TGS

EARNINGS RELEASE

2nd QUARTER 2023 RESULT

2nd QUARTER 2023 FINANCIAL HIGHLIGHTS

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

POC financials[1]	Q2 2023	Q2 2022	YTD 2023	YTD 2022
POC revenues	**241,174**	**135,537**	**469,977**	**249,904**
- Early sales	65,998	32,646	163,556	66,772
- Late sales	62,500	96,783	108,039	172,980
- Proprietary sales	112,676	6,108	198,382	10,152
POC EBITDA	**131,948**	**102,704**	**251,091**	**185,914**
POC Operating profit (EBIT)	**39,254**	**41,559**	**64,480**	**61,103**
- Operating margin	16%	31%	14%	24%
Organic multi-client investments	85,874	43,384	218,666	88,314
Inorganic multi-client investments	0	0	0	0
Straight-line amortization of multi-client library	39,598	39,436	79,185	75,792
POC accelerated amortization of multi-client library	32,305	15,263	68,132	37,314
Impairment of the multi-client library	1,586	1,408	1,586	1,408
Free cash flow	-34,448	55,516	71,406	81,694
IFRS financials				
Operating revenues	206,307	230,100	379,482	362,276
Amortization and impairment of multi-client library	54,883	160,804	106,708	223,022
Operating profit (EBIT)	22,992	31,423	16,181	64,966
Net Income	22,637	25,419	13,932	46,349
EPS (fully diluted) (USD)	0.18	0.22	0.11	0.40
Return on average capital employed [2]	8%	-2%		

- Positive momentum in POC revenues caused by strong growth in multi-client early sales and Acquisition contract revenues
- Solid multi-client contract inflow of USD 180 million during Q2 2023 – total backlog including Acquisition of USD 417 million (POC)
- Favorable margin development driven by good operational performance in Acquisition, realization of cost synergies and strong cost discipline
- Digital Energy Solutions increased revenues by 34 % compared to Q2 2022 and met several strategic milestones during the quarter
- Robust balance sheet allows for continued dividend payment - USD 0.14 per share to be paid out in Q3 2023
- Customers continuing to increase exploration spending paving the way for continued revenue growth

"E&P companies have focused their exploration spending on non-discretionary categories in the first half of the year, prioritizing drilling, infrastructure-led exploration, and 4D, as well as fulfilling work commitments. TGS has been well positioned to benefit from this, as evidenced by strong growth in multi-client early sales and Acquisition revenues. We continue to see robust inflow of prefunding for new multi-client projects, and we are confident that full-year multi-client investments will be well above USD 350 million, with an early sales rate in excess of 70%. Our late sales were up 37% sequentially in Q2 2023 and were also significantly higher than in Q2 2022, after adjusting for transfer fees related to M&A activity among customers. Q2 clearly demonstrates the benefits of our more diversified business model, and I'm particularly pleased to see that our Acquisition business is performing ahead of expectation in terms of revenues, profitability and synergy realization."

Kristian Johansen, CEO of TGS.

FINANCIAL REVIEW - IFRS

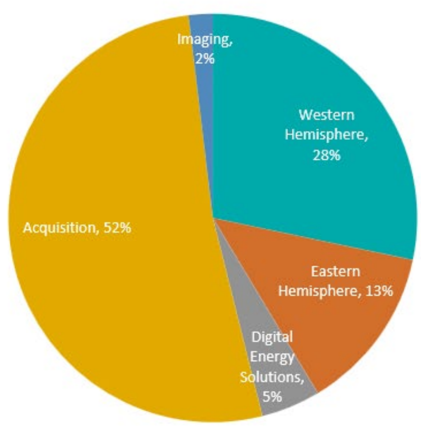
Revenues amounted to USD 206.3 million in Q2 2023, a decrease of 10% from USD 230.1 million in Q2 2022. Late sales amounted to USD 62.5 million in Q2 2023 versus USD 96.8 million in Q2 2022, which included significant transfer fees related to M&A transactions among customers. Early sales decreased to USD 31.1 million in Q2 2023 from USD 127.2 million in Q2 2022 as a result of fewer multi-client projects being completed in Q2 2023. Proprietary revenues increased from USD 6.1 million in Q2 2022 to USD 112.7 million in Q2 2023, primarily due to OBN data acquisition contracts undertaken by the Acquisition Business Unit, which was formed through the acquisition of Magseis Fairfield ASA ("Magseis") in Q4 2022. The Acquisition Business Unit contributed USD 107.3 million to total revenues after eliminating USD 6.7 million of revenues related to work conducted on behalf of TGS.

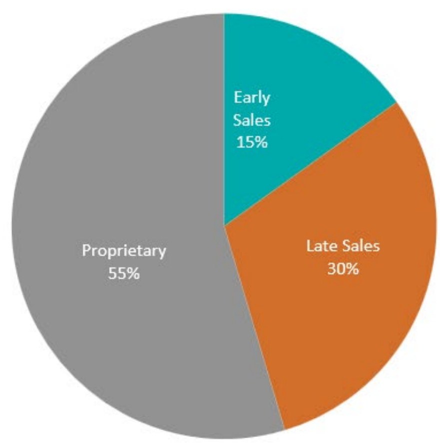
Amortization and impairments of the multi-client library amounted to USD 54.9 million in Q2 2023 versus USD 160.8 million in Q2 2022. Of this, straight-line amortization was USD 39.6 million (USD 39.4 million in Q2 2022), accelerated amortization was USD 13.7 million (USD 120.0 million in Q2 2022), and impairment was USD 1.6 million (USD 1.4 million in Q2 2022).

Personnel costs were USD 33.8 million compared to USD 21.1 million in Q2 2022. The increase is primarily a result of the acquisitions of Prediktor AS, certain assets of ION Geophysical (and hiring of related personnel) and Magseis, which were conducted during Q3 and Q4 of 2022. Other operating expenses amounted to USD 12.0 million compared to USD 10.3 million in Q2 2022. Cost of goods sold were USD 63.5 million in Q2 2023 compared to USD 1.5 million in Q2 2022. The increase is caused by the acquisition of Magsies in Q4 2022.

Operating profit amounted to USD 23.0 million in Q2 2023 compared to an operating profit of USD 31.4 million in the same quarter of last year.

Revenue Distribution





Source: TGS

CASH FLOW

Free cash flow was USD -34.4 million for Q2 2023 compared to USD 55.5 million in Q2 2022. Net cash flow from operations for the quarter totaled USD 56.4 million, compared to USD 86.6 million in Q2 2022. Net decrease in cash for Q2 2023 was USD -64.4 million (increase of USD 35.9 million in Q2 2022). As expected, net cash flow was impacted negatively by continued high multi-client investments, the working capital impact of increased activity in Acquisition and dividend payments.

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.

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 Q3 2023. The dividend will be paid in the form of NOK 1.41 per share on 10 August 2023. The share will trade ex-dividend on 27 July 2023. In Q2 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.48 per share).

OPERATIONAL REVIEW

Contract inflow was USD 198 million in Q2 2023 compared to USD 174 million (pro-forma including Magseis) in Q2 2022. Contract backlog decreased to USD 417 million (USD 624 million under IFRS) at the end of the quarter from USD 458 million (USD 633 million under IFRS) at the end of the preceding quarter. The contract backlog at the end of Q2 2022 was USD 238 million (USD 362 million under IFRS) (pro-forma including Magseis).

Contract inflow for multi-client was strong in Q2 2023 at USD 180 million, meaning that the multi-client backlog increased to USD 232 million (USD 440 million under IFRS) at the end of the quarter from USD 183 million (USD 359 million under IFRS) at the end of the preceding quarter.

Q2 2023 was another busy quarter with respect to acquisition of new multi-client data. Multi-client investments amounted to USD 86 million in the quarter compared to USD 43 million in the same quarter of 2022. The largest multi-client projects ongoing during Q2 2023 were the Engagement Ph 4 OBN in US Gulf of Mexico, Santos Sul and Foz de Amazonas Ph 2 in Brazil, and the Heimdal Terrace and Sleipner OBN surveys in Norway.

TGS worked on several OBN data acquisition projects during Q2 2023. The two ZXPLR crews were active in Guyana and the U.S. Gulf of Mexico throughout the quarter. The Z700 crew continued its work in Norway throughout Q2, while the MASS crew commenced a new contract in Norway after mobilizing from Malaysia.

The Digital Energy Solutions business continued its activity on many fronts. Highlights included:

- Deployment of the first LiDAR wind measurement buoy in the Utsira area in Norway towards the end of the quarter. TGS now has deployed six such buoys for its multi-client wind measurement projects – five in the US and one in Norway.
- 4C Offshore continues to perform well, with 56% year-over-year growth in subscriptions for its offshore wind market intelligence portal in Q2 2023.
- After launching a new version of the Powerview asset management software solution, Prediktor recently signed a contract for providing its products and services to a large solar energy park in Denmark.
- The new cloud-based Well Data Analytics platform, which offers an affordable and comprehensive solution for benchmarking, predicting, and optimizing well performance, was successfully launched during the quarter.

OUTLOOK

Global energy demand is likely to continue to grow in the long-term, and the deployment of renewable energy will not be able to compensate for declining hydrocarbon production from currently producing fields. As a result, substantial amounts of additional oil and gas resources will be needed in the coming decades. Several international oil companies have recently scaled down their ambitions in renewable energy, leaving more room for growth in oil and gas spending, where returns can be more lucrative in the near-term. Consequently, E&P companies are continuing to increase exploration spending and securing capacity for the near-term. Following a 2022 that reflected strong growth in late sales and discretionary spending, key clients have been more focused in the first half of 2023 on spending in non-discretionary categories, such as drilling, new proprietary and multiclient seismic surveys and fulfillment of work programs, and less so on discretionary categories, such as purchases of vintage data. While such discretionary spending tends to be more volatile and characterized by lower visibility, TGS existing data library is well positioned for upcoming licensing rounds and further upticks in frontier activity across all main basins in the world.

With its diversified approach, TGS is capitalizing as well on growth in non-discretionary spending. With a combination of leading project development capabilities and a strong balance sheet, TGS is increasing its share of global multi-client investments and early sales substantially. Being the leading provider of OBN data acquisition services in mid- and deep water, TGS is experiencing robust growth at improving margins.

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

As a result of the positive market outlook, TGS maintains its guidance for 2023 as follows:

- Multi-client investments of more than USD 350 million
- PoC Early sales of minimum 70% of multi-client investments
- Industry-leading return on capital

Oslo, 19 July 2023
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

Sven Børre Larsen, Chief Financial Officer, tel.: +47 90 94 36 73, e-mail: investor@tgs.com

****

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	4	**206,307**	**230,100**	**379,482**	**362,276**
Cost of goods sold - proprietary and other		63,475	1,515	121,265	2,748
Straight-line amortization of the multi-client library	5	39,598	39,436	79,185	75,792
Accelerated amortization of the multi-client library	5,6	13,700	119,961	25,936	145,822
Impairment of the multi-client library	5,6	1,586	1,408	1,586	1,408
Personnel costs		33,783	21,064	65,074	38,611
Other operating expenses		11,969	10,254	32,546	22,632
Depreciation, amortization and impairment		19,205	5,038	37,709	10,298
Total operating expenses	4	**183,315**	**198,677**	**363,302**	**297,310**
Operating profit/(loss)	4	**22,992**	**31,423**	**16,181**	**64,966**
Financial income		1,243	-422	3,533	1,077
Financial expenses		-3,797	-793	-9,870	-4,488
Net exchange gains/(losses)		296	3,296	-722	244
Gains/(losses) from joint ventures		-	-	-1,332	-
Net financial items		**-2,259**	**2,081**	**-8,390**	**-3,167**
Profit/(loss) before taxes		**20,733**	**33,504**	**7,790**	**61,799**
Taxes		-1,904	8,086	-6,142	15,450
Net Income		**22,637**	**25,419**	**13,932**	**46,349**
Earnings per share (USD)		0.18	0.22	0.11	0.40
Earnings per share, diluted (USD)		0.18	0.22	0.11	0.40
Other comprehensive income:					
Exchange differences on translation of foreign operations		-27	-252	-86	-345
Total comprehensive income for the period		**22,610**	**25,167**	**13,846**	**46,004**
Total comprehensive attributable to TGS shareholders		**22,610**	**25,167**	**13,846**	**46,004**

CONDENSED CONSOLIDATED FINANCIAL POSITION

(All amounts in USD 1,000s unless noted otherwise)	Note	30-Jun-23	30-Jun-22	31-Dec-22
Goodwill	6	384,649	303,964	384,649
Intangible assets: Multi-client library	5,6	687,310	570,149	575,337
Other intangible assets		68,289	27,483	65,805
Deferred tax assets		92,694	86,530	82,196
Buildings, machinery and equipment		146,640	16,667	145,098
Right-of-use-asset		66,676	31,268	59,619
Sub-lease asset		395	943	672
Other non-current assets		14,217	8,739	11,711
Total non-current assets		**1,460,869**	**1,045,742**	**1,325,087**
Accounts receivable		160,203	115,493	142,781
Accrued revenues		86,385	65,741	97,538
Inventory		8,890	-	6,575
Other current assets		91,639	36,918	78,463
Cash and cash equivalents		143,921	254,697	188,452
Total current assets		**491,037**	**472,849**	**513,810**
Total assets		**1,951,907**	**1,518,591**	**1,838,897**
Share capital		4,259	4,086	4,259
Other equity		1,210,881	1,123,109	1,235,504
Total equity		**1,215,140**	**1,127,195**	**1,239,763**
Long-term interest bearing debt	8	45,000	-	-
Other non-current liabilities		46,947	2,439	42,408
Lease liability		34,553	25,692	28,609
Deferred tax liability		21,707	33,990	23,130
Total non-current liabilities		**148,208**	**62,121**	**94,148**
Short term interest bearing debt	8	-	-	44,748
Accounts payable and debt to partners		124,421	81,683	72,862
Taxes payable, withheld payroll tax, social security and VAT		69,702	42,785	77,223
Lease liability		39,253	11,495	38,350
Deferred revenue		180,628	143,540	126,462
Other current liabilities		174,555	49,772	145,341
Total current liabilities		**588,559**	**329,276**	**504,986**
Total liabilities		**736,766**	**391,397**	**599,134**
Total equity and liabilities		**1,951,907**	**1,518,591**	**1,838,897**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ending June 30, 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	-	-	-	-	-	13,932	-	13,932
Translation effect	-	-	-	-	-86	-	-	-86
Total Comprehensive income	**-**	**-**	**-**	**-**	**-86**	**13,932**	**-**	**13,847**
Adjustments previous retained earnings	-	-	-	-	-	-	-	-
Distribution of treasury shares	-	1	-	-	-	595	-	595
Acquisition of Magseis Fairfield ASA	-	-	-	-	-	-2,031	-3,389	-5,419
Cost of equity-settled long term incentives	-	-	-	-	-	1,401	-	1,401
Dividends	-	-	-	-	-	-35,046	-	-35,046
Closing balance as of 30 June 2023	**4,259**	**-17**	**537,583**	**45,248**	**-22,625**	**650,224**	**468**	**1,215,140**

For the six months ending June 30, 2022

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Non-controlling interest	**Total Equity**
Opening balance 1 January 2022	**4,086**	**-38**	**416,878**	**45,248**	**-22,233**	**671,387**	**-**	**1,115,328**
Net income	-	-	-	-	-	46,349	-	46,349
Translation Effect	-	-	-	-	-345	-	-	-345
Total Comprehensive income	**-**	**-**	**-**	**-**	**-345**	**46,349**	**-**	**46,004**
Purchase of own shares	-	-6	-	-	-	-2,513	-	-2,519
Cost of equity-settled long term incentives	-	-	-	-	-	1,053	-	1,053
Dividends	-	-	-	-	-	-32,672	-	-32,672
Closing balance as of 30 June 2022	**4,086**	**-44**	**416,878**	**45,248**	**-22,578**	**683,604**	**-**	**1,127,195**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s unless noted otherwise)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Cash flow from operating activities:					
Profit before taxes		20,733	33,505	7,790	61,799
Depreciation / amortization / impairment		74,089	165,694	144,417	233,320
Changes in accounts receivable and accrued revenues		-82,408	-29,359	-6,268	-38,070
Changes in other receivables		-12,239	31,464	-8,187	36,956
Changes in balance sheet items		63,230	-109,177	111,765	-103,553
Paid taxes		-6,989	-5,491	-14,900	-7,950
Net cash flow from operating activities		**56,416**	**86,636**	**234,617**	**182,502**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-17,212	-4,401	-24,785	-9,762
Investments in multi-client library		-74,711	-27,672	-141,627	-92,123
Interest received		1,059	953	3,201	1,077
Net cash flow from investing activities		**-90,864**	**-31,120**	**-163,211**	**-100,808**
Cash flow from financing activities:					
Net change in interest bearing debt		252	-	252	-
Interest paid		-2,064	-793	-3,854	-1,588
Dividend payments	3	-17,620	-16,417	-35,046	-32,672
Repayment of lease activities		-10,501	-2,540	-22,123	-5,791
Acquisition of shares		-	-	-54,385	-
Purchase of own shares	3	-	150	-	-2,519
Net cash flow from financing activities		**-29,933**	**-19,600**	**-115,156**	**-42,570**
Net change in cash and cash equivalents		**-64,381**	**35,916**	**-43,750**	**39,124**
Cash and cash equivalents at the beginning of period		208,006	215,485	188,452	215,329
Net unrealized currency gains / (losses)		296	3,296	-780	244
Cash and cash equivalents at the end of period		**143,920**	**254,697**	**143,920**	**254,697**

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

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

Note 3 Share Capital and Equity

Ordinary shares	Number of shares
1 January 2023	124,927,439
Net change in period	-
30 June 2023	**124,927,439**

Treasury shares	Number of shares
1 January 2023	458,515
Net change in period	-26,685
30 June 2023	**431,830**

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

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q3 2023. The dividend will be paid in the form of NOK 1.41 per share on 10 August 2023. The share will trade ex-dividend on 27 July 2023.

In Q2 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.48 per share).

Largest Shareholders as of 30 June 2023	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	14,358,792	11.5 %
2. State Street Bank and Trust Comp	United States	Nominee	5,243,701	4.2 %
3. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	4,590,395	3.7 %
4. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	3,593,307	2.9 %
5. The Northern Trust Comp, London Br	United Kingdom	Nominee	3,375,176	2.7 %
6. The Bank of New York Mellon	United States	Nominee	2,935,952	2.4 %
7. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	2,421,925	1.9 %
8. AAT INVEST AS	Norway	Ordinary	2,000,000	1.6 %
9. VEVLEN GÅRD AS	Norway	Ordinary	1,950,000	1.6 %
10. State Street Bank and Trust Comp	United States	Nominee	1,852,917	1.5 %
10 largest			**42,322,165**	**34%**
Total Shares Outstanding *			**124,495,609**	**100%**

Average number of shares outstanding for current quarter *	
Average number of shares outstanding during the quarter	124,484,046
Average number of shares fully diluted during the quarter	125,196,124

*Shares outstanding net of treasury shares per 30 June 2023 (431 830 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information	
Share price 30 June 2023 (NOK)	159.70
Market capitalization 30 June 2023 (NOK million)	**19,951**

Note 4 Segment Information

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

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

(All amounts in USD 1,000s)	Western Hemisphere	Eastern Hemisphere	Acquisition	Energy Solutions	Imaging	G&A	Elimination	Total
Q2 2023								
Operating revenues	58,395	27,101	113,955	16,180	11,143	0	-20,467	206,307
Straight-line amortization	-23,239	-12,692	0	-3,667	0	0	0	-39,598
Accelerated amortization / impairment	-12,220	-3,023	0	-42	0	0	0	-15,286
Cost of goods sold - proprietary and other	-230	-408	-68,740	326	6	-42	5,614	-63,475
Other operating cost	-3,559	-2,468	-27,637	-13,342	-14,226	-17,304	13,578	-64,957
Operating profit	**19,148**	**8,510**	**17,578**	**-546**	**-3,077**	**-17,346**	**-1,274**	**22,992**
Q2 2022								
Operating revenues	182,981	38,268	177	10,030	10,642	7	-12,004	230,100
Straight-line amortization	-24,350	-11,156	0	-3,930	0	0	0	-39,436
Accelerated amortization / impairment	-114,483	-6,885	0	0	0	0	0	-121,369
Cost of goods sold - proprietary and other	-180	-1,256	-70	-7	0	-3	0	-1,515
Other operating cost	-1,919	-1,472	-1,710	-8,818	-14,489	-18,502	10,553	-36,357
Operating profit	**42,049**	**17,499**	**-1,603**	**-2,725**	**-3,848**	**-18,498**	**-1,451**	**31,423**

Note 5 Multi-client library

(All amounts in USD millions)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Opening balance net book value	**656.3**	**687.6**	**575.3**	**704.9**
Inorganic multi-client investments	0.0	0.0	0.0	0.0
Organic multi-client investments	85.9	43.4	218.7	88.3
Amortization and impairment	-54.9	-160.8	-106.7	-223.0
Closing net book value	**687.3**	**570.1**	**687.3**	**570.1**
Net MC revenues	93.6	224.0	181.1	352.1
Amort. in % of net MC revs.	59%	72%	59%	63%

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 warranting an updated impairment test following the detailed process performed in Q4 2022; refer to note 10 to the condensed consolidated financial statements included in the 2022 Annual Report for further details regarding testing performed and principles applied. 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. The above-mentioned variables are subject to underlying uncertainties.

Management has evaluated the carrying amount of the net assets of the Group in respect of the market capitalization, changes in interest rates and assumptions applied in the WACC, as well as the developments and expected developments in the Brent Oil Price. The developments through Q2 2023 did not reveal any new factors considered to trigger an impairment analysis. Following internal reporting from TGS business units, evidence available does not indicate that the economic performance of multi-client libraries or the related sales forecasts are worse, or significantly changed, from the assumptions utilized in the impairment tests during the preceding quarter. Notwithstanding the above, the company has charged impairments of USD 1.6 million due to cost increase to a selected few projects in the Eastern Hemisphere.

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 Q2 2023 was USD -1.9 million (USD 8.1 million in Q2 2022), corresponding to a tax rate of -8.5% (24% in Q2 2022).

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 8 Interest Bearing Liabilities

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

On 9 February 2023, TGS entered into an amended and restated RCF (the 2023 RCF), amending and restating the 2018 RCF (as amended in February 2021), The new RCF provides for borrowings, on a revolving basis, of up to USD 125 million with an interest rate of SOFR +3.0% per annum. The 2023 RCF provides for an accordian feature to allow for an increase in borrowing capacity of an additional USD 25 million. The table below discloses the current amount drawn from the facility.

(All amounts in USD millions)	30-Jun-23
Nominal value drawn bank facility	**45,000**
Total	45,000
Long term	45,000
Short term	0

Financial covenants bank facility (RCF)

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

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

TGS is in compliance with all financial covenants as of 30 June 2023.

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. This is based on the principles applied prior to the implementation of IFRS 15, Revenue from Customer Contracts, on 1 January 2018.

(All amounts in USD 1,000s)	Total
Q2 2023	
Operating revenues	206,307
PoC Revenue Early Sales	65,998
Performance obligations met during the quarter	-31,131
PoC Revenue	**241,174**
Q2 2022	
Operating revenues	230,100
PoC Revenue Early Sales	32,646
Performance obligations met during the quarter	-127,208
PoC Revenue	**135,537**

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)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Net income	22,637	25,419	13,932	46,349
Taxes	-1,904	8,086	-6,142	15,450
Net financial items	2,259	-2,081	8,390	3,167
Depreciation, amortization and impairment	19,205	5,038	37,709	10,298
Amortization and impairment of multi-client library	54,883	160,804	106,708	223,022
EBITDA	**97,080**	**197,266**	**160,597**	**298,285**

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)	30-Jun-23	30-Jun-22
Equity	1,215,140	1,127,195
Interest bearing debt	45,000	-
Cash	143,921	254,697
Net interest bearing debt	-98,921	-254,697
Capital employed	**1,116,220**	**872,497**
Average capital employed	1,008,782	938,644
Operating profit (12 months trailing)	81,951	-17,330
ROACE	**8%**	**-2%**

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)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Net cash flow from operating activities	56,416	86,636	234,617	182,502
Net cash flow from investing activities	-90,864	-31,120	-163,211	-100,808
Free cash flow	**-34,448**	**55,516**	**71,406**	**81,694**

Contract Inflow

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

Contract Backlog

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

Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, Norwegian Accounting Act, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review gives a true and fair view of important events that have occurred during the period 1 January to 30 June 2023, and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Oslo, 19 July 2023

The Board of Directors of TGS ASA

Christopher Finlayson
Chair of the Board of Directors

Luis Araujo
Board member

Bettina Bachmann
Board member

Irene Egset
Board member

Grethe Kristin Moen
Board member

Maurice Nessim
Board member

Svein Harald Øygard
Board member

Kristian Johansen
Chief Executive Officer