TGS | Energy starts with us.

# TGS EARNINGS RELEASE
## 4th QUARTER 2021 RESULT

### 4th QUARTER 2021 FINANCIAL HIGHLIGHTS

| **IFRS** (all amounts in USD 1,000 unless specified otherwise) | Q4 2021 | Q4 2020[1] | YTD 2021[1] | YTD 2020[1] |
|---|---|---|---|---|
| **Operating revenues** | **104,661** | **142,897** | **562,041** | **319,453** |
| **Operating profit (EBIT)** | **-100,789** | **-24,761** | **-28,979** | **-269,468** |
| - Operating profit margin | -96% | -17% | -5% | -84% |
| **Net income** | **-85,894** | **-16,915** | **-54,108** | **-195,470** |
| **EPS (fully diluted) (USD)** | **-0.74** | **-0.14** | **-0.46** | **-1.67** |
| Organic multi-client investments in new projects | 53,687 | 34,412 | 182,178 | 309,327 |
| Inorganic multi-client investments | 11,000 | 0 | 16,000 | 15,000 |
| Amortization and impairment of multi-client library | 165,236 | 147,327 | 458,861 | 468,209 |
| **Multi-client library net book value** | **704,868** | **965,551** | **704,868** | **965,551** |
| Free cash flow (after multi-client investments) | 54,888 | 28,386 | 162,159 | 13,582 |
| **Cash balance** | **215,329** | **195,716** | **215,329** | **195,716** |
| Return on average capital employed[2] | -3% | -20% | -3% | -20% |

| **Segment reporting**[3] (all amounts in USD 1,000 unless specified otherwise) | Q4 2021 | Q4 2020[1] | YTD 2021[1] | YTD 2020[1] |
|---|---|---|---|---|
| **Operating revenues** | **119,503** | **120,322** | **308,877** | **448,780** |
| - Pre-funding revenues | 24,946 | 13,319 | 86,760 | 151,924 |
| - Late sales | 82,863 | 103,230 | 196,833 | 281,647 |
| - Proprietary revenues | 11,695 | 3,773 | 25,285 | 15,210 |
| **EBITDA** | **84,040** | **103,946** | **195,972** | **348,001** |
| **Operating profit (EBIT)** | **-87,696** | **-67,900** | **-161,608** | **-199,296** |
| - Operating profit margin | -73% | -56% | -52% | -44% |
| Amortization and impairment of multi-client library | 166,985 | 167,892 | 338,325 | 527,365 |
| **Multi-client library net book value** | **506,518** | **646,665** | **506,518** | **646,665** |
| Pre-funding rate | 46% | 39% | 48% | 49% |
| Return on average capital employed[2] | -20% | -17% | -20% | -17% |

"We experienced a stronger than normal seasonal uptick in sales in Q4, mainly driven by a solid performance by the U.S. Gulf of Mexico portfolio. Together with the improved order inflow seen over the past few months, this serves as an indication of a slowly improving market. I am also pleased to see that the strong cash generation continues. Free cash flow amounted to approximately USD 55 million in the quarter, resulting in a cash balance of approximately USD 215 million at year-end" says Kristian Johansen, CEO of TGS.

[1] YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.
[2] 12 months trailing.
[3] Revenues of projects in progress recognized on a Percentage of Completion basis. Please refer to note 4 of the interim financial statements for more details.

## Q4 HIGHLIGHTS – SEGMENT REPORTING

- Free cash flow (cash flow from operations after organic investments in the multi-client library) was USD 54.9 million in Q4 2021 compared to USD 28.4 million in Q4 2020.
- Cash balance at 31 December 2021 was USD 215.3 million, supporting a dividend payment of USD 0.14 per share and the ongoing USD 20 million share buyback program.
- Segment revenues were USD 119.5 million in Q4 2021, down 0.7% from USD 120.3 million in Q4 2020.
- Late sales in Q4 2021 were USD 82.9 million, down 19.7% from USD 103.2 million in Q4 2020.
- New investments of USD 53.7 million were supported by prefunding of USD 24.9 million (46.4% of the investments) during Q4 2021. This compares to USD 34.4 million in investments with pre-funding of USD 13.3 million (38.7% of the investments) in Q4 2020.
- Q4 2021 EBITDA was USD 84.0 million, down 19.2% from USD 103.9 million in Q4 2020. Operating costs included costs related the proprietary part of the NOAKA OBN survey in Norway.
- TGS' backlog amounted to USD 90.2 million at the end of Q4 2021 compared to USD 46.8 million at the end of Q3 2021 and USD 88.9 million at the end of Q4 2020.

## FINANCIALS – IFRS REPORTING

The discussion and analysis in this section is based on IFRS reporting, where revenue recognition generally is postponed until project completion. This implies that prefunding committed prior to start-up of the project and late sales committed in the work-in-progress phase are not recognized until delivery of the data to the customer. For internal reporting purposes, TGS also prepares accounts (segment reporting) where sales committed prior to completion of the project are recognized on a Percentage of Completion basis. These accounts are further elaborated in the "FINANCIALS – SEGMENT REPORTING" section further below.

Note that the accounts for Q1 to Q3 in 2021 and the full year 2020 have been restated to reflected changes to accounting practice in Latin America (refer to note 9 of the interim financial statements for more details).

### Operating revenues and operating profit

Revenues amounted to USD 104.7 million in Q4 2021, a decrease of 26.8% from USD 142.9 million in Q4 2020. Revenues from projects completed and delivered during the quarter amounted to USD 39.9 million in Q4 2021.

Amortization and impairments of the multi-client library amounted to USD 165.2 million in Q4 2021 versus USD 147.3 million in Q4 2020. Of this, impairments amounted to USD 67.4 million, accelerated amortization was USD 47.2 million and straight-line amortization was USD 51.5 million.

Personnel costs were USD 14.2 million compared to USD 7.8 million in Q4 2020. The difference is partly attributable to bonus payments earned in Q4 2021, as well as negative adjustments in Q4 2020 related to the value of long-term incentive schemes. Other operating expenses amounted to USD 12.7 million compared to USD 6.0 million in Q4 2020. The increase is partly related to non-recurring items, such as the write down of certain withholding tax credits, and partly to Q4 2020 costs being lowered by a reversal of accruals of legal costs.

Operating loss amounted to USD 100.8 million in Q4 2021 compared to loss of USD 24.8 million in the same quarter of last year.

### Financial items and profit before tax

Net financial items for Q4 2021 totaled USD -2.3 million compared to USD -3.1 million in Q4 2020.

Loss before tax was USD 103.1 million in Q4 2021 compared to losses of USD 27.9 million in Q4 2020.

## Tax and net income

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

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

The tax expense for Q4 2021 was USD -17.2 million (USD -11.0 million in Q4 2020), corresponding to a tax rate of 17% (39% in Q4 2020). The tax rate was reduced by losses in certain high-tax jurisdictions not being deemed to be fully recoverable.

Net income amounted to USD -85.9 million in Q4 2021, compared to USD -16.9 million in Q4 2020. This corresponds to a fully diluted EPS of USD -0.74 versus USD -0.14 in Q4 2020.

## Balance sheet

As of 31 December 2021, TGS had a cash balance of USD 215.3 million, an increase of USD 19.6 million from 31 December 2020 (USD 195.7 million). Interest-bearing debt was zero at the end of Q4 2021 compared to USD 2.5 million at the end of Q4 2020, resulting in a net cash balance of USD 215.3 million (USD 193.2 million in 31 December 2020).

The net book value of the multi-client library was USD 704.9 million as of 31 December 2021, compared to USD 965.6 million as of 31 December 2020. The decline is mostly a reflection of amortization and impairment charges booked during the quarter.

Total equity as of 31 December 2021 was USD 1,112.3 million, corresponding to 68.9% of total assets. On 31 December 2020, total equity amounted to USD 1,243.7 million (61.5% of total assets).

## Cash flow

Free cash flow (cash flow from operations after organic investments in the multi-client library) was USD 54.9 million for Q4 2021 compared to USD 28.4 million in Q4 2020. Net cash flow from operations for the quarter totaled USD 117.1 million, compared to USD 58.7 million in Q4 2020. Net increase in cash for Q4 2021 was USD 19.2 million (increase of USD 11.2 million in Q4 2020). Cash outflows related to organic investments in the multi-client library were USD 62.2 million, compared to USD 30.3 million in Q4 2020.

## FINANCIALS – SEGMENT REPORTING

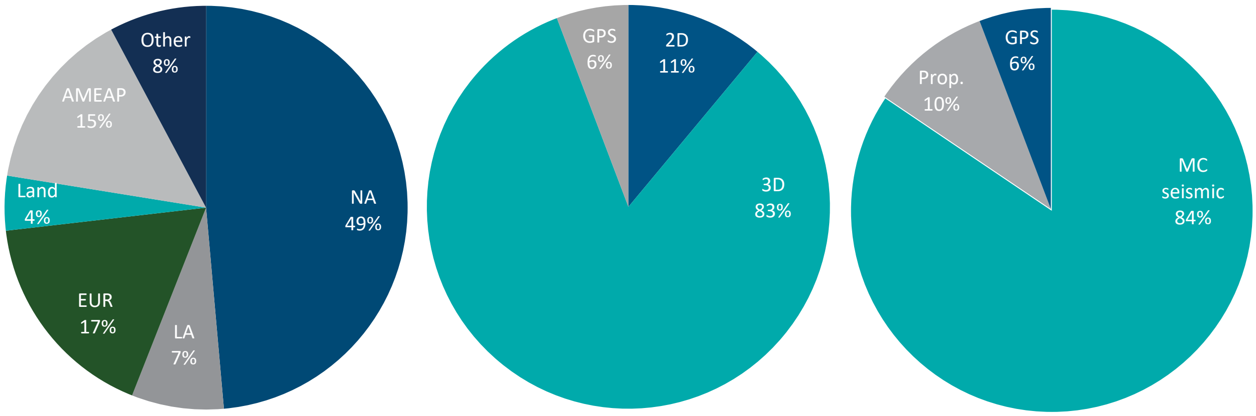
For internal reporting purposes TGS uses segment reporting, with revenues from projects-in-progress recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenue recognition is deferred until project completion and delivery to the customer. The discussion and analysis in this section are based on segment reporting.

## Operating revenues

Operating revenues for Q4 2021 amounted to USD 119.5 million, a decrease of 0.7% from USD 120.3 million in Q4 2020. Prefunding revenues totaled USD 24.9 million in the quarter (USD 13.3 million in Q4 2020), which funded 46.5% (38.7% in Q4 2020) of the USD 53.7 million (USD 34.4 million in Q4 2020) of organic investments in the multi-client library.

Late sales for the quarter amounted to USD 82.9 million, a decrease of 19.7% compared to the USD 103.2 million recorded in Q4 2020. Proprietary contract revenues increased by 210.0% to USD 11.7 million from USD 3.8 million in Q4 2020. The reason for the increase is that parts of the NOAKA OBN project in Norway has been deemed to be proprietary, and not multi-client. As such, sales related to the project has been booked as proprietary revenues, while costs are booked as cost of goods sold.

## Revenue distribution




*Source: TGS*

## EBITDA, amortization and operating profit

After subtracting operating costs as described in the IFRS section (which remain unchanged under segment reporting), EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) totaled USD 84.0 million in Q4 2021, compared to USD 103.9 million in Q4 2020, a decrease of 19.2%.

Amortization and impairment of the multi-client library amounted to USD 167.0 million in Q4 2021, down from USD 167.9 million in Q4 2020. Of this, straight-line amortization was to USD 35.1 million, WIP amortization was USD 35.3 million and impairments amounted to USD 96.7 million.

Operating loss in Q4 2021 amounted to USD 87.7 million (margin of -67.9%), compared to USD 67.9 million (margin of -56.4%) in Q4 2020.

## Multi-client library

Organic multi-client investments amounted to USD 53.7 million in Q4 2021, 56.0% higher than the USD 34.4 million invested in Q4 2020. In addition, the company invested USD 11.0 million in a portfolio of wide-azimuth surveys in the Green Canyon area of Gulf of Mexico, US.

The net book value of the multi-client library was USD 506.5 million as of 31 December 2021, compared to USD 646.7 million as of 31 December 2020. The decline is a result of amortization and impairments as described above.

## Backlog

TGS' backlog amounted to USD 90.2 million at the end of Q4 2021, compared to USD 46.8 million at the end of Q3 2021 and USD 88.9 million at the end of Q4 2020.

## Dividend and Share Buybacks

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 2022. The dividend will be paid in the form of NOK 1.24 per share on 3 March 2022. The share will trade ex-dividend on 17 February 2022. In Q4 2021, TGS paid a cash dividend of USD 0.14 per share (NOK 1.17 per share).

In February 2021, the Board of Directors authorized a share repurchase program of up to USD 20 million. The share repurchase program will remain in place until the TGS' annual general meeting in May 2022, or such earlier time as the maximum number of shares has been acquired or the Board resolves to terminate the program. Any repurchased shares will be held in treasury and, subject to approval by a general meeting, thereafter be canceled. Repurchased shares may also be used, inter alia, to satisfy obligations under incentive programs and/or in connection with small acquisitions. It is expected that shares will primarily be repurchased in the open market on the Oslo Stock Exchange. The share repurchases will be conducted based on the authorization to acquire treasury shares granted at the annual general meeting.

In Q4 2021, TGS acquired 308,266 own shares for a total amount of USD 3.0 million under this program. As of 31 December 2021, the total value of shares bought back under the share repurchase program is USD 15.7 million.

## OPERATIONAL REVIEW

The inflow of new customer commitments was strong during Q4 2021. As a result, the revenue backlog at the end of the quarter amounted to USD 90 million, compared to 47 million at the end of Q3 2021.

Organic multi-client investments for Q4 2021 amount to USD 53.7 million. Engagement Phase 2, conducted in a joint venture with Schlumberger, comprised a significant portion of total investment during the quarter. Engagement Phase 2 is an Ocean Bottom Node (OBN) project in Green Canyon covering 168 OCS blocks. The acquisition phase of the project is expected to be completed during Q1 2022, with processed data available in mid-2022.

During the quarter TGS, together with CGG and BGP, commenced a 3D survey offshore Suriname. The first phase of the survey will cover approximately 11,000 km², with data acquisitions expected to be completed in Q3 2022.

In Egypt, TGS and Schlumberger initiated a 3D survey covering approximately 6,800 km² in the Red Sea. Data acquisition will be completed towards the end of Q1 2022, with final products being available in Q4 2022.

The Sarawak 3D survey in Malaysia, conducted in partnership with Schlumberger and PGS, progressed during the quarter. The total survey size will be approximately 8,000 km², and acquisition is expected to end in Q2 2022.

TGS has been awarded several proprietary processing contracts by supermajors during the second half of 2021. The awards recognize TGS increased investment in Imaging R&D and the strong focus on improving advanced processing technologies such as Full Waveform Inversion (FWI). During Q4, the Company commercialized a new DAS VSP processing solutions for 4D reservoir and Carbon storage monitoring, with a first 4D project awarded by a supermajor.

Our New Energy Solutions business continues to progress on product development. As an example, in Q4 2021, the team completed the Southern USA $CO_2$ storage atlas in collaboration with Canadian Discovery Ltd. The atlas is designed as a prospecting and technical assessment tool to identify suitable subsurface CO2 storage locations. Spanning an area of over 87,000 square miles across three states, it allows assessment of over 7,000 potential storage locations.

Finally, the offshore wind market intelligence specialist 4C Offshore, acquired by TGS in May 2021, continued to deliver a strong year-over-year increase in order inflow of 53% and 47% in Q4 2021 and full-year 2021, respectively.

## OUTLOOK

Although the multi-client market remains at a low level in a historical perspective, we have seen some positive signs of improvement lately, and the sales momentum in Q4 2021 was better than earlier in the year, even when adjusting for the normal seasonality. This is further underlined by the strong order inflow experienced during the quarter.

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 overall E&P spending, which is attributable to the discretionary nature of our products combined with the strong focus among our clients to reduce debt and provide 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. We believe the need to increase reserves, together with stronger balance sheets and a solid oil price, will result in more E&P activity. As a result, we are confident about a gradually improving market in 2022 and further growth thereafter.

In late January 2022, a federal court in the US vacated the US Gulf of Mexico (GOM) sale that took place in November last year, 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, TGS believes that most of its expected revenues in the US would not be significantly impacted by a temporary halt in GOM acreage awards.

Based on an improved market outlook, TGS has issued the following financial guidance for 2022:

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

**Oslo, 10 February 2022**
The Board of Directors of TGS ASA

## ABOUT TGS

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

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

## CONTACT FOR ADDITIONAL INFORMATION

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## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (All amounts in USD 1,000s unless noted otherwise) | Note | Q4 2021 | Q4 2020 Restated[1] | YTD 2021 Restated[1] | YTD 2020 Restated[1] |
|---|---|---|---|---|---|
| **Revenues** | 4 | **104,661** | **142,897** | **562,041** | **319,453** |
| Cost of goods sold - proprietary and other | | 8,497 | 2,527 | 11,625 | 7,050 |
| Amortization and impairment of multi-client library | 5, 6 | 165,236 | 147,327 | 458,861 | 468,209 |
| Personnel costs | | 14,241 | 7,827 | 54,870 | 53,864 |
| Other operating expenses | | 12,724 | 6,022 | 46,410 | 39,866 |
| Depreciation, amortization and impairment | | 4,752 | 3,954 | 19,255 | 19,932 |
| **Total operating expenses** | | **205,450** | **167,657** | **591,021** | **588,920** |
| **Operating profit** | 4 | **-100,789** | **-24,761** | **-28,979** | **-269,468** |
| *Financial income and expenses* | | | | | |
| Financial income | | 1,942 | 106 | 2,525 | 853 |
| Financial expenses | | -2,310 | -321 | -6,362 | -3,130 |
| Net exchange gains/(losses) | | -1,949 | -2,904 | -7,113 | 7,807 |
| **Net financial items** | | **-2,317** | **-3,118** | **-10,951** | **5,530** |
| **Profit before taxes** | | **-103,106** | **-27,879** | **-39,930** | **-263,938** |
| Taxes[2] | | -17,212 | -10,964 | 14,178 | -68,468 |
| **Net income** | | **-85,894** | **-16,915** | **-54,108** | **-195,469** |
| **EPS USD** | | **-0.74** | **-0.14** | **-0.46** | **-1.67** |
| **EPS USD, fully diluted** | | **-0.74** | **-0.14** | **-0.46** | **-1.67** |
| ***Other comprehensive income:*** | | | | | |
| Exchange differences on translation of foreign operations | | - | -22,233 | - | -37,859 |
| Other comprehensive income/(loss) for the period, net of tax | | - | -22,233 | - | -37,859 |
| **Total comprehensive income for the period** | | **-85,894** | **-39,148** | **-54,108** | **-233,327** |

[1] YTD Q3 2021, Q4 2020 and YTD Q4 2020 figures are restated. Refer to note 2 and note 9 of the interim financial statements for more details.
[2] Tax expense includes estimated expenses in certain jurisdictions.

## INTERIM CONSOLIDATED BALANCE SHEET

| (All amounts in USD 1,000s) | Note | 2021 31-Dec | 2020 31-Dec Restated[1] |
|---|---|---|---|
| Goodwill | 6, 7 | 303,964 | 288,377 |
| Multi-client library | 5, 6 | 704,868 | 965,551 |
| Other intangible non-current assets | | 25,477 | 17,396 |
| Deferred tax asset | | 80,235 | 88,624 |
| Buildings | | 3,057 | 2,257 |
| Machinery and equipment | | 16,462 | 25,349 |
| Right of use asset | 6 | 35,770 | 48,690 |
| Sublease asset | | 1,258 | 965 |
| Other non-current assets | | 7,791 | 19,471 |
| **Total non-current assets** | | **1,178,880** | **1,456,680** |
| Accounts receivable | 6 | 113,513 | 168,746 |
| Accrued revenues | | 32,551 | 108,737 |
| Other receivables | | 73,901 | 91,516 |
| Cash and cash equivalents | | 215,329 | 195,716 |
| **Total current assets** | | **435,294** | **564,715** |
| **TOTAL ASSETS** | | **1,614,174** | **2,021,395** |
| Share capital | | 4,086 | 4,082 |
| Other equity | | 1,108,176 | 1,239,632 |
| **Total equity** | 3 | **1,112,262** | **1,243,714** |
| Long-term debt | | - | - |
| Other non-current liabilities | | 2,706 | 757 |
| Lease liability | | 33,022 | 44,551 |
| Deferred taxes | | 32,226 | 29,100 |
| **Total non-current liabilities** | | **67,955** | **74,408** |
| Short-term debt | | - | 2,500 |
| Accounts payable and debt to partners | | 71,669 | 77,683 |
| Taxes payable, withheld payroll tax, social security and VAT | | 65,187 | 31,749 |
| Deferred revenue | | 238,169 | 484,693 |
| Lease and other current liabilities | | 58,933 | 106,647 |
| **Total current liabilities** | | **433,958** | **703,273** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,614,174** | **2,021,395** |

[1] 2020 Balances are restated. Refer to note 2 and note 9 of the interim financial statements for more details.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

| (All amounts in USD 1,000s unless noted otherwise) | Note | Q4 2021 | Q4 2020 | YTD 2021 | YTD 2020 |
|---|---|---|---|---|---|
| ***Cash flow from operating activities:*** | | | | | |
| Received payments from customers | | 151,497 | 115,866 | 438,869 | 572,021 |
| Payments for salaries, pensions, social security tax | | -10,736 | -15,279 | -43,841 | -69,340 |
| Payments of other operational costs | | -24,044 | -19,785 | -63,201 | -84,260 |
| Paid taxes | | 353 | -22,127 | -14,178 | -63,694 |
| **Net cash flow from operating activities[1]** | | **117,071** | **58,676** | **317,649** | **354,728** |
| ***Cash flow from investing activities:*** | | | | | |
| Investments in tangible and intangible assets | | -5,038 | -2,120 | -13,579 | -35,200 |
| Investments in multi-client library | 5 | -62,183 | -30,290 | -155,490 | -341,146 |
| Investments through mergers and acquisitions | 7 | -11,000 | - | -34,304 | -15,000 |
| Interest received | | 1,942 | 106 | 2,525 | 853 |
| **Net cash flow from investing activities** | | **-76,279** | **-32,304** | **-200,848** | **-390,493** |
| ***Cash flow from financing activites:*** | | | | | |
| Interest paid | | -2,356 | -556 | -6,362 | -2,896 |
| Dividend payments | 3 | -16,295 | -14,654 | -65,524 | -87,783 |
| Repayment of interest bearing debt | | - | - | -2,500 | - |
| Purchase of own shares | 3 | -2,983 | - | -15,689 | -6,601 |
| **Net cash flow from financing activites** | | **-21,634** | **-15,210** | **-90,075** | **-97,280** |
| ***Net change in cash and cash equivalents*** | | **19,158** | **11,162** | **26,726** | **-133,045** |
| Cash and cash equivalents at the beginning of period | | 198,120 | 179,819 | 195,716 | 323,408 |
| Net unrealized currency gains/(losses) | | -1,949 | 4,735 | -7,113 | 5,354 |
| **Cash and cash equivalents at the end of period** | | **215,329** | **195,716** | **215,329** | **195,716** |
| ***[1] Reconciliation*** | | | Restated[2] | Restated[2] | Restated[2] |
| Profit before taxes | | -103,106 | -27,879 | -39,930 | -263,938 |
| Depreciation/amortization/impairment | 5,6 | 169,989 | 151,282 | 478,115 | 488,141 |
| Changes in accounts receivables and accrued revenues | | 12,272 | 52,980 | 131,726 | 101,688 |
| Unrealized currency gains/(losses) | | 0 | -4,735 | 0 | -5,354 |
| Changes in other receivables | | 41,677 | -39,316 | 15,632 | -39,316 |
| Changes in other balance sheet items | | -4,114 | -51,528 | -253,716 | 137,200 |
| Paid taxes | | 353 | -22,127 | -14,178 | -63,694 |
| **Net cash flow from operating activities** | | **117,071** | **58,676** | **317,649** | **354,727** |

[2] YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures in the reconciliations have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## For the year ending 31 December 2021

| (All amounts in USD 1,000s) | Share Capital | Treasury Shares | Share Premium | Other Paid-In Capital | Currency Translation Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 1 January 2021** | **4,082** | **-2** | **416,878** | **45,248** | **-22,233** | **799,740** | **1,243,713** |
| Net income[1] | - | - | - | - | - | -54,108 | **-54,108** |
| **Total comprehensive income** | - | - | - | - | - | **-54,108** | **-54,108** |
| Purchase of own shares | - | -38 | - | - | - | -15,651 | **-15,689** |
| Cancellation of treasury shares held | -1 | 1 | - | - | - | - | **-** |
| Distribution of treasury shares | - | 0 | - | - | - | 238 | **238** |
| Cost of equity-settled long term incentive plans | 5 | - | - | - | - | 3,627 | **3,632** |
| Dividends | - | - | - | - | - | -65,524 | **-65,524** |
| **Closing balance as of 31 December 2021** | **4,086** | **-38** | **416,878** | **45,248** | **-22,233** | **668,321** | **1,112,262** |

## For the year ending 31 December 2020

| (All amounts in USD 1,000s) | Share Capital | Treasury Shares | Share Premium | Other Paid-In Capital | Currency Translation Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|---|
| **Closing balance 31 December 2019** | **4,127** | **-49** | **416,878** | **45,248** | **-22,233** | **1,101,834** | **1,545,805** |
| Adjustments[1] | - | - | - | - | - | -15,256 | **-** |
| **Opening balance 1 January 2020** | **4,127** | **-49** | **416,878** | **45,248** | **-22,233** | **1,086,578** | **1,530,549** |
| Net income[1] | - | - | - | - | - | -195,469 | **-195,469** |
| **Total comprehensive income** | - | - | - | - | - | **-195,469** | **-195,469** |
| Cancellation of treasury shares held | -54 | 54 | - | - | - | - | **-** |
| Purchase of own shares | - | -7 | - | - | - | -6,594 | **-6,601** |
| Distribution of treasury shares | - | 0 | - | - | - | 165 | **165** |
| Cost of equity-settled long term incentive plans | 9 | - | - | - | - | 2,843 | **2,852** |
| Dividends | - | - | - | - | - | -87,783 | **-87,783** |
| **Closing balance as of 31 December 2020** | **4,082** | **-2** | **416,878** | **45,248** | **-22,233** | **799,740** | **1,243,714** |

[1] Net income YTD Q3 2021, the opening balance 1 January 2020 and net income for 2020 have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1 General information

TGS ASA (TGS or the Group) is a public limited company listed on the Oslo Stock Exchange. The address of its registered office is Askekroken 11, 0277 Oslo, Norway.

### Note 2 Basis for Preparation

The condensed consolidated interim financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim 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 2020, which is available at www.tgs.com.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2020.

In this interim financial statement, YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures have been restated. Note 29 in TGS' Annual Report for 2020 shows the changes from Q4 2020 interim financial statement to the Annual Report for 2020. TGS' Annual Report for 2020 is available at www.tgs.com. For the remaining restatements, look at note 9 in this interim financial statement.

### Note 3 Share capital and equity

| Ordinary shares | Number of shares |
|---|---|
| **1 January 2021** | **117,303,399** |
| Cancellation of treasury shares | -50,100 |
| Shares issued | 187,819 |
| **31 December 2021** | **117,441,118** |

| Treasury shares | Number of shares |
|---|---|
| **1 January 2021** | **75,000** |
| Net change in period | 1,259,261 |
| **31 December 2021** | **1,334,261** |

In Q1 2021, the Board resolved to launch a USD 20 million share buyback program expiring at the 2022 Annual General Meeting. The program was based on the authorization by the 2020 Annual General Meeting, which was renewed by the 2021 Annual General Meeting on 11 May 2021. As of 31 December 2021, the total value of shares bought back is USD 15.7 million.

The net change in treasury shares during 2021 comprises the repurchase of 1,319,261 own shares, less 9,900 treasury shares distributed to Board members in Q2 cancellation of 50,100 treasury shares in Q3.

The Annual General Meeting also renewed the Board of Directors' authorizations to repurchase shares and distribute quarterly dividends on the basis of the 2020 financial statements. The authorizations are valid until the Group's Annual General Meeting in 2022, but no later than 30 June 2022.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q1 2022. The dividend will be paid in the form of NOK 1.24 per share on 3 March 2022. The share will trade ex-dividend on 17 February 2021.

In Q4 2021, TGS paid a cash dividend of USD 0.14 per share (NOK 1.17 per share).

| Largest Shareholders as of 31 December 2021 | Country | Account type | No. of shares | Share |
|---|---|---|---|---|
| 1. The Northern Trust Comp | United States | NOM | 14,080,698 | 12.0 % |
| 2. FOLKETRYGDFONDET | Norway | | 9,059,634 | 7.7 % |
| 3. The Bank of New York Mellon SA/NV | The Netherlands | NOM | 8,507,076 | 7.2 % |
| 4. State Street Bank and Trust Comp | United States | NOM | 8,497,479 | 7.2 % |
| 5. RBC INVESTOR SERVICES TRUST | Canada | NOM | 4,350,627 | 3.7 % |
| 6. JPMorgan Chase Bank | United States | NOM | 4,196,702 | 3.6 % |
| 7. PARETO AKSJE NORGE VERDIPAPIRFOND | Norway | NOM | 2,419,645 | 2.1 % |
| 8. BNP Paribas Securities Services | Luxembourg | | 2,235,673 | 1.9 % |
| 9. Brown Brothers Harriman (Lux.) SCA | Luxembourg | NOM | 2,005,497 | 1.7 % |
| 10. State Street Bank and Trust Comp | United States | NOM | 1,689,902 | 1.4% |
| **10 largest** | | | **57,042,933** | **49%** |
| **Total Shares Outstanding *** | | | **116,106,857** | **100%** |

* Total shares outstanding are net of treasury shares held per 31 December 2021.

| Average number of shares outstanding for Current Quarter * | |
|---|---|
| Average number of shares outstanding during the quarter | 116,580,676 |
| Average number of shares fully diluted during the quarter | 117,396,555 |

* Shares outstanding net of treasury shares per 31 December 2021 (1,334,261 TGS shares), composed of average outstanding TGS shares during the quarter.

| Share price information | |
|---|---|
| Share price 31 December 2021 (NOK) | 84.58 |
| USD/NOK exchange rate end of period | 8.82 |
| Market capitalization 31 December 2021 (NOK million) | 9,933 |

## Note 4 Segment information

TGS reports segment information based on the information reported to the management. Segment revenues related to multi-client pre-funded contracts are measured by applying the percentage-of-completion method to estimated total contract revenues. As such, the timing and assessment of amortization will follow the timing of revenue recognition. Management believes segment reporting provides useful information as to the value generated by the Group relative to the related activities and resources employed.

| (All amounts in USD 1,000s) | North America | Latin America | Europe & Russia | Land | Africa, Middle East & Asia/Pacific | Other segments / Corporate costs | Segment reporting consolidated | Adjustment | IFRS reporting |
|---|---|---|---|---|---|---|---|---|---|
| **Q4 2021** | | | | | | | | | |
| External revenues | 58,065 | 8,838 | 20,545 | 5,215 | 17,511 | 9,328 | 119,503 | -14,841 | 104,662 |
| Operating profit | 24,534 | -50,133 | -29,632 | -10,116 | -2,020 | -20,329 | -87,696 | -13,093 | -100,789 |
| **Q4 2020**[1] | | | | | | | | | |
| External revenues | 51,144 | 33,383 | 2,543 | 6,463 | 12,460 | 14,329 | 120,322 | 22,575 | 142,897 |
| Operating profit | 13,862 | -29,143 | -36,833 | -10,343 | -741 | -4,703 | -67,900 | 43,140 | -24,761 |
| **YTD 2021**[1] | | | | | | | | | |
| External revenues | 106,330 | 64,121 | 29,795 | 36,223 | 32,176 | 40,233 | 308,877 | 253,164 | 562,041 |
| Operating profit | 30,446 | -59,646 | -27,669 | -6,137 | -8,504 | -90,097 | -161,608 | 132,628 | -28,979 |
| **YTD 2020**[1] | | | | | | | | | |
| External revenues | 96,302 | 160,257 | 35,264 | 60,215 | 55,678 | 41,065 | 448,780 | -129,328 | 319,453 |
| Operating profit | -25,067 | -45,415 | -48,451 | -18,365 | 12,688 | -74,686 | -199,296 | -70,172 | -269,468 |

There are no intersegment revenues between the reportable operating segments.

[1] YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.

The Group does not allocate all cost items to its reportable operating segments during the year. Unallocated cost items are reported as "Other segments/Corporate costs".

Impact on Income Statement

| (All amounts in USD 1,000s) | Q4 2021 IFRS | Performance obligations met during the quarter | In progress projects | Q4 2021 Segment |
|---|---|---|---|---|
| **Revenues** | **104,661** | **-39,890** | **54,731** | **119,503** |
| Amortization and impairment of multi-client library | 165,236 | -33,522 | 35,271 | 166,985 |
| Exchange gains/loss | -1,949 | - | -13,394 | -15,343 |
| **Income before tax** | **-103,106** | **-6,368** | **6,066** | **-103,408** |
| Taxes | -17,212 | -4,225 | 4,731 | -16,707 |
| **Net income** | **-85,894** | **-2,143** | **1,335** | **-86,701** |

Impact on Balance Sheet

| (All amounts in USD 1,000s) | 31 Dec 2021 IFRS | Adjustments | 31 Dec 2021 Segment |
|---|---|---|---|
| Multi-client library | 704,868 | -198,350 | 506,518 |
| Deferred tax asset | 80,235 | -9,130 | 71,105 |
| **Total non-current assets** | **1,178,880** | **-207,480** | **971,401** |
| | | | |
| Accrued revenues | 32,551 | 49,508 | 82,060 |
| **Total current assets** | **435,294** | **49,508** | **484,802** |
| | | | |
| **Equity** | **1,112,262** | **29,575** | **1,141,837** |
| | | | |
| Deferred taxes | 32,226 | -266 | 31,960 |
| **Total non-current liabilities** | **67,955** | **-266** | **67,688** |
| | | | |
| Accounts payable and debt to partners | 71,669 | 14,828 | 86,497 |
| Deferred revenues | 238,169 | -202,109 | 36,060 |
| **Total current liabilities** | **433,958** | **-187,280** | **246,678** |

The above adjustments to the multi-client-library reflect the net effects from different amortization and impairment principles between IFRS and segment figures (i.e. sales-based amortizations are recognized for in-progress projects under segment reporting). Further, the adjustments to accrued and deferred revenues reflect the net effects to the balance sheet of different timing of revenue recognition.

## Note 5 Multi-client library

| (Numbers in USD millions) | Segment Q4 2021 | IFRS Q4 2021 | Segment Q4 2020[1] | IFRS Q4 2020[1] | Segment YTD 2021[1] | IFRS YTD 2021[1] | Segment YTD 2020[1] | IFRS YTD 2020[1] |
|---|---|---|---|---|---|---|---|---|
| **Opening balance net book value[1]** | **608.8** | **805.4** | **780.1** | **1,078.5** | **646.7** | **965.6** | **842.9** | **1,102.6** |
| Other changes to MCL | - | - | - | - | - | - | 6.8 | 6.8 |
| Non-operational investments | 11.0 | 11.0 | - | - | 16.0 | 16.0 | 15.0 | 15.0 |
| Operational investments | 53.7 | 53.7 | 34.4 | 34.4 | 182.2 | 182.2 | 309.3 | 309.3 |
| Amortization and impairment | -167.0 | -165.2 | -167.9 | -147.3 | -338.3 | -458.9 | -527.4 | -468.2 |
| **Closing net book value** | **506.5** | **704.9** | **646.7** | **965.5** | **506.5** | **704.9** | **646.7** | **965.5** |
| | | | | | | | | |
| Net MC revenues | 107.8 | 93.0 | 116.5 | 139.1 | 283.6 | 536.8 | 433.6 | 304.2 |
| Change in MC revenue | -7% | -33% | -49% | -35% | -35% | 76% | -43% | -46% |
| Change in Operational MC investment | 56% | 56% | -52% | -52% | -41% | -41% | -12% | -12% |
| Amort. in % of net MC revs. | 155% | 178% | 144% | 106% | 119% | 85% | 122% | 154% |
| Change in net book value | -22% | -27% | -23% | -12% | -22% | -27% | -23% | -12% |
| Contract Revenues | 11.7 | 11.7 | 3.8 | 3.8 | 25.3 | 25.3 | 15.2 | 15.2 |

[1] YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.

### Note 6 Evaluation of estimates and assumptions

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 subsequent oil price collapse. Key inputs and assumptions in the impairment model have been revisited. The challenging market presents uncertainties and risk related to these estimates. The sales forecasts for future periods have been adjusted in Q4 2021. Please see the section Outlook, page 6, for further details for the Group's view of the current market situation.

Despite seeing signs of improving market conditions, as described in the Outlook section, the company has charged impairments of USD 67.4 million to its multi-client library in Q4 2021. The year developed less favorably than what the company originally anticipated, which has caused reduced basis for growth going forward for certain surveys. Moreover, parts of the library are exposed to regions that expected to underperform going forward, such as e.g. frontier parts of Norway.

#### Multi-client library

The Company 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. TGS has a detailed process each quarter to assess projects at risk and impairment of the library amid the current volatility and uncertainty in the market. 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, whether licenses will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. local tax rates and sales costs are applied.

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 8.3% 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 8.3%. 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 applicable quarter, reflected in line item "Amortization and impairment of the multi-client library" in the statement of comprehensive income:

| (All amounts in USD 1,000s) | North America | Latin America | Europe & Russia | Land | Africa, Middle East & Asia/Pacific | Other | IFRS reporting |
|---|---|---|---|---|---|---|---|
| **Q4 2021** | | | | | | | |
| Impairment | 2,560 | 26,931 | 23,700 | 13,430 | 743 | 0 | 67,364 |
| **YTD Q4 2021** | | | | | | | |
| Impairment | 2,560 | 26,931 | 23,700 | 13,430 | 743 | 0 | 67,364 |

The above tables does not include accelerated amortization, which amounted to USD 47.2 million in Q4 2021 and USD 212.6 million in YTD Q4 2021.

| (All amounts in USD 1,000s) | North America | Latin America | Europe & Russia | Land | Africa, Middle East & Asia/Pacific | Other | IFRS reporting |
|---|---|---|---|---|---|---|---|
| **Net book value Multi-client Library** | | | | | | | |
| **Before impairment** | 182,844 | 252,876 | 102,127 | 112,467 | 71,858 | 50,059 | 772,232 |
| Q4 2021 impairment | 2,560 | 26,931 | 23,700 | 13,430 | 743 | 0 | 67,364 |
| **Net book value Multi-client Library Q4 2021** | **180,285** | **225,944** | **78,428** | **99,038** | **71,115** | **50,059** | **704,868** |
| WACC post-tax | 8.2 % | 12.9 % | 8.2 % | 8.2 % | 9.7 % | 8.2 % | 10.0 % |

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 21.6 million
- 20% reduction of sales forecast would lead to increased impairment of USD 52.5 million
- 2.5% increase in WACC would lead to increased impairment of USD 11.6 million
- 5% increase in WACC would lead to increased impairment of USD 25.2 million

### 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.

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGU) as referred to in the table below:

| (All amounts in USD 1,000s) | North America | Latin America | Europe & Russia | Land | Africa, Middle East & Asia/Pacific | Other | IFRS reporting |
|---|---|---|---|---|---|---|---|
| **Net book value as of 31 December 2021** | 24,899 | 100,856 | 37,201 | 26,894 | 48,820 | 65,294 | 303,964 |
| **WACC post-tax** | 8.2% | 10.8% | 8.2% | 8.2% | 9.8% | 8.2% | |

Based on the impairment testing performed, no impairments have been recognized during 2021.

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 30.4 million
- 20% reduction of expected return of investments would lead to an impairment of USD 119.3 million
- 2.5% increase in WACC would lead to an impairment of USD 101.8 million
- 5% increase in WACC would lead to an impairment of USD 226.2 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.

## Note 7 Related parties

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

## Note 8 Contingent liabilities

### Civil matters – DNB

Reference is made to note 24 to the consolidated financial statements included in the 2020 Annual Report, which includes a detailed description of claims against TGS and various other parties by DNB, who accepted liability under Norwegian law pursuant to its status as a pledgee for alleged unwarranted tax refunds received by Skeie Energy. The parties agreed to settle the matter prior to commencement of the trial in October 2021. The settlement amount was accrued in the third quarter of 2021.

### Tax exposure

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

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

## Note 9 Restatements

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 company 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.

### Impact on Income Statement YTD Q3 2021

| (All amounts in USD 1,000s) | YTD Q3 2021 Before restatements | Restatements | YTD Q3 2021 After restatements |
|---|---|---|---|
| Amortization and impairment of multi-client library | 276,096 | 17,529 | 293,625 |
| Financial expenses | -4,006 | -46 | -4,052 |
| Net exchange gains/(losses) | -5,824 | 660 | -5,164 |
| Taxes | 30,365 | 1,025 | 31,391 |
| **Net income** | **49,726** | **-17,941** | **31,785** |
| | | | |
| EPS USD | 0.43 | -0.15 | 0.27 |
| EPS USD, fully diluted | 0.42 | -0.15 | 0.27 |

Impact on Income Statement Q4 2020

| (All amounts in USD 1,000s) | Q4 2020 Before restatements | Restatements | Q4 2020 After restatements |
|---|---|---|---|
| Cost of goods sold - proprietary and other | 908 | 1,619 | 2,527 |
| Amortization and impairment of multi-client library | 143,900 | 3,427 | 147,327 |
| Financial expenses | -263 | -58 | -321 |
| Net exchange gains/(losses) | -1,803 | -1,101 | -2,904 |
| Taxes | -11,650 | 685 | -10,964 |
| **Net income** | **-10,024** | **-6,891** | **-16,915** |
| EPS USD | -0.09 | -0.06 | -0.14 |
| EPS USD, fully diluted | -0.09 | -0.06 | -0.14 |

Impact on Income Statement YTD Q4 2020

| (All amounts in USD 1,000s) | YTD Q4 2020 Before restatements | Restatements | YTD Q4 2020 After restatements |
|---|---|---|---|
| Cost of goods sold - proprietary and other | 5,409 | 1,641 | 7,050 |
| Amortization and impairment of multi-client library | 464,615 | 3,594 | 468,209 |
| Financial expenses | -2,896 | -234 | -3,130 |
| Net exchange gains/(losses) | 5,354 | 2,452 | 7,807 |
| Taxes | -72,324 | 3,856 | -68,468 |
| **Net income** | **-188,598** | **-6,872** | **-195,469** |
| EPS USD | -1.61 | -0.06 | -1.67 |
| EPS USD, fully diluted | -1.61 | -0.06 | -1.67 |

Impact on Balance Sheet 31 December 2020

| (All amounts in USD 1,000s) | 31 Dec 2020 Before restatements | Restatements | 31 Dec 2020 After restatements |
|---|---|---|---|
| Multi-client library | 946,263 | 19,288 | 965,551 |
| **Total non-current assets** | **1,437,392** | **19,288** | **1,456,680** |
| Other current assets | 104,819 | -13,302 | 91,516 |
| **Total current assets** | **578,017** | **-13,302** | **564,715** |
| Other equity | 1,261,759 | -22,127 | 1,239,632 |
| **Equity** | **1,265,841** | **-22,127** | **1,243,714** |
| Accounts payable and debt to partners | 116,028 | -38,344 | 77,683 |
| Taxes payable, withheld payroll tax, social security and VAT | 11,691 | 20,059 | 31,749 |
| Lease and other current liabilities | 60,248 | 46,399 | 106,647 |
| **Total current liabilities** | **675,160** | **28,113** | **703,273** |

Segment amortization and impairment of multi-client library has been restated with USD 1.6 million YTD Q3 2021, USD 0.4 million Q4 2020 and USD 0.8 million YTD Q4 2020. Segment multi-client library 31.12.2020 has been restated from USD 623.9 million to USD 646.7 million.

Note 29 in TGS' Annual Report for 2020 shows the changes from Q4 2020 interim financial statement to the Annual Report for 2020. TGS' Annual Report for 2020 is available at www.tgs.com.

## 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.

### 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.

### Prefunding percentage

The prefunding percentage is calculated by dividing the multi-client prefunding revenues by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The prefunding 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 and depreciation. 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 2021 Segment | Q4 2021 IFRS | Q4 2020 Segment[1] | Q4 2020 IFRS[1] |
|---|---|---|---|---|
| Net income | -86,701 | -85,894 | -47,951 | -16,915 |
| Taxes | -16,707 | -17,212 | -23,067 | -10,964 |
| Net financial items | 15,712 | 2,317 | 3,118 | 3,118 |
| Depreciation, amortization and impairment | 4,752 | 4,752 | 3,954 | 3,954 |
| Amortization and impairment of multi-client library | 166,985 | 165,236 | 167,892 | 147,327 |
| **EBITDA** | **84,040** | **69,199** | **103,946** | **126,521** |

| (All amounts in USD 1,000s) | YTD 2021 Segment | YTD 2021 IFRS | YTD 2020 Segment[1] | YTD 2020[1] IFRS[1] |
|---|---|---|---|---|
| Net income | -155,089 | -54,108 | -144,344 | -195,469 |
| Taxes | -30,864 | 14,178 | -49,421 | -68,468 |
| Net financial items | 24,345 | 10,951 | -5,530 | -5,530 |
| Depreciation, amortization and impairment | 19,255 | 19,255 | 19,932 | 19,932 |
| Amortization and impairment of multi-client library | 338,325 | 458,861 | 527,365 | 468,209 |
| **EBITDA** | **195,972** | **449,136** | **348,001** | **218,674** |

### 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.

[1] YTD Q3 2021, Q4 2020, and YTD Q4 2020 figures have been restated. Refer to note 2 and note 9 of the interim financial statements for more details.

| (All amounts in USD 1,000s) | 31-Dec-21 Segment | 31-Dec-21 IFRS | 31-Dec-20 Segment[1] | 31-Dec-20 IFRS[1] |
|---|---|---|---|---|
| Equity | 1,141,837 | 1,112,262 | 1,392,872 | 1,243,714 |
| Interest bearing debt | - | - | 2,500 | 2,500 |
| Cash | 215,329 | 215,329 | 195,716 | 195,716 |
| Net interest bearing debt | -215,329 | -215,329 | -193,216 | -193,216 |
| **Capital employed** | **926,508** | **896,933** | **1,199,656** | **1,050,498** |
| | | | | |
| Average capital employed | 1,063,082 | 973,715 | 1,243,025 | 1,137,853 |
| Operating profit (12 months trailing) | -208,902 | -28,979 | -217,372 | -226,861 |
| **ROACE** | **-20%** | **-3%** | **-17%** | **-20%** |

### Free cash flow (after MC investments)

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

| (All amounts in USD 1,000s) | Q4 2021 | Q4 2020 | YTD 2021 | YTD 2020 |
|---|---|---|---|---|
| Cash flow from operational activities | 117,070 | 58,676 | 317,648 | 354,728 |
| Organic investments in multi-client library | -62,183 | -30,290 | -154,830 | -341,146 |
| **Free cash flow (after MC investments)** | **54,887** | **28,386** | **162,818** | **13,582** |

### Accelerated Amortization (IFRS)

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

### Work-in-progress (WIP) amortization (segment)

Under segment reporting, the asset is amortized during the WIP phase prior to delivery to the customer. Amortization during this phase is calculated based on the expected sales relative to the expected cost.

### Backlog

Backlog is defined as the total value of future revenue based on segment reporting from signed customer contracts.

[1] 2020 Balances have been restated. Refer to note 2 and note 9 of the interim financial statements for more details

## Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 31 December 2021 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 of 1 January to 31 December 2021, and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

**Oslo, 10 February 2022**

The Board of Directors of TGS ASA

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Christopher Finlayson
Director

Grethe Kristin Moen
Director

Svein Harald Øygard
Director

Kristian Johansen
Chief Executive Officer