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CONDENSED INTERIM FINANCIAL REPORT

Third quarter 2022 Results

November 2, 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 or on the website maintained by the AMF (French only) at 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 or writing to CGG – Investor Relations Department – 27, avenue Carnot – 91341 Massy, France.

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

(In millions of US$, except per share data)	Notes	Nine months ended September 30, 2022	2021 Restated [(a)]
Operating revenues	9	**658.5**	**590.6**
Other income from ordinary activities		0.5	0.5
Total income from ordinary activities		**659.0**	**591.1**
Cost of operations		(477.8)	(517.1)
Gross profit		**181.2**	**74.0**
Research and development expenses - net		(12.5)	(15.5)
Marketing and selling expenses		(21.8)	(22.3)
General and administrative expenses		(51.0)	(46.2)
Other revenues (expenses) - net	10	1.4	9.6
Operating income (loss)	**9**	**97.3**	**(0.4)**
Cost of financial debt - gross		(75.7)	(95.2)
Income provided by cash and cash equivalents		1.1	0.9
Cost of financial debt, net		**(74.6)**	**(94.3)**
Other financial income (loss)	11	2.4	(42.1)
Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method		**25.1**	**(136.8)**
Income taxes		(26.6)	(17.4)
Net income (loss) before share of income (loss) from companies accounted for under the equity method		**(1.5)**	**(154.2)**
Net income (loss) from companies accounted for under the equity method		**(0.1)**	
Net income (loss) from continuing operations		**(1.6)**	**(154.2)**
Net income (loss) from discontinued operations	3	(2.4)	2.1
Consolidated net income (loss)		**(4.0)**	**(152.1)**
Attributable to :			
Owners of CGG S.A	$	(2.8)	(153.8)
Non-controlling interests	$	**(1.2)**	1.7
Net income (loss) per share [(b)]			
Basic	$	—	(0.22)
Diluted	$	—	(0.22)
Net income (loss) from continuing operations per share [(b)]			
Basic	$	—	(0.22)
Diluted	$	—	(0.22)
Net income (loss) from discontinued operations per share [(b)]			
Basic	$	—	0.00
Diluted	$	—	0.00

(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$(4.0) 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

(In millions of US$, except per share data)	Notes	Three months ended September 30, 2022	2021 Restated [(a)]
Operating revenues		**254.9**	**210.4**
Other income from ordinary activities		0.1	0.2
Total income from ordinary activities		**255.0**	**210.6**
Cost of operations		(198.7)	(159.4)
Gross profit		**56.3**	**51.2**
Research and development expenses - net		(4.8)	(5.6)
Marketing and selling expenses		(7.6)	(8.0)
General and administrative expenses		(16.1)	(15.9)
Other revenues (expenses) - net		(0.1)	(1.1)
Operating income (loss)		**27.7**	**20.6**
Cost of financial debt - gross		(24.7)	(26.9)
Income provided by cash and cash equivalents		0.4	0.2
Cost of financial debt, net		**(24.3)**	**(26.7)**
Other financial income (loss)		(0.8)	(0.1)
Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method		**2.6**	**(6.2)**
Income taxes		(3.7)	(7.0)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method		**(1.1)**	**(13.2)**
Net income (loss) from companies accounted for under the equity method		(0.1)	(0.1)
Net income (loss) from continuing operations		**(1.2)**	**(13.3)**
Net income (loss) from discontinued operations		(0.4)	(2.8)
Consolidated net income (loss)		**(1.6)**	**(16.1)**
Attributable to :			
Owners of CGG S.A	$	(1.0)	(16.7)
Non-controlling interests	$	(0.6)	0.6
Net income (loss) per share			
Basic	$	—	(0.03)
Diluted	$	—	(0.03)
Net income (loss) from continuing operations per share			
Basic	$	—	(0.02)
Diluted	$	—	(0.02)
Net income (loss) from discontinued operations per share			
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)

(In millions of US$)	Nine months ended September 30, 2022 [a]	2021 Restated [a] [b]
Net income (loss) from statements of operations	**(4.0)**	**(152.0)**
Net gain (loss) on cash flow hedges	(1.6)	0.9
Variation in translation adjustments	(46.5)	(16.1)
Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (1)	**(48.1)**	**(15.2)**
Net gain (loss) on actuarial changes on pension plan	2.2	2.5
Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (2)	**2.2**	**2.5**
Total other comprehensive income (loss) for the period, net of taxes (1) + (2)	**(45.9)**	**(12.7)**
Total comprehensive income (loss) for the period	**(49.9)**	**(164.7)**
Attributable to :		
Owners of CGG S.A.	*(44.1)*	*(166.8)*
Non-controlling interests	*(5.8)*	*2.1*

(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$(3.9) million in the total comprehensive loss for the period. See note 3.

Unaudited Consolidated statement of financial position

(In millions of US$)	Notes	September 30, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		225.1	319.2
Trade accounts and notes receivable, net		283.6	350.7
Inventories and work-in-progress, net [(a)]		242.2	197.3
Income tax assets		61.8	68.7
Other current financial assets, net	3	0.1	1.7
Other current assets, net		83.6	105.1
Assets held for sale, net	3	-	-
Total current assets		**896.4**	**1,042.7**
Deferred tax assets		15.4	19.6
Other non-current assets, net		24.0	17.8
Investments and other financial assets, net		2.8	-
Investments in companies under the equity method		28.0	28.1
Property, plant and equipment, net	4	148.6	212.1
Intangible assets, net		566.9	520.7
Goodwill, net	5	1,100.0	1,083.6
Total non-current assets		**1,885.7**	**1,881.9**
TOTAL ASSETS		**2,782.1**	**2,924.6**
LIABILITIES AND EQUITY			
Financial debt – current portion	6	75.1	90.3
Trade accounts and notes payables		114.2	76.4
Accrued payroll costs		80.4	105.4
Income taxes payable		29.0	30.4
Advance billings to customers		24.8	27.1
Provisions — current portion		17.9	18.2
Other current financial liabilities		19.7	19.2
Other current liabilities		174.2	218.2
Liabilities directly associated with the assets classified as held for sale	3	-	-
Total current liabilities		**535.3**	**585.2**
Deferred tax liabilities		21.6	14.1
Provisions — non-current portion		26.1	30.6
Financial debt – non-current portion	6	1,125.7	1,218.1
Other non-current financial liabilities		22.7	37.4
Other non-current liabilities		20.7	32.8
Total non-current liabilities		**1,216.8**	**1,333.0**
Common stock: 1,148,203,130 shares authorized and 712,357,225 shares with a €0.01 nominal value outstanding at September 30, 2022		8.7	8.7
Additional paid-in capital		118.5	464.1
Retained earnings		917.2	570.0
Other Reserves		77.1	5.0
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		(2.4)	(0.8)
Cumulative translation adjustment		(106.1)	(64.2)
Equity attributable to owners of CGG S.A.		**992.9**	**962.7**
Non-controlling interests		37.1	43.7
Total equity		**1,030.0**	**1,006.4**
TOTAL LIABILITIES AND EQUITY		**2,782.1**	**2,924.6**

(a) *The Increase in inventories is mostly related to Sercel's sale stream of equipment as of end of September 2022*

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Consolidated statement of cash flows

(In millions of US$)	Notes	Nine months ended September 30, 2022	2021 Restated [a]
OPERATING ACTIVITIES			
Consolidated net income (loss)		(4.0)	(152.1)
Less: Net income (loss) from discontinued operations	3	2.4	(2.1)
Net income (loss) from continuing operations		**(1.6)**	**(154.2)**
Depreciation, amortization and impairment	9	65.2	76.9
Earth Data surveys impairment and amortization [b]	9	136.9	77.5
Depreciation and amortization capitalized in Earth Data surveys [b]		(11.7)	(12.9)
Variance on provisions		(0.8)	(32.3)
Share-based compensation expenses		2.3	(0.7)
Net (gain) loss on disposal of fixed and financial assets		(3.9)	(0.3)
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		(2.4)	42.2
Net cash-flow including net cost of financial debt and income tax		**184.1**	**(3.8)**
Less : Cost of financial debt	6	74.6	94.3
Less : Income tax expense (gain)		26.6	17.4
Net cash-flow excluding net cost of financial debt and income tax		**285.3**	**107.9**
Income tax paid		(3.8)	1.2
Net cash-flow before changes in working capital		**281.5**	**109.1**
Changes in working capital		**(38.8)**	**126.1**
- change in trade accounts and notes receivable		30.0	116.2
- change in inventories and work-in-progress		(69.8)	12.9
- change in other current assets		5.1	(12.2)
- change in trade accounts and notes payable		36.1	(6.1)
- change in other current liabilities		(40.2)	15.3
Net cash-flow from operating activities		**242.7**	**235.2**
INVESTING ACTIVITIES			
Total capital expenditures (tangible and intangible assets) net of variation of fixed assets suppliers, excluding Earth Data surveys) [b]	4	(29.6)	(40.9)
Investment in Earth Data surveys [b]		(179.9)	(131.0)
Proceeds from disposals of tangible and intangible assets [c]	2, 6	33.1	0.2
Proceeds from divestment of activities and sale of financial assets		4.8	(2.4)
Acquisition of investments, net of cash and cash equivalents acquired [d]	2	(36.7)	(1.9)
Variation in loans granted		—	—
Variation in subsidies for capital expenditures		(0.1)	—
Variation in other non-current financial assets		(6.7)	(2.3)
Net cash-flow used in investing activities		**(215.1)**	**(178.3)**

(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.*

(b) *Please refer to New Segment Reporting Names (note 2)*

(c) *Sale and leaseback of CGG headquarters (note 2)*

(d) *Includes the acquisition of Geocomp Corporation and Ion Geophysical Corporation (note 2)*

(In millions of US$)	Notes	Nine months ended September 30, 2022	2021 Restated [(a)]
FINANCING ACTIVITIES			
Repayment of long-term debt	6	—	(1,227.5)
Total issuance of long-term debt	6	—	1,160.0
Lease repayments	6	(36.6)	(43.7)
Change in short-term loans		—	(0.2)
Financial expenses paid	6	(46.9)	(36.7)
Loan granted	6	1.7	(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		—	—
Net cash-flow provided by (used in) financing activities		**(82.2)**	**(153.4)**
Effects of exchange rates on cash		(23.1)	(8.0)
Impact of changes in consolidation scope		—	—
Net cash flows incurred by discontinued operations	3	**(16.4)**	**(41.2)**
Net increase (decrease) in cash and cash equivalents		**(94.1)**	**(145.7)**
Cash and cash equivalents at beginning of year		319.2	385.4
Cash and cash equivalents at end of period		**225.1**	**239.7**

(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

Amounts in millions of US$, except share data	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
Balance at January 1, 2021	***711,392,383***	**8.7**	**1,687.1**	**(480.6)**	**(37.3)**	**(20.1)**	**(0.7)**	**(37.3)**	**1,119.8**	**44.9**	**1,164.7**
Net gain (loss) on actuarial changes on pension plan (1)	-	-	-	2.5	-	-	-	-	**2.5**	-	**2.5**
Net gain (loss) on cash flow hedges (2)	-	-	-	-	-	-	0.9	-	**0.9**	-	**0.9**
Net gain (loss) on translation adjustments (3)	-	-	-	-	-	-	-	(16.5)	**(16.5)**	0.4	**(16.1)**
Other comprehensive income (1)+(2)+(3)	**-**	**-**	**-**	**2.5**	**-**	**-**	**0.9**	**(16.5)**	**(13.1)**	**0.4**	**(12.7)**
Net income (loss) (4)	-	-	-	(153.7)	-	-	-	-	**(153.7)**	1.7	**(152.0)**
Comprehensive income (1)+(2)+(3)+(4)	**-**	**-**	**-**	**(151.2)**	**-**	**-**	**0.9**	**(16.5)**	**(166.8)**	**2.1**	**(164.7)**
Exercise of warrants	4,078.0	-	-	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	-	**-**	(3.6)	**(3.6)**
Cost of share-based payment	265,380.0	-	-	-	-	-	-	-	**-**	-	**-**
Transfer to retained earnings of the parent company	-	-	(1,223.0)	1,223.0	-	-	-	-	**-**	-	**-**
Variation in translation adjustments generated by the parent company	-	-	-	-	26.2	-	-	-	**26.2**	-	**26.2**
Changes in consolidation scope and other	-	-	-	-	-	-	-	-	**-**	0.9	**0.9**
Balance at September 30, 2021(a)	**711,661,841**	**8.7**	**464.1**	**591.2**	**(11.1)**	**(20.1)**	**0.2**	**(53.8)**	**979.2**	**44.3**	**1,023.5**

(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$(4.0) million in the net income of the period.

Amounts in millions of US$, except share data	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
Balance at January 1, 2022	**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)	-	-	-	-	-	-	(1.6)	-	(1.6)	-	(1.6)
Net gain (loss) on translation adjustments (3)	-	-	-	-	-	-	-	(41.9)	(41.9)	(4.6)	(46.5)
Other comprehensive income (1)+(2)+(3)	**0**	**0.0**	**0.0**	**2.2**	**0.0**	**0.0**	**(1.6)**	**(41.9)**	**(41.3)**	**(4.6)**	**(45.9)**
Net income (loss) (4)	-	-	-	(2.8)	-	-	-	-	(2.8)	(1.2)	(4.0)
Comprehensive income (1)+(2)+(3)+(4)	**0**	**0.0**	**0.0**	**(0.6)**	**0.0**	**0.0**	**(1.6)**	**(41.9)**	**(44.1)**	**(5.8)**	**(49.9)**
Exercise of warrants	122,182	-	0.4	-	-	-	-	-	0.4	-	0.4
Dividends	-	-	-	-	-	-	-	-	0.0	(0.9)	(0.9)
Cost of share-based payment	571,118	-	-	1.9	-	-	-	-	1.9	-	1.9
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	-	-	-	-	72.1	-	-	-	72.1	-	72.1
Changes in consolidation scope and other	-	-	-	(0.1)	-	-	-	-	(0.1)	0.1	0.0
Balance at September 30, 2022	**712,357,225**	**8.7**	**118.5**	**917.2**	**77.1**	**(20.1)**	**(2.4)**	**(106.1)**	**992.9**	**37.1**	**1,030.0**

(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 as of end of September 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 September 30, 2022.

The Board of Directors has authorized these interim condensed consolidated financial statements on November 2, 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; IFRS 16 Leases ; 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
- Amendments to IAS 12 Income Tax: Deferred tax related to assets and liabilities arising from a single transaction

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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback

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.

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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 as of end of September 2022 from Russia were less than 1% of CGG Group revenue,
- Capital employed (including cash) from Russian subsidiaries were less than 0.4% 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 2% 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$32.8 million:
  - (i) Sale price less transaction fees for US$62.3 million, and
  - (ii) Less purchase option exercised to acquire the building and to repay the lease liability for US$(29.5) million (note 6).
- Disposal of asset for US$(54.9) 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$12.1 million and US$(14.0) million (notes 4 and 6), and
- Net gain of US$5.6 million in the statement of operations (note 10).

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:

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

(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 significant elements of statement of operations for the period since effective acquisition date were as follows:

(In millions of US$)	
Revenue	7.5
Operating margin	0.4

Acquisition of ION's Software Business

Effective 12 September 2022, Sercel has completed the acquisition of ION Geophyisical Corporation's ("ION") software business including :

- Orca: a navigation system dedicated to streamers,
- Gator: a navigation system dedicated to OBN,
- Mesa: a set of tools for optimizing land and marine seismic crews,
- Marlin: a software for managing simultaneous marine operations, used for marine seismic crews, as well as for various other offshore operations and harbors

The acquisition price amounts to US$20 million.

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

(In millions of US$)	**As of September 12, 2022**
Preliminary goodwill *(c)*	17.8
Property, plant and equipment	1.0
Current assets	2.7
Cash and cash equivalent	0.8
Total assets	**22.3**
Financial debt (lease liabilities)	0.7
Current and non-current liabilities *(b)*	1.6
Total liabilities	**2.3**
Fixed purchase price	**20.0**

(c) 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.

The significant elements of statement of operations for the period since effective acquisition date were as follows:

(In millions of US$)	
Revenue	0.9
Operating margin	0.1

NOTE 3 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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 September 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.
- The book value of our stake by application of equity method is higher than its fair value. Therefore it remains valued at the latter, estimated at US$ 25 million, unchanged compared to year-end 2021 assessment.

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.

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 resulted in a net cash outflow for US$(1.7) million paid by CGG on 5 July 2022.

At September-end, the impacts of the settlement on the net price (including remaining transaction costs) are :

- US$ (1,4) million in the consolidated statement of operations.
- US$ 4.7 million in the consolidated statement of cash flows.

We estimate the net cash flow to be transferred to TSS at US$1.5 million by September-end.

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

(In millions of US$)	Nine months ended September 30, 2022	2021
Operating revenues	-	18.7
Operating income (loss)	(0.9)	(2.4)
Net income (loss) from discontinued operations	**(2.4)**	**2.1**

Net loss from discontinued operations amounted to US$(2.4) million as end of September 2022 including US$(2.2) million of financial expenses in relation with the discount of the Idle Vessel Compensation.

For the period ended September 30, 2021, the net income from discontinued operations amounted to US$2.1 million and was impacted by the following non-cash items:

- US$1.9 million for the gain on the sale of our Multi-Physics business
- US$(2.8) million of discount of the Idle Vessel Compensation, and
- US$5.2 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:

(In millions of US$)	Nine months ended September 30, 2022	2021
Net cash-flow from discontinued operations	**(16.4)**	**(41.2)**

In 2022, the net cash flow from discontinued operations corresponds mainly to the outflows related to the Idle Vessel Compensation.

In 2021, the net cash flow generated by discontinued operations included disbursements in respect of the CGG 2021 Plan for an amount of US$(25.8) million, of which US$(6.9) million was severance cash outflows and US$(16.4) 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$(54.9) million (note 2),
- Right-of-use arising from the leaseback for US$12.1 million (note 2).

	September 30, 2022			December 31, 2021		
(in millions of US$)	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Land	4.5	0.0	4.5	5.7	-	5.7
Buildings	124.7	(99.4)	25.3	153.8	(115.0)	38.8
Machinery & Equipment	264.8	(231.9)	33.0	276.4	(233.4)	43.0
Other tangible assets	121.6	(102.2)	19.4	110.2	(104.0)	6.2
Right-of-use assets	170.5	(104.1)	66.4	254.9	(136.5)	118.4
- Property	*115.9*	*(75.9)*	*40.0*	197.9	(106.9)	91.0
- Machinery & Equipment	*54.6*	*(28.2)*	*26.4*	57.0	(29.6)	27.4
TOTAL PROPERTY, PLANT and EQUIPMENT	**686.1**	**(537.6)**	**148.6**	**801.0**	**(588.9)**	**212.1**

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 September 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 September 30, 2022 and at December 31, 2021.

Variation over the period

(In millions of US$)	September 30, 2022	December 31, 2021
Balance at beginning of period	**212.1**	**268.1**
Acquisitions [(a)]	30.8	55.7
Depreciation [(b)]	(44.9)	(74.9)
Disposals	0.0	(0.8)
Sale and leaseback [(c)]	(42.8)	-
Translation adjustments	(11.0)	(9.6)
Change in consolidation scope	6.8	0.8
Impairment of assets [(d)]	0.0	(10.5)
Reclassification of tangible assets as “Assets held for sale” [(e)]	0.0	(14.1)
Other	(2.4)	(2.6)
BALANCE AT END OF PERIOD	**148.6**	**212.1**

(a) Including US$16.8 million additional right-of use assets at September 30, 2022, compared to US$25.7 million in 2021.

(b) Including US$25.8 million depreciations of right-of-use assets at September 30, 2022, compared to US$46.0 million in 2021.

(c) Relates to CGG headquarters sale and leaseback, including US$12.1 million of right-of-use asset and US$(54.9) 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

(In millions of US$)	September 30, 2022	December 31, 2021
Acquisitions of tangible assets, excluding leases	14.0	30.0
Capitalized development costs	14.8	29.6
Acquisitions of other intangible assets, excluding Earth Data surveys	0.3	0.1
Change in fixed asset suppliers	0.5	(0.8)
Reclassification of tangible assets in "Assets held for sale"	-	(0.3)
TOTAL PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS ACCORDING TO CASH FLOW STATEMENT ("CAPITAL EXPENDITURES")	**29.6**	**58.6**

NOTE 5 GOODWILL

Goodwill is analyzed as follows:

Variation of the period

(In millions of US$)	September 30, 2022	December 31, 2021
Balance at beginning of period	**1,083.6**	**1,186.5**
Change in consolidation scope [(a)]	29.9	-
Impairment [(b)]	-	(101.8)
Translation adjustments	(13.5)	(1.1)
Balance at end of period	**1,100.0**	**1,083.6**

(a) Preliminary purchase price allocation of Geocomp Corporation and ION (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 31st 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 nine months 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 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.

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

(In millions of US$)	September 30, 2022	December 31, 2020
CGU EDA	*182.2*	*182.2*
CGU Geoscience	*723.5*	*724.0*
DDE	**905.7**	**906.2**
CGU SMO	**194.3**	**177.4**
Balance at end of period	**1,100.0**	**1,083.6**

NOTE 6 FINANCIAL DEBT

Gross financial debt as of September 30, 2022 was 1,200.8 million compared to US$1,308.4 million as of December 31, 2021.

The breakdow of our gross debt is as follows :

(In millions of US$)	September 30, 2022			December 31, 2021
	Current	Non-current	Total	Total
2027 Notes	-	1,070.2	1,070.2	1,162.6
Bank loans and other loans	0.1	2.8	2.9	2.5
Lease liabilities	34.2	52.7	86.9	122.8
Sub-total	**34.3**	**1,125.7**	**1,160.0**	**1,287.9**
Accrued interests	40.8	-	40.8	20.5
Financial debt	**75.1**	**1,125.7**	**1,200.8**	**1,308.4**
Bank overdrafts	-	-	-	-
TOTAL	**75.1**	**1,125.7**	**1,200.8**	**1,308.4**

Changes in liabilities arising from financing activities

(In millions of US$)	September 30, 2022	December 31, 2021
Balance at beginning of period	**1,308.4**	**1,389.1**
Decrease in long term debts	-	(1,227.5)
Increase in long-term debts	-	1,188.2
Lease repayments	(36.6)	(57.3)
Sale and leaseback [(a)]	(29.5)	
Financial interests paid [(b)]	(46.9)	(89.8)
Total Cash flows	**(113.0)**	**(186.4)**
Cost of financial debt, net [(b)]	74.6	120.5
Call premium	-	13.8
Increase in lease liabilities [(c)]	30.8	25.7
Change in consolidation scope [(d)]	4.0	-
Translation adjustments [(e)]	(106.2)	(50.8)
Other	2.2	(3.5)
BALANCE AT END OF PERIOD	**1,200.8**	**1,308.4**

(a) *Purchase option exercised for CGG headquarters sale and leaseback for US$(29.5) 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 $14.0 million (note 2)*

(d) *relates to Geocomp Corporation acquisition and ION (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 September 30, 2022 breaks down by financing sources as follows:

	Issuing date	Maturity	Nominal amount September 30, 2022 *(in millions of currency)*	Net balance September 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	570.2	7,75%
Sub-total 2027 Notes				**1,070.2**	
Other loans				2.9	
Sub-total bank loans and other loans				**1,073.1**	
Lease liabilities				86.9	
TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS				**1,160.0**	

Financial debt by currency

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

(In millions of US$)	September 30, 2022	December 31, 2021
USD	551.5	562.9
EUR	591.1	704.2
GBP	7.8	8.3
AUD	2.1	3.2
CAD	4.0	4.3
NOK	0.9	1.6
SGD	1.0	1.7
RUB	-	0.2
Other	1.6	1.5
TOTAL	**1,160.0**	**1,287.9**

Financial debt by interest rate

(In millions of US$)	September 30, 2022	December 31, 2021
Variable rates (average effective rate September 30, 2022 : nil, December 31, 2021: nil)	-	-
Fixed rates (average effective rate at September 30, 2022 : 7.73%, December 31, 2021: 7,94%)	1,160.0	1,287.9
TOTAL FINANICAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS	**1,160.0**	**1,287.9**

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.

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).

US$ 100 million Revolving Credit Facility

(In millions of US$)	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 x3.50:1 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 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 (Sercle 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.

NOTE 7 LONG TERM INCENTIVE PLANS

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).

As of September 30, 2022, the total expense for equity-settled transactions amounted to $2.3 million, of which $0.5 million for stock option and performance shares plans granted in 2022.

NOTE 8 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

Contractual obligations

(In millions of US$)	September 30, 2022	December 31, 2021
Long-term debt obligations	1,515.3	1,691.3
Lease obligations	101.3	135.2
TOTAL	**1,616.6**	**1,826.5**

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

(In millions of US$)	Payments due by period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Financial debt	0.1	1.3	1,071.0	0.9	1,073.3
Other long-term obligations (cash interest)	89.7	179.4	172.9	-	442.0
Total Long-term debt obligations	**89.8**	**180.7**	**1,243.9**	**0.9**	**1,515.3**
Lease obligations	40.4	36.9	11.1	12.9	101.3
Total Contractual Obligations (a) (b)	**130.2**	**217.6**	**1,255.0**	**13.8**	**1,616.6**

(a) Payments in other currencies are converted into US dollars at September 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.

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

At September 30, 2022, the residual commitment in respect of Idle Vessel Compensation through to the end of the five-year period was US$(49.8) million.

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;
- 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.

NOTE 9 ANALYSIS BY OPERATING SEGMENT

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 fullfilled).

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 fullfilled); 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 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.

Analysis by segment (continuing operations)

Amounts in millions of US$, except for assets and capital employed in billions of US$	Nine months ended September 30, 2022					
	DDE	**SMO**	**Eliminations and other**	**Segment figures**	**IFRS 15 adjustments**	**Consolidated Total / As reported**
Revenues from unaffiliated customers	444.4	165.3	0.1	609.8	48.7	658.5
Inter-segment revenues	-	-	-	-	-	-
Operating revenues	**444.4**	**165.3**	**0.1**	**609.8**	**48.7**	**658.5**
Depreciation and amortization (excluding Earth Data surveys)	(38.4)	(21.7)	(5.1)	(65.2)	-	(65.2)
Depreciation and amortization of Earth Data surveys	(99.2)		-	(99.2)	(37.7)	(136.9)
Operating income (a)	**125.4**	**(23.0)**	**(16.1)**	**86.3**	**11.0**	**97.3**
EBITDAs	**255.8**	**(1.1)**	**(13.4)**	**241.3**	**48.7**	**290.0**
Share of income in companies accounted for under the equity method	(0.1)	-	-	(0.1)		(0.1)
Earnings Before Interest and Tax (a)	**125.3**	**(23.0)**	**(16.1)**	**86.2**	**11.0**	**97.2**
Capital expenditures (excluding Earth Data surveys) (b)	12.9	16.6	0.1	29.6		29.6
Investments in Earth Data surveys, net cash	179.9	-	-	179.9		179.9
Capital employed (c)	**1.5**	**0.6**	**(0.1)**	**2.0**		**2.0**
Total identifiable assets (c)	**1.7**	**0.8**	**0.1**	**2.6**		**2.6**

(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$(14.8) million for the Nine months ended September 30, 2022. "Eliminations and other" corresponded to the variance of suppliers of assets for the Nine months ended September 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".

Amounts in millions of US$, except for assets and capital employed in billions of US$	Nine months ended September 30, 2021 Restated *					
	DDE	**SMO**	**Eliminations and other**	**Segment figures**	**IFRS 15 adjustments**	**Consolidated Total / As reported**
Revenues from unaffiliated customers	378.7	261.2	-	639.9	(49.3)	590.6
Inter-segment revenues		0.8	(0.8)	-		-
Operating revenues	**378.7**	**262.0**	**(0.8)**	**639.9**	**(49.3)**	**590.6**
Depreciation and amortization (excluding Earth Data surveys)	(49.6)	(24.3)	(3.0)	(76.9)		(76.9)
Depreciation and amortization of Earth Data surveys	(117.5)	-		(117.5)	40.0	(77.5)
Operating income [(a)]	**36.3**	**(0.4)**	**(27.0)**	**8.9**	**(9.3)**	**(0.4)**
EBITDAs	**189.8**	**23.8**	**(23.9)**	**189.7**	**(49.3)**	**140.4**
Share of income in companies accounted for under the equity method	-	-	-	**-**	-	**-**
Earnings Before Interest and Tax [(a)]	**36.3**	**(0.4)**	**(27.0)**	**8.9**	**(9.3)**	**(0.4)**
Capital expenditures (excluding Earth Data surveys) [(b)]	20.8	11.7	8.4	40.9	-	40.9
Investments in Earth Data surveys, net cash	131.0	-	-	131.0	-	131.0
Capital employed [(c)]	**1.6**	**0.5**	**-**	**2.1**	**-**	**2.1**
Total identifiable assets [(c)]	**2.2**	**0.6**	**0.1**	**2.9**	**-**	**2.9**

* *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 Nine months ended September 30, 2021. "Eliminations and other" corresponded to the variance of suppliers of assets for the Nine months ended September 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:

	Nine months ended September 30,					
	2022			2021		
(En millions de dollars US)	**DDE**	**SMO**	**Consolidated Total / As reported**	**DDE**	**SMO**	**Consolidated Total / As reported**
Earth Data prefunding	117.6		117.6	42.2		42.2
Earth Data after sales	160.7		160.7	71.1		71.1
Total Earth Data	**278.3**		**278.3**	**113.3**		**113.3**
Geoscience	**214.9**		**214.9**	**216.1**		**216.1**
SMO		**165.3**	**165.3**		**262.0**	**262.0**
Internal revenues			**0.0**		**(0.8)**	**(0.8)**
Total operating revenues	**493.2**	**165.3**	**658.5**	**329.4**	**261.2**	**590.6**

NOTE 10 OTHER REVENUES AND EXPENSES

The other revenues and expenses as end of September 2022 amounted to US$1.4 million mainly including:

- US$5.6 million of net gain from CGG headquarters sale and leaseback (note 2),
- US$(3.3) million loss on hedging instruments,
- US$2,7 million of net gain resulting from the exit of a lease commitment in the United States,
- US$(1.6) million related to GeoSoftware and Smart Data Solutions divested businesses and,
- US$(2.1) million of restructuring costs corresponding mainly to Data Digital Energy Transition (DDE) severance costs.

The other revenue (expenses) for as end of September 2021 amounted to US$9.6 million and was composed of:

- US$7.9 million of restructuring costs corresponding mainly to the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020,
- US$7.2 million gain mainly due to the remeasurement at fair value of the GeoSoftware business available for sale, and
- a severance pay of US$(5.5) million.

NOTE 11 OTHER FINANCIAL INCOME (LOSS)

(In millions of US$)	Nine months ended September 30, 2022	2021
Exchange gains (losses), net	2.0	7.3
Other financial income (loss), net	0.4	(49.4)
OTHER FINANCIAL INCOME (LOSS)	**2.4**	**(42.1)**

As of September 30, 2022, the Other Financial Income (Loss) was a US$2.4 million gain, including:

- US$2.0 million foreign exchange gain mainly driven by the Euro and the Brazilian real exposures.

In the Nine months ended September 30, 2021, the Other Financial Income (Loss) was a US$(42.1) million expense, including:

- US$(26.1) million of transaction costs arising from the refinancing (*see note 2 of CGG's Universal Registration Document for the year 2021*), and
- US$(13.7) 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 12 SUBSEQUENT EVENTS

None.

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.

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.

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.

The Group continues to present its financial information under two reporting segments, Data, Digital & Energy Transition (DDE) and Sensing & Monitoring (SMO) as described in Note 9 to our consolidated financial statements.

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.

For the nine months ended September 30, 2022 please refer to the table below for the reconciliation between segment and reported figures.

(In millions of US dollars)	Nine months ended September 30, 2022		
	Segment Figures	**IFRS 15 adjustment**	**As reported**
Operating revenues	**609.8**	**48.7**	**658.5**
Operating expenses	(523.5)	(37.7)	(561.2)
Operating Income	**86.3**	**11.0**	**97.3**

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 nine months 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$9 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.

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.

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 Q3 Results, Sophie Zurquiyah, CGG's CEO said :

Throughout the year we continued to see our market environment strengthening globally, mainly driven by increased interest and activity offshore in the Western hemisphere and onshore in the Middle East and North Africa. While stronger market conditions have led to increased commercial activity, confirming the expected multi-year upcycle, near-term macro and geopolitical uncertainties resulted in increased volatility and clients' projects shifts. This particularly affected our Sensing and Monitoring business, which will see significant growth in 2023. However, our Data, Digital and Energy transition business remains solid with growth in line with increased E&P Capex. We anticipate a strong Q4 led by Earth Data sales. We remain focused on capturing the upcycle ahead of us and increasing our topline, with the objective of deleveraging our balance sheet. This growth will be supported by our clear technology differentiation, strong focus on our clients' priorities, and the ongoing development of our Beyond the Core businesses."

Nine months ended September 30, 2022 compared to Nine months ended September 30, 2021

Unless otherwise specified, comparisons made in this section are between the Nine months ended September 30, 2022 and the Nine months ended September 30, 2021. References to 2022 correspond to the Nine months ended September 30, 2022 and references to 2021 correspond to the Nine months ended September 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)	Nine months ended September 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	214.8	-	214.8	216.1	-	216.1	*(1)%*	*(1)%*
Earth Data	229.6	48.7	278.3	162.6	(49.3)	113.3	*41%*	*146%*
DDE Revenues	**444.4**	**48.7**	**493.1**	**378.7**	**(49.3)**	**329.4**	***17%***	***50%***
SMO Revenues	**165.3**	**-**	**165.3**	**262.0**	**-**	**262.0**	***(37)%***	***(37)%***
Eliminated revenues and others	0.1	-	0.1	(0.8)	-	(0.8)	*(113)%*	*(113)%*
TOTAL OPERATING REVENUES	**609.8**	**48.7**	**658.5**	**639.9**	**(49.3)**	**590.6**	***(5)%***	***11%***

Our consolidated operating revenues as reported increased by 11% to US$659 million in 2022 from US$591 million in 2021. Before IFRS 15 adjustments, our consolidated operating revenues decreased by 5% to US$610 million in 2022 from US$640 million in 2021. They are up 1% year-on-year adjusted for revenues from Geosoftware and Smart Data Solutions divested businesses.

The sustained growing activity worldwide of our Geoscience business and the solid increase of our Earth Data after sales were partly compensated by several projects shifting to 2023 especially in our SMO business. The respective contributions from the Group's businesses to our segment operating revenues were 73% from DDE and 27% from SMO.

Data, Digital & Energy Transition (DDE)

Operating revenues as reported from our DDE segment increased by 50% to US$493 million in 2022 compared to US$329 million in 2021. Before IFRS 15 adjustments, DDE segment revenues increased by 17% to US$444 million from US$379 million in 2021. They are up 29% year-on-year adjusted for revenues from Geosoftware and Smart Data Solutions divested businesses. The main drivers regarding the change in operating revenues are detailed below.

Geoscience

Operating revenues as reported from Geoscience was stable, down 1% year-on-year to US$215 million in 2022 from US$216 million in 2021, which included US$36 million from our divested businesses. Our Geoscience business had a solid activity mainly driven by demand for new high-end technology, especially in North America. 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 146% to US$278 million in 2022 compared to US$113 million in 2021. Before IFRS 15 adjustments, Earth Data segment revenues increased by 41% to US$230 million from US$163 million in 2021, which had been strongly impacted by a very low activity level.

Prefunding revenues as reported increased by 179% to US$118 million in 2022 from US$42 million in 2021. Excluding IFRS 15 adjustment, prefunding revenues decreased by 25% year-on-year at US$69 million from US$92 million in 2021, due to the shift of prefunding for projects in the North Sea and in Brazil. The level in our Earth Data cash capex amounted to US$180 million from US$131 million in 2021, with two vessels woking on Earth Data programs in Norwegian North sea and one in offshore Brazil. The cash-prefunding rate was at 38% in 2022 from 70% in 2021.

After-sales revenues increased significantly by 126% at US$161 million in 2022 compared to US$71 million in 2021 driven by sales in South America, Gulf of Mexico and the North Sea and transfer fees.

Sensing & Monitoring (SMO)

Total revenues for our SMO segment (including internal and external sales) were down 37% year-on-year at US$165 million, a low activity due to shift of major clients' projects to 2023 and the ban on exports to Russia, from US$262 million in 2021 which included large mega crews deliveries.

Internal sales remained marginal, close to zero in 2022 as in 2021:

- Land equipment sales represented 50% of total revenues in 2022, compared to 64% in 2021, down 51% year-on-year. Land equipment sales were US$82 million in 2022 sustained by deliveries of wireless WING channels and of over 100,000 508XT channels to the Middle East and Asia, from US$169 million in 2021, which included large mega crews deliveries.
- Marine equipment sales represented 31% of total revenues in 2022 compared to 28% in 2021, a 31% decrease in sales to US$51 million in 2022 from US$74 million driven by significant deliveries of OBN nodes.
- Downhole equipment were up 21% at US$13 million in 2022 from US$10 million in 2021.
- New market sales strongly increased 116% at US$20 million in 2022 from US$9 million in 2021, including Geocomp Corporation contribution. The acquisition of Geocomp Corporation 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$)	Nine months ended September 30,				Increase/(Decrease)	
	2022		2021 (restated)		2022 vs. 2021	
	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Operating revenues	609.8	658.5	639.9	590.6	*(5)%*	*11%*
Costs of Operations	(440.1)	(477.8)	(557.1)	(517.1)	*(21)%*	*(8)%*
% of operating revenues	*(72)%*	*(73)%*	*(87)%*	*(88)%*		
Gross Margin	**170.2**	**181.2**	**83.3**	**74.0**	***104%***	***145%***
% of operating revenues	***28%***	***28%***	***13%***	***13%***		
Research and Development	(12.5)	(12.5)	(15.5)	(15.5)	*(19)%*	*(19)%*
% of operating revenues	*(2)%*	*(2)%*	*(2)%*	*(3)%*		
Marketing and Selling	(21.8)	(21.8)	(22.3)	(22.3)	*(2)%*	*(2)%*
% of operating revenues	*(4)%*	*(3)%*	*(3)%*	*(4)%*		
General and Administrative	(51.0)	(51.0)	(46.2)	(46.2)	*10%*	*10%*
% of operating revenues	*(8)%*	*(8)%*	*(7)%*	*(8)%*		
Other incomes (expenses)	1.4	1.4	9.6	9.6	*(85)%*	*(85)%*
Operating Income	**86.3**	**97.3**	**8.9**	**(0.4)**		
% of operating revenues	*14%*	*15%*	*1%*	*(0)%*		
Net cost of financial debt	(74.6)	(74.6)	(94.3)	(94.3)	*(21)%*	*(21)%*
Other financial income (loss)	2.4	2.4	(42.1)	(42.1)	*(106)%*	*(106)%*
Financial income and expenses	**(72.2)**	**(72.2)**	**(136.4)**	**(136.4)**	***(47)%***	***(47)%***
Income taxe	(26.6)	(26.6)	(17.4)	(17.4)	*53%*	*53%*
Net income from continuing operations	**(12.6)**	**(1.6)**	**(144.9)**	**(154.2)**	***(91)%***	***(99)%***
Net income from discontinuing operations	**(2.4)**	**(2.4)**	**2.1**	**2.1**	***(219)%***	***(219)%***
NET INCOME	**(15.0)**	**(4.0)**	**(142.8)**	**(152.1)**	***(89)%***	***(97)%***

As a percentage of operating revenues as reported, cost of operations as reported decreased to 73% in 2022 from 88% in 2021. Excluding IFRS 15 adjustments, segment cost of operations, as a percentage of the segment operating revenues, was 72% in 2022 from 87% in 2021, mainly due to a 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 49% of the Earth Data revenues as reported in 2022 compared to 68% in 2021. Excluding impairment loss and IFRS 15 adjustments, the segment amortization cost of our Earth Data library decreased to 43% of the Earth Data segment revenues in 2022 compared to 72% in 2021, mainly due to higher level of sales and more profitable mix, supported by transfer fees recorded during the second quarter.

Gross profit as reported strongly increased to US$181 million in 2022 from US$74 million in 2021, representing 28% and 13% of operating revenues, respectively, as a result of the factors discussed above. Segment gross profit was US$170 million in 2022 from US$83 million in 2021 and representing 28% of segment operating revenues compared to 13% in previous year.

Research and development costs decreased by 19% in 2022 compared to 2021, mainly as a consequence of the sale of our GeoSoftware business in 2021.

Marketing and selling expenses decreased by 2% in 2022 compared to 2021.

General and administrative expenses increased to US$51 million in 2022 from US$46 million in 2021. This mainly comes from the growth in perimeter with the acquisitions of Geocomp Corporation and ION associated with post-covid activity recovery (travel expenses in particular), and inflationary trends (salaries impact) in an overall favorable foreign exchange rate environment (the average exchange rate was set as US$1.07 per euro for the first nine months compared to US$1.20 per euro in 2021).

Other incomes of US$1 million in 2022 were mainly composed of gains from Headquarter sale and lease back and exit from lease commitment in the United States, partly compensated by restructuring costs, the impact of our divested businesses (mainly Geosoftware) and hedging instrument loss.

Operating income

Operating income increased significantly from 2021 at US$97 million in 2022. Excluding IFRS 15 adjustments, segment operating income amounted at US$86 million in 2022 compared to US$9 million gain in 2021.

Segment operating income from our DDE segment strongly increased at US$125 million in 2022 driven by profitable activity growth and mix of activities. This result is to be compared to US$36 million income reported last year.

Segment operating income from our SMO segment was a loss of US$23 million in 2022 after a breakeven point reached in 2021, mainly due to a lower sales volume.

Financial income and expenses

Net cost of financial debt in 2022 was US$75 million, compared to US$94 million in 2021, due to lower interest rate and elimination of capitalized interest obligations pursuant refinancing operation.

Other financial income and expenses amounted to a income of US$2 million in 2022, mainly due to foreign exchange gains. 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$27 million which included US$16 million of deferred tax expenses, compared to an expense of US$17 million recorded in 2021.

Net Income from continuing operations

Net income from continuing operations as reported was a US$2 million loss in 2022 compared to a loss of US$154 million in 2021 as a result of the factors discussed above.

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 September 30, 2021.

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

Net income

Net income as reported was a loss of US$4 million in 2022 compared to a loss of US$152 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.

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)	Nine months ended September 30,	
	2022	2021 (restated)
Net cash before changes in working capital	281.5	109.1
Change in working capital	(38.8)	126.1
NET CASH PROVIDED BY OPERATING ACTIVITIES	**242.7**	**235.2**

Net cash as reported before changes in working capital provided by operating activities in 2022 was US$282 million compared to US$109 million in 2021, mainly due to the DDE segment dynamics, with high Earth Data after-sales and solid Geoscience activity worldwide.

Changes in working capital had a negative impact on cash from operating activities of US$39 million in 2022 mainly due to the building up of SMO inventory in vew of major deliveries expected early 2023.

Excluding IFRS 15 adjustments, changes in working capital had a positive impact on cash from operating activities of US$8 million.

Net cash provided by operating activities was US$243 million in 2022 compared to US$235 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)	Nine months ended September 30,	
	2022	2021 (restated)
Net cash used in investing activities	**215.1**	**178.3**
Of which		
Industrial capital expenditures	14.9	17.4
Capitalized development costs	14.8	23.5
Earth Data surveys	179.9	131.0
Acquisitions and Proceeds of Assets	(1.2)	4.1

The net cash used in investing activities increased to US$215 million in 2022 compared to US$178 million in 2021.

Capitalized development costs reduced by US$9 million to US$15 million in 2022 from US$24 million in 2021 mainly as a consequence of the sale of our GeoSoftware business in 2021.

Earth Data surveys were up by US$49 million at US$180 million in 2022 as we operated three marine streamer surveys, of which one located in the Brazil basin and two in Norwegian North sea, as well as two Gulf of Mexico reprocessing programs.

As of September 30, 2022, the net book value of our Earth data library as reported was US$449 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$375 million as of September 30, 2022, compared to US$283 million as of December 31, 2021.

From our acquisitions and proceeds of assets, we recorded a net inflow of US$1 million, mainly due the net inflows from the sale and leaseback of the Headquarter and Geosoftware, offset by US$16 million and US$19 million outflows from the acquisition of Geocomp Corporation and ION respectively, compared to US$4 million in 2021.

Financing activities

Net cash used by financing activities was US$82 million for the first nine months ended of 2022 mainly composed of lease payments and financial expenses paid, compared to a net cash used of US$153 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)	Nine months ended September 30,	
	2022	2021 (restated)
Net cash flow incurred by discontinued operations	**(16.4)**	**(41.2)**

Net cash flow incurred by discontinued operations was US$16 million in 2022 and correspond mainly to the outflows of Idle Vessel Compensation compared to an outflow of US$41 million in 2021.

Net financial debt

Net financial debt as of September 30, 2022 was US$976 million compared to US$989 million as of December 31, 2021. The ratio of net financial debt to equity was 98% as of September 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 September 30, 2022 and December 31, 2021:

(In millions of US dollars)	September 30, 2022	December 31, 2021
Bank overdrafts	-	-
Current portion of financial debt	75.1	90.3
Financial debt	1,125.7	1,218.1
Gross financial debt	**1,200.8**	**1,308.4**
Less cash and cash equivalents	(225.1)	(319.2)
Net financial debt	**975.7**	**989.2**

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:

In millions of US$	Nine months ended September 30, 2022		
	Segment Figures	IFRS 15 adjustments	As reported
EBITDAs	**241.3**	**48.7**	**290.0**
Depreciation and amortization	(65.2)	-	(65.2)
Earth Data surveys impairment and amortization	(99.2)	(37.7)	(136.9)
Depreciation and amortization capitalized to Earth Data surveys	11.7	-	11.7
Share-based compensation expenses	(2.3)	-	(2.3)
Operating income	**86.3**	**11.0**	**97.3**
Share of (income) loss in companies accounted for under equity method	(0.1)	-	(0.1)
EBIT	**86.2**	**11.0**	**97.2**
Cost of financial debt, net	(74.6)	-	(74.6)
Other financial income (loss)	2.4	-	2.4
Total income taxes	(26.6)	-	(26.6)
NET INCOME FROM CONTINUING OPERATIONS	**(12.6)**	**11.0**	**(1.6)**

In millions of US$	Nine months ended September 30, 2021 (restated)		
	Segment Figures	IFRS 15 adjustments	As reported
EBITDAs	**189.7**	**(49.3)**	**140.4**
Depreciation and amortization	(76.9)	-	(76.9)
Earth Data surveys impairment and amortization	(117.5)	40.0	(77.5)
Depreciation and amortization capitalized to Earth Data surveys	12.9	-	12.9
Share-based compensation expenses	0.7	-	0.7
Operating income	**8.9**	**(9.3)**	**(0.4)**
Share of (income) loss in companies accounted for under equity method	-	-	-
EBIT	**8.9**	**(9.3)**	**(0.4)**
Cost of financial debt, net	(94.3)	-	(94.3)
Other financial income (loss)	(42.1)	-	(42.1)
Total income taxes	(17.4)	-	(17.4)
NET INCOME FROM CONTINUING OPERATIONS	**(144.9)**	**(9.3)**	**(154.2)**

In millions of US$	Nine months ended September 30, 2022		
	Segment Figures	IFRS 15 adjustments	As reported
DDE	255.8	48.7	304.5
SMO	(1.1)		(1.1)
Eliminations and other	(13.4)		(13.4)
EBITDAs	**241.3**	**48.7**	**290.0**

In millions of US$	Nine months ended September 30, 2021 (restated)		
	Segment Figures	IFRS 15 adjustments	As reported
DDE	189.8	(49.3)	140.5
SMO	23.8		23.8
Eliminations and other	(23.9)		(23.9)
EBITDAs	**189.7**	**(49.3)**	**140.4**

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

	Nine months ended September 30,	
(In millions of US$)	2022	2021
Net cash flow provided by operating activities	242.7	235.2
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(29.7)	(40.9)
Investments in Earth Data surveys, net cash	(179.9)	(131.0)
Proceeds from disposals of tangible and intangible assets	33.1	0.2
Total net proceeds from financial assets	4.8	(2.4)
Acquisition of investments, net of cash & cash equivalents acquired	(36.7)	(1.9)
Lease repayments	(36.6)	(43.7)
Financial expenses paid	(46.9)	(36.7)
Net cash flow before net cash flows incurred by Discontinued Operations	**(49.2)**	**(21.2)**
Net cash flows incurred by Discontinued Operations	(16.4)	(40.2)
NET CASH FLOW	**(65.5)**	**(61.4)**

Net cash flow amounted to outflows of US$65 million in 2022 compared to outflows of US$61 million in 2021. Net cash flow before net cash flow incurred by Discontinued Operations represented outflows of US$49 million in 2022, compared to outflows of US$21 million in 2021.

Contractual Obligations, commitments and contingencies

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

	Payments due by period				
(In millions of US$)	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Long-term debt obligations:					
Financial debt (including cumulated PIK)	0.1	1.3	1,071.0	0.9	1,073.3
Other long-term obligations (cash interests)	89.7	179.4	172.9	-	442.0
Total Long-term debt obligations	**89.8**	**180.7**	**1,243.9**	**0.9**	**1,515.3**
Lease obligations	40.4	36.9	11.1	12.9	101.3
Total Contractual Cash Obligations [a][b]	**130.2**	**217.6**	**1,255.0**	**13.8**	**1,616.6**

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

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

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 US$(22) million. At September 30, 2022 the residual commitment in respect of Idle Vessel Compensation through to the end of the five-year period is US$(50) million (undiscounted).

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.