



EARNINGS RELEASE

1st QUARTER 2024 RESULT

1st QUARTER 2024 FINANCIAL HIGHLIGHTS

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

POC financials ¹	Q1 2024	Q1 2023
POC revenues	226,999	228,802
- Early sales	77,619	97,558
- Late sales	71,920	45,539
- Proprietary sales	77,460	85,706
POC EBITDA	142,760	119,144
POC Operating profit (EBIT)	39,595	25,226
- Operating margin	17%	11%
Organic multi-client investments	66,972	132,792
Straight-line amortization of multi-client library	40,737	39,587
POC accelerated amortization of multi-client library	32,366	35,827
Impairment of the multi-client library	-	-
Free cash flow	10,163	105,854
IFRS financials		
Operating revenues	152,105	173,175
Amortization and impairment of multi-client library	47,249	51,824
Operating profit (EBIT)	-9,445	-6,812
Net Income	-16,516	-8,705
EPS (fully diluted) (USD)	-0.13	-0.07
Return on average capital employed ²	5%	9%

- Strong development in multi-client late sales, up 58% year-over-year
- High POC early sales rate of 116%
- Seasonally lower activity in proprietary sales of OBN Acquisition services
- Favorable development in operating costs supports POC EBIT of USD 40 million, 57% higher than Q1 2023
- Robust balance sheet allows for continued dividend payment - USD 0.14 per share to be paid out in Q2 2024
- PGS transaction expected to close on or around 1 July 2024, subject to final regulatory clearance

"We are pleased to see late sales of completed multi-client data in Q1 2024 showing good progress both compared to the preceding quarter and the same quarter of last year. Further, we saw strong sales of surveys in the work-in-progress phase, supporting the early sales rate of approximately 116% in the quarter. We continue to show good operating performance in our OBN business, although the activity level, as expected, remained seasonally low in Q1 2024. The strong start to the year, combined with a continued tight global oil market and increasing exploration ambitions among our customers makes me optimistic for the remainder of the year. With the PGS merger, which we expect to close on or around 1 July 2024, TGS will be perfectly positioned to support our customers' exploration ambitions and capitalize on what we think will be a multi-year upcycle."

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

Revenues amounted to USD 152.1 million in Q1 2024, a decrease of 12% from USD 173.2 million in Q1 2023. Late sales amounted to USD 71.9 million in Q1 2024 versus USD 45.5 million in Q1 2023. Early sales decreased to USD 2.7 million in Q1 2024 from USD 41.9 million in Q1 2023. Proprietary revenues decreased from USD 85.7 million in Q1 2023 to USD 77.5 million in Q1 2024. The Acquisition Business Unit contributed USD 68.8 million to total revenues after eliminating USD 0.8 million of revenues related to work conducted on behalf of TGS.

Revenue Distribution



Source: TGS

Personnel costs were USD 32.5 million compared to USD 31.3 million in Q1 2023. Other operating expenses amounted to USD 16.8 million compared to USD 20.6 million in Q1 2023. Other operating expenses include USD 2.8 million of extraordinary items related to the PGS merger. Cost of sales were USD 35.0 million in Q1 2024 compared to USD 57.8 million in Q1 2023.

Amortization and impairments of the multi-client library amounted to USD 47.2 million in Q1 2024 versus USD 51.8 million in Q1 2023. Of this, straight-line amortization was USD 40.7 million (USD 39.6 million in Q1 2023) and accelerated amortization was USD 6.5 million (USD 12.2 million in Q1 2023).

Depreciation for the quarter was USD 30.1 million, compared to USD 18.5 million in Q1 2023. The increase relates to increased right-of-use assets caused by long-term vessel leases entered into during 2023 and Q1 2024.

Operating loss amounted to USD 9.4 million in Q1 2024 compared to an operating loss of USD 6.8 million in the same quarter of last year.

CASH FLOW

Free cash flow was USD 10.2 million for Q1 2024 compared to USD 105.9 million in Q1 2023. Net cash flow from operations for the quarter totaled USD 93.4 million, compared to USD 178.2 million in Q1 2023. Net decrease in cash for Q1 2024 was USD 32.1 million (increase of USD 20.6 million in Q1 2023). Cash outflows related to organic investments in the multi-client library were USD 61.5 million, compared to USD 66.9 million in Q1 2023.

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 Q2 2024. The dividend will be paid in the form of NOK 1.52 per share on 3 June 2024. The shares will trade ex-dividend on 16 May 2024. In Q1 2024, TGS paid a cash dividend of USD 0.14 per share (NOK 1.47 per share).

OPERATIONAL REVIEW

Contract inflow was USD 140 million in Q1 2024 compared to USD 248 million in Q1 2023. The contract backlog decreased to USD 459 million (USD 827 million under IFRS) at the end of the quarter from USD 545 million (USD 839 million under IFRS) at the end of Q4 2023. The contract backlog at the end of Q1 2023 was USD 466 million (USD 641 million under IFRS).

Organic multi-client investments amounted to USD 67 million in the quarter compared to USD 133 million in Q1 2023. The largest multi-client projects ongoing in Q1 2024 were Santos Sul in Brazil, Awele in Nigeria and South Kangean in Indonesia.

The activity level in Acquisition improved compared to the preceding quarter and is expected to improve further over the coming two quarters, in line with normal seasonal patterns. In Q1 2024, there were three active OBN operations in U.S. GoM, and one in Africa. The two ongoing reservoir monitoring operations in the North Sea carried on as normal, and the Gemini source was operational in the Mediterranean through the quarter.

TGS' businesses related to renewable energy and CCUS grew revenues by 28% in Q1 2024 compared to the same quarter of last year. However, as sales of digital well data products declined, the growth in external revenues for the Digital Energy Solutions division was 2% year-over-year.

OUTLOOK

Global energy demand is set to continue to grow in the coming decades. The pace of adopting alternative energy sources is not swift enough to meet ambitious transition goals. This suggests that oil and gas will likely maintain a major part of the global energy mix for the foreseeable future. The rapid depletion of existing oil and gas reserves, coupled with challenges such as high costs, substantial environmental footprints, and political and regulatory risks associated with undeveloped reserves, underscores the necessity of sustained exploration efforts in both mature and emerging basins in the coming years.

In the near-term, continued growth in exploration spending is supported by high oil prices, which improves project economics and bolsters E&P companies' cash flows. As high-quality data is a prerequisite for successful exploration campaigns, TGS is well positioned to benefit, being a leading provider of geoscience data and services.

TGS' Digital Energy Solutions is at the forefront of providing data and insights to the energy industry through a range of innovative products, digital platforms, and software solutions. With an increasing number of countries and regions unlocking acreage for renewable energy projects and offering attractive financial incentives, the demand for TGS' products that facilitate screening, decision support, and asset management is expected to continue growing in both the short and long term.

TGS maintains its 2024 financial guidance 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

Oslo, 7 May 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	Q1 2024	Q1 2023
Revenue	4	152,105	173,175
Cost of sales - proprietary and other		34,955	57,790
Straight-line amortization of the multi-client library	5	40,737	39,587
Accelerated amortization of the multi-client library	5,6	6,512	12,237
Impairment of the multi-client library	5,6	-	-
Personnel costs		32,464	31,291
Other operating expenses		16,820	20,577
Depreciation, amortization and impairment		30,062	18,504
Total operating expenses	4	161,550	179,987
Operating profit/(loss)	4	-9,445	-6,812
Financial income		1,180	2,291
Financial expenses		-4,336	-6,072
Net exchange gains/(losses)		-8,311	-1,018
Results from equity accounted investments		-	-1,332
Net financial items		-11,467	-6,132
Profit/(loss) before taxes		-20,912	-12,943
Taxes	7	-4,396	-4,238
Net Income		-16,516	-8,705
Earnings per share (USD)		-0.13	-0.07
Earnings per share, diluted (USD)		-0.13	-0.07
Other comprehensive income:			
Exchange differences on translation of foreign operations		-224	-58
Total comprehensive income for the period		-16,740	-8,763
Comprehensive income attributable to non-controlling interests		-	-
Total comprehensive attributable to TGS shareholders		-16,740	-8,763

CONDENSED CONSOLIDATED FINANCIAL POSITION

(All amounts in USD 1,000s unless noted otherwise)	Note	31-Mar-24	31-Mar-23	31-Dec-23
Goodwill	6	384,649	384,649	384,649
Intangible assets: Multi-client library	5,6	772,807	656,326	753,084
Other intangible assets		75,611	66,497	73,020
Deferred tax assets		73,151	85,989	67,895
Buildings, machinery and equipment		143,087	141,516	131,970
Right-of-use-asset		135,561	65,315	78,184
Other non-current assets		23,245	14,092	24,679
Total non-current assets		1,608,110	1,414,384	1,513,479
Accounts receivable		130,603	92,230	93,712
Accrued revenues		61,120	71,949	63,217
Short-term interest bearing receivable	8	58,200	-	-
Inventory		12,174	8,470	12,565
Other current assets		87,017	71,449	76,700
Cash and cash equivalents		159,812	208,006	196,741
Total current assets		508,926	452,105	442,935
Total assets		2,117,036	1,866,488	1,956,414
Share capital		4,400	4,259	4,406
Other equity		1,237,615	1,204,641	1,271,170
Total equity		1,242,015	1,208,900	1,275,576
Long-term interest bearing debt	8	58,200	-	-
Other non-current liabilities		41,771	46,975	41,210
Non-current lease liability		59,938	32,257	41,331
Deferred tax liability		16,167	17,221	16,426
Total non-current liabilities		176,077	96,453	98,967
Short-term interest bearing debt	8	-	45,000	-
Accounts payable and debt to partners		97,835	128,525	95,049
Taxes payable, withheld payroll tax, social security and VAT		75,591	71,910	78,377
Current lease liability		83,126	39,754	43,877
Deferred revenue		343,872	122,074	276,064
Other current liabilities		98,520	153,872	88,506
Total current liabilities		698,945	561,136	581,872
Total liabilities		875,022	657,589	680,838
Total equity and liabilities		2,117,036	1,866,488	1,956,414

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ending March 31, 2024

(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 2024	4,406	-16	623,965	45,248	-23,085	624,590	468	1,275,576
Net income	-	-	-	-	-	-16,516	-	-16,516
Translation effect	-	-	-	-	-224	-	-	-224
Total Comprehensive income	-	-	-	-	-224	-16,516	-	-16,740
Distribution of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares held	-7	7	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
Acquisition of Magseis Fairfield ASA	-	-	-	-	-	-	-	-
Cost of equity-settled long term incentives	-	-	-	-	-	1,500	-	1,500
Dividends	-	-	-	-	-	-18,321	-	-18,321
Closing balance as of 31 March 2024	4,400	-10	623,965	45,248	-23,308	591,252	468	1,242,015

For the three months ending March 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	-	-	-	-	-	-8,705	-	-8,705
Translation effect	-	-	-	-	-58	-	-	-58
Total Comprehensive income	-	-	-	-	-58	-8,705	-	-8,763
Acquisition of Magseis Fairfield ASA	-	-	-	-	-	-2,031	-3,389	-5,419
Cost of equity-settled long term incentives	-	-	-	-	-	745	-	745
Dividends	-	-	-	-	-	-17,426	-	-17,426
Closing balance as of 31 March 2023	4,259	-18	537,583	45,248	-22,597	643,957	468	1,208,900

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in USD 1,000s unless noted otherwise)	Note	Q1 2024	Q1 2023
Operating activities:			
Profit before taxes		-20,912	-12,943
Depreciation / amortization / impairment		77,311	70,328
Changes in accounts receivable and accrued revenues		-34,795	76,140
Changes in other receivables		-9,409	4,052
Changes in balance sheet items		85,876	48,535
Paid taxes		-4,692	-7,911
Net cash flows from operating activities		93,379	178,201
Investing activities:			
Investments in tangible and intangible assets		-23,181	-7,573
Investments in multi-client library		-61,477	-66,916
Interest received		1,442	2,142
Net change in interest bearing receivables	8	-58,200	-
Net cash flows used in investing activities		-141,416	-72,347
Financing activities:			
Net change in interest bearing debt	8	58,200	-
Interest paid		-3,690	-1,790
Dividend payments	3	-18,321	-17,426
Repayment of lease liabilities		-20,232	-11,622
Acquisition of shares		-	-54,385
Net cash flows from/(used in) financing activities		15,957	-85,223
Net change in cash and cash equivalents		-32,080	20,631
Cash and cash equivalents at the beginning of period		196,741	188,452
Net unrealized currency gains / (losses)		-4,850	-1,076
Cash and cash equivalents at the end of period		159,812	208,006

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 2023, 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 2023. The condensed consolidated financial statements are unaudited.

Note 3 Share Capital and Equity

Ordinary shares	Number of shares
1 January 2024	131,280,458
Net change in period	-245,315
31 March 2024	131,035,143

Treasury shares	Number of shares
1 January 2024	418,630
Net change in period	-245,315
31 March 2024	173,315

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 30 June 2024, unless renewed in a General Meeting prior to that date.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q2 2024. The dividend will be paid in the form of NOK 1.52 per share on 3 June 2024. The share will trade ex-dividend on 16 May 2024.

In Q1 2024, TGS paid a cash dividend of USD 0.14 per share (NOK 1.47 per share).

Largest Shareholders as of 31 March 2024	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	9,904,168	7.6 %
2. The Bank of New York Mellon	United States	Nominee	6,446,271	4.9 %
3. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	5,520,695	4.2 %
4. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	4,778,702	3.6 %
5. Brown Brothers Harriman (Lux.) SCA	Luxembourg	Nominee	4,753,064	3.6 %
6. State Street Bank and Trust Comp	United States	Nominee	3,582,262	2.7 %
7. The Northern Trust Comp, London Br	United Kingdom	Nominee	3,175,477	2.4 %
8. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	2,801,642	2.1 %
9. State Street Bank and Trust Comp	United States	Nominee	2,431,395	1.9 %
10. VERDIPAPIRFOND ODIN NORGE	Norway	Ordinary	2,385,555	1.8 %
10 largest			45,779,231	35%
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	132,018,179

*Shares outstanding net of treasury shares per 31 March 2024 (173 315 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information

Share price 31 March 2024 (NOK)	118.20
Market capitalization 31 March 2024 (NOK million)	15,488

Note 4 Segment Information

TGS reports monthly management information to the Executive Management based on defined operating business units based on the nature of the products and services sold. Where appropriate, these operating business units are aggregated into reportable segments that form the basis of the monthly management reporting. In 2024, the reportable segments are divided into five overall business units: Multi-client, Digital Energy Solutions (DES), Acquisition (ACQ), Imaging and G&A. The Group does not allocate all cost items to its reportable business units during the year.

(All amounts in USD 1,000s)	Multi-client	Acquisition	Digital Energy Solutions	Imaging	G&A	Elimination	Total
Q1 2024							
Operating revenues	66,001	69,640	18,618	11,055	0	-13,209	152,105
Straight-line amortization	-36,704	-	-4,033	-	0	-	-40,737
Accelerated amortization / impairment	-5,576	-	-936	-	-	-	-6,512
Cost of goods sold - proprietary and other	-201	-34,041	-599	-94	-21	-	-34,955
Other operating cost	-6,907	-37,878	-14,382	-12,740	-20,029	12,590	-79,345
Operating profit	16,612	-2,279	-1,331	-1,779	-20,049	-619	-9,445
Q1 2023							
Operating revenues	78,984	96,672	14,448	12,221	0	-29,150	173,175
Straight-line amortization	-35,940	-	-3,647	-	0	-	-39,587
Accelerated amortization / impairment	-12,237	-	-	-	-	-	-12,237
Cost of goods sold - proprietary and other	-1,448	-68,200	-779	-0	-39	12,676	-57,790
Other operating cost	-6,519	-25,854	-11,672	-15,275	-26,727	15,674	-70,372
Operating profit	22,841	2,618	-1,650	-3,054	-26,766	-800	-6,812

Note 5 Multi-client library

(All amounts in USD millions)	31-Mar-24	31-Mar-23
Opening balance net book value	753.1	575.9
Inorganic multi-client investments	-	-
Organic multi-client investments	67.0	132.8
Amortization and impairment	-47.2	-51.8
Closing balance net book value	772.8	656.9
Net MC revenues	74.6	87.5
Amort. in % of net MC revs.	63%	59%

Multi-client library consists of assets from both Multi-client and Digital Energy Solution segments.

Note 6 Evaluation of estimates and assumptions

Multi-client library and Goodwill

TGS reviews the carrying value of its multi-client libraries and goodwill when there are events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. TGS has not identified any new impairment triggers in 2024. Goodwill is tested annually for impairment, as per IAS 36.

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

The underlying estimates that form the basis for the sales forecast depend on a number of variables, such as the number of oil and gas exploration and production (E&P) companies operating in the area with potential interest in the data, overall E&P spending, expectations regarding hydrocarbons in the area, oil price, whether licenses will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. These 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 oil price. The developments through Q1 2024 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.

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 Q1 2024 was USD -4.4 million (USD -4.2 million in Q1 2023), corresponding to a tax rate of 21% (33% in Q1 2023).

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 TGS' 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 and receivables

On 9 February 2023, TGS entered into an amended and restated revolving credit facility (the 2023 RCF or RCF), which amended and restated the 2018 RCF (as amended in February 2021). The 2023 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 exercised the accordion future, increasing the borrowing capacity under the 2023 RCF to USD 150 million.

During the first quarter of 2023, TGS utilized the RCF to repay the outstanding amount of USD 45 million, under the Magseis revolving credit facility in place at the time of the acquisition by TGS in Q4 2022.

On 31 January 2024, TGS entered into a commitment of USD 60 million to refinance PGS ASA Super Senior loan, on market terms and secured on equal terms to the existing Super Senior loan. The loan agreement was signed in Q1 2024. Transaction price was at 98% and payment of USD 58.2 million was made 18 March 2024. TGS funded the payment by drawing down on the RCF and has recorded a short-term interest receivable in the balance sheet.

(All amounts in USD millions)	31-Mar-24	31-Mar-23
Nominal value drawn bank facility	58,200	45,000
Total	58,200	45,000
Long term	58,200	-
Short term	-	45,000

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 March 2024.

Note 9 Business combinations

Reference is made to Note 3, Business Combinations, to the consolidated financial statements of the Group in the 2023 TGS Annual Report. On 17 April 2024, TGS and PGS received clearance of the merger from the Norwegian Competition Authority. The UK Competition Market Authority (the "CMA") is still in its phase 1 review. The deadline for the CMA to announce clearance or phase 2 review is 11 June 2024.

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
Q1 2024	
Operating revenues	152,105
PoC Revenue Early Sales	77,619
Performance obligations met during the quarter	-2,725
Internal revenue elimination	0
POC Revenue	226,999
Q1 2023	
Operating revenues	173,175
PoC Revenue Early Sales	97,558
Performance obligations met during the quarter	-41,931
Internal revenue elimination	0
POC Revenue	228,802

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)	Q1 2024	Q1 2023
Net income	-16,516	-8,705
Taxes	-4,396	-4,238
Net financial items	11,467	6,132
Depreciation, amortization and impairment	30,062	18,504
Amortization and impairment of multi-client library	47,249	51,824
EBITDA	67,866	63,517

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.

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-Mar-24	31-Mar-23
Equity	1,242,015	1,208,900
Interest bearing debt	58,200	45,000
Cash	159,812	208,006
Net interest bearing debt	-101,612	-163,006
Capital employed	1,140,402	1,045,894
Average capital employed	1,093,148	973,990
Operating profit (12 months trailing)	50,634	91,679
ROACE	5%	9%

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)	Q1 2024	Q1 2023
Net cash flow from operating activities	93,379	178,201
Net cash flow from investing activities	-141,416	-72,347
Excluding Investments through mergers and acquisitions	58,200	-
Free cash flow	10,163	105,854

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.