



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	994 547 852
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	MAGSEIS FAIRFIELD AS
Forretningsadresse:	Askekroken 11 0277 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Carel Hooijkaas
Dato for fastsettelse av årsregnskapet:	29.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 17.07.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	23 063 000	26 916 000
Sum inntekter		23 063 000	26 916 000
Kostnader			
Varekostnad	4	16 759 000	11 078 000
Lønnskostnad	5	20 324 000	15 850 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	9 og 10	4 451 000	9 400 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	25 000	6 232 000
Sum kostnader		41 559 000	42 560 000
Driftsresultat		-18 496 000	-15 644 000
Finansinntekter og finanskostnader			
Annen finansinntekt	6	8 146 000	2 073 000
Sum finansinntekter		8 146 000	2 073 000
Nedskrivning av finansielle eiendeler			31 426 000
Annen finanskostnad	6	6 804 000	2 597 000
Sum finanskostnader		6 804 000	34 023 000
Netto finans		1 342 000	-31 950 000
Ordinært resultat før skattekostnad		-17 154 000	-47 594 000
Skattekostnad på ordinært resultat	7		-150 000
Ordinært resultat etter skattekostnad		-17 154 000	-47 444 000
Årsresultat		-17 154 000	-47 444 000



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	10,11	1 874 000	1 167 000
Sum immaterielle eiendeler		1 874 000	1 167 000
Varige driftsmidler			
Maskiner og anlegg	9,11	41 188 000	38 673 000
Sum varige driftsmidler		41 188 000	38 673 000
Finansielle anleggsmidler			
Investering i datterselskap	1,11	109 266 000	109 116 000
Lån til foretak i samme konsern	8	35 898 000	31 007 000
Sum finansielle anleggsmidler		145 164 000	140 123 000
Sum anleggsmidler		188 226 000	179 963 000
Omløpsmidler			
Varer			
Varer	14	906 000	944 000
Sum varer		906 000	944 000
Fordringer			
Kundefordringer	15	1 503 000	4 235 000
Andre fordringer		1 028 000	7 797 000
Konsernfordringer	8	18 159 000	8 344 000
Sum fordringer		20 690 000	20 376 000
Investeringer			
Andre markedsbaserte finansielle instrumenter	23,26	1 984 000	519 000
Sum investeringer		1 984 000	519 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	5 379 000	2 791 000
Sum bankinnskudd, kontanter og lignende		5 379 000	2 791 000



Balanse

Beløp i: USD	Note	2022	2021
Sum omløpsmidler		28 959 000	24 630 000
SUM EIENDELER		217 185 000	204 593 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2	1 608 000	1 584 000
Overkurs	2	126 979 000	151 021 000
Sum innskutt egenkapital		128 587 000	152 605 000
Opptjent egenkapital			
Annen egenkapital		3 850 000	-3 970 000
Sum opptjent egenkapital		3 850 000	-3 970 000
Sum egenkapital		132 437 000	148 635 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17,18	0	29 429 000
Langsiktig konserngjeld	8	23 788 000	
Øvrig langsiktig gjeld	12,17, 18	8 560 000	318 000
Sum annen langsiktig gjeld		32 348 000	29 747 000
Sum langsiktig gjeld		32 348 000	29 747 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	17,18	44 748 000	
Leverandørgjeld	23	352 000	1 561 000
Kortsiktig konserngjeld	8,23	373 000	17 049 000
Annen kortsiktig gjeld		6 927 000	7 601 000
Sum kortsiktig gjeld		52 400 000	26 211 000



Balanse

Beløp i: USD	Note	2022	2021
Sum gjeld		84 748 000	55 958 000
SUM EGENKAPITAL OG GJELD		217 185 000	204 593 000



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5,6	346 888 000	258 129 000
Sum inntekter		346 888 000	258 129 000
Kostnader			
Varekostnad	7	280 047 000	186 645 000
General and administrative cost	8	32 310 000	24 506 000
Depreciation	13,16	40 188 000	51 507 000
Amortization	14	13 103 000	14 156 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	15	15 582 000	6 458 000
Other gains and losses		-4 000 000	
Sum kostnader		377 230 000	283 272 000
Driftsresultat		-30 342 000	-25 143 000
Finansinntekter og finanskostnader			
Annen finansinntekt	9	2 824 000	819 000
Sum finansinntekter		2 824 000	819 000
Annen finanskostnad	9	7 860 000	4 004 000
Sum finanskostnader		7 860 000	4 004 000
Netto finans		-5 036 000	-3 185 000
Ordinært resultat før skattekostnad		-35 378 000	-28 328 000
Skattekostnad på ordinært resultat	10	4 658 000	3 926 000
Ordinært resultat etter skattekostnad		-40 036 000	-32 254 000
Årsresultat		-40 036 000	-32 254 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	13,15	43 518 000	49 839 000
Multi-client library	14	4 113 000	22 526 000
Sum immaterielle eiendeler		47 631 000	72 365 000
Varige driftsmidler			
Property, Plant and Equipment	13,15	129 367 000	115 852 000
Sum varige driftsmidler		129 367 000	115 852 000
Sum anleggsmidler		176 998 000	188 217 000
Omløpsmidler			
Varer			
Varer	18	6 575 000	6 182 000
Sum varer		6 575 000	6 182 000
Fordringer			
Kundefordringer	19	33 773 000	17 390 000
Andre fordringer	20	44 047 000	62 959 000
Sum fordringer		77 820 000	80 349 000
Investeringer			
Andre markedsbaserte finansielle instrumenter	26	1 983 000	519 000
Sum investeringer		1 983 000	519 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	18 987 000	29 737 000
Sum bankinnskudd, kontanter og lignende		18 987 000	29 737 000
Sum omløpsmidler		105 365 000	116 787 000
SUM EIENDELER		282 363 000	305 004 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	1 607 000	1 584 000
Overkurs	4	110 985 000	151 021 000
Sum innskutt egenkapital		112 592 000	152 605 000
Opptjent egenkapital			
Annen egenkapital		9 857 000	8 909 000
Sum opptjent egenkapital		9 857 000	8 909 000
Sum egenkapital		122 449 000	161 514 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	21	0	29 429 000
Lease liabilities	16,21	6 350 000	8 275 000
Other current liabilities	21	7 744 000	4 609 000
Sum annen langsiktig gjeld		14 094 000	42 313 000
Sum langsiktig gjeld		14 094 000	42 313 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	21	44 748 000	2 000 000
Leverandørgjeld	24,26	14 544 000	20 901 000
Betalbar skatt	10	4 808 000	5 060 000
Lease liabilities	16,21	26 639 000	16 201 000
Other current liabilities	22	55 081 000	57 015 000
Sum kortsiktig gjeld		145 820 000	101 177 000
Sum gjeld		159 914 000	143 490 000
SUM EGENKAPITAL OG GJELD		282 363 000	305 004 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 632646

Enheten

Organisasjonsnummer: 994 547 852
Organisasjonsform: Aksjeselskap
Foretaksnavn: MAGSEIS FAIRFIELD AS
Forretningsadresse: Askekroken 11
0277 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Forenklet IFRS
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Carel Hooijkaas
Dato for fastsettelse av årsregnskapet: 29.06.2023

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Brønnøysundregistrene, 01.08.2023



Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

RESULTATREGNSKAP

Beløp i: USD	Note	2022	2021
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Inntekter			
Salgsinntekt	3	23 063 000	26 916 000
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Årsresultat		-17 154 000	-47 444 000



Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

BALANSE

Beløp i: USD	Note	2022	2021
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Anleggsmidler			
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SUM EIENDELER		217 185 000	204 593 000



BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital	2	1 608 000	1 584 000
Overkurs	2	126 979 000	151 021 000
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Opptjent egenkapital

Annen egenkapital		3 850 000	-3 970 000
Sum opptjent egenkapital		3 850 000	-3 970 000

Sum egenkapital		132 437 000	148 635 000
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Gjeld

Langsiktig gjeld

Annen langsiktig gjeld

Gjeld til kredittinstitusjoner	17,18	0	29 429 000
Langsiktig konserngjeld	8	23 788 000	
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Sum annen langsiktig gjeld		32 348 000	29 747 000

Sum langsiktig gjeld		32 348 000	29 747 000
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Kortsiktig gjeld

Gjeld til kredittinstitusjoner	17,18	44 748 000	
Leverandørgjeld	23	352 000	1 561 000
Kortsiktig konserngjeld	8,23	373 000	17 049 000
Annen kortsiktig gjeld		6 927 000	7 601 000
Sum kortsiktig gjeld		52 400 000	26 211 000

Sum gjeld		84 748 000	55 958 000
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SUM EGENKAPITAL OG GJELD		217 185 000	204 593 000
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Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

KONSERNRESULTATREGNSKAP

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5, 6	346 888 000	258 129 000
Sum inntekter		346 888 000	258 129 000
Kostnader			
Varekostnad	7	280 047 000	186 645 000
General and administrative cost	8	32 310 000	24 506 000
Depreciation	13, 16	40 188 000	51 507 000
Amortization	14	13 103 000	14 156 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	15	15 582 000	6 458 000
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Sum finansinntekter		2 824 000	819 000
Annen finanskostnad	9	7 860 000	4 004 000
Sum finanskostnader		7 860 000	4 004 000
Netto finans		-5 036 000	-3 185 000
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Årsresultat		-40 036 000	-32 254 000



Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

KONSERNBALANSE

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	13,15	43 518 000	49 839 000
Multi-client library	14	4 113 000	22 526 000
Sum immaterielle eiendeler		47 631 000	72 365 000
Varige driftsmidler			
Property, Plant and Equipment	13,15	129 367 000	115 852 000
Sum varige driftsmidler		129 367 000	115 852 000
Sum anleggsmidler		176 998 000	188 217 000
Omløpsmidler			
Varer			
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Sum varer		6 575 000	6 182 000
Fordringer			
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SUM EIENDELER		282 363 000	305 004 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	1 607 000	1 584 000
Overkurs	4	110 985 000	151 021 000
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Opptjent egenkapital		
Annen egenkapital	9 857 000	8 909 000
Sum opptjent egenkapital	9 857 000	8 909 000
Sum egenkapital	122 449 000	161 514 000
Gjeld		
Langsiktig gjeld		
Annen langsiktig gjeld		
Gjeld til		
kredittinstitusjoner	21 0	29 429 000
Lease liabilities	16,21 6 350 000	8 275 000
Other current liabilities	21 7 744 000	4 609 000
Sum annen langsiktig gjeld	14 094 000	42 313 000
Sum langsiktig gjeld	14 094 000	42 313 000
Kortsiktig gjeld		
Gjeld til		
kredittinstitusjoner	21 44 748 000	2 000 000
Leverandørgjeld	24,26 14 544 000	20 901 000
Betalbar skatt	10 4 808 000	5 060 000
Lease liabilities	16,21 26 639 000	16 201 000
Other current liabilities	22 55 081 000	57 015 000
Sum kortsiktig gjeld	145 820 000	101 177 000
Sum gjeld	159 914 000	143 490 000
SUM EGENKAPITAL OG GJELD	282 363 000	305 004 000



Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Regnskapsprinsipper
Se vedlegg

Sum	Beløp
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Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.
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Samlet beløp - tilknyttet selskap	Årets	Fjorårets
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Samlet beløp - foretak i samme konsern	Årets	Fjorårets
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Samlet beløp - foretak i samme konsern	Årets	Fjorårets
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Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets
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Pantstillelse	Beløp
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Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.
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Organisasjonsnr: 994 547 852
MAGSEIS FAIRFIELD AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

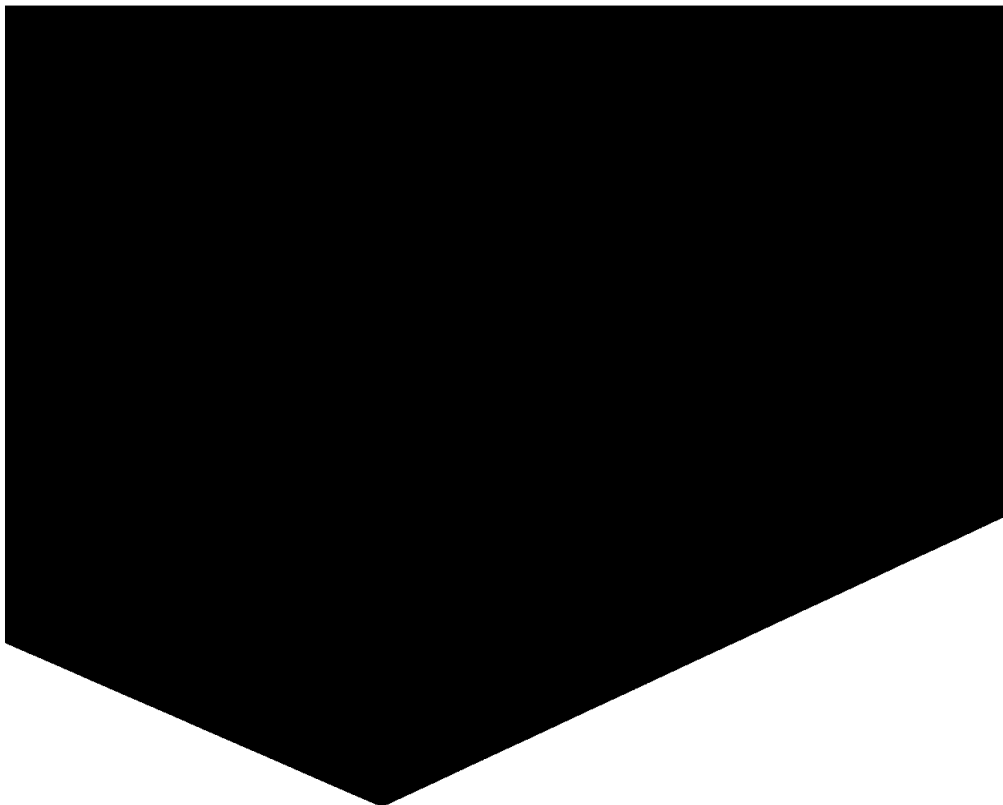
Note

Regnskapsprinsipper
Se vedlagt regnskap

Sum	Beløp		
Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.	
Samlet beløp - tilknyttet selskap	Årets	Fjorårets	
Samlet beløp - foretak i samme konsern	Årets	Fjorårets	
Samlet beløp - foretak i samme konsern	Årets	Fjorårets	
Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets	
Pantstillelse	Beløp		
Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.



Annual report 2022



Magseis Fairfield AS Consolidated Financial Statements



Annual report 2022

Consolidated statements of comprehensive income

USD thousands	Note	2022	2021
Revenues and other income			
Revenues and other income	5,6	346,888	258,129
Operating expenses			
Cost of sales	7	(280,047)	(186,645)
General and administrative costs	8	(32,310)	(24,506)
Depreciation	13,16	(40,188)	(51,507)
Amortization	14	(13,103)	(14,156)
Other gains and losses		4,000	-
Impairment and disposal of non-current assets	15	(15,582)	(6,458)
Total operating expenses		(377,231)	(283,272)
Operating profit/(loss)		(30,342)	(25,143)
Finance income and costs			
Finance income		2,825	819
Finance costs		(7,860)	(4,004)
Net finance income/(costs)	9	(5,036)	(3,185)
Net profit/(loss) before tax		(35,378)	(28,328)
Income tax expense	10	(4,658)	(3,926)
Net profit/(loss) and total comprehensive income		(40,036)	(32,254)
Earnings per share			
Basic (USD)	12	(0.15)	(0.12)
Diluted (USD)	12	(0.15)	(0.12)



Annual report 2022

Consolidated statement of financial position

USD thousands	Note	31-Dec 2022	31-Dec 2021
Non-current assets			
Property, Plant and Equipment	13,15	129,367	115,852
Multi-client library	14	4,113	22,526
Other intangible assets	14,15	43,519	49,840
Total non-current assets		176,998	188,217
Current assets			
Cash and cash equivalents	17	18,987	29,737
Trade receivables	19	33,773	17,389
Inventories	18	6,575	6,182
Derivatives	26	1,983	519
Other current assets	20	44,046	62,959
Total current assets		105,365	116,787
Total assets		282,363	305,004
Equity			
Share capital	4	1,607	1,584
Share premium	4	110,985	151,021
Other equity		9,856	8,909
Total shareholders' equity		122,449	161,514
Non-current liabilities			
Interest bearing liabilities	21	-	29,429
Lease liabilities	16,21	6,350	8,275
Non-interest-bearing liabilities	21	7,744	4,609
Total non-current liabilities		14,094	42,313
Current liabilities			
Trade payables	24,26	14,544	20,901
Current tax payable	10	4,808	5,060
Current portion of interest-bearing liabilities	21	44,748	2,000
Current portion of lease liabilities	16,21	26,639	16,201
Other current liabilities	22	55,081	57,015
Total current liabilities		145,820	101,177
Total liabilities		159,914	143,490
Total equity and liabilities		282,363	305,004



Annual report 2022

Board of Directors and CEO of Magseis Fairfield AS

Lysaker, 29 June 2023

[Sign.]

DocuSigned by:

Kristian Kuvaas Johansen

Chair of the Board of Directors

DocuSigned by:

Tone Engelberth Holm-Trudeng

Director

DocuSigned by:

Yves Francois Louis Chiffolleau

Director

DocuSigned by:

Sven Børre Larsen

Director

DocuSigned by:

Katrine Haakenstad Salvesson

Director

DocuSigned by:

Tana La Don Pool

Director

DocuSigned by:

Carø Hooijkaas

Chief Executive Officer



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Consolidated statement of changes in equity

For the full year ended 31 December 2022

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	Total
Balance 1 January 2022	1,584	151,021	8,909	-	161,514
Share based payments	24	-	925	-	948
Other changes	-	-	-	22	22
Profit/(Loss) for the period	-	-	-	(40,036)	(40,036)
Allocation of retained deficit	-	(40,036)	-	40,036	-
Balance 31 December 2022	1,607	110,985	9,834	23	122,449

For the full year ended 31 December 2021

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	Total
Balance 1 January 2021	1,578	407,662	7,496	(224,262)	192,473
Share based payments	6	-	1,413	-	1,419
Other changes	-	-	-	(125)	(125)
Allocation of retained deficit	-	(256,641)	-	256,641	-
Profit/(Loss) for the period	-	-	-	(32,254)	(32,254)
Balance 31 December 2021	1,584	151,021	8,909	-	161,514



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Consolidated statement of cash flow

USD thousands	Note	2022	2021
Cash flows from operating activities			
Profit / (loss) before tax		(21,571)	(28,328)
Income tax paid	10	(4,858)	(4,322)
Depreciation, amortization and impairment	13,14,15,16	54,420	72,122
Share-based payments expense	30	925	1,413
Finance expense	9	7,178	4,004
Finance income	9	(2,143)	(819)
Net book value sold and disposed assets	13	3,039	7,594
Other non-cash		(5,054)	(7,094)
(Increase)/decrease in current assets		2,735	(28,980)
Increase/(decrease) in current liabilities		(10,671)	(8,796)
Net cash from operating activities		24,001	6,794
Cash flows from investing activities			
Interest received	9	-	-
Investment in multi-client library	14	-	(881)
Investment in other intangibles	14	(3,043)	(1,538)
Acquisition of equipment	13	(13,214)	(10,454)
Net cash used in investing activities		(16,257)	(12,874)
Cash flows from financing activities			
Down payments of interest-bearing liabilities	21	-	-
Net proceeds from new loans	21	14,810	2,000
Payment of finance lease liabilities	16,21	(27,670)	(18,044)
Net proceeds from issue of share capital	4	-	6
Interest paid	9	(4,467)	(2,631)
Net cash from financing activities		(17,327)	(18,669)
Net change in cash and cash equivalents		(9,583)	(24,748)
Currency effects on cash		(1,166)	(345)
Cash and cash equivalents at period start	17	29,737	54,829
Cash and cash equivalents at period end*	17	18,987	29,737



Notes to the consolidated financial statements

1. Company information

Magseis Fairfield provides 3D, 4D, near field and sparse node ocean bottom node (OBN) technology, mainly to exploration and production companies within the oil and gas industry.

Magseis Fairfield (the Group) consists of Magseis Fairfield AS and its subsidiaries. Magseis Fairfield AS is a public limited company incorporated in Norway. The Company's registered office is at Strandveien 50, Lysaker, Norway. The consolidated financial statements of Magseis Fairfield AS (referred to as the Company or Parent) incorporate the financial statements of the company and its subsidiaries collectively referred to as "the Group".

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2022.

The consolidated financial statements were authorized for issuance by the Board of Directors and the Chief Executive Officer (CEO) on 29 June 2022. The consolidated financial statements will be presented for approval at the Annual General Meeting on 29 June 2022.

2.2 Financial reporting principles

The relevant financial reporting principles are described in each note to the consolidated financial statements. Magseis Fairfield focuses on describing the reporting within the IFRS framework rather than repeating the actual text of the standard.

2.3 Basis of measurement

The consolidated balance sheet has been prepared on the historical cost basis except for certain financial liabilities as presented in note 25 measured at fair value on each reporting date. The financial information presented in United State Dollars (USD) has been rounded to the nearest thousand (USD thousand), therefore the subtotals and totals in some tables may not equal the sum of the amounts shown. Certain comparative figures have been adjusted to conform to the presentation adopted in the current year.

2.4 Going Concern

The financial results for the Group were characterized by every quarter improvement of the margins and that the company moves into 2023 on a positive note. Magseis Fairfield has maintained a strong focus on cost and capital expenditures to preserve cash and safeguard business continuity.

The Group's backlog for 2022 increased during the fourth quarter, offering increasing support for the 2023 budget and forecasts. Magseis Fairfield forecasts a market growth in 2023 and new contracts are being secured at increasing margins. This backlog and tendering activity for 2023 provides a basis for optimism, where almost 90% of 2022 backlog is for delivery in 2023.

The company ended the year with USD 19 million in cash and cash equivalents.

The company was acquired by TGS in 4Q 2022.



2.5 Consolidation

The consolidated financial statements comprise the parent company Magseis Fairfield AS and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is Magseis Fairfield AS' and all other Group entities functional currency and the Group's presentation currency.

2.7 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within financial items. All other foreign exchange gains and losses are presented within operating profit.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.8 Statement of cash flows

The statement of cash flows is presented according to the indirect method. Cash and cash equivalents include cash and other short-term cash convertible investments.

2.9 Significant judgements and critical estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will seldom precisely match actual results, and changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate.

The main areas where significant judgements and critical estimates have been made are described in each of the following notes:

- Note 6 Revenue from customer contracts
- Note 10 Income Tax
- Note 13 Property, Plant and Equipment
- Note 14 Intangibles
- Note 15 Impairment of non-current assets
- Note 16 Leases
- Note 18 Inventories



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- Note 23 Other current liabilities

2.10 New Financial Reporting Standards

There has not been any new or amended IFRS standards effective from 2022 with material impact to the group accounts.

2.11 Other

Figures in brackets reflect figures for the corresponding period in the previous year.

3. Group structure and business combinations

3.1 Financial Reporting Principles

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration arrangement
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. Goodwill is recognized as the excess of the consideration transferred and the acquisition-date less the fair value of the net identifiable assets acquired is recorded. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability.

Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the target is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

3.2 Business combinations

The company was acquired by TGS in 4Q 2022.

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3.3 Group structure

The following subsidiaries are included in the consolidated financial statements:

Company	Country of incorporation	Main operations
Magseis Operations AS	Norway	Geophysical services
Magseis Renewables AS	Norway	Geophysical services
Magseis FF AS	Norway	Geophysical services
Magseis FF LLC	USA	Geophysical services
Magseis Malaysia Sdn. Bhd.	Malaysia	Geophysical services
Magseis Singapore Services Pte. Ltd.	Singapore	Crewing services
Magseis Do Brazil Ltda.	Brazil	Geophysical services
Magseis Fairfield Industries International Ltd	UK	Geophysical services
Magseis WGP Group Ltd	UK	Geophysical services
Magseis Technology AB	Sweden	Dormant

The company holds 100 percent of all shares and all voting rights for its subsidiaries.

4. Share information

USD thousands	Number of shares	Share capital USD '000	Share premium reserve USD '000
Ordinary shares - Issued and fully paid			
Balance 1 January 2021	266,770,592	1,578	407,662
RSU settlements	951,750	6	-
Allocation of retained earnings	-	-	(256,641)
Balance 31 December 2021	267,722,342	1,584	151,021
RSU settlements	3,984,583	24	-
Allocation of retained earnings	-	-	(40,036)
Balance 31 Dec 2022	271,706,925	1,607	110,985

Nominal value

The nominal value of the shares is NOK 0.05. The share capital is fully paid. Magseis Fairfield AS has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at general meetings.

Share based payments reserve

Share-based payments represent cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.



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Shareholders

The 20 largest shareholders as of 31 December 2022:

	Number of shares	Ownership interest
TGS ASA	264,890,043	97.5%
ØRNES AS	1,413,637	0.5%
Nordnet Bank AB	313,414	0.1%
CLEARSTREAM BANKING S.A.	264,045	0.1%
SOMARAS INVEST AS	251,682	0.1%
SHARMA SACHCHIDANAND RAMPRASAD	249,998	0.1%
MIDJÅS ROLF	222,800	0.1%
ESL. INVEST AS	125,012	0.0%
Citibank	116,943	0.0%
ØSTBØ KRISTIAN	108,764	0.0%
Saxo Bank A/S	95,532	0.0%
BUSINESS INTELLIGENCE AS	90,234	0.0%
NORDNET LIVSFORSIKRING AS	86,158	0.0%
SCAN DRILLING COMPANY LIMITED	81,349	0.0%
SOLHAUG MARTIN	80,208	0.0%
JSK KAPITAL AS	73,361	0.0%
GRIMNES ØYVIND KJELDSTAD	59,585	0.0%
The Bank of New York Mellon SA/NV	58,254	0.0%
WOLL ROLF ÅGE	55,972	0.0%
Nordea Bank Abp	50,646	0.0%
Total largest shareholders	268,687,636	98.9%
Other shareholders	3,019,289	1.1%
Total outstanding shareholders	271,706,925	100.0%

5. Segment information

The Group's CEO (Chief Executive Officer) is the chief operating decision maker at Magseis Fairfield, and the whole Group is managed as one segment, being geophysical surveys with respect to products and services. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

For internal reporting purposes, payments for long-term lease contracts under IFRS 16 are recognized as operating cost and included in EBITDA to have consistent accounting treatment for payments of short and long-term leases. Under IFRS 16, long-term leases are capitalized, and the cost of the leases are shown as depreciation and interest expense.

Multi-client revenue is for internal reporting purposes recognized in accordance with industry practice prior to implementation of IFRS 15 where revenue is calculated using a percentage of completion method and the related amortization of multi-client library is based upon the ratio of aggregate capitalized survey costs to forecasted sales. Under IFRS 15, any prefunding amount collected from customers prior to completion of the project is recognized as contract liability and revenue is recognized at the point in time when the data access is transferred to the customer.

The below table reconciles internal (segment) and external (IFRS) reporting.



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USD thousands	Year ended 31-Dec-22			Year ended 31-Dec-21		
	Segment	Adj.	As reported	Segment	Adj.	As reported
Acquisition	314,496	-	314,496	204,742	-	204,742
Systems	9,896	-	9,896	23,746	-	23,746
Reservoir Monitoring/Source	14,970	-	14,970	18,842	-	18,842
Multi-client prefunding		4,924	4,924	874	7,429	8,303
Multi-client aftersales	697	-	697	385	-	385
Renewables	1,371	-	1,371	-	-	-
Other revenues	-	534	534	-	2,112	2,112
Total revenues	341,430	5,458	346,888	248,588	9,541	258,129
Cost of sales	(308,283)	28,236 ¹	(280,047)	(204,511)	17,866 ¹	(186,645)
SG&A and R&D costs	(33,446)	1,136 ²	(32,310)	(25,150)	645 ²	(24,506)
EBITDA	(299)	34,830	34,531	18,927	28,052	46,979
Multi-client amortization	(15,907)	(3,250)	(19,157)	(577)	(4,903)	(5,480)
EBITDA after multi-client amortization	(16,206)	31,580	15,373	18,350	23,149	41,499
Depreciation and amortization	(6,566)	(27,568) ³	(34,134)	(40,642)	(19,541) ³	(60,184)
Other gains and losses	4,000		4,000			
Impairments	(15,582)	-	(15,582)	(6,458)	-	(6,458)
EBIT	(34,354)	4,011	(30,342)	(28,750)	3,607	(25,143)

¹ Vessel lease payments

² Office lease payments

³ Depreciation and impairment of right of use assets (IFRS 16)

A significant portion of the Group's revenue is generated from customer contracts with a limited number of key customers.

See note 6 Revenue from customer contracts for the split of revenue by geographical locations.

6. Revenue from customer contracts

Revenue from contracts with customers

Revenue from contracts with customers arise primarily from the delivery of exclusive seismic services, granting of licenses to the Groups' Multiclient survey data library, marine geophysical services and sales of nodes and other equipment.

Revenue is recognized at the amount that the Group expects to be entitled to and expects to collect under the customer contracts. If a customer contract consists of multiple performance obligations, the consideration is allocated among the performance obligations based on their estimated relative fair values. Amounts received from customers in advance of the Group satisfying its performance obligations are recognized as a contract liability. In the rare event the Group has satisfied a performance obligation and is otherwise entitled to compensation under the contract but there is a significant uncertainty as to ultimately collecting the compensation, revenue recognition is deferred until such uncertainty no longer exists. When the Group has satisfied its performance obligations and has a right to the agreed consideration, revenue is recognized.

The principles applied for each of the main types of contracts with customers are described in more detail below.

Proprietary acquisition projects/Reservoir monitoring/Source

The Group performs ocean bottom seismic services in accordance with customer specifications, and where the customer retain ownership to the seismic data. These contracts are considered to contain one single performance obligation, and the performance obligation is satisfied over time since the Group performs the service at the customer specification, the resultant seismic data is retained by the customer and the Group has no alternative right to otherwise utilize or benefit from the data.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is normally due based on the contractually agreed payment plan when legal title to the seismic data has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component. The project is measured based on the physical progression, and revenue is recognized based on the ratio of the project's progress to date (percentage of completion), provided that the performance obligation is satisfied. Revenue recognition can be based on various parameters, such as number of shots, square kilometers of acquired data or time progressed.

Multi-client surveys

The multi-client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. Revenues generated from multi-client surveys fall into two categories:

Pre-commitment arrangements – Comprise of contracts where the Group obtains pre-funding from customers before a seismic project is started, or during the project period. These pre-commitments cover specific areas or license blocks. In return for the commitment, the customer obtains early access to the data, favorable pricing compared to late sales and a degree of influence over the project scope. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

Late sales – Comprise of contracts where the Group grants a license entitling non-exclusive access to utilize a defined portion of the multi-client data library in exchange for a fixed payment. Revenue is recognized at the point in time when the customer has been granted access to the data.

For multi-client library projects, Magseis Fairfield may invest in the project with other parties and have cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its share of the investment in the multi-client library, its share of revenues from the sale of the multi-client survey, related amortization, and expenses. When a partner holds the right to



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market and sell the project and invoices and collects from the customer, Magseis Fairfield recognizes its share of revenues and related accounts receivables.

Revenue from sale of equipment

The Group provides the sale of nodes to external customers, where each sale is defined as a customer contract. The sales contracts normally include one performance obligation which is satisfied upon the delivery of an agreed number of nodes in accordance with the agreed specifications. Revenue is recognized at the point in time when the control of the goods is transferred to the customer, which occurs when the products have been shipped to a contractual agreed location, and the risks of obsolescence and loss have been transferred to the customer. The revenue is measured at the transaction price as agreed under the contract.

Other services revenue

Customer contracts for other marine geophysical services are similar in nature and terms to the proprietary contract sales. Revenue is recognized over time as the Group satisfies the performance obligation and is entitled to the compensation under the contract. Lease income is recognized on a straight-line basis over the lease period.

Significant judgements and critical estimates

The deliveries in the customer contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For most of the identified performance obligations for Proprietary acquisition projects, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using either a cost-based progress method, or revenue is recognized as physical progress of the project represents the transfer of seismic data to the customer. These methods are assessed to best reflect the pattern of transfer of control of goods and services to the customer.

Disaggregation of revenue

In accordance with IFRS 15 management analyze the revenue contracts with customers and disaggregates the revenue into the following product categories, which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

- Proprietary acquisition
- Reservoir Monitoring/Source
- Multi-client
- Revenue from sale of equipment
- Other service revenues

Revenue from customers is disaggregated in the table below by geographical location, by type of product, and by the timing of the revenue. For proprietary acquisition projects and Reservoir Monitoring/Source Acquisition the geographical specification is based upon location of performance. For sale and repair of nodes the geographical specification is based upon the location of the customer.

Disaggregation of revenue from contracts with customers:

2022

USD thousands	Proprietary acquisition	Multi-client	Sale, repair and lease of equipment	Reservoir Monitoring/Source	Renewables	Total
North Americas	155,586					155,586
South America	28,260					28,260
Asia	60,560		10,430			70,990
Europe	28,850	5,621		14,970	1,371	50,812
Africa	41,240					41,240



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Revenue from contracts with customers	314,496	5,621	10,430	14,970	1,371	346,888
At a point in time revenue recognition						
Revenue from sale of equipment	-	-	10,430	-		10,430
Multi-client revenue	-	5,621	-	-		5,621
Total at a point in time revenue recognition	-	5,621	10,430	-	-	16,051
Over time revenue recognition						
Proprietary acquisition projects	314,496	-	-	-		314,496
Reservoir monitoring/Source acquisition	-	-	-	14,970		14,970
Total over time revenue recognition	314,496	-	-	14,970	-	329,466
Total revenue from contracts with customers	314,496	5,621	10,430	14,970	-	345,517
Lease income						-
Other revenue					1,371	1,371
Total revenue and other income	314,496	5,621	10,430	14,970	1,371	346,888

2021

	Proprietary acquisition	Multi-client	Sale of equipment	Reservoir Monitoring/Source	Total
USD thousands					
North Americas	105 853	-	2 434	-	108 287
Asia	22 181	-	16 099	-	38 280
Europe	32 135	8 687	-	18 842	59 664
Africa	44 573	-	-	-	44 573
Revenue from contracts with customers	204 742	8 687	18 532	18 842	250 803
At a point in time revenue recognition					
Revenue from sale of equipment	-	-	18 532	-	18 532
Multi-client revenue	-	8 687	-	-	8 687
Total at a point in time revenue recognition	-	8 687	18 532	-	27 219
Over time revenue recognition					
Proprietary acquisition projects	204 742	-	-	-	204 742
Reservoir monitoring/Source acquisition	-	-	-	18 842	18 842
Total over time revenue recognition	204 742	-	-	18 842	223 584
Total revenue from contracts with customers	204 742	8 687	18 532	18 842	250 803
Lease income	-	-	-	-	5 214
Other revenue	-	-	-	-	2 112
Total revenue and other income	204 742	8 687	18 532	18 842	258 129



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Assets and liabilities related to contracts with customers

Contract assets and contract liabilities from customers were USD 6.3 million (USD 41.5 million) and USD 6.8 million (USD 4.9 million) respectively.

Contract assets

Contract assets are recognized whenever a performance obligation is satisfied before the point in time where we have right of invoicing. This relates mainly to proprietary acquisition projects arrangements where the timing of invoicing is decided by the customer contract. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. As of 31 December 2022, no impairment charges are recognized.

Contract liabilities (Advance payments from customers)

Advance payments from customers are recognized if the Group receives consideration or if it has the unconditional right to receive consideration in advance of performance. A portion of the Group's customers pay in advance, and these prepayments are recognized as non-financial debt and will be settled in the Group's services.

Assets recognized from cost to fulfil a contract

In addition to the contract balances discussed above, the Group has also recognized an asset in relation to costs to fulfil some of the Group's long-term contracts for proprietary acquisition projects. Such costs are recognized as an asset if the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, the costs generate or enhance resources of the entity that will be used in satisfying and the costs are expected to be recovered. These costs relate primarily to mobilization and relocation of vessels and is presented within other assets in the balance sheet. As of 31 December 2022, USD 5.7 million (USD 9.2million) was the balance of assets recognized from cost to fulfil a contract.

7. Cost of sales

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and services are delivered to the Group. Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees.

Specification of cost of sales:

USD thousands	2022	2021
Charter hire and other vessel costs	185,405	112,786
Wages and contract labour	56,988	44,479
Other cost of sales	37,654	29,380
Capitalized to multi-client project	-	-
Total cost of sales	280,047	186,645

Specification of crew wages, other personnel costs, and contract labor costs:

USD thousands	2022	2021
Salary and contract labour costs	53,785	40,802



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Social security tax	2,752	2,600
Pensions	601	551
Other	(150)	526
Total wages and other personnel costs	56,988	44,479

8. General and administrative costs

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and services are delivered to the Group. Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees.

Specification of other operating expenses:

USD thousands	2022	2021
Wages and other personnel costs*	21,108	15,027
Professional services	6,632	4,528
Other	4,570	4,950
Total other operating expenses	32,310	24,506

**Includes payments to contracted personnel counted as Full Time Equivalents*

Specification of wages, other personnel costs, and contract labour costs:

USD thousands	2022	2021
Salary	17,511	14,568
Social security tax	1,642	1,329
Pension costs	746	733
Share-based payment costs	1,657	1,833
Other personnel cost	(447)	132
PPP loan forgiveness*	-	(3,568)
Total salary and social expenses	21,108	15,027

*In April 2020, the Company received U.S. loan program (Paycheck Protection Program) of USD 3.6 million which was fully forgiven in June 2021. The forgiveness was recognized as a reduction of salary expenses.

The audit fee (exclusive of VAT) to Deloitte is specified in the table below:

USD thousands	2022	2021
Audit services		
Audit of annual financial statements (Deloitte)	313	304
Audit of annual financial statements (other than group auditor)	0	28
Other services		
Other assurance and tax services (Deloitte)	25	16



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Total audit remuneration	338	348
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9. Finance income and costs

Financial Reporting Principles

Interest income include effects from using the effective interest rate method where fees, interest paid, transaction costs and other premiums are deferred and amortized over the life of the instrument. Net effects from fair value gains or losses on financial assets at fair value through profit or loss, and adjustments to the carrying amount of financial liabilities at amortized cost are recognized in other financial items.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that are not hedged. Foreign exchange gains and losses also include the effects from translating monetary assets and liabilities denominated in foreign currencies at the balance sheet date.

Finance income includes interest income from financial assets held for cash management purposes, and finance costs includes borrowing costs, interest expenses in respect of lease liabilities and exchange differences arising from foreign currency borrowings.

USD thousands	2022	2021
Finance income		
Foreign exchange gains	2,179	360
Revaluation of warrants	177	221
Interest income	293	4
Other financial items	353	454
Total finance income	3,001	1,040
Finance costs		
Foreign exchange losses	(1,840)	(542)
Interest expense loan facility	(2,982)	(1,763)
Interest expense leases	(1,966)	(1,191)
Other financial items	(1,249)	(728)
Revaluation of warrants	-	-
Capitalized lease interests (multi-client project)	-	-
Total finance costs	(8,037)	(4,225)
Net finance income/(costs)	(5,036)	(3,185)

10. Income tax

Financial Reporting Principles

Income tax consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years.



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Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

Withholding tax

Withholding tax and any related tax credits are generally recognized in the period they are incurred.

Significant judgements and critical estimates

The Group is operating in different parts of the world and is thus subject to income taxes in numerous jurisdictions with increasingly complex tax laws. Judgement may be involved when determining whether the Groups' operation constitute a permanent establishment, and consequently the taxable amounts pertaining to certain projects. Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods, and the Group could potentially be liable for material amounts of income tax relating to prior reporting periods. Management judgment is required when assessing valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years taking into consideration also expected changes in temporary differences.

Due to the acquisition of TGS, the group could potentially utilize MASA's loss carry forward, further analysis needs to be performed to determine if some or all the loss carry forward deferred tax asset can be recognized.

Income tax expense specification:

USD thousands	2022	2021
<i>Current tax:</i>		
Tax payable	4,658	3,927
<i>Deferred tax:</i>		
Changes in recognized deferred tax	-	-
Tax expense	4,658	3,927

A reconciliation of the effective rate of tax and the tax rate in parent's country of registration:

USD thousands	2022	2021
Net profit/ (loss) before tax	(35,378)	(28,328)
Income taxes calculated at 22% / 23%	(7,783)	(6,232)
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognized deferred tax asset	9,376	8,519
Adjustment previous years deferred tax	(693)	(1,475)
Non-deductible expenses	(10)	6,968
Exchange rate variance	(442)	(6,718)
Withholding tax paid	4,658	3,927
Effect of other tax rates in subsidiaries	502	536
Other	(950)	(1,598)
Tax expense	4,658	3,927

The deductible temporary difference and tax losses do not expire under current tax legislation. The net deferred tax asset for the Group has not been recognized on the basis that it does not meet the criteria for



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asset recognition as the Group currently cannot document that the future taxable income can be utilized against available tax losses. The Norwegian tax rate (attributable to the Parent) is 22 percent.

Deferred tax assets and liabilities, of which none were recognized:

USD thousands	2022	2021
Non-current assets	(16,498)	(18,163)
Current assets	(970)	(1,067)
Non-current liability	-	-
Current liabilities	(1,526)	(1,907)
Tax- losses carried forward	(30,430)	(20,528)
Tax credits carried forward	-	(821)
Total (assets)/liabilities	(49,424)	(42,486)
Not recognized deferred tax assets	49,424	42,486
Net recognized deferred (assets) liabilities	-	-

11. Related party transactions

Financial Reporting Principles

Related parties' relationships are defined to be entities outside the Group that are under control (either directly or indirectly), joint control or significant influence by the owners, Board of Directors or Management of Magseis Fairfield AS. Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties. The terms and conditions of the transactions with related parties are considered to be on an arm's length basis.

Westcon Group was a shareholder with significant transactions in the three first quarters of 2022 with a transaction value of USD 7,928 thousands. The transactions relates to time charter agreements for the vessels Artemis Athene, Artemis Angler and Artemis Arctic agreements. Westcon group also delivers Marine Management services as a part of time charters.

In October 2022, TGS became a majority shareholder in the company, acquiring 75.4% of the shares in Magseis Fairfield ASA. TGS is a customer of Magseis Fairfield, and the company has executed projects for TGS both in 2022 and 2021. At the end of Q4 TGS ASA owned 97.49% of the shares.

See note 29 for further information of the remuneration to the board of directors and to the executive management.

Please refer to note 4 for information of top 20 shareholders and to note 3 for information about the company's subsidiaries.

12. Earnings per share

Financial Reporting Principles

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share include the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.



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Options granted to management under the employee share purchase program and warrants issued are potential ordinary shares. They have been included in the determination of diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share as the strike price for the options have been less than the average market price of ordinary shares during the reporting period.

Earnings per share:

USD	2022	2021
Basic earnings / (loss) per share on ordinary shares	(0.15)	(0.12)
Basic earnings / (loss) per share on weighted average number of shares	(0.15)	(0.12)
Diluted earnings / (loss) per share	(0.15)	(0.12)

Reconciliation of earnings used in calculating earnings / (loss) per share:

USD thousands	2022	2021
Basic earnings/(loss) per share		
Profit/(loss) for the year	(40,036)	(32,254)
Number of ordinary shares outstanding (in thousands)	271,707	267,722
 Profit/(loss) for the year	(40,036)	(32,254)
Weighted average number of ordinary shares outstanding (in thousands)	271,393	267,246
 Diluted earnings/(loss) per share		
Profit/(loss) for the year	(40,036)	(32,254)
Weighted average number of ordinary shares outstanding used as the denominator in calculating basic earnings per share (in thousands)	271,393	267,246
 Adjustments for calculation of diluted earnings per share		
Employee stock options (out of money) (in thousands)	-	-
Warrants outstanding (out of money) (in thousands)	-	18,250
 Weighted average number of ordinary shares and potential ordinary shares that would have been used as the denominator in calculating diluted earnings per share if the warrants and options were in the money	271,393	285,496



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13. Property, plant and equipment

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are normally depreciated on a straight-line basis over their expected economic lives as follows:

- Seismic equipment 8 years
- Fixtures and fittings 3 years
- IT Equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Equipment under construction is classified as non-current assets and recognized at cost and is not depreciated until the asset is ready for use.

Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Impairment triggers are assessed quarterly, and impairment testing is performed when triggers have been identified. See note 15 for further information about impairment of non-current assets.

Significant judgements and critical estimates

Judgement is involved when determining the depreciation period and when assessing impairment or reversal of impairment. Impairment is assessed on an individual asset basis and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time. See note 15 for further information about impairment of non-current assets.

USD thousands	Seismic equipment	Asset under construction	Office machines	Right-of-use assets (IFRS 16)	Total
Accumulated Investment					
Balance 1 January 2021	158,561	35,393	1,821	62,478	258,252
Additions	286	10,124	43	17,624	28,078
Disposals/retirements	(13,553)	(337)	-	-	(13,890)
Reclass - asset under construction	8,916	(8,916)	-	-	-
Reclass - intangibles	-	(1,066)	-	-	(1,066)
Inventory movements and other changes	377	3,696	(517)	(1,298)	2,259
Balance 31 December 2021	154,587	38,894	1,348	78,804	273,633
Additions	-	20,974	-	36,717	57,691
Disposals/retirement	(5,257)	(197)	-	-	(5,455)
Reclass- asset under construction	3,602	(3,604)	2	-	-
Reclassification to intangibles	-	433	-	-	433
Inventory movements and other	19	(1,402)	-	-	(1,383)
Impairment	-	-	-	-	-
Balance 31 December 2022	152,951	55,098	1,350	115,521	324,920
Accumulated depreciation and impairment					
Balance 1 January 2021	(69,254)	-	(1,167)	(37,756)	(108,176)
Depreciation for the period	(31,632)	-	(334)	(19,541)	(51,507)
Disposals/retirements	6,300	-	(4)	-	6,296



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Impairments	(3,286)	(1,336)	-	-	(4,622)
Other movements	(139)		346	22	229
Balance 31 December 2021	(98,011)	(1,336)	(1,159)	(57,276)	(157,782)
Depreciation for the period	(12,492)	-	(127)	(27,568)	(40,188)
Disposals/retirement	2,416	-	-	-	2,416
Impairment	-	-	-	-	-
Other movements	-	-	-	-	-
Balance 31 December 2022	(108,087)	(1,336)	(1,286)	(84,844)	(195,554)
Net carrying amounts					
Balance 31 December 2021	56,577	37,558	189	21,529	115,852
Balance 31 December 2022	44,863	53,762	64	30,677	129,366



14. Intangible assets

Financial Reporting Principles

Multi-client library

The multi-client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. For multi-client projects, Magseis Fairfield may invest in the project with other parties and has cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its investment net of partner cost sharing as multi-client library and will recognize its 50 percent share of revenues generated by the library. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

The costs of seismic data acquisition and processing for multi-client surveys are being capitalized. Such costs include vessel charter hire, fuel, crew and operational support costs and depreciation of nodes. For vessels on long-term charter hire recognized according to IFRS 16, the depreciation of right of use asset and lease interests are capitalized rather than the charter hire payment.

A multi-client project remains in progress until all data has been fully acquired and processed. When the project has been completed; straight-line amortization is applied over the estimated useful life which is generally four years. In the event that sales on a completed survey are realized disproportionately sooner within the survey's 4-year useful life, an accelerated amortization is recognized.

Variances between the cash flow invested in a multi-client project and the value of capitalized multi-client library should be expected. This is due to non-cash capitalized costs (e.g., depreciation) and timing of cost sharing payments from partners.

Other intangibles

Research and development costs are expensed as incurred until a program has completed the concept phase. Development activities involve a plan or design to produce new or substantially improved products and processes. Development cost is only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development costs mainly include internal labor costs in addition to materials for the development program. Any third-party funding is presented as a reduction of the capitalized amount.

Other intangible assets also include customer relations, IT systems and technology development acquired through business combinations. The useful life of the acquired technology is 10 years. Capitalized development costs are normally amortized over three to six years on a straight-line basis.

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The costs of seismic data acquisition and processing for multi-client surveys are being capitalized. Such costs include vessel charter hire, fuel, crew and operational support costs and depreciation of nodes. For vessels on long-term charter hire recognized according to IFRS 16, the depreciation of right of use asset and lease interests are capitalized rather than the charter hire payment.

A multi-client project remains in progress until all data has been fully acquired and processed. When the project has been completed; straight-line amortization is applied.



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Variances between the cash flow invested in a multi-client project and the value of capitalized multi-client library should be expected. This is due to non-cash capitalized costs (e.g., depreciation) and timing of cost sharing payments from partners.

Other intangible assets are mainly related to technology acquired through business combinations (Fairfield in 2018). The useful life of the acquired technology is 10 years. Magseis Fairfield have ongoing research and development projects, and such costs are expensed as incurred until a program has completed the concept phase.

USD thousands	Other intangibles	Multi-client library
Accumulated investments		
Balance 1 January 2021	82,297	20,906
Additions	1,538	7,100
Reclassification from PPE	1,066	-
Other changes	58	-
Balance 31 December 2021	84,960	28,006
Additions	3,043	745
Reclassification to PPE	(433)	-
Other changes	-	-
Balance 31 December 2022	87,570	28,750
Accumulated amortization and impairment		
Balance 1 January 2021	(24,608)	-
Amortization for the period	(8,677)	(5,480)
Impairment	(1,836)	-
Balance 31 December 2021	(35,120)	(5,480)
Amortization for the period	(8,883)	(4,221)
Impairment	-	(14,936)
Other changes	(48)	-
Balance 31 December 2022	(44,051)	(24,637)
Carrying amounts		
Balance 31 December 2021	49,840	22,526
Balance 31 December 2022	43,519	4,114

*Refer to note 15 for impairment details.

15. Impairment of non-current assets

Impairment recognized

An impairment of USD 15 million was recognized in 2022 related to multi-client intangible and USD 0.6m related to seismic equipment.

USD thousands	2022	2021
Asset class		
Seismic equipment	646	4,622
Other Intangible assets	14,936	1,836
Total impairment of non-current assets	15,582	6,458

Impairment test of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Judgements and estimates applied in the impairment test

An impairment test was performed as a part of the fourth quarter reporting.

As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions.

The need for increased oil and gas supply in the short- to medium-term is expected to translate into investments to increase recovery rates from already explored assets. This is supported by the high level of activity at the end of second quarter which continued in to the fourth quarter and forms the basis for an increasingly optimistic outlook for a market recovery for OBN services.

The impairment test is based on a value-in-use calculation in accordance with IAS 36, where assumptions about future market development, cashflows, the weighted average cost of capital (WACC), growth rate and other factors are subject to management's judgement.

Key assumptions when assessing the recoverable amounts as of 31 December 2022 were:

- Utilization and other cash flow assumptions are based on a continued growth in the medium term.
- We have applied 0% growth rate in the terminal value
- Terminal value reflects long term steady state revenue and margin levels based on a combination of historic levels and judgements applied
- Capex levels are aligned with revenue assumptions
- Climate risk is assessed to be low and not significant, hence not reflected in the valuation model
- Weighted average cost of capital applied in the model is 10.2%



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The test suggests no impairment required, but it must be emphasized that the model is sensitive to its assumptions, such as market growth and project margins.

Sensitivities in the impairment test

The impairment test is sensitive to changes in key assumptions, including changes in discount rate, growth rates, gross margin and EBITDA assumptions. Sensitivity analysis have been performed on key assumptions. The table below show the changes in key assumptions that may occur before any impairment is required.

Sensitivities (break-even analysis)

Long-term revenue reduction	Δ 10%
Long-term EBITDA margin reduction	Δ 20%
Discount rate increase	Δ 152%

16. Leases

The Group's leasing activities and how these are accounted for

The Group leases various office buildings, a manufacturing site, warehouses, vessels and other equipment. Rental contracts are typically made for fixed periods of 6 months to 5 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Financial Reporting Principles

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees



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- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 15.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Payments associated with short-term leases (less than 12 months) and leases of low-value assets are recognized on a straight-line basis as an operating expense in profit or loss.

Significant judgements and critical estimates

The assessment to whether utilize extension and termination options are done by management on a contract-by-contract basis in line with operational requirements for each project. As of 31 December 2022, three vessels are on long-term contracts and are recognized as right of use asset and lease liability in the table below. Options to extend are reflected in the numbers when it is likely they will be used.



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Right-of-use-assets

USD thousands	Vessels	Offices and warehouse	Total
Carrying value			
Balance 1 January 2021	17,432	7,291	24,722
Additions	17,624	-	17,624
Depreciation	(17,940)	(1,601)	(19,541)
Other adjustments	(1,298)	21	(1,277)
Balance 31 December 2021	15,818	5,711	21,529
Additions	35,677	1,040	36,717
Depreciation	(26,126)	(1,442)	(27,568)
Balance 31 December 2022	25,369	5,309	30,678

Lease liabilities

USD thousands	Non-current	Current	Total
Carrying value			
Balance 1 January 2021	8,784	19,361	28,145
Additions	4,143	13,481	17,624
Lease payments	-	(18,044)	(18,044)
Reclassification	(4,652)	4,652	-
Other adjustments	-	(3,250)	(3,250)
Balance 31 December 2021	8,275	16,201	24,476
Additions	10,414	26,303	36,717
Lease payments	-	(27,670)	(27,670)
Reclassification	(12,339)	12,339	-
Other adjustments	-	(534)	(534)
Balance 31 December 2022	6,350	26,639	32,989

17. Cash and cash equivalents

Financial Reporting Principles

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid deposits with original maturity of three months or less.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.



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While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

USD thousands	2022	2021
Unrestricted cash balances	17,378	28,615
Restricted cash balances		
Deposits	495	674
Employee tax withholding accounts	1,113	447
Total restricted cash balances	1,608	1,121
Total cash and cash equivalents	18,987	29,737

18. Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses and the estimated cost to complete the inventory. The cost of inventories is based on the weighted average cost.

Significant judgements and critical estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-downs is subject to management judgment. The selling price in the market must be estimated, and there is a risk that the actual selling price may turn out to be different than the amount estimated by management.

Inventories:

USD thousands	2022	2021
Raw materials equipment (work in progress)	6,575	2,119
Stock finished equipment for sale	-	3,702
Battery stock	-	360
Total inventories	6,575	6,182

19. Trade receivables and contract assets

Financial Reporting Principles

Trade and other receivables are recognized at the initial invoiced amount, less any impairment losses. The invoiced amount is approximately equal to the value derived if the amortized cost method would have been used.

Impairment of accounts receivable and contract assets (financial asset at amortized cost)

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Group's impairment model for accounts receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.



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The Group uses an impairment model with the following characteristics: The receivables are organized in portfolios based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

USD thousands	2022	2021
Trade receivables	52,444	17,389
Contract assets (accrued, not invoiced to customers)	6,316	41,422
Trade receivables and contract assets	58,760	58,811
Costs to fulfil a contract (mobilization cost)	5,749	9,200
Contract liabilities (prepayments from customers)	6,834	4,893

Overview of trade receivable aging:

USD thousands	31-Dec-22 Carrying amount	31-Dec-22 Loss allowance	31-Dec-21 Carrying amount	31-Dec-21 Loss allowance
Not overdue	31,522	-	10,888	(85)
Past due 0-30 days	577	-	2,554	-
Past due 31-120 days	1,412	-	3,637	-
Past due more than 120 days	262	-	395	-
Total	33,773	-	17,474	(85)

20. Prepaid expenses and other current assets

USD thousands	2022	2021
Contract assets (unbilled revenue)	24,987	41,422
Costs to fulfil a contract (mobilization costs)	5,749	9,200
Prepayments	12,175	8,363
Other receivables	1,135	3,975
Deposits	-	-
Total other current assets	44,046	62,959



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21. Borrowings

Financial Reporting Principles

Interest-bearing debt is recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

USD thousands	2022	2021
Interest bearing liabilities (excl. Leases)		
Nominal value bank facility	-	30,000
Prepaid fees bank facility	(252)	(571)
Nominal value other loans	-	2,000
Total	(252)	31,429
<i>Long term</i>	-	29,429
<i>Short term</i>	44,748	2,000

Repayment profile at balance sheet date

2022	-	2,000
2023	45,000	30,000
Total	45,000	32,000

USD thousands	2022	2021
Lease liabilities		
Long-term	6,350	8,275
Short-term	26,639	16,201
Total	32,989	24,476

In April 2020, the Company received U.S. Covid-19 loan program of USD 3.6 million which was fully forgiven in June 2021. An additional loan of USD 2.0 million was received in April 2021 which was fully forgiven in March 2022.

In May 2022, Magseis Fairfield reached an agreement with DNB to extend maturity of the RCF with one year to December 2024. In addition, it was agreed a temporarily increase of USD 15 million to end of third quarter 2022 to support the high activity level expected during the summer season. In September 2022, the company secured extension of the temporary increase of USD 15 million to the end of first quarter 2023. Due to the change of control, with TGS being the new majority shareholder, the RCF is due in full by March 31 2023.

Financial covenants bank facility (RCF)

- Net interest-bearing debt/Last Twelve Months (LTM) EBITDA < 1.25x. LTM EBITDA calculation is excluding IFRS 16 impacts



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- If LTM EBITDA is negative and the net interest-bearing debt is negative (i.e. net cash position), alternative cash buffer headroom calculation is applied
- If LTM EBITDA is negative and the net interest-bearing debt is positive (i.e. net debt position), the leverage ratio is breached
- Equity Ratio > 40 percent
- Equipment loan to value: RCF debt / book value seismic equipment and assets under construction < 50 percent

In addition, the RCF agreement include a financial covenant that NIBD shall be at or below zero for 5 successive business days in each quarter. The Company has received a waiver of this financial covenant from the lender until second quarter 2023.

Magseis Fairfield is in compliance with all financial covenants as of 31 December 2022.

Securities

The following security has been provided to DNB Bank ASA, which secures both the loan agreement and any guarantee facility provided by DNB Bank ASA:

Magseis Fairfield AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF (UK) Ltd, Magseis FF AS, Magseis Operations AS and Magseis Renewables AS
- Assignment over any monetary claims under the Fairfield share purchase agreement.
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis Operations AS:

- Guarantee of USD 60 million plus interest and expenses
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF LLC
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF (UK) Ltd.:

- Guarantee of USD 60 million plus interest and expenses
- Security over all assets (general debenture)

Magseis FF LLC:

- Guarantee of USD 60 million plus interest and expenses
- Security over all or substantially all assets, including patents/IP and bank accounts

Guarantees

The company has provided guarantees mainly related to project performance of USD 14.2 million as of 31 December 2022.



22. Other current liabilities

Financial Reporting Principles

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

A provision is a liability with uncertain timing and amount. Provisions are recognized when cash outflow is considered probable, the amount can be reliably estimated, and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that cash outflow will take place, and the obligation can be measured reliably.

Significant judgements and critical estimates

Onerous customer contracts

The provisions for onerous contracts are estimated based on a number of assumptions and are highly judgmental in nature as they relate to total estimated losses on customer contracts upon completion.

As of 31 December 2022, and 2021, no onerous customer contracts were identified.

Onerous lease contracts

As per assessment completed in 2022, no adjustments to onerous lease facilities have been identified. The Norway office space has been subleased in 2022.

USD thousands	2022	2021
Accrued expenses	32,475	39,861
Deferred revenue (contract liabilities)	6,834	4,893
Accrued warranties	282	880
Accrued salary	6,894	6,986
Other	8,596	4,396
Total other current liabilities	55,081	57,015

23. Financial risk management

Overview

The Group is exposed to a variety of financial risks; currency, interest rate, price, credit liquidity and capital risk. The objective of financial risk management is to manage and control financial risks exposure and thereby increase the predictability and minimize the potential adverse effects on the Group's financial performance. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management

Financial risk management in the Group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units. Risk management policies and procedures are reviewed regularly to consider changes in the market and the Group's activities.

Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of



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risks: exchange risks, interest risks and price risks. Market risk is monitored and managed continuously by the Group.

Foreign exchange risk

Magseis Fairfield is exposed to changes in foreign exchange rates. The primary currency risk relates to sales and purchases that are denominated in a currency other than the respective functional currency of the Group, United States dollar (USD). The currencies in which these transactions primarily are denominated are Pound Sterling (GBP) and Norwegian krone (NOK), but also Euro (EUR), Singapore Dollars (SGD), and Swedish krona (SEK). Magseis predominantly sells products and services in United States dollars, and to a limited extent in other currencies.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

As shown below, the Group is primarily exposed to changes in the USD/NOK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the profit or loss for the period in the Group's foreign subsidiaries.

The exposure to foreign exchange risk is partly mitigated through use of USD nominated contracts, and the company currently utilizes hedging arrangements against parts of its exposure in NOK and GBP.

Interest rate risk

The Group's interest rate risk is mainly related to loans where an element of interest rate is not fixed, where an increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow.

The table below shows a sensitivity of exposure to interest rate risk at the reporting date. This analysis assumes that all other variables remain constant and ignores any impact of forecast transactions.

USD thousands	2022	2021
Nominal value of interest-bearing debt excluding finance lease obligations	45 000	32 000
Effect on 1 percentage point increase in interest rate on profit before tax	450	320

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Lack of payments from customers may significantly and adversely impair the Group's liquidity. The concentration of the Group's customers in the oil and gas industry may impact the Group's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Further, laws in some jurisdictions in which the Group operates could make collection difficult or time consuming. The Group undertakes due consideration to the credit quality of its potential customers during contract negotiations to minimize the risk of payment delinquency, but no assurance can be given that the Group will be able to fully avoid this risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Credit exposure* as of 31 December:



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USD thousands	Amortised cost / carrying value	
	31-Dec-22	31-Dec-21
<i>Financial assets</i>		
Cash and cash equivalents	18,987	29 737
Trade receivables	33,773	17 389
Other current assets	44,046	62 959
Total	96 806	110 085

**See also note 19 Trade receivables for additional information related to the loss allowance and for the aging analysis of the accounts receivable.*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To ensure sufficient available cash at hand to meet expected cash outflows, the Group uses cash flow forecasts, to monitor cash flow requirements.

In 2021, Magseis Fairfield reached an agreement with DNB to extend the RCF with one year to December 2023 and to amend the covenant structure. Under the new covenants, the required equity ratio has been reduced from 50% to 40%. This change will allow for increased flexibility with regards to working capital requirements resulting from higher operational activity

In May 2022, Magseis Fairfield reached an agreement with DNB to extend maturity of the RCF with one year to December 2024. In addition, it was agreed a temporarily increase of USD 15 million to end of third quarter 2022 to support the high activity level expected during the summer season. In September 2022, the company secured extension of the temporary increase of USD 15 million to the end of first quarter 2023. Due to the change of control, with TGS being the new majority shareholder, the RCF is due in full by March 31 2023.

See note 21 for further details.

Financial liability maturity schedule

The following are the contractual maturities of the financial liabilities including interest payments at the end of the reporting period:

Year ended 31 December 2022						
USD thousands	Carrying amount	Less than 3 months	3-12 months	1-2 years	>2 years	Total
Non-current interest-bearing liabilities	-	-	-	-	-	-
Non-current non-interest bearing liabilities	7,744	-	1,744	6,000	-	7,744
Current portion of interest bearing liabilities	44,748	-	44,748	-	-	44,748
Lease liabilities	32,989	5,191	24,052	3,295	7,269	39,807
Trade payables	14,544	14,540	4	-	-	14,544
Total financial liabilities	100,024	19,731	70,547	9,295	7,269	106,843



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Year ended 31 December 2021

USD thousands	Carrying amount	Less than 3 months	3-12 months	1-2 years	>2 years	Total
Non-current interest-bearing liabilities	29,429	-	-	30,000	-	30,000
Non-current non-interest bearing liabilities	4,609	-	-	4,609	-	4,609
Current portion of interest bearing liabilities	2,000	-	2,000	-	-	2,000
Lease liabilities	24,476	4,435	12,246	5,589	8,817	31,088
Trade payables	20,901	19,795	1,106	-	-	20,901
Total financial liabilities	81,415	24,230	15,352	40,198	8,817	88,598

If the Group were to be unemployed for a longer period, it would need to manage its cost base and would, inter alia, intercompany loan, seek to reduce costs or negotiate a grace period from some of its largest cost sources such as the time-chartered vessels. The Group's asset light operating model, reflecting a relatively high variable cost base, conversion to an RCF facility and close follow up of working capital requirements, lowers the liquidity risk to a satisfactory level.

Climate risk

Climate-related risks might be divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions. While this is a potential upside for the company, there is a political risk if authorities decide to significantly reduce or completely stop production of oil and gas in key markets.

Magseis Fairfield has entered the renewables business using our technology and knowledge from the oil and gas industry. We completed a windfarm pilot project in 2021 and a carbon capture and storage pilot project in 2022. We see several opportunities in 2023 and will continue our effort to expand the renewables part of our business.

We believe that the services Magseis Fairfield offer is a part of the solution for the transition into a lower-carbon economy. The valuation risk due to climate on our assets and technology are assessed to be low.

Physical risk resulting from climate change, in the form of costs caused by physical damage is considered low to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous conditions and activity in the work area. The Group's own insurance may not be adequate to cover potential losses.

24. Capital management

The Group's objective for its capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. This includes being able to meet the financial covenants under the Group's credit facility.

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Based on the strong growth, resulting in working capital requirements and investment programs, the Group's financial strategy has been to maintain a solid equity ratio and sufficient and applicable debt financing to ensure necessary liquidity.

25. Fair value measurement

Financial Reporting Principles

The Groups' use of derivative contracts is limited and only entered into for economic hedging purposes to reduce cash flow risk and not as speculative investments. Derivatives are classified as FVTPL and initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The fair values are based on observable market prices obtained from external parties and are based on mid-range marked interest rates and prices, excluding margins, at the reporting date. The derivatives are defined as Level 2 in the fair value hierarchy. The derivatives are classified as a non-current asset or liability if the maturity date is later than 12 months from the balance sheet date and there is no intention to close the position within 12 months from the balance sheet date. Changes in the fair value of any derivative instrument are recognized immediately in profit or loss and are included in finance income or finance expense if they are economic hedges for financing related risks. Derivatives that are economic hedges for operational cash flows are included in operating gains and losses in the profit or loss statement.

Fair value of the derivatives as of 31 December 2022 is USD 2 million. Derivatives are included in level 1 where the fair value is based on quoted market prices.

Fair value estimates

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and short-term equity investments) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and contingent consideration. Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

26. Financial assets and financial liabilities

Financial Reporting Principles

Financial assets and financial liabilities held by the Group consist of trade receivables, cash and cash equivalents, trade payables, borrowings, financial lease liabilities, derivatives and contingent consideration from an earn-out agreement relating to the Al Shaheen project.

Financial assets (excluding derivatives)

All financial asset, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria, and are managed in a business model of Hold to collect. These financial assets are in the measurement category



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amortized cost. The Group measures its trade receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognized in the income statement. Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 month or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

Financial liabilities (excluding derivatives)

The Group's financial liabilities consist of trade payables, contingent consideration, lease liabilities and borrowings. The Group initially recognizes financial liabilities at fair value net of transaction costs. Trade payables and borrowings are subsequently measured at amortized cost using the effective interest method. Transaction costs related to borrowings are amortized using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value. Lease liabilities are measured in accordance with IFRS 16, refer to note 16.

For assets and liabilities recognized at amortized cost, fair value is not disclosed as the carrying amount is a reasonable approximation of fair value.

As a part of the acquisition, an earn-out arrangement was recognized relating to the WGP Group. The earn-out relates to the purchase, by Fairfield Geotechnologies, of the business and the assets of WGP Group Ltd (BVI) and its subsidiaries from Thalassa Holdings Ltd on 1 January 2018, and is contingent on WGP Group Ltd (UK) and/or its subsidiaries, successfully entering into agreements with a client on two prospective projects. At the date of the acquisition of WGP Group Ltd (UK) by Magseis Fairfield AS on 18 December 2018, an agreement had successfully been entered into on the first project. As of 31 December 2022, the USD 4 million earn out related to WGP has been released.

As of 31 December 2022, an earn-out liability of USD 7.7 million is recognized. The earn out is related to an agreement with Carbon transition on seismic equipment.

Financial assets and financial liabilities:

USD thousands	Measured at amortised cost	Measured at FVTPL	Measured at amortised cost	Measured at FVTPL
Financial assets	2022		2021	
Cash and cash equivalents	18,987	-	29,737	-
Derivatives	-	1,983	-	519
Trade receivables	52,444	-	17,389	-
Total	71,431	1,983	47,126	519
Financial liabilities				
Interest bearing liabilities	44,748	-	31,429	-
Long-term non-interest-bearing loan	7,744	-	4,432	-
Lease liabilities	32,989	-	24,476	-
Warrants*	-	-	-	177
Trade payables	14,544	-	20,901	-
Total	100,025	-	81,239	177



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27. Pledged securities

Below is an overview of assets that are pledged as security for the loan facility with DNB.

USD thousands	2022	2021
Current		
Trade receivables	52,444	17,389
Inventories	6,575	6,182
Cash and cash equivalents	17,378	28,615
Total current assets pledged as security	76,397	52,187
Non-current		
Property, plant and equipment	98,689	94,324
Total non-current assets pledged as security	98,689	94,324
Total assets pledged as security	175,086	146,511

In addition, all shares in subsidiaries have been pledged as security for the loan facility. For additional information please see note 21 Borrowings.

28. Commitments

USD thousands	2022	2021
<i>Contracted for but not yet provided for and payable:</i>		
Within one year	17,548	4,000
One year later and no later than five years	-	-
Later than 5 years	-	-
Total other current liabilities	17,548	4,000



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29. Management remuneration

Remuneration to the management in 2022

Name	Position	Base salary	Variable remuneration			Severance	Pension & Other benefits	Total remuneration
			Earned STIP ¹	Earned LTIP ²	Share incentive program			
Carel Hooijkaas	Chief Executive Officer	614	269	1,008	425	-	12	2,328
Mark Zajac	Chief Technology Officer	301	70	74	192	-	14	652
Thomas E Scoulios	Chief Operating Officer	325	81	83	99	-	12	599
Simon Hayter	Chief Sales Officer	294	75	77	58	-	21	525
Ivar Gimse	SVP Business development	249	56	65	95	-	12	477
Sharon Barclay	Chief Human Resources Officer (from 01.02.2020)	235	60	63	50	-	13	421
Laila Myksvoll	General Counsel	267	61	66	116	-	12	522
Stig Hognestad	Chief Financial Officer (from Nov-21)	275	-	76	105	-	11	467
Total		2,560	672	1,512	1,139	-	107	5,991

¹ Short Term Annual Incentive Plan. Maximum 50-125% of base salary

² Long Term Incentive Plan. Maximum 50-118% of base salary. Payment is in the form of RSUs/PSUs are vested and issued on a three-year tranche vesting schedule.

Remuneration to the management in 2021

Name	Position	Base salary	Variable remuneration			Severance ³	Pension & Other benefits	Total remuneration
			Earned STIP ¹	Earned LTIP ²	Share incentive program			
Carel Hooijkaas	Chief Executive Officer	640	302	320	325	-	12	1,599
Mark Ivin	Chief Financial Officer (until Nov-21)	352	-	-	126	1,223	14	1,716
Mark Zajac	Chief Technology Officer	320	78	80	9	-	14	502
Thomas E Scoulios	Chief Operating Officer	325	81	83	99	-	12	599
Simon Hayter	Chief Sales Officer	294	75	77	58	-	21	525
Ivar Gimse	SVP Business development	239	63	64	7	-	12	384
Sharon Barclay	Chief Human Resources Officer (from 01.02.2020)	235	60	63	50	-	13	421
Laila Myksvoll	General Counsel	265	68	72	9	-	13	428
Stig Hognestad	Chief Financial Officer (from Nov-21)	42	-	-	3	-	2	47
Total		2,712	726	759	686	1,223	113	6,219

¹ Short Term Annual Incentive Plan. Maximum 50-125% of base salary

² Long Term Incentive Plan. Maximum 50-118% of base salary. Payment is in the form of RSUs/PSUs are vested and issued on a three-year tranche vesting schedule.

³ Mark Ivin was employed under regular employment conditions and base salary through February 2022. The following has been paid as severance in February 2022 (USD thousands):



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12 months severance of base salary	352
Cash-out long-term incentive program	176
60 % Bonus for 2021 and 2022 (pro rata)	247
RSU grants settled in cash	307
Base salary Jan- 22 and Feb-22	59
Holiday allowance	83
Total	1,223

Guidelines for remuneration to the CEO and senior executives

The main purpose of the senior executive remuneration programs is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The total remuneration to senior executives consists of base salary, annual "short-term" cash incentive bonus and long-term equity and cash-based incentives.

Since the 2021 AGM, the Board has followed the Guidelines for Remuneration for Key Employees then approved by the AGM with respect to remuneration of the CEO and the executive officers.

Share incentive program

Share incentive cost in the above table is related to options and Restricted Share Unit (RSU)/Performance Share Unit (PSU) programs vested and allocated during the year.

The 2018 Annual General Meeting approved replacing the share option program with the RSU and PSU program.

The share option program has been fulfilled and no new grants will be awarded. As of 31 December 2020, the total number of outstanding options to Management was nil.

The shares in the RSU program shall become vested at vesting date and shares in the PSU program shall become vested over three years. New hire RSUs 'cliff vest' as did the RSUs granted to Scoulios, Barclay and Hayter in December 2018 at the time of the Magseis acquisition of Fairfield Geotechnologies. RSUs associated with special incentives and the LTIP program vest 40% one year following award, 40% the second year and 20% the final year.

Severance pay

- The Chief Executive Officer is entitled to a severance pay equivalent to 18 month's salary, commencing at the end of the notice period, when the resignation is at the request from the company.
- The Chief Financial Officer is entitled to a severance pay equivalent to 12 months' salary, commencing at the end of the notice period, when the resignation is at the request of the company.
- The Chief Operating Officer is entitled to a severance pay equivalent to 12 months' salary, commencing at the end of the notice period when the resignation is at the request from the company.
- The Chief Sales Officer is entitled to a severance pay equivalent to 6 months' salary, commencing at the end of the notice period when the resignation is at the request from the company.
- The Chief Technology Officer is entitled to a severance pay equivalent to 3 month's salary, commencing at the end of the notice period, when the resignation is at the request of the company.
- The Chief HR Officer is entitled to a severance pay equivalent to 6 months' salary commencing at the end of the notice period, when the resignation is at the request of the company.
- The General Counsel has a 6-month notice period.
- The EVP Business Development is entitled to a severance pay equivalent to 3 months' salary, when the resignation is at the request of the company.

Severance pay in table above is related to severance pay for previous members of the management team.



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Magseis Fairfield has no outstanding loans or guarantees to any employees, managers or Directors.

2022 Remuneration for Board and Committee Members

Name	Position	Board fees	Audit & Risk comm.	Comp. Comm.	Sub-total	RSU value	Total
Wenche Kjølås	Chair of the Board/Chair of ARC	150	16	5	171	71	242
Anthony Dowd	Board member/Chair of Comp. comm.	69	-	8	77	25	102
Luis Araujo	Board member	52	-	5	57	35	92
Angela Durkin	Board member	86	8	-	94	35	129
Tone Holm-Trudeng	Board member (employee elected)	-	-	-	-	-	-
Yves Chiffolleau	Board member (employee elected)	-	-	-	-	-	-
<i>Nomination committee</i>							
Chris Sugahara	Chair from Jun 2021	5	-	-	5	-	5
Total		362	23	18	405	166	571

2021 Remuneration for Board and Committee Members

Name	Position	Board fees	Audit & Risk comm.	Comp. Comm.	Sub-total	RSU value	Total
Wenche Kjølås	Chair of the Board/Chair of ARC	81	17	6	105	22	126
Anthony Dowd	Board member/Chair of Comp. comm.	52	-	9	61	11	72
Luis Araujo	Board member	52	-	6	58	11	69
Angela Durkin	Board member	52	9	-	61	11	72
Roar Brekke	Board member/Chair of Nom. Comm. To May 2021	41	9	-	50	9	59
Jan B Gateman	Board member to Apr 2021	13	2	-	15	6	21
Jonathan Cudmore	Board member (employee elected) to Aug 2021	3	-	-	3	-	3
Janie Garcia	Board member (employee elected)	5	-	-	5	-	5
Johan Jungholm	Board member (employee elected) to Sep 2021	1	-	-	1	-	1
<i>Nomination committee</i>							
Chris Sugahara	Chair from Jun 2021	5	-	-	5	-	5
Ryan Schedler	Member	3	-	-	3	-	3
Anders Farestveit	Chair to Jun 2021	1	-	-	1	-	1
Total		308	37	20	367	70	437

30. Legal claims

In January 2021, Magseis Fairfield AS filed an arbitration claim against Fairfield Industries Incorporated (referred to as Fairfield), claiming a breach of the Sale and Purchase Agreement between the parties for the purchase by Magseis Fairfield of certain Fairfield subsidiaries in 2018. The claim relates to a project in the Middle East that represented a significant portion of the backlog acquired by Magseis Fairfield in the transaction. The arbitration is currently scheduled to occur in June 2023. It is not possible to provide a reasonable estimate of the outcome of the arbitration process.



31. IFRS issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

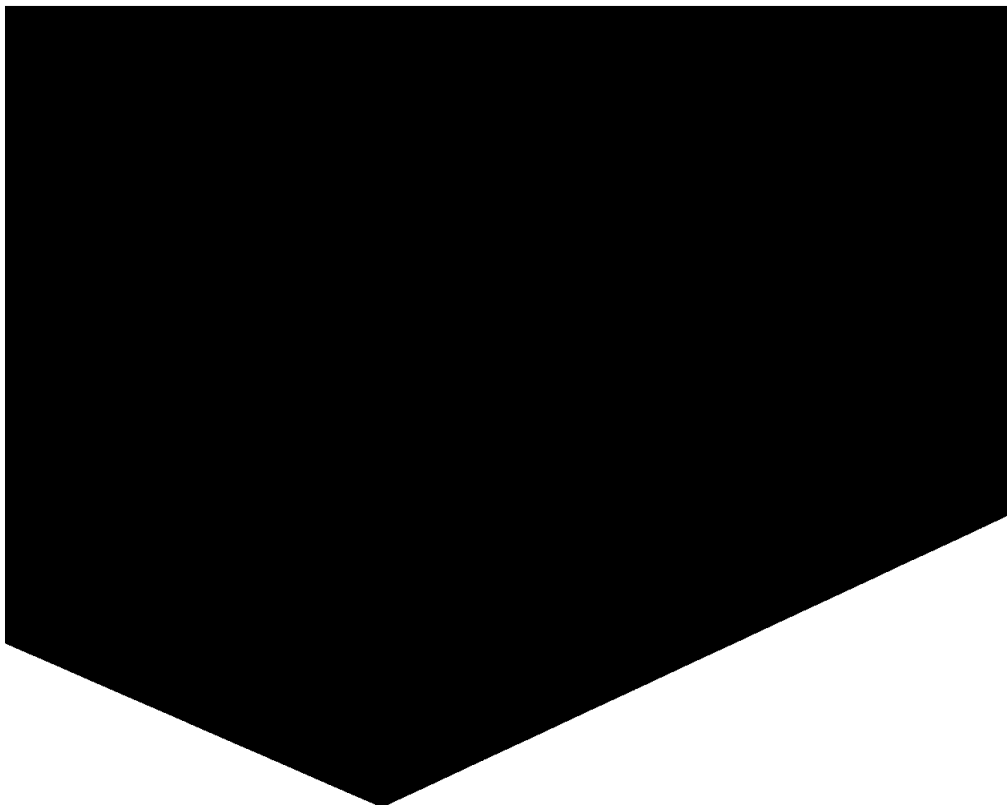
- IFRS 17 Insurance Contracts I
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendment to IAS 8 regarding accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023
- Amendments IAS 12 regarding deferred tax related to assets and liabilities arising from a single transaction. The amendments are effective for annual reporting periods beginning on or after 1 January 2023

It is not expected that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

32. Events occurring after the reporting date

On 12 January 2023, Magseis Fairfield ASA was delisted from Oslo Stock Exchange.

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.



Magseis Fairfield AS
Parent
Financial Statements



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Magseis Fairfield AS

Statement of comprehensive income

USD thousands	Note	2022	2021
Revenues and other income			
Revenues and other income	3	23,063	26,916
Operating expenses			
Cost of sales	4	(16,759)	(11,078)
General and administrative costs	5	(20,324)	(15,850)
Depreciation	9	(4,437)	(9,362)
Amortization	10	(14)	(38)
Impairment	11	(25)	(6,233)
Total operating expenses		(41,559)	(42,560)
Operating profit/(loss)		(18,496)	(15,644)
Finance income and costs			
Finance income	6	8,146	2,073
Finance expenses	6	(6,803)	(2,596)
Impairment of investments in subsidiaries	11	-	(31,426)
Net finance income/(expenses)		1,343	(31,949)
Net profit/(loss) before tax		(17,154)	(47,594)
Income tax expense	7	-	150
Net profit/(loss) and total comprehensive income		(17,154)	(47,444)



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Magseis Fairfield AS

Statement of financial position

USD thousands	Note	2022	2021
Non-current assets			
Other intangible assets	10,11	1,874	1,167
Property, Plant and Equipment	9,11	41,188	38,673
Intercompany loans	8	35,898	31,007
Investment in subsidiaries	1,11	109,266	109,116
Total non-current assets		188,226	179,963
Current assets			
Cash and cash equivalents	13	5,379	2,791
Trade receivables	15	1,503	4,235
Inventories	14	906	944
Other current assets	16	1,028	7,797
Intercompany receivables	8	18,145	8,344
Intercompany loans	8	14	
Derivatives	23,26	1,983	519
Total current assets		28,959	24,629
Total assets		217,185	204,593
Equity			
Share capital	2	1,608	1,584
Share premium	2	126,979	151,021
Other equity		3,851	(3,969)
Total shareholders' equity		132,437	148,635
Non-current liabilities			
Interest bearing liabilities	17,18	-	29,429
Non-interest-bearing liabilities	18	7,735	177
Intercompany loans	8	23,788	
Lease liabilities	12,17,18	825	140
Total non-current liabilities		32,348	29,747
Current liabilities			
Trade payables	23	352	1,561
Intercompany payables	8,23	331	17,049
Intercompany loans	8	43	
Current portion of interest-bearing liabilities	17,18	44,748	-
Current portion of lease liabilities	12,18	355	560
Current tax payable	7	-	-
Other current liabilities	19	6,572	7,041
Total current liabilities		52,401	26,211
Total liabilities		84,748	55,958
Total equity and liabilities		217,185	204,593



Board of Directors and CEO of Magseis Fairfield AS

Skøyen, 29 June 2023

Sign.


Kristian Johansen
Chair of the Board of Directors


Sven Børre Larsen
Board member


Tana Pool
Board member


Katrine Salveson
Board member


Yves Chiffolleau
Board member (employee elected)


Tone Holm-Trudeng
Board member (employee elected)


Carel Hooijkaas
Chief Executive Officer,
Magseis Fairfield AS



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Statement of changes in equity

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	Total
Balance 1 January 2022	1,584	151,021	8,909	(12,878)	148,635
Share based payments	24	-	925	-	948
Other changes	-	-	-	7	7
Allocation of retained deficit	-	(24,042)	-	24,042	-
Profit/(Loss) for the period	-	-	-	(17,154)	(17,154)
Balance 31 December 2022	1,608	126,979	9,834	(5,983)	132,437
	1%	96%	7%	-5%	
Balance 1 January 2021	1,578	407,662	7,496	(222,074)	194,660
Share based payments	6	-	1,413	-	1,419
Other changes	-	-	-	(1)	(1)
Allocation of retained deficit	-	(256,641)	-	256,641	-
Profit/(Loss) for the period	-	-	-	(47,444)	(47,444)
Balance 31 December 2021	1,584	151,021	8,909	(12,878)	148,635



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Magseis Fairfield AS

Statement of cash flows

USD thousands	Note	2022	2021
Cash flows from operating activities			
Profit / (loss) before tax		(17,154)	(47,594)
Income tax paid and WHT paid	7	-	-
Depreciation, amortization and impairment	9,10,11	4,476	15,633
Share-based payments expense	26	925	1,413
Impairment of investment in subsidiaries	11	-	31,426
Finance expense	6	6,803	2,596
Finance income	6	(5,776)	(2,073)
NBV sold and disposed assets	9	2,221	7,838
(Increase)/decrease in current assets		3,100	(32,868)
Increase/(decrease) in current liabilities		(18,396)	10,935
Net cash from operating activities		(23,801)	(12,694)
Cash flows from investing activities			
Interest received	6	-	-
Acquisition of equipment	9	(3,316)	(1,711)
Investment in subsidiaries	1	(150)	1,520
Investments in intangibles	10	(829)	(1,110)
Loans to subsidiaries	8	(4,905)	(5,415)
Net cash used in investing activities		(9,200)	(6,715)
Cash flows from financing activities			
Down-payments of interest-bearing liabilities	17,18	-	-
Net proceeds from new loan		14,810	
Loans from subsidiaries	8	23,831	
Payment of lease liabilities	12,18	(560)	(560)
Proceeds from issue of shares	2	24	6
Interest paid	6	(2,516)	(1,457)
Net cash from financing activities		35,589	(2,011)
Net change in cash and cash equivalents	13	2,588	(21,420)
Cash and cash equivalents at period start	13	2,791	24,211
Cash and cash equivalents at period end		5,379	2,791



Notes to the financial statements

1. General Information and basis of preparation

General Information

Magseis Fairfield AS is a public limited company incorporated in Norway. The Company's registered office is at Askekroken 11, Skøyen, Norway.

Basis of preparation

Statement of compliance

The financial statements are prepared in accordance with the simplified application of International Financial Reporting Standards (Norwegian Forenklet IFRS) in accordance with the Norwegian accounting act § 3-9 and the related directive. The directive refers to the general recognition and measurement requirements in IFRS as endorsed by the European Union, but with certain exemptions.

The financial statements were authorized for issue by the Board of Directors and the chief executive officer (CEO) on 29 June 2023. The financial statements will be presented to the Annual General Meeting on 29 June 2023 for approval.

Financial reporting principles

Magseis Fairfield AS prepared its financial statements for 2022 in accordance with simplified IFRS.

The relevant exemption applicable to Magseis Fairfield relates to the recognition of Group contributions (Norwegian "konsernbidrag"). Group contributions and dividends under simplified IFRS may be recognized in accordance with Norwegian generally accepted accounting principles for the distributing and receiving entity. This means that the distributing entity may recognize a liability when the contribution or dividend is proposed, but before it has been approved. The receiving entity may also recognize the dividend or contribution receivable before it has been approved.

Disclosure requirements are in accordance with the directive, which refers to disclosure requirements in accordance with the Norwegian Accounting Act chapter 7 and Norwegian generally accepted accounting principles, with certain differences.

If not included in the notes below, the Company's significant accounting policies are disclosed in relevant sections in the consolidated financial statement. These principles have been applied consistently in all periods presented in the financial statements, unless stated otherwise.

Basis of measurement

The financial statements are prepared in accordance with the historical cost principle, with the exemption of derivatives which are measured at fair value.

Judgements and estimates

Preparation of financial statements in accordance with simplified IFRS requires the use of estimates. The application of Company's accounting principles further requires management to apply judgement.

The main areas where significant judgements and critical estimates have been made are described in each of the following notes:

- Note 3 Revenue from customer contracts
- Note 9 Property, Plant and Equipment
- Note 11 Impairment of non-current assets
- Note 12 Leases
- Note 19 Other current liabilities



New Financial Reporting Standards

Certain new or revised standards, amendments or interpretations of existing standards have been implemented, please see note 12 Leases.

Going concern

The financial results for the Group were characterized by every quarter improvement of the margins and that the company moves into 2023 on a positive note. Magseis Fairfield has maintained a strong focus on cost and capital expenditures to preserve cash and safeguard business continuity.

The Group's backlog for 2022 increased during the fourth quarter, offering increasing support for the 2023 budget and forecasts. Magseis Fairfield forecast a market growth in 2023 and new contracts are being secured at increasing margins. This backlog and tendering activity for 2023 provides a basis for optimism, where almost 90% of 2022 backlog is for delivery in 2023.

The company ended the year with USD 19 million in cash and cash equivalents.

The company was acquired by TGS in 4Q 2022.

Shares in subsidiaries

Year ended 31 December 2022

USD thousands	Incorporation	Percentage shares owned by Magseis Fairfield AS	Carrying value
Magseis Operations AS	Norway	100%	18,982
Magseis Singapore Services Pte. Ltd.	Singapore	100%	(857)
Magseis Technology AB	Sweden	100%	6
Magseis Malaysia Sdn. Bhd.	Malaysia	100%	391
Magseis FF AS	Norway	100%	72,277
Fairfield Industries International Ltd.	UK	100%	11,316
Magseis Brasil Ltda.	Brazil	100%	165
Magseis Renewables AS	Norway	100%	6,980
Total			109,259

The Company holds 100 percent of all shares and all voting rights for its subsidiaries.



2. Share information

	Number of shares	Share capital USD '000	Share premium USD '000
Balance 1 January 2021	266,770,592	1,578	407,662
RSU settlements	951,750	6	-
Allocation of retained deficit			(256,641)
31 December 2021	267,722,342	1,584	151,021
RSU settlements	3,984,583	24	-
Allocation of retained deficit			(24,042)
Balance 31 December 2022	271,706,925	1,608	126,979

Nominal value

The nominal value of the shares is NOK 0.05. The share capital is fully paid. Magseis Fairfield AS has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at general meetings.

Share based payments reserve

Share-based payments represent a cost charged to the income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The 20 largest shareholders as of 31 December 2022 are as follows:

	Number of shares	Ownership interest
TGS ASA	264,890,043	97.49%
ØRNES AS	1,413,637	0.52%
Nordnet Bank AB	313,414	0.12%
CLEARSTREAM BANKING S.A.	264,045	0.10%
SOMARAS INVEST AS	251,682	0.09%
SHARMA SACHCHIDANAND RAMPRASAD	249,998	0.09%
MIDJÅS ROLF	222,800	0.08%
ESL. INVEST AS	125,012	0.05%
Citibank	116,943	0.04%
ØSTBØ KRISTIAN	108,764	0.04%
Saxo Bank A/S	95,532	0.04%
BUSINESS INTELLIGENCE AS	90,234	0.03%
NORDNET LIVSFORSIKRING AS	86,158	0.03%
SCAN DRILLING COMPANY LIMITED	81,349	0.03%
SOLHAUG MARTIN	80,208	0.03%
JSK KAPITAL AS	73,361	0.03%
GRIMNES ØYVIND KJELDSTAD	59,585	0.02%
The Bank of New York Mellon SA/NV	58,254	0.02%



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WOLL ROLF ÅGE	55,972	0.02%
Nordea Bank Abp	50,646	0.02%
Total largest shareholders	268,687,636	98.9%
Other shareholders	3,019,289	1.1%
Total outstanding shareholders	271,706,925	100.0%

3. Revenue from customer contracts

Revenue from contracts with customers

Revenue from contracts with customers arise primarily from the delivery of exclusive seismic services, granting of licenses to the Company's Multiclient survey data library, marine geophysical services and sales of nodes and other equipment.

Revenue is recognized at the amount that the Company expects to be entitled to and expects to collect under the customer contracts. If a customer contract consists of multiple performance obligations, the consideration is allocated among the performance obligations based on their estimated relative fair values. Amounts received from customers in advance of the Company satisfying its performance obligations are recognized as a contract liability. In the rare event the Company has satisfied a performance obligation and is otherwise entitled to compensation under the contract but there is a significant uncertainty as to ultimately collecting the compensation, revenue recognition is deferred until such uncertainty no longer exists. When the Company has satisfied its performance obligations and has a right to the agreed consideration, revenue is recognized.

The principles applied for each of the main types of contracts with customers are described in more detail below.

Proprietary acquisition projects/Reservoir monitoring/Source

The Company performs ocean bottom seismic services in accordance with customer specifications, and where the customer retain ownership to the seismic data gathered. These contracts are considered to contain one single performance obligation, and the performance obligation is satisfied over time since the Company performs the service at the customer specification. The resultant seismic data is retained by the customer and the Company has no alternative right to otherwise utilize or benefit from the data.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is normally due based on the contractually agreed payment plan when legal title to the seismic data has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component. The project is measured based on the physical progression, and revenue is recognized based on the ratio of the project's progress to date (percentage of completion), provided that the performance obligation is satisfied. Revenue recognition can be based on various parameters, such as length of cable deployed, number of shots, square kilometers of acquired data or time progressed.

Multi-client surveys

The multi-client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. Revenues generated from multi-client surveys falls into two categories:

Pre-commitment arrangements – Comprise of contracts where the Company obtains pre-funding from customers before a seismic project is started, or during the project period. These pre-commitments cover specific areas or license blocks. In return for the commitment, the customer obtains early access to the data, favorable pricing compared to late sales and a degree of influence over the project scope. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

Late sales – Comprise of contracts where the Company grants a license entitling non-exclusive access to utilize a defined portion of the multi-client data library in exchange for a fixed payment. Revenue is recognized at the point in time when the customer has been granted access to the data.



For multi-client library projects, Magseis Fairfield may invest in the project with other parties and has cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its share of the investment in the multi-client library, its share of revenues from the sale of the multi-client survey, related amortization, and expenses. When a partner holds the right to market and sell the project and invoices and collects from the customer, Magseis Fairfield recognizes its share of related accounts receivables.

Revenue from sale of nodes

The Company provides the sale of nodes to external customers, where each sale is defined as a customer contract. The sales contracts normally include one performance obligation which is satisfied upon the delivery of an agreed number of nodes in accordance with the agreed specifications. Revenue is recognized at the point in time when the control of the goods is transferred to the customer, which occurs when the products have been shipped to a contractual agreed location, and the risks of obsolescence and loss have been transferred to the customer. The revenue is measured at the transaction price as agreed under the contract.

Other services revenue

Customer contracts for other marine geophysical services are similar in nature and terms to the proprietary contract sales. Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract. Lease income is recognized on a straight-line basis over the lease period.

Significant judgements

The deliveries in the customer contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For most of the identified performance obligations for Proprietary acquisition projects, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using either a cost-based progress method, or revenue is recognized as physical progress of the project represents the transfer of seismic data to the customer. These methods are assessed to best reflect the pattern of transfer of control of goods and services to the customer.

Disaggregation of revenue

In accordance with IFRS 15 management analyses the revenue contracts with customers and disaggregates the revenue into the following product categories, which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

- Proprietary acquisition projects
- Multi-client surveys
- Revenue from sale of nodes
- Other service revenues

Revenue from customers is disaggregated in the table below by geographical location, by type of product, and by the timing of the revenue.



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Disaggregation of revenue from contracts with customers:

2022

USD thousands	Multi-client surveys	Revenue from sale of nodes	Other services*	Intercompany revenue	2022
Norway and Sweden	-	-	13	4,497	4,510
USA	-	-	-	7,892	7,892
UK	-	-	-	328	328
Asia	-	6,024	2,069	242	8,335
Revenue from contracts with customers	-	6,024	2,083	12,959	21,066
Point in time revenue recognition					
Revenue from sale of nodes	-	6,024	-	-	6,024
Point in time revenue recognition	-	6,024	-	-	6,024
Over time revenue recognition					
Other services revenues	-	-	2,083	12,959	15,042
Total over time revenue recognition	-	-	2,083	12,959	15,042
Lease income (intercompany)	-	-	-	1,997	1,997
Total revenue and income	-	6,024	2,083	12,959	23,063

2021

USD thousands	Multi-client surveys	Revenue from sale of nodes	Other services*	Intercompany revenue	2021
Norway and Sweden	-	-	253	3,866	4,119
USA	-	-	-	3,973	3,973
UK	-	-	-	264	264
Asia	-	16,056	-	345	16,401
Revenue from contracts with customers	-	16,056	253	8,449	24,758
Point in time revenue recognition					
Revenue from sale of nodes	-	16,056	-	-	16,056
Point in time revenue recognition	-	16,056	-	-	16,056
Over time revenue recognition					
Other services revenues	-	-	253	8,449	8,702
Total over time revenue recognition	-	-	253	8,449	8,702
Lease income (intercompany)	-	-	-	2,158	2,158
Total revenue and income	-	16,056	253	8,449	26,916



*Other services include revenue from seismic support services.

Assets and liabilities related to contracts with customers

Contract assets and contract liabilities from customers are disclosed below.

Contract assets

Contract assets are recognized whenever a performance obligation is satisfied before the point in time where we have right of invoicing. This relates mainly to proprietary acquisition projects arrangements where the timing of invoicing is decided by the customer contract.

Contract assets (unbilled revenue) of USD 0.2 million were recognized as of 31 December 2022 versus contract assets of USD 7 million recognized as of 31 December 2021.

Contract liabilities (Advance payments from customers)

Advance payments from customers is recognized if the Company receives consideration or if it has the unconditional right to receive consideration in advance of performance. A portion of the Company's customers pay fees in advance, and these prepayments are recognized as non-financial debt and will be settled in the Company's services.

No contract liabilities were recognized as of 31 December 2022 or 2021.

4. Costs of sales

USD thousands	2022	2021
Charter hire and other vessel costs	1,598	314
Wages and other personnel costs	4,052	1,949
Other cost of sales	11,108	8,814
Total cost of sales	16,759	11,078

The increase in cost of sales is driven by other personnel costs, charter hire and nodes sale in 2022.

5. Other operating expenses

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and services are delivered to the Company. Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees. At the end of 2022, the company had a total of 55 FTEs, with 48 employees and 7 contractors.

For the Norwegian employees, the Company are obliged to provide an employment pension plan. Magseis Fairfield AS has a defined contribution plan that meets this requirement. The expected contributions to be paid in 2023 is in line with the contributions in 2022.



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USD thousands	2022	2021
Wages and other personnel costs	10,128	9,266
Professional services	5,372	1,898
Other expenses	4,825	4,687
Total other operating expenses	20,324	15,850

Salary and social expenses are specified as such

Salary	7,192	5,968
Social security tax	1,056	846
Pension costs	332	334
Share-based payments	1,657	1,833
Other personnel cost	(109)	285
Total salary and social expenses	10,128	9,266

The audit fee (exclusive of VAT) to Deloitte is specified in the table below:

USD thousands	2022	2021
Audit services		
Audit of annual financial statements	171	146
Other services		
Other assurance services	22	3
Total audit remuneration	192	149

6. Financial income and expense

Interest income include effects from using the effective interest rate method where fees, interest paid, transaction costs and other premiums are deferred and amortized over the life of the instrument. Net effects from fair value gains or losses on financial assets at fair value through profit or loss, and adjustments to the carrying amount of financial liabilities at amortized cost are recognized in other financial items.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that are not hedged. Foreign exchange gains and losses also include the effects from translating monetary assets and liabilities denominated in foreign currencies at the balance sheet date.

Financial income includes interest income from financial assets held for cash management purposes, and financial costs includes borrowing costs, interest expenses in respect of lease liabilities and exchange differences arising from foreign currency borrowings.

Financial income and expense:



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USD thousands	2022	2021
Revaluation of warrants	-	-
Interest income	2,884	1,356
Foreign exchange gains	2,126	(156)
Other financial items	9,119	873
Total finance income	14,129	2,073
Interest expense on loan facility	(2,982)	(1,787)
Interest expense on financial leases	(43)	(43)
Bank guarantees and other bank charges	(0)	(1)
Unrealised foreign exchange losses	(34)	5
Foreign exchange losses	(256)	(396)
Revaluation of warrants	-	221
Other financial expenses	(3,488)	(595)
Total finance costs	(6,803)	(2,596)
Net finance income/(expense) excl. impairment	7,326	(523)

7. Income tax

Financial Reporting Principles

Income tax consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences.

Income tax expense specification:

USD thousands	2022	2021
<i>Current tax:</i>		
Tax payable	-	-
Withholding taxes and Permanent Establishment taxes	-	(150)
<i>Deferred tax:</i>		
Changes in deferred tax	-	-
Tax expense	-	(150)

A reconciliation of the effective rate of tax and the tax rate in parent's country of registration:



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USD thousand	2022	2021
Net profit/ (loss) before tax	(11,171)	(47,594)
Income taxes calculated at 22%	(2,458)	(10,471)
Changes in temporary differences	60	-
Changes in unrecognized deferred tax asset	4,472	3,933
Non-deductible expenses	279	7,498
Use of withholding tax	-	-
Withholding taxes paid	-	-
Other	(2,353)	(1,110)
Tax expense	0	(150)

The Company has unutilized tax losses of USD 67.85 million in 2022 available to be offset against future taxable income. The deductible temporary difference and tax losses do not expire under current tax legislation. The net deferred tax asset for the Company has not been recognized on the basis that it does not meet the criteria for asset recognition as the Company currently cannot document that the future taxable income can be utilized against available tax losses. The applicable Norwegian tax rate is 22 percent (22 percent in 2021).

Due to the acquisition of TGS, the group could potentially utilize MASA's loss carry forward, further analysis needs to be performed to determine if some or all the loss carry forward deferred tax asset can be recognized.

Deferred tax assets and liabilities, of which none were recognized:

USD thousand	2022	2021
Non-current assets	(444)	(291)
Non-current liability	-	(41)
Provision	(636)	(799)
Current liabilities	-	-
Tax- losses carried forward	(14,927)	(12,082)
Total (assets)/liabilities	(16,007)	(13,213)
Not recognized deferred tax assets	16,007	13,213
Net recognized deferred (assets)/liabilities	-	-

8. Related party and intercompany transactions

Financial Reporting Principles

Related parties' relationships are defined to be entities outside the Company that are under control (either directly or indirectly), joint control or significant influence by the owners, Board of Directors or Management of Magseis Fairfield AS. Related parties are in a position to enter into transactions with the Company that would potentially not be undertaken between unrelated parties. The terms and conditions of the transactions with related parties are considered to be on an arm's length basis.

The aggregate value of transactions and outstanding receivables/payables with group companies were as follows:



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Magseis Fairfield AS

2022

2022 USD thousands	Income from lease of equipment and seismic services	Income for management fee	Interest income	Seismic equipment & services	Net receivable/ (liability)	Intercompany loans
Magseis Operations AS	1,997	3,410		1,069	5,908	(19,134)
Magseis Singapore Services Pte. Ltd	-	242	-	-	1,018	300
Magseis Malaysia SDN BHD	-	-	-	-	-	-
Magseis FF AS	-	-	-	-	-	14
Magseis Technology AB	-	-	-	-	-	(421)
Magseis Renewables AS	-	18	-	-	27	(12)
Magseis Fairfield LLC	-	4,432	2,823	3,461	13,894	35,598
WGP Group Ltd	-	205	-	123	2,951	(4,264)
Total	1,997	8,307	2,823	4,652	23,798	12,081

2021

2021 USD thousands	Income from lease of equipment and seismic services	Income for management fee	Interest income	Seismic equipment & services	Net receivable/ (liability)	Intercompany loans
Magseis Operations AS	-	3,299	112	567	(12,661)	-
Magseis Singapore Services Pte. Ltd	-	345	-	-	785	-
Magseis Malaysia SDN BHD	-	-	-	-	-	-
Magseis Technology AB	-	-	-	-	(43)	-
Magseis FF AS	-	-	579	-	-	6
Magseis Fairfield LLC	-	1,759	662	2,143	2,965	31,001
WGP Group Ltd	-	228	-	108	248	-
Total	-	5,631	1,354	2,818	(8,705)	31,007



9. Property, plant and equipment

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are normally depreciated on a straight-line basis over their expected economic lives as follows:

- Seismic equipment 8 years
- Fixtures and Fittings 3 years
- IT Equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Equipment under construction is classified as a non-current asset and recognized at the cost, it is not depreciated until the non-current asset is ready for use.

Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Impairment triggers are assessed quarterly, and impairment testing is performed when triggers have been identified.

Judgement and Estimates

Judgement is involved when determining the depreciation period and when assessing impairment or reversal of impairment. Impairment is assessed for individual assets and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time.

USD Thousands	Seismic equipment	Asset under construction	Furniture fixtures etc.	Right-of-use assets	Total
Accumulated cost					
Balance 1 January 2021	50,052	24,542	979	2,279	77,852
Additions	-	1,711	-	-	1,711
Disposals/retirement	(13,623)	(328)	(67)	-	(14,018)
Reclass- asset under construction	7,324	(7,324)	-	-	-
Reclassification to intangibles	-	(1,066)	-	-	(1,066)
Inventory movements and other	203	2,929	-	-	3,132
Balance 31 December 2021	43,956	20,463	912	2,279	67,610
Additions		11,076		1,040	12,116
Disposals/retirement	(4,637)				(4,637)
Reclass- asset under construction	2,000	(2,000)			-
Reclassification to intangibles					-
Inventory movements and other	19	(2,961)			(2,942)
Balance 31 December 2022	41,338	26,578	912	3,319	72,147
Accumulated Depreciation and Impairment					
Balance 1 January 2021	(21,144)	1,806	(793)	(1,367)	(21,498)
Depreciation	(8,824)	-	(131)	(406)	(9,362)
Disposals/retirements	6,117	-	63	-	6,180
Impairment	(3,060)	(1,336)	-	-	(4,396)



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Other	132	-	-	7	139
Balance 31 December 2021	(26,780)	470	(861)	(1,767)	(28,937)
Depreciation	(3,977)		(52)	(408)	(4,437)
Disposals/retirements	2,416				2,416
Impairment					-
Other					-
Balance 31 December 2022	(28,341)	470	(913)	(2,175)	(30,959)
Net carrying amounts					
Balance 31 December 2021	17,176	20,933	52	512	38,673
Balance 31 December 2022	12,997	27,048	(0)	1,144	41,188

10. Other intangible assets

Financial Reporting Principles

Research and development costs are expensed as incurred until a program has completed the concept phase.

Development activities involve a plan or design to produce new or substantially improved products and processes. Development costs are only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development costs mainly include internal labor costs in addition to materials for the development program. Any third-party funding is presented as a reduction of the capitalized amount.

Capitalized development costs are amortized over three to six years on a straight-line basis.

Other intangible assets:

USD thousands	Other intangibles
Accumulated investments	
Balance 1 January 2022	10,413
Additions	829
Reclassification to/from PPE	(109)
Balance 31 December 2022	11,134
Accumulated amortization and impairment	
Balance 1 January 2022	(9,246)
Amortization for the period	(14)
Impairment for the period	
Balance 31 December 2022	(9,260)
Carrying amounts	
Balance 1 January 2022	1,167
Balance 31 December 2022	1,874



11. Impairment of non-current assets

Impairment recognized

An impairment of USD 0.025 million for PPE has been accounted for in 2022.

USD thousands	2022	2021
Asset category		
Shares in subsidiaries	0	31,426
Other Intangible assets	0	1,836
Right of use asset - Leases	0	0
Property, plant, and equipment	25	4,397
Total impairment of non-current assets	25	37,660

Impairment test of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Judgements and estimates applied in the impairment test

As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions.

The need for increased oil and gas supply in the short- to medium-term is expected to translate into investments to increase recovery rates from already explored assets. This is supported by the high level of activity at the end of second quarter which continued in to the fourth quarter and forms the basis for an increasingly optimistic outlook for a market recovery for OBN services.

The impairment test is based on a value-in use calculation in accordance with IAS 36, where assumptions about future market development, cashflows, the weighted average cost of capital (WACC), growth rate and other factors are subject to management's judgement.

Key assumptions when assessing the recoverable amounts as of 31 December 2022 were:

- Utilization and other cash flow assumptions are based on a continued growth in the medium term.
- We have applied 0% growth rate in the terminal value
- Terminal value reflects long term steady state revenue and margin levels based on a combination of historic levels and judgements applied
- Capex levels are aligned with revenue assumptions
- Climate risk is assessed to be low and not significant, hence not reflected in the valuation model
- Weighted average cost of capital applied in the model is 10.2%

The test suggests no impairment required, but it must be emphasized that the model is sensitive to its assumptions, such as market growth and project margins.



Sensitivities in the impairment test

The impairment test is sensitive to changes in key assumptions, including changes in discount rate, growth rates, gross margin and EBITDA assumptions. Sensitivity analysis have been performed on key assumptions. The table below show the changes in key assumptions that may occur before any impairment is required.

Sensitivities (break-even analysis)

Long-term revenue reduction	Δ 10%
Long-term EBITDA margin reduction	Δ 20%
Discount rate increase	Δ 152%

12. Leases

Financial Reporting Principles

The Company adopted IFRS 16 Leases with effect from 1 January 2019. The lease in table below relates to office in Oslo, Norway. The lease contract ends 31 March 2023. The right of use assets is depreciated over the contract period on a straight-line basis.

Right-of-use-assets

USD Thousands	Offices	Total
Carrying value		
Balance 1 January 2021	919	919
Additions	-	-
Depreciation	(408)	(408)
Impairment	-	-
Other adjustments	-	-
Balance 31 December 2021	511	511
Additions	1,040	1,040
Depreciation	(408)	(408)
Impairment	-	-
Other adjustments	-	-
Balance 31 December 2022	1,143	1,143



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Lease liabilities

USD Thousands	Non-current	Current	Total
Carrying value			
Balance 1 January 2021	985	275	1,260
Additions	-	-	-
Reclassification to current	(845)	845	-
Lease payments	-	(560)	(560)
Other adjustments	-	-	-
Balance 31 December 2021	140	560	700
Additions	825	215	1,040
Reclassification to current	(140)	140	-
Lease payments	-	(560)	(560)
Other adjustments	-	-	-
Balance 31 December 2022	825	355	1,180

13. Cash and cash equivalents

Financial Reporting Principles

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid deposits with original maturity of three months or less.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

USD thousands	2022	2021
Unrestricted cash balances		
Unrestricted cash balances	3,939	2,007
Restricted cash balances		
Deposits	382	425
Employee tax withholding accounts	1,059	359
Total restricted cash balances	1,441	784
Total cash and cash equivalents	5,379	2,791



14. Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses and the estimated cost to complete the inventory. The cost of inventories is based on the weighted average cost.

Judgments and Estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-downs is subject to management judgment. The selling price in the market must be estimated, and there is a risk that the actual selling price may turn out to be different than the amount estimated by management.

USD thousands	2022	2021
Raw materials	391	582
Battery stock	516	361
Total inventories	906	944

15. Trade receivables and contract assets

Financial Reporting Principles

Trade and other receivables are recognized at the initial invoiced amount, less any impairment losses. The invoiced amount is approximately equal to the value derived if the amortized cost method would have been used.

Impairment of accounts receivable and contract assets (financial asset at amortized cost)

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Group's impairment model for accounts receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.

The Group uses an impairment model with the following characteristics:

The receivables are organized in portfolios based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

USD thousands	2022	2021
Trade receivables	1,503	4,235
Contract assets	209	7,071
Trade receivables and contract assets	1,713	11,305

USD thousands	31-Dec-22 Carrying amount	31-Dec-22 Loss allowance	31-Dec-21 Carrying amount	31-Dec-21 Loss allowance
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Not overdue	297	-	454	(8)
Past due 0-30 days	50	-	723	-
Past due 31-120 days	817	-	3,065	-
Past due more than 120 days	340	-	-	-
Total	1,503	-	4,242	(8)

16. Other current assets

USD thousands	2022	2021
Prepayments	656	463
Other receivables	372	7,334
Total other current assets	1,028	7,797

17. Borrowings

Financial Reporting Principles

Borrowings is recognized initially at fair value less transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

USD thousands	2022	2021
Interest bearing liabilities (excl. leases)		
Nominal value bank facility	45,000	30,000
Prepaid fees bank facility	(252)	(571)
Total	44,748	29,429
<i>Long-term</i>	-	29,429
<i>Short-term</i>	44,748	-

Repayment profile at balance sheet date

2023	45,000	30,000
Total	45,000	30,000

USD thousands	2022	2021
Lease liabilities (see note 12)		
Long-term	825	140
Short-term	355	560
Total	1,180	700



In 2020, the Company successfully refinanced the previous term loan by conversion to a Revolving Credit Facility (RCF) of USD 30 million. In 2021, Magseis Fairfield reached an agreement with DNB to extend the RCF with one year to December 2023 and to amend the covenant structure. Under the new covenants, the required equity ratio has been reduced from 50% to 40%. This change will allow for increased flexibility with regards to working capital requirements resulting from higher operational activity.

In 2022 the Company successfully increased the RCF to USD 45 million.

The interest terms are LIBOR + margin of 4.25 percent. The arrangement cost is amortized over the term of the loan facility.

Securities

The following security has been provided to DNB Bank ASA, which secures both the loan agreement and any guarantee facility provided by DNB Bank ASA:

Magseis Fairfield AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF (UK) Ltd, Magseis FF AS, Magseis Operations AS and Magseis Renewables AS
- Assignment over any monetary claims under the Fairfield share purchase agreement.
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis Operations AS:

- Guarantee of USD 60 million plus interest and expenses
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF LLC
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF (UK) Ltd.:

- Guarantee of USD 60 million plus interest and expenses
- Security over all assets (general debenture)

Magseis FF LLC:

- Guarantee of USD 60 million plus interest and expenses
- Security over all or substantially all assets, including patents/IP and bank accounts

Guarantees

The company has provided guarantees mainly related to project performance of USD 14.2 million as of 31 December 2022.



18. Cash flow information

Financial Reporting Principles

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows relating to leases are presented as follows:

- (a) cash payments for the principal portion of the lease liabilities as cash flows from financing activities
- (b) cash payments for the interest portion consistent with presentation of interest payments chosen by the Company, and
- (c) short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

Non-cash transactions from financing activities are illustrated in the reconciliation of liabilities from financing transactions below:

USD thousands	Liabilities arising from financing activities			Total
	Non-current liabilities	Current liabilities	Lease liabilities	
Liabilities 1 January 2021	29,739	-	1,260	31,000
Cash flows	-	-	(560)	(560)
<i>Transactions without cash effect</i>				
Refinancing of loan facility	-	-	-	-
Prepaid fees bank facility	104	-	-	104
Fair value changes	(220)	-	-	(220)
Other changes	(16)	-	-	(16)
Liabilities 31 December 2021	29,607	-	700	30,308
Cash flows			(560)	(560)
<i>Transactions without cash effect</i>				
Refinancing of loan facility		15,000		15,000
Prepaid fees bank facility				-
Fair value changes				-
Other changes	-21,872	29,748	1,040	8,916
Liabilities 31 December 2022	7,735	44,748	1,180	53,664



19. Other current liabilities

Financial Reporting Principles

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

A provision is a liability with uncertain timing and amount. Provisions are recognized when cash outflow is considered probable, the amount can be reliably estimated, and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that a cash outflow will take place, and the obligation can be measured reliably.

USD thousands	2022	2021
Accrued warranties	150	162
Accrued expenses	2,467	4,817
Provisions holiday pay	665	699
Other	3,290	1,362
Total other current liabilities	6,572	7,041

20. Financial risk management

The Company is exposed to a variety of financial risks; currency, interest rate, price, credit liquidity and capital risk. The objective of financial risk management is to manage and control financial risks exposure and thereby increase the predictability and minimize the potential adverse effects on the Company's financial performance. This also includes being able to meet the financial covenants related to the Company's borrowings.

21. Capital management

The Company's objective for its capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. This includes being able to meet the financial covenants under the Company's credit facility.

22. Fair value measurement

The entity's use of derivative contracts is limited and only entered into for economic hedging purposes to reduce cash flow risk and not as speculative investments. For further information on fair value measurements.



23. Financial assets and financial liabilities

Financial Reporting Principles

Financial assets and financial liabilities held by the Company consist of trade receivables, cash and cash equivalents, trade payables, borrowings, financial lease liabilities, derivatives and contingent consideration from the earn-out agreement relating to WGP Group and the Al-Shaheen project.

Financial assets (excluding derivatives)

All financial asset, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria, and are managed in a business model of Hold to collect. These financial assets are in the measurement category amortized cost. The Company measures its trade receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognized in the income statement. Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 month or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

Financial liabilities (excluding derivatives)

The Company's financial liabilities consist of trade payables, contingent consideration, lease liabilities and borrowings. The Company initially recognizes financial liabilities at fair value net of transaction costs. Trade payables and borrowings are subsequently measured at amortized cost using the effective interest method. Transaction costs related to borrowings are amortized using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value. Lease liabilities are measured in accordance with IFRS 16, refer to note 12.

As a part of the acquisition of Fairfield the Company issued 18 250 000 warrants. Each warrant shall give the right to one new share in the Company, nominal value NOK 0.05, at a subscription price of NOK 25.425. Since the functional currency of Magseis Fairfield AS is USD whereas the warrants are settled in NOK, the IFRS definition of an equity instrument has not been met. As a result, the warrants are classified as a liability. After TGS acquired Magseis Fairfield the warrants was purchased as part of the consideration of the Magseis shares.

Financial assets and financial liabilities:

USD thousands	Measured at amortised cost (2022)	Measured at FVTPL (2022)	Measured at amortised cost (2021)	Measured at FVTPL (2021)
Financial assets				
Cash and cash equivalents	5,379	-	2,791	-
Trade receivables	1,503	-	4,235	0
Intercompany receivables	24,128	-	8,344	
Derivatives	-	1,983	-	519
Total	31,011	1,983	15,369	519
Financial liabilities				
Interest bearing liabilities	44,748	-	29,429	-
Long-term non-interest-bearing loan	-	-	-	-
Lease liabilities	1,180	-	700	-
Warrants	-	-	-	176.737
Intercompany payables	331	-	17,049	-
Trade payables	352	-	1,561	-
Total	46,611	0	48,739	177



24. Pledged securities

Below is an overview of assets that are pledged as security for the loan facility with DNB.

USD thousands	2022	2021
Current		
Trade receivables	1,503	4,235
Inventories	906	944
Cash and cash equivalents	3,939	2,007
Total current assets pledged as security	6,348	7,185
Non-current		
Property, plant, and equipment	40,045	38,161
Total non-current assets pledged as security	40,045	38,161
Total assets pledged as security	46,393	45,346

In addition, all shares in subsidiaries have been pledged as security for the loan facility. For additional information please see note 17 Borrowings.

25. Commitment

The Company has entered contractual commitments for the acquisition of seismic equipment in 2022 amounting to USD 11.5 million as of 31 December 2022, all due within one year.

26. Share-based payments

Financial Reporting Principles

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions.

For cash-settled share-based payments, a liability is recognized for outstanding remuneration and measured at fair value. Until settlement of the liability, the fair value of the liability is reassessed at each balance sheet date and settlement date and any changes in fair value are recognized through profit or loss.

The grant date for fair value of all share-based payments plan was calculated using the Black-Scholes-Merton option pricing model. Expected volatility is estimated by consider historic average share price volatility of comparable listed entities.

In 2012 the Company established a share option program that entitles key management personnel, senior employees and some members of the board to purchase shares in the Company. In accordance with this program options are exercisable at the market price of the shares at the end of the grant and all options are equity settled.



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Overview of outstanding options:

Prices in USD	Number of instruments 2022	Weighted average strike price 2022	Number of instruments 2021	Weighted average strike price 2021
Outstanding 1 January	-	-	100,000	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	(100,000)	15.65
Granted during the period	-	-	-	-
Outstanding 31 December	-	-	-	-
Exercisable 31 December	-	-	-	-

No share options were granted to the employees in 2021 and 2022. The share option program was replaced with a Right Share Unit (RSU)/Performance Share Unit program in the Annual General meeting 2019.

Overview of outstanding RSUs & PSUs:

Overview of outstanding RSU/PSU	# of RSU's	Average contractual life	# of PSU's	Average contractual life
Outstanding 1 January 2021	6,020,893	1.10	144,165	1.10
Released/terminated during the period	(1,674,057)		(96,415)	
Adjusted during the period	-		(13,125)	
Granted during the period	305,000		70,000	
Oustanding 31 December 2021	4,651,836	0.45	104,625	0.75
Released/terminated during the period	(6,918,174)		(104,625)	
Adjusted during the period				
Granted during the period	2,266,338			
Oustanding 31 December 2022	-		-	

27. Management remuneration

See note 31 Management Remuneration in the Group's consolidated financial statements for details of remuneration to the Board of Directors and the Group Management team.

28. IFRS issued but not yet effective

This is not applicable.



29. Events occurring after the reporting date

On 12 January 2023, Magseis Fairfield ASA was delisted from Oslo Stock Exchange.



Appendix - Alternative Performance Measures (APMs)

The Group reports its financial results in accordance with accounting principles (IFRS) as issued by the IASB and as endorsed by the EU. However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing the group's ongoing performance.

Management, the board of directors and the long-term lenders regularly uses supplemental non-GAAP financial measures to understand, manage and evaluate the business and its operations. These non-GAAP measures are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

Profit measures

Gross profit, EBITDA and EBIT terms are presented as they are used by financial analysts and investors. Special items are excluded from gross profit, EBITDA and EBIT as alternative measures to provide enhanced insight into the financial development of the business operations and to improve comparability between different periods.

Gross profit is revenue less cost of sales.

EBITDA is a measure of earnings (operating profit/loss) before deducting interest expense, taxes, depreciation, amortization and impairment. See note 5 for further details.

Special items may not be indicative of the ongoing operating result or cash flows of the company. Profit measure excluding special items is presented as an alternative measure to improve comparability of the underlying business performance between the periods. Special items include restructuring costs.

Segment revenue is based on those reported but excluding the impact of IFRS 15, so accounted for based on the revenue recognition principles prevailing before the mandatory adoption of IFRS 15 on 1 January 2018. See note 5 for further details.

Segment gross profit is segment revenue less cost of sales. Payments for long-term lease contracts under IFRS 16 are recognized as operating cost. Revenues from multi-client prefunding are recognized based on industry practice prior to implementation of IFRS 15. See note 5 for further details.

Segment EBITDA is a measure of earnings (operating profit/loss) using segment revenue before deducting interest expense, taxes, depreciation, amortization and impairment. Payments for long-term lease contracts under IFRS 16 are recognized as operating cost. Revenues from multi-client prefunding are recognized based on industry practice prior to implementation of IFRS 15. See note 5 for further details.

EBIT is a measure of earnings (operating profit/loss) before deducting interest expense and taxes. See note 3 for further details.

Segment EBIT is a measure of earnings using segment revenue before deducting interest expense and taxes. See note 5 for further details.

Backlog represents remaining expected revenue from signed contracts. Backlog is a transparent indicator of the company's revenues and operations in the future.

Financing and investment measures

Alternative financing and equity measures are presented as they are indicators of the company's ability to obtain financing and service its debts.

Working capital is a measure of the current capital necessary to maintain operations. Working capital includes trade receivables, inventory, other current assets, trade payables and other current liabilities.

Net interest-bearing debt/(cash) is defined as interest-bearing liabilities less cash.

Equity ratio is calculated as total equity divided by total assets.



Capital Expenditures (capex) means investments in property, plant and equipment and intangible assets (excluding multi-client library), irrespective of the whether the amount is paid for in the period.

Book value multi-client library segment reflects total multi-client investment less amortization using industry practice prior to implementation of IFRS 15. The amortization is aligned with revenue recognition using percentage of completion and is based upon the ratio of aggregate capitalized survey costs to total forecasted sales.



mag fairfield

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THE BOARD OF DIRECTORS' REPORT 2022

Magseis Fairfield AS— org nr 994 547 852

Introduction

Magseis Fairfield AS, headquarter located in Oslo, Norway. Magseis Fairfield provides Ocean Bottom Seismic (OBS) within oil and gas industry worldwide, and all activities that are naturally associated with this. The Group also has offices in Houston (USA), Warminster (UK), Rio de Janeiro (Brazil) and in Singapore, and provides services to customers globally.

The Group provides 3D, 4D, near field and sparse ocean bottom node (OBN) technology, mainly to exploration and production companies within the oil and gas industry.

Magseis Fairfield was created through Magseis AS's purchase of Fairfield's seismic technologies business and the WGP Group from Fairfield Industries Incorporated, in December 2018. Fairfield was founded in 1974 while Magseis was founded in 2009.

The Acquisition business consist of four crews where the company acquires proprietary data on behalf of clients that obtain full ownership of the data acquired in proprietary surveys.

The company have three Reservoir Monitoring/Source crews completed permanent reservoir monitoring services and 4D seismic over four major oil field in the North Sea. These crews are operating under long-term contracts for repeat customers.

Equipment Sales and Lease, where the Group sells or rents out nodes and node handling systems to clients interested in running their own data acquisition surveys.

Technology

We continued to execute our strategy to globalize our Technology group to better leverage our talent pool. Magseis Fairfield have ongoing research and development projects.

In September 2021, Magseis Fairfield launched the Echova platform integrating the entire OBN seismic value chain. In Q3 2022 the company added another customer launch partner to Echova, increasing the number of launch partners to three. There has been close cooperation with the partners to improve the "Echova operational dashboard". The dashboard is expected to result in increased project efficiency and quality and has received good feedback from the partners.

The company successfully completed a high-resolution 3D seismic data pilot acquisition offshore Norway over a carbon storage area. The project utilized our Extended High-Resolution (XHR) acquisition technology combined with ocean bottom nodes (OBN) to provide detailed imaging of the targeted carbon storage reservoir and the overburden. The nodes were successfully deployed and recovered using our proprietary node-drop and self-recovery technique. This innovative node handling solution removes the need for an ROV vessel, which is a step change towards a more cost effective and efficient node handling solution, a technique that we will develop further.



Financial review

These consolidated financial statements comprise Magseis Fairfield ASA (referred to as the "company" or "parent") and its subsidiaries (referred to as "the Group").

The group's revenue for 2022 amounted to USD 346.9, compared to 258.1 million in 2021. The increase is primarily driven by higher revenue from data acquisition as a result of higher utilization of the crews. Group cost of sales amounted to USD 280.0 million in 2022, compared to USD 186.6 million in 2021, mainly relating to vessel operation cost such as time charter, crew cost and fuel. Selling, general and administrative expenses (SG&A) amounted to USD 32.3 increased from USD 24.5 in 2021. The increase in SG&A mainly relates to one-off cost relating to change of control. Net loss before tax was USD 35.4 million compared to a net loss before tax of USD 28.3 million in 2021.

The group had a positive operating cash flow of 24.0 million in 2022, compared to USD 6.8 million in 2021. Total cash outflow from investing activities amounted to USD 16.3 million in 2022, compared to USD 12.9 million in 2021. Net cash from financing activities was an outflow of USD 17.3 million, compared to USD 18.7 million in 2021. The group cash position was USD 19.0 million, decreased from USD 29.7 million in 2021.

The parent revenue in 2022 was USD 23.0 million compared to USD 26.9 million in 2021. Net loss was USD 17.2 million compared to net loss of USD 47.4 million in 2021. Most of the Company's revenue is from acquisition business, USD 15 million. There is USD 6 million revenue recognition from sale of nodes and USD 2 million from lease of nodes (intercompany revenue).

The parent total cash outflow from operating activities was USD 23.8 million in 2022 compared to an outflow of USD 12.7 million in 2021. The variance between operating profit and cash flow from operating activities is mainly due to negative working capital movements and finance income.

The Company had cash outflow from investing activities of USD 9.2 million mainly related to loans to subsidiaries (USD 4.9 million) and acquisition of equipment (USD 3.3 million). Cash inflow from financing activity in 2022 was USD 35.6 million driven by loans from subsidiaries (USD 23.8 million) and USD 15 million increase in RCF loan. The parent cash balance at year-end amounted to USD 5.4 million compared to USD 2.8 million at year-end 2021.

Going concern

In Q4 2022 TGS ASA acquired Magseis Fairfield and its subsidiaries including Magseis Fairfield AS.

The financial results for the Group were characterized by every quarter improvement of the margins and that the company moves into 2023 on a positive note. Magseis Fairfield has maintained a strong focus on cost and capital expenditures to preserve cash and safeguard business continuity.

The Group's backlog for 2022 increased during the fourth quarter, offering increasing support for the 2023 budget and forecasts. Magseis Fairfield forecast a market growth in 2023 and new contracts are being secured at increasing margins. This backlog and tendering activity for 2023 provides a basis for optimism, where almost 90% of 2022 backlog is for delivery in 2023.

The group ended the year with USD 19 million in cash and cash equivalents.

In May 2022, Magseis Fairfield reached an agreement with DNB to extend maturity of the RCF with one year to December 2024. In addition, it was agreed a temporary increase of USD 15 million to end of third quarter 2022 to support the high activity level expected during the summer season. In September 2022, the company secured extension of the temporary increase of USD 15 million to the end of first quarter 2023. Due to the change of control, with TGS being the new majority shareholder, the RCF is due in full by March 31 2023.



During the first quarter 2023, TGS utilized the RCF to repay the outstanding amount under the Magseis revolving credit facility and issued an intercompany loan from TGS ASA. TGS ASA has also issued a letter of support to the company for the next 12 months if need for additional liquidity arises.

Based on the above, the board is of the opinion that the going concern assumption is appropriate and the accounts are prepared under this assumption.

Risk

Magseis Fairfield is exposed to a variety of risk factors, including risk related to global economic growth and demand for and prices of oil and gas products. These factors affect the oil and gas companies' capital expenditure such as seismic services.

Revenue risk

Magseis Fairfield operates in competitive markets, and most of the Company's contracts are obtained through competitive bidding processes. Rapid technological changes may affect the Company's competitive position.

Failure of the company to meet customers' contractual terms and conditions may have an adverse effect on the Company's operations and financial position. The Company can experience delays in certain contracts due to change of scope from the operator, and delayed contract signature. Furthermore, the company's mobile operations use multiple spot-chartered vessels and remotely operated underwater vehicle ("ROV") equipment and crews, and lack of performance according to plan may lead to significant delay of surveys.

Material breakdown, damage to or total loss of the Company's short-term and long-term chartered vessels may have a material adverse effect on the Company's financial prospects. The Company will from time to time incur class docking, upgrade and repair costs related to the long-term chartered vessel or modular systems, and non-available periods related to transit of vessel or modular systems or other circumstances. This may have a negative effect on revenues and earnings, which could impact the Company's business.

The Company may invest significant amounts in acquisition and processing of seismic data for its multi-client data library. No guarantee can be given that the Company will be able to meet expectations neither with respect to how much seismic data it will be able to sell, nor at which price the seismic data will be sold in the future.

Credit risk

Credit risk relates to the risk of non-payments of trade receivables or other receivables, which may adversely impact financial results and liquidity.

The Company's customers are concentrated within the energy industry and may be similarly affected by changes in the industry sentiment. Many of the customers are large and solid oil and gas companies, and the company pays due consideration to the credit quality of potential new customers to minimize the risk during contract negotiations.

The credit risk of the company is assessed to be limited.

Liquidity risk

Liquidity risk is the risk that the company is not able to meet its payment obligations. The company is dependent on both access to long-term funding and timely payments of receivables from customers,



and no assurance can be given with respect to the ability to secure new sources of funding in the event of a cash shortfall.

Magseis Fairfield AS had a revolving credit facility of USD 45 million, which was fully drawn at the end of 2022. TGS signed a new RCF on 9th February 2023. The new RCF amounts to 125 million USD with an interest rate of SOFR +3.00%. TGS ASA currently have a long-term loan to Magseis Fairfield AS of 45 million USD. Given the current activity level and financial forecasts, the company will have sufficient liquidity through 2023. The liquidity forecast is subject to certain risk factors, such as project execution, timely collections from customers or changes in phasing and scope of projects.

Foreign exchange risk

The Company's functional currency is USD. The Company operates globally and is hence exposed to foreign currency movements. The exposure to foreign exchange risk is mainly mitigated through use of USD nominated customer revenue contracts, and the Company utilizes hedging arrangements against parts of its operational cost exposure in NOK and GBP.

The Company's expenses are primarily, and in order of exposure, in USD, NOK, GBP and EUR. Changes in currency may affect operational costs, e.g., salaries paid in local currency.

Changes in currency exchange rates relative to the USD may affect the USD value of the assets and thereby impact the total return on such assets.

Climate risk

Climate-related risks might be divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions. While this is a potential upside for the company, there is a political risk if authorities decide to significantly reduce or completely stop production of oil and gas in key markets.

We believe that the services TGS offer is a part of the solution for the transition into a lower-carbon economy. Please refer to TGS Sustainability report included in TGS ASA financial statements 2022, this can be retrieved on the company home page.

Physical risk resulting from climate change, in the form of costs caused by physical damage is considered low to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous conditions and activity in the work area. The Company's own insurance may not be adequate to cover potential losses.

The working environment and personnel

At the end of 2022, the Group had a total of 408 FTEs, with 331 employees and 77 contractors. This was an increase from 401 at the end of 2021, split between 320 employees and 81 contractors.

The Parent company had a total of 54 FTEs, of which 47 employed and 7 contractors. This compares to 55 FTE's at the end of 2021, with 47 employed and 8 contractors. The employees in the Group represented 12,5 percent women, and 87,5 percent men. About 56 percent of the employees were based offshore (227) and 44 percent onshore (181).

In 2022 the average sick day percentage for the staff was 0.63% and 3.06% sickness for the employees in 2021 due to long-term sickness.



The Company's policy prohibits unlawful discrimination against employees, on account of ethnic or national origin, age, gender, sexual orientation or religion. Respect for the individual is the cornerstone of this policy and The Company also aims to treat its employees with dignity and respect.

The Board of Directors consists of 50% proportion of women.

For 2022, the Total Recordable Case Frequency (TRCF) was 0.93. This compares with a TRCF of 2.37 in 2021. There have not been any serious injuries or accidents in 2022 or in prior year. Magseis Fairfield maintained its ISO 9001:2015 certification and its ISO 45001 certification in Health and Safety.

An insurance policy is in place for members of the Board of Directors and the CEO for their potential liability towards the group and third parties

Corporate governance

Magseis Fairfield AS believes that good and sound corporate governance creates shareholder value and reduces risks by instilling trust and confidence in the Company. Thus, the Group has made a strong commitment to develop high standards of corporate governance.

Magseis Fairfield AS bases its corporate governance structure on Norwegian legislation and recommended guidelines. The company seeks to comply with the Norwegian Code of Practice for Corporate Governance (the code), last revised on 14 October 2021 which is available on the Norwegian Corporate Governance Committee's website at www.nues.no.

The Company's operations comply with the business objective set forth in its articles of association article 3, which reads:

"The company's business activities include development of geophysical equipment and methods, generation, marketing and sale of exclusive and non-exclusive geophysical exploration and other activities related thereto activities, including investments in such activities".

The Board has defined clear goals, strategies, and risk profile for its operations within the scope of the definition of its business, to create value for its shareholders in a sustainable manner and to ensure that its resources are utilized in an efficient and responsible manner. When carrying out this work the Board will take financial-, social- and environmental considerations. The objectives, strategies and risk profile are subject to annual review by the Board.

Magseis Fairfield has adopted guidelines and procedures relating to human rights, employee rights and social matters, the external environment, environmental impact, working environment, equal treatment, non-discrimination, and prevention of corruption. The purpose of these guidelines is to provide business practice guidance, and for such considerations to be integrated in the Company's value creation.

As of 31 December 2022, the Group's equity amounted to USD 122 million, which corresponds to an equity ratio of 43 percent and total liabilities-to-equity ratio of 1.31. Dividends or share purchase programs is not relevant as a consequence of the delisting in January 2023

Magseis Fairfield have equal treatment of shareholders and no transactions in own shares during 2022.

Magseis Fairfield has one class of shares, all with equal voting rights. The Company's shares are freely transferable on the Oslo stock exchange. There are no restrictions on owning, trading, or voting for shares pursuant to the Company's articles of association.

The general meeting is the Company's highest authority. All shareholders are entitled to submit items to the agenda, attend, speak and vote at general meetings, but only if the shareholder is registered with the Norwegian Central Securities Depository (VPS) five business days prior to the general meeting (record date). The Annual General Meeting (AGM) is held each year before the end of June.



Extraordinary General Meetings (EGM) may be called by the Board at any time. The Board will ensure that the notice, resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting, and that any deadline for shareholders to give notice of their intention to attend shall not be earlier than two days before the meeting.

The Chair, the CEO and the CFO will attend the general meetings. The auditor and the nomination committee will attend the AGM and any EGM to the extent required by the agenda items or other relevant circumstances. The Board ensures an independent chair for the general meeting.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders who are unable to attend the meeting in person are encouraged to participate by proxy. The Company will prepare a proxy form that permits separate votes for each item up for consideration by the general meeting.

The nomination committee is governed by the articles of association section 9. The nomination committee shall consist of two to three members elected by the general meeting. The members of the nomination committee shall consider the interests of shareholders in general. The nomination committee shall not include any executive personnel or members of the Board. The nomination committee elects its own chair, and the members are elected for a period of up to two years.

Pursuant to the Company's articles of association, the Board may consist of up to ten directors, whereof up to three directors can be elected by the employees. The members of the Board, including its Chair, are elected by the general meeting for a period of up to two years and may be re-elected.

The composition of the Board and relevant committees is based on the Company's needs for expertise, capacity and balanced decision making, together with the aim of ensuring that the Board can operate independently of any special interests and that the Board can function effectively as a collegial body. The internal guidelines for equality and diversity with regards to, for example age, gender and background for the composition of the board, management and relevant committees have been followed. In Q4 2022 the board was changed to internal resources from TGS based on their guidelines for equality and diversity. Please refer to TGS corporate governance report for guidelines on diversity and equality.

Pursuant to the Norwegian Public Companies Act, the Board is responsible for the over-all management of the Company and shall supervise the Company's day-to-day management and its business activities in general.

In addition to legal requirements, the Board has adopted supplementary rules of procedures, which provides further regulation such as the responsibilities of the Board, administrative procedures, quorum requirements, disqualification issues, meeting procedures, the division of work between the Board and the CEO, and confidentiality. The Board meets several times over the year. The meetings include reviews and discussions related to the Company's strategy, financial development, risk profile and other matters of extraordinary nature or of major importance to the Company. The working methods for the Board are subject to open discussion. Between meetings, the Chair and CEO update the other board members on current matters.

Each Board meeting includes a briefing by the CEO followed by a Q&A session, and a session for board members only without management present. The Board has adopted an annual plan which focuses on the strategic goals of the Group. The Board has also established instructions for the CEO.

The Board has adopted guidelines for notification by board members and executive management if they have any material direct or indirect interest in any transaction entered by the Company. This also includes that if one of the board members' interest in a matter does not disqualify him or her from considering the matter, the Company may need to take the individual's interest into consideration when considering the item.

The Board, together with the executive management, evaluates the risks related to the Group's operations on a continuous basis. Key risk factors relate to current 2021 operations as well as construction of the Group's proprietary system, obtaining contractual counterparties, retaining key staff and general financial risks. In addition, risks inherent in the business plan are monitored: commodity prices, exchange rates, competition, the political and regulatory environment, counterparty performance, and the potential growth of the business and the application of new technology.

Each year, as a minimum, the Board will conduct a thorough assessment of the Company's most important areas of exposure to risk. The annual review is carried out together with the Board's review of the annual accounts, and the Company's auditor is expected to attend this meeting.

The Board, through its work with the financial department and the annual audit process, ensures that the Group has reliable internal controls and systems for risk management. The Company's Code of Conduct sets the standard for the behavior which can be expected internally and externally by anyone employed by or associated with Magseis Fairfield and includes guidance on how to report any concerns related to illegal or unethical conduct.

Magseis Fairfield prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair view of the company's and the group's assets, liabilities, financial position and results of operations. The Board is presented with and approves the annual budget/forecast at the end of the preceding financial year or in the beginning of the commencing financial year. Thereafter, the Board is presented with regular updates and reports identifying material variations from the approved budget/forecast. Explanations are obtained for material variances. The Board also approves interim financial statements on a quarterly basis, based on a review together with the executive management.

The remuneration of the Board is decided by the general meeting, based on a recommendation from the nomination committee. The proposal from the nomination committee is submitted to the Company's shareholders together with the notice for the AGM.

Management and Board members remuneration is specified in note 29 to the annual report. The Board has prepared guidelines on salary and other remuneration for leading personnel. The guidelines shall contribute to the Company's commercial strategy, long-term interests and financial viability and ensure that leading personnel and shareholders have convergent interest.

Communication with shareholders, investors and analysts is a high priority for Magseis Fairfield. The Company believes that objective and timely information to the market is a prerequisite for a fair valuation of the Group, and in turn, the generation of shareholder value.

The Board has adopted an investor relations policy, to clarify roles and responsibilities related to financial reporting and regulate contact with shareholders and the investor market. The policy is based on openness and considers equal treatment of all market participants. The CEO and the CFO are responsible for investor and shareholder relations outside general meetings. As a rule, no such communication shall be conducted within a two-week period prior to the disclosure of the interim reporting. In addition, the Board has adopted instructions pertaining to the handling of inside information, in which the company's obligations and procedures as a stock exchange listed company are explained. The instructions for handling of inside information have been updated to reflect the Market Abuse Regulation (MAR) which came into force in Norway on 1 March 2021.

Interim reports are provided on a quarterly basis, in accordance with the Oslo stock exchange's recommendation. Magseis Fairfield provides presentations in connection with the company's interim reports, to provide an overview of the operational and financial developments, market outlook and the company's prospects. The last published quarterly report was Q3 2022.

Magseis Fairfield's articles of association do not contain any restrictions, limitations or defense mechanisms against take-over bids, nor have other measures been implemented to hinder the acquisition of shares in the Company.

The Company's statutory auditor is Deloitte AS. The auditor is appointed by the general meeting and is regarded as independent of the Company. The Board will from time to time evaluate the audit arrangement for the Company. The Board has established guidelines for the use of the auditor by the executive management for services other than the audit, in order to prevent any potential conflicts of interest and not put the auditor's integrity and independence at risk.

With the TGS acquisition in Q4 and the delisting January 2023, TGS is Magseis Fairfield AS only shareholder. Impacting relevant sections of the report above from Q4 2022 and going forward. Please refer to relevant corporate governance guidance in TGS ASA annual report 2022, available at www.tgs.com

Social corporate responsibility

As a global and leading operator in the Ocean Bottom Seismic market, the company has an opportunity but also a responsibility to commit to high standards relating to working environment and personnel welfare, environmental impact and business practices.

The company's reputation depends upon understanding the principles of corporate responsibility, and continuously demonstrating integrity and honesty.

The company has adopted guidelines, policies and procedures relating to human rights, employee rights and social matters, prevention of corruption, harassment and discrimination in the working environment and in our employment practices.

The Group has developed a Corporate Social Responsibility (CSR) policy, committing the company to responsible business practices in accordance with United Nations Global Compact. Three focus areas are highlighted:

- People
- Planet
- Business practice

The company recognize that all activities have an impact on the environment in the use of raw materials, emissions to air and water, waste generation, and interaction with marine life and habitat. Magseis Fairfield is committed to minimizing this impact for both offshore and land-based activities. This is done by maintaining a program of continual improvement in environmental performance incorporating suitable measurement and monitoring.

A carbon reduction strategy and roadmap have been launched, with clear ambition to be carbon neutral by 2040, or earlier.

The company has implemented recycling programs both offshore and in onshore offices, including a campaign focused on the elimination of single-use plastics in our offshore operations.

For more information of social corporate responsibility and transparency act please see the annual report for TGS ASA available at www.tgs.com.

Market fundamentals and outlook

Magseis Fairfield continues to see a significant shift in the energy market dynamics because of the war in the Ukraine and the continuing energy crisis. There are no quick fixes, and the company believes that energy security will continue to be a focus area for governments globally going forward.

In this environment, the oil and gas companies are refocusing on investment and reserve security in stable geographies, with sustainability and competitiveness as key priorities. Their priority is to extract more from existing reserves and to deliver additional lower-carbon barrels as quickly as possible to



make up for reduced Russian exports and the effects of global E&P underinvestment over the last years.

This provides strong market fundamentals for Magseis Fairfield's services, which enables increased production from existing reserves and near-field exploration.

Subsequent events

On 12 January 2023, Magseis Fairfield AS (formerly Magseis Fairfield ASA) was delisted from Oslo Stock Exchange.

During the first quarter 2023, TGS ASA utilized their revolving credit facility to repay the outstanding amount under the legacy Magseis Fairfield RCF and replaced this with an intercompany loan.

Confirmation from the board of directors and CEO

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. The board of Directors report provides a true and fair overview of the development, performance and financial position of Magseis Fairfield AS and the group together with a description of the principal risks and uncertainties facing the Group.

Skøyen, 29 June 2023

DocuSigned by:

Kristian Johansen

Chair of the Board of Directors

DocuSigned by:

Sven Børre Larsen

Board member

DocuSigned by:

Tana Pool

Board member

DocuSigned by:

Katrine Salvesson

Board member

DocuSigned by:

Yves Chiffolleau

Board member (employee elected)

DocuSigned by:

Tone Holm-Trudeng

Board member (employee elected)

Carel Hooijkaas
Chief Executive Officer,
Magseis Fairfield AS



PROTOKOLL FRA GENERALFORSAMLING I

MAGSEIS FAIRFIELD AS

Org. nr. 994 547 852

Den 29. juni 2023, kl. 14 ble det avholdt ordinær generalforsamling i Magseis Fairfield AS, org. nr. 994 547 852 ("Selskapet"). Møtet ble avholdt digitalt.

Følgende var til stede:

Selskapets eneksjonær TGS ASA, representert ved Kristian Kuvaas Johansen. I tillegg deltok Sven Børre Larsen.

Samtlige aksjer og stemmer i selskapet var således representert.

Følgende saker ble behandlet:

1. ÅPNING AV GENERALFORSAMLINGEN, GODKJENNELSE AV INNKALLING OG AGENDA, VALG AV MØTELEDER MV.

Generalforsamlingen ble åpnet av styreleder.

Kristian Kuvaas Johansen ble valgt til å lede møtet, og Sven Børre Larsen ble valgt til å signere protokollen sammen med møteleder.

Generalforsamlingen godkjente innkallingen og agendaen for møtet, herunder fravikelse av reglene om innkalling i henhold til aksjeloven.

UNOFFICIAL OFFICE TRANSLATION – IN CASE OF DISCREPANCIES THE NORWEGIAN VERSION SHALL PREVAIL

MINUTES FROM GENERAL MEETING IN

MAGSEIS FAIRFIELD AS

Reg. No. 994 547 852

On 29 June, 2023, at 2 pm an annual general meeting of Magseis Fairfield AS, reg. no. 994 547 852 (the "Company") was held digitally.

The following was present:

The sole shareholder TGS ASA represented by Kristian Kuvaas Johansen. In addition, Sven Børre Larsen participated.

With this, all the shares and votes in the company were represented.

The following matters were considered:

1. OPENING OF THE GENERAL MEETING, APPROVAL OF THE NOTICE AND AGENDA, ELECTION OF THE CHAIRMAN OF THE MEETING ETC.

The general meeting was opened by the Chairman of the Board.

Kristian Kuvaas Johansen was elected to chair the meeting, and Sven Børre Larsen was elected to co-sign the minutes

The notice of meeting and the agenda for the meeting were approved, including the deviation from the notice requirements set out in the Norwegian Private Limited Liability Companies Act (the "Companies Act").



2. GODKJENNELSE AV ÅRSREGNSKAP

Utkast til årsregnskap og revisjonsberetning er tilsendt aksjeeier forut for generalforsamlingen.

Generalforsamlingen besluttet enstemmig å godkjenne årsregnskapet og revisjonsberetningen.

Videre besluttet generalforsamlingen, i samsvar med styrets forslag, at selskapets underskudd for året 2022, USD 17 153 670, skal i sin helhet dekkes av annen egenkapital.

3. FASTSETTELSE AV HONORAR TIL STYRET

Generalforsamlingen besluttet, i samsvar med styrets forslag, at det ikke betales godtgjørelse til styret for utøvelsen av styrevervet for 2022.

4. FASTSETTELSE AV HONORAR TIL REVISOR

Generalforsamlingen besluttet, i samsvar med styrets forslag, at revisors bistand til selskapets revisjon m.v. for regnskapsåret 2022 godtgjøres etter regning.

5. VALG AV REVISOR

KPMG AS ble valgt som selskapets nye revisor.

Alle beslutninger ble enstemmig vedtatt. Det forelå ingen flere saker til behandling og generalforsamlingen ble hevet.

2. APPROVAL OF ANNUAL ACCOUNTS

Draft of the Annual Accounts and the Auditor's Report was sent to the shareholder prior to the General Meeting.

The General Meeting resolved unanimously to approve the Annual Accounts and the Auditor's Report.

Furthermore, the General Meeting resolved, as according to suggestion from the Board, that the Company's loss of USD 17,153,670 for the fiscal year 2022 will in its entirety be covered against other equity.

3. DETERMINATION OF BOARD RENUMERATION

The General meeting determined, as according to suggestion from the Board, that there will not be paid remuneration to the Board for 2022.

4. DETERMINATION OF AUDITOR'S FEE

The General meeting determined, as according to suggestion from the Board, that auditor's contribution to the Company's audit for the fiscal year 2022 will be compensated as invoiced.

5. ELECTION OF AUDITOR

KPMG AS was elected as the company's new auditor.

All resolutions were passed unanimously. No further matters were submitted for consideration, and the general meeting was adjourned.



Signaturside for protokoll fra generalforsamling i Magseis Fairfield AS den 29. juni 2023 /

Signature page for minutes of the general meeting of Magseis Fairfield AS held on 29 June 2023

DocuSigned by:


80BEFAP281B8413

Kristian Kuvaas Johansen

Møteleder / Chairman of the meeting

DocuSigned by:


DE8434FRAAFB482

Sven Børre Larsen

Medundertegner / Co-signatory



Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Deres dato
11.02.2013

Vår dato
08.03.2013

Telefon
22078139

Deres referanse
Mikkel Ektvedt

Vår referanse
2013/107005

MAGSEIS AS
Gaustadalléen 21
0349 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Magseis AS, org. nr. 994 547 852

Det vises til deres brev av 11. februar 2013 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Magseis AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Magseis AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Magseis AS er et seismikk selskap som driver letevirsomhet internasjonalt. 10 % av selskapets aksjonærer er hjemmehørende utenfor Norge. Totalt er over 95 % av aksjonærene profesjonelle investorer. Selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Arbeidsspråket er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper

Postadresse
Postboks 9200 Grønland
0134 Oslo
For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse:
Se www.skatteetaten.no
Org.nr. 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at majoriteten av eierne er profesjonelle investorer. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



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To the General Meeting of Magseis Fairfield AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Magseis Fairfield AS, which comprise:

- The financial statements of the parent company Magseis Fairfield AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Magseis Fairfield AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors'

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Organisasjonsnummer: 980 211 282



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report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.



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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 29 June 2023
Deloitte AS

Lars Atle Lauvsnes

Lars Atle Lauvsnes
State Authorised Public Accountant