Ltd.	UK	100%
Spectrum Datagraphic Systems Int'l Ltd.	UK	100%
Geoscan Ltd.	UK	100%
TGS-NOPEC Geophysical Company	USA	100%
A2D Technologies, Inc.	USA	100%
Parallel Data Systems, Inc.	USA	100%
Volant Solutions Inc.	USA	100%
Digital Petrodata LLC	USA	100%
TGS Alaska Company	USA	100%
TGS Mexico Contracting LLC	USA	100%
Lasser, Inc.	USA	100%
Calibre Seismic Company	USA	50%
Spectrum Geo, Inc.	USA	100%
TGS do Brasil Ltda	Brazil	100%
Spectrum Geo do Brasil Servicos Geofisicos Ltda	Brazil	100%
TGS-NOPEC Geophysical Company PTY, Ltd.	Australia	100%
Spectrum Geo PTY Ltd.	Australia	100%
Spectrum Geo Australia PTY Ltd.	Australia	100%
TGS-NOPEC Geophysical Company PTE, Ltd.	Singapore	100%
Spectrum Geo PTE Ltd.	Singapore	100%
Geo Bridge Pte Ltd.	Singapore	50%
TGS Canada Ltd.	Canada	100%
TGS Canada Corp.	Canada	100%
TGS-NOPEC Geophysical Company Moscow, Ltd.	Russia	100%
NOPEC Geophysical Company S. de R.L. de C.V.	Mexico	100%
Spectrum Geo S.A. de C.V.	Mexico	100%
Spectrum Geo Panama LLC	Panama	100%
TGS FJ Geophysical (Ghana) Ltd.	Ghana	90%
TGS-Petrodata Offshore Services Ltd.	Nigeria	49% /51%
TGS Geopex Ltd.	Egypt	50%

24. CONTINGENT LIABILITIES

Conclusion of Økokrim Charges and Related Civil Matters

In May 2014, Økokrim, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, charged TGS for violations of the Norwegian Tax Assessment Act related to transactions entered into in 2009 to 2010 with Skeie Energy AS, later known as E&P Holding AS and Production Energy Company AS (referred to as Skeie). The charges claimed that TGS contributed to unwarranted tax refunds received by Skeie under the Norwegian Petroleum Tax Act through licenses of seismic data to Skeie. In 2020, the matter was fully resolved in favor of TGS. TGS was also awarded MNOK 16.5 (USD 1.8 million) for costs and expenses incurred from 2014 through 2020.

In relation to the transactions with Skeie, civil claims were made for monetary compensation among various parties involved, including claims against TGS for its part in the transactions. The primary claimant was DNB, who repaid the tax refunds received by Skeie under a provision in the Tax Payment Act that statutorily assessed liability to DNB due to its status as pledgee of the tax refunds and thus sought reimbursement for such amounts it paid to the Norwegian Government. Prior to commencement of the trial in October 2021, the parties settled all claims. TGS recognized the settlement amount as Other Operating Expenses in the third quarter of 2021.

Brazil services tax dispute

In February 2017, Spectrum Geo do Brasil Servicos Geofisicos Ltda (Spectrum Brazil), a wholly owned subsidiary of TGS, received a tax assessment which currently stands at BRL 36.4 million (USD 6.5 million) for a municipal services tax (ISS) in Brazil on the basis that licenses of multi-client data is classified as a service. This specific classification is a debated topic in Brazil with several independent parties currently challenging it through the Brazilian administration and court system.

Spectrum Brazil has disputed this classification and asserted that no ISS is owed in this regard. However, the entity has adopted a conservative position and paid ISS on licensing revenues with certain exemptions, including the assessed amount. They have filed a legal action to recover the BRL 45.1 million (USD 8.1 million) ISS paid.

Since 2017, and until resolution of this dispute, all further ISS relating to the above is being deposited into an interest-bearing bank account in Brazil. The total accumulated amount deposited as of 31 December 2021 is the local currency equivalent of USD 4.4 million. The balance accumulated in this fund will be used to settle any amounts owing upon resolution of this case. Any remaining balance will then be released back into the entity. The ultimate ruling of this case is not expected for a number of years. The deposit is presented as long-term restricted cash in the statements of financial position.

The outcome of preliminary rulings made on the matter in Brazil seem to support Spectrum Brazil's view on the classification. In February 2021, the Company received a partially favourable first level administrative decision following appeal in March 2017, which held that the company had not underpaid ISS. The Company has lodged a voluntary appeal against other aspects of the ruling in relation to ancillary obligations and is currently awaiting a second level administrative decision. TGS considers it likely that this will be resolved in favour of Spectrum Brazil, and thus no provision is recognized for any portion of the exposure. Final rulings, both of the assessment and of the counterclaim, may take a number of years.

Tax contingencies

Following a U.S. Tax Court decision in September 2021, the Court held that the Company's revenues from marine seismic data qualified as Domestic Production Gross Receipts (DPGR) under section 199(c)(4) rather than, as has been previously claimed in the Company's tax returns, section 199(c)(5). This had the impact of increasing the deductions available to the Company in respect of the 2008 tax year.

The Company is challenging determinations by the United States Internal Revenue Service (IRS) regarding certain research and development (R&D) tax credits taken by the Company in its U.S. tax returns filed for 2009 through 2015 and is currently evaluating the impact of the change in approach following the Tax Court ruling. Until these are properly evaluated, it is uncertain what the benefit or liability arising will be. Due to the uncertainty over the value and timing of any liabilities, no provisions have been made or are deemed necessary.

Other tax exposures

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 represent 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.

Other contingent liabilities

As of 31 December 2021, TGS has entered certain agreements with suppliers whereby a liability will arise contingent on future sales. No obligation will arise until these future sales occur. Contingent liabilities related to these agreements totaled USD 46.8 million in 2021 (2020: USD 49.6 million). These contingent liabilities are not recognized in the balance sheet.

25. GROSS AND NET REVENUES

TGS enters into multi-client contracts with other companies whereby revenue is shared proportionally and presented net. (See Note 18.) In some cases, TGS enters into multi-client contracts where a portion of revenue is shared with governments in certain countries. The table below provides the breakdown for 2021 and 2020.

	2021	2020 Restated[1]
Gross revenues from sales	609,425	436,801
Revenue sharing	(90,736)	(76,800)
Revenues	**518,689**	**360,001**
Revenues allocated to joint operation partners	(87,171)	(61,308)
Revenue allocated to other partners	(3,565)	(15,492)
Total	**(90,736)**	**(76,800)**

1) 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

26. FINANCIAL ITEMS

	2021	2020 Restated[1]
Interest income	1,599	853
Exchange gains	40,083	28,969
Other financial income	926	1,744
Total financial income	**42,608**	**31,566**
Interest expense	(2,471)	(2,618)
Exchange loss	(49,001)	(21,162)
Other financial expenses	(3,891)	(2,256)
Total financial expenses	**(55,363)**	**(26,035)**
Net financial items	**(12,756)**	**5,530**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

27. TAX EXPENSE AND DEFERRED TAX

	2021	2020 Restated[1]
Profit before taxes		
Norway	(34 073)	(251 650)
Outside Norway	(51 014)	28 261
Total profit before taxes	**(85 087)**	**(223 390)**
Current taxes		
Norway	4 090	529
Outside Norway	6 202	(1586)
Total current taxes	**10 292**	**(1058)**
Changes in deferred taxes		
Norway	(13 033)	(61 846)
Outside Norway	(3 848)	2 009
Changes in deferred taxes	**(16 882)**	**(59 837)**
Adjustments in respect of current income tax of previous years and estimates		
Norway	–	–
Outside Norway	(2 514)	5 003
Total adjustments in respect of current income tax of previous years and estimates	**(2 514)**	**5 003**
Income tax expense reported in the income statement	**(9 103)**	**(55 892)**

	2021	2020
Profit before taxes	(85 087)	(223 390)
Expected income taxes according to corporate income		
Tax rate in Norway	(18 719)	(49 146)
Tax rates outside Norway different from 22%	6 185	(6)
Adjustment in respect of current income tax of previous year	(2 514)	5 003
Change in deferred tax asset not recognized	–	3 292
Non-taxable income	–	(952)
Change in deferred tax branches	–	(6 210)
Non-deductible expenses	6 723	(758)
Currency effects	(777	(7 114)
Income tax expense	**(9 103)**	**(55 892)**
Effective tax rate in %	**11 %**	**25%**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Comments on Selected Line Items in the Preceding Table

Tax rates different from the Norwegian tax rate

The tax rates for subsidiaries outside Norway are different than the Norwegian tax rate of 22% (2020: 22% tax rate). The tax rates in the jurisdictions where TGS operates are between 17% and 34%.

Deferred Tax Asset Not Recognized

Deferred tax assets based on unused tax losses carried forward are not recognized when TGS cannot demonstrate that it is probable that taxable profit will be available against which the losses carried forward can be utilized. TGS has unused tax losses and deductible temporary differences of zero USD (2020: 26.2 million) where no deferred tax assets were recognized in the balance sheet; all of these unused tax losses sit in entities outside Norway.

Non-deductible expenses

Non-deductible expenses consist of various types of expenses and payments of various local taxes, which are not deductible for tax purposes in the tax jurisdictions where TGS operates.

Currency Effects

TGS entities that do not have their tax base in USD are exposed to changes in the USD/tax base-currency rates. Effects within the current year are classified as tax expense.

Tax Effects of Temporary Differences and Tax Loss Carry-forwards as of 31 December

	2021	2020
Differences that give rise to a deferred asset or a deferred tax liability:		
Multi-client library/well logs	(26 833)	(75 213)
Fixed assets	(1 042)	(2 106)
Goodwill and intangibles	(11 111)	(11 481)
Accruals	8 535	3 304
Accounts receivables	196	255
Other long-term items	(6 240)	7 138
Lease asset vs. liability	661	1 371
Tax losses carried forward	65 127	40 389
Deferred revenue	33 944	87 276
Withholding taxes carried forward	–	–
Other	592	(3 985)
Basis deferred tax asset (liability)	**63 830**	**46 948**
Of which:		
Deferred tax asset	**95 888**	**76 048**
Deferred tax liability	**32 059**	**29 100**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Change in net deferred tax asset/(liability)	2021	2020
As of 1 January	46 948	(12 889)
Recognized in profit or loss	(16 882)	(59 837)
As of 31 December	**63 830**	**46 948**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Comments on Selected Line Items in the Preceding Table

Recognition of Deferred Tax Assets on Tax Losses Carried Forward

Deferred tax assets are capitalized to the extent it is probable that TGS will have taxable profits and the carryforward tax losses can be utilized. Deferred tax asset on carryforward tax losses which are recognized are mainly related to Brazil, United Kingdom and Norway.

With reference to Note 24 and "other tax exposure," the Group notes uncertainties concerning the tax balances in particular in Latin America. The information reported is based on the information available to the Group as at the date of these financial statements.

Temporary Differences of Group's subsidiaries

No deferred tax has been recognized in respect of temporary differences related to unremitted earnings of the Group's subsidiaries where remittance is not contemplated and where the timing of distribution is within the control of the Group.

Draft Taxation Ruling in Australia

On 20 December 2017, the Australian Tax Office (ATO) released for public comment a draft taxation ruling (2017/D11 Income tax: capital allowances: expenditure incurred by a service provider in collecting and processing multi-client seismic data). The final ruling was issued 18 September 2019 (TR 2019/4). The comments made by the seismic industry to the draft tax ruling have to a significant degree been considered, and the conclusions of the final tax ruling have been adjusted compared to the draft version. TGS considers that the conclusions in the final tax ruling will not lead to a different tax position compared to the current practice. Therefore, it is not probable that there will be an outflow of resources embodying economic benefits necessary to settle an obligation, and no provisions have been made. Multi-client data will now be considered capital in nature and as such is not a deductible cost. However, seismic companies are also considered to be first users of the data, and can therefore deduct the cost of acquiring the multi-client data in the income year the expenditure was incurred.

28. CORRECTIONS FROM PRIOR YEARS

Tax Latin America

TGS has substantial operations in Latin America, a significant portion of which resulted from the acquisition of Spectrum ASA in August 2019. Activities in Latin America are subject to several different taxes depending on the jurisdiction, such as corporate income tax, value-added taxes, import taxes and withholding taxes. TGS has conducted a review of the accounting treatment of the different taxes and has concluded that certain changes to the historical practices are advisable. Consequently, to reflect these changes, the Group has restated certain account balances for quarters Q1 to Q3 in 2021 and the full year 2020.

The restatement reflects an increase in multi-client investments due to an adjustment for capitalized indirect taxes and prepaid cost balances not previously included. The restatement also results in an increase in accrued expenses related to indirect taxes. Foreign currency gains and losses have been recognized on monetary amounts denominated in foreign currencies. Adjustments pertaining to periods prior to 2020 have been reflected through an adjustment to retained earnings in opening equity.

Timing of revenue

In accordance with IFRS 15, revenues from contracts entered into prior to completion of the projects shall be recognized when the project is completed and the performance obligation towards the customer is met. A seismic project typically consists of several deliveries, and deliveries to different customers can happen at different points in time. After reassessing the timing of meeting the performance obligations on certain projects, it has been concluded that revenues recognized in connection with the completion of the projects should be moved to 2020 from 2021. This change has also led to associated changes in taxes as described in the table below.

Multi-client investments

The timing of investments in two projects in Latin America have been restated following a review of multi-clients in 2019 and 2020. Both projects had prepayments of cost after the projects was completed. As a consequence, the opening balance of 2020 and the investment in 2020 have been restated.

Certain parts of investments in two projects, Colorado Basin in Argentina and Santos 3D in Brazil, have not been recorded at the correct periods. Both projects had prepayments of cost after the projects were completed. As the investments are related to 2020 and 2019, they have been restated back to opening balance of 2020 and as investments in 2020.

	01 Jan 2020 Before Restatements	Restatements	01 Jan 2020 After Restatements
Multi-client library	1,091,294	11,336	1,102,630
Total non-current assets	**1,482,442**	**11,336**	**1,493,778**
Other equity	1,079,608	-18,285	1,061,323
Equity	**1,545,806**	**-18,285**	**1,527,521**
Taxes payable, withheld payroll tax, Social Security and VAT	37,639	24,370	62,009
Other current liabilities	117,981	5,250	123,231
Total current liabilities	**589,661**	**29,621**	**619,282**

	2020 Before Restatements	Restatements	2020 After Restatements
Revenue	319,453	40,548	360,001
Cost of goods sold - proprietary and other	5,409	1,641	7,050
Amortization of the multi-client library	259,178	-3,440	255,738
Impairment of the multi-client library	205,437	7,034	212,471
Financial expenses	-2,896	-234	-3,130
Net exchange gains/(losses)	5,354	2,452	7,807
Taxes	-72,324	16,432	-55,892
Net income	**-188,598**	**21,100**	**-167,498**
EPS USD	-1.61		-1.43
EPS USD, fully diluted	-1.61		-1.43

	31 Dec 2020 Before restatements	Restatements	31 Dec 2020 After Restatements
Multi-client library	946,263	19,288	965,551
Deferred tax asset	88,624	-12,576	76,048
Total non-current assets	**1,437,392**	**6,712**	**1,444,104**
Other receivables	104,819	-13,302	91,516
Total current assets	**578,017**	**-13,302**	**564,715**
Other equity	799,642	2,815	802,457
Equity	**1,265,841**	**2,815**	**1,268,657**
Accounts payable and debt to partners	116,028	-38,344	77,683
Taxes payable, withheld payroll tax, social security and VAT	11,691	25,892	37,582
Deferred revenue	484,693	-43,352	441,341
Other current liabilities	46,915	46,399	93,314
Total current liabilities	**675,160**	**-9,406**	**665,754**

Effects on segment figures

The restatements related to Tax in Latin America are the same for segment reporting as the IFRS figures in the tables above, except for changes to the multi-client library. Segment amortization and impairment of multi-client library has been restated with USD 0.8 million 2020. Segment multi-client library 31.12.2020 has been restated from USD 623.9 million to USD 646.7 million. The remaining restatements had no impact on Segment accounts.

29. EVENTS AFTER THE BALANCE SHEET DATE

On 27 January 2022, a federal court in the U.S. decided to vacate the U.S. Gulf of Mexico (GOM) sale that took place in November 2021, ruling that the environmental impact study conducted in support of the lease sale was insufficient. Although the decision may be appealed, the practical effect is likely that no further lease sales in the GOM will take place until a new five-year Lease Schedule Plan is in place. Over the past two to three years, there has been a gradual shift from frontier to infrastructure-led exploration in the GOM, and TGS' recent OBN-projects have been primarily targeted at held acreage rather than future licensing rounds. As such, the Board believes that most of its expected revenues in the U.S. would not be significantly impacted by a temporary halt in GOM acreage awards.

After 31 December 2021 Russia invaded Ukraine, and as a result the U.S., UK, EU and other countries implemented several economic sanctions against Russia, Russian companies and individuals. TGS has low direct exposure to the situation, with only approximately 0.3% of revenues in 2021 coming from the sale of data in Russia and no revenues from Ukraine. The Board of Directors continues to monitor the situation and assess potential direct and indirect consequences for TGS, and how it may affect financial performance going forward.

High operational leverage combined with a lean cost structure and flexible business model positions TGS well to show improved financial performance in a better market.

Alternative Performance Measures

Alternative Performance Measures

High operational leverage combined with a lean cost structure and flexible business model positions TGS well to show improved financial performance in a better market.

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.

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 net revenues.

Pre-funding percentage

The pre-funding percentage is calculated by dividing the multi-client pre-funding revenues by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on future sales. The pre-funding percentage is considered as an important measure as it indicates how the Group's financial risk is reduced on multi-client investments.

EBITDA

EBITDA means earnings before interest, taxes, amortization, depreciation and impairments. 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.

All amounts in USD 1,000s	2021	2020 Restated[1]
Net income	(75,985)	(167,498)
Taxes	(9,103)	(55,892)
Net financial items	(12,756)	5,530
Depreciation, amortization and impairment	19,255	19,932
Amortization and impairment of multi-client library	458,861	468,209
EBITDA	**380,272**	**270,282**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

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	31 December 2021	31 December 2020 Restated[1]
Equity	1,115,328	1,268,657
Interest bearing debt	–	2,500
Cash	215,329	195,716
Net interest bearing debt	(215,329)	(193,216)
Capital employed	**899,999**	**1,075,440**
Average capital employed	**987,720**	**1,141,181**
Operating profit	(72,331)	(228,919)
ROACE	**-7%**	**-20%**

[1] 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Free cash flow (after organic MC investments)

Free cash flow (after organic 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	31 December 2021	31 December 2020
Cash flow from operational activities	317,649	354,728
Organic investments in multi-client library	(155,490)	(341,146)
Free cash flow (after organic MC investments)	**162,159**	**13,582**

Multi-client net revenues/average net book value ratio

The ratio is defined as the net revenues from multi-client revenues divided by the average of the opening and closing balance of the multi-client library.

All amounts in USD 1,000s	2021	2020 Restated[1]
Prefunding	156,796	85,715
Late sales - unfinished data	218,292	98,640
Late sales - finished data	119,073	159,680
Multi-client net revenues	**494,161**	**344,034**
Opening balance multi-client library	965,551	1,102,630
Closing balance multi-client library	704,868	965,551
Average net book value	835,210	1,034,091
Multi-client net revenues/average net book value ratio	**0.59**	**0.33**

1) 2020 figures have been restated. Refer to note 28 of the Annual Report for more details.

Backlog

Backlog is defined as the total value of future net revenues from signed customer contracts.

Yield

Yield is defined as the dividend per share divided by the share price at the time of the dividend announcement. The 2021 dividend yield is annualized based on the weighted yield at the time of announcement of quarterly dividends.

TGS has a large and diversified portfolio of energy data covering a range of different data types in most of the important geographical areas.

Parent Company Financials

Income Statement

PARENT COMPANY

(All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Revenue	17	142,762	170,540
Revenue		**142,762**	**170,540**
Cost of goods sold - proprietary and other		7,800	134
Amortization of the multi-client library	3	102,517	168,165
Impairment of the multi-client library	3,21	42,384	69,396
Personnel costs	4	9,860	8,751
Other operating expenses	13,18	33,039	21,338
Depreciation, amortization and impairment	2	1,108	994
Total operating expenses		**196,707**	**268,778**
Operating profit/(loss)		**(53,945)**	**(98,238)**
Interest income	15	1,862	3,804
Financial income	15,21	1	634
Exchange gains/(losses)	15	(13,074)	12,527
Interest expenses	15	(2,222)	(4,900)
Financial expenses	15	(1,458)	(939)
Net financial items		**(14,891)**	**11,127**
Profit before taxes		**(68,836)**	**(87,111)**
Tax expense	16,21	(13,357)	(20,393)
Net income		**(55,479)**	**(66,718)**

Profit/(loss) for the year is proposed allocated as follows:

	Note	2021	2020 Restated[1]
Provision for dividend		16,255	16,412
To/(from) other equity	6	(71,734)	(83,130)
Total allocated		**(55,479)**	**(66,718)**

[1] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

Balance Sheet

PARENT COMPANY

(All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Assets			
Non-current assets			
Intangible non-current assets			
Multi-client library	3,21	236,820	306,883
Deferred tax asset	16	173	167
Total intangible non-current assets		**236,993**	**307,050**
Tangible non-current assets			
Machinery and equipment	2	4,144	5,100
Total tangible non-current assets		**4,144**	**5,100**
Financial non-current assets			
Investments in subsidiaries	7	113,912	153,912
Total financial non-current assets		**113,912**	**153,912**
Total non-current assets		**355,049**	**466,062**
Current assets			
Receivables			
Accounts receivable	9	22,250	27,705
Accrued revenues	9	52,509	60,673
Current receivables group companies	10,21	536,514	616,545
Other receivables	9	4,317	5,021
Total receivables		**615,590**	**709,944**
Cash and cash equivalents	8	32,982	13,748
Total current assets		**648,572**	**723,691**
Total assets		**1,003,621**	**1,189,754**

[1] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

Balance Sheet

PARENT COMPANY

(All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020 Restated[1]
Equity and Liabilities			
Equity			
Paid-in capital			
Share capital	5, 6	4,085	4,082
Treasury shares held	5, 6	(38)	(2)
Share premium	6	110,130	230,976
Other Reserves	6	2,667	12,517
Total paid-in capital		**116,843**	**247,572**
Retained earnings		–	–
Total equity	**21**	**116,843**	**247,572**
Liabilities			
Non-current liabilities			
Deferred tax	16,21	56,578	69,936
Total non-current liabilities		**56,578**	**69,936**
Current liabilities			
Accounts payable and debt to partners		16,485	31,916
Current liabilities group companies	10	772,302	809,302
Taxes payable	16	22	22
Social security, VAT and other duties		7,067	45
Provisions for dividends	6	16,255	16,412
Other current liabilities	11	18,068	14,550
Total current liabilities		**830,199**	**872,247**
Total liabilities		**886,777**	**942,182**
Total equity and liabilities		**1,003,620**	**1,189,754**

[1] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

Oslo, 30 March 2022

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

Statement of Cash Flow

PARENT COMPANY

(All amounts in USD 1,000s unless noted otherwise)

	Note	2021	2020
Cash flow from operating activities			
Profit/(loss) before taxes	16	(68,836)	(87,111)
Depreciation/amortization/impairment	2, 3	146,009	238,555
Changes in accounts receivables and accrued revenue		13,619	44,393
Changes in other receivables		704	38,980
Changes in other balance sheet items		118,781	(45,239)
Paid taxes		729	(17,052)
Net cash flow from operating activities		**211,005**	**172,526**
Cash flow from investing activities			
Investment in tangible assets	2	(154)	(1,759)
Investments in multi-client library	3	(88,151)	(107,183)
Investments in subsidiaries	7	(21,897)	–
Interest received	15	1,862	3,804
Net cash flow from investing activities		**(108,340)**	**(105,137)**
Cash flow from financing activities			
Interest paid	15	(2,222)	(4,900)
Dividend payments	6	(65,524)	(87,783)
Purchase of treasury shares	6	(15,689)	(6,601)
Proceeds from share offerings	6	5	9
Net cash flow from financing activities		**(83,429)**	**(99,275)**
Net change in cash and cash equivalents		**19,236**	**(31,886)**
Cash and cash equivalents at the beginning of the period	8	13,748	45,633
Cash and cash equivalents at the end of the period		**32,982**	**13,748**

Notes to Parent Company Financials

(All amounts in USD 1,000s unless noted otherwise)

1. GENERAL ACCOUNTING POLICIES

General Information

TGS ASA (TGS or the Company) is a public limited company incorporated in Norway on 21 August 1996. The address of its registered office is Askekroken 11, 0217 Oslo, Norway. The Company is listed on the Oslo Stock Exchange under the trading symbol "TGS."

The Company's financial statements were authorized by the Board of Directors on 23 March 2022.

TGS has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

The Company, as used in these financial statements, is the Parent Company under the Consolidated Financial Statements also included in this Annual Report.

Reporting Currency

The Parent Company, TGS ASA, reports its financial results in USD, which is the Company's functional currency.

General Accounting Policies

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting principles, management is required to make estimates, judgments and assumptions that affect the amount reported in the financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which will form the basis for making judgments on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of judgment and estimation of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment Evaluation of Multi-client Data Libraries

TGS performed impairment reviews and determined the value in use of the multi-client library during 2021. The Company estimated value in use based on discounted estimated future sales forecasts. The underlying estimates that form the basis for the sales forecast depend on variables such as the number of oil and gas exploration and production (E&P) companies operating in the area that would be interested in the data, the overall E&P spending, expectations regarding hydrocarbons in the sector, whether licenses to perform exploration in the sectors exist or will be given in the future, expected farm-ins to licenses, relinquishments, etc. Changes in these estimates may potentially affect the estimated amount of future materially. The revenue estimates are evaluated on a regular basis and impairments are recognized in the period they occur.

Provision for Impairment Losses of Accounts Receivables

The Company has made provisions for impairment losses of specific accounts receivables deemed uncollectible. When assessing the need for provisions, the Company uses all available information about the various outstanding receivables, including the payment history and the credit quality of the actual companies.

Share-based Payments

The Company measures the share-based payment plans granted to employees by reference to the fair value of the equity instruments at the date at which they are granted (equity-settled transactions) or at the end of each reporting period (cash-settled transactions) in accordance with NRS 15A (IFRS 2). Estimating fair value requires appropriate valuation model to value the share-based instruments. The values are dependent on the terms and conditions of the granted share-based instruments. This also requires determining the appropriate assumptions in the valuation models including the expected life of the instruments, volatility and dividend yield.

Contingent Liabilities

The preparation of the financial statements has required TGS to make judgment, estimates and assumptions that affect the reported amounts of liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount in future periods.

Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits from a transaction will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received, net of discounts and sales taxes or duty. The following describes the specific principles:

Work in Progress (WIP)

Sales in the form of pre-funding commitments from customers under binding contracts are recognized as revenue on a percentage of completion (POC) basis normally measured according to the acquired and processed volume of data in relation to the estimated total size of the project. Sales made prior to commencement of acquisition for each project are recognized on a POC basis and presented as pre-funding revenues. Sales after the commencement, but while projects are in progress are also recognized on a POC basis progress and presented as POC late sales revenues. The amount of revenues for in- progress projects not yet invoiced, is presented as accrued revenues in the balance sheet.

Finished Data

Revenue is recognized for sales of finished data at the time of the transaction; i.e., when the client has gained access to the data under a binding agreement.

Volume Sales Agreements

In certain situations, TGS grants licenses to the customer for access to a specified number of blocks of multi-client library within an area. These licenses typically enable the customer to select and access the specific blocks over a period of time. Revenue recognition for volume sales agreements is based on a proportion of the total volume sales agreement revenue, measured as the customer gains access to the data.

Revenue Sharing Arrangements

TGS shares certain multi-client revenues with other companies and governments. Revenues are recognized on a net basis in accordance with applicable recognition principles, representing TGS' share of the revenue for the project.

Proprietary Contracts

Revenue from proprietary contracts for clients is recognized in the same way as work in progress (POC) in accordance with the specific agreement.

Interest Income

Interest income is recognized as interest accrues. Interest income is included in the financial items in the income statement.

Royalty Income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Cost of Goods Sold (COGS) - Proprietary Contracts and Other

Cost of goods sold includes only direct cost related to proprietary contract work, and costs related to delivery of geoscientific data.

Multi-client Library

The multi-client library includes completed and in-progress geophysical data to be licensed on a non-exclusive basis to oil and gas exploration and production companies. The costs directly attributable to data acquisition and processing are capitalized and included in the asset value. Costs directly attributable to data acquisition and processing includes mainly vessel costs, payroll and hardware/ software costs. Directly attributable costs do also include mobilization costs when relocating a vessel to the survey area. The library also includes the cost of data purchased from third parties. The library of finished multi-client seismic data and interpretations is presented at cost reduced by accumulated amortization and accumulated impairment.

Amortization of Seismic Data

TGS is amortizing the cost of its seismic data library as follows:

Amortization of Seismic Data

TGS is amortizing the cost of its seismic data library as follows:

- During the work in progress phase, amortization is based on total cost versus forecasted total revenues of the project. Amortization is recorded in line with how revenues are recognized for each project during this phase.
- After a project is completed, a straight-line amortization is applied. The straight-line amortization is assigned over a remaining useful life, which for most marine projects is 4 years. For most onshore projects, the remaining useful life after completion of a project is 7 years.

Impairment Test Multi-client Library

When there are indicators that the net book value may not be recoverable, the library is tested for impairment individually per project. Any impairment of the multi-client library is recognized immediately and presented as "Impairment of the multi-client library" in the statement of profit or loss.

TGS assesses, at each reporting date, whether there is an indication that a project may be impaired. If any indication exists, TGS estimates the project's recoverable amount. A project's recoverable amount is the higher of a project's fair value less costs of disposal and its value in use. When the carrying amount of a project exceeds its recoverable amount, the project is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the project.

Contingent Rent Agreements

The Company has entered into agreements on rental of seismic vessels where a part of the rental payment is paid during the rental period, while the other part of the rent is deferred and contingent on a future sale. The balance of the other part of the rent will be paid as/if sales occur. The deferred payment is not considered to be a current liability, and no provision has been recognized as future payment is based on a future sales event. When sales occur, TGS will recognize revenues with a corresponding investment recognition. The obligation to pay the remaining vessel rent will be recognized as a liability when the sales transaction occurs.

Goodwill

Goodwill is depreciated over ten years. In addition, goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Tangible Non-current Assets and Principles of Depreciation

Tangible non-current assets are presented at historical cost less accumulated depreciation and impairment charges. If an indication of impairment exists, an impairment test is performed. If the fair value of a tangible non-current asset is lower than book value, the asset will be written down to the higher of fair value less cost to sell and value in use. Depreciation is determined in light of the asset's economic life. Purchases which are expected to have a technical and economic life of more than one year are capitalized as tangible non-current assets. Depreciation begins when the assets are available for use.

Exchange Rate Adjustments

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary assets, receivables and liabilities are translated at the exchange rate on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the product will generate future economic benefits;
- Adequate technical, financial or other resources to complete the development and to use the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

Provisions

Provisions are made when the Company has a current obligation (legal or constructive) as result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations as a result of a past event where the existence of the liability depends on the occurrence, or not, of a future event. An existing obligation, in which it is not likely that the entity will have to dispose economic benefits, or where the obligation cannot be measured with sufficient reliability, is also considered a contingent liability. Contingent liabilities are not recognized in the financial statements, but if material, disclosed in the accompanying notes. A contingent asset is not recognized in the financial statement but disclosed if there is a certain degree of probability that it will be an advantage of the Company.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities have been recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Company pays its tax obligation in Norwegian Kroner (NOK), and the fluctuations between the NOK and the USD impact the financial items. Exchange rate fluctuations related to the basis for current year income tax expense are classified as tax expense.

Share-based Payments

Key employees of the Company receive remuneration in the form of share-based payment, whereby employees render services as consideration for Performance Share Units (PSUs) and Restricted Share Units (RSUs).

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest.

Pensions

The Company operates defined-contribution plans in Norway. Contributions are expensed to the income statement as they become payable.

Leases - TGS as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases are recorded as assets and liabilities, and lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash in bank accounts and on hand and short-term deposits with an original maturity of three months or less.

Accounts Receivables and Other Receivables

Receivables are measured at cost less any amounts expected to be uncollectible. Sales with deferred payments due to be settled more than twelve months or later are presented as non-current receivables.

Investments in Subsidiaries and Associated Companies

Investments in subsidiaries and investments in associates are valued at cost in the Company's financial statements. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with the generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends/group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the Parent Company.

Dividends

The dividends are recognized as a liability in the financial statements when proposed by the Board of Directors.

Financial Instruments

Financial instruments are valued at the lower of historical cost and market value.

Loans are recognized at the amount received, net of transactions costs. The loans are thereafter recognized at amortized costs using the effective interest rate method.

Treasury Shares

TGS' equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of TGS' own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

Cash Flow Statement

The cash flow statement is compiled using the indirect method.

2. TANGIBLE NON-CURRENT ASSETS

2021

Acquisition cost and depreciation:	Machinery and Equipment
Cost as of 1 January 2021	**10,801**
Additions	154
Disposals	417
Cost as of 31 December 2021	**10,538**
Accumulated depreciation as of 1 January 2021	**5,701**
Depreciation for the year	1,108
Accumulated depreciation on disposals[1]	415
Accumulated depreciation as of 31 December 2021	**6,394**
Net book value as of 31 December 2021	**4,144**

Straight-line depreciation percentage	14% - 33.3%
Useful life	3 - 7 years

[1] Profit on disposals during the year was USD 0.

2020

Acquisition cost and depreciation:	Machinery and Equipment
Cost as of 1 January 2020	**9,042**
Additions	1,759
Disposals1	–
Cost as of 31 December 2020	**10,801**
Accumulated depreciation as of 1 January 2020	**4,708**
Depreciation for the year	994
Accumulated depreciation on disposals[1]	–
Accumulated depreciation as of 31 December 2020	**5,701**
Net book value as of 31 December 2020	**5,100**

Straight-line depreciation percentage	14% - 33.3%
Useful life	3 - 7 years

[1] Multi-client Library: See the "General Accounting Policies", for the policies on amortization of this asset.

3. INTANGIBLE NON-CURRENT ASSETS

2021

Acquisition cost and depreciation:	Goodwill	Multi-client Library	Total
Cost as of 1 January 2021	**3,073**	**3,706,799**	**3,709,873**
Additions	–	74,838	74,838
Cost as of 31 December 2021	**3,073**	**3,781,637**	**3,784,711**
Accumulated amortization as of 1 January 2021	**3,073**	**3,399,916**	**3,402,990**
Amortization for the year		102,517	102,517
Impairment for the year	–	42,384	42,384
Accumulated amortization and impairment as of 31 December 2021	**3,073**	**3,544,817**	**3,547,890**
Net book value as of 31 December 2021	**–**	**236,820**	**236,820**

Straight-line amortization percentage	10%		
Useful life	10 years[2]	4 to 7 years[1]	

[1] Multi-client Library: See the "General Accounting Policies", for the policies on amortization of this asset.

[2] Goodwill paid for in acquisitions of companies is amortized over the first ten years after the date of the acquisition.

2020

Acquisition cost and depreciation:	Goodwill	Multi-client Library[3]	Total
Cost as of 1 January 2019	**3,073**	**3,555,584**	**3,558,658**
Additions	–	151,215	151,215
Cost as of 31 December 2019	**3,073**	**3,706,799**	**3,709,873**
Accumulated amortization as of 1 January 2019	**3,073**	**3,162,355**	**3,165,428**
Amortization for the year		168,165	168,165
Impairment for the year	–	69,396	69,396
Accumulated amortization and impairment as of 31 December 2019	**3,073**	**3,399,916**	**3,402,990**
Net book value as of 31 December 2019	**–**	**306,883**	**306,883**

Straight-line amortization percentage	10%		
Useful life	10 years[2]	4 to 7 years[1]	

[1] Multi-client Library: See the "General Accounting Policies", for the policies on amortization of this asset.

[2] Goodwill paid for in acquisitions of companies is amortized over the first ten years after the date of the acquisition.

[3] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

4. SALARIES/NUMBER OF EMPLOYEES/BENEFITS/ EMPLOYEE LOANS/PENSIONS

	2021	2020
Payroll	7,556	6,046
Social security costs	1,165	1,274
Pension costs	352	407
Other employee related costs	844	1,091
Salaries capitalized	(57)	(67)
Personnel costs	**9,860**	**8,751**

	2021	2020
Number of employees at 31 December	35	43
Average number of employees	38	45

As of 31 December 2021, the Company had 35 employees: 25 male employees and 10 female employees.

The Company operates defined contribution plans in Norway.

The plans fulfill the requirements of the Norwegian law.

Auditor Fees	2021	2020
KPMG		
Statutory audit	466	244
Other attestation services	6	6
Other services outside the audit scope	51	3
Total fees	**523**	**253**

All amounts are exclusive VAT.

Information about remuneration of the Board of Directors and the executive management is included in Note 10 to the consolidated financial statements.

For information about share-based payment plans, see Note 11 to the consolidated financial statements.

5. SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of TGS ASA as of 31 December 2021 was USD 4,085,151.85, NOK 29,360,279.50 consisting of 117,441,118 ordinary shares at NOK 0.25 per share. The Company's shares have equal voting rights.

For information of treasury shares, shareholders' authorization and the 20 largest shareholders, see Note 12 to the consolidated financial statements.

6. EQUITY RECONCILIATION

Equity Reconciliation	Share Capital	Treasury shares	Share premium	Other Reserves	Retained Earnings	Total Equity
Balance 1 January 2021	**4,082**	**(2)**	**230,975**	**12,517**	**0**	**247,572**
Purchase of own shares	–	(38)	–	(15,413)	(238)	(15,689)
Treasury shares distributed	–	0	–	–	238	238
Cancellation of treasury shares held	(1)	1	–	–	–	–
Cost of equity-settled long-term incentive plans	5	–	–	5,563	–	5,569
Quarterly dividends resolved and paid	–	–	(49,112)	–	–	(49,112)
Provisions for quarterly dividends (USD 0.14 per share)[1]	–	–	(16,255)	–	–	(16,255)
Profit/(loss) for the year	–	–	(55,479)	–	–	(55,479)
Balance 31 December 2021	**4,085**	**(38)**	**110,129**	**2,667**	**0**	**116,844**

[1] The Annual General Meeting held 23 March 2021 authorized the Board of Directors to distribute quarterly dividends based on the 2020 statements. The authorization shall be valid until the Company's next Annual General Meeting.

On 9 February 2022, the Board of Directors resolved to pay quarterly dividend of the NOK equivalent of USD 0.14 per shares (NOK 1.24) to the shareholders.

Equity Reconciliation	Share Capital	Treasury shares	Share premium	Other Reserves	Retained Earnings	Total Equity
Balance 1 January 2020	**4,127**	**(50)**	**359,032**	**11,929**	**5,349**	**380,387**
Purchase of treasury shares	–	(7)	(1,080)	–	(5,514)	(6,600)
Treasury shares distributed	–	0	–	–	165	165
Cancellation of treasury shares held	(54)	54	–	–	–	–
Purchase of own shares	9	–	–	588	–	597
Quarterly dividends resolved and paid	–	–	(43,846)	–	–	(43,846)
Provisions for quarterly dividends (USD 0.14 per share)	–	–	(16,412)	–	–	(16,412)
Profit/(loss) for the year	–	–	(66,718)	–	–	(66,718)
Balance 31 December 2020	**4,082**	**(2)**	**230,975**	**12,517**	**0**	**247,572**

[1] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

7. INVESTMENTS IN SUBSIDIARIES

As of 31 December 2021, the Parent Company had the following investments in subsidiaries:

Included in the Balance Sheet as:	Registered Office	Share Capital of Company	No. of Shares	Book Value	Net Income	Total Equity	Shareholding and Voting Power
TGS NES AS	Oslo, Norway	NOK 100,000	100,000	184	(2,082)	(2,244)	100%
TGS AP Investments AS	Oslo, Norway	NOK 200,000	1,000	51,752	(7,001)	(45,404)	100%
TGS Contracting AS	Oslo, Norway	NOK 100,000	1,000	4,219	7	(4,104)	100%
TGS AS	Oslo, Norway	NOK 30,000	30,000	15,224	(58,303)	(245,471)	100%
TGS-NOPEC Geophysical Company (UK) Ltd.	Bedford, UK	GBP 1	1	–	–	0	100%
Aceca Ltd.	Surbiton, UK	GBP 1	10	162	–	(162)	100%
TGS Geophysical Investments Ltd.	Surbiton, UK	USD 100,000	100,000	–	–	0	100%
TGS Geophysical Company (UK) Ltd.	Surbiton, UK	GBP 166,035.34	16,603,534	–	(5,264)	1,481	100%
TGS-NOPEC Geophysical Company PTY Ltd	Perth, Australia	AUD 1	1	0	2,706	21,167	100%
TGS-NOPEC Geophysical Company PTE Ltd	Singapore	SGD 1	1	–	(21)	352	100%
TGS do Brasil Ltda.	Rio de Janeiro, Brazil	BRL 43,400,200	39,060,180	9,900	(35,127)	(13,606)	90%
TGS Canada Corp.	Calgary, Canada	CAD 73,945	100,000	32,471	3,416	36,519	100%
TGS-NOPEC Geophysical Company Moscow Ltd	Moscow, Russia	RUB 300,000	1	–	(76)	(3,583)	100%
Nopec Geophysical Company, S. de R.L. de C.V.	Mexico City, Mexico	MXN 1,000	1	–	21	(259)	90%
Balance sheet value				113,912			

The Parent company has direct or indirect 100% voting rights in all subsidiaries.

The negative equity in TGS AS arises as a result of the accounting of the Spectrum merger, and the difference between measurement of the merger liability and the fair value of the net assets acquired under NGAAP. The negative equity effect is eliminated on group level.

8. RESTRICTIONS ON BANK ACCOUNTS

As of 31 December 2021, USD 1.5 million of cash and cash equivalents are restricted to meet the liability arising from payroll taxes withheld. (2020: USD 1.5 million).

9. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

Accounts receivables, including accrued revenues, is stated in the balance sheet at net realizable value and totaled USD 74.8 million as of 31 December 2021 (2020: USD 88.4 million). The Company has made a bad debt provision of USD 0 million in 2021 (2020: USD 0 million). The Company expects to collect the stated balance of receivables as of 31 December 2021. Realized losses on trade receivables in 2021 amounted to USD 0 million (2020: USD 0.2 million). Prepayments to suppliers and other short-term receivables totaled USD 4.3 million as of 31 December 2021 (2020: USD 5.0 million).

10. CURRENT RECEIVABLES AND LIABILITIES GROUP COMPANIES

	2021		2020	
Company	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
TGS AP Investments AS	40,742	–	43,811	–
Aceca Norge AS	–	5,343	–	5,294
TGS NES AS1	22,069	–	–	21
TGS AS	468,624	–	504,105	–
TGS-NOPEC Geophysical Company	–	607,375	–	632,386
A2D Technologies Inc.	–	67,131	–	53,097
TGS Geophysical Company (UK) Ltd.	–	48,554	–	52,732
TGS-NOPEC Geophysical Company PTY Ltd	–	16,371	–	18,495
TGS-NOPEC Geophysical Company Pte	–	–	–	–
OBS MC Investments I AS	–	6,840	5,090	–
TGS Moscow	356	–	284	–
TGS Canada Corp.	29	–	–	35,237
Nopec Geophysical Company, S. de R.L. de C.V.	360	–	360	–
Carmot Seismic AS	834	–	786	–
Spectrum Geo Inc	45	–	–	10
Spectrum Geo Ltd	–	11,046	–	4,547
Spectrum Geo Australia Pty Ltd	–	6,113	–	4,000
Spectrum Geo Pty Ltd	–	189	–	–
Spectrum Geo AS	–	1,861	–	1,988
Spectrum Geo S.A.de C.V. (Mexico)	22	–	7	–
Spectrum Pte Ltd (Singapore)	–	1,480	–	1,495
Spectrum Geo CH AS	2,399	–	–	–
TGS do Brasil Ltda.	1,036	–	62,101	–
Total	**536,515**	**772,302**	**616,545**	**809,302**

[1] With effect from 23 June 2021, the name of the Company was changed from Maglight AS to TGS NES AS.

[2] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

Realized losses on intercompany receivables in 2021 amounted to USD 0 million (2020: USD 0 million).

3-Year Term Secured Revolving Credit Facility

In October 2018, TGS entered into a secured revolving credit facility of USD 100 million with an interest rate of LIBOR + 2% per interest period as determined by TGS and as per the defined terms of the revolving credit facility. The closing of the security granted under the credit facility occurred in January 2019. TGS paid an upfront fee of 0.60% of the facility amount and pays a commitment fee of 0.40% per annum for the unused and uncancelled part of the facility. With respect to financial conditions, TGS must maintain (i) an equity ratio of 50% or more, (ii) a leverage ratio of no more than 1.00:1.00, (iii) EBITDA minus operational capex at zero or above and (iv) a liquidity of USD 75 million on a consolidated basis. As of 31 December 2021, TGS had not drawn any amounts under the facility and was in full compliance with all of the financial covenants. The facility is secured by a lien on the assets of the Parent company and subsidiaries having net revenues representing 5% or more of the group's net revenues as defined in the facility [as of year-end 2021, TGS AP Investment AS, TGS-NOPEC Geophysical Company, A2D Technologies Inc., TGS Geophysical Company (UK) Limited, TGS Canada Corp. and TGS AS]. The same subsidiaries have also provided guarantees.

The revolving credit facility was renewed with three years in February 2021 with same terms except from:

Margin increase due to increased market risk post-COVID (+ 50 bps)

Letter of Credit option removed as agreed

Updates on sanctions language

Reference rate transition language update

Any other LMA based updates

11. OTHER CURRENT LIABILITIES

	2021	2020 Restated[1]
Deferred revenues	7,023	5,425
Accrued project costs	4,737	5,262
Other accrued expenses	6,308	3,864
Total other current liabilities	**18,068**	**14,550**

[1] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

12. GUARANTEES

Parent Company Guarantee

Under section 479A of the UK Companies Act 2006, a number of TGS' UK-based subsidiaries have claimed an exemption from audit of their statutory financial statements for the year ended 31 December 2020. This required the Parent undertake to guarantee all outstanding liabilities to which the subsidiary company is subject at the end of that financial year to which the guarantee relates, until they are satisfied in full.

For the year ended 31 December 2021, management is in the process of finalizing all UK-based financial statements. Under the audit exemption per section 480 of the UK Companies Act 2006, no such guarantee will be provided for dormant companies.

Bank Guarantees

As of 31 December 2021, one guarantee has been renewed on behalf of the Company.

- Lease guarantee - Albury Land (Surbiton) UK office - GBP 292,562

13. COMMITMENTS AND CONTINGENCIES

Operating leases - Company as lessee

At the end of 2021, TGS has entered into commitment for one 3D vessel and two OBN crews. The commitments will expire in 2022, and the amount committed, including contractual lease agreements, totaled USD 27 million (2020: USD 2 million).

The Company has one operating lease commitment relating to premises. The commitment expires 30 June 2030.

The commitment have no termination before expiry date.

Rental expense for operating leases was USD 1.3 million for the year ended 31 December 2021 (2020: USD 0.6 million). Future minimum payments for operating leases as of 31 December are as follows:

	2021	2020
Within one year	644	1,209
After one year but not more than five years	2,573	2,737
More than five years	2,251	3,028
	5,468	**6,974**

The Company does not have any financial leases.

Contingent rent agreements

As of 31 December 2021, there were no deferred parts of contingent rent agreements, which is contingent on future sales (2020: USD 0 million).

14. RELATED PARTIES

No material transactions took place during 2021 with related parties, other than operating business transactions between the companies in the TGS Group. All companies within TGS are 100% owned, directly or indirectly, by the Company, except for Calibre Seismic Company (50%), Spectrum Geopex Egypt Ltd. (50%), TGS-Petrodata Offshore Services Ltd. (49%) and TGS FJ Geophysical (Ghana) Ltd. (90%), which is owned by one of the subsidiaries. Business transactions between the entities of TGS were performed according to arm's length principles. The main business transactions can be aggregated as follows:

	2021	2020
Data processing costs	15,150	32,462
Brokerage fees	5,095	13,341
Management fees	13,630	11,473

For information about intercompany interest income and expense, see Note 15.

The Company has no liabilities in form of mortgages of entities within the TGS Group. For information about guarantees, see Note 12.

For a specification of intercompany receivables and liabilities, see Note 10.

15. FINANCIAL ITEMS

Financial income/expense:	2021	2020
Interest income	396	134
Interest income subsidiaries	1,466	3,670
Exhange gain	2,976	19,372
Other financial income	1	634
Total financial income	**4,839**	**23,810**
Interest expense	(6)	(116)
Interest expense subsidiaries	(2,216)	(4,783)
Exchange loss	(16,050)	(6,845)
Other financial expenses	(1,458)	(939)
Total financial expense	**(19,730)**	**(12,683)**
Net financial items	**(14,891)**	**11,127**

16. TAX EXPENSE

Explanation of total tax expense versus nominal tax rate on pre-tax profit:

Financial income/expense:	2021	2020 Restated[3]
Profit/(loss) before taxes	(68,836)	(87,111)
Permanent differences[1]	7,658	(10,356)
Changes in temporary differences	(16,620)	30,799
Currency exchange effects on base for current tax	462	4,823
Basis for current tax	**(77,336)**	**(61,845)**
Total tax expense for the year:		
Deferred tax - changes	(13,357)	(20,522)
Adjustment in respect of current income tax of previous year	–	(11)
Tax effect of group relief	–	140
Total tax expense for the year	**(13,357)**	**(20,393)**
Effective average tax rate	**19%**	**23%**

Specification of basis for deferred taxes:

Temporary differences:		
Multi-client library	(55,067)	(119,410)
Revenues on seismic projects in the work in progress phase	99,156	134,203
Accounts receivable	–	(270)
Accruals	(11,025)	(9,895)
Other	1,133	894
Merger receivable[2]	358,643	370,698
Tax loss carried forward	(135,666)	(58,330)
Total	**257,174**	**317,890**

Deferred tax liability/(asset) based on temporary differences	56,578	69,936
Withholding taxes carried forward	(173)	(167)
Deferred tax liability/(asset) recognized	**56,405**	**69,769**

Explanation of total tax expense versus nominal tax rate on pre-tax profit:

Tax calculated using nominal tax rate on pre-tax profit	(15,144)	(19,164)
Effect of permanent differences	1,685	(2,278)
Effect of Group Contribution	–	140
Exchange gain/loss reported as tax expense	102	910
Total tax expense recorded in income statement	**(13,357)**	**(20,393)**

[1)] Permanent differences related to non-tax deductible items. Permanent differences related to non-tax deductible items, in 2020 to a large part related to reversal of the Skeie accrual.

[2)] Receivable from merger with TGS AS. See Note 3 in Group Financials.

[3)] 2020 figures have been restated. Refer to note 21 of the Financial Statements for more details.

17. GROSS AND NET REVENUES

TGS enters into multi-client contracts with other companies whereby revenue is shared proportionally and presented net. In some cases, TGS enters into multi-client contracts where a portion of revenue is shared with governments in certain countries. The table below provides the breakdown for 2021 and 2020.

	2021	2020
Gross revenues from sales	158,120	192,799
Revenues allocated to other parties	(15,358)	(22,259)
Revenues	**142,762**	**170,540**

18. FINANCIAL RISK MANAGEMENT

Currency Risk

Functional currency for the Company is USD. Substantial portions of TGS' revenues and costs are in US dollars, except for personnel and administrative costs. Due to this, the Company's operational exposure to exchange fluctuations is low. However, as the Company pays taxes in Norwegian kroner to Norwegian Tax Authorities and dividends to shareholders in Norwegian kroner, fluctuations between the NOK and the USD impact currency exchange gains or losses on tax expense and financial items.

Liquidity Risk

Liquidity risk arises from lack of correlation between cash flow from operations and financial commitments. As of balance sheet date, the Company held current assets of USD 648,6 million, of which cash and cash equivalents represents USD 33,0 million, and current liabilities of USD 830,2 million, of which debt to subsidiaries represents USD 772,3 million. As of 31 December 2021, TGS considers the liquidity risk to be low.

Credit Risk

All placements of excess cash are either bank deposits or in financial instruments that at minimum carry an "investment grade" rating. The Company's clients are oil and gas companies. The Company is exposed to credit risk through sales and uses best efforts to manage this risk. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets, the carrying value of the accounts receivables and other short-term receivables. TGS considers the concentration of risk with respect to trade receivables as low due to the Company's credit rating policies and because the clients are mainly large oil and gas companies, considered to be financially sound.

From time to time, the Company accepts extended payment terms on parts of firm commitments from clients. To the extent these terms do not carry an interest compensation to be paid by clients, the revenues recognized by the Company are discounted to reflect this element.

19. OTHER NON-CURRENT ASSETS AND LIABILITIES

Other non-current assets comprise accounts receivables with extended payment terms and loans. Any revenue share associated with these receivables is presented as other non-current liabilities.

TGS has an interest-bearing loan to Production Energy Company AS. The loan has a total value of gross USD 21.1 million (net to TGS of USD 8.7 million). The loan has been fully provided for and is recognized at USD 0 million as of 31 December 2021 (31 December 2020: USD 0 million).

20. CONTINGENT LIABILITIES

Conclusion of Økokrim Charges and Related Civil Matters

In May 2014, Økokrim, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, charged TGS for violations of the Norwegian Tax Assessment Act related to transactions entered into in 2009 to 2010 with Skeie Energy AS, later known as E&P Holding AS and Production Energy Company AS (referred to as Skeie). The charges claimed that TGS contributed to unwarranted tax refunds received by Skeie under the Norwegian Petroleum Tax Act through licenses of seismic data to Skeie. In 2020, the matter was fully resolved in favor of TGS. TGS was also awarded MNOK 16.5 (USD 1.8 million) for costs and expenses incurred from 2014 through 2020.

In relation to the transactions with Skeie, civil claims were made for monetary compensation among various parties involved, including claims against TGS for its part in the transactions. The primary claimant was DNB, who repaid the tax refunds received by Skeie under a provision in the Tax Payment Act that statutorily assessed liability to DNB due to its status as pledgee of the tax refunds and thus sought reimbursement for such amounts it paid to the Norwegian Government. Prior to commencement of the trial in October 2021, the parties settled all claims. TGS recognized the settlement amount as Other Operating Expenses in the third quarter of 2021.

21. CORRECTIONS FROM PRIOR YEARS

Following a thorough review process, impairment of the multi-client library for 2020 has been reassessed between different projects. This has resulted in a change in impairment of the multi-client library for TGS ASA of USD 6.1 million.

When the 2020 Tax Return was filed, the tax calculation was updated, resulting in lower loss carried forward and less group contribution received for TGS ASA.

USD 13.2 million have been reclassified from other current liabilities to current liabilities group companies.

Company	2020 Before restatements	Restatements	2020 After restatements
Impairment of the multi-client library	75,485	(6,089)	69,396
Financial income	7,224	(6,589)	634
Tax expense	(25,148)	4,755	(20,393)
Net income	**(61,463)**	**(5,255)**	**(66,718)**

Company	2020 Before restatements	Restatements	2020 After restatements
Multi-client library	300,794	6,089	306,883
Current receivables group companies	623,134	(6,589)	616,545
Total Equity	252,827	(5,255)	247,572
Deferred tax	65,181	4,755	69,936
Current liabilities group companies	796,093	13,209	809,302
Other current liabilities	27,759	(13,209)	14,550

22. EVENTS AFTER THE BALANCE SHEET DATE

On 27 January 2022, a federal court in the U.S. decided to vacate the U.S. Gulf of Mexico (GOM) sale that took place in November 2021, ruling that the environmental impact study conducted in support of the lease sale was insufficient. Although the decision may be appealed, the practical effect is likely that no further lease sales in the GOM will take place until a new five-year Lease Schedule Plan is in place. Over the past two to three years, there has been a gradual shift from frontier to infrastructure-led exploration in the GOM, and TGS' recent OBN-projects have been primarily targeted at held acreage rather than future licensing rounds. As such, the Board believes that most of its expected revenues in the U.S. would not be significantly impacted by a temporary halt in GOM acreage awards.

After 31 December 2021 Russia invaded Ukraine, and as a result the U.S., UK, EU and other countries implemented several economic sanctions against Russia, Russian companies and individuals. TGS has low direct exposure to the situation, with only approximately 0.3% of revenues in 2021 coming from the sale of data in Russia and no revenues from Ukraine. The Board of Directors continues to monitor the situation and assess potential direct and indirect consequences for TGS, and how it may affect financial performance going forward.

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To the General Meeting of TGS ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TGS ASA, which comprise:

- The financial statements of the parent company TGS ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of TGS ASA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 8 May 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to the consolidated financial statements Note 1 General Accounting Policies, Note 4 Revenue from Contracts with Customers, Note 5 Segment Information and Note 28 Corrections from prior years.

The key audit matter	*How the matter was addressed in our audit*
For the year ended 31 December 2021, the Group reported revenues of USD 524 million, of which USD 158 million pertained to pre-funding contracts, USD 220 million to late sales of unfinished data and USD 147 million to late sales of finished data and sales of proprietary data. For prefunding contracts and contracts for late sales of unfinished data, customers commit to purchasing licenses from TGS prior to the acquisition and processing of data or after commencement of a survey but prior to data being ready for delivery. Under IFRS 15, revenue from these contracts is recognized at a point in time upon delivery of the finished multi-client data license to the customer. Revenue recognition in accordance with IFRS 15 can be complex and there is a risk revenue may be recognized in the incorrect period due to several factors including but not limited to: • The magnitude of individual contracts, contracts with multiple deliveries and performance obligations; • The assessment as to the timing of the fulfilment of performance obligations; • The fulfilment of significant performance obligations in the period close to year-end. The Group applies different revenue recognition principles in the Consolidated Statement of Comprehensive Income and the disclosed segment information for pre-funding contracts. In the disclosed segment information, revenue from these contracts is presented based on a percentage of completion model according to the progress of the multi-client survey. Revenue recognition for these contracts under IFRS 15 was considered to be a key audit matter due to the complexity and significance of individual contracts. In addition, the application of different revenue recognition principles in the income statement and in the disclosed segment information adds complexity to the financial reporting process. Late sales of finished data and proprietary data are treated consistently under IFRS 15 and the segment information. In 2021, corrections were made to prior periods in respect of certain projects where revenue had not been recognized in the correct period.	Our audit procedures in this area included: • Evaluating management's processes and controls over revenue recognition; • Assessing the consistency in application of the Group's revenue recognition principles across the Group under IFRS 15 and under the segment reporting principles for purposes of the note disclosures; • Assessing the appropriateness of the timing of revenue recognition in accordance with IFRS 15 based on the deliveries of multi-client data from a sample of contracts pertaining to pre-funding and late sales of unfinished and finished data; • Testing of a sample of accrued and deferred revenue balances to confirm existence and accuracy of the balances; • Testing of multi-client revenue recognized subsequent to period end to assess the completeness of the revenue recognized in the period; • Review of significant contracts entered into during the period to assess accuracy of accounting treatment; • Assessing and reconciling differences in revenue recognition in the Consolidated Statement of Comprehensive Income and in Note 5 Segment Information; • Assessing the adequacy and appropriateness of the disclosures in the financial statements related to revenues from contracts with customers; • Assessing the appropriateness of the accounting for corrections related to the recognition of revenue in prior periods and the related disclosures.

Impairment assessment of the multi-client library and goodwill

Refer to the consolidated financial statements Note 1 General Accounting Policies, Note 2 Significant Accounting Judgements, Estimates and Assumptions, Note 8 Intangible Assets and Note 9 Impairment Evaluation of Multi-client Library, Goodwill and Other Intangible Assets.

The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2021 the Group has reported a multi-client library balance of USD 705 million, and a goodwill balance of USD 304 million. Management uses judgment in determining whether the carrying amount of the multi-client library and goodwill exceeds the recoverable amount by making assumptions related to expected discounted future cash flows. There is significant inherent uncertainty in forecasting future sales of the multi-client library which is impacted by the overall exploration and production spending within the oil and gas industry, interest in specific regions, whether licenses to perform exploration in the various regions exist or will be awarded in the future, changes in the geo-political environment and other factors. For goodwill there are additional uncertainties related to future investments, cashflows expected to be generated from those investments, and the long-term growth rate. Changes in key assumptions impacting future cashflows, together with the discount rate can significantly impact impairment assessments and conclusions. Due to the potential impact on the financial statements given the significance of the multi-client library and goodwill balances and the judgment required when assessing future market conditions and the other key factors included in the forecasting of future sales, the assessment of the carrying amount of the multi-client library and goodwill is considered to be a key audit matter. An impairment of USD 285 million was recorded in 2021 related to the multi-client library. No impairment was recorded against goodwill.	Our audit procedures in this area included: • Inspecting management's impairment indicator assessment and considering whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit; • For those multi-client libraries where impairment triggers are identified, and for the goodwill balances, assess the key assumptions of the cash flow forecasts, including; • Performing retrospective reviews to assess accuracy of management's estimates; • Testing sensitivity of movement in key assumptions; • Inspecting supporting documents and assessing the basis for key assumptions; • Challenging management on the forecasted cash flows, underlying market assumptions, approved budgets, and other factors which could affect forecasts; • Assessing the accuracy of management's calculations for those libraries subject to impairment testing; • Evaluating, with assistance from our valuation specialists, the discount rates applied and the mathematical accuracy of the models used to calculate the recoverable amounts; • Assessing the disclosure of impairment risks and sensitivities in the financial statements. • Evaluating the adequacy and appropriateness of the disclosures in the financial statements with particular reference to the disclosures describing the inherent uncertainty in the estimates and the related sensitivities.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Sustainability Report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "549300NUPLAXPB0WYH90-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and

KPMG Independent Auditor's Report - TGS ASA

the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 31 March 2022
KPMG AS

Julie Berg

Julie Berg
State Authorised Public Accountant

TGS actively promotes a culture designed to build confidence and trust among its stakeholders. Key elements of this culture include open and honest communication, a well-developed system of controls and policies and a compliance program.

Corporate Governance

Corporate Governance

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

TGS ASA (TGS or the Company) actively promotes a culture designed to build confidence and trust among its stakeholders. Key elements of this culture include open and honest communication, a well-developed system of controls and policies, and a compliance program.

It is the opinion of the Board of Directors (Board) that TGS complies with the Norwegian Code of Practice of Corporate Governance (Code of Practice), dated 14 October 2021, found at www.nues.no. This Report on Corporate Governance details how TGS operates in accordance with each of the topics covered by the Code of Practice, including any deviations. Furthermore, in accordance with the Norwegian Accounting Act, section 3-3b, an account of the principles and practices related to corporate governance is included in the Board of Directors' Report in this Annual Report.

The Company emphasizes independence and integrity in all matters between its Board, management and shareholders. These same principles of independence and integrity also apply in business relations with all interest groups, including customers, suppliers and other business partners.

Code of Conduct

The TGS Statement of Values and its Code of Conduct, available on the TGS website at www.tgs.com, define the ethical behavior and fair business conduct that is expected of members of our Board and all employees. These documents form the foundation of TGS' compliance program, which is managed by a compliance officer appointed by the Board. TGS' compliance program continually informs and educates employees on ethical issues. Each employee of the Company must read and acknowledge our Code of Conduct, Statement of Values, and Policy on Insider Trading on an annual basis and complete a related training course that includes components on anticorruption and antibribery, trade controls and sanctions, human rights and modern slavery, as well as discrimination and harassment. In addition, all high-risk third parties working for the Company must complete an annual anticorruption compliance training and certification program.

It is important for the Company to be aware of potential problems as early as possible, and the Code of Conduct requires employees to report any known or suspected ethical irregularities. TGS has in place appropriate whistleblower procedures for individuals to report concerns of non-compliance, including a hotline that allows for anonymous reporting and assurances that no retaliation will be levied against employees who file reports or cooperate in investigations of misconduct. A more detailed description of our compliance program is also included in our Sustainability Report, which is included in the Annual Report and can also be found on the TGS website.

Corporate Social Responsibility

TGS believes that sustainable business practices are fully compatible with successful business conduct. TGS' long-standing Statement of Values recognizes that the Company is responsible to a number of stakeholder groups and describes the principles to which the Company adheres. A more detailed description of TGS' sustainability practices is included in the Sustainability Report, which is included in the Annual Report and can also be found on the TGS website.

2. BUSINESS

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 special services such as advanced processing and analysis alongside cloud-based data applications and solutions.

The business objective of TGS defined in the Company's Articles of Association states that the principal business of the Company is in the provision of data, information and intelligence, including associated products and services, to the energy industry. The Company's Articles of Association are published in the Corporate Governance section of the Investor Center on the TGS website, and further information about TGS' operations may be found in the Board of Directors' Report and the Annual Report for 2021, as well as the TGS website.

3. EQUITY AND DIVIDENDS

As of 31 December 2021, total equity amounted to USD 1,115.3 million (including a share capital of USD 4.1 million). This corresponds to an equity ratio of 68%, which the Board considers to be satisfactory. The adequacy of the Company's capital is monitored closely with respect to the Company's objectives, strategy and risk profile.

Because of the highly cyclical nature of the energy services industry, the Board remains convinced that the Company's unique business model, strong balance sheet and cash position are essential to its financial health, risk management and future growth. It is the ambition of TGS to pay a quarterly cash dividend in line with its long-term underlying cash flow. When deciding the quarterly dividend amount, the Board will consider factors such as expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. The aim is to keep a stable quarterly dividend in U.S. dollars throughout the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the Company and the market.

The ex-dividend date will normally be seven days after the announcement of the dividend in connection with the release of quarterly financial statements, with the payment date 14 days after the ex-dividend date. In addition to paying a cash dividend, TGS may also buy back its own shares as part of its plan to distribute capital to shareholders, subject to authorization from the Annual General Meeting (AGM).

TGS has paid quarterly dividends since 2016 based on authorization from the AGM.

The Board is currently authorized to buy back up to 10% of the nominal value of the Company's share capital. In addition, the Board has authorization to increase the Company's share capital or issue convertible bonds for up to 10% of the Company's share capital, which authorization is currently NOK 2,936,028, for the purposes of potential acquisitions, organic growth and to strengthen the Company's balance sheet. The authorizations are valid until the 2022 AGM, but no later than 30 June 2022. In accordance with past practice, new authorizations to increase the share capital for certain business purposes, issue convertible bonds and acquire own shares will be proposed for separate votes at the next AGM. When a proposed resolution encompasses share capital increases and/or the issuance of convertible bonds or the acquisition of the Company's own shares for various purposes, the Company does not find it practical to hold separate votes on each element of the proposals. This deviates from the Recommendation No. 3 under the Code of Practice where it is recommended that when the AGM considers mandates to the Board for the issuance of shares for different purposes, each mandate should be considered separately by the meeting.

For further information on these shareholder authorizations, please refer to Note 13 of the Consolidated Financial Statements, which are included in the Company's Annual Report for 2021 available on the TGS website.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The Company has only one class of shares. All shares have one vote each and otherwise equal rights in all respects.

TGS may, from time to time, buy back shares under authorizations given by the AGM. Such shares may, inter alia, be held in treasury or canceled, used as transaction consideration or to settle employees' long-term incentive programs. The Company held 1,334,261 treasury shares on 31 December 2021. When applicable, transactions involving the Company's own shares are carried out through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in any other way.

During 2021, the Company increased its share capital by NOK 46,954.75 in connection with the Company's long-term incentive programs. For further information, refer to Note 13 of the Company's Consolidated Financial Statements. In addition to shares issued in connection with the Company's long-term incentive programs, the Board may, from time to time, issue new shares under authorizations given by the AGM. For such issuances, the Board may depart from the preemptive right of existing shareholders if justified by the interest of the Company and the shareholders. A justification will be publicly disclosed should the Board choose to authorize a waiver of its preemptive rights in connection with a share issue.

Any transaction with close associates is required to be conducted on market terms. Information about transactions with related parties is also disclosed in Note 15 of the Consolidated Financial Statements. The Board has implemented guidelines to ensure that employees inform their manager and/or the Board if they have a material interest, directly or indirectly, in any agreement entered into by the Company.

5. FREELY NEGOTIABLE SHARES

All TGS shares carry equal rights and are freely transferable. The Company has not imposed any restrictions on ownership or voting of shares.

6. GENERAL MEETINGS

The AGM is the Company's ultimate corporate body. The Board of Directors, the Nomination Committee and the Chief Executive Officer are typically present at the AGM, as well as the Company's auditor. The minutes from the AGM and any Extraordinary General Meeting (EGM) are made available on the Company's website shortly after the date of the AGM or EGM, as applicable, and are also available for inspection at the Company's corporate offices in Norway.

The 2022 AGM will be held on 11 May 2022. The notices for the AGM and any EGM and all supporting documentation are made available on the Company's website no later than three weeks in advance of the meeting. The notice is also mailed (post or email) to registered shareholders.

In accordance with the Company's Articles of Association, the deadline for shareholders to notify the Company of their intention to attend a General Meeting is no later than three days before the day of the meeting.

Each General Meeting appoints a chairperson for the meeting. The Board seeks to facilitate the appointment of an independent chairperson.

General Meetings are open to all shareholders, and any shareholder not in attendance may appoint a proxy to vote on their behalf. Proxy forms are made available together with the notice of the meeting and allow for separate voting instructions to be given for each matter to be considered. The Company also facilitates for advance voting. The notice to the General Meeting will provide information about whether the shareholders may vote in advance in writing and about the guidelines that apply to such voting.

In accordance with the Norwegian Public Limited Liability Companies Act, the AGM is required to approve the annual financial statements, the Board of Directors' report and the distribution of dividends. The AGM must also address the Board of Directors' statement and report on remuneration for senior executive personnel, as well as the Corporate Governance Report. Shareholders are also given the opportunity to vote separately for each candidate nominated for election to the Board. Any other matters to be covered at the AGM will follow from the notice.

The last AGM was on 11 May 2021, the minutes from which are available on the Company's website.

7. NOMINATION COMMITTEE

According to the Company's Articles of Association, the Company has a Nomination Committee that is responsible for the nomination of directors to the Board of Directors and the recommended remuneration payable to the directors. The AGM stipulates guidelines for the duties of the Nomination Committee and determines the Nomination Committee's own remuneration.

The Nomination Committee consists of a Chairperson and up to three members elected by and among the shareholders. The members serve for a period of two years. None of the members serve on the Board of Directors or as an employee of the Company.

As of 31 December 2021, the Nomination Committee consisted of the following members: Glen Ole Rødland (Chairman), Christina Stray and Herman Kleeven. Ms. Stray and Mr. Rødland were elected for a two-year term at the 2021 AGM, while Mr. Kleeven was elected for a two-year term at the 2020 AGM.

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to any member of the Nomination Committee or to the Chairman of the Board.

As part of its work, the Nomination Committee meets at least annually with the Board and members of the executive management. The Committee also consults selected shareholders to ensure that its recommendations have their support. In accordance with Section 6 above, the Nomination Committee's recommendations and report of its work are made available in accordance with the 21-day deadline for the notice calling the AGM.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Board of Directors currently consists of seven members, all of whom are deemed independent of TGS' management, major shareholders and material business contacts.

The members of the Board are proposed by the Nomination Committee and elected by the AGM for a term of one year. The Chairman of the Board is also elected by the AGM.

The members of the Board balance experience from the geoscience industry and the general energy industry with broader industrial, financial and management experience. A biography of each Board member can be found in the Annual Report and on the TGS website.

Information on shares in TGS held by members of the Board can be found in Note 10 of the Consolidated Financial Statements.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management and supervision of the Company. The Board is responsible for establishing control systems and ensuring that TGS operates in compliance with laws and regulations and TGS' Statement of Values and Code of Conduct. The Board emphasizes the safeguarding of the interests of all shareholders, as well as the interests of TGS' other stakeholders.

The Board prepares an annual plan for its work, emphasizing goals, strategies, company performance and execution.

The Board operates under specific rules of procedure, which define the duties, tasks and responsibilities of the Board and individual members of the Board. The Board also states guidelines for the CEO's work and duties of oversight by the Board.

The Board carries out an annual evaluation of its own performance, working arrangements and competence. The assessment is made available to the Nomination Committee. The Board also carries out an annual evaluation of the CEO's performance.

The Board conducted a total of eight meetings in 2021. Each of Wenche Agerup, Christopher Finlayson and Torstein Sanness was unable to attend one of the meetings. All other directors (including former directors) attended all meetings. In addition, certain matters are, when deemed appropriate, considered by the Board in writing.

Board Committees

The following committees have been established by the Board to monitor and guide certain activities. Each committee operates under a defined charter that may be viewed at: https://www.tgs.com/investor-center/corporate-governance/rights-responsibilities-tgs-governing-bodies.

Audit Committee

The Audit Committee is appointed by the Board, and its primary responsibility is to supervise the Company's internal controls over financial reporting and to ensure the independence and quality of performance of the Company's external auditor. Further, the responsibility of the committee is to ensure that the annual accounts provide a fair and accurate picture of the financial results and financial condition of the Company in accordance with generally accepted accounting practices. The Audit Committee receives reports on the work of the external auditor and the results of the audit, including the significant risks in the financial statements and the treatment thereof in the audit report, as well as auditor's assessment of internal control weaknesses. The Audit Committee charter, updated in February 2021, incorporates the requirements of the new Auditors Act and reflects the enhanced role of the Audit Committee in respect of financial reporting, internal control and risk management and auditor interaction, consistent with the general description set forth in this paragraph. With effect from the 2021 AGM, the members of the Audit Committee are:

- Irene Egset, Chairman
- Christopher G. Finlayson
- Svein Harald Øygard

The Audit Committee conducted a total of seven meetings in 2021, and all members (including former members) attended all meetings during the period of time they served on the Board.

Compensation Committee

The Compensation Committee reviews the compensation practices of TGS and its peer group and makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO and other executive personnel. These proposals are also relevant for other employees.

The members of the Compensation Committee with effect from the 2021 AGM are:

- Mark Leonard, Chairman
- Wenche Agerup
- Grethe Moen

The Compensation Committee conducted a total of seven meetings in 2021. All members (including former members) attended all meetings, except Wenche Agerup who was unable to attend one meeting.

Risk Management and Internal Control

The Board monitors TGS' risk exposure and oversees the Company's internal controls and systems for risk management to ensure they are appropriate for the Company's activities. The Company continually strives to maintain and improve its internal control processes and systems for risk management and regularly reports on these matters to the Board.

The Company's executive management carries out an annual risk evaluation process to assess total enterprise risk in the Company. Through risk workshops involving key TGS employees, executive management identifies strategic and operational risk factors and prioritizes these risks based upon their likelihood of occurrence, significance of impact, year-over-year trends and current mitigation factors. Action plans are developed to manage those significant risk factors where further action may be needed, and quarterly and annual updates are provided to the Board. The key risk factors and related action plans are part of the Board's annual presentation on risk management and internal controls by the CEO and CFO. The Board provides input as to the key risk factors and considers the need for any further measures in relation to the risk factors identified.

The Company's Audit Committee oversees the routines related to financial risk management, financial reporting and related internal controls. The Audit Committee receives regular reports from management regarding the assessment of the internal control environment pertaining to financial reporting and proposed changes and improvements. The Company continually assesses the adequacy of the internal control systems in place, with specific focus throughout 2020 and 2021 on changes in the internal control systems resulting from the increase in size and complexity of the Company following the merger with Spectrum ASA concluded in August 2019. Particular focus in 2021 also included further formalization of the internal control framework over financial reporting and structured monitoring activities over the effectiveness of key controls.

TGS has a separate legal department, managed by the corporate General Counsel who reports to the CEO. Procedures and guidelines are in place to ensure that the legal department is involved in matters that could represent a material legal risk for the Company, including entering into material agreements and managing claims, disputes and litigation. The Company has standard policies for contract terms and conditions.

TGS is committed to fair business conduct and compliance with all legal and ethical requirements and standards of the industries in which TGS operates and the communities in which TGS employees live and work. TGS considers its values, culture and environment key elements in its continued success as a company.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors is designed to attract and retain an optimal Board structure in a competitive environment. The directors' compensation is recommended by the Nomination Committee and determined by the shareholders at the AGM each year.

In recent years, the directors' compensation has comprised both a fixed fee and an amount of restricted TGS common shares. The remuneration is not related to the Company's financial results. Note 10 of the Consolidated Financial Statements details the directors' remuneration for 2021. TGS believes the remuneration reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

No member of the Board has taken on specific assignments for the Company in addition to his/her appointment as a member of the Board or committees of the Board.

12. REMUNERATION OF EXECUTIVE PERSONNEL

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a(2), the Board prepares guidelines for executive remuneration. In accordance with this, TGS has prepared a Declaration on Executive Remuneration that is released alongside the Annual Report and is available for download at the TGS website.

The Declaration describes:

- TGS' Compensation Policy Statement regarding executive remuneration, including the connection of performance-related remuneration to shareholder value creation and the Company's financial performance over time;
- 2022 executive remuneration, including proposals and implementation; and
- 2021 executive remuneration results and assessment.

Reference is made to the Declaration and Note 10 of the Company's Consolidated Financial Statements for details regarding remuneration of the CEO and other executive personnel.

The Compensation Committee of the Board is responsible for reviewing executive remuneration and making recommendations to the Board. The Board ensures that remuneration objectives reflect the convergence of the financial interests of executive personnel and shareholders.

The CEO proposes the compensation packages (excluding his own) for all executives for Compensation Committee review and Board approval. The CEO's proposal will be based on performance assessed against pre-defined goals.

The Compensation Committee proposes the CEO's compensation package to the Board for final review and approval. This includes the CEO's target bonus, which is specifically set by the Board.

In addition, pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 b(2), the Board prepares a report on senior executive remuneration during 2021. The report is included in the Declaration on Executive Remuneration that is released alongside the Annual Report and is available for download at the TGS website.

13. INFORMATION AND COMMUNICATIONS

TGS' investor relations (IR) policy is designed to inform the stock market and stakeholders of the Company's activities and status in a timely and accurate manner in compliance with applicable listing rules. The Company submits quarterly and annual financial reports to the Oslo Stock Exchange. In addition, any interim information of significance for assessing the Company's value is distributed as stock exchange announcements through Newsweb. This information is also available on the Company's website.

The Company uses the Code of Practice for reporting of IR information issued by Oslo Stock Exchange and the Norwegian Investor Relations Association (NIRA) as a guideline for IR reporting. Announcements are published in English only, and the Company has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

The Company's quarterly earnings presentations are recorded and made available as webcasts or slide presentations in real time. The Company also makes presentations and conducts roadshows throughout the year to inform existing and potential investors about TGS.

The financial calendar setting out the dates for the coming year's interim reports and General Meetings for shareholders is posted on the TGS website.

14. TAKEOVERS

The Board of Directors has established guiding principles for how it will act in the event that a takeover bid is received.

During the course of a takeover process, the Board and management of both the party making the offer and the target company are responsible for ensuring that shareholders in the target company are treated equally and that the target company's business activities are not disrupted unnecessarily. The Board is particularly responsible for ensuring that shareholders are given both sufficient information and time to assess the offer.

The Board will not hinder or obstruct takeover bids for the Company's activities or shares.

In the event of a takeover bid for the Company's shares, the Board will not exercise mandates or pass any resolutions with the intention of obstructing the takeover bid unless this is approved by the General Meeting following announcement of the bid. Any agreement with the bidder that limits the Company's ability to arrange other bids for TGS shares will only be entered into where such agreement is considered to be in the common interest of TGS and its shareholders. This also applies to any agreement for the payment of financial compensation to the bidder if the bid does not proceed. The terms of any agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid will be publicly disclosed no later than the time of the announcement of the bid.

If an offer is made for TGS' shares, the Board will issue a statement evaluating the offer and, where appropriate, make a recommendation as to whether shareholders should accept the offer. The Board's statement will set out whether the views expressed are unanimous. The Board may arrange for a valuation of TGS from an independent expert, the conclusion of which will be made public no later than at the time of the public disclosure of the Board's statement. This will also apply if the bidder is a major shareholder, a member of the Board or executive management, close associates of such individuals or anyone who has recently held such a position. Any such valuation will be either appended to the Board's statement, be reproduced in the statement or be referred to in the statement.

Any transaction that is, in effect, a disposal of the Company's total activities will be decided by a General Meeting.

15. AUDITOR

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. The auditor attends at least one meeting each year with the Audit Committee of the Board and the Board of Directors in executive session where the Company's management is not represented. In addition, the auditor participates at meetings of the Board relating to the preliminary annual financial statements. If there are any significant changes from the preliminary accounts, the auditor will also participate in the meeting that approves the annual financial statements. The audit engagement partner is also present in all Audit Committee meetings and, in 2021, the auditor participated in all Audit Committee meetings.

The Company's external auditor presents to the Audit Committee the primary features of the plan for the execution of the audit, and reports on the key accounting principles and estimates and the results of the audit to the Audit Committee and the Board of Directors. The auditor also presents any internal control weaknesses and improvement opportunities to the Audit Committee and the Board.
TGS has established guidelines for use of the external auditor for services other than auditing. The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to TGS. The auditor also presents any threats to his/her independence and documents measures implemented to reduce these as required by the Audit and Auditors Act, Section 5a-3 3. The external auditor provides the Audit Committee with an annual written confirmation of independence. The Board reports the remuneration paid to the auditor at the AGM, including details of the fee paid for audit work and any fees paid for other assignments.

The auditor's fee is determined at the AGM. Refer to Note 10 of the Consolidated Financial Statements for auditor's compensation for 2021.

The auditor is required to attend a General Meeting if the business to be transacted is of such a nature that his or her attendance must be considered necessary. In addition, the auditor is, in any case, entitled to participate in the General Meeting.

TGS has a proven track record of generating healthy free cash flow through both upcycles and downcycles in our industry. As a result, TGS has been one of a few oil services companies worldwide that has kept up dividends through upcycles and downcycles.

Investor Relations

Investor Relations

TGS Shareholder Facts

Symbol: TGS

Listing: Oslo Stock Exchange

ADR: TGSGY (traded on the U.S. over-the-counter-market)

Analyst coverage: 11 firms; for list, see: www.tgs.com/investor-center/investor-relations/shareholder-information/analyst-coverage-tgs

Average daily trading volume in 2021: 316,971 shares

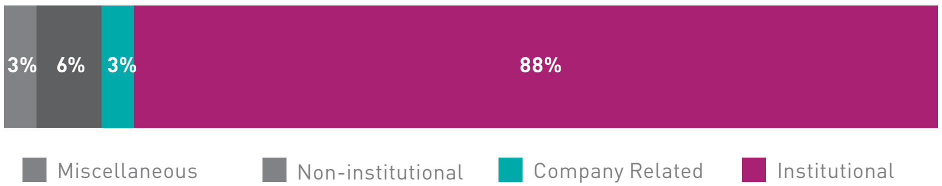
Shareholder Facts	2021	2020	2019	2018	2017
Market Value at 31 December (USD 1000s)	**1,113,490**	1,821,570	3,617,189	2,466,807	2,421,840
Shareholder Equity at 31 December (USD 1000s)*	**1,141,837**	1,374,270	1,611,574	1,265,465	1,200,102
Shares Outstanding 31 December	**117,441,118**	117,303,399	118,906,778	102,647,790	102,345,890
of which Treasury Shares 31 December	**1,334,261**	75,000	1,742,100	104,630	116,180
Volume Traded on the OSE	**79,876,573**	117,026,183	103,220,804	112,023,226	95,527,192
Average Daily Trading volume	**316,971**	466,240	414,541	449,892	380,586
Share Price at 31 December (NOK)	**84.6**	132.7	267.1	208.8	194.2
Share Price High (NOK at close)	**162.0**	237.6	281.6	350.1	208.5
Share Price Low (NOK at close)	**77.7**	85.0	194.6	185.0	157.7
Earnings per Share (Fully Diluted)*	**-1.33**	-1.23	1.61	1.33	0.73
Dividend per Share (paid in year) (USD)	**0.56**	0.75	1.08	0.80	0.60
Yield (% closing price at day of announcement)**	**4.58%**	4.51%	4.02%	2.63%	2.77%
Market Price/Earnings per Share (P/E)*	**Neg.**	Neg.	18.53	17.93	32.04
Market Price/Equity per Share (P/B)	**0.98**	1.33	2.31	1.95	2.02
Enterprise Value/Operating profit (EV/EBIT)*	**Neg.**	Neg.	16.76	12.77	22.29

* Segment reporting

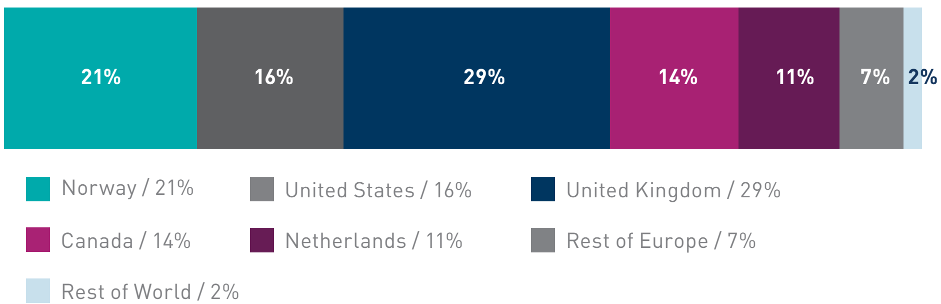
** Average annualized yield at the day of announcement of quarterly dividends

Distribution of Share Holdings*

TGS Shareholder Composition



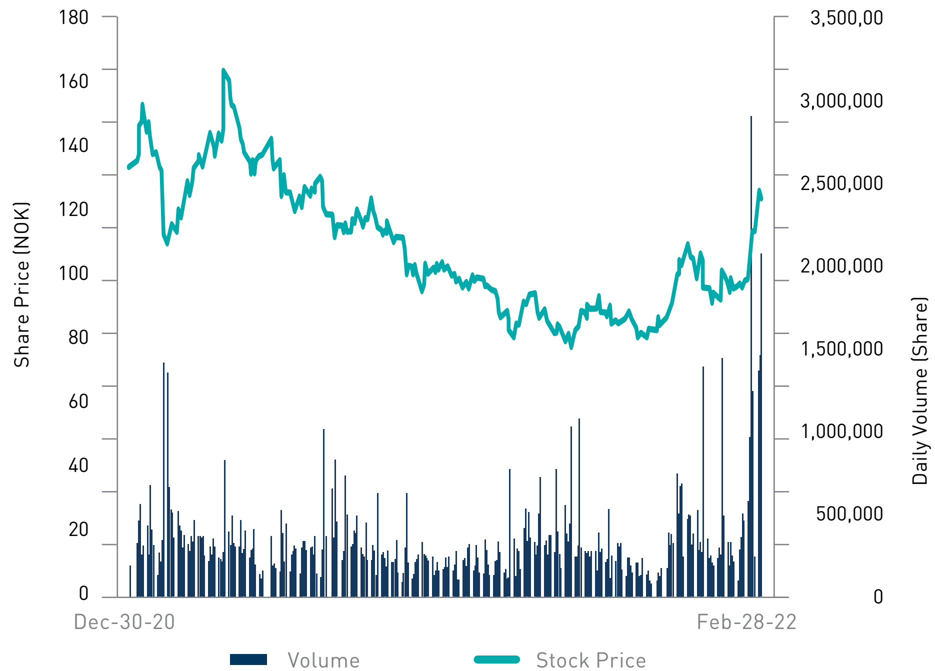
TGS Institutional Shareholder Composition



*Based on location of beneficial owners at 31/12/2021

Source: Nasdaq Advisory Services

TGS Share Price and Volume



Stock Performance

TGS is listed on the Oslo Stock Exchange and also has an American Depository Receipt (ADR) facility managed by The Bank of New York Mellon.

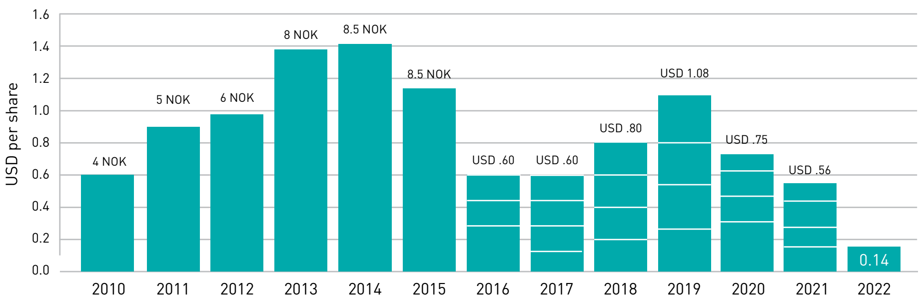
During 2021, the TGS share price declined 36% (33% adjusted for dividends), closing at NOK 84.58 (30 December 2021).

The TGS share had a volatile development during 2021. It peaked in early March driven by strong oil price development. It then slid gradually until mid-September as it became apparent that the higher oil price did not immediately translate into higher exploration spending by oil and gas companies. It remained relatively stable, trading mostly in the range of NOK 80 to 100, for the remainder of the year. So far in 2022 the share has traded significantly up, as the outlook for the industry has improved.

Capital Distribution to Shareholders

TGS is constantly evaluating the best use of its cash flow from operations for continued shareholder growth. The company uses cash for organic investments in its multi-client library, historically providing healthy returns. In addition, the company from time to time uses cash for inorganic investment opportunities. This can include the acquisition of third-party libraries or complementary businesses that add value to the TGS offering.

Dividend Paid* (2010 - 2022)

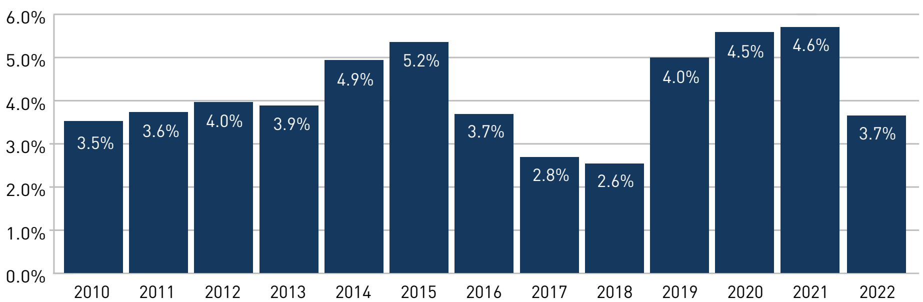


*Quarterly dividends defined in USD from 2016. Historical NOK dividends converted to USD using FX rate on ex-dividend date.

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 its own shares as part of its plan to distribute capital to shareholders. In 2021 the Company spent USD 15.7 million repurchasing shares.

Dividend Yield (2010 - 2021)



*2016 - 2021 Dividend Yield annualized based on the weighted yield at the time of announcement of quarterly dividends

From 2016, TGS started paying quarterly dividends in accordance with the resolution made by the Annual General Meeting on 6 May 2015 and renewed on 11 May 2021. The aim is to keep a stable quarterly dividend through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the Company and the market.

The ex-dividend date will normally be seven days after the announcement of the dividend in connection with the release of the quarterly financial statements, with the payment date 14 days after the ex-dividend date.

In 2021, TGS paid quarterly dividends of USD 0.14 in each of the quarters, amounting to USD 0.56 per share (NOK 4.75 per share) for the year, and repurchased 1,319,261 shares at an average price of NOK 102.9 per share.

On 10 February 2022 TGS announced that the Board of Directors had resolved to pay a quarterly dividend of USD 0.14 in Q1 2022, the same as the quarterly run-rate during 2021. The quarterly dividend was paid on 3 March 2022.

Also, on 11 February 2021, it was announced that the Board had authorized a share repurchase program of up to USD 20 million to be executed before the Annual General Meeting in May 2022. As of 31 December 2021, USD 4.7 million of repurchases remained under this program.

Investor Relations at TGS

TGS places great emphasis on providing accurate and timely information to the market and shareholders. The earnings reports and press releases are issued only in English to ensure simultaneous and consistent information to all shareholders.

The full-year financial reporting calendar is published and posted on the TGS website. This calendar is updated annually following the second quarter earnings release. Each quarter TGS pre-announces the quarterly revenues no later than the sixth trading day after quarter close, at the Oslo Stock Exchange.

The full quarterly financial statements are typically released 3-6 weeks after quarter close and at the same day the results are presented by the CEO and CFO through a webcast. All presentation material is published on the TGS website in near real-time.

In addition to the quarterly and annual financial reports, TGS also provides interim information of significance through press releases to aid in the assessment of the Company's value. TGS management maintains a quiet period on discussing significant business during intervals spanning the last weeks of a financial quarter and up to the pre-announcement of revenues for that financial period.

The general shareholder meetings for TGS are held in Oslo, Norway. All shareholders are invited to attend. Shareholders who wish to attend shareholder meetings must notify the Company of their attendance, at the latest, three business days before the day of the meeting. Shareholders who have not given notice of attendance can be denied the right to meet and vote at shareholder meetings. Documents concerning matters to be considered at the general shareholder meetings are made available on the Company's website prior to the event. To vote at an annual or extraordinary general meeting, a shareholder must be registered as a holder of title to the shares to be voted in the share register maintained at the Norwegian Central Securities Depository (VPS), in due time before the shareholder meeting.

TGS Executive Management is available for direct contact with investors, potential investors and analysts on an ongoing basis and regularly participates in road shows and investor conferences in both Europe and North America. Historical financial reports can be found on the TGS website at www.tgs.com/presentations/tag/earning-releases.

"TGS is responsible to our customers, our employees, the communities in which we live and work, to the world community and to our shareholders. Living the TGS Values every day, in everything that we do, helps us to meet or exceed the expectations of our stakeholders both today and in the future, and is critical to delivering sustainable growth over the long term."

Hank Hamilton
Chairman of the Board

Sustainability Report

Corporate Sustainability Report

1. OUR COMMITMENT TO SUSTAINABILITY

1.1 What TGS Believes

TGS provides data, intelligence, advanced processing, analytics, cloud-based data applications, and other specialized services and solutions to energy companies across the energy spectrum, whether it is oil and gas, carbon capture and storage, or wind development. By investing in multi-client projects worldwide, TGS has the world's largest integrated subsurface data library that includes seismic data, magnetic and gravity data, multibeam and coring data, digital well logs, and production data from deepwater offshore to conventional and unconventional plays worldwide. We have a global presence to support our customers in any market with our corporate headquarters in Oslo, Norway; our operational headquarters in Houston, Texas, USA; and with additional offices located in Brazil, Australia, United Kingdom and Canada. Because of TGS' global presence and business model, sustainability is an integral part of how we operate and essential to our prosperity, and the prosperity of our stakeholders.

Leveraging its data library that includes over 5.5 million km of 2D onshore and offshore seismic data, over 1 million km^2 of 3D onshore and offshore seismic data and approximately 10 million well logs, TGS utilizes diverse sources of data to provide innovative, data-driven solutions and insights across the energy spectrum.

SUBSURFACE SOLUTIONS

- Wide Azimuth (WAZ) Seismic
- M-WAZ Seismic
- OBN and Long Offset
- Electromagnetics (CSEM)
- Aeromagnetics
- Geological Products and Services
- Seabed / Seaseep Studies
- LONGBOW Well Performance
- Facies Map Browser

WIND FARM SOLUTIONS

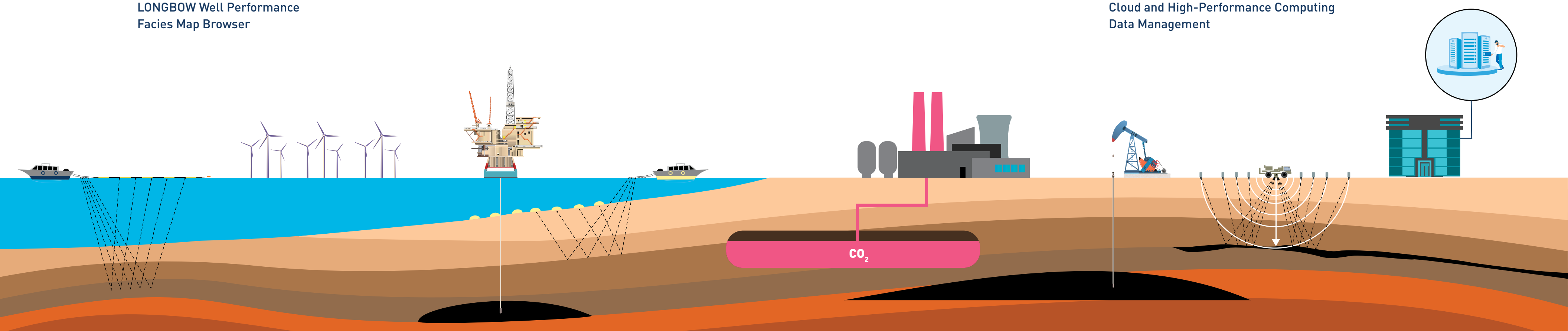
- Wind AXIOM
- Wind Pathfinder
- 4C Offshore ForeSEE
- Wind Resource Assessment (Floating LiDAR)
- Geophysical and Geotechnical Data and Interpretation
- Ground Model Development

CARBON STORAGE EVALUATION SOLUTIONS

- Carbon AXIOM
- Carbon Storage Pathfinder
- Long-Term Monitoring Solutions (4D Monitoring)
- Full Suite Geophysical Services
- Basin Temperature Models

IMAGING, DATA & ANALYTICS SOLUTIONS

- Versal
- SaltNet
- ARLAS
- Land and Marine Seismic Imaging
- DAS and VSP Imaging
- 4D Seismic Monitoring and Processing
- DM-FWI for Depth Imaging
- Cloud and High-Performance Computing
- Data Management



The past year brought new challenges and opportunities with implementing our sustainability strategy. One of TGS' primary focuses was addressing the continued impact of the COVID-19 pandemic to both the workforce and field operations by developing global and local strategies aimed at ensuring the health, safety, engagement and wellness of our employees and contractors. TGS set Net Zero targets for its Scope 1 and 2 emissions and worked with our industry to develop a consistent framework to address Scope 3 emissions resulting from seismic operations. TGS also launched the New Energy Solutions business unit and the Versal digital platform aimed at providing customers technological solutions to address their varying energy challenges.

1.2 Governance and Risk Management

TGS' sustainability strategy is embedded in the overall corporate strategy and is overseen by the Board of Directors. TGS' Leadership Team, which includes the Executive Vice President of People and Sustainability, is responsible for implementing TGS' sustainability strategy and incorporating this strategy into company and department goals. TGS' Leadership Team and the Board of Directors hold sessions throughout the year to discuss the various risks that impact our business and to evaluate sustainability risks and opportunities.

TGS evaluates sustainability risks as part of the annual enterprise risk management process, which is a multi-tiered process that seeks input from key employees across the organization, the Leadership Team and the Board of Directors. Through this process, we understand (i) where further action may be needed if a risk's materiality, impact or probability of occurring increases (i.e., cybersecurity, macroeconomic event), and (ii) where our risk management efforts are effective because of decreasing materiality, impact or probability scores. TGS relies upon policies, procedures and guidelines, as well as targeted action plans with key performance indicators, to measure progress in mitigating risks. Additionally, each investment decision or significant commercial project undertaken by TGS incorporates risk analyses that evaluate key operational, health and safety, environmental, compliance and other risks prior to review and approval by TGS' Leadership. Each of these processes, along with our corporate governance principles, provides the necessary underpinnings for monitoring risk and incorporating sustainability within our organization and operations.

In 2021, the Board also included dedicated sustainability strategy sessions as part of its annual strategy meeting to focus on TGS' efforts to diversify its data and service offerings to serve other industries such as wind, solar, carbon capture and storage. These sessions considered carbon accounting of TGS' operations and improving gender diversity in the workforce. The Board receives regular reports on TGS' sustainability efforts as well as updates on the Company's data security program, the compliance program which includes anticorruption and human rights, the operational and workforce health and safety program, employee engagement and HR efforts. As the COVID-19 pandemic continued to be a prevalent concern through 2021, the Board received updates throughout the year on TGS' management and mitigation efforts that targeted (i) the health and safety of our workforce and our project operations, (ii) employee engagement as our workforce transitioned back to an in-office or hybrid work model and (iii) data security in light of the increase in global cybersecurity threats. Finally, TGS includes sustainability targets relating to health and safety and emissions reduction into its long-term incentive plan, as well as in the 2022 employee profit-sharing plan (see TGS' 2022 Executive Remuneration Report).

1.3 Materiality and Stakeholder Engagement

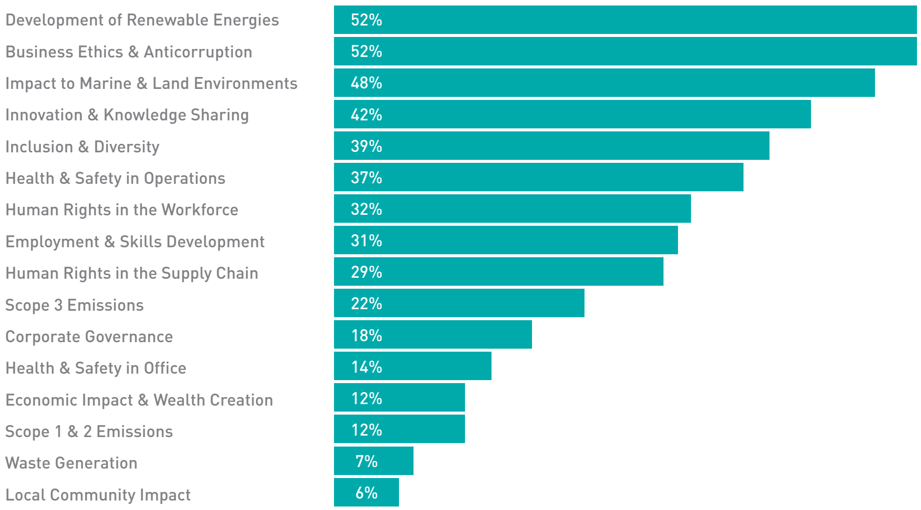
TGS' sustainability strategy is driven by priorities and issues identified as being material to TGS and our various stakeholders. We recognize our value chain is expanding beyond oil and gas to incorporate new energy sources, and as a result, the composition of our key stakeholders is evolving. In addition to the governments, customers and suppliers noted above, other key stakeholder groups include our employees, shareholders and the communities in which we operate, including non-governmental organizations and academia. TGS engages with various stakeholders throughout the year to ensure we clearly understand their priorities and how our business activities impact them.

TGS is a strong proponent of working with local governments, regulatory authorities and non-government organizations to help identify, understand and mitigate potential risks associated with its geophysical activities. TGS supports EnerGeo (formerly the International Association of Geophysical Contractors) financially and by actively engaging in committees, workgroups and projects throughout the year. TGS also participates in the National Ocean Industries Association (NOIA) and its Environmental, Social and Governance (ESG) Program. TGS will continue these efforts as well as look to collaborate with other organizations and stakeholders to promote sustainable practices.

In 2021, TGS continued a customer feedback process to capture feedback from internal and external customers on its imaging performance, which is critical to monitoring and assessing customer satisfaction on the products and services provided by TGS. Performance is rated based upon five key performance indicators: People, Turnaround Time, Technology, Quality Control and Operational Innovation. The customer sets the weight of each indicator. TGS initiated this process in 2020 with proprietary projects and expanded the process in 2021 to include both multi-client and proprietary projects.

TGS engages with its employees through global quarterly meetings, an annual risk assessment and strategy sessions to assist in our materiality determination. In 2021, TGS increased communications and activities with employees to reengage the workforce as we transitioned back to an in-office and hybrid work model. Further, TGS conducted global and local polls of our workforce on workforce-related issues, the employee engagement survey and the employee compliance assessment discussed in this report.

Finally, as part of our annual enterprise risk program, TGS assesses which sustainability issues are considered significantly material to business and commercial success, taking into account how important our stakeholders consider the issue to be in determining whether to do business with or invest in TGS. The results of this survey help define our sustainability strategy by assessing the materiality of each of these issues to TGS' business and commercial success. The chart ranks each sustainability topic based upon the percentage of respondents who selected the issue as "significantly material" to TGS' business and commercial success.



1.4 Supply Chain

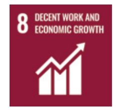
Supply chain management is critical to TGS' success as TGS does not own or operate vessels or seismic equipment, nor does it employ the crews utilized in our operations. To ensure our supply chain understands TGS' priorities and incorporates similar priorities into its business, TGS maintains a Supplier Code of Conduct that addresses (i) business and ethics integrity, (ii) health, safety and the environment and (iii) labor and human rights. TGS works with partners and third parties to stress the importance of operating sustainably, ethically and in compliance with the law and TGS policies. How we manage our suppliers with respect to each of these issues is discussed in more detail throughout this report.

1.5 UN Sustainable Development Goals

TGS remains committed to the UN Global Compact, its universal sustainability principles and the Sustainable Development Goals (SDGs). TGS remains dedicated to incorporating the Global Compact's principles on human rights, labor, environment and anticorruption into our strategy, culture and operations. In addition, TGS has identified the following SDGs as being aligned with our business practices and the following chart highlights some of the actions taken in 2021 to support these SDGs.

Key 2021 Actions

- Signatory to the UN's Women's Empowerment Principles and included on the Bloomberg Gender Equality Index in both 2021 and 2022
- Over 30% increase in female new hires in 2021 compared to 2020
- Added 12 weeks at full pay for new parents in the United States



- TGS met its total recordable incident rate targets for both land seismic operations (TRIR <2.0 per 200,000 man hours) and marine operations (TRIR .27 per 200,000 man hours)
- TGS achieved full compliance with vessel and land crew HSE audit requirements

- The increased focus on training and development in 2021 resulted in the number of hours of training per employee increasing 3-fold from 5.8 in 2020 to 18.6 in 2021
- Capitalized research & development spending corresponded to approximately 2.2% of net revenues
- TGS presented 56 technical papers (compared to 32 papers in 2020) in more than 8 conferences and 3 industry journals and publications in 2021

- 10% decrease in Scope 1 and 2 emissions between 2020 and 2021
- 15% decrease in kwh usage in our data centers despite increased compute power in 2021 due to adoption of more energy-efficient equipment
- On track to be Net Zero in Scope 1 and 2 emissions by 2030

- Zero reportable spills or unplanned releases to the marine environment, and zero reportable spills to the land environments during seismic operations
- Removed 3.4 metric tons of debris as part of EnerGeo's Ghost Net Initiative and require all vessel contractors to track and report as part of this initiative

- Active participant in EnerGeo and working to establish industry standards on carbon accounting in seismic operations as well as other safe, environmentally sound and sustainable practices
- Partnered with the National Oil Company of Liberia to renovate the intensive care and trauma units at the John F. Kennedy Memorial Center
- Partnered with CGG and PGS to launch a unified ecosystem, Versal, an independent, secure, cloud-based ecosystem that allows clients easy access to all their data and entitlements

1.6 Business Ethics

TGS is committed to complying with all applicable laws, including fair competition and antitrust, export controls and trade sanctions, anticorruption and anti-bribery, and insider trading. We engage in ethical and fair business practices with our clients, partners, suppliers and other third parties. In return, TGS expects the highest levels of personal conduct and fair dealing from all its employees, the Board of Directors, partners and any third parties retained on behalf of the Company. TGS believes in competition and endeavors to not take an unfair advantage in a business situation by acting illegally, unethically or by abusing or misusing confidential information.

Governance. TGS' Compliance Officer reports to the Board of Directors, provides updates on at least a quarterly basis and participates in the Audit Committee meetings. The Compliance Officer sits on the Executive Leadership Team and participates in regular leadership meetings, annual planning sessions and departmental business reviews. The TGS Code of Conduct sets the standard of responsible conduct and fair business practices for every TGS employee and serves as the Company's ethical roadmap to ensure all employees perform their duties with honesty, with integrity and in accordance with the law.

Employee Awareness. Employees are educated on compliance risks as well as TGS policies and procedures, on key topics within our Code of Conduct, through in-person workshops and mandatory e-learning sessions that employees must complete each year. In 2021, 100% of TGS employees completed the Code of Conduct training and certified their compliance to TGS' Code of Conduct. This training includes components on anticorruption and antibribery, trade controls and sanctions, human rights and modern slavery, as well as discrimination and harassment. In 2021, TGS assessed employee understanding of their obligations by conducting an employee-wide compliance assessment that focused on TGS employees' (i) perception of TGS' compliance program and the ethical leadership of TGS; (ii) understanding and daily enactment of TGS' Code of Conduct and compliance program; (iii) perception of TGS' compliance challenges; and (iv) willingness and comfort with reporting concerns. Seventy-one percent (71%) of employees participated in the assessment, and the results were predominately favorable with over ninety-five percent (95%) of participants agreeing that:

- TGS values compliance and conducting business in an ethical manner.
- Their manager provides a good example of ethical business behavior.
- TGS' compliance program is effective in ensuring TGS is compliant with the law and ethics.
- Employees receive appropriate training and guidance on the compliance risks relevant to TGS and their jobs.
- TGS provides sufficient reporting channels to raise concerns regarding non-compliance.
- Employees know where to go if they have questions about the Code of Conduct or TGS' compliance program.

TGS will continue this exercise on at least a biannual basis going forward to measure and track the understanding and effectiveness of its compliance program.

Reporting. TGS provides multiple avenues for TGS' internal and external stakeholders to report potential non-compliance, including TGS' publicly available compliance hotline that allows anonymous reporting. TGS' Code of Conduct expressly prohibits retaliation against those who report or cooperate in an investigation. All reported potential violations of the law and Code of Conduct are investigated, including discrimination and harassment, insider trading, conflicts of interest, financial fraud and corruption issues. All reports are addressed based upon the findings of the subsequent investigation, and the findings are reported internally. In 2021, five (5) matters were reported directly or indirectly to the Compliance Officer, compared to 19 in 2020 and 11 in 2019. The predominant reporting method continues to be directly to the Compliance department, which is supported by the responses to the 2021 Compliance Assessment in which 78% of respondents indicated that they were comfortable raising compliance matters directly to the Compliance department and over 90% feel comfortable raising concerns regarding non-compliance without fear of retaliation.

1.7 Anticorruption Efforts

TGS recognizes that preventing bribery and corruption in its operations is essential in today's business environment. TGS works to ensure that its employees, as well as partners and third parties, understand and are sensitive to the legal requirements that apply to the Company's operations. These include the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business, and the anti-bribery and anticorruption laws of the various countries in which TGS operates or conducts projects.

Employee Awareness. TGS has a variety of policies and procedures to ensure compliance with anticorruption laws, including TGS' Anticorruption Policy and Supplier Code of Conduct, as well as procedures that address training and social welfare provided as part of government obligations, engagement of high-risk third parties, giving or receiving gifts or entertainment. TGS' Anticorruption policy expressly prohibits bribery, kickbacks and other illegal payments, as well as facilitation payments and political contributions on behalf of the Company. In 2021, all TGS employees received anticorruption training through their annual Code of Conduct training and TGS had no confirmed instances of corruption in 2021 (same as 2020).

Project Management. TGS conducts a risk-based analysis that assesses the potential anticorruption risks of projects. This analysis includes a review of the scope of the project; the countries in which it will take place; the use of any partners, consultants, suppliers or vendors; and the necessary mitigation measures to combat the corruption risk. Only a small portion of TGS' revenues (<1%) derive from projects located in the 20 countries ranked lowest by Transparency International in its Corruption Percentage Index.

Third-Party Management. In 2021, TGS conducted due diligence on partner and third-party relationships (based upon various risk factors including geographic location and nature of services) at the outset of the relationship and updated the information on a regular basis throughout the relationship and incorporated compliance provisions in the agreements that prohibit bribery and corruption. The Company continued to require these third parties to certify their compliance with TGS' Anticorruption policy and complete online anticorruption training. TGS also reviewed payments made by these third parties. All of TGS' international agents were assigned anticorruption training and a compliance certification; TGS had no reported anticorruption violations by its international agents in 2021.

1.8 Cybersecurity

TGS' Board of Directors and Leadership Team oversee TGS' cybersecurity strategy and receive periodic reports on TGS' data security efforts and any notable information security incidents from TGS' Cybersecurity department. TGS' cybersecurity risks and strategy are evaluated on an annual basis as part of TGS' annual risk enterprise program.

TGS aligns its cybersecurity practices with the NIST Cybersecurity Framework. Annual assessments are conducted to evaluate the current maturity state and aid in the development of the cybersecurity program. The company promotes cybersecurity awareness and education throughout the organization through training and special sessions to "high-risk" employees (i.e., Finance and HR departments) on the topics of data sensitivity, spear phishing and fraud. In 2021, TGS established a formal Cybersecurity Incident Response Plan and implemented Incident Detection & Response and Vulnerability Management platforms. Particular focus was paid to the remediation of severe vulnerabilities found in the environment and maintenance of a monthly patch schedule to protect the company from the most recent exploits. The company also continues to maintain cyber insurance coverage. As a result of TGS' cybersecurity efforts, the company was not impacted by many high-profile cybersecurity events of 2021 (Exchange Hafnium, Solarwinds, Kaseya, log4j, etc.).

1.9 Tax

As part of its global operations TGS is exposed to different kinds of taxes, including income taxes, withholding taxes, sales taxes, customs and social security taxes, and is committed to complying with the letter and spirit of tax laws and regulations in the countries in which it operates. TGS' Tax policy is set by the Board and managed by the Finance department's tax manager who reports to the CFO, participates in Audit Committee meetings and engages with external and local tax consultants who are independent from our auditors, when necessary. Given that TGS operates globally and conducts projects in different jurisdictions, TGS assesses the different tax risks as part of the project approval process so that the company understands its exposure to these risks, including double taxation, and structures the project to optimize tax consequences. TGS does not use tax havens or offshore tax centers, nor do we transfer value created to lower tax jurisdictions solely for a more favorable tax regime. TGS paid USD 14.5 million in taxes in 2021, and below is a summary of the taxes paid in 2021 in TGS' key jurisdictions.

Country	Taxes Paid in 2021* (all amounts are in USD 1,000s unless noted otherwise)
Norway	52
United States	(18)
United Kingdom	400
Brazil	(16,313)
Argentina	(226)
Canada	3,889
Singapore	(294)
Australia	(2,000)
Mexico	(5)

*Included in these amounts are (i) payment of income tax following the 2020 income tax filing; (ii) prepayments of 2021 taxes; and (iii) indirect taxes. The amounts in parenthesis represent taxes paid and the positive amounts are tax credits received.

1.10 Looking Forward

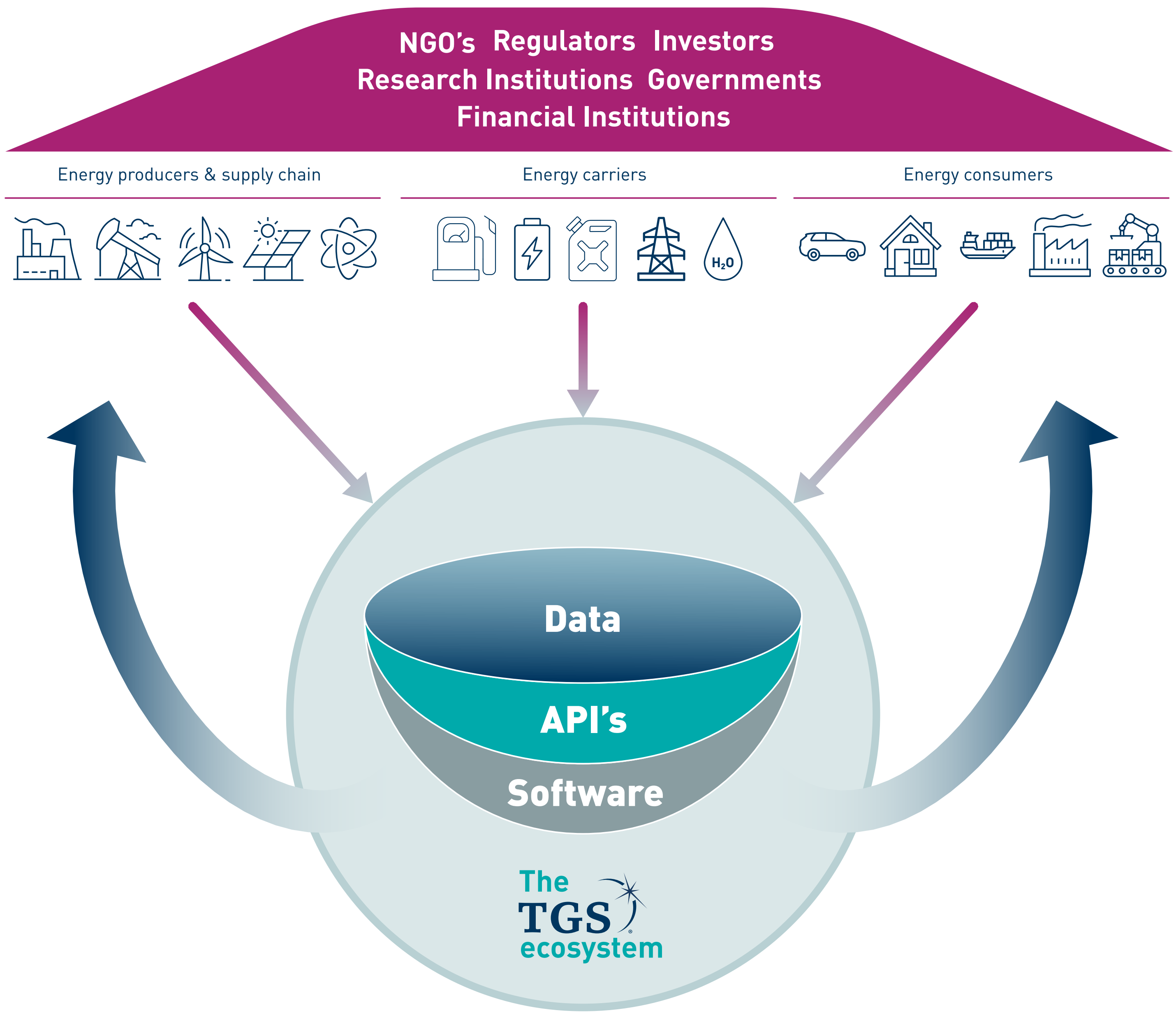
TGS will continue to ensure business ethics and cybersecurity remain a priority for the company in 2022 through the frameworks established above. This includes identifying and managing these risks through risk assessments, training and awareness campaigns, monitoring of information systems, oversight of projects and operations in regions that present a higher risk of corruption, while ensuring that employees and other stakeholders are empowered to raise concerns through the various channels provided by the organization.

2. ENVIRONMENT

2.1 New Energy Solutions

In 2021, TGS launched the New Energy Solutions business unit which supports our clients' digital transformation and energy transition goals, specifically carbon capture and storage, wind energy development, geothermal and deep-sea minerals, through data and insights via online platforms like Wind Axiom, Carbon Storage Pathfinder and Geothermal Pathfinder. This group is working closely with TGS' Data & Analytics and Well Data Products business units as part of our Digital Energy Solutions group to create an ecosystem that supports the full project life across the energy value chain with data, insights and software solutions.

TGS intends to grow and develop this business through both organic growth and expansion via partnerships and inorganic growth. As part of the growth strategy, TGS acquired 4C Offshore Ltd. in May 2021, which offers a broad suite of data, analytics and services for the offshore wind industry. This acquisition brought TGS the capability to provide key data and insights for the development and operations of offshore wind farms.


NGO's Regulators Investors
Research Institutions Governments
Financial Institutions
Energy producers & supply chain
Energy carriers
Energy consumers
H_2O
Data
API's
Software
The TGS ecosystem

2.2 Climate Impact

2.2.1 TGS' Climate-related Strategy

TGS has been a supporter of the "Task Force on Climate-related Financial Disclosures" (TCFD, set up by the Financial Stability Board) since 2020. The following chart addresses the financial impacts of climate risks and opportunities. Below are TGS' status and goals with respect to climate risk outlined in accordance with the TCFD framework:

Governance

TGS Board Oversight
TGS' Board of Directors oversees TGS' strategy and efforts in assessing the financial, business and operational risks, and opportunities associated with climate change on TGS. The risks and opportunities related to climate change and its impact on TGS, either directly or indirectly, and the energy industry, oil price, customer behavior and technology advancement are all considered by the Board as part of the annual risk enterprise assessment. The Board also holds annual strategy sessions in which it evaluates TGS' business strategy considering changes to the industry, market conditions, customer behavior and technology brought on by the impact of climate change. The Board also receives regular operational updates that highlight the impact climate risk has on operations, as there are changes in environmental legislation, increased reporting requirements and greater need for stakeholder engagement. Finally, the Compensation Committee reviews and approves climate goals and objectives related to executive compensation and TGS' employee bonus plan.

TGS Leadership's Role
TGS' EVP, People and Sustainability, is responsible for overseeing TGS' sustainability strategy which includes assessment of the climate-related risks and opportunities and putting in place a strategy to reduce Scope 1 and 2 emissions. TGS' VP Projects and HSE Director are responsible for measuring emissions in operations and working with business units to develop and design surveys with minimal environmental impact. TGS' EVP Digital Energy Solutions is responsible for providing products and services that assist our customers in addressing their climate impact through carbon capture and storage and transitioning to other energy sources like wind or geothermal. Finally, TGS' entire Leadership Team participates in the annual risk assessment and strategy sessions, implements the action plans related to these exercises, and assesses and evaluates all relevant risks, including the impact of climate change, on projects and corporate strategy.

Strategy

TGS' strategy to address climate impact is influenced by the following key factors: impact of market conditions and the oil price, shifts in customer behavior, advancements in technology and changes in legislation and policy. TGS regularly reviews and adjusts its strategy to mitigate and account for the impact of these key factors. In 2021, TGS modified its strategy to diversify its business and revenue stream to serve carbon capture and storage, deep sea mining, geothermal energy, wind energy and solar energy. This adjusted strategy addresses the potential financial impact to the changes in oil and gas exploration and provides business opportunities for new revenue streams, products and services. TGS aims to achieve this strategy through both organic and inorganic growth.

Risks
Short-term (3-5 years) risks include increased environmental legislation and permitting requirements, changing customer behavior, uncertainty in the market. Medium-term (5-10 years) risks include carbon pricing mechanisms, mandates and regulations on existing products and services, transition to lower-emissions operations, technology advancements.

Opportunities
Short- and medium-term (5-10 years) opportunities include access to new markets and expansion of data and service offerings.

Risk Mangement

Risks and opportunities are identified, assessed and managed at the overall corporate level, department level and project level. These risk assessments analyze changes in our industry and market, customer behavior, environmental legislation and industry practices, and developments in technology.

Identifying Risks
Climate-related risks are identified at a corporate level through the annual risk assessment process which includes consideration of the energy industry, energy mix, oil price, customer behavior, technology advancement, and legal and regulatory changes. The impacts of climate-related risks are assessed as part of the project development and management process to understand the impact local rules or regulations may have on permitting, address concerns to local communities and environments with respect to project impact, assessing technology solutions. These are identified through environmental impact assessments (EIAs), site surveys, public or social consultations, engaging with environmental consultants, participation and membership in industry trade organizations (e.g., EnerGeo, IOGP), project-specific hazard assessments and consultation with regulators and permitting agencies.

Managing Risks
TGS commissions EIAs to understand potential impacts on the environment it may operate in. TGS also employs protected species observers (PSOs) and utilizes passive acoustic monitoring (PAM) on its operations to ensure our operations do not have a detrimental effect on the environment in which we operate. TGS employs various other environmental mitigation measures including conducting soft starts or ramp-ups and placing buffer zones around environmentally sensitive areas. TGS also coordinates with relevant stakeholders (i.e., customers, local communities, government agencies, industry trade organizations, partners, suppliers, etc.) to ensure we are addressing concerns and mitigating risks as appropriate.

Integrated Risk Management
Risk management is integrated throughout the organization at the corporate level, department level and project level. TGS' annual risk enterprise program incorporates environmental and climate-related risks, as well as TGS' mitigation measures. TGS' Board and Leadership Team also look at the climate-related risks and opportunities as part of its regular strategy sessions to ensure that TGS' short-term and long-term strategies account for all relevant risks and opportunities. TGS also receives regular feedback from its stakeholders, including investors and clients, and incorporates such feedback into how TGS manages its climate-related risk.

Metrics & Targets

2021
- Scope 1 emissions: < 1 mt CO_2e
  - The above accounts for total Scope 1 emissions over which TGS has financial control
- Scope 2 emissions: 11,208.25 mt CO_2e
  - The above accounts for total Scope 2 emissions over which TGS has financial control

Scope 3 emissions (operations): 133,488.86 mt CO_2e
- The above accounts for emissions derived from fuel consumption by our vendors for our marine, onshore and air seismic operations in 2021.

TGS follows the Greenhouse Gas Protocol in classifying, deriving and calculating its emissions. The Scope 1 and 2 emissions calculations are based upon the IEA International Electricity Factors (2020), UK DEFRA - Conversion Factors (2020), US EPA - eGRID 2019 Sub Region and US EPA - Emissions Factor Hub 2020. Scope 3 marine operations emissions calculations are based on the European Commission's "Quantification of Emissions from Ships Associated with Ship Movements between Ports in the European Community," July 2002; Econometrica "Greenhouse Gases, CO_2, CO_2e, and Carbon: What do all these Terms Mean?," August 2012; "Excise Duty on Emissions of NOx," 2015 no. 14/2015S; The Greenhouse Gas Protocol; and the EPA's "Greenhouse Gas Inventory Guidance: Direct Emissions from Stationary Combustion Sources," December 2020. Scope 3 land and airborne seismic operations emissions calculations are based upon the EPA Simplified GHG Emissions Calculator (SGEC) version 3.2 June 2014.

Targets
Scope 1 and 2 short-term CO_2e target: remain below the baseline levels established in 2020 (12,355 mt CO_2e)
Combined Scope 1 and 2 emissions for 2021 is 11,208.91 mt CO_2e, which is a 10% decrease from 2021.
Scope 1 and 2 long-term target: Net Zero CO_2e emissions by 2030

2.2.2 Scope 1 and 2 Emissions

TGS leases office space for our 443 employees in the United States, United Kingdom, Norway, Brazil, Australia and Canada, and does not operate or own vessels, manufacturing plants or factories. TGS' Scope 1 emissions are not material to our overall emissions and are solely related to two vehicles maintained by the company for local deliveries in Houston and Oslo. TGS does not consider the impact of either our water usage or waste from our office operations to be material; however, recycling bins for paper and cardboard, glass, plastic, batteries and print toner cartridges are available in TGS offices, and employees are encouraged to follow proper recycling procedures. In 2021, TGS' Houston Operational Headquarters (which is the Company's largest office with approximately two-thirds of the workforce) composted 3.4 tons of waste and recycled 4 tons of trash, diverting a total of 7.4 tons of waste (29% of total waste) from being deposited in a landfill.

Scope 1 Emissions

	CO_2e (mt)	CO_2 (mt)	CH_4 (kg)	N_2O (kg)
2020 (Baseline)	337.75	337.12	.45	.18
2021	.67	.66	0	0

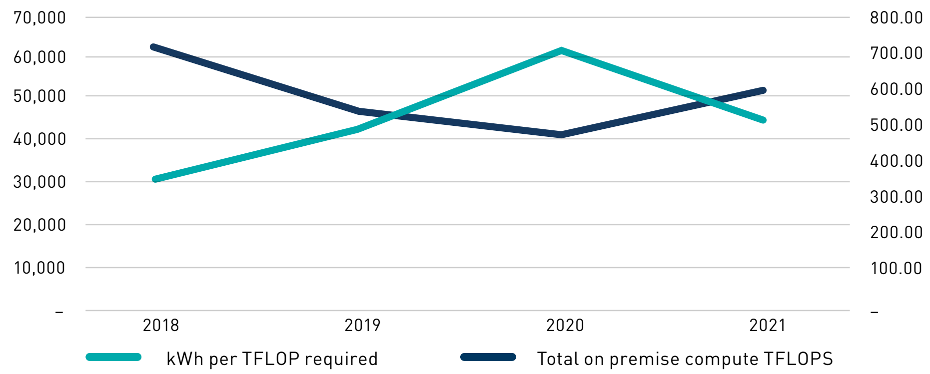
Energy usage in our offices and data centers make up TGS' Scope 2 emissions. Energy consumption for data processing and high-performance computing are responsible for the bulk of the emissions related to the generation of purchased energy (Scope 2), with our Houston data centers comprising 93% of Scope 2 emissions and 92% of kwh usage. As a result of this, over 99% of TGS emissions and 98% of kwh usage occurs in TGS' US offices and data centers.

Scope 2 Emissions

	kwh	CO_2e *(mt)*	CO_2 (mt)	CH_4 (kg)	N_2O (kg)
2020 Total (Baseline)	33,634,278	12,558.61	12,501.23	845.98	121.58
- Offices	3,645,301	1,378.58	1,373.02	89.77	12.04
- Data Centers	29,988,977	11,517.51	11,465.33	774.28	110.16
2021 Total	28,564,309	11,215.16	11,166.7	614.43	111.08
- Offices	2,420,961	769.67	766.21	43.38	7.97
- Data Centers	26,143,348	10,466.16	10,401.16	571.05	103.12

As the above chart shows, there was a 15% decrease in kwh usage between 2020 and 2021 and an 11% decrease in CO_2e emissions. Office emissions dropped by 44% while data center emissions dropped by 9%. The data center emissions decrease is notable because our on-premise compute actually increased in 2021. The chart below illustrates the growth in on-premise compute capability measured in teraflops (TFLOPS) from 2018-2021 (left axis). The right axis shows a decrease in the amount of kWh required to run 1 teraflop for a year. As the graph portrays, TGS is becoming more energy efficient in our compute capabilities at our on-premise data centers.

Efficiency in compute over time



2.2.3 Scope 3 Emissions - Operations

TGS tracks emissions generated through our seismic operations, which are classified as Scope 3 emissions (purchased goods and services) since TGS' field operations are acquired by geophysical contractors that specialize in land, marine and airborne geophysical operations. Tracking, reporting and developing a strategy to reduce and/or offset these emissions is a critical part of both TGS' and the industry's sustainability strategy. As one of the largest buyers of seismic acquisition capacity, TGS has a unique opportunity to influence and contribute to ongoing industry efforts to standardize GHG emission tracking and reporting, but our strategy requires coordination with our contractors who own or operate the equipment and field crews.

Industry Collaboration. TGS participates in and contributes to EnerGeo's marine emissions working group, which is a collective effort supported by several marine seismic contractors and E&P companies to define industry standards and guidance for the seismic industry on carbon emissions recording and reporting. This working group published an EnerGeo factsheet in September 2021 that outlines the industry's strategy towards understanding and defining emissions in marine geophysical operations, including our ambitions towards successfully managing, tracking and reporting on GHG emissions. In 2022, EnerGeo's working group will provide a comprehensive guidance document that sets the standards for collecting, tracking and calculating emissions in marine geophysical industry, and in future years TGS will look to adopt these standards in our emissions reporting for geophysical operations.

Marine Operations. TGS contractually requires all marine seismic contractors to report their carbon emissions and the factors used to derive emissions from fuel consumption. As illustrated in the following charts, the type of survey and field operations directly impact the carbon emissions of a project. The majority of TGS' 2021 Scope 3 emissions are from marine seismic projects, which are categorized as either 2D, 3D or nodal (OBC/OBN). 2D surveys use smaller vessels that tow less in-sea equipment, resulting in a lower carbon footprint (.63 mt CO_2e/km). 3D or nodal seismic surveys require a combination of larger vessels and additional in-sea equipment, which accounts for a higher emissions output per square kilometer (2.82 mt CO2e/km² for 3D and 6.34 mt CO_2e/km² for nodal surveys). The other factors that impact the fuel consumption of a marine survey include weather and sea state, ocean currents, fuel type, survey design, transit time during mobilization periods, and the type and amount of in-sea seismic equipment being towed.

Onshore and Airborne Operations. For onshore and airborne seismic programs, TGS' field contractors track their fuel consumption data based upon the fuel types and field equipment, which may include helicopters, seismic vibrators, ATV/UTVs, passenger vehicles, etc. A 3D land survey involves laying out a patch of data recording nodes in the ground and using seismic vibrators or other conventional seismic sources to generate a 3D cube of subsurface data. For airborne acquisition, gravity imaging equipment installed aboard the aircraft records enhanced gravity, magnetics and LiDAR data acquired over a predefined grid of flight lines by using a dual propeller aircraft. In these types of surveys, fuel consumption and emissions are impacted by the size of the survey, the equipment and vehicles used, the local environment and geography, and use of helicopters for equipment transport, scouting or portable heli-drilling. In 2021, TGS' plans to continue the 2020 Horus I eFTG program did not materialize; however, emissions were generated while the crew was on standby and those are reported in the following chart.

2021 Scope 3 Emissions - Summary by Project Type

	CO_2e (mt)	CO_2 (mt)	CH_4 (mt)	N₂0 (mt)	SOx (mt)	NOx (mt)
2D Marine Seismic	10,367.92	10,242.87	0.48	0.37	15.20	161.27
3D Marine Seismic	95,568.07	94,492.38	5.12	3.13	79.95	1,516.77
OBN/OBC Marine Seismic	27,145.28	26,791.01	0.65	1.13	66.22	393.55
Subtotal Marine Seismic	133,081.26	131,526.26	6.26	4.63	161.37	2,071.59
Subtotal 3D Land Seismic	406.20	399.77	0.02	0.02	–	–
Subtotal Airborne Surveys	1.40	1.34	0.00	0.00	–	–
TOTAL SCOPE 3 EMISSIONS	**133,488.86**	**131,927.37**	**6.27**	**4.65**	**161.37**	**2,071.59**

- Included in the emissions reported for marine survey above are those emissions related to mobilization as well as the support vessels used in the survey. Emission calculations were done in MultiSeis by deriving daily fuel consumption figures into emissions. Calculations and factors are based on the European Commission's "Quantification of Emissions from Ships Associated with Ship Movements between Ports in the European Community," July 2002; Econometrica "Greenhouse Gases, CO_2, CO_2e, and Carbon: What do all these Terms Mean?," August 2012; "Excise Duty on Emissions of NOx," 2015 no. 14/2015S; The Greenhouse Gas Protocol; and the EPA's "Greenhouse Gas Inventory Guidance: Direct Emissions from Stationary Combustion Sources," December 2020.

- Land and airborne seismic emissions were calculated by converting fuel consumption figures to emissions using the EPA Simplified GHG Emissions Calculator (SGEC) version 3.2 June 2014. Fuel and vehicle type, as well as mileage and fuel usage, were calculated within the "Mobile Sources" tab.

2021 Scope 3 Survey Emissions - Intensity Figures

	Distance Area Acquiredt	Unit	CO_2e (mt/unit)	CO_2 (mt/unit)	CH_4 (kg/unit)	N₂0 (mt)	SOx (mt)	NOx (mt)
2D Marine Seismic	16,557.51	km	0.63	0.62	0.03	0.02	0.92	9.74
3D Marine Seismic	33,856.03	sq km	2.82	2.79	0.15	0.09	2.36	44.80
OBN/OBC Marine Seismic	4,280.28	sq km	6.34	6.26	0.15	0.26	15.47	91.94
3D Land Seismic	184.72	sq km	2.20	2.16	0.08	0.11	NA	NA

2.3 Marine Operations

TGS is committed to protecting marine and coastal ecosystems and ensuring that our marine seismic contractors share this commitment. As noted above in our materiality chart, this issue is material to both TGS and to our stakeholders. TGS recognizes that if proper mitigation measures are not imposed or enforced, seismic operations and the towing of acoustic arrays through the marine environment has the potential to disrupt or impact the marine environment through possible unplanned spills, pollution or disruption of marine mammal migration paths, spawning groups or other ecologically sensitive locations. Both the geophysical industry and TGS impose stringent measures to lessen or negate these potential impacts to the environment.

Project Management. When planning and designing surveys, TGS commissions environmental impact assessments (EIAs) to identify marine mammal migration paths, spawning grounds, sanctuary areas or other ecologically sensitive locations that may be present in and around the survey area. TGS engages with stakeholders, such as fisheries and local communities, to understand their concerns and ensure ongoing communication throughout the duration of the seismic surveys. During the acquisition phase of a survey, TGS employs protected species observers (PSOs) and utilizes passive acoustic monitoring (PAM) to ensure that our field operations do not have a negative effect on cetaceans, turtles, marine mammals, etc. When operating in environmentally sensitive areas, such as Brazil and Argentina, TGS employs third-party HSE advisors who are tasked with managing all aspects of health, safety and the environment onboard their respective vessels, ensuring that full compliance with all environmental regulations and permit stipulations is achieved.

Audits and Reporting. To ensure compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL), the Company requires all vessel contractors to report all spills, regardless of quantity and substance, and whether the spill entered the marine environment or was contained onboard a vessel. TGS has consistently met its goal of zero recordable spills and unplanned releases to the marine environment in our offshore operations since 2014, with 2021 being no exception. TGS requires all vessel contractors to comply with all applicable environmental laws and regulations and undergo audits from the International Marine Contractors Association or Offshore Vessel Inspection Database (IMCA or

OVID). These audits are conducted by trained and accredited third-party auditors and inspectors; evaluate compliance with all applicable health, safety and environmental regulations and industry requirements; and ensure that all required health, safety and environmental permits and certificates are valid. TGS also conducts additional HSE inspections and audits throughout the acquisition phase of a seismic survey. In 2021, TGS chartered 37 vessels, including seismic, support, node layout and source vessels, and each of these vessels underwent the required audits and/or HSE inspections.

Ghost Net & Marine Debris Removal Initiative. TGS supports EnerGeo's Ghost Net & Marine Debris Removal Initiative (GNI) and removed a total of 3.4 metric tons (7,496 lbs.) of debris from the marine environment through its 2021 operations. This initiative is an industry-wide effort to remove and collect ocean debris and fishing gear while conducting marine seismic surveys with the goal of creating and promoting a healthier marine environment and ecosystem. This debris is removed from the marine environment to reduce the harm it presents to ocean life such as turtles, birds, mammals or fish. Since 2020, TGS requires all vessels on TGS projects to report their marine debris removal efforts to EnerGeo and TGS on a project-by-project basis.

2.4 Land Operations

As with our marine operations, addressing and mitigating the potential disruption that onshore seismic surveys may cause to the onshore environment is a material issue to both TGS and to our stakeholders. Onshore seismic surveys have the potential to cause pollution, physical damage or disturb vegetation or wildlife if these matters are not properly addressed when planning and executing the survey.

Project Management. TGS engages with local communities to discuss potential environmental impacts as TGS recognizes the importance of working with local communities and landowners to understand their concerns and ensure minimal disturbance to their land. In planning its onshore seismic operations in Canada and the United States, TGS continues to take additional measures and precautions beyond those set by law or regulation, including:

- Utilizing high-resolution imagery and LiDAR data during survey planning stages to help identify environmentally sensitive areas, chart routes of least or minimal impact and avoid tree cutting and vegetation disturbance.
- Washing equipment to mitigate the potential spread of noxious plants or invasive species.
- Planning operations away from riparian areas to minimize potential impacts on aquatic areas.
- Working with biologists around designated wildlife-sensitive areas and abiding by any potential timing restriction related to wildlife migration periods.
- Completing archeological reviews of proposed survey areas prior to starting operations and ensuring that archaeologists clear off-road access to protect cultural resources.
- Minimize fuel consumption and emissions by utilizing accommodations near the project area and reducing crew exposure hours.
- Blocking certain access points to recreational traffic within the survey area to allow vegetation to regenerate naturally and working exclusively on foot in designated areas to maintain a zero-impact footprint on the environment.
- Utilizing existing train access and roads to minimize surface disruption and compaction and suspending vehicle operations during wet ground conditions to prevent surface deformation.
- Maintaining regulatory compliance throughout continuous State and Federal Inspections.
- Reducing waste, promoting recycling practices, burning or burying all biodegradable solid domestic waste without contaminating water bodies during operations.
- Carrying out reclamation programs to rehabilitate areas disturbed by vehicles operations.

Audits and Reporting. TGS requires documented audits of field equipment and HSE procedures for all new surveys to ensure that all equipment is in proper working order and that HSE procedures adequately mitigate potential impacts. Every spill, regardless of the amount or substance, must be reported, cleaned up and properly disposed of; and TGS tracks all spills through its HSE management software system. There were no reportable spills or releases in 2021 during TGS' onshore operations.

2.5 Looking Forward

In 2022, TGS will continue its efforts to minimize its climate and environmental impact. TGS has set the target of ensuring its Scope 1 and Scope 2 emissions remain below the 2020 baseline levels and to achieve its overall goal of Net Zero in Scope 1 and 2 emissions by 2030. TGS will aim to complete its climate scenario analysis and publish a summary of its findings and continue its collaboration with the industry to develop unified carbon accounting standards for seismic operations.

The Company will continue with several key initiatives in its marine operations and ensure that its marine contractors abide by TGS' environmental standards, including requiring participation in EnerGeo's Ghost Net Initiative (GNI) for marine acquisition projects, aiming for zero reportable spills and unplanned releases to the marine environment during seismic vessel operations, and require each chartered vessel undergo an IMCA/OVID audit within six months of hire, and every twelve months thereafter.

With respect to its land operations, all land contractors will continue to be required to report all spills to TGS, regardless of quantity spilled, with the aim of no reportable spills to the environment and to contain and properly clean up all spills, regardless of how much was spilled. TGS will require documented audits of field equipment and HSE procedures for all new surveys to ensure that all equipment is in proper working order and that HSE procedures adequately mitigate potential environmental impacts.

3. PEOPLE

3.1 Investing in Human Capital

In 2021, the Company focused on keeping our employees safe, healthy and engaged through a lasting pandemic that continued to result in unique working conditions. As various office locations returned to in-person or hybrid working conditions, TGS focused on renewing engagement activities and improved communication with the aim of reconnecting employees across departments and locations. The efforts included regular updates regarding COVID-19 mitigation measures and office requirements, townhalls with leadership and the CEO, and a redesigned and relaunched intranet that more closely resembles a social media platform where content can be shared, liked and commented on. Engagement events ranged from simple games during lunch hours to globally coordinated Earth Day activities and year-end holiday parties. TGS believes these are essential to maintaining and rebuilding culture in a post-pandemic environment. Finally, TGS ensured employees had the necessary resources and support by providing technology upgrades to guarantee teams could collaborate effectively in hybrid home and in-office working conditions and by providing additional mental and emotional support to employees at each location through its external Employee Assistance Programs (EAP).

TGS' 2021 Engagement Survey showed improved employee engagement with a 94% global participation rate; 86% of employees responded favorably across all five survey categories: leadership, trust, communication, identity and wellbeing, and culture and values. This was an increase from the 2020 baseline results of 78% and was significantly higher than the Mercer 2021 Employee Engagement Benchmarking Report results of 74%.

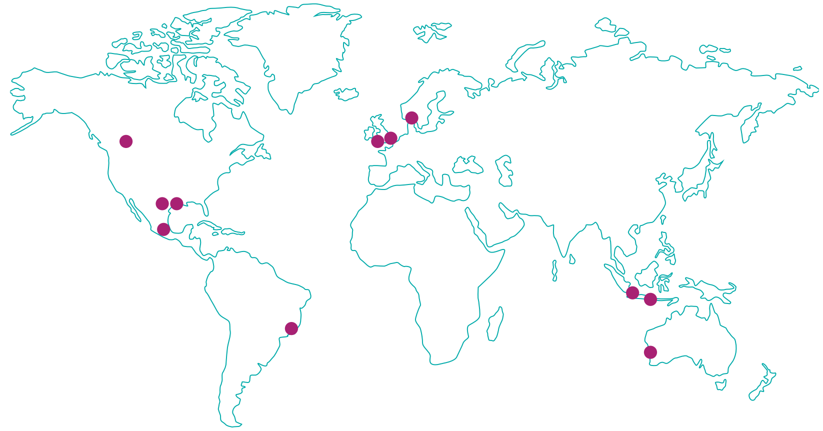
3.1.1 Diversity and Equality

TGS has 443 employees across offices in the United States, Norway, United Kingdom, Brazil, Australia, Canada, Mexico and Singapore, plus 28 employees at 4C Offshore, which TGS acquired in 2021 and is working to integrate into the TGS organization in 2022. TGS strives to promote and maintain a work environment in which our people are treated with dignity, decency and respect, and published its Commitment to Diversity and Inclusion in 2021 in which TGS outlines its expectation that the workplace be business-like and free of unlawful bias, prejudice and harassment, and that employment decisions should be made on merit and not on the basis of race, color, national origin, religion, sex, disability or any other status protected by law. TGS also commits to being transparent in its progress and ensuring Board and Leadership oversight of its diversity and inclusion efforts. TGS' policies against discrimination and harassment in the workplace are also reiterated in TGS' Code of Conduct and local employee handbooks. Employees may report violations in accordance with the reporting procedures outlined above. Finally, all TGS employees receive annual training on TGS' policies prohibiting discrimination, harassment, bullying and retaliation in the workplace and how to promote a diverse and more inclusive working environment.

TGS respects national and local laws on freedom of association in the communities in which we do business, and the right of all people to join or not join a trade union to bargain collectively. 3.4% of our workforce was covered by a collective bargaining agreement in 2021, flat from 2020.

*Note: The following breakdowns show TGS employees across its offices exclusive of 4C Offshore employees as they will be integrated into TGS' systems in 2022.

Employee Statistics	2021	2020	2019
Total # of Employees at Year-End	443	462	666
New Hires	47	49	64
Employee Turnover	10%	11%	8%



3% Rio de Janeiro, Brazil
Employee Headcount: 15

1% Calgary, Canada
Employee Headcount: 4

3% Houston, USA (Data Center)
Employee Headcount: 12

63% Houston, USA (HOHQ) (includes TX remote)
Employee Headcount: 277

<1% Indonesia
Employee Headcount: 1

<1% Mexico City, Mexico
Employee Headcount: 1

1% New Orleans, USA
Employee Headcount: 4

8% Oslo, Norway
Employee Headcount: 35

2% Perth, Australia
Employee Headcount: 7

<1% Singapore
Employee Headcount: 1

19% Woking, UK
Employee Headcount: 86

N/A Lowestoft, UK (4C Employees)
Employee Headcount: 28

The company is committed to improving diversity, and in particular gender diversity, within the organization as well as working with other organizations to ensure women are given equal opportunity for development and advancement. Some key steps the Company took in 2021 include implementing a new Parental Leave policy in the US to provide increased time off to new parents. This new policy provides 16 weeks of paid time off for birth mothers and 12 weeks of paid time off for non-birth parents, all at 100% of salary. TGS initiated a gender compensation analysis through an independent provider at the start of 2021, utilizing the metrics set by the World Economic Forum and the UK Gender Pay Gap. The results of this analysis show that TGS had an overall gender compensation gap of 22%, but equal representation of women across all four pay quartiles. Finally, TGS is part of the 2021 and 2022 Bloomberg Gender Equality Index and formally adopted the United Nation's Women's Empowerment Principles in January 2021. TGS is encouraged by the increase in female hires in 2020 and 2021 as compared to 2019 and looks to continue this trend in 2022.

Gender 2021

73%

New Hires **68%**
Promotions **69%**
Voluntary Turnover **60%**

2020 / Male **71%** New Hires **65%**
2019 / Male 65 % New Hires 79%

27%

New Hires **32%**
Promotions **31%**
Voluntary Turnover **40%**

2020 / Female **29%** New Hires **35%**
2019 / Female 35% New Hires 21%

Management Levels

	Male	Female
Board of Directors	57%	43%
Executives	63%	38%
Senior Leaders	64%	36%
Middle Managers	72%	28%
Individual Contributors	74%	26%

Age: Total Workforce

2%
>30 y/o
New Hires **11%**
Management **0%**

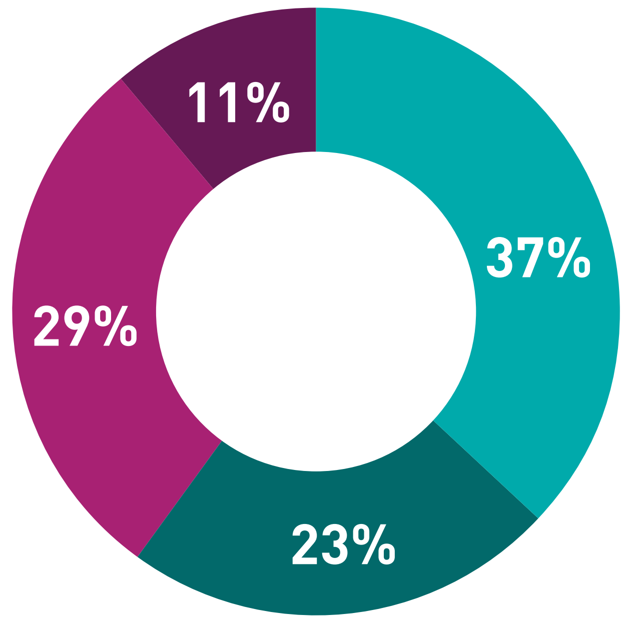
57%
30 - 50 y/o
New Hires **57%**
Management **57%**

40%
50+ y/o
New Hires **32%**
Management **43%**

Understanding the average age and tenure of our workforce helps ensure we are continuing to be an attractive company for those just starting out in the job market. The average age of a TGS employee is 48.47 and the average age of TGS Management is 48.84.

Tenure 2021

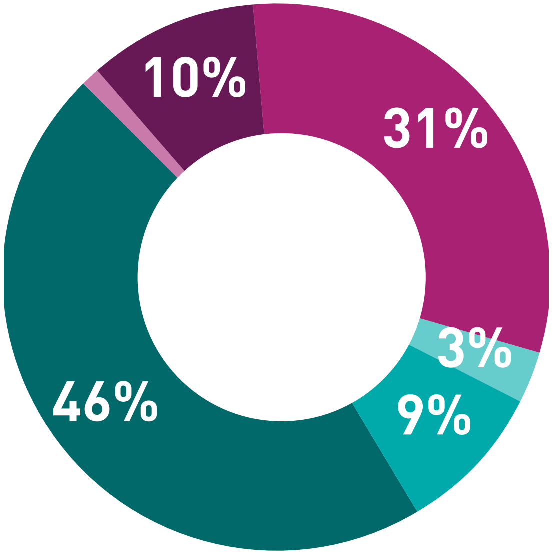
0 - 5	37%
5 - 10 years	23%
10 - 20 years	29%
+20 years	11%



66% of TGS' workforce is located in the US, and we are working to understand and improve the racial diversity of our US workforce.

US Workforce By Race

Two or More Races	<1%
American Indian or Alaska Native	<1%
Not Disclosed	10%
Asian	31%
Black or African American	3%
Hispanic or Latino	9%
White	46%



3.1.2 Training and Development

In 2021, TGS increased the focus on improving employee engagement through training and development. The Company provides departmental cross-training opportunities to employees and continues to ensure its employees receive technical training and have opportunities to improve their imaging and geoscience skills. This year, employees across all divisions participated in over 4,555 hours of in-house geological and imaging courses and lunch-and-learn sessions and 521 hours of software training. TGS also provided additional professional development training opportunities for all employees through an external training partner, offering a diverse range of training and development programs developed by top universities and companies. Our employees were encouraged to use this platform through the inclusion of a training and development goal in their 2021 performance development plan. A total of 195 unique courses were taken, accruing over 2,720 hours of training. By increasing the focus on training and development, the number of hours of training per employee increased 3-fold from 5.8 in 2020 to 18.6 in 2021.

TGS redesigned the Performance Development Plan (PDP) process for the 2021-2022 cycle with the intent to empower employees and managers to focus on meaningful performance and development conversations, ensure employees continue to develop the necessary skills to grow, and set goals around personal growth and alignment with corporate strategy. Six core competencies have been identified as essential development areas and have been incorporated into the PDP process: communication, technical and job-specific knowledge, project and task management, teamwork and leadership, business acumen and understanding, and passion and motivation. These competencies provide a framework for managers and employees to evaluate performance and development needs in a more focused manner, leading to more targeted development goals and training.

3.1.3 Compensation

TGS is committed to compensating its employees fairly and in accordance with all applicable labor laws. TGS' compensation philosophy is based upon market conditions that are reviewed on an annual basis by the Compensation Committee of the Board of Directors. Employee compensation includes base salary, insurance and retirement benefits programs, and a profit-sharing bonus plan based on the Company's performance and, in certain cases, stock-based, long-term incentive awards.

As TGS' profit-sharing bonus plan is a key component of employee compensation, TGS revised the calculations for the 2021 plan to reflect current market conditions and expectations and ensure greater predictability for employees' bonus expectations. Going forward, TGS incorporated a strategic component in addition to profitability component in the 2022 profit-sharing bonus. The strategic component is based upon key performance indicators linked to emissions reduction, health and safety, and advancements in our Imaging performance and Digital and New Energy Solutions. TGS' long-term incentive program continues to incorporate sustainability metrics, such as health and safety and emissions targets (see TGS' 2021 Executive Remuneration Report).

TGS' lowest salary is significantly above the national minimum wages. The table below shows TGS' CEO is paid between 8.36 to 11.62 times the median target compensation in each of TGS' main offices.

	Norway	US	UK
Median TGS Target Compensation	$125,741	$147,800	$106,348
TGS CEO Pay Multiple	9.83x	8.36x	11.62x

3.2 Health and Safety

3.2.1 Integrating Health and Safety into TGS

TGS is committed to providing a safe, healthy and sustainable workplace for our employees, contractors, vendors and clients; and as noted at the outset of this report, safe and healthy operations are considered a significant material issue to TGS and its stakeholders. TGS management continually strives to eliminate risk and reduce hazards, but successful operations can only be achieved through the full cooperation and commitment of all TGS employees and contractors.

Governance. TGS promotes a top-down message of health and safety and each member of TGS' Executive Management conducts at least one HSE facility inspection and one field visit per year. In light of COVID-19 travel restrictions and quarantine measures, these were conducted remotely in 2021, with 100% participation and completion. TGS also actively engages with relevant trade associations and authorities to develop, implement and update our HSE standards. TGS' HSE Director is responsible for managing and implementing TGS' HSE-MS and reports directly to senior management as well as providing quarterly updates to both TGS Leadership and the Board of Directors.

Employee and Contractor Awareness. The HSE Director provides HSE information, training and resources to employees through regularly scheduled safety meetings, internal auditing, HSE review meetings and general company-wide communications. TGS requires all employees and contractors to be accountable for, and committed to, their own health and safety, as well as for those they work with. Each is empowered to intervene and STOP any operation or activity that they feel is unsafe or hazardous, with the knowledge that such action will be supported by management. All employees completed one HSE training course during 2021 (100% training compliance) that included modules on mitigating COVID-19 in the office and outlined COVID-19 reporting procedures and expectations, as well as other workplace safety issues such as evacuations and fire emergencies. Finally, during the summer of 2021, TGS' HR and HSE departments coordinated the "TGS Around the World Challenge" to create a fun and engaging event for its employees, while focusing on health benefits and safe practices. The challenge involved employees tracking individual distances achieved through various exercise types (hiking, running, cycling, kayaking, etc.), with the goal of traveling a total of 33,015 km from Perth, Australia to Rio de Janeiro, Brazil, making stops at each TGS office location around the world.

HSE-Management System. TGS defines safe operating procedures and guidelines in its HSE Management System (HSE-MS) designed to meet or exceed all appropriate legal requirements and, in the absence of any defined standards, to meet or exceed industry-wide best operating practices. In 2021, TGS began a review and update of its HSE-Management System policies, standard operating procedures and manual to ensured alignment with industry standards. TGS is working with an independent advisor to review and update the Company's Emergency Response and Crisis Management plans. The global plan was finalized in 2021 and local plans for each office will be finalized in 2022. Following this process, tabletop exercises will be conducted to ensure understanding of roles and responsibilities and to identify any potential gaps in our response strategy. Finally, TGS migrated to a new HSE Management Software System (Cority) in 2021 to enhance incident management and tracking of key performance indicators.

Contractor Management. TGS engages with its subcontractors in reviewing a range of HSE-related documents, including HSE project plans, hazard assessments, crew HSE plans and emergency preparedness documents. TGS monitors and assesses contractor performance by tracking and reviewing a range of leading and lagging HSE indicators to ensure adequate and correct incident information was collected and the situation remedied. TGS encourages contractors to report all near-miss and high-potential events to identify and share lessons learned, ensure adequate mitigation measures were implemented, and to safeguard personnel and equipment. Where necessary, TGS assists and participates in incident investigations. HSE performance is tracked and catalogued through TGS' HSE-MS software application, allowing TGS to continuously monitor its contractors' performance over time. Upon completion of a survey, TGS reviews all aspects of HSE performance to identify and discuss areas for improvement, lessons learned and additional hazards identified during the acquisition phase. HSE statistics and performance are reviewed with the senior management team on a quarterly basis. TGS achieved full compliance with vessel and land crew HSE audit requirements, and TGS Project and HSE Managers ensured that all outstanding action items were properly rectified before the start of acquisition.

3.2.2 COVID-19 Related Efforts

Office Operations. At the onset of the COVID-19 pandemic in 2020, TGS enacted its business continuity plan and established global and local response teams, overseen by members of the Executive team, to monitor the pandemic and ensure that our response strategy remained effective throughout 2021. The local response teams communicated updates and relevant COVID information to employees, ensured each TGS office had adequate supplies, discussed lessons learned and monitored updates from health and government authorities to ensure that every TGS office stayed compliant with applicable rules and regulations. TGS restricted business travel to essential or business-critical travel only and ensured compliance with all COVID-19 travel restrictions and guidelines. The Company established a dedicated COVID-19 reporting process to notify select members of the COVID-19 response team of possible or confirmed exposure to the virus, as well as a dedicated internal COVID-19 webpage that included information on TGS policies, mitigation measures and hyperlinks to key websites such as the World Health Organization and the Center for Disease Control. All employees also completed a COVID-19 training module that covered proper hygiene and sanitation practices and TGS' COVID-19 policies and procedures. In 2021, there was 1 confirmed COVID-19 work-related case in a TGS office (compared to 0 in 2020). No other community spread occurred in any TGS office location.

Field Operations. Prior to commencing operations, TGS liaised closely with marine and onshore contractors regarding their COVID-19 travel and mitigation plans and ensured clients and other relevant stakeholders were kept abreast of TGS' actions regarding COVID-19 mitigation measures. TGS saw that its contractors' COVID-19 plans followed industry standards as well as regulations from governments and health authorities, and TGS worked with its contractors to implement additional measures if any gaps were identified. All contractor and operational COVID-19 plans were reviewed by TGS and were adapted and updated throughout the lifecycle of a project to effectively safeguard the health and safety of all crew members. The pandemic particularly impacted crew changes and, in response, TGS imposed additional planning and coordination to address local testing, screening and quarantining requirements, crew fatigue and monitoring of mental health and stress levels of all crew members. TGS participated in COVID-19 meetings and events coordinated through EnerGeo to share lessons learned, ensure that proper industry standards were being followed and to stay informed on COVID-19 trends and news. TGS fully investigated all suspected or confirmed COVID-19 cases, ensured that contact tracing was properly conducted, that suspected cases received necessary testing and that proper quarantine measures were followed. Through 2021, within our marine operations there was 1 shoreside work-related COVID case and there was no community spread onboard any of the vessels operating for TGS in 2021. Within our land operations, there were 2 work-related COVID cases. All affected individuals received necessary treatment, were properly quarantined and fully recovered.

3.2.3 2020 Health and Safety Key Performance Indicators

Employees. In 2021, there were no recordable injuries reported in any TGS office. The number of Working Days Lost Due to Sickness and the Sickness Absence Frequency values showed a slight increase from 2020 to 2021, which is likely attributable to employees returning to the office and properly reporting sick days to TGS, as opposed to a drop in reporting in 2020 due to the majority of our workforce working remotely and not reporting sick days. Lastly, TGS' Canada Land Operations division received 98% on the Government of Alberta's Certificate of Recognition, marking the 5th consecutive year in a row that TGS has scored 90% or higher on an external audit of its health and safety program.

Employee Health and Safety Statistics	2021	2020	2019
Man-hours	812,142	966,411	954,685
Fatalities	0	0	0
Lost-time Injuries (LTI)	0	0	0
Medical Treatment Cases	0	1	0
Restricted Work Cases	0	0	0
Recordable Case Frequency*	0	1.03	0
LTI Frequency*	0	0	0
Working Days Lost Due to Sickness	862	752	1311
Sickness Absence Frequency	0.85%	0.62%	1.10%

*Per million man-hours

Contractor Health and Safety Statistics	2021	2020	2019
Man-hours	2,258,284	3,232,981	4,590,692
Fatalities	0	0	1
Lost Time Injuries (LTI)	1	1	3
Medical Treatment Cases	2	3	5
Restricted Work Cases	0	1	1
Recordable Case Frequency*	1.33	1.55	2.18
LTI Frequency*	0.44	0.31	0.65

*Per million man-hours

Contractors. In 2021, TGS operated with several established land, marine and airborne seismic contractors, all of which were selected based on their experience, technology, sustainability, commitment to the environment, HSE performance and track record.

Despite the complex challenges associated with managing global operations during a pandemic, except for a slight increase in LTI Frequency attributable to a drop in man-hours as compared to 2020, TGS' contractor health and safety metrics improved from 2019 and 2020. TGS' motor vehicle accident rate (MVAR, per 1,000,000 miles driven) was under the 2021 target of <2.0 for land seismic operations as there were no motor vehicle accidents recorded (MVAR = 0.0 for 2021, total of 574,480 miles driven). TGS' 2021 total recordable incident rate for land seismic operations (TRIR, per 200,000 man-hours) was less than the 2021 target of <2.0 as no recordable incidents occurred on land operations, and the TRIR (per 200,000 man-hours) for marine operations was less than the 2021 goal of <2.0 at 0.27. One Lost Time Incident was recorded on a marine project, resulting in a Lost Time Incident rate (LTIR, per 200,000 man-hours) of 0.09. There were no recordable or Lost Time Incidents recorded on TGS airborne surveys.

3.3 Human Rights

TGS remains committed to the UN Universal Declaration of Human Rights and undertakes to operate in recognition of the freedom, the rights, the dignity and the worth of the human person and promotion of equality irrespective of gender, race or religion. TGS' Statement of Values and Code of Conduct define the expectations of ethical behavior of TGS' Board of Directors, employees, vendors and suppliers. TGS embraces diversity and equality in its workforce and suppliers and will not use or tolerate child labor or slavery in any of its offices or operations. As set forth in TGS' Modern Slavery Act Transparency Statement, Supplier Code of Conduct and Human Rights policy, each available on www.tgs.com, TGS sets policies at the group level and is committed to ensuring that there is no modern slavery or child labor used in its operations or by its supply chain.

Materiality and Risk Management. TGS analyzes human rights and modern slavery risks within the organization and our supply chain as part of our annual corporate risk enterprise program. TGS 2021 Compliance Assessment also evaluates our employees' perception of human rights and modern slavery risks at TGS, both in the office and in the supply chain, and experience with incidents of modern slavery or violations of human rights laws in the past year. As previously noted, TGS' employees are highly skilled and educated and predominantly based in offices and as such, TGS considers the risk of child labor or modern slavery in its workforce to be low. As with any company that predominantly relies upon contractors for its operations, the potential risk for human rights violations is greater within TGS' supply chain. However, given that TGS conducts its operations through a limited pool of suppliers, many of which have operated with TGS for many years, and that geophysical operations require a skilled and certified workforce, TGS feels the measures outlined below properly mitigate this risk.

Supply Chain. TGS expects its supply chain to share its commitment to human rights and modern slavery laws. As part of its due diligence process, TGS requires suppliers to disclose their policies with respect to human rights and modern slavery and management of human rights issues in its supply chain and any human rights or modern slavery investigations, lawsuits or violations involving the supplier. TGS contractually requires suppliers and vendors to comply with human rights, modern slavery and labor laws, as well as TGS' Supplier Code of Conduct and Human Rights policy, to ensure their supply chains do the same, in their work for TGS, and to notify TGS of any potential or actual violation of these laws. TGS has the contractual right to audit a supplier or vendor to ensure compliance with human rights laws as well as the right to terminate for violation of these laws or TGS' policy. Finally, high-risk third parties, suppliers and vendors also complete a certification of compliance on an annual basis that addresses their compliance with human rights, labor and modern slavery laws, TGS' Human Rights policy and Supplier Code of Conduct. TGS had no cause to audit or terminate a supplier for failure to comply with the law or TGS' human rights policies in 2021.

Reporting. TGS provides multiple avenues for TGS' internal and external stakeholders to report potential non-compliance with the law or TGS' Code of Conduct, including modern slavery or human rights abuses. These mechanisms include the TGS hotline, which allows for anonymous reporting, and TGS prohibits retaliation. No incidents of child labor or forced labor were reported in 2021.

3.4 Looking Forward

Diversity and inclusion, along with training and development, are key areas of focus for TGS in 2022. The Company will continue to monitor its workforce to understand trends, look to improving retention among underrepresented groups and creating a work environment focused on inclusion. TGS has created a standalone department in 2022 that will help employees across departments and offices receive development and training programs tied to the new performance development competencies and their roles within the organization.

TGS' Health and Safety goals for 2022 include aiming for (i) zero Lost Time Incidents (LTI) for both our field and office operations; (ii) a Total Recordable Injury Rate (TRIR, per 1,000,000 man-hours) below 9.0, taking into account TGS offices and all field operations, and (iii) a Motor Vehicle Accident Rate (MVAR, per 1 million miles) below 2.0 for land seismic operations. The Company will also continue with its update of local emergency response plans and crisis management plans. Contractor management on operations remains a key material issue and focus for TGS in 2022, and the Company has incorporated key performance indicators related to this in its 2022 employee bonus program.

4 Communities

4.1 Community Engagement

TGS actively supports reputable charitable programs and organizations that serve people in need in countries where TGS has offices or projects by providing ongoing financial donations, as well as encouraging employees to donate their time and energy to help those in society who are less fortunate. TGS is committed to supporting local, nonprofit community organizations and charities that focus their services on people and are dedicated to (i) providing access to healthcare, medical services and helping to fight disease; (ii) assisting underprivileged, underrepresented or at-risk communities or groups; (iii) providing humanitarian aid or disaster relief; (iv) addressing environmental issues; or (v) promoting geophysics and geoscience educational experiences to children.

In 2021, TGS focused its efforts on supporting the community in Houston and Texas after a winter storm battered the state, overwhelming the power grid and forcing millions to struggle through lack of electricity, water and adequate heat. TGS organized a food drive and made a monetary donation to the Houston Food Bank, which is America's largest food bank in distribution, leading hunger relief in 18 southeast Texas counties. Finally, as part of its commitment to support the communities where it operates, TGS also worked closely with the National Oil Company of Liberia (NOCAL) to renovate and rehabilitate the intensive care and trauma units of the John F. Kennedy Memorial Centre in Liberia. The project was completed in May 2021 with a dedication ceremony attended by the President of Liberia.

4.2 Innovation

TGS believes in collaboration with other geologists, geoscientists, data scientists and engineers to encourage innovation within our industry and within the Company. In 2021, TGS' capitalized research and development spending across the organization corresponded to approximately 2.2% of net revenues (compared to 4.2% in 2020). The decrease is due in part to higher IFRS revenues in 2021 and slightly lower spend.

TGS hosted, sponsored and/or presented virtually or in-person at over 34 geoscience and engineer industry events designed to share advancements in imaging, data analytics, geoscience, well data technologies and solutions for the energy transition - notably carbon capture, geothermal and wind energy. Significant events included the National Association of Petroleum Engineers (NAPE) Summit, the combined annual meeting and conference for the Society of Exploration Geophysicists (SEG) and American Association of Petroleum Geologist (AAPG), and the European Association of Geoscientists and Engineers (EAGE) Annual Meeting. TGS presented 56 technical papers (compared to 32 papers in 2020) at conferences and published in other industry publications during 2021, covering topics relevant to the industry, including key developments in acquisition and imaging technologies and the use of these technologies in different basins or regions and for the energy transition. TGS works with academia and universities around the world to provide data to further their research; and in 2021, TGS supported research projects and consortia at the Imperial College London, Memorial University of Newfoundland, Colorado School of Mines, Oklahoma State University, University of Louisiana at Lafayette, Heriot-Watt, University of Houston, Royal Holloway and Bedford New College, Oxford University, the University of Oslo and the University of Bergen.

Additionally, in conjunction with our partners CGG and PGS, TGS launched a unified ecosystem for accessing multi-client seismic data across multiple vendors called Versal. Versal is an independent, secure, cloud-based ecosystem that allows clients easy access to all their data and entitlements in one place. It will improve decision-making by reducing uncertainty and provide access to over 70% of the seismic multi-client market through a single vendor-neutral system.

5 About the Report, Data Summary and Index

This Sustainability Report communicates to our investors, customers, suppliers and other stakeholders how TGS incorporates sustainable practices into our operations and strategy. It is the opinion of the Board of Directors that this report complies with Norwegian statutory requirements for annual reporting. The remainder of the annual report includes additional information on TGS' business, financial and operation performance, shareholder information and corporate governance.

EU Taxonomy. In 2021, TGS conducted an analysis of its operations and revenues to assess whether any of its activities are considered eligible activities under the EU Taxonomy Climate Delegated Act (EU) 2021/2139 (EU Taxonomy). TGS specifically focused on whether any of its operations or revenue aligned with the screening criteria for climate change mitigation and climate change adaptation as defined by the EU Taxonomy. At this time, TGS does not have any activities that meet the screening criteria, and thus has no revenue, operational expenditures or capital expenditures to report under the Taxonomy. However, TGS will update its analysis in 2022 as the Company continues to expand and diversify its offerings into renewable energy sources and to find ways its products and services can support our customers' energy transition efforts.

Sustainability Standards. TGS uses key sustainability frameworks to guide our non-financial disclosures, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board Standards (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, UN Sustainable Development Goals, UN Guiding Principles on Business and Human Rights Reporting Framework, IPIECA and the World Economic Forum core set of ESG metrics. We view this report to be our Communication on Progress to the United Nations (UN) and this report identifies actions taken by TGS to specifically address the UN Sustainable Development Goals material to our operations. We also engage with several third-party firms that collect and report on ESG performance including Bloomberg, CDP, S&P Global's CSA, Sustainalytics, ISS ESG and MSCI ESG.

Category	Topic	Metric	Reporting Standard (SASB, GRI, UN SDG)	Section Number
Governance	Materiality	List material topics and process followed to determine material topics	GRI 3-1, GRI 3-2(a)	Section 1.3
Governance	Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-SV-540a.1	Section 1.2
Governance	Stakeholder Engagement	Describe approach to engaging with stakeholders	GRI 2-29	Section 1.3
Governance	Business Ethics	Reporting mechanism and number of matters reported in 2021	GRI 2-26, GRI 2-27	Section 1.6
Governance	Business Ethics	Amount of net revenue in countries that have the 20 lowest rankings in Tranparency International's Corruption Perception Index	EM-SV-510a.1	Section 1.7
Governance	Business Ethics	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-SV-510a.2, GRI 205-1(b)	Section 1.7
Governance	Business Ethics	Number of employees and third parties who have received training on TGS' Code of Conduct and anticorruption policies and procedures	GRI 205-2	Sections 1.6 and 1.7
Governance	Business Ethics	Confirmed incidents of corruption	GRI 205-3	Section 1.7
Governance	Membership Organizations	Report industry and membership organizations in which the company participates in a significant role	GRI 2-28	Section 1.3
Governance	Tax	Approach to tax, governance, control and risk management, and country-by-country report of tax	GRI 207-1, GRI 207-2, GRI 207-4	Section 1.9
Environmental	Affordable & Clean Energy	Efforts related to advancements in renewable energy	SDG 7	Section 2.1
Environmental	Ecological Impact	Discussion of strategy or plan to address risks and oportunities related to ecological impacts from core activities	EM-SV-160a.2, GRI 304-2, SDG 14, SDG 15	Sections 2.3 and 2.4
Environmental	Climate Impact	Discussion of strategy or plans to address air emissions-related risks, opportunities and impacts	EM-SV-110a.2, SDG 13	Section 2.2
Environmental	Climate Impact	Scope 1, Scope 2 and Scope 3 emissions and targets	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-7, SDG 13	Section 2.2
Social	New Employee Hire and Turnover	Report of new hires and employee turnover	GRI 401-1	Section 3.1.1
Social	Collective Bargaining Agreements	Percentage of total employees covered by collective bargaining agreements	GRI 2-30(a)	Section 3.1.1
Social	Workforce Diversity	Percentage of workforce by age, gender, tenure, and race (for US employees)	GRI 405-1	Section 3.1.1
Social	Gender Diversity	Proportion of women in managerial positions	SDG 5	Section 3.1.1
Social	Compensation	Ratio of total annual compensation of CEO to median annual total compensation and wage levels	GRI 2-21(a)	Section 3.1.3
Social	Health & Safety	Description of health and safety management systems	GRI 403-1, EM-SV-320a.2	Section 3.2
Social	Health & Safety	Hazard identification, risk assessment and incident investigation	GRI 403-2	Section 3.2
Social	Health & Safety	Worker participation, training and promotion of health and safety within the workforce	GRI 403-5, GRI 403-6	Section 3.2
Social	Health & Safety	Work-related injury and illness statistics	GRI 403-9, EM-SV-320a.1	Section 3.2.3
Social	Training & Development	Average hours of training per year per employee and programs for upgrading employees skills and development	GRI 404-1, GRI 404-2	Section 3.1.2
Social	Human Rights	Description of human rights and prevention of modern slavery including number of incidents of forced or child labor	GRI 409-1, SDG 8	Section 3.3
Social	Innovation	Percentage of research and development expenditure as a proportion of revenue	SDG 9	Section 4.2

* TGS does not operate wells or drills, nor do we engage in operations related to hydraulic fracturing or drilling. Therefore, the following SASB metrics within Oil & Gas - Services are not material or relevant to our operations or the services we provide: EM-SV-110a.3 (percentage of engines that meet Tier 4 compliance for non-road diesel engine emissions); EMV-SV-140a.1 and a.2 (water consumption in operations providing hydraulic fracturing, completion, drilling and/or water management services); EM-SV-150a.1 and a.2 (volume of hydraulic fracturing fluid used, percentage hazardous; strategy or plans to address chemical-related risks, opportunities and impacts); EM-SV-160a.1 (average disturbed acre per (i) oil and (ii) gas well site); EM-SV-000A (number of active rig sites); EM-SV-000.B (number of active well sites); EM-SV-000.C (total amount of drilling performed)

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To the readers of TGS ASA's Sustainability Reporting 2021

Independent auditor's assurance report

We have been engaged by the management of TGS ASA ('TGS') to provide limited assurance in respect of the sustainability reporting in the Annual Report of TGS. Included in the scope are the following sections: Commitment to Sustainability, Environment, People, Communities and Data Summary & Index (hereafter sustainability reporting 2021). The scope excludes future events or the achievability of the objectives, targets and expectations of TGS and information contained in webpages referred to in the sustainability reporting 2021 unless specified in this report.

Our conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention, to indicate that the sustainability reporting 2021 is not presented, in all material respects, in accordance with the reporting criteria as defined by TGS in section 5 of the sustainability report.

Management of TGS' responsibility

The management of TGS is responsible for the preparation and presentation of the sustainability reporting 2021 in accordance with the reporting criteria as defined by TGS in section 5 of the sustainability report. It is important to view the information in the sustainability reporting 2021 in the context of these criteria.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the information in the sustainability reporting 2021 that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to provide a limited assurance conclusion on TGS' preparation and presentation of the sustainability reporting 2021.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000 revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the information in the sustainability reporting 2021 is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding

compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Limited assurance of the sustainability reporting 2021

The procedures selected depend on our understanding of the sustainability reporting and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the sustainability reporting 2021 included, amongst others:

- A risk analysis, including media search, to identify relevant sustainability issues for TGS in the reporting period;
- Interviews with senior management and relevant staff at corporate level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Inquiries to management to gain an understanding of TGS' processes for determining material issues for key stakeholder groups;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the sustainability reporting 2021;
- Reviewing the sustainability reporting 2021 to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained through our assurance engagement.
- Involvement together with the financial audit team to ensure a coherent approach.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for TGS for the purpose of assisting the management in determining whether TGS' limited assurance sustainability information is prepared and presented in accordance with the reporting criteria as defined by TGS in section 5 of the sustainability report and for no other purpose or in any other context.

Oslo, 31 March 2022
KPMG AS

Julie Berg

Julie Berg
State Authorized Public Accountant

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