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CONDENSED INTERIM FINANCIAL REPORT

First quarter 2023 Results

May 3, 2023

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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, 2022; the French version of which we filed with the AMF on March 16, 2023. 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 statements of operations

(In millions of US$, except per share data)	Notes	Three months ended March 31, 2023	2022
Operating revenues	4	**178.1**	175.4
Other income from ordinary activities		0.1	0.2
Total income from ordinary activities		**178.2**	175.6
Cost of operations		(138.2)	(136.9)
Gross profit		**40.0**	38.7
Research and development expenses - net		(6.9)	(3.2)
Marketing and selling expenses		(9.0)	(7.3)
General and administrative expenses		(16.5)	(16.3)
Other revenues (expenses) - net	5	(1.0)	(0.8)
Operating income (loss)	**4**	**6.6**	11.1
Expenses related to financial debt		(25.8)	(26.0)
Income provided by cash and cash equivalents		2.0	0.3
Cost of financial debt, net		**(23.8)**	(25.7)
Other financial income (loss)	6	2.8	6.9
Income (loss) before incomes taxes		**(14.4)**	(7.7)
Income taxes		(1.4)	(8.6)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method		**(15.8)**	(16.3)
Share of income (loss) in companies accounted for under the equity method		0.1	-
Net income (loss) from continuing operations		**(15.7)**	(16.3)
Net income (loss) from discontinued operations	3	(0.2)	(2.2)
Net income (loss)		**(15.9)**	(18.5)
Attributable to :			
Owners of CGG S.A	$	(15.6)	(17.5)
Non-controlling interests	$	(0.3)	(1.0)
Net income (loss) per share			
Basic	$	(0.02)	(0.02)
Diluted	$	(0.02)	(0.02)
Net income (loss) from continuing operations per share			
Basic	$	(0.02)	(0.02)
Diluted	$	(0.02)	(0.02)
Net income (loss) from discontinued operations per share			
Basic	$	-	-
Diluted	$	-	-

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statements of comprehensive income (loss)

(In millions of US$)	Three months ended March 31, 2023	2022
Net income (loss) from statements of operations	**(15.9)**	(18.5)
Net gain (loss) on cash flow hedges	-	(4.3)
Exchange differences on translation of foreign operations	5.8	(4.4)
Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (1)	**5.8**	**(8.7)**
Net gain (loss) on actuarial changes on pension plan	-	(0.4)
Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (2)	**-**	**(0.4)**
Total other comprehensive income (loss) for the period, net of taxes (1) + (2)	**5.8**	(9.1)
Total comprehensive income (loss) for the period	**(10.1)**	**(27.6)**
Attributable to :		
Owners of CGG S.A.	*(10.4)*	(26.8)
Non-controlling interests	*0.3*	(0.8)

Unaudited Consolidated statements of financial position

(In millions of US$)	Notes	March 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents		301.2	298.0
Trade accounts and notes receivable, net		252.3	308.3
Inventories and work-in-progress, net		292.9	257.2
Income tax assets		55.1	53.4
Other current financial assets, net		-	0.1
Other current assets, net		113.1	99.9
Assets held for sale, net		-	-
Total current assets		**1,014.6**	**1,016.9**
Deferred tax assets		63.2	24.2
Other non-current assets, net		11.6	8.2
Investments and other financial assets, net		18.2	18.4
Investments in companies under the equity method		10.7	10.8
Property, plant and equipment, net		179.1	167.3
Intangible assets, net		578.9	554.2
Goodwill, net		1,091.1	1,089.4
Total non-current assets		**1,952.8**	1,872.5
TOTAL ASSETS		**2,967.4**	**2,889.4**
LIABILITIES AND EQUITY			
Bank overdrafts		-	-
Financial debt – current portion		90.6	60.4
Trade accounts and notes payables		99.0	92
Accrued payroll costs		75.7	85.6
Income taxes payable		22.3	27.2
Advance billings to customers		29.0	29.4
Provisions — current portion		17.8	17.6
Other current financial liabilities		20.4	20
Other current liabilities		248.2	222.1
Total current liabilities		**603.0**	**554.3**
Deferred tax liabilities		57.2	18.7
Provisions — non-current portion		29.9	28.6
Financial debt – non-current portion		1,205.0	1,188.8
Other non-current financial liabilities		16.6	21.8
Other non-current liabilities		14.7	18.4
Total non-current liabilities		**1,323.4**	**1,276.3**
Common stock: 1,102,899,675 shares authorized and 712,381,115 shares with a €0.01 nominal value outstanding at March 31, 2023		8.7	8.7
Additional paid-in capital		118.7	118.6
Retained earnings		952.9	967.9
Other Reserves		41.7	50
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		(3.4)	(3.4)
Cumulative translation adjustment		(97.2)	(102.4)
Equity attributable to owners of CGG S.A.		**1,001.3**	**1,019.3**
Non-controlling interests		39.7	39.5
Total equity		**1,041.0**	**1,058.8**
TOTAL LIABILITIES AND EQUITY		**2,967.4**	**2,889.4**

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Consolidated statements of cash flows

(In millions of US$)	Notes	Three months ended March 31, 2023	2022
OPERATING			
Net income (loss)		(15.9)	(18.5)
Less: Net income (loss) from discontinued operations	3	0.2	2.2
Net income (loss) from continuing operations		**(15.7)**	**(16.3)**
Depreciation, amortization and impairment		20.2	22.2
Earth Data surveys impairment and amortization		11.3	31.0
Depreciation and amortization capitalized in Earth Data surveys		(4.7)	(3.8)
Variance on provisions		0.4	(0.8)
Share-based compensation expenses		0.8	0.7
Net (gain) loss on disposal of fixed and financial assets		0.1	(0.1)
Equity (income) loss of investees		(0.1)	-
Dividends received from investments in companies under the equity method		-	-
Other non-cash items		(2.9)	(6.9)
Net cash-flow including net cost of financial debt and income tax		**9.4**	**26.0**
Less : net cost of financial debt		23.8	25.7
Less : income tax expense (gain)		1.4	8.6
Net cash-flow excluding net cost of financial debt and income tax		**34.6**	**60.3**
Income tax paid		(7.1)	1.7
Net cash-flow before changes in working capital		**27.5**	**62.0**
Changes in working capital		**27.6**	**67.8**
- change in trade accounts and notes receivable		88.5	122.5
- change in inventories and work-in-progress		(31.5)	(20.5)
- change in other current assets		(7.4)	(6.7)
- change in trade accounts and notes payable		(10.5)	(7.8)
- change in other current liabilities		(11.9)	(19.7)
- Impact of changes in exchange rate on financial items		0.4	
Net cash-flow provided by operating activities		**55.1**	**129.8**
INVESTING			
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)		(24.5)	(9.6)
Investment in Earth Data surveys, net cash		(27.8)	(32.7)
Proceeds from disposals of tangible and intangible assets		-	-
Total net proceeds from financial assets		-	-
Acquisition of investments, net of cash and cash equivalents acquired		-	(1.4)
Variation in loans granted		-	-
Variation in subsidies for capital expenditures		-	(0.1)
Variation in other non-current financial assets		1.6	-
Net cash-flow used in investing activities		**(50.7)**	**(43.8)**

(In millions of US$)	Notes	Three months ended March 31, 2023	2022
FINANCING			
Repayment of long-term debt		0.3	—
Total issuance of long-term debt		14.3	—
Lease repayments		(12.5)	(13.1)
Change in short-term loans		—	—
Financial expenses paid		1.0	(0.2)
Net proceeds from capital increase:		—	0.4
— from shareholders		0.1	0.4
— from non-controlling interests of integrated companies		—	—
Dividends paid and share capital reimbursements:			
— to shareholders		—	—
— to non-controlling interests of integrated companies		—	—
Acquisition/disposal from treasury shares		—	—
Net cash-flow provided by (used in) financing activities		**2.6**	**(12.9)**
Effects of exchange rates on cash		1.0	0.1
Impact of changes in consolidation scope		—	—
Net cash flows incurred by discontinued operations	3	**(4.8)**	**(4.3)**
Net increase (decrease) in cash and cash equivalents		**3.2**	**68.9**
Cash and cash equivalents at beginning of year		298.0	319.2
Cash and cash equivalents at end of period		**301.2**	**388.1**

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	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, 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)				(0.4)					(0.4)		(0.4)
Net gain (loss) on cash flow hedges (2)							(4.3)		(4.3)		(4.3)
Exchange differences on foreign currency translation (3)								(4.6)	(4.6)	0.2	(4.4)
Other comprehensive income (1)+(2)+(3)				**(0.4)**			**(4.3)**	**(4.6)**	**(9.3)**	**0.2**	**(9.1)**
Net income (4)				(17.5)					(17.5)	(1.0)	(18.5)
Comprehensive income (1)+(2)+(3)+(4)				**(17.9)**			**(4.3)**	**(4.6)**	**(26.8)**	**(0.8)**	**(27.6)**
Exercise of warrants	*121,002*		0.5						0.5		0.5
Dividends											
Cost of share-based payment	*6,344*			0.7					0.7		0.7
Transfer to retained earnings of the parent company											
Exchange differences on foreign currency translation generated by the parent company					12.0				12.0		12.0
Changes in consolidation scope and other											
Balance at March 31, 2022	***711,791,271***	**8.7**	**464.6**	**552.8**	**17.0**	**(20.1)**	**(5.1)**	**(68.8)**	**949.1**	**42.9**	**992.0**

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	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
Balance at January 1, 2022	**712,357,321**	**8.7**	**118.6**	**967.9**	**50.0**	**(20.1)**	**(3.4)**	**(102.4)**	**1,019.3**	**39.5**	**1,058.8**
Net gain (loss) on actuarial changes on pension plan (1)									(0.0)		(0.0)
Net gain (loss) on cash flow hedges (2)									(0.0)		(0.0)
Exchange differences on foreign currency translation (3)								5.2	5.2	0.6	5.8
Other comprehensive income (1)+(2)+(3)				**(0.0)**			**(0.0)**	**5.2**	**5.2**	**0.6**	**5.8**
Net income (4)				(15.6)					(15.6)	(0.3)	(15.9)
Comprehensive income (1)+(2)+(3)+(4)				**(15.6)**			**(4.3)**	**5.2**	**(10.4)**	**0.3**	**(10.1)**
Exercise of warrants	*23,794*		0.1						0.1		0.1
Dividends									–		–
Cost of share-based payment				0.6					0.6		0.6
Transfer to retained earnings of the parent company									–		–
Exchange differences on foreign currency translation generated by the parent company					(8.3)				(8.3)		(8.3)
Changes in consolidation scope and other									–		–
Balance at March 31, 2023	**712,381,115**	**8.7**	**118.7**	**952.9**	**41.7**	**(20.1)**	**(3.4)**	**(97.2)**	**1,001.3**	**39.7**	**1,041.0**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CGG S.A. (“the Company”), along with its subsidiaries (together, the “Group”) is a global geoscience technology leader. Employing around 3,400 people worldwide, CGG provides a comprehensive range of data, products, services and solutions in the fields of earth sciences, data science, sensing and monitoring. The Group's unique portfolio helps its clients to more efficiently and responsibly solve complex digital, energy transition, natural resource, environmental and infrastructure challenges.

As the Company is listed in a European country, and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying interim condensed consolidated financial statements ending March 31, 2023 have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”) and its interpretations, as issued by the *International Accounting Standards Board* (IASB) and as adopted by the European Union and in force at March 31, 2023.

The Board of Directors has authorized these interim condensed consolidated financial statements for issue on May 3, 2023.

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, 2022 included in its Universal Registration Document for the year 2022 filed with the AMF on March 16, 2023 and approved by the General Meeting on May 4, 2023.

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, 2022.

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

- 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 Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the new Standards, Amendments, and Interpretations had no significant 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 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
- Amendment to IFRS 16 "Leases": Lease liability arising from a sale and leaseback.

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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
	Recoverable amount of goodwill and intangible assets	Trajectory and recovery outlook of E&P spending New businesses growth dynamic Discount rate (WACC)
	Recoverable 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
	Valuation of investments in companies accounted for under the equity method	Estimated recoverable value
Note 4	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
	Discount rate IFRS 16	Assessment of incremental borrowing rate
	Recoverability of client receivables	Assessment of clients' credit default risk
	Depreciation and amortization of tangible and intangible assets	Useful life of assets
	Development costs	Assessment of future benefits of 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

NOTE 2 SIGNIFICANT EVENTS

There is no significant event during the first quarter.

NOTE 3 DISCONTINUED OPERATIONS

GeoSoftware

On October 1, 2021, CGG has completed the sale of GeoSoftware business to Topicus and Vela Software.

On July 5, 2022, CGG and TSS have reached an agreement on all open issues and net cash flow generated by GeoSoftware activity from October 1, 2021 to May 31, 2022.

At March 31, 2023, CGG owes TSS a net payable of US$(3.2) million related to GeoSoftware contracts not yet novated and to post-May 31, 2022 activity in locations where the transfer is not yet effective.

GeoSoftware activity does not meet the criteria of a major line of business under IFRS 5, therefore this is not presented as discontinued operations in the consolidated statements of operations and in the consolidated statements of cash flows.

Net income (loss) from discontinued operations

	Three months ended March 31,	
(In millions of US$)	**2023**	**2022**
Operating revenues	-	-
Operating income (loss)	(0.4)	(1.8)
Net income (loss) from discontinued operations	**(0.2)**	**(2.2)**

Net loss from discontinued operations amounts to US$(0.2) million in Q1 2023 including US$(0.6) million of financial expenses in relation with the Idle Vessel Compensation.

Net loss from discontinued operations amounts to US$(2.2) million in Q1 2022 including US$(0.8) million of financial expenses in relation with the Idle Vessel Compensation.

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:

	Three months ended March 31,	
(In millions of US$)	**2023**	**2022**
Net cash-flow from discontinued operations	**(4.8)**	**(4.3)**

In 2023, the net cash flow generated by discontinued operations include US$(5.4) million cash outflows in respect of Idle Vessel Compensation.

In 2022, the net cash flow generated by discontinued operations include US$(5.4) million cash outflows in respect of Idle Vessel Compensation, US$(0.7) million of redundancy costs and US$1.0 million of research tax credit cash inflow.

NOTE 4 ANALYSIS BY OPERATING SEGMENT

Segment presentation

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.

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 only upon delivery of processed data (when the performance obligation is fulfilled).

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 them 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 the 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.

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.

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. As a consequence, we traditionally experience lower level of activity during the first quarter.

War in Ukraine

CGG Group has no activity in Ukraine and a rather limited operational presence in Russia. For the first quarter of 2023:

- CGG Group has 2 russian subsidiaries, one for Geoscience activity and the other for sales representation, repair and maintenance of Sercel equipment,
- revenue derived from Russia for the first quarter of 2023 was less than 3% of CGG Group revenue,
- capital employed (including cash) from Russian subsidiaries were less than 1% of the CGG Group's capital employed, and
- the cash locally available at 2 Russian subsiadiries to independently run their business and to meet their obligations, first and foremost the payment of local personnel costs was less than 1% of the CGG 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.

Analysis by segment (continuing operations)

	Three months ended March 31, 2023					
Amounts in millions of US$, except for assets and capital employed in billions of US$	**DDE**	**SMO**	**Eliminations and other**	**Segment figures**	**IFRS 15 adjustments**	**Consolidated Total / As reported**
Revenues from unaffiliated customers	144.0	65.7	-	209.7	(31.6)	178.1
Inter-segment revenues	-	-	-	-	-	-
Operating revenues	**144.0**	**65.7**	**-**	**209.7**	**(31.6)**	**178.1**
EBITDAs	**70.9**	**(0.4)**	**(4.7)**	**65.8**	**(31.6)**	**34.2**
Depreciation and amortization (excluding Earth Data surveys)	(14.0)	(6.7)	0.5	(20.2)	-	(20.2)
Depreciation and amortization of Earth Data surveys	(36.5)	-	-	(36.5)	25.2	(11.3)
Operating income (1)	**24.6**	**(7.1)**	**(4.6)**	**12.9**	**(6.3)**	**6.6**
Share of income in companies accounted for under the equity method	0.1	-	-	0.1	-	**0.1**
Earnings Before Interest and Tax (1)	**24.7**	**(7.1)**	**(4.6)**	**13.0**	**(6.3)**	**6.7**
Capital expenditures (excluding Earth Data surveys) (2)	18.7	5.7	0.1	24.5	-	24.5
Investments in Earth Data surveys, net cash	27.8	-	-	27.8	-	27.8
Capital employed	**1.5**	**0.6**	**(0.1)**	**2.0**	**-**	**2.0**
Total identifiable assets	**1.7**	**0.7**	**0.3**	**2.7**	**-**	**2.7**

(1) "Eliminations and other" include general corporate expenses

(2) Capital expenditures include capitalized development costs of US$(5.6) million for the three months ended March 31, 2023.

Amounts in millions of US$, except for assets and capital employed in billions of US$	Three months ended March 31, 2022					
	DDE	SMO	Eliminations and other	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	119.1	33.7	-	152.8	22.6	175.4
Inter-segment revenues	-	-	-	-	-	-
Operating revenues	**119.1**	**33.7**	**-**	**152.8**	**22.6**	**175.4**
EBITDAs	**57.2**	**(12.1)**	**(6.5)**	**38.6**	**22.6**	**61.2**
Depreciation and amortization (excluding Earth Data surveys)	(14.4)	(7.2)	(0.6)	(22.2)	-	(22.2)
Depreciation and amortization of Earth Data surveys	(24.3)	-	-	(24.3)	(6.7)	(31.0)
Operating income (1)	**22.0**	**(19.3)**	**(7.5)**	**(4.8)**	**15.9**	**11.1**
Share of income in companies accounted for under the equity method	-	-	-	-	-	-
Earnings Before Interest and Tax (1)	**22.0**	**(19.3)**	**(7.5)**	**(4.8)**	**15.9**	**11.1**
Capital expenditures (excluding Earth Data surveys) (2)	3.7	5.8	0.1	9.6	-	9.6
Investments in Earth Data surveys, net cash	32.7	-	-	32.7	-	32.7
Capital employed (3)	**1.5**	**0.5**	**(0.1)**	**1.9**	**-**	**1.9**
Total identifiable assets (3)	**1.8**	**0.6**	**0.1**	**2.5**	**-**	**2.5**

(1) *"Eliminations and other" correspond to general corporate expenses.*
(2) *Capital expenditures include capitalized development costs of US$(5.3) million for the three months ended March 31, 2022. "Eliminations and other" corresponded to the variance of suppliers of assets for the three months ended March 31, 2022.*
(3) *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:

	Three months ended March 31,					
	2023			2022		
(En millions de dollars US)	DDE	SMO	Consolidated Total / As reported	DDE	SMO	Consolidated Total / As reported
Earth Data prefunding	3.4		3.4	36.5		36.5
Earth Data after sales	29.6		29.6	29.9		29.9
Total Earth Data	**33.0**		**33.0**	66.4		66.4
Geoscience	**79.4**		**79.4**	75.3		75.3
Total SMO		**65.7**	**65.7**		33.7	33.7
Total operating revenues	**112.4**	**65.7**	**178.1**	**141.7**	**33.7**	**175.4**

NOTE 5 OTHER REVENUES AND EXPENSES

The other revenues and expenses of the first quarter 2023 amount to US$(1.0) million mainly comprising:

- US$(0.9) million provision on stock related to a fire broke out in SMO subcontractor warehouse; and
- US$0.1 million gain on hedging instruments; and

The other revenues and expenses of the first quarter 2022 amount to US$(0.8) million comprising:

- US$(0.1) million related to the Smart Data Solutions divestment;
- US$(0.4) million of restructuring costs corresponding mainly to Geoscience severance costs; and
- US$(0.3) million loss on hedging instruments.

NOTE 6 OTHER FINANCIAL INCOME (LOSS)

	Three months ended March 31,	
(In millions of US$)	**2023**	**2022**
Exchange gains (losses), net	2.7	6.5
Other financial income (loss), net	0.1	0.4
OTHER FINANCIAL INCOME (LOSS)	**2.8**	**6.9**

As of March 31, 2023, the Other Financial Income (Loss) is a US$2.8 million gain, including:

- US$2.7 million foreign exchange gain driven by the Euro and the Brazilian real that have strengthened during the first quarter 2023 against the US dollar hence triggering a positive impact of US$1.4 million.

As of March 31, 2022, the Other Financial Income (Loss) is a US$6.9 million gain, including:

- US$6.5 million foreign exchange gain mainly driven by the Brazilian real that has strengthened during the first quarter 2022 by 17% against the US dollar hence triggering a positive impact of US$5.3 million.

NOTE 7 SUBSEQUENT EVENTS

There is no subsequent event at March 31, 2023.

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.

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 19 to our 2022 consolidated financial statements.

Internal reporting and segment presentation

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 method, in accordance with the Group's previous method.

For further details on the segment figure definition, please refer to note 4 of this document

For the three months ended March 31, 2023 please refer to the table below for the reconciliation between segment and reported figures.

(In millions of US dollars)	Three months ended March 31, 2023		
	Segment Figures	**IFRS 15 adjustment**	**As reported**
Operating revenues	**209.7**	**(31.6)**	**178.1**
of which			
Earth Data Prefunding revenues	*35.0*	*(31.6)*	*3.4*
Operating expenses	(219.2)	25.3	(193.9)
Of which			
Earth Data prefunding surveys amortization	*(36.6)*	*25.3*	*(11.3)*
Operating Income	**12.9**	**(6.3)**	**6.6**
Net Income	**(9.4)**	**(6.3)**	**(15.7)**

Earth Data prefunding revenue is reported to US$3 million in 2023, due to the delivery of the data mainly from UK North Sea surveys. During the quarter we recognized US$35 million of segment revenues including programs offshore Latin America. Regarding operating expenses and based on delivery, the Earth Data prefunding surveys amortization as reported amounted to US$11 million, compared to a segment amortization of US$37 million. According to IFRS 15 standards, we recorded a negative adjustment of the operating revenue for US$32 million, and a positive adjustment of US$25 million on the amorization costs. A negative net impact of US$6 million was booked at net income level

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 quarter of 2023, the implementation of restructuring measures in continuing operations were non-significant.

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 2022 consolidated annual financial statements.

Significant events

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

Market environment and Outlook

We are now into a multi-year cycle of increasing investments in E&P, driven by increased and broader exploration. This increasing demand for exploration is translating into more demand for our disruptive technologies and CGG, with our end-to-end geoscience capability is well positioned to uniquely support its clients. Additionally, our BTC initiatives are progressing well and our high-end technologies are more and more recognized by our clients and future clients.

Commenting on Q1 Results, Sophie Zurquiyah, CGG's CEO said :

"We delivered a solid first quarter, supported by robust performance in Geoscience, increased Earth Data sales, mainly in the Gulf of Mexico, and expected equipment deliveries in Sensing and Monitoring. I was pleased to see the continued progress of our Beyond the Core activities during the quarter, especially the signature of our first external HPC & Cloud Solutions contract, with BioSymulitics, supplying specialized HPC services to support their AI-enhanced molecular Pharma modelling.

Looking ahead, after years of under-investments, our clients are ramping up their longer-term exploration efforts with increasing emphasis on efficiency, effectiveness, and lowering their carbon footprint. Based on the market leading position of our advanced technology, across all Business lines, and the continued growth of the digital and decarbonization markets, CGG is well positioned to answer the needs of our clients, reinforcing our confidence in delivering our 2023 objectives."

Three months ended March 31, 2023 compared to three months ended March 31, 2022

Unless otherwise specified, comparisons made in this section are between the three months ended March 31, 2023 and the three months ended March 31, 2022. References to 2023 correspond to the three months ended March 31, 2023 and references to 2022 correspond to the three months ended March 31, 2022.

Operating revenues

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

(In millions of US dollars)	Three months ended March 31,						Increase/(Decrease)	
	2023			2022			2023 vs. 2022	
	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	As reported
Geoscience	79.3	-	79.3	75.3	-	75.3	*5%*	*5%*
Earth Data	64.6	(31.6)	33.0	43.8	22.6	66.4	*48%*	*(50)%*
DDE Revenues	**144.0**	**(31.6)**	**112.4**	**119.1**	**22.6**	**141.7**	***21%***	***(21)%***
SMO Revenues	**65.7**	**-**	**65.7**	**33.7**	**-**	**33.7**	***95%***	***95%***
TOTAL OPERATING REVENUES	**209.7**	**(31.6)**	**178.1**	**152.8**	**22.6**	**175.4**	***37%***	***2%***

Our consolidated operating revenues as reported, following the application of IFRS 15, increased by 2% to US$178 million in 2023 from US$175 million in 2022. Before IFRS 15 adjustments, our consolidated operating revenues increased by 37% to US$210 million in 2023 from US$153 million in 2022. The respective contributions from the Group's businesses to our segment operating revenues were 69% from DDE and 31% from SMO.

Data, Digital & Energy Transition (DDE)

Operating revenues as reported from our DDE segment decreased by 21% to US$112 million in 2023 compared to US$142 million in 2022. Before IFRS 15 adjustments, DDE segment revenues increased by 21% to US$144 million from US$119 million in 2022. The main drivers regarding the change in operating revenues are detailed below.

Geoscience

Operating revenues as reported from Geoscience was up 5% year-on-year to US$79 million in 2023 from US$75 million in 2022. Our Geoscience business had a very solid activity led by all regions, sustained by demand for high-end integrated projects and disruptive imaging technologies.

Earth Data

Earth Data revenues as reported decreased by 50% to US$33 million in 2023 compared to US$66 million in 2022. Before IFRS 15 adjustments, Earth Data segment revenues strongly increased by 48% to US$65 million from US$44 million in 2022.

Prefunding revenues as reported decreased by 91% to US$3 million in 2023 from US$37 million in 2022. Excluding IFRS 15 adjustment, prefunding revenue of our Earth Data projects strongly increased by 152% to US$35 million from US$14 million in 2022. The level in our Earth Data cash capex decreasd to US$28 million from US$33 million in 2022, with one marine streamer program offshore Brazil and one reprocessing program. The cash-prefunding rate was at 126% in 2023 from 42% in 2022.

After-sales revenues remained stable year-on-year at US$30 million mainly driven by the US Gulf of Mexico.

Sensing & Monitoring (SMO)

Operating revenues for our SMO segment were up 95% year-on-year to US$66 million this quarter from US$34 million in 2022 driven by a high level of Marine equipment sales.

- Land equipment sales represented 20% of total revenues in 2023, compared to 60% in 2022, down 34% year-on-year mainly due to timing of deliveries. Land equipment sales were US$13 million in 2023 from US$20 million in 2022.
- Marine equipment sales represented 52% of total revenues in 2023 compared to 18% in 2022, with an amount in sales of US$34 million in 2023 thanks to early delivery of a set of streamers for oceanographic operations compared to US$6 million in 2022.
- Downhole equipment remained stable at US$6 million in 2023 from US$4 million in 2022.
- Sales from Beyond the Core increased more than twice from US$4 million in 2022 to US$12 million in 2023, sustained mainly by the Structural Health Monitoring (SHM) dynamism enhanced by the acquisition of Geocomp in June 2022. .

Operating expenses

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

(In millions of US$)	Three months ended March 31,				Increase/(Decrease)	
	2023		2022		2023 vs. 2022	
	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Operating revenues	209.7	178.1	152.8	175.4	*37%*	*2%*
Costs of Operations	(163.5)	(138.2)	(130.2)	(136.9)	*25%*	*1%*
% of operating revenues	*(78)%*	*(78)%*	*(85)%*	*(78)%*		
Gross Margin	**46.3**	**40.0**	**22.8**	**38.7**	***104%***	***3%***
% of operating revenues	*22%*	*22%*	*15%*	*22%*		
Research and Development	(6.9)	(6.9)	(3.2)	(3.2)	*116%*	*116%*
% of operating revenues	*(3)%*	*(4)%*	*(2)%*	*(2)%*		
Marketing and Selling	(9.0)	(9.0)	(7.3)	(7.3)	*23%*	*23%*
% of operating revenues	*(4)%*	*(5)%*	*(5)%*	*(4)%*		
General and Administrative	(16.5)	(16.5)	(16.3)	(16.3)	*1%*	*1%*
% of operating revenues	*(8)%*	*(9)%*	*(11)%*	*(9)%*		
Other incomes (expenses)	(1.0)	(1.0)	(0.8)	(0.8)	*25%*	*25%*
Operating income	**12.9**	**6.6**	**(4.8)**	**11.1**	***(371)%***	***(41)%***
% of operating revenues	*6%*	*4%*	*(3)%*	*6%*		
Net cost of financial debt	(23.8)	(23.8)	(25.7)	(25.7)	*(7)%*	*(7)%*
Other financial income (loss)	2.8	2.8	6.9	6.9	*(59)%*	*(59)%*
Financial income and expenses	**(21.0)**	**(21.0)**	**(18.8)**	**(18.8)**	***12%***	***12%***
Net income (loss) from equity affiliates	0.1	0.1	-	-		
Income taxes	(1.4)	(1.4)	(8.6)	(8.6)	*(84)%*	*(84)%*
Net income from continuing operations	**(9.4)**	**(15.7)**	**(32.2)**	**(16.3)**	***(71)%***	***(3)%***
Net income from discontinuing operations	(0.2)	(0.2)	(2.2)	(2.2)	*(91)%*	*(91)%*
NET INCOME	**(9.6)**	**(15.9)**	**(34.4)**	**(18.5)**	***(72)%***	***(14)%***

As a percentage of operating revenues as reported, cost of operations as reported remained stable at 78% in 2023 as in 2022. Excluding IFRS 15 adjustments, segment cost of operations, as a percentage of the segment operating revenues, was 78% in 2023 from 85% in 2022, mainly due to a less profitable mix of activities despite an overall more favorable foreign exchange environment (the average exchange rate was set as US$1.07 per euro for the first three months ended March 31, 2023 compared to US$1.12 per euro in 2022).

Excluding impairment loss, the amortization cost of our Earth Data library as reported corresponded to 34% of the Earth Data revenues as reported in 2023 compared to 47% in 2022. Excluding impairment loss and IFRS 15 adjustments, the segment amortization cost of our Earth Data library increased to 57% of the Earth Data segment revenues this quarter compared to 55% in 2022.

Gross profit as reported remained stable to US$40 million in 2023 from US$39 million in 2022, representing 22% of operating revenues, as a result of the factors discussed above. Segment gross profit was US$46 million in 2023 from US$23 million in 2022 and representing 22% of segment operating revenues compared to 15% in previous year.

Research and development costs and Marketing and selling expenses increased in 2023 by 116% and 23% respectively compared to 2022, mainly as a consequence of the perimeter change within our SMO activity with the acquisitions of Geocomp and ION software during the second half of 2022.

General and administrative expenses remained stables year-on-year.

Operating income

Operating income as reported amounted to a US$7 million gain in 2023 as a result of the factors described above, compared to a US$11 million gain in 2022. Excluding IFRS 15 adjustments, segment operating income was a gain of US$13 million in 2023 compared to a loss of US$5 million in 2022.

Segment operating income from our DDE segment was a gain of US$25 million in 2023 driven by the increase in activity from US$22 million in 2022.

Segment operating income from our SMO segment was a loss of US$7 million in 2023, after a loss of US$19 million in 2022 which reflected the very low level of activity in the first three months of 2022.

Financial income and expenses

Net cost of financial debt in 2023 was US$24 million, compared to US$26 million in 2022, benefiting from lower interest rate and eliminating.

Other financial income and expenses amounted to a gain of US$3 million in 2023, mainly due to foreign exchange gain (Brasilian reals, Chinese yuan and Norwegian kroner). In 2022, other financial income and expenses were a gain of US$7 million also due to foreign exchange gain.

Income taxes

In 2023, income taxes as reported amounted to an expense of US$1 million, compared to an expense of US$9 million recorded in 2022, which included US$6 million of deferred tax expenses.

Net income

Net income as reported was a loss of US$10 million in 2023 compared to a loss of US$19 million in 2022.

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.

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)	Three months ended March 31,	
	2023	2022
Net cash before changes in working capital	27.5	62.0
Change in working capital	27.6	67.8
NET CASH PROVIDED BY OPERATING ACTIVITIES	**55.1**	**129.8**

Net cash as reported before changes in working capital provided by operating activities in 2023 was US$28 million compared to US$62 million in 2022, mainly due to a less profitable mix of activities.

Changes in working capital had a positive impact on cash from operating activities of US$28 million in 2023 from US$68 million in 2022 which was supported by a stronger collections of year-end sales for SMO and GEO combined with low sales for SMO. Excluding IFRS 15 adjustments, changes in working capital had a negative impact on cash from operating activities of US$4 million.

Net cash provided by operating activities was US$55 million in 2023 compared to US$130 million in 2022.

Investing activities

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

(In millions of US dollars)	Three months ended March 31,	
	2023	2022
Net cash used in investing activities	**50.7**	**43.8**
Of which		
Industrial capital expenditures	19.0	4.4
Capitalized development costs	5.6	5.3
Earth Data surveys	27.8	32.7
Proceeds and Acquisitions	-	1.4

The net cash used in investing activities increased to US$51 million in 2023 from US$44 million in 2022, with one marine streamer program offshore Brazil as well as a reprocessing GOM project.

As of March 31, 2023, the net book value of our Earth data library as reported was US$424 million compared to US$392 million as of December 31, 2022. Excluding IFRS 15 adjustments, the segment net book value of our Earth Data library was US$291 million as of March 31, 2023, compared to US$283 million as of December 31, 2022.

Financing activities

Net cash provided by financing activities was an inflows of US$3 million in 2023, mainly composed of lease payments and cash interest expenses offset by asset financing arrangement to further develop HPC and Cloud Solutions capabilities, compared to a outflows of US$13 million in 2022.

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)	Three months ended March 31,	
	2023	2022
Net cash flow incurred by discontinued operations	**(4.8)**	**(4.3)**

Please refer to note 3 for more information

Net financial debt

Net financial debt as of March 31, 2023 was US$994 million compared to US$951 million as of December 31, 2022. The ratio of net financial debt to equity was 99% as of March 31, 2023 compared to 93% as of December 31, 2022.

“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. 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 March 31, 2023 and December 31, 2022:

(In millions of US dollars)	March 31, 2023	December 31, 2022
Bank overdrafts	-	-
Current portion of financial debt	90.6	60.4
Financial debt	1,205.0	1,188.8
Gross financial debt	**1,295.6**	**1,249.2**
Less cash and cash equivalents	(301.2)	(298.0)
Net financial debt	**994.4**	**951.2**

EBIT and EBITDAs (unaudited)

For further details on the EBIT and EBITDAs indicators definition, please refer to note 4 of this document

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

In millions of US$	Three months ended March 31, 2023		
	Segment Figures	IFRS 15 adjustments	As reported
EBITDAs	**65.8**	**(31.6)**	**34.2**
Depreciation and amortization	(20.2)	-	(20.2)
Earth Data surveys impairment and amortization	(36.6)	25.3	(11.3)
Depreciation and amortization capitalized to Earth Data surveys	4.7	-	4.7
Share-based compensation expenses	(0.8)	-	(0.8)
Operating income	**12.9**	**(6.3)**	**6.6**
Share of (income) loss in companies accounted for under equity method	0.1	-	0.1
EBIT	**13.0**	**(6.3)**	**6.7**
Cost of financial debt, net	(23.8)	-	(23.8)
Other financial income (loss)	2.8	-	2.8
Total income taxes	(1.4)	-	(1.4)
NET INCOME FROM CONTINUING OPERATIONS	**(9.4)**	**(6.3)**	**(15.7)**

In millions of US$	Three months ended March 31, 2023		
	Segment Figures	IFRS 15 adjustments	As reported
DDE	70.9	(31.6)	39.3
SMO	(0.4)		(0.4)
Eliminations and other	(4.7)		(4.7)
EBITDAs	**65.8**	**(31.6)**	**34.2**

Net cash flow

“Net cash flow is defined as net cash flow provided by operating activities plus “proceeds from disposals of tangible and intangible assets and activities” less (i) “total capital expenditures including acquisitions of activities” and “cash investments in Earth Data surveys”, as set out in the “Investing activities” section of the consolidated statement of cash flows, (ii) “interest expenses paid”, as set out in the “Financing activities” section of the consolidated statement of cash flows, (iii) “lease repayments”, as set out in the “Financing activities” section of the consolidated statement of cash flows, and (iv) "payments and/or proceeds net from asset financing transactions", included in the “Financing activities” section of the consolidated statement of cash flows. We present net cash flow as additional information because we understand that it is one measure used by certain investors to determine our operating cash flow and our historical ability to meet debt service and capital expenditure requirements. 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 measure of performance derived in accordance with IFRS.

	Three months ended March 31,	
(In millions of US$)	2023	2022
Net cash flow provided by operating activities	55.1	129.8
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(24.5)	(9.6)
Investments in Earth Data surveys, net cash	(27.8)	(32.7)
Proceeds from disposals of tangible and intangible assets	-	-
Acquisition of investments, net of cash & cash equivalents acquired	-	(1.4)
Proceeds from divestment of activities and sale of financial assets	-	-

Variation in subsidies for capital expenditures	-	(0.1)
Lease repayments	(12.5)	(13.1)
Payments and/or proceeds net from asset financing transactions	14.0	-
Financial expenses paid	1.0	(0.2)
Net cash flow before net cash flows incurred by discontinued operations	**5.3**	**72.7**
Net cash flows incurred by discontinued operations	(4.8)	(4.3)
NET CASH FLOW	**0.5**	**68.4**

Net cash flow was closed to US$1 million in 2023 compared to inflows of US$68 million in 2022. Net cash flow before net cash flow incurred by Discontinued Operations represented inflows of US$5 million in 2023, compared to inflows of US$73 million in 2022.

Contractual Obligations, commitments and contingencies

The following table sets forth our future cash obligations (not discounted) as of March 31, 2023:

	Payments due by period				
(In millions of US$)	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Long-term debt obligations:					
Financial debt (including cumulated PIK)	7.8	17.8	1,136.6	-	1,162.2
Other long-term obligations (cash interests)	94.7	189.0	136.0	-	419.7
Total Long-term debt obligations	**102.5**	**206.8**	**1,272.6**	**-**	**1,581.9**
Lease obligations	43.1	38.6	10.4	10.9	103.0
Total Contractual Cash Obligations (a)	**145.6**	**245.4**	**1,283.0**	**10.9**	**1,684.9**

(a) Payments in other currencies are converted into U.S. dollar at March 31, 2023 exchange rates.

Capacity Agreement and Idle Vessels Compensation

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

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

The maximum Idle Vessel Compensation amount for a full year is to US$22 million. At March 31, 2023 the residual commitment (discounted) in respect of Idle Vessel Compensation through to the end of the five-year period was US$37 million.

Step-In Agreements

As indicated in note 17 to our 2022 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 2022 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, 2022, we estimated our net annual recurring expenses in euros at the Group level to be approximately €220 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$22 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 2022 consolidated annual financial statements