



27, avenue Carnot
91300 Massy
France
(33) 1 64 47 30 00

CONDENSED INTERIM FINANCIAL REPORT

First quarter 2022 Results

May 4, 2022

Table of Contents

FORWARD-LOOKING STATEMENTS	3
FINANCIAL STATEMENTS	4
Unaudited Interim Consolidated statements of operations	4
Unaudited Interim Consolidated statements of comprehensive income (loss)	5
Unaudited Consolidated statements of financial position	6
Unaudited Consolidated statements of cash flows	7
Unaudited Consolidated statements of changes in equity	9
Notes to the unaudited interim consolidated financial statements	10
OPERATING AND FINANCIAL REVIEW	19

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.

The Covid-19 pandemic may strongly affect many of the risks set out above.

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.

FINANCIAL STATEMENTS

Unaudited Interim Consolidated statements of operations

<i>(In millions of US\$, except per share data)</i>	Notes	Three months ended March 31,	
		2022	2021 Restated ^(a)
Operating revenues	4	175.4	208.6
Other income from ordinary activities		0.2	0.2
Total income from ordinary activities		175.6	208.8
Cost of operations		(136.9)	(201.9)
Gross profit		38.7	6.9
Research and development expenses - net		(3.2)	(5.3)
Marketing and selling expenses		(7.3)	(7.5)
General and administrative expenses		(16.3)	(16.7)
Other revenues (expenses) - net	5	(0.8)	2.0
Operating income (loss)	4	11.1	(20.6)
Expenses related to financial debt		(26.0)	(34.7)
Income provided by cash and cash equivalents		0.3	0.3
Cost of financial debt, net		(25.7)	(34.4)
Other financial income (loss)	6	6.9	(38.4)
Income (loss) before incomes taxes		(7.7)	(93.4)
Income taxes		(8.6)	(3.6)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method		(16.3)	(97.0)
Share of income (loss) in companies accounted for under the equity method		-	0.2
Net income (loss) from continuing operations		(16.3)	(96.8)
Net income (loss) from discontinued operations	3	(2.2)	11.5
Net income (loss)		(18.5)	(85.3)
<i>Attributable to :</i>			
<i>Owners of CGG S.A</i>	\$	(17.5)	(87.2)
<i>Non-controlling interests</i>	\$	(1.0)	1.9
Net income (loss) per share			
Basic	\$	(0.02)	(0.12)
Diluted	\$	(0.02)	(0.12)
Net income (loss) from continuing operations per share			
Basic	\$	(0.02)	(0.14)
Diluted	\$	(0.02)	(0.14)
Net income (loss) from discontinued operations per share			
Basic	\$	-	0.02
Diluted	\$	-	0.02

(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\$(4.8) million in the net loss of the period. See notes 3.

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statements of comprehensive income (loss)

<i>(In millions of US\$)</i>	Three months ended March 31,	
	2022 ^(a)	2021 ^{(a) (b)}
Net income (loss) from statements of operations	(18.5)	(85.3)
Net gain (loss) on cash flow hedges	(4.3)	(0.4)
Exchange differences on translation of foreign operations	(4.4)	(15.1)
Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (1)	(8.7)	(15.5)
Net gain (loss) on actuarial changes on pension plan	(0.4)	2.5
Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (2)	(0.4)	2.5
Total other comprehensive income (loss) for the period, net of taxes (1) + (2)	(9.1)	(13.0)
Total comprehensive income (loss) for the period	(27.6)	(98.3)
<i>Attributable to :</i>		
<i>Owners of CGG S.A.</i>	<i>(26.8)</i>	<i>(99.9)</i>
<i>Non-controlling interests</i>	<i>(0.8)</i>	<i>1.6</i>

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

(b) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented following the reclassification of our stake in a joint-venture to continuing operations. It resulted in an impact of US\$(4.7) million in the total comprehensive loss for the period. See note 3.

Unaudited Consolidated statements of financial position

<i>(In millions of US\$)</i>	Notes	March 31, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		388.1	319.2
Trade accounts and notes receivable, net		216.9	350.7
Inventories and work-in-progress, net		214.5	197.3
Income tax assets		61.4	68.7
Other current financial assets, net	3	1.7	1.7
Other current assets, net		117.1	105.1
Assets held for sale, net	3	-	-
Total current assets		999.7	1,042.7
Deferred tax assets		17.1	19.6
Other non-current assets, net		3.4	-
Investments and other financial assets, net		17.4	17.8
Investments in companies under the equity method		28.1	28.1
Property, plant and equipment, net		204.2	212.1
Intangible assets, net		532.7	520.7
Goodwill, net		1,082.1	1,083.6
Total non-current assets		1,885.0	1,881.9
TOTAL ASSETS		2,884.7	2,924.6
LIABILITIES AND EQUITY			
Bank overdrafts		-	-
Financial debt – current portion		111.6	90.3
Trade accounts and notes payables		73.6	76.4
Accrued payroll costs		86.2	105.4
Income taxes payable		29.0	30.4
Advance billings to customers		28.5	27.1
Provisions — current portion		17.6	18.2
Other current financial liabilities		19.4	19.2
Other current liabilities		212.6	218.2
Liabilities directly associated with the assets classified as held for sale	3	-	-
Total current liabilities		578.5	585.2
Deferred tax liabilities		18.3	14.1
Provisions — non-current portion		31.3	30.6
Financial debt – non-current portion		1,201.6	1,218.1
Other non-current financial liabilities		32.6	37.4
Other non-current liabilities		30.4	32.8
Total non-current liabilities		1,314.2	1,333.0
Common stock: 1,191,396,643 shares authorized and 711,791,271 shares with a €0.01 nominal value outstanding at March 31, 2021		8.7	8.7
Additional paid-in capital		464.6	464.1
Retained earnings		552.8	570.0
Other Reserves		17.0	5.0
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		(5.1)	(0.8)
Cumulative translation adjustment		(68.8)	(64.2)
Equity attributable to owners of CGG S.A.		949.1	962.7
Non-controlling interests		42.9	43.7
Total equity		992.0	1,006.4
TOTAL LIABILITIES AND EQUITY		2,884.7	2,924.6

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,	
		2022	2021 (a)
OPERATING			
Net income (loss)		(18.5)	(85.3)
Less: Net income (loss) from discontinued operations	3	2.2	(11.5)
Net income (loss) from continuing operations		(16.3)	(96.8)
Depreciation, amortization and impairment		22.2	24.0
Earth Data surveys impairment and amortization		31.0	25.6
Depreciation and amortization capitalized in Earth <u>Data</u> surveys		(3.8)	(4.5)
Variance on provisions		(0.8)	(20.3)
Share-based compensation expenses		0.7	0.9
Net (gain) loss on disposal of fixed and financial assets		(0.1)	—
Equity (income) loss of investees		—	(0.2)
Dividends received from investments in companies under the equity method		—	—
Other non-cash items		(6.9)	38.4
Net cash-flow including net cost of financial debt and income tax		26.0	(32.9)
Less : net cost of financial debt		25.7	34.4
Less : income tax expense (gain)		8.6	3.6
Net cash-flow excluding net cost of financial debt and income tax		60.3	5.1
Income tax paid		1.7	(4.5)
Net cash-flow before changes in working capital		62.0	0.6
Changes in working capital		67.8	104.1
- change in trade accounts and notes receivable		122.5	75.7
- change in inventories and work-in-progress		(20.5)	22.5
- change in other current assets		(6.7)	(6.0)
- change in trade accounts and notes payable		(7.8)	—
- change in other current liabilities		(19.7)	11.9
Net cash-flow provided by operating activities		129.8	104.7
INVESTING			
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)		(9.6)	(12.1)
Investment in Earth Data surveys, net cash		(32.7)	(30.0)
Proceeds from disposals of tangible and intangible assets		—	0.1
Total net proceeds from financial assets		—	(2.4)
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		—	—
Net cash-flow used in investing activities		(43.8)	(44.4)

(In millions of US\$)	Notes	Three months ended March 31,	
		2022	2021 ^(a)
FINANCING			
Repayment of long-term debt		—	—
Total issuance of long-term debt		—	—
Lease repayments		(13.1)	(14.7)
Change in short-term loans		—	(0.1)
Financial expenses paid		(0.2)	(6.9)
Net proceeds from capital increase:		0.4	
— from shareholders		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		(12.9)	(21.7)
Effects of exchange rates on cash		0.1	(6.7)
Impact of changes in consolidation scope		—	—
Net cash flows incurred by discontinued operations	3	(4.3)	(10.3)
Net increase (decrease) in cash and cash equivalents		68.9	21.6
Cash and cash equivalents at beginning of year		319.2	385.4
Cash and cash equivalents at end of period		388.1	407.0

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

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Consolidated statements of changes in equity

	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings (b)	Other reserves	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
<i>Amounts in millions of US\$, except share data</i>											
Balance at January 1, 2021 (a)	711,392,383	8.7	1,687.1	(480.6)	(37.3)	(20.1)	(0.7)	(37.4)	1,119.7	44.9	1,164.6
Net gain (loss) on actuarial changes on pension plan (1)				2.5					2.5		2.5
Net gain (loss) on cash flow hedges (2)							(0.4)		(0.4)		(0.4)
Exchange differences on foreign currency translation (3)								(14.8)	(14.8)	(0.3)	(15.1)
Other comprehensive income (1)+(2)+(3)				2.5			(0.4)	(14.8)	(12.7)	(0.3)	(13.0)
Net income (4)				(87.2)					(87.2)	1.9	(85.3)
Comprehensive income (1)+(2)+(3)+(4)				(84.7)			(0.4)	(14.8)	(99.9)	1.6	(98.3)
Exercise of warrants	1,858										
Dividends											
Cost of share-based payment				0.8					0.8		0.8
Transfer to retained earnings of the parent company											
Exchange differences on foreign currency translation generated by the parent company					13.2				13.2		13.2
Changes in consolidation scope and other											
Balance at March 31, 2021	711,394,241	8.7	1,687.1	(564.5)	(24.1)	(20.1)	(1.1)	(52.2)	1,033.8	46.5	1,080.3

(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.

(b) Following the reclassification of Argas from non-current assets held for sale to continuing operations, it resulted in an impact of US\$(4.8) million in the net income of the period.

	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Other reserves	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
<i>Amounts in millions of US\$, except share data</i>											
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

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 3,300 people worldwide, CGG provides a comprehensive range of data, products, services and solutions that support our clients to more efficiently and responsibly solve complex natural resource, environmental and infrastructure challenges.

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 March 31, 2022.

The Board of Directors has authorized these interim condensed consolidated financial statements for issue on May 4, 2022.

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

1.1 - Critical accounting policies

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

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

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

- ▶ Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions,

Contingent Liabilities and Contingent Assets as well as Annual Improvements

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

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

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

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

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

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

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

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

1.2 - Use of judgment and estimates

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

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

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

Note	Judgments and estimates	Key assumptions
	Recoverable amount of goodwill and intangible assets	Trajectory and recovery outlook of E&P spending New businesses growth dynamic Discount rate (WACC)
	Amortization and impairment 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 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

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.

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.

Exit from Contractual Data Acquisition business - CGG 2021 Plan

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

Exit from Marine Data Acquisition business

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

Exit from Land Data Acquisition

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

Divestment of Multi-Physics business

- ▶ Effective June 30, 2021, the Multi-Physics business, except its processing and multi-client library, has been sold to Xcalibur Group.
- ▶ On July 9, 2021, the agreed one-year maturity degressive over time facility for a maximal amount €2.5 million, guaranteed by assets, was drawn for €1.5 million. This facility which has not been repaid as of March 31, 2022 is accounted in other current financial assets, net.

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 Q4 2018 following the classification of Argas to assets held for sale. These margins were then reassessed when we reclassified our investment in Argas to continuing operations.
- ▶ Our stake in Argas is measured at fair value and remained unchanged over the period at US\$25 million.

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

GeoSoftware

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

Pursuant the agreed adjustments, a net receivable of US\$3.9 million remains to be collected in respect of the sale.

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.

US\$1.3 million of net receivable remains to be collected. This amount has been deposited in an escrow account and will be released as soon as the last steps will be fulfilled.

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

Net income (loss) from discontinued operations

<i>(In millions of US\$)</i>	Three months ended March 31,	
	2022	2021
Operating revenues	-	6.4
Operating income (loss)	(1.8)	3.3
Net income (loss) from discontinued operations	(2.2)	11.5

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

Net income from discontinued operations amounted to US\$11.5 million in 2021, including notably the following non-

cash items: US\$4.3 million impairment gain as a result of the fair value remeasurement of the Multi-Physics business held for sale, US\$5.9 million net gain on foreign exchange rate on tax liability and US\$(1.0) 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:

<i>(In millions of US\$)</i>	Three months ended March 31,	
	2022	2021
Net cash-flow from discontinued operations	(4.3)	(10.3)

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

In 2021, the net cash flow generated by discontinued operations included disbursements in respect of the CGG 2021 Plan for an amount of US\$(10.9) million, of which US\$(3.6) million was severance cash outflows and US\$(5.4) million was cash outflows in respect of Idle Vessel Compensation.

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 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):
 - (j) Geoscience business kept its name as Geoscience (GEO), and
 - (iii) Multi-Client business was renamed into Earth Data (EDA)
- ▶ Equipment reporting segment was renamed into Sensing & Monitoring (SMO).

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

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

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

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

In the Energy Transition, we propose services and technologies dedicated to Carbon Capture Utilization and Storage (CCUS), Geothermal, Environmental Sciences and Minerals and Mining. CCUS, which represents a substantial

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

Sensing & Monitoring (SMO) (ex-Equipment)

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

Internal reporting and segment presentation

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

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

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

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

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

Alternative performance measures

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

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

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

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

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

Analysis by segment (continuing operations)

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

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

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

Seasonality

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

Three months ended March 31, 2022

<i>Amounts in millions of US\$, except for assets and capital employed in billions of US\$</i>	DDE	SMO	Eliminations and other	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	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
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
EBITDAs	57.2	(12.1)	(6.5)	38.6	22.6	61.2
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" 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.

(2) Capital expenditures included 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 discontinued operations and our stake in Argas joint venture are included under the column "Eliminations and other".

Three months ended March 31, 2021 Restated *

<i>Amounts in millions of US\$, except for assets and capital employed in billions of US\$</i>	DDE	SMO	Eliminations and other	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	100.4	112.2	-	212.6	(4.0)	208.6
Inter-segment revenues	-	0.8	(0.8)	-	-	-
Operating revenues	100.4	113.0	(0.8)	212.6	(4.0)	208.6
Depreciation and amortization (excluding Earth Data surveys)	(9.6)	(8.7)	(5.7)	(24.0)	-	(24.0)
Depreciation and amortization of Earth Data surveys	(26.4)	-	-	(26.4)	0.8	(25.6)
Operating income ⁽¹⁾	(8.3)	6.7	(15.8)	(17.4)	(3.2)	(20.6)
EBITDAs	28.1	15.4	(14.1)	29.4	(4.0)	25.4
Share of income in companies accounted for under the equity method	0.2	-	-	0.2	-	0.2
Earnings Before Interest and Tax ⁽¹⁾	(8.1)	6.7	(15.8)	(17.2)	(3.2)	(20.4)
Capital expenditures (excluding Earth Data surveys) ⁽²⁾	6.9	5.2	-	12.1	-	12.1
Investments in Earth Data surveys, net cash	30.0	-	-	30.0	-	30.0
Capital employed ⁽³⁾	1.6	0.6	(0.1)	2.1	-	2.1
Total identifiable assets ⁽³⁾	2.1	0.7	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.

- (1) "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.
- (2) Capital expenditures included capitalized development costs of US\$(8.5) million for the three months ended March 31, 2021. "Eliminations and other" corresponded to the variance of suppliers of assets for the three months ended March 31, 2021.
- (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,

	2022			2021		
	DDE	SMO	Consolidated Total / As reported	DDE	SMO	Consolidated Total / As reported
<i>(En millions de dollars US)</i>						
Earth Data prefunding	36.5		36.5	11.0		11.0
Earth Data after sales	29.9		29.9	19.2		19.2
Total Earth Data	66.4		66.4	30.2		30.2
Geoscience	75.3		75.3	66.2		66.2
Total SMO		33.7	33.7		113.0	113.0
Internal revenues					(0.8)	(0.8)
Total operating revenues	141.7	33.7	175.4	96.4	112.2	208.6

NOTE 5 OTHER REVENUES AND EXPENSES

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

- ▶ US\$(0.1) million in relation of 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.

The other revenues and expenses of the first quarter 2021 amounted to US\$2.0 million and were composed of:

- ▶ US\$(3.4) million of restructuring costs corresponding mainly to Geoscience severance costs; and
- ▶ US\$5.4 million of impairment gain mainly due to the remeasurement at fair value of the GeoSoftware business available for sale

NOTE 6 OTHER FINANCIAL INCOME (LOSS)

<i>(In millions of US\$)</i>	Three months ended March 31,	
	2022	2021
Exchange gains (losses), net	6.5	0.1
Other financial income (loss), net	0.4	(38.5)
OTHER FINANCIAL INCOME (LOSS)	6.9	(38.4)

As of March 31, 2022, the Other Financial Income (Loss) was 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.

As of March 31, 2021, the Other Financial Income (Loss) was a US\$(38.4) million charge, including:

- ▶ US\$(25.6) million of transaction costs arising from the refinancing. The costs and fees have been recognized in "Trade accounts and notes payables" in the statement of financial position; and
- ▶ US\$(14.1) million of call premium in relation with the early repayment of the Existing First Lien Notes. The call premium is accounted in "Financial debt – current portion" in the statement of financial position.

NOTE 7 SUBSEQUENT EVENTS

Completion of the sale and leaseback of CGG Headquarter

The sale and leaseback of CGG headquarter building has been completed on 19 April 2022 for a total amount of €59.3 million.

Group organization

Segment presentation and discontinued operations

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

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

Over its 90 years of existence, CGG has developed unique technologies and long-time leading capabilities in high-performance computing, digital and geoscience technologies, sophisticated algorithms, earth data library and sensor solutions. The company is pursuing its efforts to leverage this portfolio and find new areas of growth Beyond the Core, aligning with current global market trends. The growth markets identified are related to Energy Transition, Digital and Environmental Sciences and Infrastructure Monitoring. In this context and to reflect the evolution of the Group into a Technology company, new segment reporting names were designed and used from the first quarter 2022 financial reporting.

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

- ▶ Geophysics, Geology and Reservoir (GGR) reporting segment was renamed into Data, Digital & Energy Transition (DDE):
 - Geoscience business kept its name as Geoscience (GEO), and
 - 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 only upon delivery of processed data (when performance obligation is fulfilled).

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

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

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

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

Market environment and Outlook

In the continued strengthening market environment, our Geoscience business had a robust quarter and is leading the recovery, driven by our clients' requirements for better sub-surface imaging technology. Our Earth Data (ex-Multi-client) business is progressively benefiting from our clients' increasing need to rapidly replace depleting reserves. As anticipated, activity was seasonally low in our Sensing and Monitoring (ex-Equipment) business, which had a slow start to the year.

At the end of March, the level of commercial tenders significantly increased, and we expect an acceleration of our clients' decision-making and spending, particularly in the second half of the year. In this context, we confirm our 2022 financial objectives and expect the strengthening business environment to drive CGG growth well into 2023 and beyond.

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 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\$3 million in 2022.

Seasonality

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

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.

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Unless otherwise specified, comparisons made in this section are between the three months ended March 31, 2022 and the three months ended March 31, 2021. References to 2022 correspond to the three months ended March 31, 2022 and references to 2021 correspond to the three months ended March 31, 2021.

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)	
	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	75.3	-	75.3	66.2	-	66.2	14%	14%
Earth Data	43.8	22.6	66.4	34.2	(4.0)	30.2	28%	120%
DDE Revenues	119.1	22.6	141.7	100.4	(4.0)	96.4	19%	47%
SMO Revenues	33.7	-	33.7	113.0	-	113.0	(70)%	(70)%
Eliminated revenues and others	-	-	-	(0.8)	-	(0.8)	(100)%	(100)%
TOTAL OPERATING REVENUES	152.8	22.6	175.4	212.6	(4.0)	208.6	(28)%	(16)%

Our consolidated operating revenues as reported, following the application of IFRS 15, decreased by 16% to US\$175 million in 2022 from US\$209 million in 2021. Before IFRS 15 adjustments, our consolidated operating revenues decreased by 28% to US\$153 million in 2022 from US\$213 million in 2021. The sustained growing activity worldwide of our Geoscience business and the increase of our Earth Data after sales were more than compensated by the seasonally soft activity in our Sensing and Monitoring business. The respective contributions from the Group's businesses to our segment operating revenues were 78% from DDE and 22% from SMO.

Data, Digital & Energy Transition (DDE)

Operating revenues as reported from our DDE segment increased by 47% to US\$142 million in 2022 compared to US\$96 million in 2021. Before IFRS 15 adjustments, DDE segment revenues increased more moderately by 19% to US\$119 million from US\$100 million in 2021. The main drivers regarding the change in operating revenues are detailed below.

Geoscience

Operating revenues as reported from Geoscience was up 14% year-on-year to US\$75 million in 2022 from US\$66 million in 2021, which included US\$11 million from our GeoSoftware and Smart Data Solutions divested businesses. Our Geoscience business had a solid activity sustained by demand for OBN / OBC and new technologies with some of our processing centers running at near full capacity. We continue to actively develop and promote our high-end technology for digitalization, energy transition and monitoring markets with strengthening opportunities in digitalization, CCUS and mining.

Earth Data

Earth Data revenues as reported increased by 120% to US\$66 million in 2022 compared to US\$30 million in 2021. Before IFRS 15 adjustments, Earth Data segment revenues increased by 28% to US\$44 million from US\$34 million in 2021, which had been strongly impacted by a low activity level.

Prefunding revenues as reported increased more than threefold to US\$37 million in 2022 from US\$11 million in 2021. Excluding IFRS 15 adjustment, prefunding revenue of our Earth Data projects remained stable year-on-year at US\$14 million from US\$15 million in 2021, commensurate with the level in our Earth Data cash capex at US\$33 million from US\$30 million in 2021, as we started new Antares marine streamer program offshore in Brazil. The cash-prefunding rate was at 42% in 2022 from 50% in 2021.

After-sales revenues increased by 56% at US\$30 million this quarter compared to US\$19 million in 2021 mainly driven by North Sea and US Land.

Sensing & Monitoring (SMO)

Total revenues for our SMO segment (including internal and external sales) were down 70% year-on-year at US\$34 million, a low quarter as anticipated with some sales shifted to the second half of the year, from US\$113 million in 2021 with large mega crews deliveries.

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

- Land equipment sales represented 60% of total revenues in 2022, compared to 89% in 2021, down 80% year-on-year. Land equipment sales were US\$20 million in 2022 from US\$100 million in 2021, which included over 125,000 channels and 50 vibrators delivered worldwide.
- Marine equipment sales represented 18% of total revenues in 2022 compared to 6% in 2021, with an

amount in sales of US\$6 million in 2022 compared to US\$7 million in 2021 in a market limited to equipment repairs.

- Downhole equipment remained stable at US\$4 million in 2022 as in 2021.

- New market sales were up 48%, driven by defense activity at US\$4 million from US\$3 million in 2021.

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)	
	2022		2021 (restated)		2022 vs. 2021	
	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Operating revenues	152.8	175.4	212.6	208.6	(28%)	(16%)
Costs of Operations	(130.2)	(136.9)	(202.7)	(201.9)	(36%)	(32%)
<i>% of operating revenues</i>	<i>(85%)</i>	<i>(78%)</i>	<i>(95%)</i>	<i>(97%)</i>		
Gross Margin	22.8	38.7	10.1	6.9	126%	461%
<i>% of operating revenues</i>	<i>15%</i>	<i>22%</i>	<i>5%</i>	<i>3%</i>		
Research and Development	(3.2)	(3.2)	(5.3)	(5.3)	(40%)	(40%)
<i>% of operating revenues</i>	<i>(2%)</i>	<i>(2%)</i>	<i>(2%)</i>	<i>(3%)</i>		
Marketing and Selling	(7.3)	(7.3)	(7.5)	(7.5)	(3%)	(3%)
<i>% of operating revenues</i>	<i>(5%)</i>	<i>(4%)</i>	<i>(4%)</i>	<i>(4%)</i>		
General and Administrative	(16.3)	(16.3)	(16.7)	(16.7)	(2%)	(2%)
<i>% of operating revenues</i>	<i>(11%)</i>	<i>(9%)</i>	<i>(8%)</i>	<i>(8%)</i>		
Other incomes (expenses)	(0.8)	(0.8)	2.0	2.0	(140%)	(140%)
OPERATING INCOME	(4.8)	11.1	(17.4)	(20.6)	(72%)	(154%)
<i>% of operating revenues</i>	<i>(3%)</i>	<i>6%</i>	<i>(8%)</i>	<i>(10%)</i>		

As a percentage of operating revenues as reported, cost of operations as reported decreased to 78% in 2022 from 97% in 2021. Excluding IFRS 15 adjustments, segment cost of operations, as a percentage of the segment operating revenues, was 85% in 2022 from 95% in 2021, mainly impacted by cost reduction measures and more profitable mix of activities (yet reduced) in an overall more favorable foreign exchange environment.

Excluding impairment loss, the amortization cost of our Earth Data library as reported corresponded to 47% of the Earth Data revenues as reported in 2022 compared to 85% in 2021. Excluding impairment loss and IFRS 15 adjustments, the segment amortization cost of our Earth Data library decreased to 55% of the Earth Data segment revenues in 2022 compared to 77% in 2021, mainly due to higher sales and more favorable mix.

Gross profit as reported strongly increased to US\$39 million in 2022 from US\$7 million in 2021, representing 22% and 3% of operating revenues, respectively, as a result of the factors discussed above. Segment gross profit was US\$23 million in 2022 from US\$10 million in 2021 and representing 15% of segment operating revenues compared to 5% in previous year.

Research and development costs decreased by 40% in 2022 compared to 2021, mainly as a consequence of cost reduction measures and sale of our GeoSoftware business in 2021.

Marketing and selling expenses and general and administrative expenses decreased by 3% and 2%

respectively in 2022 compared to 2021, mainly due to the impact of support cost reduction measures in a favorable foreign exchange rate environment (the average exchange rate was set as US\$1.12 per euro for the first three months ended March 31, 2022 compared to US\$1.22 per euro in 2021).

Other expenses of US\$1 million in 2022 were mainly composed of restructuring costs in Geoscience and SMO.

Operating income

Operating income as reported amounted to a US\$11 million gain in 2022 as a result of the factors described above, compared to a loss of US\$21 million in 2021. Excluding IFRS 15 adjustments, segment operating income was a loss of US\$5 million in 2022 compared to a loss of US\$17 million in 2021.

Segment operating income from our DDE segment was a gain of US\$22 million in 2022 driven by the increase in activity. This result is to be compared to a negative US\$8 million reported last year.

Segment operating income from our SMO segment was a loss of US\$19 million in 2022, mainly due to sales shift, and after a gain of US\$7 million in 2021 which reflected the very high level of Land equipment deliveries in the first three months of 2021.

Financial income and expenses

Net cost of financial debt in 2022 was US\$26 million, compared to US\$34 million in 2021, benefiting from lower interest rate and eliminating capitalized interest obligations thanks to our refinancing operation successfully performed in 2021.

Other financial income and expenses amounted to a gain of US\$7 million in 2022, mainly due to foreign exchange gain (Brazilian reals). In 2021, other financial income and expenses were a loss of US\$38 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\$9 million which included US\$6 million of deferred tax expenses, compared to an expense of US\$4 million recorded in 2021.

Net Income from continuing operations

Net income from continuing operations as reported was a loss of US\$16 million in 2022 compared to a loss of US\$97 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\$6 million in 2021, as Multi-Physics business sale was finalized on June 30, 2021.

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,	
	2022	2021 (restated)
Net cash before changes in working capital	62.0	0.6
Change in working capital	67.8	104.1
NET CASH PROVIDED BY OPERATING ACTIVITIES	129.8	104.7

Net cash as reported before changes in working capital provided by operating activities in 2022 was US\$62 million compared to US\$1 million in 2021, mainly due to a more profitable mix of activities and cost reduction measures.

Changes in working capital had a positive impact on cash from operating activities of US\$68 million in 2022, supported by the collection of significant year-end sales (usual seasonal

Net income from discontinued operations amounted to a loss of US\$2 million in 2022 compared to an income US\$11 million in 2021.

Net income

Net income as reported was a loss of US\$19 million in 2022 compared to a loss of US\$85 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.

pattern) and the reduced level of activity with a soft start of the year in SMO. Excluding IFRS 15 adjustments, changes in working capital had a positive impact on cash from operating activities of US\$90 million.

Net cash provided by operating activities was US\$130 million in 2022 compared to US\$105 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)

	Three months ended March 31,	
	2022	2021 (restated)
Net cash used in investing activities	43.8	44.4
<i>Of which</i>		
Industrial capital expenditures	4.4	3.6
Capitalized development costs	5.3	8.5
Earth Data surveys	32.7	30.0
Acquisitions and Proceeds of Assets	1.4	2.3

The net cash used in investing activities remained stable with a net amount of US\$44 million in 2022 as in 2021. Early 2022, we started our new marine streamer survey called Antares located in the South Santos basin of Brazil, as well as conducted a couple of reprocessing GOM projects.

As of March 31, 2022, the net book value of our Earth data library as reported was US\$407 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\$307 million as of March 31, 2022, compared to US\$283 million as of December 31, 2021.

Financing activities

Net cash used by financing activities was US\$13 million in 2022 compared to a net cash used of US\$22 million in 2021,

mainly composed of lease payments and cash interest expenses.

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,	
	2022	2021 (restated)
Net cash flow incurred by discontinued operations	(4.3)	(10.3)

Please refer to note 3 for more information

Net financial debt

Net financial debt as of March 31, 2022 was US\$925 million compared to US\$989 million as of December 31, 2021. The ratio of net financial debt to equity was 97% as of March 31, 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 March 31, 2022 and December 31, 2021:

(In millions of US dollars)

	March 31, 2022	December 31, 2021
Bank overdrafts	-	-
Current portion of financial debt	111.6	90.3
Financial debt	1,201.6	1,218.1
Gross financial debt	1,313.2	1,308.4
Less cash and cash equivalents	(388.1)	(319.2)
Net financial debt	925.1	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\$

Three months ended March 31, 2022

	Segment Figures	IFRS 15 adjustments	As reported
EBITDAs	38.6	22.6	61.2
Depreciation and amortization	(22.2)	-	(22.2)
Earth Data surveys impairment and amortization	(24.3)	(6.7)	(31.0)
Depreciation and amortization capitalized to Earth Data surveys	3.8	-	3.8
Share-based compensation expenses	(0.7)	-	(0.7)
Operating income	(4.8)	15.9	11.1
Share of (income) loss in companies accounted for under equity method	-	-	-
EBIT	(4.8)	15.9	11.1
Cost of financial debt, net	(25.7)	-	(25.7)
Other financial income (loss)	6.9	-	6.9
Total income taxes	(8.6)	-	(8.6)
NET INCOME FROM CONTINUING OPERATIONS	(32.2)	15.9	(16.3)

In millions of US\$

Three months ended March 31, 2021 (restated)

	Segment Figures	IFRS 15 adjustments	As reported
EBITDAs	29.4	(4.0)	25.4
Depreciation and amortization	(24.0)	-	(24.0)
Earth Data surveys impairment and amortization	(26.4)	0.8	(25.6)
Depreciation and amortization capitalized to Earth Data surveys	4.5	-	4.5
Share-based compensation expenses	(0.9)	-	(0.9)
Operating income	(17.4)	(3.2)	(20.6)
Share of (income) loss in companies accounted for under equity method	0.2	-	0.2
EBIT	(17.2)	(3.2)	(20.4)
Cost of financial debt, net	(34.4)	-	(34.4)
Other financial income (loss)	(38.4)	-	(38.4)
Total income taxes	(3.6)	-	(3.6)
NET INCOME FROM CONTINUING OPERATIONS	(93.6)	(3.2)	(96.8)

In millions of US\$

Three months ended March 31, 2022

	Segment Figures	IFRS 15 adjustments	As reported
DDE	57.2	22.6	79.8
SMO	(12.1)		(12.1)
Eliminations and other	(6.5)		(6.5)
EBITDAs	38.6	22.6	61.2

In millions of US\$

Three months ended March 31, 2021 (restated)

	Segment Figures	IFRS 15 adjustments	As reported
DDE	28.1	(4.0)	24.1
SMO	15.4		15.4
Eliminations and other	(14.1)		(14.1)
EBITDAs	29.4	(4.0)	25.4

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

(In millions of US\$)	Three months ended March 31,	
	2022	2021
Net cash flow provided by operating activities	129.8	104.7
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(9.6)	(12.1)
Investments in Earth Data surveys, net cash	(32.7)	(30.0)
Proceeds from disposals of tangible and intangible assets	-	0.1
Total net proceeds from financial assets	-	(2.4)
Acquisition of investments, net of cash & cash equivalents acquired	(1.4)	-
Lease repayments	(13.1)	(14.7)
Financial expenses paid	(0.2)	(6.9)
Net cash flow before net cash flows incurred by Discontinued Operations	72.7	38.7
Net cash flows incurred by Discontinued Operations	(4.3)	(10.3)
NET CASH FLOW	68.4	28.4

Net cash flow amounted to inflows of US\$68 million in 2022 compared to inflows of US\$28 million in 2021. Net cash flow before net cash flow incurred by Discontinued Operations

represented inflows of US\$73 million in 2022, compared to inflows of US\$39 million in 2021.

Contractual Obligations, commitments and contingencies

The following table sets forth our future cash obligations (not discounted) as of March 31, 2022:

(In millions of US\$)	Payments due by period				Total
	Less than 1 year	2-3 years	4-5 years	After 5 years	
Long-term debt obligations:					
Financial debt (including cumulated PIK)	-	0.6	0.9	1,150.6	1,152.1
Other long-term obligations (cash interests)	95.8	191.7	189.5	43.4	520.4
Total Long-term debt obligations	95.8	192.3	190.4	1,194.0	1,672.5
Lease obligations	72.6	42.5	7.2	5.4	127.7
Total Contractual Cash Obligations ^(a)	168.4	234.8	197.6	1,199.4	1,800.2

(a) Payments in other currencies are converted into U.S. dollar at March 31, 2022 exchange rates.

Capacity Agreement and Idle Vessels Compensation

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

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

The maximum Idle Vessel Compensation amount for a full year is to US\$22 million. At March 31, 2022 the residual commitment (discounted) in respect of Idle Vessel Compensation through to the end of the five-year period was US\$52 million.

Step-In Agreements

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

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

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

Currency fluctuations

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

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

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