TGS

EARNINGS RELEASE

4th QUARTER 2023 RESULT

4th QUARTER 2023 FINANCIAL HIGHLIGHTS

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

POC financials[1]	Q4 2023	Q4 2022	YTD 2023	YTD 2022
POC revenues	**205,942**	**226,885**	**968,441**	**595,363**
- Early sales	59,065	30,703	310,726	136,002
- Late sales	58,803	136,608	238,723	374,132
- Proprietary sales	88,073	59,574	418,993	85,230
POC EBITDA	**137,304**	**151,401**	**558,026**	**417,587**
POC Operating profit (EBIT)	**46,566**	**73,570**	**178,984**	**128,147**
- Operating margin	23%	32%	18%	22%
Organic multi-client investments	70,598	55,650	402,411	223,394
Inorganic multi-client investments	9,000	4,195	9,000	20,341
Straight-line amortization of multi-client library	42,817	37,427	163,451	152,247
POC accelerated amortization of multi-client library	8,254	12,793	111,028	83,021
Impairment of the multi-client library	1,372	9,121	7,622	19,314
Free cash flow	38,237	37,101	154,443	124,998
IFRS financials				
Operating revenues	189,367	219,013	794,297	716,633
Amortization and impairment of multi-client library	71,503	60,412	233,671	373,263
Operating profit (EBIT)	10,930	65,924	53,268	132,034
Net Income	-9,067	43,356	21,646	87,967
EPS (fully diluted) (USD)	-0.07	0.35	0.17	0.74
Return on average capital employed [2]	5%	13%		

- Strong development in proprietary sales and early sales, offset by weak late sales
- Solid contract inflow of USD 275 million during Q4 2023 – total backlog of USD 545 million (POC)
- Favorable margin development driven by good operational performance in Acquisition, realization of cost synergies and strong cost discipline
- Guidance for 2024:
    - Focus on optimizing the sales-to-investment ratio, cash flow and return on capital
    - Multi-client investments of USD 300 - 350 million
    - POC early sales rate of more than 85%

"While we are pleased to deliver pro-forma annual revenue growth of 14% in 2023, we are disappointed with late sales in Q4. We did not see the normal seasonal late sales uptick, as customers' year-end funds were limited by high cost inflation, increased spending on drilling and new seismic data acquisition and delayed licensing rounds. On a positive note, we saw good order inflow and positive momentum in our Acquisition business and strong development in the Digital Energy Solutions business. I'm increasingly optimistic for 2024, based on positive signals from our customers. Our POC contract backlog going into 2024 is 21% higher than a year earlier and the pipeline of further business opportunities looks promising."

Kristian Johansen, CEO of TGS.

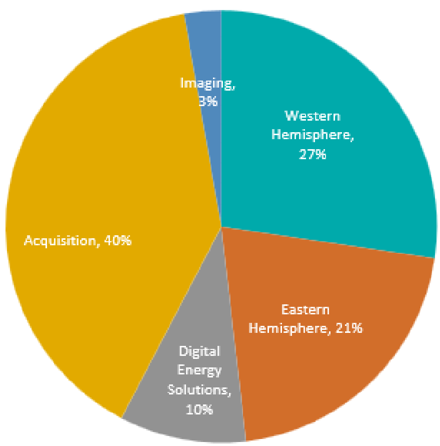
1) POC (Percentage-of-Completion) Financials are based on revenues measured by applying the percentage-of-completion method to Early sales and accelerated amortization. Please refer to APM section for more details.
2) 12 months trailing.

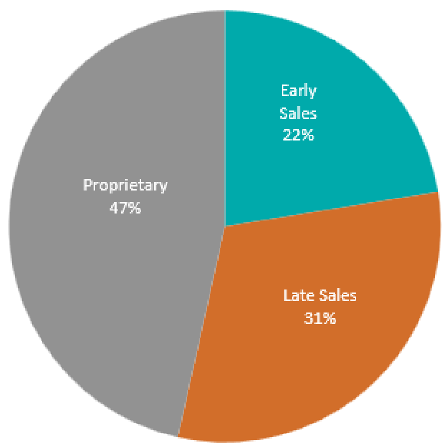
FINANCIAL REVIEW - IFRS

Magseis Fairfield ASA ("Magseis") was acquired in Q4 2022 and fully consolidated from 11 October 2022.

Revenues amounted to USD 189.4 million in Q4 2023, a decrease of 14% from USD 219.0 million in Q4 2022. Late sales amounted to USD 58.8 million in Q4 2023 versus USD 136.6 million in Q4 2022. Early sales increased to USD 42.5 million in Q4 2023 from USD 22.8 million in Q4 2022. Proprietary revenues increased from USD 59.6 million in Q4 2022 to USD 88.1 million in Q4 2023. The Acquisition Business Unit contributed USD 74.9 million to total revenues after eliminating USD 2.1 million of revenues related to work conducted on behalf of TGS.

Revenue Distribution





Source: TGS

Personnel costs were USD 31.6 million compared to USD 29.9 million in Q4 2022. Other operating expenses amounted to USD 12.4 million compared to USD 18.5 million in Q4 2022. Cost of goods sold were USD 24.6 million in Q4 2023 compared to USD 27.1 million in Q4 2022. Due to an update of the estimated lease liabilities and right-of use assets, USD 7.8 million of cost of goods sold charged earlier in the year was reclassified to depreciation of right-of-use assets in Q4 2023.

Amortization and impairments of the multi-client library amounted to USD 71.5 million in Q4 2023 versus USD 60.4 million in Q4 2022. Of this, straight-line amortization was USD 42.8 million (USD 37.4 million in Q4 2022), accelerated amortization was USD 27.3 million (USD 13.9 million in Q4 2022), and impairment was USD 1.4 million (USD 9.1 million in Q4 2022).

Depreciation for the quarter was USD 38.3 million, compared to USD 17.2 million in Q4 2022. The increase relates to increased right-of-use assets caused by long-term vessel leases entered into during the year, as well as the reclassification of cost of goods sold described above.

Operating profit amounted to USD 10.9 million in Q4 2023 compared to an operating profit of USD 65.9 million in the same quarter of last year.

Net financial items amounted to USD 4.6 million compared to USD 3.5 million in the same quarter of 2022. Tax cost in Q4 2023 was USD 24.6 million versus USD 26.0 million in Q4 2022. This gave an unusually high effective tax rate in the quarter, caused by withholding taxes and not recognized tax assets in UK and Brazil.

Net profit in Q4 2023 was USD -9.1 million, down from USD 43.4 million in Q4 2022.

CASH FLOW

Free cash flow was USD 38.2 million for Q4 2023 compared to USD 37.1 million in Q4 2022. Net cash flow from operations for the quarter totaled USD 147.6 million, compared to USD 119.2 million in Q4 2022. Net decrease in cash for Q4 2023 was USD 7.6 million (decrease of USD 8.7 million in Q4 2022). Cash outflows related to organic investments in the multi-client library were USD 102.0 million, compared to USD 77.9 million in Q4 2022.

DIVIDEND

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

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

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q1 2024. The dividend will be paid in the form of NOK 1.47 per share on 7 March 2024. The shares will trade ex-dividend on 22 February 2024. In Q4 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.56 per share).

OPERATIONAL REVIEW

Contract inflow was USD 275 million in Q4 2023 compared to USD 283 million (pro-forma including Magseis) in Q4 2022. The contract backlog increased to USD 545 million (USD 839 million under IFRS) at the end of the quarter from USD 475 million (USD 752 million under IFRS) at the end of Q3 2023. The contract backlog at the end of Q4 2022 was USD 451 million (USD 567 million under IFRS) (pro-forma including Magseis).

Contract inflow for multi-client in Q4 2023 at USD 115 million, meaning that the multi-client backlog slightly decreased to USD 223 million (USD 516 million under IFRS) at the end of the quarter from USD 239 million (USD 516 million under IFRS) at the end of Q3 2023.

In line with the normal seasonal patterns, Q4 2023 saw less activity related to acquisition of new multi-client data compared with the preceding quarters in 2023, but still significantly more than in the same quarter of 2022. Organic multi-client investments amounted to USD 71 million in the quarter compared to USD 56 million in Q4 2022. The largest multi-client projects ongoing in Q4 2023 were Santos Sul in Brazil and Awele in Nigeria.

In line with normal seasonal patterns, the activity level in the Acquisition business unit tapered off in Q4 2023. Two OBN crews were active in U.S. Gulf of Mexico during the quarter, while one crew was employed in Guyana throughout the quarter, before mobilizing to Gulf of Mexico. A fourth crew completed operations in the North Sea early in the quarter.

The Digital Energy Solutions business continued to show progress with 102% growth in revenues in Q4 2023. The majority of the growth was driven by an XHR project in the US G.o.M designed to map potential reservoirs for CO_2 storage potential. Excluding the impact of the XHR project, DES revenues increased 37% compared to the same quarter of 2022.

OUTLOOK

Global energy demand is set to continue to grow in the coming decades. Adoption of alternative energy sources is not happening rapidly enough to meet the more ambitious energy transition scenarios, resulting in oil and gas likely to continue making up above 50% of global primary energy supply in the foreseeable future. The steep depletion rate of currently producing oil and gas fields, combined with the fact that a substantial portion of undeveloped proven reserves is disadvantaged by high costs, wide environmental footprints and/or significant political and regulatory risk, highlights the need to continue exploring for oil and gas resources, both in mature and emerging basins over the next decades.

The strong growth in oil and gas exploration spending seen in 2022 continued in 2023. However, while the portion of spend for seismic grew proportionally more in 2022, growth in exploration spend in 2023 was largely driven by higher drilling activity. As such, 2023 saw a modest development in total seismic spending, although TGS' revenues grew at a healthy rate of 14% (based on pro forma POC revenues).

Exploration spending is set to continue to grow in 2024, albeit at a lower rate than in the past two years. An increasing portion of budgets are expected to be allocated to offshore basins, while relevant onshore activity is likely to remain flat or decline. Established oil and gas provinces, such as the US G.o.M., Norway and Brazil, are likely to remain key areas for multi-client seismic and OBN data acquisition, in addition to selected areas of a more frontier nature in Latin America, West Africa and Southeast Asia.

TGS' Digital Energy Solutions is providing data and insights to the energy industry through innovative products, digital platforms, and software solutions. With an increasing number of countries and regions releasing acreage for renewable energy production in combination with financial incentive packages, demand for TGS' product offering for screening, decision support and asset management is set to continue to grow, both in the short and long-term.

Following a year of strong growth in investments in new multi-client data, focus in 2024 will be on optimizing the sales-to-investment ratio, cash flow and return on capital. Financial guidance for 2024 is as follows:

- Focus on optimizing the sales-to-investment ratio, cash flow and return on capital
- Multi-client investments of approximately USD 300-350 million
- POC Early sales of minimum 85% of multi-client investments

On 1 December 2023, the extraordinary general meetings of TGS and PGS approved the merger plan. The transaction is subject to authorization from the competition authorities and closing is expected during the second quarter of 2024.

Oslo, 14 February 2024
The Board of Directors of TGS ASA

ABOUT TGS

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

TGS ASA is listed on the Oslo Stock Exchange (OSLO:TGS).
TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSGY".
Website: www.tgs.com

All statements in this earnings release other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. These factors include volatile market conditions, investment opportunities in new and existing markets, demand for licensing of data within the energy industry, operational challenges, and reliance on a cyclical industry and principal customers. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements for any reason.

CONTACT FOR ADDITIONAL INFORMATION

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Revenue	4	**189,367**	**219,013**	**794,297**	**716,633**
Cost of goods sold - proprietary and other		24,611	27,056	217,417	37,527
Straight-line amortization of the multi-client library	5	42,817	37,427	163,451	152,247
Accelerated amortization of the multi-client library	5,6	27,315	13,865	62,599	201,702
Impairment of the multi-client library	5,6	1,372	9,121	7,622	19,314
Personnel costs		31,592	29,943	131,041	86,407
Other operating expenses		12,435	18,485	61,958	53,843
Depreciation, amortization and impairment		38,296	17,193	96,942	33,561
Total operating expenses	4	**178,437**	**153,089**	**741,029**	**584,600**
Operating profit/(loss)	4	**10,930**	**65,924**	**53,268**	**132,034**
Financial income		6,551	637	11,651	2,396
Financial expenses		-5,879	-3,209	-17,769	-8,508
Net exchange gains/(losses)		3,964	4,780	4,261	1,692
Gains/(losses) from joint ventures		-	1,251	465	1,251
Net financial items		**4,636**	**3,459**	**-1,392**	**-3,169**
Profit/(loss) before taxes		**15,566**	**69,383**	**51,876**	**128,865**
Taxes		24,634	26,027	30,229	40,898
Net Income		**-9,067**	**43,356**	**21,646**	**87,967**
Earnings per share (USD)		-0.07	0.34	0.18	0.75
Earnings per share, diluted (USD)		-0.07	0.34	0.17	0.74
Other comprehensive income:					
Exchange differences on translation of foreign operations		98	60	-546	-306
Total comprehensive income for the period		**-8,970**	**43,416**	**21,101**	**87,661**
Compehensive income attributable to non-controlling interests		-	-171	-	-171
Total comprehensive attributable to TGS shareholders		**-8,970**	**43,245**	**21,101**	**87,490**

CONDENSED CONSOLIDATED FINANCIAL POSITION

(All amounts in USD 1,000s unless noted otherwise)	Note	31-Dec-23	31-Dec-22
Goodwill	6	384,649	384,649
Intangible assets: Multi-client library	5,6	753,084	575,337
Other intangible assets		73,020	65,805
Deferred tax assets		67,895	82,196
Buildings, machinery and equipment		131,970	145,098
Right-of-use-asset		78,184	59,619
Other non-current assets		24,679	12,382
Total non-current assets		**1,513,479**	**1,325,087**
Accounts receivable		93,712	142,781
Accrued revenues		63,217	97,538
Inventory		12,565	6,575
Other current assets		76,700	78,463
Cash and cash equivalents		196,741	188,452
Total current assets		**442,935**	**513,810**
Total assets		**1,956,414**	**1,838,897**
Share capital		4,406	4,259
Other equity		1,271,170	1,235,504
Total equity		**1,275,576**	**1,239,763**
Long-term interest bearing debt	8	-	-
Other non-current liabilities		41,210	42,408
Lease liability		41,331	28,609
Deferred tax liability		16,426	23,130
Total non-current liabilities		**98,967**	**94,148**
Short term interest bearing debt	8	-	44,748
Accounts payable and debt to partners		95,049	72,862
Taxes payable, withheld payroll tax, social security and VAT		78,377	77,223
Lease liability		43,877	38,350
Deferred revenue		276,064	126,462
Other current liabilities		88,506	145,341
Total current liabilities		**581,872**	**504,986**
Total liabilities		**680,838**	**599,134**
Total equity and liabilities		**1,956,414**	**1,838,897**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ending December 31, 2023

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Non-controlling interest	Total Equity
Opening balance 1 January 2023	**4,259**	**-18**	**537,583**	**45,248**	**-22,539**	**671,373**	**3,856**	**1,239,763**
Net income	-	-	-	-	-	21,646	-	21,646
Translation effect	-	-	-	-	-546	-	-	-546
Total Comprehensive income	**-**	**-**	**-**	**-**	**-546**	**21,646**	**-**	**21,101**
Distribution of treasury shares	-	1	-	-	-	857	-	858
Cancellation of treasury shares held	-	-	-	-	-	174	-	174
Capital increase	145	-	86,471	-	-	-	-	86,616
Acquisition of Magseis Fairfield ASA	-	-	-	-	-	-2,031	-3,389	-5,419
Cost of equity-settled long term incentives	2	-	-	-	-	3,278	-	3,280
Dividends	-	-	-	-	-	-70,796	-	-70,796
Closing balance as of 31 December 2023	**4,406**	**-16**	**624,054**	**45,248**	**-23,085**	**624,501**	**468**	**1,275,576**

For the twelve months ending December 31, 2022

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Non-controlling interest	Total Equity
Opening balance 1 January 2022	**4,086**	**-38**	**416,878**	**45,248**	**-22,233**	**671,394**	**-7**	**1,115,328**
Net income	-	-	-	-	-	87,796	171	87,967
Translation Effect	-	-	-	-	-306	-	-	-306
Total comprehensive income	**-**	**-**	**-**	**-**	**-306**	**87,796**	**171**	**87,661**
Paid-in-equity through exercise of stock options	-	-	-	-	-	-	-	-
Purchase of own shares	-	-13	-	-	-	-7,001	-	-7,015
Distribution of treasury shares	-	0	-	-	-	149	-	150
Cancellation of treasury shares held	-33	33	15,928	-	-	-15,928	-	-
Capital Increase	203	-	106,155	-	-	18,882	-	125,240
Acquisition of Magseis ASA	-	-	-1,378	-	-	-20,005	3,692	-17,691
Cost of equity-settled long term incentive plans	3	-	-	-	-	2,223	-	2,226
Dividends	-	-	-	-	-	-66,136	-	-66,136
Closing balance as of 31 December 2022	**4,259**	**-18**	**537,583**	**45,248**	**-22,539**	**671,373**	**3,856**	**1,239,763**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in USD 1,000s unless noted otherwise)	Note	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Cash flow from operating activities:					
Profit before taxes		15,567	69,383	51,876	128,865
Depreciation / amortization / impairment		109,798	77,605	330,613	406,824
Changes in accounts receivable and accrued revenues		99,524	-27,701	83,391	-45,467
Changes in other receivables		6,206	-5,557	-9,132	33,061
Changes in balance sheet items		-74,245	7,550	160,200	-165,094
Paid taxes		-9,221	-2,045	-32,193	-15,036
Net cash flow from operating activities		**147,629**	**119,235**	**584,755**	**343,153**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-10,784	-8,911	-47,853	-23,663
Investments in multi-client library		-102,024	-77,860	-390,348	-200,888
Investments through mergers and acquisitions		2,233	-13,414	2,233	-54,563
Interest received		3,416	4,636	7,889	6,396
Net cash flow from investing activities		**-107,159**	**-95,548**	**-428,079**	**-272,718**
Cash flow from financing activities:					
Net change in interest bearing debt		-	-	-44,748	-
Interest paid		-2,410	-3,209	-7,838	-5,608
Dividend payments	3	-18,320	-17,426	-70,796	-66,136
Repayment of lease activities		-27,307	-11,705	-60,952	-20,599
Acquisition of shares		-	-	-54,385	-
Paid in equity		-	-	86,616	-
Purchase of own shares	3	1	-	1	-7,015
Net cash flow from financing activities		**-48,036**	**-32,340**	**-152,102**	**-99,358**
Net change in cash and cash equivalents		**-7,568**	**-8,654**	**4,574**	**-28,923**
Cash and cash equivalents at the beginning of period		200,247	192,291	188,452	215,329
Net unrealized currency gains / (losses)		4,062	4,815	3,715	2,047
Cash and cash equivalents at the end of period		**196,741**	**188,452**	**196,741**	**188,452**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

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

Note 2 Basis for Preparation

The condensed consolidated financial statements of TGS have been prepared in accordance with IFRS® Accounting Standards, IAS 34 Financial Reporting as adopted by EU and additional requirements in the Norwegian Securities Trading Act. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' Annual Report for 2022, which is available at www.tgs.com.

The same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the annual financial statements for 2022. The condensed consolidated financial statements are unaudited.

Note 3 Share Capital and Equity

Ordinary shares	Number of shares
1 January 2023	124,927,439
Net change in period	6,353,019
31 December 2023	**131,280,458**

Treasury shares	Number of shares
1 January 2023	458,515
Net change in period	-39,885
31 December 2023	**418,630**

The Annual General Meeting on 10 May 2023 renewed the Board of Directors' authorizations to repurchase shares and distribute quarterly dividends on the basis of the 2022 financial statements. The authorizations are valid until Annual General Meeting in 2024, but no later than 30 June 2024.

Net change in the period mainly relates to the announcement of the successfully private placement on 18 September 2023, where it was resolved to issue and allocate 6.25 million new shares at a subscription price of NOK 152.5 per share. The Company intends to use the net proceeds generated from the issuance of the New Shares to strengthen the Company's equity capital and for general corporate purposes, including in view of the announced combination with PGS ASA.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q1 2024. The dividend will be paid in the form of NOK 1.47 per share on 7 March 2024. The share will trade ex-dividend on 22 February 2024.

In Q4 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.56 per share).

Largest Shareholders as of 31 December 2023	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	13,536,500	10.3 %
2. Brown Brothers Harriman (Lux.) SCA	Luxembourg	Nominee	8,768,489	6.7 %
3. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	5,219,695	4.0 %
4. The Bank of New York Mellon	United States	Nominee	5,084,796	3.9 %
5. State Street Bank and Trust Comp	United States	Nominee	3,928,087	3.0 %
6. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	3,874,901	3.0 %
7. The Northern Trust Comp, London Br	United Kingdom	Nominee	3,575,790	2.7 %
8. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	2,671,001	2.0 %
9. State Street Bank and Trust Comp	United States	Nominee	2,600,424	2.0 %
10. AAT INVEST AS	Norway	Ordinary	2,000,000	1.5 %
10 largest			**51,259,683**	**39%**
Total Shares Outstanding *			**130,861,828**	**100%**

Average number of shares outstanding for current quarter *	
Average number of shares outstanding during the quarter	130,861,828
Average number of shares fully diluted during the quarter	132,015,007

*Shares outstanding net of treasury shares per 31 December 2023 (418 630 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information	
Share price 31 December 2023 (NOK)	132.50
Market capitalization 31 December 2023 (NOK million)	**17,395**

Note 4 Segment Information

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

TGS reports monthly management information to the executive management based on defined operating business units. Where appropriate, these operating business units are aggregated into reportable segments that form the basis of the monthly management reporting. In 2023, management reassessed its reportable segments and reports now six overall business units: Western Hemisphere (WH), Eastern Hemisphere (EH), Digital Energy Solutions (DES), Acquisition (ACQ), Imaging and G&A. WH consist of North America, Latin America and Land. In EH, TGS groups Europe, Africa & Middle East, Asia Pacific and Interpretative Products. The business in EH and WH is multi-client related. DES consists of three parts: Well Data Products (WDP), New Energy Solutions (NES) and Data Analytics (D&A). Unallocated cost is reported as G&A. The Group does not allocate all cost items to its reportable business units during the year. The measurement basis of segment profit is operating profit.

(All amounts in USD 1,000s)	Western Hemisphere	Eastern Hemisphere	Acquisition	Digital Energy Solutions	Imaging	G&A	Elimination	Total
Q4 2023								
Operating revenues	51,787	39,477	77,010	22,958	10,745	-123	-12,487	189,367
Straight-line amortization	-26,446	-12,147	-	-4,195	-	-29	-	-42,817
Accelerated amortization / impairment	-9,661	-17,088	-	-1,937	-	-	-	-28,687
Cost of goods sold - proprietary and other	-72	-917	-23,892	-132	-102	503	-0	-24,611
Other operating cost	-3,353	-2,750	-43,764	-15,226	-13,167	-15,759	11,696	-82,322
Operating profit	**12,255**	**6,575**	**9,355**	**1,467**	**-2,524**	**-15,408**	**-791**	**10,930**
Q4 2022								
Operating revenues	122,024	29,338	60,459	13,035	12,153	71	-18,067	219,013
Straight-line amortization	-23,107	-11,017	198	-3,659	-	158	-	-37,427
Accelerated amortization / impairment	-9,349	-13,637	-	-	-	-	-	-22,985
Cost of goods sold - proprietary and other	-81	-1,063	-30,121	-49	-0	-55	4,313	-27,056
Other operating cost	-3,465	-2,866	-26,017	-10,697	-18,030	-16,373	11,827	-65,621
Operating profit	**86,022**	**755**	**4,519**	**-1,369**	**-5,877**	**-16,199**	**-1,928**	**65,924**

Note 5 Multi-client library

(All amounts in USD millions)	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Opening balance net book value	**745.0**	**575.9**	**575.3**	**704.9**
Inorganic multi-client investments	9.0	4.2	9.0	20.3
Organic multi-client investments	70.6	55.65	402.4	223.4
Amortization and impairment	-71.5	-60.41	-233.7	-373.3
Closing balance net book value	**753.1**	**575.3**	**753.1**	**575.3**
Net MC revenues	101.3	159.4	375.3	631.4
Amort. in % of net MC revs.	71%	38%	62%	59%

Note 6 Evaluation of estimates and assumptions

Multi-client library

TGS reviews the carrying value of its multi-client libraries when there are events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. TGS has not identified any new impairment triggers warranting an updated impairment test following the detailed process performed in Q4 2022; refer to note 10 to the condensed consolidated financial statements included in the 2022 Annual Report for further details regarding testing performed and principles applied.

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

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

Management has evaluated the carrying amount of the net assets of the Group in respect of the market capitalization, changes in interest rates and assumptions applied in the WACC, as well as the developments and expected developments in the Brent Oil Price. The developments through Q4 2023 did not reveal any new factors considered to trigger an impairment analysis. Following internal reporting from TGS business units, evidence available does not indicate that the economic performance of multi-client libraries or the related sales forecasts are worse, or significantly changed, from the assumptions utilized in the impairment tests during the preceding quarter. Notwithstanding the above, the company has charged impairments of USD 1.4 million, mainly due to a decrease of sales forecasts for one project.

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 cash generating units (CGU) 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 group of CGUs. The carrying amount is the carrying amount of all PPE, intangibles, multi-client library, net working capital and goodwill allocated to the group of CGUs.

Goodwill acquired through business combinations has been allocated to a group of cash generating units, presented in the table below as an aggregation of CGU's grouped by TGS management reporting structure:

(All amounts in USD 1,000s)	Western Hemisphere	Eastern Hemisphere	Acquisition	Digital Energy Solutions	Total
Net book value as of 31 December 2023	169,502	95,432	69,216	50,499	384,649
WACC post-tax	11.53%	10.94%	9.96%	9.96%	

Based on the impairment testing performed, no goodwill impairment has been recognized during 2023.

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' group of 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 group of CGUs. The impact will depend on the current value in use and carrying value of the relevant group of CGUs. 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:

- 20% reduction of expected return of investments would lead to no impairment
- 30% reduction of expected return of investments would lead to an impairment of USD 29 million
- 5% reduction in sales in DES and Acquisition would lead to no impairment
- 10% reduction in sales in DES and Acquisition would lead to an impairment of USD 43 million
- 2.5% increase in WACC would lead to an impairment of USD 10 million
- 5% increase in WACC would lead to an impairment of USD 68 million

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

Note 7 Tax

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

TGS' corporate income tax rate is a weighted average rate primarily based on the tax rates of Norway (22%), Brazil (34%) and the US (21%). The tax expense for 2023 was USD 30.2 million (USD 40.9 million in 2022), corresponding to a tax rate of 58.3% (31.7% in 2022). The high effective tax rate in the quarter is caused by withholding taxes and not recognized tax assets in UK and Brazil.

Tax exposure

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

Note 8 Interest Bearing Liabilities

In February 2021, TGS entered into an amended and restated revolving credit facility ("RCF"), amending and restating the original RCF dated 26 October 2018 (2018 RCF). The RCF provided for borrowings of up to 100 million (on a revolving basis) with an interest rate of LIBOR +2.5% per interest period as determined by TGS and as per the defined terms of the RCF. During the first quarter 2023, TGS utilized the RCF to repay the outstanding amount under the Magseis revolving credit facility that was in place at the time of the acquisition by TGS in Q4 2022.

On 9 February 2023, TGS entered into an amended and restated RCF (the 2023 RCF), amending and restating the 2018 RCF (as amended in February 2021), The new RCF provides for borrowings, on a revolving basis, of up to USD 125 million with an interest rate of SOFR +3.0% per annum. The 2023 RCF provides for an accordion feature to allow for an increase in borrowing capacity of an additional USD 25 million. In Q4 2023 TGS acted upon the accordion future, increasing the RCF to USD 150 million. As of 31 December 2023, the amount drawn on the bank facility is 0.

Financial covenants bank facility (RCF)

The conditions below are only tested if Liquidity (as defined in the RCF) on the relevant testing date is below USD 100 million:

- Equity Ratio > 50 percent
- Leverage Ratio: Net interest-bearing debt/EBITDA for relevant period must be at or below 1.00
- Liquidity: The Liquidity of the group at all times must be at least USD 75 million
- Operational Capex: EBITDA minus Operational Capex must be above zero

TGS is in compliance with all financial covenants as of 31 December 2023.

Note 9 Business combinations & significant transactions

On 18 September 2023, TGS announced that it has agreed to the principal terms of the acquisition of PGS ASA by TGS to create a strong full-service energy data company. On 25 October 2023, TGS and PGS executed the merger documentation, including a merger agreement and the merger plan. On 1 December 2023, the extraordinary general meetings of TGS and PGS approved the merger plan. The transaction is subject to authorization from the competition authorities and closing is expected during the second quarter of 2024. The transaction is expected to be completed as a statutory merger pursuant to Norwegian corporate law, with merger consideration to PGS shareholders in the form of 0.06829 ordinary shares of TGS for each PGS share in addition to compensation for dividends paid by TGS.

On 31 January TGS ASA have entered into a commitment of USD 60 million to refinance PGS ASA Super Senior loan, on market terms.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

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

Early Sales

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

Late Sales

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

Proprietary Sales

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

Percentage-of-completion (POC) Revenues & POC Early Sales Revenues

POC Revenues are measured by applying the percentage-of-completion method to Early sales, added to Late sales and Proprietary sales. POC Early Sales Revenue are measured by applying the percentage-of-completion method to Early sales only.

(All amounts in USD 1,000s)	Total
Q4 2023	
Operating revenues	189,367
PoC Revenue Early Sales	59,065
Performance obligations met during the quarter	-42,490
Internal revenue elimination	0
POC Revenue	**205,942**
Q4 2022	
Operating revenues	219,013
PoC Revenue Early Sales	30,703
Performance obligations met during the quarter	-22,831
Internal revenue elimination	0
POC Revenue	**226,885**

POC Early Sales Rate (%)

POC Early sales rate (%) means POC Early Sales Revenue as a percentage of organic multi-client investments in new projects, an important measure for TGS as it provides indication of the prefunding levels for projects in progress.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for TGS as it provides an indication of the profitability of the operating activities. The EBIT margin presented is defined as EBIT (Operating Profit) divided by revenues.

EBITDA

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

(All amounts in USD 1,000s)	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Net income	-9,067	43,356	21,646	87,967
Taxes	24,634	26,027	30,229	40,898
Net financial items	-4,636	-3,459	1,392	3,169
Depreciation, amortization and impairment	38,296	17,193	96,942	33,561
Amortization and impairment of multi-client library	71,503	60,412	233,671	373,263
EBITDA	**120,729**	**143,529**	**383,881**	**538,858**

Straight-line Amortization

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

Accelerated Amortization

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

POC Accelerated Amortization

Accelerated amortization of multi-client library is calculated on percentage of completion basis.

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Return on average capital employed

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

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

(All amounts in USD 1,000s)	31-Dec-23	31-Dec-22
Equity	1,275,576	1,239,763
Interest bearing debt	-	44,748
Cash	196,741	188,452
Net interest bearing debt	-196,741	-143,704
Capital employed	**1,078,835**	**1,096,059**
Average capital employed	1,087,447	998,029
Operating profit (12 months trailing)	53,268	130,736
ROACE	**5%**	**13%**

Free cash flow

Free cash flow when calculated by TGS is Cash flow from operational activities minus cash from investing activities excluding impact from investing activities related to Mergers and Acquisitions.

(All amounts in USD 1,000s)	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Net cash flow from operating activities	147,629	119,235	584,755	343,153
Net cash flow from investing activities	-107,159	-95,548	-428,079	-272,718
Excluding Investments through mergers and acquisitions	-2,233	13,414	-2,233	54,563
Free cash flow	**38,237**	**37,101**	**154,443**	**124,998**

Contract Inflow

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

Contract Backlog

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

Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 31 December 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, Norwegian Accounting Act, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review gives a true and fair view of important events that have occurred during the period 1 January to 31 December 2023, and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Oslo, 14 February 2024

The Board of Directors of TGS ASA

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Chair of the Board of Directors

Luis Araujo
Board member

Bettina Bachmann
Board member

Irene Egset
Board member

Grethe Kristin Moen
Board member

Maurice Nessim
Board member

Svein Harald Øygard
Board member

Kristian Johansen
Chief Executive Officer