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## **CONDENSED INTERIM FINANCIAL REPORT**

### **First semester 2022 Results**

July 28, 2022

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## FORWARD-LOOKING STATEMENTS

This document includes “forward-looking statements”. We have based these forward-looking statements on our current views and assumptions about future events. These forward-looking statements involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following risk factors:

### Risks related to our Business and Strategy

- ▶ Demand for our products and services largely depends on the oil and gas industry activity, and lower capital expenditures by our clients or by the oil and gas industry in general could materially impact our business
- ▶ We operate in a highly competitive environment and unanticipated changes relating to competitive factors in our industry may impact our results of operation
- ▶ We are seeing inflationary pressure coming from goods, services and wages. Our failure to pass these costs on to our clients and to increase prices would result in reduced margins
- ▶ We are subject to risks related to our international operations and to global economic and geopolitical volatility
- ▶ The failure of our strategic partners to perform their obligations in accordance with our expectations may have an adverse impact on our financial condition and results of operations
- ▶ The performance of our business is subject to demand for, and continued exploration, development and production of oil and gas; the reduction in the consumption of carbon-based energy products could significantly impair our business and reduce demand for our products and services
- ▶ We are subject to the risk that the global community, governments, stakeholders and their carbon neutral commitments, impose increased pressures on the regulatory bodies, investors, bankers, insurers and other players, including but not limited to our clients and suppliers to distance themselves from O&G related companies.

### Risks related to our Operations

- ▶ We are subject to loss or destruction of key assets, including physical infrastructure such as data centers and factories
- ▶ We may need to impair goodwill or the carrying value of other assets and liabilities on our balance sheet
- ▶ We rely on third party suppliers and are subject to disruptions outside our control and especially to shortages of electronic components that renders us dependent on the supply
- ▶ We are subject to a risk of obsolescence of our existing technology, products and services
- ▶ Our proprietary technology could be rendered obsolete or misappropriated by third parties
- ▶ The use of our intellectual property and other proprietary information and know-how by an unauthorized third party could reduce or eliminate any competitive advantage that has been developed and consequently cause us to

lose market share or otherwise adversely affect our business, operating results or financial condition.

### Risks related to Information Technology, Information Security and Intellectual Property

- ▶ We are subject to risks related to our information technology, including cyber security risks and risks of hardware and software failures

### Risks related to our People

- ▶ Our business is dependent on key people and key expertise such as highly skilled scientists, engineers and technicians, and our inability to retain, recruit and develop these resources may impact our results of operation

### Risks related to Economy and Finance

- ▶ We face risks related to our liquidity needs and substantial indebtedness
- ▶ We are exposed to exchange rate fluctuations

### Legal & Regulatory Risks

- ▶ We are subject to the risk of regulatory changes in the countries in which we operate
- ▶ Our business is subject to complex laws and governmental regulations, including permits and other licensing requirements, in the various jurisdictions in which we operate, and our failure to comply with them may subject us to legal proceedings in these jurisdictions
- ▶ Our failure to comply with the restrictions and covenants in our current and future debt agreements may trigger cross-acceleration or cross-default provisions; our assets might not be sufficient to repay in full all of our outstanding indebtedness and we may be unable to find alternative financing
- ▶ We have been and expect to continue to be subject to different types of attempted fraud, both internal, i.e. perpetrated against the Company by an employee, and external, i.e. third party attempt to defraud the Company, which could subject us to penalties and reputational damage.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Certain of these risks are described in our Universal Registration Document for the year ended December 31, 2021; the French version of which we filed with the AMF on March 11, 2022. Our Universal Registration Document is available in French and English on our website at [www.cgg.com](http://www.cgg.com) or on the website maintained by the AMF (French only) at [www.amf-france.org](http://www.amf-france.org). You may request a copy of our Universal Registration Document, which includes our complete audited financial statements, at no charge, by calling our investor relations department at + 33 1 6447 3811, sending an electronic message to [investor.relations@cgg.com](mailto:investor.relations@cgg.com) or writing to CGG – Investor Relations Department – 27, avenue Carnot – 91341 Massy, France.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Unaudited Interim Consolidated statement of operations – Year-To-Date

<i>(In millions of US\$, except per share data)</i>	Notes	Six months ended June 30,	
		2022	2021 Restated <sup>(a)</sup>
Operating revenues	9	403.6	380.2
Other income from ordinary activities		0.4	0.3
<b>Total income from ordinary activities</b>		<b>404.0</b>	<b>380.5</b>
Cost of operations		(279.1)	(357.7)
<b>Gross profit</b>		<b>124.9</b>	<b>22.8</b>
Research and development expenses - net		(7.7)	(9.9)
Marketing and selling expenses		(14.2)	(14.3)
General and administrative expenses		(34.9)	(30.3)
Other revenues (expenses) - net	11	1.5	10.7
<b>Operating income (loss)</b>	<b>9</b>	<b>69.6</b>	<b>(21.0)</b>
Cost of financial debt - gross		(51.0)	(68.3)
Income provided by cash and cash equivalents		0.7	0.7
<b>Cost of financial debt, net</b>		<b>(50.3)</b>	<b>(67.6)</b>
Other financial income (loss)	12	3.2	(42.0)
<b>Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method</b>		<b>22.5</b>	<b>(130.6)</b>
Income taxes		(22.9)	(10.4)
<b>Net income (loss) before share of income (loss) from companies accounted for under the equity method</b>		<b>(0.4)</b>	<b>(141.0)</b>
Net income (loss) from companies accounted for under the equity method		-	0.1
<b>Net income (loss) from continuing operations</b>		<b>(0.4)</b>	<b>(140.9)</b>
Net income (loss) from discontinued operations	3	(2.0)	4.9
<b>Consolidated net income (loss)</b>		<b>(2.4)</b>	<b>(136.0)</b>
<i>Attributable to :</i>			
Owners of CGG S.A	\$	(1.8)	(137.1)
Non-controlling interests	\$	(0.6)	1.1
<b>Net income (loss) per share <sup>(b)</sup></b>			
Basic	\$	-	(0.19)
Diluted	\$	-	(0.19)
<b>Net income (loss) from continuing operations per share <sup>(b)</sup></b>			
Basic	\$	-	(0.20)
Diluted	\$	-	(0.20)
<b>Net income (loss) from discontinued operations per share <sup>(b)</sup></b>			
Basic	\$	-	0.01
Diluted	\$	-	0.01

(a) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations. It resulted in an impact of US\$(4.4) million in the net loss of the period. See note 3.

(b) Earning per share is presented as nil being less than US\$0.01.

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statement of operations – Quarter-To-Date

<i>(In millions of US\$, except per share data)</i>	Notes	Three months ended June 30,	
		2022	2021 Restated <sup>(a)</sup>
Operating revenues	9	228.2	171.6
Other income from ordinary activities		0.2	0.1
<b>Total income from ordinary activities</b>		<b>228.4</b>	<b>171.7</b>
Cost of operations		(142.2)	(155.8)
<b>Gross profit</b>		<b>86.2</b>	<b>15.9</b>
Research and development expenses - net		(4.5)	(4.6)
Marketing and selling expenses		(6.9)	(6.8)
General and administrative expenses		(18.6)	(13.6)
Other revenues (expenses) - net	11	2.3	8.7
<b>Operating income (loss)</b>	<b>9</b>	<b>58.5</b>	<b>(0.4)</b>
Cost of financial debt - gross		(25.0)	(33.6)
Income provided by cash and cash equivalents		0.4	0.4
<b>Cost of financial debt, net</b>		<b>(24.6)</b>	<b>(33.2)</b>
Other financial income (loss)	12	(3.7)	(3.6)
<b>Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method</b>		<b>30.2</b>	<b>(37.2)</b>
Income taxes		(14.3)	(6.8)
<b>Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method</b>		<b>15.9</b>	<b>(44.0)</b>
Net income (loss) from companies accounted for under the equity method		-	(0.1)
<b>Net income (loss) from continuing operations</b>		<b>15.9</b>	<b>(44.1)</b>
Net income (loss) from discontinued operations	3	0.2	(6.6)
<b>Consolidated net income (loss)</b>		<b>16.1</b>	<b>(50.7)</b>
<i>Attributable to :</i>			
<i>Owners of CGG S.A</i>	\$	15.7	(49.9)
<i>Non-controlling interests</i>	\$	0.4	(0.8)
<b>Net income (loss) per share</b>			
Basic	\$	(0.02)	(0.07)
Diluted	\$	(0.02)	(0.07)
<b>Net income (loss) from continuing operations per share</b>			
Basic	\$	(0.02)	(0.06)
Diluted	\$	(0.02)	(0.06)
<b>Net income (loss) from discontinued operations per share</b>			
Basic	\$	-	(0.01)
Diluted	\$	-	(0.01)

(a) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations. It resulted in an impact of US\$0.4 million in the net income of the period. See note 3.

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statement of comprehensive income (loss)

<i>(In millions of US\$)</i>	Six months ended June 30,	
	2022 <sup>(a)</sup>	2021 <sup>(a) (b)</sup>
<b>Net income (loss) from statements of operations</b>	<b>(2.4)</b>	<b>(136.0)</b>
Net gain (loss) on cash flow hedges	(2.3)	0.6
Variation in translation adjustments	(30.6)	(5.7)
<b>Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (1)</b>	<b>(32.9)</b>	<b>(5.1)</b>
Net gain (loss) on actuarial changes on pension plan	2.2	2.5
<b>Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (2)</b>	<b>2.2</b>	<b>2.5</b>
<b>Total other comprehensive income (loss) for the period, net of taxes (1) + (2)</b>	<b>(30.7)</b>	<b>(2.6)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(33.1)</b>	<b>(138.6)</b>
<i>Attributable to :</i>		
<i>Owners of CGG S.A.</i>	<i>(30.3)</i>	<i>(140.2)</i>
<i>Non-controlling interests</i>	<i>(2.8)</i>	<i>1.6</i>

(a) Including other comprehensive income related to the discontinued operations, which is not material.

(b) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations. It resulted in an impact of US\$(4.3) million in the total comprehensive loss for the period. See note 3.

Unaudited Consolidated statement of financial position

<i>(In millions of US\$)</i>	Notes	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
Cash and cash equivalents		316.9	319.2
Trade accounts and notes receivable, net		218.5	350.7
Inventories and work-in-progress, net <sup>(a)</sup>		241.1	197.3
Income tax assets		64.3	68.7
Other current financial assets, net	3	0.2	1.7
Other current assets, net		111.4	105.1
Assets held for sale, net	3	-	-
<b>Total current assets</b>		<b>952.4</b>	<b>1,042.7</b>
Deferred tax assets		13.6	19.6
Other non-current assets, net		3.1	-
Investments and other financial assets, net		20.7	17.8
Investments in companies under the equity method		28.0	28.1
Property, plant and equipment, net	4	154.6	212.1
Intangible assets, net		564.7	520.7
Goodwill, net	5	1,089.0	1,083.6
<b>Total non-current assets</b>		<b>1,873.7</b>	<b>1,881.9</b>
<b>TOTAL ASSETS</b>		<b>2,826.1</b>	<b>2,924.6</b>
<b>LIABILITIES AND EQUITY</b>			
Financial debt – current portion	6	57.2	90.3
Trade accounts and notes payables		91.0	76.4
Accrued payroll costs		83.2	105.4
Income taxes payable		29.6	30.4
Advance billings to customers		28.5	27.1
Provisions — current portion		18.0	18.2
Other current financial liabilities		19.7	19.2
Other current liabilities		203.2	218.2
Liabilities directly associated with the assets classified as held for sale	3	-	-
<b>Total current liabilities</b>		<b>530.4</b>	<b>585.2</b>
Deferred tax liabilities		22.2	14.1
Provisions — non-current portion		28.0	30.6
Financial debt – non-current portion	6	1,168.7	1,218.1
Other non-current financial liabilities		27.5	37.4
Other non-current liabilities		25.3	32.8
<b>Total non-current liabilities</b>		<b>1,271.7</b>	<b>1,333.0</b>
Common stock: 1,148,203,130 shares authorized and 712,357,225 shares with a €0.01 nominal value outstanding at June 30, 2022		8.7	8.7
Additional paid-in capital		118.6	464.1
Retained earnings		917.5	570.0
Other Reserves		54.9	5.0
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		(3.1)	(0.8)
Cumulative translation adjustment		(92.6)	(64.2)
<b>Equity attributable to owners of CGG S.A.</b>		<b>983.9</b>	<b>962.7</b>
Non-controlling interests		40.1	43.7
<b>Total equity</b>		<b>1,024.0</b>	<b>1,006.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,826.1</b>	<b>2,924.6</b>

(a) The increase in inventories is mostly related to Sercel's sale stream of equipment planned for the second semester 2022

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Consolidated statement of cash flows

(In millions of US\$)	Notes	Six months ended June 30,	
		2022	2021 <sup>(a)</sup>
<b>OPERATING ACTIVITIES</b>			
Consolidated net income (loss)		(2.4)	(136.0)
Less: Net income (loss) from discontinued operations	3	2.0	(4.9)
<b>Net income (loss) from continuing operations</b>		<b>(0.4)</b>	<b>(140.9)</b>
Depreciation, amortization and impairment	9	43.9	50.2
Earth Data surveys impairment and amortization <sup>(a)</sup>	9	68.1	62.3
Depreciation and amortization capitalized in Earth Data surveys <sup>(a)</sup>		(7.9)	(8.7)
Variance on provisions		3.1	(31.6)
Share-based compensation expenses		1.3	(1.2)
Net (gain) loss on disposal of fixed and financial assets		(4.8)	(0.1)
Share of (income) loss in companies recognized under equity method		—	(0.1)
Dividends received from investments in companies under the equity method		—	—
Other non-cash items		(3.2)	42.0
<b>Net cash-flow including net cost of financial debt and income tax</b>		<b>100.1</b>	<b>(28.1)</b>
Less : Cost of financial debt		50.3	67.6
Less : Income tax expense (gain)		22.9	10.4
<b>Net cash-flow excluding net cost of financial debt and income tax</b>		<b>173.3</b>	<b>49.9</b>
Income tax paid		(1.7)	(5.6)
<b>Net cash-flow before changes in working capital</b>		<b>171.6</b>	<b>44.3</b>
<b>Changes in working capital</b>		<b>34.1</b>	<b>115.0</b>
- change in trade accounts and notes receivable		113.7	105.2
- change in inventories and work-in-progress		(56.6)	4.0
- change in other current assets		(4.9)	(2.3)
- change in trade accounts and notes payable		14.9	1.2
- change in other current liabilities		(33.0)	6.9
<b>Net cash-flow from operating activities</b>		<b>205.7</b>	<b>159.3</b>
<b>INVESTING ACTIVITIES</b>			
Total capital expenditures (tangible and intangible assets) net of variation of fixed assets suppliers, excluding Earth Data surveys <sup>(a)</sup>	4	(19.4)	(25.7)
Investment in Earth Data surveys <sup>(a)</sup>		(107.7)	(73.5)
Proceeds from disposals of tangible and intangible assets <sup>(b)</sup>	2, 6	33.6	—
Proceeds from divestment of activities and sale of financial assets		0.5	(2.4)
Acquisition of investments, net of cash and cash equivalents acquired <sup>(c)</sup>	2	(17.4)	(0.4)
Variation in loans granted		—	—
Variation in subsidies for capital expenditures		(0.1)	—
Variation in other non-current financial assets		(3.2)	1.3
<b>Net cash-flow used in investing activities</b>		<b>(113.7)</b>	<b>(100.7)</b>

(a) Please refer to New Segment Reporting Names (note 2)

(b) Sale and leaseback of CGG headquarters (note 2)

(c) Includes the acquisition of Geocomp Corporation (note 2)



## Six months ended June 30,

<i>(In millions of US\$)</i>	Notes	2022	2021 <sup>(a)</sup>
<b>FINANCING ACTIVITIES</b>			
Repayment of long-term debt	6	—	(1,227.5)
Total issuance of long-term debt	6	—	1,160.3
Lease repayments	6	(25.0)	(29.5)
Change in short-term loans		—	(0.2)
Financial expenses paid	6	(47.0)	(36.5)
Loan granted	3	1.7	
Net proceeds from capital increase:		0.4	
— from Owner of CGG		0.4	—
— from non-controlling interests of integrated companies		—	—
Dividends paid and share capital reimbursements:			
— to owners of CGG		—	—
— to non-controlling interests of integrated companies		(0.9)	(3.6)
Acquisition/disposal from treasury shares		—	—
<b>Net cash-flow provided by (used in) financing activities</b>		<b>(70.8)</b>	<b>(137.0)</b>
Effects of exchange rates on cash		(13.1)	(3.3)
Impact of changes in consolidation scope		—	—
<b>Net cash flows incurred by discontinued operations</b>	3	<b>(10.4)</b>	<b>(18.5)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(2.3)</b>	<b>(100.2)</b>
Cash and cash equivalents at beginning of year		319.2	385.4
<b>Cash and cash equivalents at end of period</b>		<b>316.9</b>	<b>285.2</b>

(a) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations. See note 3.

See the notes to the Unaudited Interim Consolidated Financial Statements

## Unaudited Consolidated statements of changes in equity

	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings (b)	Other reserves	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
<i>Amounts in millions of US\$, except share data</i>											
<b>Balance at January 1, 2021</b> (a)	711,392,383	8.7	1,687.1	(480.6)	(37.3)	(20.1)	(0.7)	(37.4)	1,119.7	44.9	1,164.6
Net gain (loss) on actuarial changes on pension plan (1)	-	-	-	2.5	-	-	-	-	2.5	-	2.5
Net gain (loss) on cash flow hedges (2)	-	-	-	-	-	-	0.6	-	0.6	-	0.6
Net gain (loss) on translation adjustments (3)	-	-	-	-	-	-	-	(6.2)	(6.2)	0.5	(5.7)
<b>Other comprehensive income (1)+(2)+(3)</b>	-	-	-	2.5	-	-	0.6	(6.2)	(3.1)	0.5	(2.6)
Net income (loss) (4)	-	-	-	(137.1)	-	-	-	-	(137.1)	1.1	(136.0)
<b>Comprehensive income (1)+(2)+(3)+(4)</b>	-	-	-	(134.6)	-	-	0.6	(6.2)	(140.2)	1.6	(138.6)
Exercise of warrants	4,078.0	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(3.6)	(3.6)
Cost of share-based payment	265,380.0	-	-	(0.8)	-	-	-	-	(0.8)	-	(0.8)
Transfer to retained earnings of the parent company	-	-	(1,223.0)	1,223.0	-	-	-	-	-	-	-
Variation in translation adjustments generated by the parent company	-	-	-	-	11.5	-	-	-	11.5	-	11.5
Changes in consolidation scope and other	-	-	-	-	-	-	-	-	-	0.9	0.9
<b>Balance at June 30, 2021</b>	<b>711,661,841.0</b>	<b>8.7</b>	<b>464.1</b>	<b>607.0</b>	<b>(25.8)</b>	<b>(20.1)</b>	<b>(0.1)</b>	<b>(43.5)</b>	<b>990.3</b>	<b>43.8</b>	<b>1,034.1</b>

(a) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented.

(b) Following the reclassification of Argas from non-current assets held for sale to continuing operations, it resulted in an impact of US\$(4.4) million in the net income of the period.

	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Other reserves	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment (a)	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
<i>Amounts in millions of US\$, except share data</i>											
<b>Balance at January 1, 2022</b>	711,663,925	8.7	464.1	570.0	5.0	(20.1)	(0.8)	(64.2)	962.7	43.7	1,006.4
Net gain (loss) on actuarial changes on pension plan (1)	-	-	-	2.2	-	-	-	-	2.2	-	2.2
Net gain (loss) on cash flow hedges (2)	-	-	-	-	-	-	(2.3)	-	(2.3)	-	(2.3)
Net gain (loss) on translation adjustments (3)	-	-	-	-	-	-	-	(28.4)	(28.4)	(2.2)	(30.6)
<b>Other comprehensive income (1)+(2)+(3)</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.2</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.3)</b>	<b>(28.4)</b>	<b>(28.5)</b>	<b>(2.2)</b>	<b>(30.7)</b>
Net income (loss) (4)	-	-	-	(1.8)	-	-	-	-	(1.8)	(0.6)	(2.4)
<b>Comprehensive income (1)+(2)+(3)+(4)</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.3)</b>	<b>(28.4)</b>	<b>(30.3)</b>	<b>(2.8)</b>	<b>(33.1)</b>
Exercise of warrants	122,182	-	0.5	-	-	-	-	-	0.5	-	0.5
Dividends	-	-	-	-	-	-	-	-	0.0	(0.9)	(0.9)
Cost of share-based payment	571,118	-	-	1.2	-	-	-	-	1.2	-	1.2
Transfer to retained earnings of the parent company	-	-	(346.0)	346.0	-	-	-	-	0.0	-	0.0
Variation in translation adjustments generated by the parent company	-	-	-	-	49.9	-	-	-	49.9	-	49.9
Changes in consolidation scope and other	-	-	-	(0.1)	-	-	-	-	(0.1)	0.1	0.0
<b>Balance at June 30, 2022</b>	<b>712,357,225</b>	<b>8.7</b>	<b>118.6</b>	<b>917.5</b>	<b>54.9</b>	<b>(20.1)</b>	<b>(3.1)</b>	<b>(92.6)</b>	<b>983.9</b>	<b>40.1</b>	<b>1,024.0</b>

(a) Mainly due to depreciation of the Euro against the US dollar and, to a lesser extent, against the British pound sterling and the Chinese renminbi, slightly offset by the Russian rouble being strengthened against the US dollar on the first semester 2022.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

CGG S.A. (“the Company”), along with its subsidiaries (together, the “Group”) is a global technology and HPC leader. Employing around 3,200 people worldwide, CGG provides data, products, services and solutions in Earth science, data science, sensing and monitoring. The Group unique portfolio supports its clients in efficiently and responsibly solving complex digital, energy transition, natural resource, environmental, and infrastructure challenges for a more sustainable future.

Given that the Company is listed on a European Stock Exchange and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying interim condensed consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”) and its interpretations, as issued by the *International Accounting Standards Board* (IASB) and adopted by the European Union as at June 30, 2022.

The Board of Directors has authorized these interim condensed consolidated financial statements on July 28, 2022.

The interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

**1.1 - Critical accounting policies**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as of and for the year ended December 31, 2021 included in its Universal Registration Document for the year 2021 filed with the AMF on March 11, 2022 and approved by the General Meeting on May 5, 2022.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2021.

In addition, the Group has adopted the following new Standards, Amendments, and Interpretations:

- ▶ Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements

The adoption of the new Standards, Amendments, and Interpretations had no impact on the Group’s interim financial statements.

At the date of issuance of these interim condensed consolidated financial statements, the following Standards, Amendments, and Interpretations were adopted by the European Union but that were not effective:

- ▶ Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- ▶ Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

At the date of issuance of these interim condensed consolidated financial statements, the following Standards, Amendments, and Interpretations were issued but not yet adopted by the European Union and were thus not effective:

- ▶ Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
- ▶ Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group does not expect any significant impact on our consolidated accounts for the following Standards, Amendments and Interpretations:

- ▶ Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The review of the amendments IAS 1 and IAS 12 is ongoing to assess the potential impacts on our consolidated financial statements.

## 1.2 - Use of judgment and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts

of revenues and expenses during the reporting period. Actual results could differ materially from those estimates due to changes in economic conditions, changes in laws and regulations, changes in strategy and the inherent imprecision associated with the use of estimates.

Key judgments and estimates used in the financial statements are summarized in the following table:

Note	Judgments and estimates	Key assumptions
Note 5	Recoverable amount of goodwill and intangible assets	Trajectory and recovery outlook of E&P spending New businesses growth dynamic Discount rate (WACC)
	Fair value of Earth Data surveys	Expected sales for each survey
	Idle Vessels Compensation (Capacity Agreement)	Shearwater fleet utilization assumptions over the commitment period
	Off-Market Component (Capacity Agreement)	Market rate over the five-year contractual term as estimated at the date of the exit from Marine Data Acquisition business
Note 9	Revenue recognition	Estimated Geoscience Contract completion rates
	Income tax liabilities – Uncertain tax positions	Estimate of most likely tax amount
	Deferred tax assets	Assumptions supporting the achievement of future taxable profits
	Provisions for restructuring	Assessment of future costs related to restructuring plans
Notes 4 and 6	Discount rate IFRS 16	Assessment of incremental borrowing rate
	Recoverability of client receivables	Assessment of clients' credit default risk
Note 4	Depreciation and amortization of tangible and intangible assets	Useful life of assets
	Development costs	Assessment of future benefits from each project
	Post-employment benefits	Discount rate
		Enrollment rate in post-employment benefit plans
	Inflation rate	
	Provisions for risks, claims and litigations	Assessment of risks considering court rulings and attorney's positions

**New Segment Reporting Names**

With CGG continuing to accelerate its development of a portfolio of unique technologies and proven expertise focused on rapidly growing new beyond the core markets, and to reflect the evolution of the Group into a Technology company, new segment reporting names were designed and used from the first quarter 2022 financial reporting.

While CGG continue to present its financial information under two reporting segments, they were renamed as follows:

- ▶ Geophysics, Geology and Reservoir (GGR) reporting segment was renamed into Data, Digital & Energy Transition (DDE):
  - (i) Geoscience business kept its name as Geoscience (GEO), and
  - (ii) Multi-Client business was renamed into Earth Data (EDA)
- ▶ Equipment reporting segment was renamed into Sensing & Monitoring (SMO).

**War in Ukraine**

CGG has no activity in Ukraine and a rather limited operational presence in Russia. In 2022:

- ▶ CGG has 2 Russian subsidiaries, one for Geoscience activity and the other for sales representation, repair and maintenance of Sercel equipment,
- ▶ Revenue for the first semester 2022 from Russia were less than 2% of CGG Group revenue,
- ▶ Capital employed (including cash) from Russian subsidiaries were less than 0.8% of the Group’s capital employed, and
- ▶ The cash available in Russia to independently run the business and to meet its obligations, first and foremost the payment of local personnel costs was less than 1% of the Group’s cash.

CGG is closely monitoring the evolution of the conflict, regulations and applicable sanctions regarding Russia in order to ensure its operations are carried out in full compliance.

**Completion of the sale and leaseback of CGG headquarters**

As a result of the exit from Marine Data Acquisition business and successive employment reductions that have affected the head office, CGG occupied barely more than 40% of the building.

The sale and leaseback of CGG headquarters building, which had the twofold purpose of monetizing the asset and significantly reducing the cost of its underuse, has been completed on 19 April 2022.

This transaction has the following impacts:

- ▶ Net proceeds from sale of assets for US\$33.6 million:
  - (i) Sale price less transaction fees for US\$64.0 million, and
  - (ii) Less purchase option exercised to acquire the building and to repay the lease liability for US\$(30.3) million (note 6).
- ▶ Disposal of asset for US\$(56.3) million being the net book value at the time of the sale including the option exercised (note 4),
- ▶ Right-of-use and liability arising from the leaseback for respectively US\$12.4 million and US\$(14.3) million (notes 4 and 6), and
- ▶ Net gain of US\$5.5 million in the statement of operations (note 11).

**Acquisition of Geocomp Corporation**

Effective 1 June 2022, Sercel has acquired US-based Geocomp Corporation, specialized in high-value services and products for geotechnical risk management and infrastructure monitoring.

The acquisition price of US\$23.6 million (subject to post-closing adjustments) is composed of:

- (i) A fixed purchase price of US\$17.1 million, and
- (ii) An earn-out estimated at US\$6.5 million.

As of the effective acquisition date, the statement of financial position was as follows:

<i>(In millions of US\$)</i>	<b>As of June 1, 2022</b>
Preliminary goodwill (a)	11.8
Property, plant and equipment	5.9
Current assets	12.6
Cash and cash equivalent	1.1
<b>Total assets</b>	<b>31.4</b>
Financial debt (lease liabilities)	3.4
Current and non-current liabilities (b)	10.9
<b>Total liabilities</b>	<b>14.3</b>
<b>Fixed purchase price</b>	<b>17.1</b>

- (a) Purchase price allocation will be finalized within the 12 months following the acquisition of the business and the changes in the allocation will be recognized through goodwill adjustment.
- (b) Current liabilities includes the fair value of the earn-out estimated at US\$6.5 million.

The statement of operations for the period since effective acquisition was as follows (June 2022 only):

<i>(In millions of US\$)</i>	<b>Six months ended June 30, 2022</b>
Revenue	1.9
Operating margin	0.3

**Exit from Contractual Data Acquisition business - CGG 2021 Plan**

The 2021 strategic roadmap announced in November 2018 aimed at implementing an asset light business model by reducing CGG's exposure to the contractual data acquisition business. As a result of the strategic announcements and actions undertaken subsequently, we presented our contractual data acquisition operations and the costs of implementation of the related measures, referred to as the CGG 2021 Plan, in accordance with IFRS 5, as discontinued operations and assets held for sale.

**Exit from Marine Data Acquisition business**

- ▶ On January 2020, we achieved a key milestone on our strategic roadmap with the closing of our strategic partnership with Shearwater in Marine Data Acquisition with the signature of the Capacity Agreement, and thus the exit of seismic vessel operations.

**Exit from Land Data Acquisition**

- ▶ The Land Data Acquisition business was fully shut down in 2020 and the remaining assets were sold.

**Divestment of Multi-Physics business**

- ▶ Effective June 30, 2021, the Multi-Physics business, except its processing and multi-client library, has been sold to Xcalibur Group.
- ▶ On July 9, 2021, the agreed one-year maturity degressive over time facility for a maximal amount €2.5 million, guaranteed by assets, was drawn for €1.5 million. This facility has been fully repaid during the second quarter 2022.

**Divestment from Seabed Geosolutions BV**

- ▶ The full divestment from Seabed is effective on April 1, 2020.

**Reclassification of our stake in Argas joint venture to continuing operations**

- ▶ The sale dynamic has been disrupted in 2020 by events beyond the Group's control, the health crisis, the fall in oil price and the sharp reduction in E&P expenditure.
- ▶ The management of CGG remains committed to sell but, considering the unfavorable context perceived at year-end 2021, the sale of our stake was deemed unlikely within 12 next months and we reclassified our investment in Argas to continuing operations.

- ▶ The margin arising from the sale of Sercel equipment to Argas for the share held by CGG were eliminated in the consolidated accounts on the date of their purchase and then gradually reversed following the amortization plan of the equipment. These margins have been frozen since the fourth quarter 2018 following the classification of Argas to assets held for sale. These margins were then reassessed when we reclassified our investment in Argas to continuing operations.
- ▶ Our stake in Argas is higher than the estimated fair value. Therefore the value remained unchanged at US\$25 million.

*For more information on the reclassification of our stake in Argas to continuing operations, please refer to note 2 of CGG's Universal Registration Document for the year 2021.*

**GeoSoftware**

On October 1, 2021, the sale of CGG's GeoSoftware business to Topicus and Vela Software for the total cash consideration of US\$95 million was completed, subject to certain closing adjustments, mainly related to working capital adjustments.

Pursuant the agreed adjustments, a net payable of US\$2.0 million remains to be paid in respect of the sale:

- ▶ CGG and TSS have reached an agreement on all open issues and net cash flow generated by the GeoSoftware activity from 1 October 2021 to 31 May 2022. This results in a net cash outflow for US\$(1.7) million paid by CGG on 5 July 2022, and
- ▶ We estimate the net cash flow of June 2022 to be transferred to TSS for US\$0.3 million.

The impact of the settlement on the net price of GeoSoftware activity in the statement of operations for the first semester 2022 is US\$(0.7) million (note 11).

*For more information on the sale of GeoSoftware, please refer to note 2 of CGG's Universal Registration Document for the year 2021.*

**Smart Data Solutions**

On December 31, 2021, CGG has completed the sale of the physical storage assets and associated services of its Smart Data Solutions business to OASIS and Access.

*For more information on the sale of Smart Data Solutions, please refer to note 2 of CGG's Universal Registration Document for the year 2021.*

## Net income (loss) from discontinued operations

<i>(In millions of US\$)</i>	Six months ended June 30,	
	2022	2021
Operating revenues	-	18.6
Operating income (loss)	(0.9)	(0.5)
<b>Net income (loss) from discontinued operations</b>	<b>(2.0)</b>	<b>4.9</b>

Net loss from discontinued operations amounted to US\$(2.0) million in the first semester 2022 including US\$(1.5) million of financial expenses in relation with the discount of the Idle Vessel Compensation.

For the period ended June 30, 2021, the net income from discontinued operations amounted to US\$4.9 million and was impacted by the following non-cash items:

- ▶ US\$1.9 million for the gain on the sale of our Multi-Physics business
- ▶ US\$(1.9) million of discount of the Idle Vessel Compensation, and
- ▶ US\$5.6 million of foreign exchange gain on a tax liability.

## Net cash flows incurred by discontinued operations are as follows

The following table presents the net cash flow from discontinued operations for each of the periods stated:

<i>(In millions of US\$)</i>	Six months ended June 30,	
	2022	2021
<b>Net cash-flow from discontinued operations</b>	<b>(10.4)</b>	<b>(18.5)</b>

In 2022, the net cash flow generated by discontinued operations notably included US\$(10.9) million cash outflows in respect of Idle Vessel Compensation and US\$1.0 million of research tax credit cash inflow.

In 2021, the net cash flow generated by discontinued operations included disbursements in respect of the CGG 2021 Plan for an amount of US\$(19.0) million, of which US\$(5.1) million was severance cash outflows and US\$(10.9) million was cash outflows in respect of Idle Vessel Compensation.

## NOTE 4 PROPERTY, PLANT AND EQUIPMENT

### Sale and leaseback of CGG headquarters

The sale and leaseback of CGG headquarters building, which had the twofold purpose of monetizing the asset and significantly reducing the cost of its underuse, has been completed on 19 April 2022.

This transaction has the following PP&E impacts:

- ▶ Disposal of assets for US\$(56.3) million (note 2),
- ▶ Right-of-use arising from the leaseback for US\$12.4 million (note 2).

(in millions of US\$)	June 30, 2022			December 31, 2021		
	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Land	4.7	-	4.7	5.7	-	5.7
Buildings	129.5	(103.5)	26.0	153.8	(115.0)	38.8
Machinery & Equipment	270.9	(233.9)	37.0	276.4	(233.4)	43.0
Other tangible assets	118.4	(101.8)	16.6	110.2	(104.0)	6.2
Right-of-use assets	182.2	(111.9)	70.3	254.9	(136.5)	118.4
- Property	121.0	(77.6)	43.4	197.9	(106.9)	91.0
- Machinery & Equipment	61.2	(34.3)	26.9	57.0	(29.6)	27.4
<b>TOTAL PROPERTY, PLANT and EQUIPMENT</b>	<b>705.7</b>	<b>(551.1)</b>	<b>154.6</b>	<b>801.0</b>	<b>(588.9)</b>	<b>212.1</b>

### Short-term leases and leases of low-value assets

As allowed by IFRS 16, the Group decided to use exemptions for short-term leases (<12 months) and leases of low-value assets (<US\$5,000), which were not material at June 30, 2022 and at December 31, 2021.

### Revenues from subleases

The Group signed arrangements with third parties to sublease leased real estate assets. The income generated by these sublease agreements, which are classified as operating leases, was not material at June 30, 2022 and at December 31, 2021.

### Variation over the period

(In millions of US\$)	June 30, 2022	December 31, 2021
<b>Balance at beginning of period</b>	<b>212.1</b>	<b>268.1</b>
Acquisitions <sup>(a)</sup>	19.4	55.7
Depreciation <sup>(b)</sup>	(30.3)	(74.9)
Disposals	(0.2)	(0.8)
Sale and leaseback <sup>(c)</sup>	(44.1)	-
Translation adjustments	(5.8)	(9.6)
Change in consolidation scope	5.9	0.8
Impairment of assets <sup>(d)</sup>	-	(10.5)
Reclassification of tangible assets as "Assets held for sale" <sup>(e)</sup>	-	(14.1)
Other	(2.4)	(2.6)
<b>BALANCE AT END OF PERIOD</b>	<b>154.6</b>	<b>212.1</b>

(a) Including US\$11.6 million additional right-of use assets during the first semester 2022, compared to US\$25.7 million in 2021.

(b) Including US\$17.3 million depreciations of right-of-use assets during the first semester 2022, compared to US\$46.0 million in 2021.

(c) Relates to CGG headquarters sale and leaseback, including US\$12.4 million of right-of-use asset and US\$(56.3) million for the disposal of assets (note 2).

(d) Including US\$9.2 million depreciations related to impairment of right-of-use assets in 2021.

(e) Including US\$13.2 million of assets related to Smart Data Solutions and US\$1.0 million of land asset in 2021.



## Reconciliation of acquisitions with the consolidated statements of cash flows and capital expenditures

<i>(In millions of US\$)</i>	June 30, 2022	December 31, 2021
Acquisitions of tangible assets, excluding leases	7.9	30.0
Capitalized development costs	10.6	29.6
Acquisitions of other intangible assets, excluding Earth Data surveys	0.3	0.1
Change in fixed asset suppliers	0.6	(0.8)
Reclassification of tangible assets in "Assets held for sale"	-	(0.3)
<b>TOTAL PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS ACCORDING TO CASH FLOW STATEMENT ("CAPITAL EXPENDITURES")</b>	<b>19.4</b>	<b>58.6</b>

## NOTE 5 GOODWILL

Goodwill is analyzed as follows:

### Variation of the period

<i>(In millions of US\$)</i>	June 30, 2022	December 31, 2021
<b>Balance at beginning of period</b>	<b>1,083.6</b>	<b>1,186.5</b>
Change in consolidation scope <sup>(a)</sup>	12.1	-
Impairment <sup>(b)</sup>	-	(101.8)
Translation adjustments	(6.7)	(1.1)
<b>Balance at end of period</b>	<b>1,089.0</b>	<b>1,083.6</b>

(a) Mainly based on preliminary purchase price allocation of Geocomp (included in CGU SMO) – refer to note 2.

(b) Impairment of goodwill in 2021 recognized in respect of EDA (CGU of DDE)

### Impairment review

The Group management performs impairment tests on goodwill at year-end and whenever there are events, changes in assumptions or indication of potential loss of value. In the period, CGG has not identified any new impairment triggers prescribing an updated impairment test following the detailed process performed by year-end 2021. For further details regarding impairment test performed as of December 31<sup>st</sup> 2021, and principles applied, please refer to note 11 of CGG's Universal Registration Document for the year 2021.

Our financial projections are based on internal estimates in matters of expected operating conditions, market dynamics, commercial penetration of new technologies and change in competitive landscape, as well as external sources of information, such as the budgets of energy companies, analyses and reports on E&P spending, forecasted activities for the group and outlook for the sector provided by sell side analysts of brokerage firms and investment banks.

The main factors influencing our activities is the level of E&P spending and its evolution, which itself depends on various other factors such as hydrocarbon prices and their volatility, but also the importance of fossil fuel in the energy mix and the transition trajectory to a low carbon world. These factors are subject to uncertainties.

At June-end, key inputs and assumptions in the impairment model have been reviewed as part of the process of evaluating whether any impairment trigger has been identified.

In the current context of increase in interest rates, we requested the usual independent valuation firm to update the assessment and computation of our WACC. The outcome is in line with the year-end 2021 results. The market developments through the first half of 2022 did not reveal any new indication to trigger an impairment test either. Recent analyses and reports remain very positive as regards to the outlook and anticipate an up-cycle. With higher hydrocarbons prices, the fundamentals supporting the E&P spending recovery are even stronger today than those we assumed at year-end 2021, fueled by years of underinvestment and intensified by elevated energy security and reliability concerns as a consequence of Russia's invasion of Ukraine. Based upon internal reporting, evidence available does not indicate that the economic performance is worse, or significantly changed, from the financial projections underlying the goodwill impairment test performed at year-end 2021. Absent any trigger, we did not perform goodwill impairment testing as of June 2022.

The following table provides the breakdown of the total Group Goodwill per segment:

<i>(In millions of US\$)</i>	June 30, 2022	December 31, 2020
CGU EDA	182.2	182.2
CGU Geoscience	724.8	724.0
DDE	907.0	906.2
CGU SMO	182.0	177.4
<b>Balance at end of period</b>	<b>1,089.0</b>	<b>1,083.6</b>

## NOTE 6 FINANCIAL DEBT

Gross financial debt as of June 30, 2022 was 1,225.9 million compared to US\$1,308.4 million as of December 31, 2021.

The breakdown of our gross debt is as follows :

(In millions of US\$)	June 30, 2022			December 31, 2021
	Current	Non-current	Total	Total
2027 Notes	-	1,107.6	1,107.6	1,162.6
Bank loans and other loans	-	2.3	2.3	2.5
Lease liabilities	37.9	58.8	96.7	122.8
<b>Sub-total</b>	<b>37.9</b>	<b>1,168.7</b>	<b>1,206.6</b>	<b>1,287.9</b>
Accrued interests	19.3	-	19.3	20.5
<b>Financial debt</b>	<b>57.2</b>	<b>1,168.7</b>	<b>1,225.9</b>	<b>1,308.4</b>
Bank overdrafts	-	-	-	-
<b>TOTAL</b>	<b>57.2</b>	<b>1,168.7</b>	<b>1,225.9</b>	<b>1,308.4</b>

### Changes in liabilities arising from financing activities

(In millions of US\$)	June 30, 2022	December 31, 2021
<b>Balance at beginning of period</b>	<b>1,308.4</b>	<b>1,389.1</b>
Decrease in long term debts	-	(1,227.5)
Increase in long-term debts	-	1,188.2
Lease repayments	(25.0)	(57.3)
Sale and leaseback <sup>(a)</sup>	(30.3)	
Financial interests paid <sup>(b)</sup>	(47.0)	(89.8)
<b>Total Cash flows</b>	<b>(102.3)</b>	<b>(186.4)</b>
Cost of financial debt, net <sup>(b)</sup>	50.3	120.5
Call premium	-	13.8
Increase in lease liabilities <sup>(c)</sup>	26.0	25.7
Change in consolidation scope <sup>(d)</sup>	3.4	-
Translation adjustments <sup>(e)</sup>	(60.4)	(50.8)
Other	0.5	(3.5)
<b>BALANCE AT END OF PERIOD</b>	<b>1,225.9</b>	<b>1,308.4</b>

(a) Purchase option exercised for CGG headquarters sale and leaseback for US\$(30.3) million (note 2)

(b) In 2021, capitalized interests were booked until the refinancing of our long-term debt on 1 April 2021. For more information on refinancing, please refer to note 2 of CGG's Universal Registration Document for the year 2021.

(c) including lease liability from CGG headquarters sale and leaseback for \$14.3 million (note 2)

(d) relates to Geocomp acquisition (note 2)

(e) mainly EUR/USD exchange rate fluctuation on 2027 Notes tranche EUR

## Financial debt by financing sources

Our gross debt before accrued interests and bank overdrafts as of June 30, 2022 breaks down by financing sources as follows:

	Issuing date	Maturity	Nominal amount June 30, 2022 (in millions of currency)	Net balance June 30, 2022 (In US\$m)	Interest rates
2027 Notes tranche USD	2021	2027	US\$500.0	500.0	8,75%
2027 Notes tranche EUR	2021	2027	€585.0	607.6	7,75%
<b>Sub-total 2027 Notes</b>				<b>1,107.6</b>	
Other loans				2.3	
<b>Sub-total bank loans and other loans</b>				<b>1,109.9</b>	
Lease liabilities				96.7	
<b>TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS</b>				<b>1,206.6</b>	

## Financial debt by currency

Our gross debt before accrued interests and bank overdrafts as of June 30, 2022 breaks down by currency as follows:

(In millions of US\$)	June 30, 2022	December 31, 2021
USD	557.0	562.9
EUR	630.1	704.2
GBP	8.3	8.3
AUD	2.5	3.2
CAD	4.4	4.3
NOK	1.2	1.6
SGD	1.2	1.7
RUB	-	0.2
Other	1.9	1.5
<b>TOTAL</b>	<b>1,206.6</b>	<b>1,287.9</b>

## Financial debt by interest rate

(In millions of US\$)	June 30, 2022	December 31, 2021
Variable rates (average effective rate June 30, 2022 : nil, December 31, 2021: nil)	-	-
Fixed rates (average effective rate at June 30, 2022 : 7.73%, December 31, 2021: 7,94%)	1,206.6	1,287.9
<b>TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS</b>	<b>1,206.6</b>	<b>1,287.9</b>

Variable interest rates are generally based on inter-bank offered rates of the related currency.

## High Yield Bonds (US\$500 million of 8.75 % and €585 million of 7.75 %, Senior Notes, maturity 2027)

On April 1, 2021, CGG issued US\$500 million in aggregate principal amount of 8.75% Senior Secured Notes due 2027 and €585 million in aggregate principal amount of 7.75% Senior Secured Notes due 2027 (together, the “2027 Notes”).

These notes are listed on the Euro MTF of the Luxembourg Stock Exchange and are guaranteed on a senior secured basis by certain subsidiaries of CGG SA. The fair value measurement of the 2027 Notes is categorized within Level 1 of the fair value hierarchy.

The 2027 Notes do not include any financial “maintenance covenant”. Nevertheless, they include limitations on incurrence of additional indebtedness, pledges, asset sales, issuances and sales of equity instruments, investments in minority owned companies and dividend payments.

The 2027 Notes were issued at a price of 100% of their principal amount.

The net proceeds from the issuance of the 2027 Notes were used, together with cash on hand, to:

- (i) settle the Tender Offer;
- (ii) satisfy and discharge on April 1, 2021 and subsequently redeem on May 1, 2021 in full the Existing First Lien Notes that were not repurchased in the Tender Offer;
- (iii) satisfy and discharge on April 1, 2021 and subsequently redeem on April 14, 2021 in full the Existing Second Lien Notes; and
- (iv) pay all fees and expenses in connection with the foregoing.

## US\$ 100 million Revolving Credit Facility

<i>(In millions of US\$)</i>	Date	Maturity	Authorized amount	Used amount	Mobilized amount	Available amount
Revolving Credit Facility	2021	2025	100.0	-	-	100.0

On April 1, 2021 CGG entered into a US\$100 million Super Senior Revolving Credit Facility Agreement with a 4.5 year maturity and secured by the same security package as the 2027 Notes. Interest rate is calculated according to SOFR rate increased by a 5% margin, downward revisable depending Group rating and greenhouse gas emission reduction targets.

Pursuant to the RCF agreement, if the drawing exceeds 40% of the facility, the Group is required to quarterly comply with a maximum ratio of total “Consolidated Senior Secured Net Leverage” to “Consolidated EBITDA” of 3.50:1 for each rolling 12- months period. These terms are defined in the aforementioned RCF agreement as follows:

- ▶ “Consolidated Senior Secured Net Leverage” is defined as Senior Secured Indebtedness less cash and cash equivalents
- ▶ “Consolidated EBITDA” is computed on Segment figures and is defined as net income before interest, tax, depreciation, amortization and non-recurring items.

The 2027 Notes and the revolving credit facility share the same security package encompassing notably the US Earth Data Library, the shares of the main Sercel entities (Sercel SAS and Sercel Inc.), the shares of significant DDE operating entities, and certain intercompany loans.

## First lien secured notes due 2023

The first lien secured notes due 2023 were redeemed in full at the time of the refinancing. Please refer to note 2 of CGG's Universal Registration Document for the year 2021.

The first lien secured notes due 2023 represented at issuance on April 24, 2018 a total principal amount of US\$645 million (using an exchange rate of \$1.2323 per €1.00) at a weighted average coupon of 8.40%.

## Second Lien secured notes due 2024

The second lien secured notes due 2024 were redeemed in full at the time of the refinancing. Please refer to note 2 of CGG's Universal Registration Document for the year 2021.

The second lien secured notes represented due 2024 at issuance on February 21, 2018, a total principal amount of US\$453.4 million (using an exchange rate of \$1.2229 per €1.00).

These notes bore a Libor-based floating rate of interest (with a floor of 1%) for the USD series and a Euribor-based floating rate of interest (with a floor of 1%) for the EUR series + 4% in cash, and 8.5% of capitalized interest (known as “payment in kind” or “PIK interest”).

The revolving credit facility include some limitations on additional indebtedness subscriptions, pledges arrangements, asset sale, issuance and sale of equity instruments, investment in minority owned companies and dividends payments.

The 2027 Notes and RCF share the same security package encompassing notably the US Earth Data Library, the shares of the main Sercel entities (Sercl SAS and Sercel Inc.), the shares of significant DDE operating entities, and certain intercompany loans.

## Other loans

In October 2021, BPI granted to the SMO division an innovation loan of €2 million at a preferential rate with a 7 year maturity and quarterly repayment in tranches of 0.1 million euros from March 2024 onward.

**New stock option plans and performance shares allocation plan**

On June 22, 2022, the Board of Directors allocated:

- ▶ 455,000 stock options to the Chief Executive Officer. Their exercise price is €1.05. The options vest in one batch, in June 2025. Such vesting is subject to performance conditions. The options have an eight-year duration.
- ▶ 1,140,000 stock options to the Executive Leadership members. Their exercise price is €1.05. The options vest in one batch, in June 2025. Such vesting is subject to performance conditions. The options have an eight-year duration.
- ▶ 1,775,200 stock options to certain employees. Their exercise price is €1.05. The options vest in two batches, in June 2024 (for 50% of the options allocated) and June 2025 (for 50% of the options allocated). The options have an eight-year duration.
- ▶ 455,000 performance shares to the Chief Executive Officer. The performance shares vest in one batch in June 2025 and are subject to performance conditions.
- ▶ 1,140,000 performance shares to the Executive Leadership members. The performance shares vest in one batch in June 2025 and are subject to performance conditions.

- ▶ 887,600 performance shares to certain employees. The performance shares vest in two batches, in June 2024 (for 50% of the shares allocated) and June 2025 (for 50% of the shares allocated) and are subject to performance conditions.
- ▶ 848,700 restricted shares subject to presence condition to certain employees. The restricted shares subject to presence conditions vest in two batches, in June 2024 (for 50% of the shares allocated) and June 2025 (for 50% of the shares allocated).

The main assumptions related to the June 22, 2022 stock options, performance share and restricted share plans are as follows:

- ▶ CGG share price as of June 22, 2022: €0.90
- ▶ Volatility over 2 years: 60.38%
- ▶ Volatility over 3 years: 63.36%
- ▶ Risk-free rate: 0.90% (over 2 years) and 1.45% (over 3 years).

The aforementioned stock options, performance shares and restricted shares allocation plans have been valued at €3.6 million. Due to the allocation date, the cost recognized over the period is not significant.

## NOTE 8 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

### Contractual obligations

<i>(In millions of US\$)</i>	June 30, 2022	December 31, 2021
Long-term debt obligations	1,566.9	1,691.3
Lease obligations	112.1	135.2
<b>TOTAL</b>	<b>1,679.0</b>	<b>1,826.5</b>

The following table sets forth our future cash obligations (not discounted) on our contractual obligations and commitments as of June 30, 2022:

<i>(In millions of US\$)</i>	Payments due by period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Financial debt	-	0.6	1,108.5	1.0	1,110.1
Other long-term obligations (cash interest)	92.6	185.2	179.0	-	456.8
<b>Total Long-term debt obligations</b>	<b>92.6</b>	<b>185.8</b>	<b>1,287.5</b>	<b>1.0</b>	<b>1,566.9</b>
Lease obligations	43.2	43.6	11.4	13.9	112.1
<b>Total Contractual Obligations <sup>(a)</sup> <sup>(b)</sup></b>	<b>135.8</b>	<b>229.4</b>	<b>1,298.9</b>	<b>14.9</b>	<b>1,679.0</b>

(a) Payments in other currencies are converted into US dollars at June 30, 2022 exchange rates.

(b) These amounts are principal amounts and do not include any accrued interests.

### Capacity Agreement and Idle Vessel Compensation

CGG and Shearwater signed a Capacity Agreement on January 8, 2020, a marine data acquisition service contract, under the terms of which CGG is committed to using Shearwater's vessel capacity in its Earth Data business over a five-year period, at an average of 730 days per year.

The Capacity Agreement provides compensation of Shearwater for days when more than one of its high-end seismic vessels are idle, up to a maximum of three vessels.

#### Step-In Agreement

Following of our strategic partnership with Shearwater in Marine Data Acquisition and our exit from of seismic vessel operations, Shearwater CharterCo AS has entered into five-year bareboat charter agreements with the GSS subsidiaries, guaranteed by Shearwater, for the five high-end vessels equipped with streamers. As part of the Step-In Agreement, CGG has agreed to substitute itself for Shearwater CharterCo AS as charterer of GSS subsidiaries' five high-end seismic vessels (equipped with streamers) in the event of a payment default under the charter party between the GSS subsidiaries and Shearwater CharterCo AS. In accordance with the Payment Instruction Agreement, the payments of the payables in relation with the Capacity Agreement and due by Shearwater CharterCo AS to the subsidiaries of GSS, under the Shearwater bareboat charters, are made directly by CGG.

Were the Step-in Agreements to be triggered:

- ▶ CGG would be entitled to terminate the Capacity Agreement;

The maximum Idle Vessel Compensation amount for a full year came to US\$(21.9) million.

At June 30, 2022, the residual commitment in respect of Idle Vessel Compensation through to the end of the five-year period was US\$(55.4) million.

- ▶ CGG would become the charterer of the five high-end seismic vessels equipped with streamers under bareboat charter agreements; and
- ▶ CGG would be entitled, through pledge in its favor, to acquire all the share capital of GSS, knowing that GSS and its subsidiaries' principal assets would be the vessels and streamers and its principal liabilities would be the external debt associated with the vessels.

The Step-In Agreements will not impact the statement of financial position unless a trigger, as described above, occurs. In such circumstances, the obligations under the Capacity Agreement should be terminated and replaced by the obligations under the Step-In Agreements, representing a lower amount of commitment compared to the Capacity Agreement.

**Segment presentation and discontinued operations**

The financial information by segment is reported in accordance with our internal reporting system and provides internal segment information that is used by the chief operating decision maker to manage and measure performance.

The 2021 strategic roadmap announced in November 2018 aimed at implementing an asset light business model by reducing CGG’s exposure to the contractual data acquisition business. As a result of the strategic announcements and actions undertaken subsequently, we presented our contractual data acquisition operations and the costs of implementation of the related measures, referred to as the CGG 2021 Plan, in accordance with IFRS 5, as discontinued operations and assets held for sale.

With CGG continuing to accelerate its development focused on rapidly growing new beyond the core markets, and to reflect the evolution of the Group into a Technology company, new segment reporting names were designed and used from the first quarter 2022 financial reporting.

While CGG continue to present its financial information under two reporting segments, they were renamed as follows:

- ▶ Geophysics, Geology and Reservoir (GGR) reporting segment was renamed into Data, Digital & Energy Transition (DDE):
  - (i) Geoscience business kept its name as Geoscience (GEO), and
  - (ii) Multi-Client business was renamed into Earth Data (EDA)
- ▶ Equipment reporting segment was renamed into Sensing & Monitoring (SMO).

**Data, Digital & Energy Transition (DDE) (ex-GGR )**

This operating segment comprises the Geoscience business lines (processing and imaging of geophysical data, reservoir characterization, geophysical consulting and geoscience software sales and services) and the Earth Data (ex multi-client) business line (development and management of a seismic and geological data library that we undertake and license to a number of clients on a non-exclusive basis). Both activities regularly combine their offerings, generating overall synergies between their respective activities.

Beyond the core, CGG is leveraging on its technologies and expertise to address the fast-growing markets of Digital Sciences and Energy Transition.

In Digital Sciences, we focused on our long-standing leadership in digital technology, especially as applied to geoscience, to develop an integrated expert solution including the hardware platform, middleware and software services that are required to cost effectively support advanced cloud-based High-Performance Computing (HPC) workflows and data transformation services. In this platform, we notably propose data, algorithm and software as a service (DaaS/SaaS) on our CGG cloud.

In the Energy Transition, we propose services and technologies dedicated to Carbon Capture Utilization and Storage (CCUS), Geothermal, Environmental Sciences and Minerals and Mining. CCUS, which represents a substantial submarket, is one of the key enablers to reduce carbon

footprint. Many energy companies are planning significant CCUS projects and increasingly incorporate this technology in their development. Low carbon energy, such as hydrogen, will also require long term storage and monitoring. To be successful, these new businesses require a detailed understanding of the subsurface, domain where CGG excels, through its advanced geoscience and digital science technologies and its global earth data library.

**Sensing & Monitoring (SMO) (ex-Equipment)**

This operating segment comprises manufacturing and sales activities for land, marine and OBN geophysical equipment used for data seismic acquisition. Additionally, its unique portfolio of industry leading sensor technology allows to bring the benefits of its advanced sensor technology to the fast-growing Monitoring and Observation market, from structural health monitoring (SHM) to monitoring solutions for energy transition (CCUS notably) and environment. The SMO segment carries out its activities through our subsidiary Sercel.

**Internal reporting and segment presentation**

Before the implementation of IFRS 15, the Group applied the percentage of completion method for recognizing Earth Data prefunding revenues. Following the implementation of IFRS 15, the Group recognizes Earth Data prefunding revenues upon delivery of processed data (when performance obligation is fulfilled).

Although IFRS fairly presents the Group’s statement of financial position, for internal reporting purposes CGG’s management continues to apply the pre-IFRS 15 revenue recognition principles, with Earth Data prefunding revenues recorded based on percentage of completion. CGG’s management believes this method aligns revenues closely with the activities and resources used to generate it and provides useful information as to the progress made on Earth Data surveys, while also allowing for useful comparison across time periods.

CGG therefore presents the Group’s results of operations in two ways:

- ▶ the “Reported” or “IFRS” figures, prepared in accordance with IFRS, with Earth Data prefunding revenues recognized upon delivery of the data (when performance obligation is fulfilled); and
- ▶ the “Segment” figures, for purposes of internal management reporting, prepared in accordance with the Group’s previous method for recognizing Earth Data prefunding revenues.

Other companies may present segment and related measures differently than we do. Segment figures are not a measure of financial performance under IFRS and should not be considered as indicators of our operating performance or an alternative to other measures of performance in accordance with IFRS

**Alternative performance measures**

As a complement to Operating Income, EBIT may be used by management as a performance measure for segments because it captures the contribution to our results of the significant businesses that are managed through our joint ventures. We define EBIT as Operating Income plus our



share of income in companies accounted for under the equity method.

We define EBITDAs as earnings before interest, tax, income from equity affiliates, depreciation, amortization net of amortization expense capitalized to Earth Data, and cost of share-based compensation. Share-based compensation includes both stock options and shares issued under our share allocation plans. EBITDAs is presented as additional information because we understand that it is a measure used by certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements.

Inter-segment transactions are made at arm's length prices. These inter-segment revenues and the related earnings are eliminated in consolidation in the tables that follow under the column "Eliminations and other".

Operating Income, EBITDAs and EBIT may include non-recurring or restructuring items. General corporate expenses, which include Group management, financing, and legal activities, have been included in the column "Eliminations and

other" in the tables that follow. The Group does not disclose financial expenses or financial revenues by segment because they are managed at the Group level.

Identifiable assets are those used in the operations of each segment. The group does not track its assets based on country of origin.

Capital employed is defined as "total assets" excluding "Cash and cash equivalents" less (i) "Current liabilities" excluding "Bank overdrafts" and "Current portion of financial debt" and (ii) noncurrent liabilities excluding "Financial debt".

### Seasonality

We have historically experienced higher levels of activity during the fourth quarter, since our clients seek to fully spend their annual budget before year-end. SMO deliveries and Earth Data after-sales during the month of December usually reflect this pattern. As a consequence, we traditionally experience lower level of activity during the first quarter.

### Analysis by segment (continuing operations)

#### Six months ended June 30, 2022

<i>Amounts in millions of US\$, except for assets and capital employed in billions of US\$</i>	DDE	SMO	Eliminations and other	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	313.6	79.2	-	392.8	10.8	403.6
Inter-segment revenues	-	-	-	-	-	-
<b>Operating revenues</b>	<b>313.6</b>	<b>79.2</b>	<b>-</b>	<b>392.8</b>	<b>10.8</b>	<b>403.6</b>
Depreciation and amortization (excluding Earth Data surveys)	(28.5)	(14.6)	(0.8)	(43.9)	-	(43.9)
Depreciation and amortization of Earth Data surveys	(66.1)	-	-	(66.1)	(2.0)	(68.1)
<b>Operating income <sup>(a)</sup></b>	<b>104.6</b>	<b>(34.0)</b>	<b>(9.8)</b>	<b>60.8</b>	<b>8.8</b>	<b>69.6</b>
<b>EBITDAs</b>	<b>191.7</b>	<b>(19.3)</b>	<b>(8.2)</b>	<b>164.2</b>	<b>10.8</b>	<b>175.0</b>
Share of income in companies accounted for under the equity method	-	-	-	-	-	-
<b>Earnings Before Interest and Tax <sup>(a)</sup></b>	<b>104.6</b>	<b>(34.0)</b>	<b>(9.8)</b>	<b>60.8</b>	<b>8.8</b>	<b>69.6</b>
Capital expenditures (excluding Earth Data surveys) <sup>(b)</sup>	8.3	10.9	0.2	19.4	-	19.4
Investments in Earth Data surveys, net cash	107.7	-	-	107.7	-	107.7
<b>Capital employed <sup>(c)</sup></b>	<b>1.4</b>	<b>0.6</b>	<b>(0.1)</b>	<b>1.9</b>		<b>1.9</b>
<b>Total identifiable assets <sup>(c)</sup></b>	<b>1.7</b>	<b>0.7</b>	<b>0.1</b>	<b>2.5</b>		<b>2.5</b>

(a) "Eliminations and other" corresponded mainly to general corporate expenses and elimination of the margin arising from the sale of Sercel equipment to Argas for the share held by CGG.

(b) Capital expenditures included capitalized development costs of US\$(10.6) million for the six months ended June 30, 2022. "Eliminations and other" corresponded to the variance of suppliers of assets for the six months ended June 30, 2022.

(c) Capital employed and identifiable assets related to discontinued operations and our stake in Argas joint venture are included under the column "Eliminations and other".

Six months ended June 30, 2021 Restated \*

<i>Amounts in millions of US\$, except for assets and capital employed in billions of US\$</i>	DDE	SMO	Eliminations and other	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	210.3	159.8	-	370.1	10.1	380.2
Inter-segment revenues		0.9	(0.9)	-		-
<b>Operating revenues</b>	<b>210.3</b>	<b>160.7</b>	<b>(0.9)</b>	<b>370.1</b>	<b>10.1</b>	<b>380.2</b>
Depreciation and amortization (excluding Earth Data surveys)	(22.7)	(16.4)	(11.1)	(50.2)		(50.2)
Depreciation and amortization of Earth Data surveys	(55.4)	-		(55.4)	(6.9)	(62.3)
<b>Operating income <sup>(a)</sup></b>	<b>6.4</b>	<b>(9.6)</b>	<b>(21.0)</b>	<b>(24.2)</b>	<b>3.2</b>	<b>(21.0)</b>
<b>EBITDAs</b>	<b>83.5</b>	<b>6.7</b>	<b>(18.7)</b>	<b>71.5</b>	<b>10.1</b>	<b>81.6</b>
Share of income in companies accounted for under the equity method	0.1	-	-	0.1	-	0.1
<b>Earnings Before Interest and Tax <sup>(a)</sup></b>	<b>6.5</b>	<b>(9.6)</b>	<b>(21.0)</b>	<b>(24.1)</b>	<b>3.2</b>	<b>(20.9)</b>
Capital expenditures (excluding Earth Data surveys) <sup>(b)</sup>	14.1	11.7	(0.1)	25.7	-	25.7
Investments in Earth Data surveys, net cash	73.5	-	-	73.5	-	73.5
<b>Capital employed <sup>(c)</sup></b>	<b>1.6</b>	<b>0.5</b>	<b>-</b>	<b>2.1</b>	<b>-</b>	<b>2.1</b>
<b>Total identifiable assets <sup>(c)</sup></b>	<b>2.2</b>	<b>0.6</b>	<b>0.1</b>	<b>2.9</b>	<b>-</b>	<b>2.9</b>

\* In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations.

- (a) "Eliminations and other" corresponded mainly to general corporate expenses and elimination of the margin arising from the sale of Sercel equipment to Argas for the share held by CGG.
- (b) Capital expenditures included capitalized development costs of US\$(16.3) million for the six months ended June 30, 2021. "Eliminations and other" corresponded to the variance of suppliers of assets for the six months ended June 30, 2021.
- (c) Capital employed and identifiable assets related to non-current assets held for sale and discontinued operations and our stake in Argas joint venture are included under the column "Eliminations and other".

The following table disaggregates our operating revenues by major sources for the period:

Six months ended June 30,

	2022			2021		
	DDE	SMO	Consolidated Total / As reported	DDE	SMO	Consolidated Total / As reported
<i>(En millions de dollars US)</i>						
Earth Data prefunding	60.6		60.6	42.2		42.2
Earth Data after sales	118.2		118.2	38.8		38.8
<b>Total Earth Data</b>	<b>178.8</b>		<b>178.8</b>	<b>81.0</b>		<b>81.0</b>
<b>Geoscience</b>	<b>145.6</b>		<b>145.6</b>	<b>139.4</b>		<b>139.4</b>
<b>SMO</b>		<b>79.2</b>	<b>79.2</b>		<b>160.7</b>	<b>160.7</b>
<b>Internal revenues</b>			<b>0.0</b>		<b>(0.9)</b>	<b>(0.9)</b>
<b>Total operating revenues</b>	<b>324.4</b>	<b>79.2</b>	<b>403.6</b>	<b>220.4</b>	<b>159.8</b>	<b>380.2</b>

## NOTE 10 RELATED PARTY TRANSACTIONS

CGG Joint Ventures and Associates are mainly related to Land Data Acquisition.

The following table presents the transactions with our joint ventures and associates.

	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Coentreprises	Entreprises associées	Total	Coentreprises	Entreprises associées	Total
<i>En millions de dollars US</i>						
Sales of geophysical equipment (a)	—	0.2	0.2	—	37.2	37.2
Equipment rentals and services rendered	—	1.0	1.0	—	0.2	0.2
<b>Operating Revenue</b>	<b>—</b>	<b>1.2</b>	<b>1.2</b>	<b>—</b>	<b>37.4</b>	<b>37.4</b>
Costs of services rendered	—	—	—	(0.7)	—	(0.7)
<b>Cost of operations</b>	<b>—</b>	<b>1.2</b>	<b>1.2</b>	<b>(0.7)</b>	<b>37.4</b>	<b>36.7</b>

(a) The main events of the first half of 2021 were seismic land equipment sales.

	June 30, 2022			December 31, 2021		
	Coentreprises	Entreprises associées	Total	Coentreprises	Entreprises associées	Total
<i>En millions de dollars US</i>						
Trade accounts and notes payable, including agency arrangements (net amount)	1.6	1.9	3.5	1.6	2.3	3.9
<b>Receivables and assets</b>	<b>1.6</b>	<b>1.9</b>	<b>3.5</b>	<b>1.6</b>	<b>2.3</b>	<b>3.9</b>
Trade accounts and notes payable, including agency arrangements	—	1.7	1.7	—	0.9	0.9
<b>Payables and liabilities</b>	<b>—</b>	<b>1.7</b>	<b>1.7</b>	<b>—</b>	<b>0.9</b>	<b>0.9</b>

No credit facility or loan was granted to the Company by shareholders during the last two years.

## NOTE 11 OTHER REVENUES AND EXPENSES

The other revenues and expenses of the first semester 2022 amounted to US\$1.5 million mainly comprising:

- ▶ US\$5.5 million of net proceed from CGG headquarters sale and leaseback (note 2),
- ▶ US\$(1.6) million of restructuring costs corresponding mainly to Data Digital Energy Transition (DDE) severance costs,
- ▶ US\$(1.6) million loss on hedging instruments, and
- ▶ US\$(0.8) million in relation of the GeoSftware and Smart Data Solutions divestments.

The other revenue (expenses) for the first semester of 2021 amounted to US\$10.7 million and was composed of:

- ▶ US\$7.8 million of restructuring costs corresponding mainly to the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020,
- ▶ US\$6.7 million gain mainly due to the remeasurement at fair value of the GeoSoftware business available for sale, and
- ▶ a severance pay of US\$(5.0) million.

**NOTE 12 OTHER FINANCIAL INCOME (LOSS)**

Six months ended June 30,

<i>(In millions of US\$)</i>	2022	2021
Exchange gains (losses), net	2.3	(4.6)
Other financial income (loss), net	0.9	(37.4)
<b>OTHER FINANCIAL INCOME (LOSS)</b>	<b>3.2</b>	<b>(42.0)</b>

As of June 30, 2022, the Other Financial Income (Loss) was a US\$3.2 million gain, including:

- ▶ US\$2.3 million foreign exchange gain mainly driven by the Brazilian real, the Norwegian krone and the Canadian dollar exposures.

In the six months ended June 30, 2021, the Other Financial Income (Loss) was a US\$(42.0) million expense, including:

- ▶ US\$(25.6) million of transaction costs arising from the refinancing (see note 2 of CGG's Universal Registration Document for the year 2021), and
- ▶ US\$(13.8) million of call premium in relation with the early repayment of the Existing First Lien Notes (see note 2 of CGG's Universal Registration Document for the year 2021).

**NOTE 13 SUBSEQUENT EVENTS****Sercel Selected as the Successful Bidder for the Acquisition of ION Software Business**

Sercel was selected as the successful bidder for the acquisition of ION Geophysical Corporation's software business. Sercel intends to keep all employees associated with this business. The acquisition is in connection with ION's recently announced U.S. chapter 11 bankruptcy process.

The closing of the transaction is subject to approval by the bankruptcy court and other customary conditions, including regulatory approvals. We estimate that it should occur in the second semester of 2022.

### Group organization

#### Segment presentation and discontinued operations

The financial information by segment is reported in accordance with our internal reporting system and provides internal segment information that is used by the chief operating decision maker to manage and measure performance.

The 2021 strategic roadmap announced in November 2018 aimed at implementing an asset light business model by reducing CGG's exposure to the contractual data acquisition business. As a result of the strategic announcements and actions undertaken subsequently, we presented our contractual data acquisition operations and the costs of implementation of the related measures, referred to as the CGG 2021 Plan, in accordance with IFRS 5, as discontinued operations and assets held for sale.

Over its 90 years of existence, CGG has developed unique technologies and long-time leading capabilities in high-performance computing, digital and geoscience technologies, sophisticated algorithms, earth data library and sensor solutions. The company is pursuing its efforts to leverage this portfolio and find new areas of growth Beyond the Core, aligning with current global market trends. The growth markets identified are related to Energy Transition, Digital and Environmental Sciences and Infrastructure Monitoring.

In this context and to reflect the evolution of the Group into a Technology company, new segment reporting names were designed and used from the first quarter 2022 financial reporting.

While the Group continues to present its financial information under two reporting segments, they were renamed as follows:

- ▶ Geophysics, Geology and Reservoir (GGR) reporting segment was renamed into Data, Digital & Energy Transition (DDE):
  - a. Geoscience business kept its name as Geoscience (GEO), and
  - b. Multi-Client business was renamed into Earth Data (EDA)
- ▶ Equipment reporting segment was renamed into Sensing & Monitoring (SMO).

#### DDE (ex-GGR)

This operating segment comprises the Geoscience business lines (processing and imaging of geophysical data, reservoir characterization, geophysical consulting and geoscience software sales and services) and the Earth Data (ex multi-client) business line (development and management of a seismic and geological data library that we undertake and license to a number of clients on a non-exclusive basis). Both activities regularly combine their offerings, generating overall synergies between their respective activities.

Beyond the core, CGG is leveraging on its technologies and expertise to address the fast-growing markets of Digital Sciences and Energy Transition.

In Digital Sciences, we focused on our long-standing leadership in digital technology, especially as applied to geoscience, to develop an integrated expert solution including the hardware platform, middleware and software services that are required to cost effectively support advanced cloud-based High-Performance Computing (HPC) workflows and data transformation services. In this platform, we notably propose data, algorithm and software as a service (DaaS/SaaS) on our CGG cloud.

In the Energy Transition, we propose services and technologies dedicated to Carbon Capture Utilization and Storage (CCUS), Geothermal, Environmental Sciences and Minerals and Mining. CCUS, which represents a substantial submarket, is one of the key enablers to reduce carbon footprint. Many energy companies are planning significant CCUS projects and increasingly incorporate this technology in their development. Low carbon energy, such as hydrogen, will also require long term storage and monitoring. To be successful, these new businesses require a detailed understanding of the subsurface, domain where CGG excels, through its advanced geoscience and digital science technologies and its global earth data library.

#### SMO (ex-Equipment)

This operating segment comprises manufacturing and sales activities for land, marine and OBN geophysical equipment used for data seismic acquisition. Additionally, its unique portfolio of industry leading sensor technology allows to bring the benefits of its advanced sensor technology to the fast-growing Monitoring and Observation market, from structural health monitoring (SHM) to monitoring solutions for energy transition (CCUS notably) and environment. The SMO segment carries out its activities through our subsidiary Sercel.

#### Internal reporting and segment presentation

Before the implementation of IFRS 15, the Group applied the percentage of completion method for recognizing Earth Data prefunding revenues. Following the implementation of IFRS 15, the Group recognizes Earth Data prefunding revenues only upon delivery of processed data (when performance obligation is fulfilled).

Although IFRS fairly presents the Group's statement of financial position, for internal reporting purposes CGG's management continues to apply the pre-IFRS 15 revenue recognition principles, with Earth Data prefunding revenues recorded based on percentage of completion. CGG's management believes this method aligns revenues closely with the activities and resources used to generate it and provides useful information as to the progress made on Earth Data surveys, while also allowing for useful comparison across time periods.

CGG therefore presents the Group's results of operations in two ways:

- the "Reported" or "IFRS" figures, prepared in accordance with IFRS, with Earth Data prefunding revenues recognized upon delivery of the data (when performance obligation is fulfilled);
- the "Segment" figures, for purposes of internal management reporting, prepared in accordance with the

Group's previous method for recognizing Earth Data prefunding revenues.

Other companies may present segment and related measures differently than we do. Segment figures are not a measure of financial performance under IFRS and should not be considered as indicators of our operating performance or an alternative to other measures of performance in accordance with IFRS.

### **Market environment and Outlook**

With the economic recovery post-covid, CGG expects the global energy consumption to increase in longer term with Oil and, especially, Gas remaining at the core of the energy mix during all the energy transition journey. With higher hydrocarbons prices, the fundamentals supporting the E&P spending recovery are even stronger today, fueled by years of underinvestment and intensified by elevated energy security and reliability concerns as a consequence of Russia's invasion of Ukraine. In line with recent analyses and reports, we believe the energy sector is entering into an up-cycle that will drive CGG's growth well into 2023 and beyond.

Commenting on Q2 Results, Sophie Zurquiyah, CGG's CEO said :

*"CGG delivered strong performance this quarter mainly driven by higher Earth Data after-sales and sustained Geoscience activity. Market trends, driven by continued underinvestment in exploration and production and intensified by elevated energy security concerns, continue to support our view of a multi-year upcycle with increased spending from all clients, as they progressively refocus on exploration to meet future energy demand. The development of our Beyond the Core businesses continues to make good progress with encouraging commercial wins, successful pilots, and recent acquisition of Geocomp and successful bidding to acquire ION Geophysical Corporation's software business that are reinforcing and expanding the portfolio of our Sensing and Monitoring business. In an inflationary market environment, the business case for our high-end technology, which enables higher efficiency for our clients,*

*becomes even stronger, and I am enthusiastic about the opportunities in front of us."*

### **Impairment, non-recurring and restructuring items**

To adjust to the volatile market environment, the Group may have to incur non-recurring or restructuring costs as well as impairment losses or write-offs due to events or changes in circumstances that reduce the fair value of an asset below its book value.

In the first semester of 2022, the Group pursued the implementation of restructuring measures in continuing operations. These measures have negatively impacted the statement of cash flows by approximately US\$5 million in 2022.

### **Seasonality**

We have historically benefited from higher levels of activity during the fourth quarter since our clients seek to fully spend their annual budget before year-end. Sensing and Monitoring deliveries and Earth Data after-sales usually reflect this pattern. As a consequence, we traditionally experience lower level of activity at the beginning of each year.

### **Accounting policies**

This operating and financial review and prospects should be read in conjunction with our consolidated interim financial statements and the notes thereto.

*Our significant accounting policies are fully described in note 1 to our 2021 consolidated annual financial statements.*

### **Significant events**

*Please refer to note 2 for a discussion of major events during the period.*

## Six months ended June 30, 2022 compared to six months ended June 30, 2021

Unless otherwise specified, comparisons made in this section are between the six months ended June 30, 2022 and the six months ended June 30, 2021. References to 2022 correspond to the six months ended June 30, 2022 and references to 2021 correspond to the six months ended June 30, 2021.

### Operating revenues

The following table sets forth our operating revenues by division for each of the periods stated:

(In millions of US dollars)

	Six months ended June 30,						Increase/(Decrease)	
	2022			2021 (restated)			2022 vs. 2021	
	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	As reported
Geoscience	145.6	-	145.6	139.4	-	139.4	4%	4%
Earth Data	168.0	10.8	178.8	70.9	10.1	81.0	137%	121%
<b>DDE Revenues</b>	<b>313.6</b>	<b>10.8</b>	<b>324.4</b>	<b>210.3</b>	<b>10.1</b>	<b>220.4</b>	<b>49%</b>	<b>47%</b>
<b>SMO Revenues</b>	<b>79.2</b>	<b>-</b>	<b>79.2</b>	<b>160.7</b>	<b>-</b>	<b>160.7</b>	<b>(51)%</b>	<b>(51)%</b>
Eliminated revenues and others	-	-	-	(0.9)	-	(0.9)	(100)%	(100)%
<b>TOTAL OPERATING REVENUES</b>	<b>392.8</b>	<b>10.8</b>	<b>403.6</b>	<b>370.1</b>	<b>10.1</b>	<b>380.2</b>	<b>6%</b>	<b>6%</b>

Our consolidated operating revenues as reported increased by 6% to US\$404 million in 2022 from US\$380 million in 2021. Before IFRS 15 adjustments, our consolidated operating revenues increased by 6% to US\$393 million in 2022 from US\$370 million in 2021, or up 14% year-on-year adjusted for revenues from Geosoft and Smart Data Solutions divested activities. The sustained growing activity worldwide of our Geoscience business and the increase of our Earth Data after sales were partly compensated by the seasonal soft activity in our Sensing and Monitoring business, strengthen through sales shift to the second half of the year. The respective contributions from the Group's businesses to our segment operating revenues were 80% from DDE and 20% from SMO.

#### Data, Digital & Energy Transition (DDE)

Operating revenues as reported from our DDE segment increased by 47% to US\$324 million in 2022 compared to US\$220 million in 2021. Before IFRS 15 adjustments, DDE segment revenues increased similarly by 49% to US\$314 million from US\$210 million in 2021. The main drivers regarding the change in operating revenues are detailed below.

##### Geoscience

Operating revenues as reported from Geoscience was up 4% year-on-year to US\$146 million in 2022 from US\$139 million in 2021, which included US\$31 million from our GeoSoftware and Smart Data Solutions divested businesses. Our Geoscience business had a solid activity sustained by demand for new technologies. The development of our Beyond the Core businesses continues to make good progress with an increasing interest for our Data Hub & HPC Cloud offering.

##### Earth Data

Earth Data revenues as reported increased by 121% to US\$179 million in 2022 compared to US\$81 million in 2021. Before IFRS 15 adjustments, Earth Data segment revenues increased by 137% to US\$168 million from US\$71 million in 2021, which had been strongly impacted by a low activity level.

Prefunding revenues as reported increased by 44% to US\$61 million in 2022 from US\$42 million in 2021. Excluding IFRS 15 adjustment, prefunding revenue of our Earth Data projects increased by 55% year-on-year at US\$50 million from US\$32 million in 2021, commensurate with the level in our Earth Data cash capex at US\$108 million from US\$74 million in 2021, with two vessels working on Earth Data programs in Norwegian North sea and one in offshore Brazil. The cash-prefunding rate was at 46% in 2022 from 44% in 2021.

After-sales revenues increased by 205% at US\$118 million this semester compared to US\$39 million in 2021 driven by transfer fee and level of sales in Latin America.

#### Sensing & Monitoring (SMO)

Total revenues for our SMO segment (including internal and external sales) were down 51% year-on-year at US\$79 million, a low semester with some sales shifted to the second half of the year, from US\$161 million in 2021 which included large mega crews deliveries.

Internal sales remained marginal, close to zero in 2022 compared to less than 1% of total revenues in 2021:

- Land equipment sales represented 41% of total revenues in 2022, compared to 80% in 2021, down 75% year-on-year. Land equipment sales were US\$33 million in 2022 from US\$129 million in 2021, which included high level of equipment delivery in various geographies.
- Marine equipment sales represented 36% of total revenues in 2022 compared to 12% in 2021, a 53% increase in sales to US\$28 million in 2022 from

US\$19 million driven by significant deliveries of OBN nodes.

- Downhole equipment remained stable at US\$8 million in 2022 as in 2021.

- New market sales were up 92% at US\$10 million from US\$5 million in 2021. The acquisition of Geocomp society, which is specialized in high-value services and products for geotechnical risk management and infrastructure monitoring, was finalized during the second quarter.

## Operating expenses

The following table sets forth our operating expenses for each of the periods stated:

(In millions of US\$)

	Six months ended June 30,				Increase/(Decrease)	
	2022		2021 (restated)		2022 vs. 2021	
	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Operating revenues	392.8	403.6	370.1	380.2	6%	6%
Costs of Operations	(277.1)	(279.1)	(350.8)	(357.7)	(21)%	(22)%
<i>% of operating revenues</i>	<i>(71)%</i>	<i>(69)%</i>	<i>(95)%</i>	<i>(94)%</i>		
<b>Gross Margin</b>	<b>116.1</b>	<b>124.9</b>	<b>19.6</b>	<b>22.8</b>	<b>492%</b>	<b>448%</b>
<i>% of operating revenues</i>	<i>30%</i>	<i>31%</i>	<i>5%</i>	<i>6%</i>		
Research and Development	(7.7)	(7.7)	(9.9)	(9.9)	(22)%	(22)%
<i>% of operating revenues</i>	<i>(2)%</i>	<i>(2)%</i>	<i>(3)%</i>	<i>(3)%</i>		
Marketing and Selling	(14.2)	(14.2)	(14.3)	(14.3)	(1)%	(1)%
<i>% of operating revenues</i>	<i>(4)%</i>	<i>(4)%</i>	<i>(4)%</i>	<i>(4)%</i>		
General and Administrative	(34.9)	(34.9)	(30.3)	(30.3)	15%	15%
<i>% of operating revenues</i>	<i>(9)%</i>	<i>(9)%</i>	<i>(8)%</i>	<i>(8)%</i>		
Other incomes (expenses)	1.5	1.5	10.7	10.7	(86)%	(86)%
<b>OPERATING INCOME</b>	<b>60.8</b>	<b>69.6</b>	<b>(24.2)</b>	<b>(21.0)</b>	<b>(351)%</b>	<b>(432)%</b>
<i>% of operating revenues</i>	<i>15%</i>	<i>17%</i>	<i>(7)%</i>	<i>(6)%</i>		

As a percentage of operating revenues as reported, cost of operations as reported decreased to 69% in 2022 from 94% in 2021. Excluding IFRS 15 adjustments, segment cost of operations, as a percentage of the segment operating revenues, was 71% in 2022 from 95% in 2021, mainly due to a higher level of sales, more profitable mix of activities, in an overall more favorable foreign exchange environment.

Excluding impairment loss, the amortization cost of our Earth Data library as reported corresponded to 38% of the Earth Data revenues as reported in 2022 compared to 77% in 2021. Excluding impairment loss and IFRS 15 adjustments, the segment amortization cost of our Earth Data library decreased to 39% of the Earth Data segment revenues in 2022 compared to 78% in 2021, mainly due to higher level of sales and transfer fees recorded during the second quarter.

Gross profit as reported strongly increased to US\$125 million in 2022 from US\$23 million in 2021, representing 31% and 6% of operating revenues, respectively, as a result of the factors discussed above. Segment gross profit was US\$116 million in 2022 from US\$20 million in 2021 and representing 30% of segment operating revenues compared to 5% in previous year.

Research and development costs decreased by 22% in 2022 compared to 2021, mainly as a consequence of the sale of our GeoSoftware business in 2021.

Marketing and selling expenses decreased by 1% in 2022 compared to 2021.

General and administrative expenses increased to US\$35 million in 2022 from US\$30 million in 2021, mainly due to post-covid activity recovery (travelling and expenses in particular), inflationary trends and subsequent salaries impact, associated with specific projects and M&A operations in SMO in an overall favorable foreign exchange rate environment (the average exchange rate was set as US\$1.10 per euro for the first semester 2022 compared to US\$1.21 per euro in 2021).

Other incomes of US\$2 million in 2022 were mainly composed of Galileo Headquarter building sale and lease back impact decreased by restructuring costs in DDE and hedging instrument expenses.

## Operating income

Operating income as reported amounted to a US\$70 million gain in 2022 as a result of the factors described above, compared to a loss of US\$21 million in 2021. Excluding IFRS 15 adjustments, segment operating income was a gain of US\$61 million in 2022 compared to a loss of US\$24 million in 2021.

Segment operating income from our DDE segment was a gain of US\$105 million in 2022 driven by the increase in activity. This result is to be compared to US\$6 million income reported last year.



Segment operating income from our SMO segment was a loss of US\$34 million in 2022, mainly due to land equipment sales decrease and shift of deliveries to next quarter, after a loss of US\$10 million in 2021.

### Financial income and expenses

Net cost of financial debt in 2022 was US\$50 million, compared to US\$68 million in 2021, due to lower interest rate and elimination of capitalized interest obligations pursuant refinancing operation performed in 2021.

Other financial income and expenses amounted to a gain of US\$3 million in 2022, mainly due to foreign exchange gain. In 2021, other financial income and expenses were a loss of US\$42 million, coming from refinancing costs with US\$26 million of transaction fees and US\$14 million of call premium for anticipated reimbursement of the Existing First Lien notes.

### Income taxes

In 2022, income taxes as reported amounted to an expense of US\$23 million which included US\$16 million of deferred tax expenses, compared to an expense of US\$10 million recorded in 2021.

### Net Income from continuing operations

Net income from continuing operations as reported was breakeven in 2022 compared to a loss of US\$141 million in 2021 as a result of the factors discussed above.

## Cash flows from continuing operations

### Operating activities

The following table presents a summary of the net cash as reported related to operating activities for each of the periods stated:

*(In millions of US dollars)*

	Six months ended June 30,	
	2022	2021 (restated)
Net cash before changes in working capital	171.6	44.3
Change in working capital	34.1	115.0
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>205.7</b>	<b>159.3</b>

Net cash as reported before changes in working capital provided by operating activities in 2022 was US\$172 million compared to US\$44 million in 2021, mainly due to the DDE segment dynamics, with high Earth Data after-sales and transfer fees associated with a solid Geoscience commercial activity worldwide.

Changes in working capital had a positive impact on cash from operating activities of US\$34 million in 2022, supported

### Net Income from discontinued operations

Operating revenues for Contractual Data Acquisition were null in 2022 compared to US\$19 million in 2021, as Multi-Physics business sale was finalized on June 30, 2021.

Net income from discontinued operations amounted to a loss of US\$2 million in 2022 compared to an income US\$5 million in 2021.

### Net income

Net income as reported was a loss of US\$2 million in 2022 compared to a loss of US\$136 million in 2021.

### Liquidity and capital resources

Our principal financing needs are the funding of ongoing operations and capital expenditures, investments in our Earth data library, the funding of the restructuring costs and other expenses of the "CGG 2021 Plan" as well as our debt service obligations.

With the refinancing completed on April 1, 2021, we do not have any major debt repayment scheduled before 2027, the maturity date of our new senior secured notes. We intend to fund our capital requirements through cash generated by operations and liquidity on hand. In the past, we have obtained financing through bank borrowings, capital increases and issuances of debt and equity-linked securities.

Our ability to make scheduled payments of principal, or to pay the interest or additional amounts, if any, or to refinance our indebtedness, or to fund planned capital expenditures will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

by the collection of significant year-end sales (usual seasonal pattern) and of transfer fee during the period, while SMO started building up its inventories to secure future sales. Excluding IFRS 15 adjustments, changes in working capital had a positive impact on cash from operating activities of US\$45 million.

Net cash provided by operating activities was US\$206 million in 2022 compared to US\$160 million in 2021.

## Investing activities

The following table presents the main items linked to investing activities for each of the periods stated:

(In millions of US dollars)

	Six months ended June 30,	
	2022	2021 (restated)
<b>Net cash used in investing activities</b>	<b>113.7</b>	<b>100.7</b>
<i>Of which</i>		
Industrial capital expenditures	8.9	9.4
Capitalized development costs	10.6	16.3
Earth Data surveys	107.7	73.5
Acquisitions and Proceeds of Assets	(16.7)	2.8

The net cash used in investing activities increased to US\$114 million in 2022 compared to US\$101 million in 2021.

Capitalized development costs reduced by US\$6 million to US\$11 million in 2022 from US\$16 million in 2021 mainly as a consequence of the sale of our GeoSoftware business in 2021.

Earth Data surveys were up by US\$24 million at US\$108 million in 2022 as we operated three marine streamer surveys, of which one located in the South Santos basin of Brazil and two in Norwegian North sea, as well as two Gulf of Mexico reprocessing programs.

## Financing activities

Net cash used by financing activities was US\$71 million in 2022 mainly composed of lease payments and financial

As of June 30, 2022, the net book value of our Earth data library as reported was US\$443 million compared to US\$393 million as of December 31, 2021. Excluding IFRS 15 adjustments, the segment net book value of our Earth Data library was US\$334 million as of June 30, 2022, compared to US\$283 million as of December 31, 2021.

From our acquisitions and proceeds of assets, we recorded an inflow of US\$17 million, mainly including a proceed of US\$34 million from the sale and leaseback of Galileo Headquarter building offset by a US\$16 million outflow from the acquisition of Geocomp.

expenses paid, compared to a net cash used of US\$137 million in 2021 which included the refinancing related cash outflow.

## Net cash flows from discontinued operations

The following table presents a summary of the cash flow of the discontinued operations for each of the periods stated:

(In millions of US dollars)

	Six months ended June 30,	
	2022	2021 (restated)
<b>Net cash flow incurred by discontinued operations</b>	<b>(10.4)</b>	<b>(18.5)</b>

Net cash flow incurred by discontinued operations was US\$10 million in 2022 and included US\$11 million cash outflows in respect of Idle Vessel Compensation compared to US\$19 million in 2021.

## Net financial debt

Net financial debt as of June 30, 2022 was US\$909 million compared to US\$989 million as of December 31, 2021. The ratio of net financial debt to equity was 92% as of June 30, 2022 compared to 103% as of December 31, 2021.

“Gross financial debt” is the amount of bank overdrafts, plus current portion of financial debt, plus financial debt, and “net financial debt” is gross financial debt less cash and cash equivalents. Net financial debt is presented as additional information because we understand that certain investors

believe that netting cash against debt provides a clearer picture of our financial liability exposure. However, other companies may present net financial debt differently than we do. Net financial debt is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of net financial debt to financing items of our statement of financial position at June 30, 2022 and December 31, 2021:

<i>(In millions of US dollars)</i>	June 30, 2022	December 31, 2021
Bank overdrafts	-	-
Current portion of financial debt	57.2	90.3
Financial debt	1,168.7	1,218.1
<b>Gross financial debt</b>	<b>1,225.9</b>	<b>1,308.4</b>
Less cash and cash equivalents	(316.9)	(319.2)
<b>Net financial debt</b>	<b>909.0</b>	<b>989.2</b>

### EBIT and EBITDAs (unaudited)

EBIT is defined as operating income plus our share of income in companies accounted for under the equity method. As a complement to operating income, EBIT may be used by management as a performance indicator for segments because it captures the contribution to our results of the significant businesses that we manage through our joint ventures.

EBITDAs is defined as earnings before interest, tax, income from equity affiliates, depreciation, amortization net of amortization expense capitalized to Earth Data and share-based compensation cost. Share-based compensation includes both stock options and shares issued under our share allocation plans. EBITDAs is presented as additional

information because we understand that it is one measure used by certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements.

However, other companies may present EBIT and EBITDAs differently than we do. EBIT and EBITDAs are not a measure of financial performance under IFRS and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of EBITDAs and EBIT to net income for the periods indicated:

	Six months ended June 30, 2022		
	Segment Figures	IFRS 15 adjustments	As reported
<b>EBITDAs</b>	<b>164.2</b>	<b>10.8</b>	<b>175.0</b>
Depreciation and amortization	(43.9)	-	(43.9)
Earth Data surveys impairment and amortization	(66.1)	(2.0)	(68.1)
Depreciation and amortization capitalized to Earth Data surveys	7.9	-	7.9
Share-based compensation expenses	(1.3)	-	(1.3)
<b>Operating income</b>	<b>60.8</b>	<b>8.8</b>	<b>69.6</b>
Share of (income) loss in companies accounted for under equity method	-	-	-
<b>EBIT</b>	<b>60.8</b>	<b>8.8</b>	<b>69.6</b>
Cost of financial debt, net	(50.3)	-	(50.3)
Other financial income (loss)	3.2	-	3.2
Total income taxes	(22.9)	-	(22.9)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(9.2)</b>	<b>8.8</b>	<b>(0.4)</b>

In millions of US\$

Six months ended June 30, 2021 (restated)

	Segment Figures	IFRS 15 adjustments	As reported
<b>EBITDAs</b>	<b>71.5</b>	<b>10.1</b>	<b>81.6</b>
Depreciation and amortization	(50.2)	-	(50.2)
Earth Data surveys impairment and amortization	(55.4)	(6.9)	(62.3)
Depreciation and amortization capitalized to Earth Data surveys	8.7	-	8.7
Share-based compensation expenses	1.2	-	1.2
<b>Operating income</b>	<b>(24.2)</b>	<b>3.2</b>	<b>(21.0)</b>
Share of (income) loss in companies accounted for under equity method	0.1	-	0.1
<b>EBIT</b>	<b>(24.1)</b>	<b>3.2</b>	<b>(20.9)</b>
Cost of financial debt, net	(67.6)	-	(67.6)
Other financial income (loss)	(42.0)	-	(42.0)
Total income taxes	(10.4)	-	(10.4)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(144.1)</b>	<b>3.2</b>	<b>(140.9)</b>

In millions of US\$

Six months ended June 30, 2022

	Segment Figures	IFRS 15 adjustments	As reported
DDE	191.7	10.8	202.5
SMO	(19.3)		(19.3)
Eliminations and other	(8.2)		(8.2)
<b>EBITDAs</b>	<b>164.2</b>	<b>10.8</b>	<b>175.0</b>

In millions of US\$

Six months ended June 30, 2021 (restated)

	Segment Figures	IFRS 15 adjustments	As reported
DDE	83.5	10.1	93.6
SMO	6.7		6.7
Eliminations and other	(18.7)		(18.7)
<b>EBITDAs</b>	<b>71.5</b>	<b>10.1</b>	<b>81.6</b>

## Net cash flow

“Net cash flow” is defined as “Net cash flow provided by operating activities” plus “Total net proceeds from disposals of assets”, minus (i) “Total capital expenditures” and “Investments in Earth Data surveys, net cash” as set out in our consolidated statement of cash flows in the “Investing section”, (ii) “Lease repayment” and “Financial expenses paid” as set out in our consolidated statement of cash flows in the “Financing section”, and (iii) “Net cash flows incurred by Discontinued Operations”.

Net cash flow is presented as additional information because we understand that it is one measure used by certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. However, other companies may present net cash flow differently than we do. Net cash flow is not a measure of financial performance under IFRS and should not be considered as an alternative to cash flow from operating activities or any other measures of performance derived in accordance with IFRS

<i>(In millions of US\$)</i>	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Net cash flow provided by operating activities	205.7	159.3
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(19.5)	(25.7)
Investments in Earth Data surveys, net cash	(107.7)	(73.5)
Proceeds from disposals of tangible and intangible assets	33.6	-
Total net proceeds from financial assets	0.5	(2.4)
Acquisition of investments, net of cash & cash equivalents acquired	(17.4)	(0.4)
Lease repayments	(25.0)	(29.5)
Financial expenses paid	(47.0)	(36.5)
<b>Net cash flow before net cash flows incurred by Discontinued Operations</b>	<b>23.2</b>	<b>(8.7)</b>
Net cash flows incurred by Discontinued Operations	(10.4)	(18.5)
<b>NET CASH FLOW</b>	<b>12.8</b>	<b>(27.2)</b>

Net cash flow amounted to inflows of US\$13 million in 2022 compared to outflows of US\$27 million in 2021. Net cash flow before net cash flow incurred by Discontinued Operations

represented inflows of US\$23 million in 2022, compared to outflows of US\$9 million in 2021.

## Contractual Obligations, commitments and contingencies

The following table sets forth our future cash obligations (not discounted) as of June 30, 2022:

(In millions of US\$)	Payments due by period				Total
	Less than 1 year	1-3 years	4-5 years	After 5 years	
<b>Long-term debt obligations:</b>					
Financial debt (including cumulated PIK)	-	0.6	1,108.5	1.0	1,110.1
Other long-term obligations (cash interests)	92.6	185.2	179.0	-	456.8
<b>Total Long-term debt obligations</b>	<b>92.6</b>	<b>185.8</b>	<b>1,287.5</b>	<b>1.0</b>	<b>1,566.9</b>
Lease obligations	43.2	43.6	11.4	13.9	112.1
<b>Total Contractual Cash Obligations <sup>(a)</sup></b>	<b>135.8</b>	<b>229.4</b>	<b>1,298.9</b>	<b>14.9</b>	<b>1,679.0</b>

(a) Payments in other currencies are converted into U.S. dollars at June 30, 2022 exchange rates.

### Capacity Agreement and Idle Vessels Compensation

On January 8, 2020, CGG and Shearwater signed a Capacity Agreement, which is a marine data acquisition service contract, under the terms of which CGG is committed to using Shearwater's vessel capacity in its Earth Data business over a five-year period, at an average of 730 days per year.

The Capacity Agreement provides compensation of Shearwater for days when more than one of its high-end seismic vessels are idle, up to a maximum of three vessels.

The maximum Idle Vessel Compensation amount for a full year is to US\$22 million. At June 30, 2022 the residual commitment (discounted) in respect of Idle Vessel Compensation through to the end of the five-year period was US\$47 million.

### Step-In Agreements

As indicated in note 17 to our 2021 consolidated annual financial statements, under the Payment Instructions Agreement CGG committed to paying part of the amounts due under the Capacity Agreement directly to the GSS subsidiaries to cover Shearwater CharterCo's obligations under its bareboat charter agreements.

The Step-In Agreements will not impact our balance sheet unless a triggering event, as described in note 17 to our 2021

consolidated annual financial statements, occurs. In that event, our obligations under the Capacity Agreement would be terminated and replaced by our obligations under the Step-In Agreements, representing a lower amount of commitment compared to the Capacity Agreement.

### Currency fluctuations

As a company that derives a substantial amount of its revenue from sales internationally, we are subject to risks relating to fluctuations in currency exchange rates. Our revenues and expenses are mainly denominated in US dollars and euros, and to a significantly lesser extent, in Brazilian reais, Chinese yuan, Norwegian kroner, British pounds, Canadian dollars, and Australian dollars.

As of December 31, 2021, we estimated our net annual recurring expenses in euros at the Group level to be approximately €180 million and as a result, an unfavorable variation of US\$0.10 in the average yearly exchange rate between the US dollar and the euro would reduce our net income and our shareholders' equity by approximately US\$18 million.

*For further details on the effect of fluctuations in the exchange rate upon our results of operations, please refer to note 14 to our 2021 consolidated annual financial statements.*