

Changes from Q4 2020 Interim Financial Report to Annual Accounts

After publishing the Q4 2020 Earnings Release, TGS has made some changes to the YTD 2020 figures initially reported in the Q4 interim report. The adjustments relate to reduction in impairments, reclassifications and updates in 2020 tax estimates:

Impairment reduction

TGS has found an error in the year-end IFRS impairment assessment for multi-client library reported in Q4. This has resulted in USD 28.8 million in reduced impairments being reported in the annual financial statements compared to what was reported in the Q4 Earnings Release report, resulting in a reduction in net losses for the year of USD 22.4 million after taxes. The impairment reported under Segment Reporting was correct as communicated to the market 11 February 2021.

Reclassifications

One of TGS' branches has a liability to one of its suppliers of USD 24 million, whereas the company which owns this branch has a corresponding receivable of USD 24 million towards the same supplier. The receivable and liability were presented on a gross basis in Q4 Earnings Release, however, as the Group has the right and intend to settle these on a net basis, these will be presented net in the annual financial statements. Further, other receivables and other current liabilities have both been reduced with USD 6.9 million as prepaid project expenses and accrued project expenses were presented gross in one single project and should have been presented on a net basis.

Taxes

Updates to the 2020 tax estimates for direct and indirect taxes (mainly related to Brazil and Latin America) as well as reclassification of non-corporate income tax related balances have resulted in increased tax expense of USD 6.2 million, reduction in deferred tax assets of USD 18.6 million, increase in other receivables of USD 21.2 million and increase in taxes payable of USD 8.8 million compared to what was reported in Q4.

These adjustments have the following effects on the consolidated statement of comprehensive income presented in the Q4 2020 Earnings Release:

	Earnings Release	Impairment	Taxes	Annual Report
(All amounts in USD 1,000s unless noted otherwise)	2020 Q4 YTD			2020
Net revenues	319,453			319,453
Cost of goods sold - proprietary and other	5,409			5,409
Amortization and impairment of multi-client library	493,377	-28,761		464,615
Personnel costs	53,864			53,864
Other operating expenses	39,866			39,866
Depreciation, amortization and impairment	19,932			19,932
Total operating expenses	612,447	-28,761	-	583,686
Operating profit	-292,995	28,761	-	-264,233
<i>Financial income and expenses</i>				
Financial income	853			853
Financial expenses	-2,896			-2,896
Net exchange gains/(losses)	5,354			5,354
Net financial items	3,312	-	-	3,312
Profit before taxes	-289,683	28,761	-	-260,922
Taxes	-84,822	6,327	6,170	-72,324
Net income	-204,861	22,434	-6,170	-188,598

These adjustments have the following effects on the consolidated balance sheet presented in the Q4 2020 Earnings Release:

	Earnings Release	Impairment	Reclassification	Taxes	Annual Report
	2020 31-Dec				2020 31-Dec
(All amounts in USD 1,000s)					
Goodwill	288,377				288,377
Multi-client library	917,502	28,761			946,263
Other intangible non-current assets	17,396				17,396
Deferred tax asset	113,468	-6,211		-18,633	88,624
Buildings	2,257				2,257
Machinery and equipment	25,349				25,349
Right of use asset	48,690				48,690
Sublease asset	965				965
Other non-current assets	19,471				19,471
Total non-current assets	1,433,475	22,550	-	-18,633	1,437,392
Accounts receivable	168,746				168,746
Accrued revenues	108,737				108,737
Other receivables	114,512		-30,912	21,218	104,819
Cash and cash equivalents	195,716				195,716
Total current assets	587,711	-	-30,912	21,218	578,017
TOTAL ASSETS	2,021,186	22,550	-30,912	2,585	2,015,409
Share capital	4,082				4,082
Other equity	1,245,496	22,434		-6,170	1,261,759
Total equity	1,249,578	22,434	-	-6,170	1,265,841
Long-term debt	-				-
Other non-current liabilities	757				757
Lease liability	44,551				44,551
Deferred taxes	28,984	116			29,100
Total non-current liabilities	74,292	116	-	-	74,408
Short-term debt	2,500				2,500
Accounts payable and debt to partners	140,078		-24,050		116,028
Taxes payable, withheld payroll tax, social security	2,935			8,756	11,691
Other current liabilities	551,804		-6,862		544,941
Total current liabilities	697,316	-	-30,912	8,756	675,160
TOTAL EQUITY AND LIABILITIES	2,021,186	22,550	-30,912	2,585	2,015,409