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CONDENSED INTERIM FINANCIAL REPORT

Third quarter 2023 Results

November 6, 2023

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OPERATING AND FINANCIAL REVIEW

BUSINESS OUTLOOK

Overall, commercial activity was solid across all our businesses and geographic locations this period, with a strong rebound of our SMO business sustained by increased land and OBN seismic acquisition projects.

Fundamentals for exploration remain strong with persistent energy security and reliability concerns. The priority of our clients is to bring short-cycle oil & gas to production while increasingly looking for new potential reserves, especially offshore and in the Middle East.

This trend is translating into a continued focus in near-field exploration, more OBN data acquisition surveys and driving demand for high-end imaging. The backdrop is favorable to CGG and we are particularly well positioned to support our clients through our three main core businesses.

Our Beyond the core business activities continue maturing with new contract for High Performance Computing services for GenAI, building on the sector momentum, continued order intake for Carbon Sequestration and Minerals & Mining in DDE segment and new contracts in Structural Health Monitoring in our SMO segment.

2023 3Q RESULTS

PARIS, France – *November 6, 2023* – **CGG** (ISIN: FR0013081864), **a global technology and high-performance computing (HPC) leader**, announced today its third quarter 2023 non-audited results.

Sophie Zurquiyah, Chief Executive Officer of **CGG,** commented:

"Our third-quarter results validate our expectations for year-on-year growth and demonstrate the strengthening operational and cash performance across all businesses. As our clients increase their focus around adding new reserves, demand for our high-end technology, data and services drove strong performance for our core activities.

Our Beyond the Core businesses are supported by strong momentum in the Digital, Energy Transition, and Infrastructure Monitoring markets, notably in HPC. To support our growth ambitions in this field, we opened a new UK HPC Hub which will extend our global capacity to ~500 pFlops and strengthen our technology differentiation. We are uniquely addressing the needs of our new clients' high-end scientific and AI applications, as evidenced by another new contract signed this quarter."

Key financials – Segment and IFRS figures

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.

	3Q 2023			3Q 2022		
(In millions of US dollars)	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	IFRS 15 adjustment	As reported
Revenue	**805.4**	**4.9**	**810.4**	**609.8**	**48.7**	**658.5**
of which						
Earth Data Prefunding revenue	132.4	4.9	137.3	68.9	48.7	117.6
Operating expenses	**(682.3)**	**2.3**	**(680.0)**	**(523.5)**	**(37.7)**	**(561.2)**
of which						
Earth Data Prefunding surveys amortization	(102.1)	2.3	(99.8)	(99.2)	(37.7)	(136.9)
Operating income	**123.2**	**7.2**	**130.4**	**86.3**	**11.0**	**97.3**
Net income	**22.0**	**7.2**	**29.2**	**(12.6)**	**11.0**	**(1.6)**

3Q 2023 revenue is reported to US$810 million, of which Earth Data prefunding revenue is reported to US$137 million following the completion of surveys offshore Brazil, Suriname and Norway. We recognized US$132 million of segment revenues related to programs offshore Latin America and North Sea. According to IFRS 15 standards, we recorded a positive adjustment of the revenue for US$5 million, and a positive adjustment of US$2 million on the amortization costs. A positive net impact of US$7 million was booked at the net income level.

Company financial performance

Financial information is presented under IFRS standards, some sections of this report contain non-IFRS financial measures as EBITDAs and Net Cash Flow which are fully described in the glossary of the 2022 annual consolidated financial statements.

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 consolidated annual financial statements

Statement of income

	3Q 2023		3Q 2022		% Change	
(In millions of US$)	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Revenue	**805.4**	**810.4**	**609.8**	**658.5**	**32%**	**23%**
EBITDAs	**278.5**	**283.4**	**241.2**	**290.0**	**15%**	**(2)%**
EBITDAs margin %	35%	**35%**	**40%**	**44%**		
Operating income	**123.2**	**130.4**	**86.3**	**97.3**	**43%**	**34%**
Operating income margin %	15%	16%	14%	15%		
Financial income and expenses	(77.1)	(77.1)	(72.2)	(72.2)	7%	7%
Net income (loss) from equity affiliates	0.5	0.5	(0.1)	(0.1)		
Income taxes	(24.6)	(24.6)	(26.6)	(26.6)	(8)%	(8)%
Net income from continuing operations	**22.0**	**29.2**	**(12.6)**	**(1.6)**	**(274)%**	
Net income from discontinuing operations	**2.3**	**2.3**	**(2.4)**	**(2.4)**	**(196)%**	
Net income	**24.3**	**31.5**	**(15.0)**	**(4.0)**	**(262)%**	

Business highlights

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 8 to our consolidated financial statements.

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.

Data, Digital & Energy Transition (DDE)

	3Q 2023		3Q 2022		% Change	
(In millions of US$)	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Geoscience	237.5	237.5	214.8	214.8	11%	11%
Earth Data	233.9	238.8	229.6	278.3	2%	(14)%
DDE Revenue	**471.4**	**476.3**	**444.4**	**493.1**	**6%**	**(3)%**
DDE EBITDAs	**249.8**	**254.7**	**254.7**	**304.5**	**(2)%**	**(16)%**
DDE EBITDAs margin %	53%	53%	57%	62%		
DDE OPINC	**118.8**	**126**	**125.4**	**136.4**	**(5)%**	**(8)%**
DDE OPINC margin %	25%	26%	28%	28%		

Geoscience (GEO)

Geoscience activity remains solid across all regions sustained by increasing demand worldwide for OBN imaging, higher resolution images. The level of commercial activity continues to be strong with order intakes up 6% year-on-year.

Earth-Data (EDA)

Prefunding revenues as reported increased by 17% to US$137 million in 2023, excluding IFRS 15 adjustment, prefunding revenue of our multi-client Earth data projects was US$132 million, up 92% year-on-year.

Earth Data cash capex was US$142 million, down (21)% year-on-year with two marine streamer programs in offshore Norway and Brazil during the first semester and one OBN program offshore Norway and a few reprocessing projects this quarter. At the end of September, cash prefunding rate was 93%.

After-sales were at US$101 million down (37)% or down (5)% when adjusted from an exceptional transfer fees in Q2 2022.

US$31 million compensation fees were paid to Shearwater at the end of September.

- **Q3 DDE Key operational highlights**

(Please refer to H1 2023 press release for first semester highlights) **Sep 27, 2023 - CGG Commences major new multi-client 3D PSDM reimaging program** in the Tano Basin offshore Côte d'Ivoire *– EDA.*

CGG has started a major new multi-client 3D PSDM reimaging program in the Tano Basin offshore Côte d'Ivoire in association with the country's Direction Générale des Hydrocarbures and national oil company, PETROCI Holding.

- **Q3 DDE Key commercial highlights**

(Please refer to H1 2023 press release for first semester highlights)

Aug 1, 2023 - CGG, PGS and TGS Introduce New Tiered Offerings for Versal, the World's First Multi-Client Data Ecosystem *– EDA.*

Sensing & Monitoring (SMO)

(In millions of US$)	3Q 2023	3Q 2022	% Change
SMO Revenue	**334.1**	**165.3**	**102%**
SMO EBITDAs	**47.7**	**(1.1)**	**-**
SMO EBITDAs margin %	14%	(1)%	
SMO OPINC	**25.4**	**(23.0)**	**-**
SMO OPINC margin %	8%	(14)%	

SMO confirmed its expected rebound with high revenue at US$334 million, up 102% year-on-year:

- **Land** equipment sales represented 35% of SMO revenue, compared to 50% in 2022, up 42% year-on-year. Land equipment sales were US$117 million in 2023 from US$82 million in 2022 with high level of land delivery for North Africa and Middle East.
- **Marine** equipment sales represented 49% of SMO revenue, compared to 31% in 2022, up 223% year-on-year. Marine equipment sales were US$164 million in 2023 from US$51 million in 2022 driven by major sales of Ocean Bottom Nodes and a set of streamers for oceanographic operations.
- **Downhole** equipment sales were US$16 million, up 31% year-on-year.
- **Beyond the Core** revenues were high at US$37 million, up 87% year-on-year, mainly from structural health monitoring projects.

Q3 SMO Key commercial highlights

(Please refer to H1 2023 press release for first semester highlights)

Aug 30, 2023 - Sercel Extends its OBN Portfolio

CGG announced that Sercel now has a complete portfolio of seabed nodal solutions for all water depths down to 6,000 m to meet growing industry demand for ocean bottom node (OBN) seismic surveys.

Aug 29, 2023 - Sercel Launches MetaBlue

Sercel has launched MetaBlue, a ground-breaking data-driven solution for marine seismic survey planning and management.

Jul 3, 2023 - Sercel Wins Multiple Mega Crew Equipment Contracts in the Middle East

CGG announced that Sercel has been awarded multiple major equipment contracts by BGP Inc., a worldwide leading geophysical services provider.

Other financial items

Non-recurring expense amounted to US$1 million.

Net financial income and expenses was a US$77 million expense, mostly associated with the cost of our financial debt.

Income taxes amounted to an expense of US$25 million in 2023, which included US$15 million of deferred tax expenses and US$10 million of foreign current tax expenses.

Net income from discontinued operations amounted to a US$2 million gain due to unused reversal of costs provisions, partly offset by the discounting impact on financial expenses related to the Idle Vessel Compensation *(see note 3 of the present document).*

Cash flow statement

(In millions of US$)	3Q 2023	3Q 2022
Net cash flow provided by operating activities	**256.9**	**205.7**
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(48.3)	(19.4)
Investments in Earth Data surveys, net cash	(141.7)	(107.7)
Proceeds from disposals of tangible and intangible assets	0.0	33.6
Acquisition of investments, net of cash & cash equivalents acquired	(1.9)	(17.4)
Proceeds from divestment of activities and sale of financial assets	0.0	0.5
Variation in subsidies for capital expenditures	0.0	(0.1)
Lease repayments	(37.9)	(25.0)
Payments and/or proceeds net from asset financing transactions	21.5	0.0
Financial expenses paid	(46.5)	(47.0)
Net cash flow incurred by continuing operations	2.1	23.2
Net cash flows incurred by discontinued operations	(17.0)	(10.4)
Net cash flow	**(14.9)**	**12.8**

Financial debt

(In millions of US dollars)	September 30, 2023	December 31, 2022
Bank overdrafts	-	-
Current portion of financial debt	96.1	60.4
Financial debt	1,186.9	1,188.8
Gross financial debt	**1,283.0**	**1,249.2**
Less cash and cash equivalents	(275.1)	(298.0)
Net financial debt	**1,007.9**	**951.2**

Liquidity

Liquidity of US$370 million on September 30, 2023 includes US$275 million of cash and US$100 million of liquidity provided by the Company's undrawn revolving credit facility (RCF), offset by US$5 million of ancillary facility.

RELATED PARTY TRANSACTIONS

Related party transactions are identified and described in Note 27 Related party transactions of the 2022 consolidated financial statements.

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.

All of the Company's forward-looking statements involve risks and uncertainties (some of which are significant or beyond the Company's control) and assumptions that could cause actual results to differ materially from the Company's historical experience and the Company's present expectations or projections.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements.

Some of these risks or uncertainties are discussed in this Interim Management Report. Other factors are discussed in the Company's 2022 Annual Report including in section 2.2. Main Risk Factors and Control Measures and in sections 3.1. ESG Strategy and 5.1. Operating and Financial Review where the Company's material risks are discussed. These provide a discussion of the factors that could affect the Company's future performance and the markets in which the Company operates. Additional risks currently not known to the Company or that the Company has not considered material as of the date of this Interim Financial Report could also cause the forward-looking events discussed in this Interim Management Report not to occur.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable laws.

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(In millions of US$, except per share data)	Notes	Nine months ended September 30, 2023	2022
Operating revenues	8	**810.4**	**658.5**
Other income from ordinary activities		**0.2**	0.5
Total income from ordinary activities		**810.6**	**659.0**
Cost of operations		**(578.0)**	(477.8)
Gross profit		**232.6**	**181.2**
Research and development expenses - net		**(20.5)**	(12.5)
Marketing and selling expenses		**(26.6)**	(21.8)
General and administrative expenses		**(54.2)**	(51.0)
Other revenues (expenses) - net	9	**(0.9)**	1.4
Operating income (loss)	8	**130.4**	**97.3**
Cost of financial debt, gross		**(79.5)**	(75.7)
Income provided by cash and cash equivalents		**4.0**	1.1
Cost of financial debt, net		**(75.5)**	**(74.6)**
Other financial income (loss)	10	**(1.6)**	2.4
Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method		**53.3**	**25.1**
Income taxes		**(24.6)**	(26.6)
Net income (loss) before share of income (loss) from companies accounted for under the equity method		**28.7**	**(1.5)**
Net income (loss) from companies accounted for under the equity method		**0.5**	**(0.1)**
Net income (loss) from continuing operations		**29.2**	**(1.6)**
Net income (loss) from discontinued operations	3	**2.3**	(2.4)
Consolidated net income (loss)		**31.5**	**(4.0)**
Attributable to :			
Owners of CGG S.A	$	28.0	(2.8)
Non-controlling interests	$	**3.5**	**(1.2)**
Net income (loss) per share [(a)]			
Basic	$	0.04	—
Diluted	$	0.04	—
Net income (loss) from continuing operations per share [(a)]			
Basic	$	0.04	—
Diluted	$	0.04	—
Net income (loss) from discontinued operations per share [(a)]			
Basic	$	-	—
Diluted	$	-	—

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

See the notes to the Unaudited Interim Consolidated Financial Statements

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

(In millions of US$, except per share data)	Notes	Three months ended September 30, 2023	2022
Operating revenues		**293.3**	**254.9**
Other income from ordinary activities		**-**	0.1
Total income from ordinary activities		**293.3**	**255.0**
Cost of operations		**(217.0)**	(198.7)
Gross profit		**76.3**	**56.3**
Research and development expenses - net		**(6.6)**	(4.8)
Marketing and selling expenses		**(8.9)**	(7.6)
General and administrative expenses		**(19.9)**	(16.1)
Other revenues (expenses) - net		**1.3**	(0.1)
Operating income (loss)		**42.2**	**27.7**
Cost of financial debt, gross		**(26.5)**	(24.7)
Income provided by cash and cash equivalents		**0.7**	0.4
Cost of financial debt, net		**(25.8)**	**(24.3)**
Other financial income (loss)		**(4.9)**	(0.8)
Income (loss) before incomes taxes and share of income (loss) from companies accounted for under the equity method		**11.5**	**2.6**
Income taxes		**(4.1)**	(3.7)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method		**7.4**	**(1.1)**
Net income (loss) from companies accounted for under the equity method		**0.7**	(0.1)
Net income (loss) from continuing operations		**8.1**	**(1.2)**
Net income (loss) from discontinued operations		**0.4**	(0.4)
Consolidated net income (loss)		**8.5**	**(1.6)**
Attributable to :			
Owners of CGG S.A	$	7.7	(1.0)
Non-controlling interests	$	0.8	(0.6)
Net income (loss) per share [a]			
Basic	$	0.01	—
Diluted	$	0.01	—
Net income (loss) from continuing operations per share [a]			
Basic	$	0.01	—
Diluted	$	0.01	—
Net income (loss) from discontinued operations per share [a]			
Basic	$	-	—
Diluted	$	-	—

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

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statement of comprehensive income (loss) – Year-To-Date

(In millions of US$)	Notes	Nine months ended September 30, 2023	2022
Net income (loss) from statements of operations		**31.5**	**(4.0)**
Net gain (loss) on cash flow hedges		0.2	(1.6)
Variation in translation adjustments		10.5	(46.5)
Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (1)		**10.7**	**(48.1)**
Net gain (loss) on actuarial changes on pension plan		(0.7)	2.2
Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (2)		**(0.7)**	**2.2**
Total other comprehensive income (loss) for the period, net of taxes (1) + (2)		**10.0**	**(45.9)**
Total comprehensive income (loss) for the period		**41.5**	**(49.9)**
Attributable to :			
Owners of CGG S.A.		*39.2*	*(44.1)*
Non-controlling interests		*2.3*	*(5.8)*

Unaudited Interim Consolidated statement of financial position

(In millions of US$)	Notes	September 30, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents		275.1	298.0
Trade accounts and notes receivable, net		316.3	308.3
Inventories and work-in-progress, net		237.5	257.2
Income tax assets		11.3	53.4
Other current financial assets, net		-	0.1
Other current assets, net		136.4	99.9
Total current assets		**976.6**	**1,016.9**
Deferred tax assets		20.6	24.2
Other non-current assets, net		11.5	8.2
Investments and other financial assets, net		20.9	18.4
Investments in companies under the equity method		11.2	10.8
Property, plant and equipment, net	4	180.1	167.3
Intangible assets, net		603.9	554.2
Goodwill, net		1,091.9	1,089.4
Total non-current assets		**1,940.1**	**1,872.5**
TOTAL ASSETS		**2,916.7**	**2,889.4**
LIABILITIES AND EQUITY			
Financial debt – current portion	5	96.1	60.4
Trade accounts and notes payables		89.0	92.0
Accrued payroll costs		76.8	85.6
Income taxes payable		27.9	27.2
Advance billings to customers		24.1	29.4
Provisions — current portion		15.8	17.6
Other current financial liabilities		21.0	20.0
Other current liabilities		214.9	222.1
Total current liabilities		**565.6**	**554.3**
Deferred tax liabilities		28.9	18.7
Provisions — non-current portion		31.1	28.6
Financial debt – non-current portion	5	1,186.9	1,188.8
Other non-current financial liabilities		5.9	21.8
Other non-current liabilities		7.8	18.4
Total non-current liabilities		**1,260.6**	**1,276.3**
Common stock: 1,105,308,172 shares authorized and 713,676,258 shares with a €0.01 nominal value outstanding at September 30, 2023		8.7	8.7
Additional paid-in capital		118.7	118.6
Retained earnings		996.9	967.9
Other Reserves		39.3	50.0
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		(3.2)	(3.4)
Cumulative translation adjustment		(90.7)	(102.4)
Equity attributable to owners of CGG S.A.		**1,049.6**	**1,019.3**
Non-controlling interests		40.9	39.5
Total equity		**1,090.5**	**1,058.8**
TOTAL LIABILITIES AND EQUITY		**2,916.7**	**2,889.4**

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statement of cash flows

(In millions of US$)	Notes	Nine months ended September 30, 2023	2022
OPERATING ACTIVITIES			
Consolidated net income (loss)		31.5	(4.0)
Less: Net income (loss) from discontinued operations	3	(2.3)	2.4
Net income (loss) from continuing operations		**29.2**	**(1.6)**
Depreciation, amortization and impairment	8	63.3	65.2
Earth Data surveys impairment and amortization	8	99.8	136.9
Depreciation and amortization capitalized in Earth Data surveys		(11.8)	(11.7)
Variance on provisions		0.5	(0.8)
Share-based compensation expenses		1.7	2.3
Net (gain) loss on disposal of fixed and financial assets		0.1	(3.9)
Share of (income) loss in companies recognized under equity method		(0.5)	0.1
Other non-cash items		1.8	(2.4)
Net cash-flow including net cost of financial debt and income tax		**184.1**	**184.1**
Less : Cost of financial debt		75.5	74.6
Less : Income tax expense (gain)		24.6	26.6
Net cash-flow excluding net cost of financial debt and income tax		**284.2**	**285.3**
Income tax paid [c]		(3.8)	(3.8)
Net cash-flow before changes in working capital		**280.4**	**281.5**
Changes in working capital		**(23.5)**	**(38.8)**
- change in trade accounts and notes receivable		(29.4)	30.0
- change in inventories and work-in-progress		17.4	(69.8)
- change in other current assets		6.6	5.1
- change in trade accounts and notes payable		(0.4)	36.1
- change in other current liabilities		(17.7)	(40.2)
-Impact of changes in exchange rate on financial items		0.0	-
Net cash-flow from operating activities		**256.9**	**242.7**
INVESTING ACTIVITIES			
Total capital expenditures (tangible and intangible assets) net of variation of fixed assets suppliers, excluding Earth Data surveys)	4	(48.3)	(29.6)
Investment in Earth Data surveys		(141.7)	(179.9)
Proceeds from disposals of tangible and intangible assets [a]		-	33.1
Proceeds from divestment of activities and sale of financial assets		-	4.8
Acquisition of investments, net of cash and cash equivalents acquired [b]		(1.9)	(36.7)
Variation in subsidies for capital expenditures		-	(0.1)
Variation in other non-current financial assets		(2.9)	(6.7)
Net cash-flow used in investing activities		**(194.8)**	**(215.1)**

(a) Sale and leaseback of CGG headquarters in 2022
(b) Includes a partial earn-out payment following the acquisition of Geocomp in 2022
(c) Includes settlement of tax audit Mexico for US$ 5,1 milllion which was accrued on December 2022

(In millions of US$)	Notes	Nine months ended September 30, 2023	2022
FINANCING ACTIVITIES			
Repayment of long-term debt	5	(1.5)	-
Total issuance of long-term debt	5	23.0	-
Lease repayments	5	(37.9)	(36.6)
Financial expenses paid	5	(46.5)	(46.9)
Loan granted		-	1.7
Net proceeds from capital increase:		-	0.4
— from Owner of CGG		-	0.4
— from non-controlling interests of integrated companies		-	—
Dividends paid and share capital reimbursements:			
— to owners of CGG		-	—
— to non-controlling interests of integrated companies		(0.8)	(0.9)
Net cash-flow provided by (used in) financing activities		**(63.7)**	**(82.2)**
Effects of exchange rates on cash		(4.3)	(23.1)
Net cash flows incurred by discontinued operations	3	**(17.0)**	**(16.4)**
Net increase (decrease) in cash and cash equivalents		**(22.9)**	**(94.1)**
Cash and cash equivalents at beginning of year		298.0	319.2
Cash and cash equivalents at end of period		**275.1**	**225.1**

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim 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 (a)	Equity attributable to owners of CGG S.A.	Non-controlling interests	Total equity
Balance at January 1, 2022	**711,663,925**	**8.7**	**464.1**	**570.0**	**5.0**	**(20.1)**	**(0.8)**	**(64.2)**	**962.7**	**43.7**	**1,006.4**
Net gain (loss) on actuarial changes on pension plan (1)	-	-	-	2.2	-	-	-	-	2.2	-	2.2
Net gain (loss) on cash flow hedges (2)	-	-	-	-	-	-	(1.6)	-	(1.6)	-	(1.6)
Net gain (loss) on translation adjustments (3)	-	-	-	-	-	-	-	(41.9)	(41.9)	(4.6)	(46.5)
Other comprehensive income (1)+(2)+(3)	**0**	**0.0**	**0.0**	**2.2**	**0.0**	**0.0**	**(1.6)**	**(41.9)**	**(41.3)**	**(4.6)**	**(45.9)**
Net income (loss) (4)	-	-	-	(2.8)	-	-	-	-	(2.8)	(1.2)	(4.0)
Comprehensive income (1)+(2)+(3)+(4)	**0**	**0.0**	**0.0**	**(0.6)**	**0.0**	**0.0**	**(1.6)**	**(41.9)**	**(44.1)**	**(5.8)**	**(49.9)**
Exercise of warrants	122,182	-	0.4	-	-	-	-	-	0.4	-	0.4
Dividends	-	-	-	-	-	-	-	-	0.0	(0.9)	(0.9)
Cost of share-based payment	571,118	-	-	1.9	-	-	-	-	1.9	-	1.9
Transfer to retained earnings of the parent company	-	-	(346.0)	346.0	-	-	-	-	0.0	-	0.0
Variation in translation adjustments generated by the parent company	-	-	-	-	72.1	-	-	-	72.1	-	72.1
Changes in consolidation scope and other	-	-	-	(0.1)	-	-	-	-	(0.1)	0.1	0.0
Balance at September 30, 2022	**712,357,225**	**8.7**	**118.5**	**917.2**	**77.1**	**(20.1)**	**(2.4)**	**(106.1)**	**992.9**	**37.1**	**1,030.0**

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

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, 2023 (a)	**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)	**-**	**-**	**-**	**(0.7)**	**-**	**-**	**-**	**-**	**(0.7)**	**-**	**(0.7)**
Net gain (loss) on cash flow hedges (2)	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**	**-**	**0.2**
Net gain (loss) on translation adjustments (3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11.7**	**11.7**	**(1.2)**	**10.5**
Other comprehensive income (1)+(2)+(3)	**-**	**-**	**-**	**(0.7)**	**-**	**-**	**0.2**	**11.7**	**11.2**	**(1.2)**	**10.0**
Net income (loss) (4)	**-**	**-**	**-**	**28.0**	**-**	**-**	**-**	**-**	**28.0**	**3.5**	**31.5**
Comprehensive income (1)+(2)+(3)+(4)	**-**	**-**	**-**	**27.3**	**-**	**-**	**0.2**	**11.7**	**39.2**	**2.3**	**41.5**
Exercise of warrants	**23,794**	**-**	**0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Cost of share-based payment	**1,295,143**	**-**	**-**	**1.7**	**-**	**-**	**-**	**-**	**1.7**	**-**	**1.7**
Transfer to retained earnings of the parent company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Variation in translation adjustments generated by the parent company	**-**	**-**	**-**	**-**	**(10.7)**	**-**	**-**	**-**	**(10.7)**	**-**	**(10.7)**
Changes in consolidation scope and other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at September 30, 2023	**713,676,258**	**8.7**	**118.7**	**996.9**	**39.3**	**(20.1)**	**(3.2)**	**(90.7)**	**1,049.6**	**40.9**	**1,090.5**

Notes to the Unaudited Interim Consolidated financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CGG S.A. ("the Company"), along with its subsidiaries (together, the "Group") is a global geoscience technology and scientific High Performance Computing (HPC) leader. Employing around 3,400 people worldwide, CGG provides data, products, services and solutions in Earth science, data science, sensing and monitoring. The Group unique portfolio supports its clients in efficiently and responsibly solving complex digital, energy transition, natural resource, environmental, and infrastructure challenges for a more sustainable future.

Given that the Company is listed on a European Stock Exchange and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the *International Accounting Standards Board* (IASB) and adopted by the European Union as at September 30, 2023.

The Board of Directors has authorized these condensed interim consolidated financial statements on November 6, 2023.

The condensed interim 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 condensed interim 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 condensed interim 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 applicable since January 1, 2023:

- 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 condensed interim consolidated financial statements.

At the date of issuance of these condensed interim 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 (issued on 22 September 2022)
- Amendments to IAS 12 "Income taxes": International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)

The review of the amendments IAS 1, IFRS 16, IAS 7, IFRS 7 and IAS 21 is ongoing to assess the potential impacts on our consolidated financial statements and no significant impact is expected at this date.

As the application of IAS 12 to Pillar Two income taxes is unclear and before the amendment to IAS 12 is endorsed, we applied our judgment and concluded that not accounting for deferred taxes is the most reliable accounting policy as of September 30, 2023. The assessment of the Pillar Two exposure is ongoing.

1.2 - Use of judgment and estimates

The preparation of interim 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 interim 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 commitment period as estimated at the “Marine Closing” date
	Valuation of investments in companies accounted for under the equity method	Estimated recoverable value
Note 8	Revenue recognition	Estimated Geoscience Contract completion rates
	Income tax liabilities – Uncertain tax positions	Estimate of most likely tax amount
	Deferred tax assets	Assumptions supporting the achievement of future taxable profits
	Provisions for restructuring	Assessment of future costs related to restructuring plans
Notes 4 and 5	Discount rate IFRS 16	Assessment of incremental borrowing rate
	Recoverability of client receivables	Assessment of clients’ credit default risk
Note 4	Depreciation and amortization of tangible and intangible assets	Useful life of assets
Note 4	Development costs	Assessment of future benefits from each project
	Post-employment benefits	Discount rate Enrollment rate in post-employment benefit plans Inflation rate
	Provisions for risks, claims and litigations	Assessment of risks considering court rulings and attorney’s positions

NOTE 2 SIGNIFICANT EVENTS

There is no significant event during the first nine months of 2023.

NOTE 3 DISCONTINUED OPERATIONS

Net income (loss) from discontinued operations

(In millions of US$)	Nine months ended September 30, 2023	2022
Operating revenues	-	-
Operating income (loss)	2.3	(0.9)
Net income (loss) from discontinued operations	**2.3**	**(2.4)**

Net income from discontinued operations amounts to US$2.3 million for the first nine months of 2023 including :

- US$(1.5) million of discounting impact on financial expenses related to the Idle Vessel Compensation,
- US$1.4 million of unused reversal of legal costs provision following the litigation settlement with Fugro,
- US$0.8 million of tax provision reversal linked to statute of limitation,.
- US$0.9 million of restructuring gain on disposal of equipment in Tunisia.

For the period ended September 30, 2022, the net income from discontinued operations amounted to US$2.1 million and was impacted by the following non-cash items:

- US$1.9 million for the gain on the sale of our Multi-Physics business,
- US$(2.8) million of discount of the Idle Vessel Compensation, and
- US$5.2 million of foreign exchange gain on a tax liability.

Net cash flows incurred by discontinued operations are as follows

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

(In millions of US$)	Nine months ended September 30, 2023	2022
Net cash-flow from discontinued operations	**(17)**	**(16.4)**

In 2023, the net cash flow generated by discontinued operations includes US$(16.4) million cash outflows related to Idle Vessel Compensation.

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

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

(in millions of US$)	September 30, 2023			December 31, 2022		
	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Land	4.6	0.0	4.6	4.7	-	4.7
Buildings	127.6	(105.0)	22.6	126.8	(102.1)	24.7
Machinery & Equipment	265.7	(234.4)	31.3	269.4	(234.5)	35.0
Other tangible assets	156.9	(103.2)	53.7	132.8	(100.7)	32.1
Right-of-use assets	183.5	(115.6)	67.9	179.2	(108.4)	70.8
- Property	123.0	(85.8)	37.2	115.2	(77.1)	38.2
- Machinery & Equipment	60.5	(29.8)	30.7	64.0	(31.3)	32.6
TOTAL PROPERTY, PLANT and EQUIPMENT	**738.4**	**(558.2)**	**180.1**	**712.9**	**(545.7)**	**167.3**

Short-term leases and leases of low-value assets

As allowed by IFRS 16, the Group decided to use exemptions for short-term leases (<12 months) and leases of low-value assets (<US$5,000), which were not material at September 30, 2023 and at December 31, 2022.

Revenues from subleases

The Group signed arrangements with third parties to sublease leased real estate assets. The income generated by these sublease agreements, which are classified as operating leases, was not material at September 30, 2023 and at December 31, 2022.

Variation over the period

(In millions of US$)	September 30, 2023	December 31, 2022
Balance at beginning of period	**167.3**	**212.1**
Acquisitions [(a)]	58.9	62.3
Depreciation [(b)]	(43.8)	(59.7)
Disposals	(4.1)	(0.1)
Sale and leaseback [(c)]	-	(42.2)
Translation adjustments	1.9	(7.8)
Change in consolidation scope	0.3	6.9
Impairment of assets [(d)]	-	(1.6)
Other	(0.4)	(2.6)
BALANCE AT END OF PERIOD	**180.1**	**167.3**

(a) Including US$22.9 million additional right-of use assets during the first nine months of 2023, compared to US$30.2 million in 2022.

(b) Including US$27.7 million depreciations of right-of-use assets during the first nine months of 2023, compared to US$34.5 million in 2022.

(c) Relates to CGG headquarters sale and leaseback, including US$11.9 million of right-of-use asset and US$(54.1) million for the disposal of assets in 2022.

(d) Including US$1.6 million depreciations related to impairment of right-of-use assets in 2022.

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

(In millions of US$)	September 30, 2023	December 31, 2022
Acquisitions of tangible assets, excluding leases	36.1	32.1
Capitalized development costs	12.3	21.3
Acquisitions of other intangible assets, excluding Earth Data surveys	0.3	0.4
Change in fixed asset suppliers	(0.4)	0.7
Reclassification of tangible assets in "Assets held for sale”	-	-
TOTAL PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS ACCORDING TO CASH FLOW STATEMENT (“CAPITAL EXPENDITURES”)	**48.3**	**54.5**

NOTE 5 FINANCIAL DEBT

Gross financial debt as of September 30, 2023 was US$1,283.1 million compared to US$1,249.2 million as of December 31, 2022.

The breakdow of our gross debt is as follows :

	September 30, 2023			December 31, 2022
(In millions of US$)	Current	Non-current	Total	Total
2027 Notes	0.0	1,119.7	1,119.7	1,124.0
Bank loans and other loans	14.7	19.8	34.5	12.8
Lease liabilities	39.0	47.4	86.4	92.7
Sub-total	**53.7**	**1,186.9**	**1,240.6**	**1,229.5**
Accrued interests	42.4	-	42.5	19.7
Financial debt	**96.1**	**1,186.9**	**1,283.1**	**1,249.2**
TOTAL	**96.1**	**1,186.9**	**1,283.1**	**1,249.2**

Changes in liabilities arising from financing activities

(In millions of US$)	September 30, 2023	December 31, 2022
Balance at beginning of period	**1,249.2**	**1,308.4**
Decrease in long term debts[(a)]	(1.5)	(0.1)
Increase in long-term debts[(a)]	23.0	10.7
Lease repayments	(37.9)	(48.4)
Sale and leaseback	-	(29.0)
Financial interests paid	(46.5)	(92.4)
Total Cash flows	**(62.9)**	**(159.2)**
Cost of financial debt, net	75.5	98.5
Increase in lease liabilities [(b)]	23.2	43.9
Change in consolidation scope [(c)]	0.2	4.1
Translation adjustments	(2.0)	(46.5)
BALANCE AT END OF PERIOD	**1,283.1**	**1,249.2**

(a) *Related to the new asset financing to expand our HPC and Cloud solutions capabilities.*
(b) *Including new UK datacenter lease liability for $10,6 million.*
(c) *Relates to Geocomp acquisition in December 2022.*

Financial debt by financing sources

Our gross debt before accrued interests and bank overdrafts as of September 30, 2023 breaks down by financing sources as follows:

	Issuing date	Maturity	Nominal amount September 30, 2023 *(in millions of currency)*	Net balance September 30, 2023 *(In US$m)*	Interest rates
2027 Notes tranche USD	2021	2027	US$500.0	500.0	8,75%
2027 Notes tranche EUR	2021	2027	€585.0	619.7	7,75%
Sub-total 2027 Notes				**1,119.7**	
Other loans				34.5	
Sub-total bank loans and other loans				**1,240.6**	
Lease liabilities				86.4	
TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS				**1,240.6**	

Financial debt by currency

Our gross debt before accrued interests and bank overdrafts as of September 30, 2023 breaks down by currency as follows:

(In millions of US$)	September 30, 2023	December 31, 2022
USD	577.2	564.8
EUR	642.6	646.4
GBP	13.6	7.7
AUD	0.9	1.9
CAD	3.4	3.9
NOK	0.3	0.9
SGD	1.9	2.5
Other	0.7	1.4
TOTAL	**1,240.6**	**1,229.5**

Financial debt by interest rate

(In millions of US$)	September 30, 2023	December 31, 2022
Variable rates (average effective rate Septembre 30, 2023 : nil, December 31, 2022: nil)	-	-
Fixed rates[(a)] (average effective rate at Septembre 30, 2023 : 7.80%, December 31, 2022: 8,05%)	1,240.6	1,229.5
TOTAL FINANICAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS	**1,240.6**	**1,229.5**

(a) Including IFRS 16 cost of debt rate

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

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

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

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

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

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

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

US$ 100 million Revolving Credit Facility

(In millions of US$)	Date	Maturity	Authorized amount	Used amount	Ancillary amount	Available amount
Revolving Credit Facility	2021	2025	100.0	-	5.0	95.0

On April 1, 2021 CGG entered into a US$100 million Super Senior Revolving Credit Facility Agreement with a 4.5 year maturity and secured by the same security package as the 2027 Notes. An ancillary facility of $5m was signed in February 2023 for the issuance of bonds, guarantees and letter of credit reducing the available commitment under RCF to $95m. Interest rate is calculated according to SOFR rate increased by a 5% margin, downward revisable depending Group rating and greenhouse gas emission reduction targets.

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

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

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

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

Other loans

In September 2022, CGG has entered into an asset financing arrangement to further develop its HPC and Cloud solutions capabilities. Under this agreement, the financial institution agreed to pay on CGG’s behalf and upon CGG instructions some selected supplier’s invoices. In return CGG is committed to repay this loan under a repayment schedule previously agreed upon. Each invoice being considered in this agreement is treated as a separate loan with specific repayment schedule. The financing arrangement is accounted as a financial debt and is not considered as payables. It amounts to US$32.1 million as of September 30,2023 including a long term portion for US$17.9 million. The cash flows are presented as financing activities in the consolidated statement of cash flows.

NOTE 6 LONG TERM INCENTIVE PLANS

New stock option plans and performance shares allocation plan

On June 22, 2023, the Board of Directors allocated:

- 430,000 stock options to the Chief Executive Officer. Their exercise price is €0.68. The options vest in one batch, in June 2026. Such vesting is subject to performance conditions related to the CGG share price, internal performances conditions of Ebitda and ESG metrics. The options have an eight-year duration.
- 1,270,000 stock options to the Executive Leadership members. Their exercise price is €0.68. The options vest in one batch, in June 2026. Such vesting is subject to performance conditions related to the CGG share price, internal performances conditions of Ebitda and ESG metrics. The options have an eight-year duration.
- 1,692,560 stock options to certain employees. Their exercise price is €0.68. The options vest in two batches, in June 2025 (for 50% of the options allocated) and June 2026 (for 50% of the options allocated). The options have an eight-year duration.
- 430,000 performance shares to the Chief Executive Officer. The performance shares vest in one batch in June 2026 and are subject to performance conditions related to internal performances conditions of Ebitda and ESG metrics.
- 1,270,000 performance shares to the Executive Leadership members. The performance shares vest in one batch in June 2026 and are subject to performance conditions related to internal performances conditions of Ebitda and ESG metrics.
- 890,040 performance shares to certain employees. The performance shares vest in two batches, in June 2025 (for 50% of the shares allocated) and June 2026 (for 50% of the shares allocated) and are subject to performance conditions related to internal performances conditions of Ebitda and ESG metrics.
- 841,500 restricted shares subject to presence condition to certain employees. The restricted shares subject to presence conditions vest in two batches, in June 2025 (for 50% of the shares allocated) and June 2026 (for 50% of the shares allocated).

The main assumptions related to the June 22, 2023 stock options, performance share and restricted share plans are as follows:

- CGG share price as of June 22, 2023: €0.64
- Volatility over 2 years: 54.26%
- Volatility over 3 years: 55.95%
- Risk-free rate: 3.32% (over 2 years) and 3.13% (over 3 years).

The aforementioned stock options, performance shares and restricted shares allocation plans have been valued at €2.6 million. Due to the allocation date, the cost recognized over the period is not significant.

NOTE 7 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

Contractual obligations

(In millions of US$)	September 30, 2023	December 31, 2022
Long-term debt obligations	1,528.8	1,555.3
Lease obligations	107.8	106.9
TOTAL	**1,636.6**	**1,662.2**

The following table sets forth our future cash obligations (not discounted) on our contractual obligations and commitments as of September 30, 2023:

(In millions of US$)	Payments due by period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Financial debt	14.5	18.7	1,120.7	-	1,154
Other long-term obligations (cash interest)	97	188.2	89.9	-	374.8
Total Long-term debt obligations	**111.5**	**206.9**	**1,210.6**	**-**	**1,528.8**
Lease obligations	46.4	31.7	11.7	17.9	107.8
Total Contractual Obligations [(a) (b)]	**157.9**	**238.6**	**1,222.3**	**17.9**	**1,636.6**

(a) Payments in other currencies are converted into US dollars at September 30, 2023 exchange rates.
(b) These amounts are principal amounts and do not include any accrued interests.

Capacity Agreement and Idle Vessel Compensation

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

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

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

At September 30, 2023, the residual commitment (discounted) in respect of Idle Vessel Compensation through to the end of the five-year period was US$(27) million.

On June 30, 2023, effective on July 1st, 2023, CGG and Shearwater signed an amendment to the Capacity Agreement, which sets a Fixed Activity Rate, and cancel the variable market rate mechanism. The amendment had no effect on the related balance sheet liability. The Idle Vessel Compensation is also fixed to its maximum full year amount of US$21.9 million until the end of the Capacity Agreement on January 8, 2025.

Step-In Agreement

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

Were the Step-in Agreements to be triggered:

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

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

NOTE 8 ANALYSIS BY OPERATING SEGMENT

Segment presentation and discontinued operations

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

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

Data, Digital & Energy Transition (DDE)

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)

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

Internal reporting and segment presentation

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

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

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

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

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

Alternative performance measures

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

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

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

Operating Income, EBITDAs and EBIT may include non-recurring or restructuring items. General corporate expenses, which include Group management, financing, and legal activities, have been included in the column “Eliminations and other” in the tables that follow. The Group does not disclose financial expenses or financial revenues by segment because they are managed at the Group level.

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

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

Analysis by segment (continuing operations)

	Nine months ended September 30, 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	471.4	334.1	-	805.4	4.9	810.4
Inter-segment revenues	-	-	-	-	-	-
Operating revenues	**471.4**	**334.1**	**-**	**805.4**	**4.9**	**810.4**
Depreciation and amortization (excluding Earth Data surveys)	(39.8)	(22.3)	(1.2)	(63.3)	-	(63.3)
Depreciation and amortization of Earth Data surveys	(102.1)	-	-	(102.1)	2.3	(99.8)
Operating income [(a)]	**118.8**	**25.4**	**(21.0)**	**123.2**	**7.2**	**130.4**
EBITDAs	**249.8**	**47.7**	**(19.0)**	**278.5**	**4.9**	**283.4**
Share of income in companies accounted for under the equity method	0.7	-	(0.2)	0.5	-	**0.5**
Earnings Before Interest and Tax [(a)]	**119.5**	**25.4**	**(21.2)**	**123.7**	**7.2**	**130.9**
Capital expenditures (excluding Earth Data surveys) [(b)]	35.2	**12.6**	**0.5**	48.3	-	48.3
Investments in Earth Data surveys, net cash	141.7	-	-	141.7	-	141.7
Capital employed	**1.5**	**0.6**	**-**	**2.1**	**-**	**2.1**
Total identifiable assets	**1.9**	**0.7**	**-**	**2.6**	**-**	**2.6**

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

(b) Capital expenditures included capitalized development costs of US$(12.3) million for the nine months ended September 30, 2023. “Eliminations and other” correspond to the variance of suppliers of assets for the nine months ended September 30, 2023.

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

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

(b) Capital expenditures included capitalized development costs of US$(14.8) million for the Nine months ended September 30, 2022. "Eliminations and other" corresponded to the variance of suppliers of assets for the Nine months ended September 30, 2022.

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

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

	Nine months ended September 30,					
	2023			2022		
(En millions de dollars US)	**DDE**	**SMO**	**Consolidated Total / As reported**	**DDE**	**SMO**	**Consolidated Total / As reported**
Earth Data prefunding	137.3		137.3	117.6		117.6
Earth Data after sales	101.5		101.5	160.7		160.7
Total Earth Data	**238.8**		**238.8**	**278.3**		**278.3**
Geoscience	**237.5**		**237.5**	**214.9**		**214.9**
SMO		**334.1**	**334.1**		**165.3**	**165.3**
Internal revenues			**0.0**			**0.0**
Total operating revenues	**476.3**	**334.1**	**810.4**	**493.2**	**165.3**	**658.5**

NOTE 9 OTHER REVENUES AND EXPENSES

The other revenue (expenses) as of September 2023 amounted to US$(0.9) million mainly including:

- US$(0.5) million loss on hedging instruments,
- US$1.2 million in relation of the GeoSftware divestments,
- US$(0.6) million of restructuring costs corresponding mainly to Data Digital Energy Transition (DDE) severance costs,
- US$(1.0) million provision on stock related to a fire brokeout in SMO subcontractor warehouse.

The Purchase Price Allocation related to Morphosense acquisition is ongoing and is likely to be reviewed within the end of the year. It has no material impact as of September 30, 2023.

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

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

NOTE 10 OTHER FINANCIAL INCOME (LOSS)

(In millions of US$)	Nine months ended September 30 2023	2022
Exchange gains (losses), net	0.3	2.0
Other financial income (loss), net	(1.9)	0.4
OTHER FINANCIAL INCOME (LOSS)	**(1.6)**	**2.4**

As of September 30, 2023, the Other Financial Income (Loss) was a US$(1.6) million loss, including:

- US$(2) million hedging cost to reduce the impact of the CNY, USD and EUR volatility,
- US$(2.6) million commission on the tax research credit assignement,
- US$1.0 million interest income from deposit accounts,
- US$1.5 million monetary correction due to inflation on deposits for Brazil.

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

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

NOTE 11 SUBSEQUENT EVENTS

There is no subsequent event as of September 30, 2023.