EARNINGS RELEASE

1th QUARTER 2023 RESULT

1th QUARTER 2023 FINANCIAL HIGHLIGHTS

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

POC financials[1]	Q1 2023	Q1 2022
POC revenues	**228,802**	**114,367**
- Early sales	97,558	34,126
- Late sales	45,539	76,196
- Proprietary sales	85,706	4,044
POC EBITDA	**119,144**	**83,210**
POC Operating profit (EBIT)	**25,226**	**19,544**
- Operating margin	11%	17%
Organic multi-client investments	132,792	44,930
Inorganic multi-client investments	0	0
Straight-line amortization of multi-client library	39,587	36,356
POC accelerated amortization of multi-client library	35,827	22,051
Free cash flow	105,854	26,178
IFRS financials		
Operating revenues	173,175	132,176
Amortization and impairment of multi-client library	51,824	62,217
Operating profit (EBIT)	-6,812	33,543
Net Income	-8,705	20,930
EPS (fully diluted) (USD)	-0.07	0.18
Return on average capital employed [2]	9%	-7%

- Strong development in POC revenues driven by high investment activity and robust performance by the new Acquisition Business Unit
- Solid Free Cash Flow (excluding cash payments for M&A) of USD 106 million compared to USD 26 million in Q1 2022
- Continued momentum in contract inflow with USD 248 million of new contracts signed in the quarter, leading to a POC backlog of USD 466 million at the end of the quarter
- Robust balance sheet allows for continued dividend payment - USD 0.14 per share to be paid out in Q2 2023

"The positive market development continued in Q1 2023. In the multi-client area, contract inflow and POC revenues grew by 43% and 30%, respectively, from Q1 last year. The new Acquisition Business Unit (former Magseis Fairfield ASA) also performed well, with pro-forma sales and contract backlog increasing 18% and 25%, respectively, compared to Q1 2022. Free Cash Flow was high in the quarter at USD 106 million, leaving us with a solid balance sheet that allows for both strong growth in investments and continued dividend payments. Looking ahead, we are optimistic that the growth will continue as our customers are likely to increase their spending on exploration data further this year."

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 173.2 million in Q1 2023, an increase of 31% from USD 132.2 million in Q1 2022. Late sales amounted to USD 45.5 million in Q1 2023 versus USD 76.2 million in Q1 2022, a decrease of 40%. Early sales decreased to USD 41.9 million in Q1 2023 from USD 51.9 million in Q1 2022. Proprietary revenues increased from USD 4.0 million in Q1 2022 to USD 85.7 million in Q1 2023, primarily due to the acquisition contracts undertaken by Magseis Fairfield AS ("Magseis"), which was consolidated into the TGS results from Q4 2022. The Acquisition Business Unit contributed USD 79 million to total revenues after eliminating USD 17.5 million of revenues related to work conducted on behalf of TGS.

Amortization and impairments of the multi-client library amounted to USD 51.8 million in Q1 2023 versus USD 62.2 million in Q1 2022. Of this, straight-line amortization was USD 39.6 million (USD 36.4 million in Q1 2022), accelerated amortization was USD 12.2 million (USD 25.9 million in Q1 2022), and impairment was USD 0 million (USD 0 million in Q1 2022).

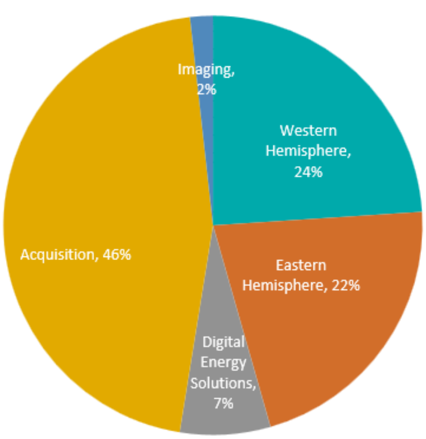
Personnel costs were USD 31.3 million compared to USD 17.5 million in Q1 2022. Other operating expenses amounted to USD 20.6 million compared to USD 12.4 million in Q1 2022. Cost of goods sold were USD 57.8 million in Q1 2023 compared to USD 1.2 million in Q1 2022. The year-on-year increases are primarily related to a substantial increase in headcount and activity caused by the acquisitions during 2022 of Magseis and Prediktor AS, as well as the multi-client and processing business of ION Geophysical. Operating expenses includes extraordinary costs related to the integration of Magseis of USD 7.9 million.

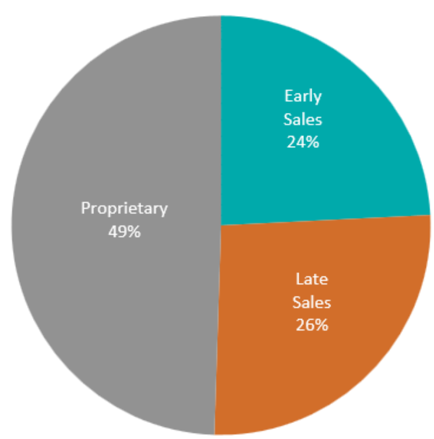
Operating loss amounted to USD 6.8 million in Q1 2023 compared to a operating profit of USD 33.5 million in the same quarter of last year.

CASH FLOW

Free cash flow (cash flow from operations after investments excluding M&A activity) was USD 105.9 million for Q1 2023 compared to USD 26.2 million in Q1 2022. Net cash flow from operations for the quarter totaled USD 178.2 million, compared to USD 95.9 million in Q1 2022. Net increase in cash for Q1 2023 was USD 20.6 million (increase of USD 3.2 million in Q1 2022). Cash outflows related to organic investments in the multi-client library were USD 66.9 million, compared to USD 64.5 million in Q1 2022. In early January 2023, TGS acquired the remaining 25% Magseis shares, corresponding to a cash outlay of USD 54.4 million.

Revenue Distribution





Source: TGS

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 2023. The dividend will be paid in the form of NOK 1.48 per share on 5 June 2023. The share will trade ex-dividend on 22 May 2023. In Q1 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.46 per share).

OPERATIONAL REVIEW

Contract inflow was USD 248 million in Q1 2023 compared to USD 117 million (pro-forma including Magseis) in Q1 2022. Because order inflow exceeded revenue recognition, the contract backlog increased to USD 466 million (USD 641 million in IFRS) at the end of the quarter from USD 451 million (USD 567 million in IFRS) at the end of the preceding quarter. The contract backlog at the end of Q1 2022 was USD 300 million (USD 519 million in IFRS) (pro-forma including Magseis).

Q1 2023 was an active quarter with respect to acquisition of new multi-client data. Multi-client investments amounted to USD 132.8 million compared to USD 44.9 million in Q1 2022.

The largest multi-client projects worked on during Q1 2023 were the Engagement Ph 3 and Amendment Ph 2 OBN projects in the U.S., Foz do Amazonas Ph 2 and Santos Sul 3D in Brazil and Capreolus Ph 2 in Australia.

TGS worked on several OBN data acquisition projects during Q1 2023. The two ZXPLR crews were active in Guyana and the U.S., respectively, the entire quarter. The Z700 commenced a contract in Norway towards the end of the quarter, while the MASS crew commenced work in Malaysia in February. In Q2 2023, three of the crews will be fully deployed, while the MASS nodes will be rented out on a contract in Norway.

Several projects were undertaken in Digital Energy Solutions during the quarter. In addition to continued growth in the well data library, the Well Data Products group entered the final phase of the development of a new digital platform that will significantly improve the user interface and analytics capabilities. The wind measurement campaign on the U.S. East Coast continued to provide live wind measurements for customers interested in understanding the wind reasource in relevant license round areas. During the quarter, an extension of this campaign was announced with the addition of four LIDAR bouys.

OUTLOOK

Global demand for energy is likely to continue to grow in the long-term. To progress the transition towards a less carbon intensive energy market, strong growth in renewable energy is needed over the next decades. However, in most realistic energy transition scenarios, there will be an ongoing need for hydrocarbons for the foreseeable future. It is therefore essential that oil and gas exploration and production continue, doing so, however, in the most sustainable manner possible.

Global exploration and production (E&P) spending has recovered rapidly from the historical low levels experienced under the COVID-triggered downturn in 2020 and 2021. Despite the strong recovery seen in 2022, exploration spending remains well below historical averages. However, E&P companies are generating historical high cash flows and the economics of exploration remain favorable – factors that indicate continued growth in demand for exploration data in 2023. In addition, capacity growth remains limited due to high cost of capital for most suppliers in the industry, meaning that there is good potential for a multi-year upcycle that may last well beyond 2023, provided that energy prices do not fall substantially from current levels. The expected growth in demand for exploration data is reflected by our increasing backlog of multiclient investments and OBN acquisition projects, as well as a solid pipeline of opportunities beyond our existing backlog.

With the steps taken towards diversifying its offering, as well as further strengthening of the multi-client portfolio, TGS is well-positioned to capitalize on trends throughout the energy industry and support both the short-term needs of the oil and gas and renewable industries and the long-term evolution of the energy markets

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, 10 May 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

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)		Q1 2023	Q1 2022
Revenue	4	**173,175**	**132,176**
Cost of goods sold - proprietary and other		57,790	1,232
Straight-line amortization of the multi-client library	5	39,587	36,356
Accelerated amortization of the multi-client library	5,6	12,237	25,861
Impairment of the multi-client library	5,6	-	-
Personnel costs		31,291	17,546
Other operating expenses		20,577	12,378
Depreciation, amortization and impairment		18,504	5,259
Total operating expenses	4	**179,987**	**98,634**
Operating profit/(loss)	4	**-6,812**	**33,543**
Financial income		2,291	1,499
Financial expenses		-6,072	-3,695
Net exchange gains/(losses)		-1,018	-3,052
Gains/(losses) from joint ventures		-1,332	-
Net financial items		**-6,132**	**-5,248**
Profit/(loss) before taxes		**-12,943**	**28,294**
Taxes		-4,238	7,364
Net Income		**-8,705**	**20,930**
Earnings per share (USD)		-0.07	0.18
Earnings per share, diluted (USD)		-0.07	0.18
Other comprehensive income:			
Exchange differences on translation of foreign operations		-58	-93
Total comprehensive income for the period		**-8,763**	**20,838**
Compehensive income attributable to non-controlling interests		-	-
Total comprehensive attributable to TGS shareholders		**-8,763**	**20,838**

CONDENSED CONSOLIDATED FINANCIAL POSITION

(All amounts in USD 1,000s unless noted otherwise)	Note	31-Mar-23	31-Mar-22	31-Dec-22
Goodwill	6	384,649	303,964	384,649
Intangible assets: Multi-client library	5,6	656,304	687,578	575,337
Other intangible assets		66,497	27,077	65,805
Deferred tax assets		85,989	89,298	82,196
Buildings, machinery and equipment		141,516	17,849	145,098
Right-of-use-asset		65,315	33,477	59,619
Sub-lease asset		614	1,107	672
Other non-current assets		13,478	9,262	11,711
Total non-current assets		**1,414,384**	**1,169,611**	**1,325,087**
Accounts receivable		92,230	102,269	142,781
Accrued revenues		71,949	49,606	97,538
Inventory		8,470	-	6,575
Other current assets		71,449	74,729	78,463
Cash and cash equivalents		208,006	215,485	188,452
Total current assets		**452,105**	**442,088**	**513,810**
Total assets		**1,866,488**	**1,611,699**	**1,838,897**
Share capital		4,259	4,086	4,259
Other equity		1,204,641	1,113,484	1,235,504
Total equity		**1,208,900**	**1,117,570**	**1,239,763**
Other non-current liabilities		46,975	2,686	42,408
Lease liability		32,257	28,626	28,609
Deferred tax liability		17,221	32,058	23,130
Total non-current liabilities		**96,453**	**63,370**	**94,148**
Short term interest bearing debt	8	45,000	-	44,748
Accounts payable and debt to partners		128,525	50,160	72,862
Taxes payable, withheld payroll tax, social security and VAT		71,910	80,555	77,223
Lease liability		39,754	11,927	38,350
Deferred revenue		122,074	234,649	126,462
Other current liabilities		153,872	53,469	145,341
Total current liabilities		**561,136**	**430,759**	**504,986**
Total liabilities		**657,589**	**494,129**	**599,134**
Total equity and liabilities		**1,866,488**	**1,611,699**	**1,838,897**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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**

For the three months ending March 31, 2022

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Non-controlling interest	Total Equity
Opening balance 1 January 2022	**4,086**	**-38**	**416,878**	**45,248**	**-22,233**	**671,387**	**-**	**1,115,328**
Net income	-	-	-	-	-	20,930	-	20,930
Translation Effect	-	-	-	-	-93	-	-	-93
Total Comprehensive income	**-**	**-**	**-**	**-**	**-93**	**20,930**	**-**	**20,838**
Purchase of own shares	-	-6	-	-	-	-2,662	-	-2,669
Cost of equity-settled long term incentives	-	-	-	-	-	328	-	328
Dividends	-	-	-	-	-	-16,255	-	-16,255
Closing balance as of 31 March 2022	**4,086**	**-44**	**416,878**	**45,248**	**-22,326**	**673,728**	**-**	**1,117,570**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s unless noted otherwise)	Note	Q1 2023	Q1 2022
Cash flow from operating activities:			
Profit before taxes		-12,943	28,294
Depreciation / amortization / impairment		70,328	67,626
Changes in accounts receivable and accrued revenues		76,140	-8,711
Changes in other receivables		4,052	5,492
Changes in balance sheet items		48,535	5,624
Paid taxes		-7,911	-2,459
Net cash flow from operating activities		**178,201**	**95,866**
Cash flow from investing activities:			
Investments in tangible and intangible assets		-7,573	-5,361
Investments in multi-client library		-66,916	-64,451
Interest received		2,142	124
Net cash flow from investing activities		**-72,347**	**-69,688**
Cash flow from financing activities:			
Interest paid		-1,790	-795
Dividend payments	3	-17,426	-16,255
Repayment of lease activities		-11,622	-3,251
Acquisition of shares		-54,385	-
Purchase of own shares	3	-	-2,669
Net cash flow from financing activities		**-85,223**	**-22,970**
		-	
Net change in cash and cash equivalents		**20,631**	**3,208**
Cash and cash equivalents at the beginning of period		188,452	215,329
Net unrealized currency gains / (losses)		-1,076	-3,052
Cash and cash equivalents at the end of period		**208,006**	**215,485**

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	-
31 March 2023	**124,927,439**

Treasury shares	Number of shares
1 January 2023	458,515
Net change in period	-
31 March 2023	**458,515**

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 2023.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q2 2023. The dividend will be paid in the form of NOK 1.48 per share on 5 June 2023. The share will trade ex-dividend on 22 May 2023.

In Q1 2023, TGS paid a cash dividend of USD 0.14 per share (NOK 1.46 per share).

Largest Shareholders as of 31 March 2023	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	13,254,262	10.6 %
2. State Street Bank and Trust Comp	United States	Nominee	6,077,524	4.9 %
3. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	5,338,358	4.3 %
4. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	3,414,995	2.7 %
5. The Northern Trust Comp, London Br	United Kingdom	Nominee	3,376,000	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	2,397,210	1.9 %
8. Morgan Stanley & Co. Int. Plc.	United Kingdom	Nominee	1,873,163	1.5 %
9. VEVLEN GÅRD AS	Norway	Ordinary	1,750,000	1.4 %
10. AAT INVEST AS	Norway	Ordinary	1,739,197	1.4 %
10 largest			**42,156,661**	**34%**
Total Shares Outstanding *			**124,468,924**	**100%**

Average number of shares outstanding for current quarter *	
Average number of shares outstanding during the quarter	124,468,924
Average number of shares fully diluted during the quarter	125,187,212

*Shares outstanding net of treasury shares per 31 March 2023 (458 515 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information	
Share price 31 March 2023 (NOK)	187.60
USD/NOK exchange rate end of period	10.48
Market capitalization 31 March 2023 (NOK million)	**23,436**

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	Digital Energy Solutions	Imaging	G&A	Elimination	Total
Q1 2023								
Operating revenues	41,551	37,433	96,672	14,448	12,221	0	-29,150	173,175
Straight-line amortization	-22,880	-13,060	0	-3,647	0	0	0	-39,587
Accelerated amortization / impairment	-4,607	-7,630	0	0	0	0	0	-12,237
Cost of goods sold - proprietary and other	-464	-984	-68,200	-779	0	-39	12,676	-57,790
Other operating cost	-4,216	-2,303	-25,854	-11,672	-15,275	-26,727	15,674	-70,372
Operating profit	**9,384**	**13,457**	**2,618**	**-1,650**	**-3,054**	**-26,766**	**-800**	**-6,812**
Q1 2022								
Operating revenues	93,022	30,595	212	9,838	9,100	0	-10,591	132,176
Straight-line amortization	-21,963	-10,316	0	-4,077	0	0	0	-36,356
Accelerated amortization / impairment	-21,304	-4,557	0	0	0	0	0	-25,861
Cost of goods sold - proprietary and other	-54	-1,117	-56	-8	0	3	0	-1,232
Other operating cost	-5,720	-1,616	-1,526	-7,837	-11,417	-16,388	9,320	-35,435
Operating profit	**43,980**	**12,988**	**-1,370**	**-2,084**	**-2,317**	**-16,385**	**-1,270**	**33,291**

Note 5 Multi-client library

(All amounts in USD millions)	Q1 2023	Q1 2022
Opening balance net book value [1]	**575.3**	**704.9**
Operational investments	132.8	44.9
Amortization and impairment	-51.8	-62.2
Closing net book value	**656.3**	**687.6**
Net MC revenues	87.5	128.1
Amort. in % of net MC revs.	59%	49%

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 Q1 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.

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 2023 was USD -4.2 million (USD 7.4 million in Q1 2022), corresponding to a tax rate of 33% (26% in Q1 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. The table below discloses the current amount drawn from the facility.

(All amounts in USD 1,000s)	**31-Mar-23**
Nominal value drawn bank facility	45,000
Total	**45,000**
Long term	0
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 2023.

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 financial covenants remain unchanged. The 2023 RCF provides for an accordian feature to allow for an increase in borrowing capacity of an additional USD 25 million. The 2023 RCF closed on April 28, 2023. Upon closing, the amounts outstanding under the prior RCF (as set forth above) were repaid through borrowings under the 2023 RCF.

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
Q1 2023	
Operating revenues	173,175
PoC Revenue Early Sales	97,558
Performance obligations met during the quarter	-41,931
PoC Revenue	**228,802**
Q1 2022	
Operating revenues	132,176
PoC Revenue Early Sales	34,126
Performance obligations met during the quarter	-51,935
PoC Revenue	**114,367**

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 2023	Q1 2022
Net income	-8,705	20,679
Taxes	-4,238	7,364
Net financial items	6,132	5,248
Depreciation, amortization and impairment	18,504	5,511
Amortization and impairment of multi-client library	51,824	62,217
EBITDA	**63,517**	**101,019**

Straight-line Amortization

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

Accelerated Amortization

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

POC Accelerated Amortization

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

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Return on average capital employed

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

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

(All amounts in USD 1,000s)	31-Mar-23	31-Mar-22
Equity	1,208,900	1,117,570
Interest bearing debt	45,000	-
Cash	208,006	215,485
Net interest bearing debt	-163,006	-215,485
Capital employed	**1,045,894**	**902,086**
Average capital employed	965,955	966,323
Operating profit (12 months trailing)	91,679	-63,805
ROACE	**9%**	**-7%**

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 2023	Q1 2022
Net cash flow from operating activities	178,201	95,866
Net cash flow from investing activities	-72,347	-69,688
Free cash flow	**105,854**	**26,178**

Contract Inflow

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

Contract Backlog

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

Responsibility Statement

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

Oslo, 10 May 2023

The Board of Directors of TGS ASA

Christopher Finlayson
Chairman

Mark S. Leonard
Director

Grethe Kristin Moen
Director

Irene Egset
Director

Svein Harald Øygard
Director

Kristian Johansen
Chief Executive Officer