



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

## **CONDENSED INTERIM FINANCIAL REPORT**

### **Third quarter 2021 Results**

November 3, 2021

# Table of Contents

<b>FORWARD-LOOKING STATEMENTS</b> .....	<b>3</b>
<b>FINANCIAL STATEMENTS</b> .....	<b>4</b>
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
<b>OPERATING AND FINANCIAL REVIEW</b> .....	<b>28</b>

## 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, especially the followings:

### Risks related to our Business and Strategy

- ▶ 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
- ▶ The Group is 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.

### 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
- ▶ Our reputation, business, financial condition and results of operations may be affected if we fail to deliver projects in line with our clients’ expectations
- ▶ We could be subject to liability and loss of reputation due to failure or malfunctioning of our products following delivery to our clients

### 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
- ▶ Our proprietary technology could be rendered obsolete or be misappropriated by third parties
- ▶ We may be unable to maintain data governance standards required by our clients or applicable regulations

### Risks related to our People

- ▶ We depend on the experience of our senior management and other key personnel
- ▶ Our business is dependent on highly skilled scientists, engineers and technicians, and our inability to retain, recruit and develop these resources may impact our results of operation
- ▶ Our employees may be exposed to various health and safety risks
- ▶ We may not be able to keep our personnel and property safe from crime and unrest

### 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, including changes as a result of Brexit
- ▶ 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 face the risk of payment, supplier and other types of fraud, 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, 2020; the French version of which we filed with the AMF on March 05, 2021. Our Universal Registration Document is available in French and English on our website at [www.cgg.com](http://www.cgg.com) or on the website maintained by the AMF (French only) at [www.amf-france.org](http://www.amf-france.org). You may request a copy of our Universal Registration Document, which includes our complete audited financial statements, at no charge, by calling our investor relations department at + 33 1 6447 3811, sending an electronic message to [investor.relations@cgg.com](mailto:investor.relations@cgg.com) or writing to CGG – Investor Relations Department – 27, avenue Carnot – 91341Massy, France

## FINANCIAL STATEMENTS

### Unaudited Interim Consolidated statements of operations

<i>(In millions of US\$, except per share data)</i>	Notes	Nine months ended September 30,	
		2021	2020
Operating revenues	11	590.6	668.9
Other income from ordinary activities		0.5	0.5
<b>Total income from ordinary activities</b>		<b>591.1</b>	<b>669.4</b>
Cost of operations		(511.5)	(538.4)
<b>Gross profit</b>		<b>79.6</b>	<b>131.0</b>
Research and development expenses - net		(15.5)	(12.9)
Marketing and selling expenses		(22.3)	(25.2)
General and administrative expenses		(46.2)	(52.9)
Other revenues (expenses) - net	12	9.6	(154.8)
<b>Operating income (loss)</b>	<b>11</b>	<b>5.2</b>	<b>(114.8)</b>
Expenses related to financial debt		(95.2)	(101.6)
Income provided by cash and cash equivalents		0.9	1.9
<b>Cost of financial debt, net</b>	<b>13</b>	<b>(94.3)</b>	<b>(99.7)</b>
Other financial income (loss)	14	(42.1)	(41.8)
<b>Income (loss) before incomes taxes</b>		<b>(131.2)</b>	<b>(256.3)</b>
Income taxes		(19.0)	(36.8)
<b>Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method</b>		<b>(150.2)</b>	<b>(293.1)</b>
Share of income (loss) in companies accounted for under the equity method		—	0.1
<b>Net income (loss) from continuing operations</b>		<b>(150.2)</b>	<b>(293.0)</b>
Net income (loss) from discontinued operations	3	2.1	(45.0)
<b>Net income (loss)</b>		<b>(148.1)</b>	<b>(338.0)</b>
<i>Attributable to :</i>			
<i>Owners of CGG S.A</i>	\$	(149.8)	(339.6)
<i>Non-controlling interests</i>	\$	1.7	1.6
<b>Net income (loss) per share</b>			
Basic	\$	(0.21)	(0.48)
Diluted	\$	(0.21)	(0.48)
<b>Net income (loss) from continuing operations per share</b>			
Basic	\$	(0.21)	(0.41)
Diluted	\$	(0.21)	(0.41)
<b>Net income (loss) from discontinued operations per share</b>			
Basic	\$	0.00	(0.06)
Diluted	\$	0.00	(0.06)

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated statements of comprehensive income (loss)

<i>(In millions of US\$)</i>	Nine months ended September 30,	
	2021 (*)	2020 (*)
<b>Net income (loss) from statements of operations</b>	<b>(148.1)</b>	<b>(338.0)</b>
Net gain (loss) on cash flow hedges	0.9	(0.1)
Exchange differences on translation of foreign operations	(16.2)	7.1
<b>Net other comprehensive income (loss) to be reclassified in profit (loss) in subsequent period (a)</b>	<b>(15.3)</b>	<b>7.0</b>
Net gain (loss) on actuarial changes on pension plan	2.6	—
<b>Net other comprehensive income (loss) not to be reclassified in profit (loss) in subsequent period (b)</b>	<b>2.6</b>	<b>—</b>
<b>Total other comprehensive income (loss) for the period, net of taxes (a) + (b)</b>	<b>(12.7)</b>	<b>7.0</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(160.8)</b>	<b>(331.0)</b>
<i>Attributable to :</i>		
<i>Owners of CGG S.A.</i>	<i>(162.9)</i>	<i>(333.4)</i>
<i>Non-controlling interests</i>	<i>2.1</i>	<i>2.4</i>

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

## Unaudited Consolidated statements of financial position

<i>(In millions of US\$)</i>	Notes	September 30, 2021	December 31, 2020
<b>ASSETS</b>			
Cash and cash equivalents		239.7	385.4
Trade accounts and notes receivable, net		273.4	325.0
Inventories and work-in-progress, net		215.6	237.8
Income tax assets		77.5	84.6
Other current financial assets, net	2, 4	1.7	13.7
Other current assets, net		85.3	92.0
Assets held for sale, net	3	137.7	117.7
<b>Total current assets</b>		<b>1,030.9</b>	<b>1,256.2</b>
Deferred tax assets		3.0	10.3
Investments and other financial assets, net	4	15.6	13.6
Investments in companies under the equity method		3.1	3.6
Property, plant and equipment, net		221.2	268.1
Intangible assets, net	5	691.6	639.2
Goodwill, net	6	1,188.5	1,186.5
<b>Total non-current assets</b>		<b>2,123.0</b>	<b>2,121.3</b>
<b>TOTAL ASSETS</b>		<b>3,153.9</b>	<b>3,377.5</b>
<b>LIABILITIES AND EQUITY</b>			
Bank overdrafts		-	0.2
Financial debt – current portion	2, 8	87.0	58.6
Trade accounts and notes payables		86.7	96.7
Accrued payroll costs		107.8	106.6
Income taxes payable		34.9	56.8
Advance billings to customers		27.3	19.5
Provisions — current portion	10	18.7	52.7
Other current financial liabilities	7	19.1	34.4
Other current liabilities		335.6	278.6
Liabilities directly associated with the assets classified as held for sale	3	7.8	13.0
<b>Total current liabilities</b>		<b>724.9</b>	<b>717.1</b>
Deferred tax liabilities		18.3	16.3
Provisions — non-current portion	10	43.9	51.8
Financial debt – non-current portion	2, 8	1,265.8	1,330.3
Other non-current financial liabilities	7	38.7	53.0
Other non-current liabilities		35.0	44.4
<b>Total non-current liabilities</b>		<b>1,401.7</b>	<b>1,495.8</b>
Common stock: 1,191,533,002 shares authorized and 711 662 205 shares with a €0.01 nominal value outstanding at September 30, 2021		8.7	8.7
Additional paid-in capital		464.1	1,687.1
Retained earnings		595.2	(480.6)
Other Reserves		(11.1)	(37.3)
Treasury shares		(20.1)	(20.1)
Cumulative income and expense recognized directly in equity		0.2	(0.7)
Cumulative translation adjustment		(54.0)	(37.4)
<b>Equity attributable to owners of CGG S.A.</b>		<b>983.0</b>	<b>1,119.7</b>
Non-controlling interests		44.3	44.9
<b>Total equity</b>		<b>1,027.3</b>	<b>1,164.6</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,153.9</b>	<b>3,377.5</b>

See the notes to the Unaudited Interim Consolidated Financial Statements

Unaudited Consolidated statements of cash flows

(In millions of US\$)	Notes	Nine months ended September 30,	
		2021	2020
<b>OPERATING</b>			
Net income (loss)		(148.1)	(338.0)
Less: Net income (loss) from discontinued operations	3	(2.1)	45.0
<b>Net income (loss) from continuing operations</b>		<b>(150.2)</b>	<b>(293.0)</b>
Depreciation, amortization and impairment		76.9	136.5
Multi-client surveys impairment and amortization		77.5	227.4
Depreciation and amortization capitalized in Multi-client surveys		(12.9)	(13.2)
Variance on provisions		(32.3)	22.5
Share-based compensation expenses		(0.7)	3.9
Net (gain) loss on disposal of fixed and financial assets		(0.3)	—
Equity (income) loss of investees		—	(0.1)
Dividends received from investments in companies under the equity method		—	—
Other non-cash items	14	42.2	41.8
<b>Net cash-flow including net cost of financial debt and income tax</b>		<b>0.2</b>	<b>125.8</b>
Less: net cost of financial debt		94.3	99.7
Less: income tax expense (gain)		19.0	36.8
<b>Net cash-flow excluding net cost of financial debt and income tax</b>		<b>113.5</b>	<b>262.3</b>
Income tax paid		1.2	(3.4)
<b>Net cash-flow before changes in working capital</b>		<b>114.7</b>	<b>258.9</b>
Changes in working capital		120.5	(20.5)
- change in trade accounts and notes receivable		110.6	70.6
- change in inventories and work-in-progress		12.9	(34.8)
- change in other current assets		(12.2)	(6.1)
- change in trade accounts and notes payable		(6.1)	(14.9)
- change in other current liabilities		15.3	(35.3)
<b>Net cash-flow provided by operating activities</b>		<b>235.2</b>	<b>238.4</b>
<b>INVESTING</b>			
Total capital expenditures (including variation of fixed assets suppliers, excluding Multi-client surveys)		(40.9)	(49.8)
Investment in Multi-client surveys, net cash		(131.0)	(198.0)
Proceeds from disposals of tangible and intangible assets		0.2	0.3
Total net proceeds from financial assets	4	(2.4)	—
Acquisition of investments, net of cash and cash equivalents acquired		(1.9)	(0.4)
Variation in loans granted		—	—
Variation in subsidies for capital expenditures		—	—
Variation in other non-current financial assets		(2.3)	12.0
<b>Net cash-flow used in investing activities</b>		<b>(178.3)</b>	<b>(235.9)</b>

<i>(In millions of US\$)</i>	Notes	Nine months ended September 30,	
		2021	2020
<b>FINANCING</b>			
Repayment of long-term debt	2,8,15	(1,227.5)	(5.2)
Total issuance of long-term debt	2,8,15	1,160.0	—
Lease repayments		(43.7)	(43.6)
Change in short-term loans		(0.2)	—
Financial expenses paid		(36.7)	(46.5)
Loans granted	4	(1.7)	
Net proceeds from capital increase:			
— from shareholders		—	—
— from non-controlling interests of integrated companies		—	—
Dividends paid and share capital reimbursements:			
— to shareholders		—	—
— to non-controlling interests of integrated companies		(3.6)	(7.2)
Acquisition/disposal from treasury shares		—	—
<b>Net cash-flow provided by (used in) financing activities</b>		<b>(153.4)</b>	<b>(102.5)</b>
Effects of exchange rates on cash		(8.0)	6.5
Impact of changes in consolidation scope		—	—
<b>Net cash flows incurred by discontinued operations</b>	3	<b>(41.2)</b>	<b>(52.5)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(145.7)</b>	<b>(146.0)</b>
Cash and cash equivalents at beginning of year		385.4	610.5
<b>Cash and cash equivalents at end of period</b>		<b>239.7</b>	<b>464.5</b>

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	Other reserves	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG S.A.	Non- controlling interests	Total equity
<i>Amounts in millions of US\$, except share data</i>											
<b>Balance at January 1, 2020</b>	<b>709,956,358</b>	<b>8.7</b>	<b>3,184.7</b>	<b>(1,531.1)</b>	<b>(23.5)</b>	<b>(20.1)</b>	<b>(0.7)</b>	<b>(56.3)</b>	<b>1,561.7</b>	<b>45.7</b>	<b>1,607.4</b>
Net gain (loss) on actuarial changes on pension plan (1)											
Net gain (loss) on cash flow hedges (2)							(0.1)		(0.1)		(0.1)
Exchange differences on foreign currency translation (3)								6.1	6.1	0.9	7.0
<b>Other comprehensive income (1)+(2)+(3)</b>							<b>(0.1)</b>	<b>6.1</b>	<b>6.0</b>	<b>0.9</b>	<b>6.9</b>
Net income (4)				(339.6)					(339.6)	1.6	(338.0)
<b>Comprehensive income (1)+(2)+(3)+(4)</b>				<b>(339.6)</b>			<b>(0.1)</b>	<b>6.1</b>	<b>(333.6)</b>	<b>2.5</b>	<b>(331.0)</b>
Exercise of warrants	10,664	0.0									
Dividends										(7.2)	(7.2)
Cost of share-based payment	1 357 341			3.5					3.5		3.5
Transfer to retained earnings of the parent company			(1,497.6)	1,497.6							
Exchange differences on foreign currency translation generated by the parent company					(11.5)				(11.5)		(11.5)
Changes in consolidation scope and other				(2.3)	1.9			1.3	0.9		0.9
<b>Balance at September 30, 2020</b>	<b>711,324,363</b>	<b>8.7</b>	<b>1,687.1</b>	<b>(371.9)</b>	<b>(33.1)</b>	<b>(20.1)</b>	<b>(0.8)</b>	<b>(48.9)</b>	<b>1,221.0</b>	<b>41.0</b>	<b>1,262.0</b>

	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>											
<b>Balance at January 1, 2021</b>	<b>711,392,383</b>	<b>8.7</b>	<b>1,687.1</b>	<b>(480.6)</b>	<b>(37.3)</b>	<b>(20.1)</b>	<b>(0.7)</b>	<b>(37.4)</b>	<b>1,119.7</b>	<b>44.9</b>	<b>1,164.6</b>
Net gain (loss) on actuarial changes on pension plan (1)				2.6					2.6		2.6
Net gain (loss) on cash flow hedges (2)							0.9		0.9		0.9
Exchange differences on foreign currency translation (3)								(16.6)	(16.6)	0.4	(16.2)
<b>Other comprehensive income (1)+(2)+(3)</b>				<b>2.6</b>			<b>0.9</b>	<b>(16.6)</b>	<b>(13.1)</b>	<b>0.4</b>	<b>(12.7)</b>
Net income (4)				(149.8)					(149.8)	1.7	(148.1)
<b>Comprehensive income (1)+(2)+(3)+(4)</b>				<b>(147.2)</b>			<b>0.9</b>	<b>(16.6)</b>	<b>(162.9)</b>	<b>2.1</b>	<b>(160.8)</b>
Exercise of warrants	4,442										
Dividends										(3.6)	(3.6)
Cost of share-based payment	265,380										
Transfer to retained earnings of the parent company			(1,223.0)	1,223.0							
Exchange differences on foreign currency translation generated by the parent company					26.2				26.2		26.2
Changes in consolidation scope and other										0.9	0.9
<b>Balance at September 30, 2021</b>	<b>711,662,205</b>	<b>8.7</b>	<b>464.1</b>	<b>595.2</b>	<b>(11.1)</b>	<b>(20.1)</b>	<b>0.2</b>	<b>(54.0)</b>	<b>983.0</b>	<b>44.3</b>	<b>1,027.3</b>

**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 3,700 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 September 30, 2021.

The Board of Directors has authorized these interim condensed consolidated financial statements for issue on November 3, 2021.

The interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared on a historical cost basis, except for the non-current assets held for sale, the disposal groups, 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, 2020 included in its Universal Registration Document for the year 2020 filed with the AMF on March 5, 2021 and approved by the General Meeting on May 12, 2021.

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, 2020.

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

- ▶ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
- ▶ Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9
- ▶ Proposed amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021.

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

The Group decided not to early adopt those Standards, Amendments and Interpretations that the European Union adopted but that were not effective as of September 30, 2021, namely:

- ▶ 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

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: Classification of Liabilities as Current or Non-Current
- ▶ 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 Group does not expect any significant impact on our consolidated accounts for the following Standards, Amendments and Interpretations:

- ▶ Amendments to IFRS 3 Business Combinations; as well as Annual Improvements 2018-2020
- ▶ Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9
- ▶ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The review of the amendments IAS 1, IAS 16 Property, Plant and Equipment and IAS 37 Provisions is ongoing to assess the potential impacts on our consolidated financial statements.

Pursuant to the decision from IFRIC related to IAS 19 in May 2021, the Group is conducting an analysis.

## 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
Notes 5 and 6	Recoverable amount of goodwill and intangible assets	Expected geosciences market trends and scenario of recovery; strength, trajectory, recovery outlook of E&P spending Discount rate (WACC)
Note 5	Amortization and impairment of Multi-client surveys	Expected sales for each survey
Notes 2 and 3	Classification of disposal groups as held for sale  Valuation of disposal groups classified as held for sale	Likelihood of disposal within twelve months  Assessment of disposal groups at fair value less cost to sell Final terms on disposal are in line with currently contemplated terms
Note 7	Idle Vessels Compensation (Capacity Agreement) Off-Market Component (Capacity Agreement)	Shearwater fleet utilization assumptions over the commitment period Market rate over the five-year contractual term as estimated at the date of the exit from Marine Data Acquisition business
Note 11	Revenue recognition Income tax liabilities – Uncertain tax positions Deferred tax assets	Estimated Geoscience Contract completion rates Estimate of most likely amount Assumptions supporting the achievement of future taxable profits
Note 10	Provisions for restructuring	Assessment of future costs related to restructuring plans
Note 8	Discount rate IFRS 16 Recoverability of client receivables	Assessment of incremental borrowing rate Assessment of clients' credit default risk
Note 5	Depreciation and amortization of tangible and intangible assets Development costs Post-employment benefits	Assets useful lives Assessment of future benefits of each project Discount rate Enrollment rate in post-employment benefit plans Inflation rate
Note 10	Provisions for risks, claims and litigations	Assessment of risks considering court rulings and attorney's positions

**Eidesvik sold its shares in Shearwater to CGG, and CGG accepted Rasmussengruppen's offer to buy the Shearwater shares.**

On January 11, 2021, Eidesvik decided to exercise its put option and to sell all of its Shearwater Shares to CGG at a strike price of US\$30 million. CGG thereby acquired 1,987,284 shares, increasing its shareholding in Shearwater to 6.64% of the latter's outstanding shares and 6.72% of voting rights.

On January 12, 2021, CGG accepted Rasmussengruppen's binding offer to buy all of the Shearwater shares owned by CGG, including those it owned following the exercise of Eidesvik's put option. By way of this transaction, CGG sold a total of 3,945,532 Shearwater shares for a total cash consideration of US\$27.6 million. The transaction was completed on January 18, 2021 (the "completion date") and CGG received payment on January 20, 2021.

Those transactions were considered in the valuation of the corresponding asset and liability in CGG's 2020 consolidated financial statements as (i) US\$13.7 million for Shearwater shares (see note 4) and (ii) US\$(16.1) million for the Eidesvik Put Option (see note 7), hence there is no impact in the statement of operations at the completion date.

**Issuance of Senior Secured Notes and Completion of Conditions for Settlement of Tender Offer and Redemption of Existing Notes**

CGG entered into a refinancing process during the first quarter of 2021 (the "refinancing") with the aims of (i) normalizing the capital structure, (ii) extending debt maturity to manage long term cash needs and (iii) benefiting from more attractive interest rate and eliminating capitalized (PIK) interest obligations.

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"). The 2027 Notes are guaranteed on a senior secured basis by certain subsidiaries of CGG SA.

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

The issuance of the 2027 Notes was a condition to:

- i. the purchase of any and all of the validly tendered and not withdrawn existing first lien senior secured notes due 2023 (the "Existing First Lien Notes") by way of a tender offer (the "Tender Offer") launched on March 15, 2021 and which expired on March 29, 2021 ;
- ii. the redemption of all Existing First Lien Notes not purchased in the Tender Offer; and
- iii. the redemption of all its second lien senior secured notes due 2024 (the "Existing Second Lien Notes").

That condition has been satisfied. The proceeds from the issuance have been used, together with cash on hand, to:

- i. settle the Tender Offer;

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

On April 1, 2021, the value of the 2027 Notes was US\$1,185.9 million using the exchange rate of US\$1.1725 per €1.00.

The net proceed resulting from the refinancing was a net cash outflow, estimated at US\$(96.9) million using the exchange rate of US\$1.1725 per €1.00, as per the flow of funds shown below:

<i>(In millions of US\$)</i>	<b>Flow of funds</b>
2027 Notes proceeds	1,185.9
Existing First Lien Notes principal repayment	(628.3)
Existing Second Lien Notes (including principal resulting from payment-in-kind ("PIK") interest) principal repayment	(585.3)
Accrued interest from Existing Notes until redemption	(29.3)
First Lien Notes Call premium	(13.8)
Transaction costs	(26.1)
<b>Net Proceed</b>	<b>(96.9)</b>

The transaction costs arising from the refinancing as well as the call premium in relation to the early repayment of the Existing First Lien Notes have been expensed without any portion capitalized and booked in other financial income and loss (see note 14).

Following the completion of the refinancing, CGG benefits from a normalized capital structure and more flexibility, with:

- ▶ The extension of maturity to 2027;
- ▶ Liquidity enhancement through the revolving credit facility of US\$100 million, maturing in 2025;
- ▶ The possibility to redeem up to 10% of the outstanding principal amount per year at a price of 103% during the first 3 years;
- ▶ And the reduction of the cost of debt by approximately 30% on a yearly basis, due to the elimination of PIK interest, with a blended interest rate of 8.17% per annum.

The 2027 Notes and RCF share the same security package encompassing notably the US multi-client library, the shares of the main Sercel entities, the shares of significant GGR operating entities, and certain intercompany loans.

**Market environment**

The high volatility of the market, as a consequence of the Covid-19 outbreak, dramatically changed our business environment and the whole energy sector experienced strong headwinds. Our clients significantly cut their spending, by 30% on average in 2020, to mitigate the drop in the oil price,

which had material adverse effects in our activities and results.

Since the beginning of the year, the generalization of vaccination and the lifting of lockdown measures has had positive effects on the global economy. The increased demand for oil and gas products helped to resolve the imbalance and the Brent price strengthened over the period and stabilized at about US\$75/bbl since July 2021, above expectations.

While the global outlook is improving, considering the lack of investments in recent years, the need for a catch up in development and production spending has further grown. Though it is still difficult to predict the timing and breadth of recovery, we believe we are fundamentally well positioned with our unique technologies, our algorithms, our high computing power, our data library of superior quality and sensors, to increase the effectiveness of our clients' projects, while meeting their ESG objectives, and accompany them in their energy transition challenges and developments around renewables.

After a soft first half of the year, coming from delays mostly affecting our Multi-client activity, we experienced some encouraging signs. The rebound we expected in the latter part of the year started materializing, with consolidated revenues at US\$210 million in the third quarter, up 23% sequentially, confirming the anticipated trends of gradual recovery in Geoscience quarter after quarter, sustained demand for our data library located in the world's most active basins and a pick-up in Equipment deliveries.

The Group pursued the implementation of restructuring measures in continuing operations to adjust to the new baseline. These measures have impacted the statement of cash flows by US\$(16.7) million since the beginning of the year.

The Group benefited from government incentives in certain countries where it operates, triggering a positive cash impact of US\$5.8 million in the period, including deferrals of tax and social contributions.

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

##### **Sale of the Multi-Physics Business**

Effective June 30, 2021 the Multi-Physics business, excluding its processing and multi-client library, was sold to Xcalibur Group, following receipt of approvals by the competent regulatory authorities.

##### **Other divestitures**

##### **Smart Data Solutions**

The physical asset storage business, part of our GGR segment, has been put up for sale and we have entered into negotiations with potential buyers.

This business was classified as "assets held for sale". As it does not meet the criteria of a major line of business under IFRS 5, it was not presented as discontinued operations in the consolidated statements of operations and in the consolidated statements of cash flows (hence triggering no retrospective change in presentation). See note 3.

##### **Geosoftware**

An sale agreement was signed with Topicus and Vela Software on July 31, 2021.

Based on this agreement, the fair value less cost to sale of our Geosoftware business was remeasured up by US\$8.1 million. This transaction is effective from October 1, 2021, subject to the mutually agreed conditions precedent being met. See notes 3 and 16.

##### **Litigation**

##### **JGCM's appeal against decision approving completion of CGG's Safeguard Plan**

By a ruling issued on November 24, 2020, the Commercial Court of Paris acknowledged the completion of CGG's Safeguard Plan.

On December 22, 2020, Mr. Jean Gatty in his capacity both as former representative of each of the two bodies of Oceane bondholders and as director of JGCM filed three third-party appeals against the decision approving the completion of CGG's Safeguard Plan. Mr. Jean Gatty withdrew the Oceane bondholders' appeals on March 18, 2021. A hearing in respect of the JGCM appeal was held on April 8, 2021. On May 7, 2021, the Commercial court of Paris Court rejected the third-party appeal.

##### **JG Capital Management's ("JGCM") criminal complaint against "X"**

On February 2, 2021, CGG was informed that JGCM filed a criminal complaint regarding the terms of the CGG's financial restructuring approved in 2017.

##### **CGG's complaint for slanderous denunciation**

On April 29, 2021, CGG filed a complaint for slander against JGCM in connection with the above-mentioned complaint.

##### **Recours en Revision**

On March 29, 2021, JGCM issued a writ of summons to CGG before the Commercial Court of Paris in order to try and obtain, through an appeal for modifying an existing judgement ("*recours en revision*"), the cancellation of the judgment dated December 1, 2017, which approved the CGG Safeguard Plan. The next hearing will be held on November 15, 2021. At this stage, we expect to have a favorable ruling from the Court.

##### **Other events**

##### **Cybersecurity Incident Involving Third Party Supplier**

CGG was the victim of a cybersecurity incident during the first quarter of 2021. The standalone server that was cyberattacked had limited use within CGG and was not used to transfer or store personal or commercially sensitive information.

There has been no operational or financial impact.

CGG takes information security very seriously and is thoroughly investigating the incident in collaboration with CGG's external security partners, to document full details, and identify any potential areas to further reduce future risks.

**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. *For more information on the Marine Data Acquisition transactions, please refer to note 2 of CGG's Universal Registration Document for the year 2020.*
- ▶ 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, following receipt of approvals by the competent regulatory authorities. 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.
- ▶ Divestment from Seabed Geosolutions BV
  - The full divestment from Seabed was effective on April 1, 2020.

- ▶ Divestment of our stake in Argas joint venture
  - The sale dynamics was hindered by events beyond the control of the Group, namely the global health crisis and the drop in oil price in 2020. The outlook has improved, and management and its advisors are actively working on the sale of the business.

**GeoSoftware**

In 2019, after CGG was approached by several potential buyers interested in GeoSoftware, part of the GGR segment, the related assets were reclassified to the line "assets held for sale" and the related liabilities were reclassified to the line "liabilities directly associated with the asset classified as held for sale". The GeoSoftware activity does not meet the criteria of a major line of business under IFRS 5, therefore this is not presented as discontinued operations in the consolidated statements of operations and in the consolidated statements of cash flows (hence triggering no retrospective change in presentation).

The sale dynamics were hindered by events beyond the control of the Group, namely the global health crisis, the drop in oil price and the cut in spending in 2020. With the overall context improvement, we launched a new extensive sale process, with the assistance of our advisors, which led to the signing of an agreement with Topicus and Vela Software on July 31, 2021.

Based on this agreement, the fair value less cost to sale of our GeoSoftware business was remeasured up by US\$8.1 million. We expect to close the sale before year end, once the conditions mutually agreed are met.

**Smart Data Solutions**

The physical asset storage business, part of GGR segment, has been put for sale and we have entered into negotiations with potential buyers.

This business was classified as "assets held for sale". As it does not meet the criteria of a major line of business under IFRS 5, it was not presented as discontinued operations in the consolidated statements of operations and in the consolidated statements of cash flows (hence triggering no retrospective change in presentation).

The fair value measurement of assets held for sale is categorized within Level 3 of the fair value hierarchy.

## Disaggregation of assets and liabilities

	September 30, 2021			December 31, 2020
	GeoSoftware	Others	Total	
<i>(In millions of US\$)</i>				
Intangible assets, net	90.6	-	90.6	77.0
Property, plant and equipment, net	1.1	13.6	14.7	1.5
Right-of-use assets	-	2.0	2.0	-
Investments in companies formerly under the equity method	-	25.0	25.0	25.0
Trade accounts and notes receivable, net	-	4.0	4.0	13.0
Other current assets, net	1.0	0.2	1.2	1.0
Other non-current assets, net	0.2	-	0.2	0.2
<b>Assets held for sale, net</b>	<b>92.9</b>	<b>44.8</b>	<b>137.7</b>	<b>117.7</b>
Trade accounts and notes payable	(1.6)	(0.2)	(1.8)	(2.6)
Accrued payroll costs	(3.2)	(0.6)	(3.8)	(3.7)
Other current liabilities	-	(0.2)	(0.2)	(6.3)
Lease liability	-	(2.0)	(2.0)	-
Other non-current liabilities	-	-	-	(0.4)
<b>Liabilities directly associated with the assets classified as held for sale</b>	<b>(4.8)</b>	<b>(3.0)</b>	<b>(7.8)</b>	<b>(13.0)</b>
<b>Assets (Liabilities) held for sale, net</b>	<b>88.1</b>	<b>41.8</b>	<b>129.9</b>	<b>104.7</b>

The increase of US\$25.2 million on the Assets (Liabilities) held for sale, net over the period encompasses the following items:

- ▶ US\$15.4 million related to the physical asset storage business put for sale and classified as “assets held for sale” and “Liabilities directly associated with the assets classified as held for sale” in 2021 (see note 2).

- ▶ US\$8.1 million following the fair value adjustment of the GeoSoftware business (see note 2).
- ▶ US\$1.0 million in relation with a land asset put for sale, and
- ▶ US\$0.7 million following the divestment of our Multi-Physics business (see note 2).

## Net income (loss) from discontinued operations

	Nine months ended September 30,	
	2021	2020
<i>(In millions of US\$)</i>		
Operating revenues	18.7	25.0
Operating income (loss)	(2.4)	(45.7)
<b>Net income (loss) from discontinued operations</b>	<b>2.1</b>	<b>(45.0)</b>

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

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

The impacts related to the CGG 2021 Plan amounted to US\$(0.3) million for the period ended September 30, 2021 compared to US\$(44.0) million over the same period in 2020, including US\$(22.4) million of impairment of assets, coming from the loss recognized on the re-measurement to fair value less cost to sell of our disposal groups and US\$(16.0) million of ramp down costs.

## 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,	
	2021	2020
<b>Net cash-flow from discontinued operations</b>	<b>(41.2)</b>	<b>(52.5)</b>

In 2021, the net cash flow generated by discontinued operations included disbursements in respect of the CGG 2021 Plan for an amount of US\$(25.8) million, of which

US\$(6.9) million was severance cash outflows and US\$(16.4) million was cash outflows in respect of Idle Vessel Compensation.

## NOTE 4 INVESTMENTS, OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

(In millions of US\$)	September 30, 2021	December 31, 2020
Non-consolidated investments <sup>(a)</sup>	0.9	0.9
Loans and advances	0.4	0.7
Deposits and other <sup>(b)</sup>	14.3	12.0
<b>Investments and other financial assets</b>	<b>15.6</b>	<b>13.6</b>
Non-consolidated Shearwater Shares <sup>(c)</sup>	-	13.7
Xcalibur Group Loan <sup>(d)</sup>	1.7	-
<b>Other current financial assets</b>	<b>1.7</b>	<b>13.7</b>
<b>TOTAL INVESTMENTS, OTHER FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS</b>	<b>17.3</b>	<b>27.3</b>

(a) Mainly shares in Interactive Network. No restriction or commitment exists between CGG and the non-consolidated investments

(b) At September 30, 2021, the amount of pledged financial assets was US\$14.1 million

(c) Sale of non-consolidated Shearwater Shares to Rasmussengruppen on January 18, 2021 for a cash consideration of US\$13.7 million (See note 2)

(d) Credit facility granted to Xcalibur Group (See note 3).

## NOTE 5 INTANGIBLE ASSETS

As of September 30, 2021, the net intangible assets amount to US\$691.6 million compared to US\$639.2 million as of December 31, 2020. The variance is mainly attributable to:

- ▶ The capitalization in multi-client surveys for US\$143.9 million, including a US\$142.4 million increase in offshore surveys.
- ▶ The amortization of multi-client surveys for US\$77.5 million.
- ▶ A negative impact from change in currency exchange rates of US\$5.2 million mostly relating to the Brazilian library

### Multi-client library

#### Impairment review

The Group management undertakes at least an annual impairment test covering intangible assets, and multi-client library more specifically, to consider whether an impairment is required. This review is conducted at year-end, unless there is an indication of potential loss of value.

The recoverable value of our multi-client library depends on the expected sales for each survey. The sales forecasts are

subject to numerous change factors such as the survey location, the basin dynamics depending on the lease rounds, the political, economic and tax situation in the country, and the operators' expectations and are revised regularly. The expected sales are discounted at the WACC rate used for our Multi-client CGU.

#### Impairment test

In the third quarter of 2021, our Multi-client sales picked up, in line with expectations. We did not identify any trigger and hence did not perform any impairment test at the September 30, 2021 reporting date.

#### As of June 30, 2021

For the first semester 2021, we experienced spending delays mostly impacting our Multi-client sales level despite the commercial interest of our clients. Anticipating lower sales than originally expected for our Multi-client business although up year-on-year, we performed an impairment test at the June 30, 2021 reporting date: no impairment of multi-client library was booked in the period.



As of December 31, 2020

In 2020, multi-client surveys were impaired by US\$(99.6) million, of which US\$(68.9) million was during the first semester 2020, primarily related to the downward revision of expected sales of surveys in frontier exploration areas, due to political instability (Africa) and government decisions to limit exploration (Ireland) in the context of significant cuts in E&P spending.

### Sensitivity to changes in assumptions per computation as of June 30, 2021

An increase by 50 basis points of the discount rate would reduce by approximately US\$(4) million the net present value of the expected sales of our multi-client library. It would not trigger any impairment loss.

A reduction by 10% of the expected sales in 2022 and 2023 would reduce by approximately US\$(23) million the net present value of expected sales. It would trigger an impairment loss of about US\$(6) million. See note 6 as regards to sensitivities presented.

## NOTE 6 GOODWILL

Goodwill is analyzed as follows:

### Variation of the period

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
<b>Balance at beginning of period</b>	<b>1,186.5</b>	<b>1,206.9</b>
Increase	-	-
Impairment <sup>(a)</sup>	-	(24.0)
Reclassification of intangible assets as "Assets held for sale"	-	-
Change in exchange rates / Others	2.0	3.6
<b>Balance at end of period</b>	<b>1,188.5</b>	<b>1,186.5</b>

(a) Reservoir Geology goodwill was impaired as at June 30, 2020

### Impairment review

The Group management undertakes at least an annual impairment test covering goodwill, intangible assets and indefinite life assets allocated to the cash generating units (CGU) to consider whether an impairment is required. This review is conducted at year-end, unless there is an indication of potential loss of value.

In the third quarter of 2021, our Multi-client sales picked up, in line with expectations. We did not identify any trigger and hence did not perform any impairment test as at the September 30, 2021 reporting date.

The information disclosed here below was presented as at June 30, 2021 reporting date.

The following table provides the split of the total Group Goodwill per segment after current period impairment:

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
CGU Multi-client	284	284
CGUs in Geoscience	724	724
<b>GGR</b>	<b>1,008</b>	<b>1,008</b>
<b>Equipment</b>	<b>181</b>	<b>178</b>
<b>Total</b>	<b>1,189</b>	<b>1,186</b>

### Key assumptions used in the determination of recoverable amount

In determining the recoverable amount of assets through value in use, the Group management makes estimates, judgments and assumptions on uncertain matters.

For the first semester 2021, we experienced spending delays mostly impacting our Multi-client sales level despite the commercial interest of our clients. Anticipating lower sales than originally expected for our Multi-client business although up year-on-year, we performed an impairment test of our Multi-client CGU at the June 30, 2021 reporting date.

The information disclosed in this note corresponds to the expected discounted cash flows of our Multi-client CGU as determined at the balance sheet date together with capital employed at June 30, 2021.

The assumptions underlying the financial projections are based on internal estimates in respect of expected operating conditions, market dynamics, commercial penetration of new technologies, services and products and competitive landscape, as well as external sources of information, such as the yearly budgets of oil companies, some notes and reports from analysts of brokerage firms and investment

banks, about the forecasted activities of the Group and the sector.

The main factor influencing our activities is the level of E&P spending which itself depends on various other factors, such as oil price and its volatility.

As of June 30, 2021, the value in use of our Multi-client CGU was determined as follows:

- ▶ Revised estimates for the second half of 2021 and forecasted cash-flows for 2022-2023,
- ▶ Use of normative cash flows, with weight of terminal value exceeding 90% of the total value in use,
- ▶ Long-term growth rate at 2.0%,
- ▶ Discount rate that we consider reflecting the respective sectors' weighted average cost of capital (WACC) of 9.375% (unchanged compared to 2020) corresponding to a pre-tax rate of 11.6%.

WACC was calculated using the standard capital asset pricing model (CAPM) methodology. We requested an independent advisor to assess our WACC in 2020; the current market conditions did not require a revision of the rate.

The net asset value (NAV) of each CGU is computed using post-tax WACC, tax expenses being included in our cash flow projections. The pre-tax WACC is then calculated iteratively *i.e.* applying the discount rate leading to the same NAV with tax expenses excluded from cash flows projections.

#### Impairment test

As of June 30, 2021

The generalization of vaccination and the lifting of lockdown measures had positive effects on global economic activity. The increased demand for oil & gas products helped to resolve the imbalance and the oil price of Brent rose significantly over the period, beyond expectations. In line with some recent analysis performed by investment banks in matter of outlook and E&P spending growth prospects, we

consider that the financial projections we established for the period beyond 2021, at year-end closing as of December 31, 2020, remain valid overall.

The timing effect in our Multi-client sales due to delayed spending by our clients in the first half of the year 2021 does not change our forward view in matter of recovery trajectory. The Multi-client activity is expected to strengthen in the latter part of 2021 and into 2022, supported by the superior quality of its data in the world's most attractive basins.

The capital employed of the Multi-client CGU amounted to US\$600 million as of June 30, 2021, including US\$284 million of goodwill.

**No impairment of the Multi-client CGU goodwill recognized as of June 30, 2021.**

As of December 31, 2020

The capital employed of the Multi-client CGU amounted to US\$629 million as of December 31, 2020, including US\$284 million of goodwill.

**No impairment of the Multi-client CGU goodwill recognized as of December 31, 2020.**

#### Sensitivity to changes in assumptions per computation as at June 30, 2021

A change in certain assumptions, in particular the discount rate and the normative cash flows, could significantly impact the measurement of the value in use of our cash-generating units and, hence, the impairment test outcomes. The cyclical business profile of our operations can have an impact on the value in use of our CGU, albeit to a lesser extent than the two previous assumptions. The structuring assumption is the gradual recovery of E&P spending. The cash flows generated in 2022 and 2023 as well as in the normative year could vary based on timing and breadth of recovery.

The impacts on value in use based upon alternative recovery scenarios for 2022 and 2023, and on the normative period are disclosed in the template below.

	Goodwill	Difference between the value in use and the carrying value of assets	Sensitivity on 2022-2023 cash flows		Sensitivity on normative cash flows		Sensitivity on LT Growth rate		Sensitivity on discount rate (after tax)	
			Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 0.50bps	Increase by 0.50bps	Decrease by 0.50bps	Increase by 0.50bps
(In millions of US\$)										
CGU Multi-client	284.0	86.0	(7.0)	7.0	(64.0)	64.0	(41.0)	47.0	55.0	(48.0)

The discount rate neutralizing the excess of the value in use over the carrying value of assets is of 10.3%

**NOTE 7 OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
Other current financial liabilities: <i>Idle Vessel Compensation</i>	19.1	18.3
Other current financial liabilities: <i>Eidesvik Put Option</i>	-	16.1
Other non-current financial liabilities: <i>Idle Vessel Compensation</i>	38.7	53.0
<b>TOTAL</b>	<b>57.8</b>	<b>87.4</b>

**Idle Vessel Compensation**

The Idle Vessel Compensation is a financial liability in respect of the Capacity Agreement, the contract signed with Shearwater for the provision of marine seismic data acquisition services until January 2025. CGG must compensate Shearwater for days during which more than one of its high-end seismic vessels are idle, up to a maximum of three vessels. The Idle Vessel Compensation represents the net present value of expected related payments. The expected payments are estimated based on Shearwater fleet utilization assumptions over the commitment period. The Idle

Vessel Compensation is recognized in liabilities at amortized cost.

**Eidesvik Put Option**

Eidesvik had a put option granting it the right to sell all of its Shearwater shares to CGG at a strike price of US\$30 million which was exercised on January 11, 2021. Pursuant to the sale agreement entered into with Rasmussengruppen on January 12, 2021, CGG sold the Shearwater shares for US\$13.9 million (see note 2).

**NOTE 8 FINANCIAL DEBT**

Gross financial debt as of September 30, 2021 was US\$1,352.8 million compared to US\$1,389.1 million as of December 31, 2020.

Please refer to note 2 for information on the impact on financial debt refinancing completed on April 1, 2021.

The breakdown of our gross debt is as follows:

<i>(In millions of US\$)</i>	September 30, 2021			December 31, 2020
	Current	Non-Current	Total	Total
First lien senior secured notes due 2023	-	-	-	643.3
Second lien senior secured notes due 2024 (including PIK interest) <sup>(a)</sup>	-	-	-	577.2
2027 Notes	-	1,177.4	1,177.4	-
Bank loans and other loans	0.3	0.5	0.8	0.6
Lease liabilities	38.6	87.9	126.5	155.1
<b>Sub-total</b>	<b>38.9</b>	<b>1,265.8</b>	<b>1,304.7</b>	<b>1,376.5</b>
Accrued interests	48.1	-	48.1	12.4
<b>Financial Debt</b>	<b>87.0</b>	<b>1,265.8</b>	<b>1,352.8</b>	<b>1,388.9</b>
Bank overdrafts	-	-	-	0.2
<b>TOTAL</b>	<b>87.0</b>	<b>1,265.8</b>	<b>1,352.8</b>	<b>1,389.1</b>

(a) PIK: payment-in-kind, capitalized interest included

## Changes in liabilities arising from financing activities

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
<b>Balance at beginning of period</b>	<b>1,389.1</b>	<b>1,326.0</b>
Decrease in long term debts	(1,227.4)	(5.2)
Increase in long-term debts	1,186.2	-
Lease repayments	(44.0)	(55.5)
Financial interests paid	(36.7)	(80.2)
<b>Total Cash Flows</b>	<b>(121.9)</b>	<b>(140.9)</b>
Cost of financial debt, net	94.3	134.1
Call premium	13.8	-
Increase in lease liabilities	19.1	28.5
Translation adjustments	(34.8)	46.0
Asset for Sale transfer	(2.0)	-
Other	(4.8)	(4.6)
<b>BALANCE AT END OF PERIOD</b>	<b>1,352.8</b>	<b>1,389.1</b>

## Financial debt by financing sources

Our gross debt before accrued interests and bank overdrafts as of September 30, 2021 breaks down by financing sources as follows:

	Issuing date	Maturity	Nominal amount September 30, 2021 <i>(In millions of currency)</i>	Net balance September 30, 2021 <i>(In US\$m)</i>	Interest rates
2027 Notes tranche USD	2021	2027	US\$500.0	500.0	8.75%
2027 Notes tranche EUR	2021	2027	€585.0	677.4	7.75%
<b>Sub-total 2027 Notes</b>				<b>1,177.4</b>	
Other loans				0.8	
<b>Sub-total bank loans and other loans</b>				<b>1,178.2</b>	
Lease liabilities				126.5	
<b>TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS</b>				<b>1,304.7</b>	

## Financial debt by currency

Our gross debt before accrued interests and bank overdrafts as of September 30, 2021 breaks down by currency as follows:

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
USD	559.0	824.7
EUR	721.9	519.2
GBP	10.0	10.9
AUD	3.4	4.6
CAD	5.0	6.3
NOK	1.7	2.4
SGD	2.0	2.5
RUB	0.3	0.3
Other	1.4	5.6
<b>TOTAL</b>	<b>1,304.7</b>	<b>1,376.5</b>

## Financial debt by interest rate

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
Variable rates (average effective rate September 30, 2021: -, December 31, 2020: 12.86%)	-	577.2
Fixed rates (average effective rate at September 30, 2021: 7.95%, December 31, 2020: 7.67%)	1,304.7	799.3
<b>TOTAL FINANCIAL DEBT, EXCLUDING ACCRUED INTERESTS AND BANK OVERDRAFTS</b>	<b>1,304.7</b>	<b>1,376.5</b>

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

### High Yield Bonds (US\$500 million of 8.75% Senior Notes 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.

#### First lien secured notes due 2023

The first lien secured notes were redeemed in full at the time of the refinancing. *Please refer to note 2.*

#### Second lien secured notes due 2024

The second lien secured notes were redeemed in full at the time of the refinancing. *Please refer to note 2.*

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

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

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

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

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

These notes bore a Libor-based floating rate of interest (with a floor of 1%) for the USD series and a Euribor-based floating rate of interest (with a floor of 1%) for the EUR series + 4% in

cash, and 8.5% of capitalized interest (known as “payment in kind” or “PIK interest”).

### US\$ 100 million Revolving Credit Facility

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

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

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

–“Consolidated Senior Secured Net Leverage” is defined as Senior Secured Indebtedness less cash and cash equivalents.

–“Consolidated EBITDA” is computed on Segment figures and is defined as net income before interest, tax, depreciation, amortization and non-recurring items.

The 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 multi-client Library, the shares of the main Sercel entities (Sercl SAS and Sercl Inc.), the shares of significant GGR operating entities, and certain intercompany loans.

## NOTE 9 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

### Contractual obligations

<i>(In millions of US\$)</i>	September 30, 2021	December 31, 2020
Long-term debt obligations	1,762.8	1,636.6
Lease obligations	139.6	139.9
<b>Total obligations</b>	<b>1,902.4</b>	<b>1,776.5</b>

The following table sets forth our future cash obligations (not discounted) on our contractual obligations and commitments as of September 30, 2021:

<i>(In millions of US\$)</i>	Payments due by period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
<b>Long-term debt obligations:</b>					
Financial debt	0.3	-	-	1,177.9	1,178.2
Other long-term obligations (cash interest)	101.3	196.1	194.7	92.5	584.6
<b>Total Long-term debt obligations</b>	<b>101.6</b>	<b>196.1</b>	<b>194.7</b>	<b>1,270.4</b>	<b>1,762.8</b>
Lease obligations	72.6	50.0	8.4	8.6	139.6
<b>Total Contractual Cash Obligations <sup>(a) (b)</sup></b>	<b>174.2</b>	<b>246.1</b>	<b>203.1</b>	<b>1,279.0</b>	<b>1,902.4</b>

(a) Payments in other currencies are converted into U.S. dollars at the September 30, 2021 exchange rates.

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

## 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 Multi-client 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, 2021, the residual commitment in respect of Idle Vessel Compensation through to the end of the five-year period was US\$(71.8) million.

*For more information on the Marine Data Acquisition transactions, please refer to note 2 of CGG's Universal Registration Document for the year 2020.*

## Step-In Agreements

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;
- ▶ 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.

*For more information on the CGG's Marine Data Acquisition transactions, please refer to note 2 of Universal Registration Document for the year 2020.*

## NOTE 10 PROVISIONS

September 30, 2021

(In millions of US\$)	Balance at beginning of year	Additions	Deductions (used)	Deductions (unused)	Others <sup>(1)</sup>	Balance at end of period	Current	Non-current
Provisions for redundancy plan	4.2	0.4	(1.0)	(1.4)	(0.0)	2.2	2.2	-
Provisions for other restructuring costs	1.9	-	(1.2)	-	-	0.7	0.7	-
Provisions for onerous contracts	0.9	-	-	-	(0.1)	0.8	0.1	0.7
<b>Total CGG 2021 plan</b>	<b>7.0</b>	<b>0.4</b>	<b>(2.2)</b>	<b>(1.4)</b>	<b>(0.1)</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>
Provisions for redundancy plan <sup>(2)</sup>	32.5	2.8	(24.5)	(7.8)	(0.3)	2.7	2.7	-
Provisions for pensions <sup>(3)</sup>	36.0	1.6	(4.3)	-	(4.6)	28.7	-	28.7
Provisions for customer guarantees	2.7	2.8	(1.5)	-	(0.2)	3.8	-	3.8
Other provisions for restructuring costs	1.6	0.0	(0.1)	(0.9)	(0.0)	0.6	0.6	-
Provisions for cash-settled share-based payment arrangements	1.6	-	-	(0.7)	(0.0)	0.9	-	0.9
Other provisions for onerous contracts	0.8	-	(0.2)	-	(0.1)	0.5	0.1	0.4
Other provisions (other taxes and miscellaneous risks)	22.3	2.1	(1.7)	(0.4)	(0.6)	21.7	12.3	9.4
<b>Total other provisions</b>	<b>97.5</b>	<b>9.3</b>	<b>(32.3)</b>	<b>(9.8)</b>	<b>(5.8)</b>	<b>58.9</b>	<b>15.7</b>	<b>43.2</b>
<b>TOTAL PROVISIONS</b>	<b>104.5</b>	<b>9.7</b>	<b>(34.5)</b>	<b>(11.2)</b>	<b>(5.9)</b>	<b>62.6</b>	<b>18.7</b>	<b>43.9</b>

(1) Includes translation adjustments, change in consolidation scope, reclassification and actuarial gains (losses).

(2) The unused deduction of US\$7.8 million corresponds mainly to the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020.

(3) The variance in provisions for pensions mainly concerns the UK including a payment to reduce the deficit and the remeasurement related to the changes in actuarial assumptions.

### Reporting segments 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.

As a result of the strategic announcements made in 2018 that included the transition to an asset light model and actions undertaken since then, our Contractual Data Acquisition segment and part of our Non-Operated Resources segment have been presented as discontinued operations in our income statement and as assets held for sale in our balance sheet in accordance with IFRS 5. The costs of implementation of our strategic plan, referred to as the "CGG 2021 Plan", are reported in discontinued operations in the related Contractual Data Acquisition business lines.

Since 2018, our continuing operations are organized in two segments for financial reporting: (i) Geology, Geophysics & Reservoir ("GGR") and (ii) Equipment.

### Management reporting and Segment presentation

Before the implementation of IFRS 15, the Group applied the percentage of completion method for recognizing Multi-client prefunding revenues. Following the implementation of IFRS 15, the Group recognizes Multi-client prefunding revenues only upon delivery of final processed data.

Although IFRS fairly presents the Group's statement of financial position, for internal reporting purposes CGG management continues to apply the pre-IFRS 15 revenue recognition principles, with Multi-client prefunding revenues recorded based on percentage of completion. CGG 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 Multi-client 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 Multi-client prefunding revenues recognized upon delivery of the final data; and
- ▶ The "Segment" figures, for purposes of internal management reporting, prepared in accordance with the Group's previous method for recognizing Multi-client 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 an alternative to operating revenues, operating income or any other measures of performance derived in accordance with IFRS as indicators of our operating performance.

### 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 Multi-client, 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 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. They relate primarily to geophysical equipment sales made by the Equipment segment. 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 and EBIT may include non-recurring or restructuring items, which are disclosed in the reportable segment if material. 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. Unallocated and corporate assets consist of "investments and other financial assets" and "cash and cash equivalents" of our consolidated statement of financial position. 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) "non-current liabilities" excluding "financial debt".

### Seasonality

We have historically experienced higher levels of activity in our equipment manufacturing operations towards the end of the year as our clients seek to fully deploy their annual budgeted capital expenditure. The same overall pattern usually applies to our Multi-client activity which usually shows an increase in sales in the last quarter; as a consequence, we traditionally experience a lower level of activity at the beginning of each year.



## Analysis by segment (continuing operations)

### Nine months ended September 30, 2021

Amounts in millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	378.7	261.2	-	639.9	(49.3)	590.6
Inter-segment revenues		0.8	(0.8)	-		-
<b>Operating revenues</b>	<b>378.7</b>	<b>262.0</b>	<b>(0.8)</b>	<b>639.9</b>	<b>(49.3)</b>	<b>590.6</b>
Depreciation and amortization (excluding Multi-client surveys)	(49.6)	(24.3)	(3.0)	(76.9)		(76.9)
Depreciation and amortization of Multi-client surveys	(117.5)		-	(117.5)	40.0	(77.5)
<b>Operating income <sup>(1)</sup></b>	<b>36.3</b>	<b>(0.4)</b>	<b>(21.4)</b>	<b>14.5</b>	<b>(9.3)</b>	<b>5.2</b>
<b>EBITDAs</b>	<b>189.8</b>	<b>23.8</b>	<b>(18.3)</b>	<b>195.3</b>	<b>(49.3)</b>	<b>146.0</b>
Share of income in companies accounted for under the equity method	0.0	0.0	-	0.0		0.0
<b>Earnings Before Interest and Tax <sup>(1)</sup></b>	<b>36.3</b>	<b>(0.4)</b>	<b>(21.4)</b>	<b>14.5</b>	<b>(9.3)</b>	<b>5.2</b>
Capital expenditures (excluding Multi-client surveys) <sup>(2)</sup>	20.8	20.0	0.1	40.9	-	40.9
Investments in Multi-client surveys, net cash	131.0	-	-	131.0	-	131.0
<b>Capital employed <sup>(3)</sup></b>	<b>1.6</b>	<b>0.5</b>	<b>-</b>	<b>2.1</b>	<b>-</b>	<b>2.1</b>
<b>Total identifiable assets</b>	<b>2.2</b>	<b>0.6</b>	<b>0.1</b>	<b>2.9</b>	<b>-</b>	<b>2.9</b>

(1) "Eliminations and other" corresponded to general corporate expenses.

(2) Capital expenditures included capitalized development costs of US\$(23.5) million for the nine months ended September 30, 2021. "Eliminations and other" corresponded to the variance of suppliers of assets for the nine months ended September 30, 2021.

(3) Capital employed and identifiable assets related to non-current assets held for sale and discontinued operations are included under the column "Eliminations and other".

### Nine months ended September 30, 2020

Amounts in millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations	Segment figures	IFRS 15 adjustments	Consolidated Total / As reported
Revenues from unaffiliated customers	491.6	180.5	-	672.1	(3.2)	668.9
Inter-segment revenues <sup>(1)</sup>	-	2.5	(2.5)	-	-	-
<b>Operating revenues</b>	<b>491.6</b>	<b>183.0</b>	<b>(2.5)</b>	<b>672.1</b>	<b>(3.2)</b>	<b>668.9</b>
Depreciation and amortization (excluding Multi-client surveys)	(112.5)	(23.4)	(0.6)	(136.5)	-	(136.5)
Depreciation and amortization of Multi-client surveys	(238.1)	-	-	(238.1)	10.7	(227.4)
<b>Operating income <sup>(2)</sup></b>	<b>(85.9)</b>	<b>(16.4)</b>	<b>(20.0)</b>	<b>(122.3)</b>	<b>7.5</b>	<b>(114.8)</b>
<b>EBITDAs</b>	<b>253.5</b>	<b>7.4</b>	<b>(17.9)</b>	<b>243.0</b>	<b>(3.2)</b>	<b>239.8</b>
Share of income in companies accounted for under the equity method	0.1	-	-	0.1	-	0.1
<b>Earnings Before Interest and Tax <sup>(2)</sup></b>	<b>(85.8)</b>	<b>(16.4)</b>	<b>(20.0)</b>	<b>(122.2)</b>	<b>7.5</b>	<b>(114.7)</b>
Capital expenditures (excluding Multi-client surveys) <sup>(3)</sup>	31.3	16.8	1.7	49.8	-	49.8
Investments in Multi-client surveys, net cash	198.0	-	-	198.0	-	198.0
<b>Capital employed <sup>(4)</sup></b>	<b>1.7</b>	<b>0.6</b>	<b>(0.1)</b>	<b>2.2</b>	<b>-</b>	<b>2.2</b>
<b>Total identifiable assets</b>	<b>2.3</b>	<b>0.6</b>	<b>-</b>	<b>2.9</b>	<b>-</b>	<b>2.9</b>

(1) Sale of equipment to the Contractual Data Acquisition segment which is classified as discontinued operation.

(2) "Eliminations and other" corresponded to general corporate expenses.

(3) Capital expenditures included capitalized development costs of US\$(31.9) million for the nine months ended September 30, 2020. "Eliminations and other" corresponded to the variance of suppliers of assets for the nine months ended September 30, 2020.

(4) Capital employed and identifiable assets related to non-current assets held for sale and discontinued operations 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,**

<i>(En millions de dollars US)</i>	2021			2020		
	GGR	Equipement	Total Consolidé	GGR	Equipement	Total Consolidé
Multi-client prefunding	42.2	-	42.2	139.5	-	139.5
Multi-client after sales	71.1	-	71.1	96.0	-	96.0
<b>Total Multi-client</b>	<b>113.3</b>	<b>-</b>	<b>113.3</b>	<b>235.5</b>	<b>-</b>	<b>235.5</b>
<b>Geoscience</b>	<b>216.1</b>	<b>-</b>	<b>216.1</b>	<b>252.9</b>	<b>-</b>	<b>252.9</b>
<b>Total equipment</b>	<b>-</b>	<b>262.0</b>	<b>262.0</b>	<b>-</b>	<b>183.0</b>	<b>183.0</b>
<b>Internal revenues</b>	<b>-</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>
<b>Total operating revenues</b>	<b>329.4</b>	<b>261.2</b>	<b>590.6</b>	<b>488.4</b>	<b>180.5</b>	<b>668.9</b>

**NOTE 12 OTHER REVENUES AND EXPENSES**

Other revenues and expenses amounted to US\$9.6 million in the nine months ended September 30, 2021 compared to US\$(154.8) million in the nine months ended September 30, 2020.

The US\$9.6 million of other revenue (expenses) net for the three first quarters 2021 was composed of (i) US\$7.9 million gain in respect of reversal of unused provision corresponding mainly to the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020, (ii) US\$7.2 million gain mainly due to the remeasurement at fair

value of the GeoSoftware business available for sale and (iii) severance payments of US\$(5.5) million.

The other revenue (expenses) net of US\$(154.8) million for the nine first months 2020 encompassed (i) US\$(68.9) million of impairment losses on the multi-client data library, (ii) US\$(24.0) million impairment losses on GGR Goodwill, (iii) US\$(21.8) million of fair value remeasurement of our GeoSoftware business held for sale and (iv) a severance pay of US\$(37.7) million.

**NOTE 13 COST OF FINANCIAL DEBT**

<i>(In millions of US\$)</i>	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Current interest expenses related to financial debt	(88.8)	(94.0)
Interest expense on lease liabilities	(6.4)	(7.5)
Income from cash and cash equivalents	0.9	1.8
<b>COST OF FINANCIAL DEBT, NET</b>	<b>(94.3)</b>	<b>(99.7)</b>

**NOTE 14 OTHER FINANCIAL INCOME (LOSS)**

<i>(In millions of US\$)</i>	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Exchange gains (losses), net	7.3	2.2
Other financial income (loss), net	(49.4)	(44.0)
<b>OTHER FINANCIAL INCOME (LOSS)</b>	<b>(42.1)</b>	<b>(41.8)</b>

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

- ▶ US\$(26.1) million of transaction costs arising from the refinancing (see note 2), and

- ▶ US\$(13.7) million of call premium in relation with the early repayment of the Existing First Lien Notes (see note 2),

For the nine months ended September 30, 2020, Other Financial Income (Loss) amounted to US\$(41.8) million loss, including:

- ▶ US\$(44.6) million loss for the re-measurements of the fair value of the Eidesvik Put Option and of the Shearwater Vendor Notes and liabilities, and
- ▶ an exchange gain of US\$2.2 million.

## NOTE 15 SUPPLEMENTARY CASH FLOW INFORMATION

### Operating Activities

Before changes in working capital, net cash provided by operating activities in the nine months ended September 30, 2021 was US\$114.7 million compared to US\$285.9 million in the nine months ended September 30, 2020, due to lower activity. In this context, changes in working capital had a positive effect of US\$120.5 million in 2021 on cash from operating activities, also favorably impacted by reduced inventories pursuant equipment deliveries and high cash collection from mega crews and Multi-client sales from year-end 2020.

In the nine months ended September 30, 2021, depreciation and amortization included a US\$6.2 million impairment gain mainly from the remeasurement at fair value of the GeoSoftware business available for sale.

In the nine months ended September 30, 2020, depreciation and amortization included US\$(116.2) million of impairment losses of which US\$(68.9) million were impairment losses on the multi-client data library, US\$(24.0) million were impairment losses on GGR Goodwill and US\$(21.8) million were impairment losses on the GeoSoftware business available for sale.

Net cash provided by operating activities was US\$235.2 million in the nine months ended September 30, 2021 compared to US\$238.4 million in the nine months ended September 30, 2020.

### Investing Activities

The net cash used in investing activities was US\$(178.3) million in the nine months September 30, 2021 compared to US\$(235.9) million in the nine months ended September 30, 2020, mainly driven by a decrease in Multi-client Data investments of US\$67.0 million from 2020, with two vessels working on Multi-client programs, one on a five-month 3D Multi-client program in the Norwegian North Sea in addition to our on-going project in Brazil as well as five5 reprocessing projects.

The US\$(2.4) million of net proceed from financial assets in 2021 is attributable to a net cash outflow following the exercise of the put option by Eidesvik and subsequently the acquisition by Rasmussengruppen of all Shearwater shares owned by CGG (see note 2, 4 and 7).

CGG has acquired shares of two companies through the Equipment segment for a net cash consideration of US\$(1.9) million in the nine months ended September 30, 2021.

The variation in other non-current financial assets mainly related to short-term investment securities and long-term deposits pledged to fulfill certain collateral requirements.

### Financing Activities

In the nine months ended September 30, 2021, net cash flow used by financing activities was mainly related to:

- ▶ US\$(96.9) million of net proceed from the refinancing (see note 2):
  - i. US\$(1,227.5) million of repayment of long-term debt composed of (a) US\$(628.3) million of Existing First Lien Notes principal repayment, (b) US\$(585.3) million of Existing Second Lien Notes principal repayment (including capitalized interest, and (c) US\$(13.8) million of First Lien Call Premium,
  - ii. US\$1,159.8 million of total issuance of long-term debt made up of (a) US\$1,185.9 million of 2027 Notes proceed and (b) US\$(26.1) million of transaction costs.
  - iii. US\$(29.3) million of Accrued interest from Existing Notes until redemption included in Financial expenses paid of US\$(36.7) million,
- ▶ lease repayments of US\$(43.7) million,
- ▶ dividends paid to minority shareholders of US\$(3.6) million, and
- ▶ a loan granted to Xcalibur Group as part of the sale of Multi-Physics business for US\$(1.7) million

## NOTE 16 SUBSEQUENT EVENTS

### GeoSoftware

On October 1 2021, the previously announced 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 customary closing adjustments).

### Group organization

#### Reporting segments 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.

As a result of the strategic announcements made in 2018 that included the transition to an asset light model and actions undertaken since then, our Contractual Data Acquisition segment and part of our Non-Operated Resources segment have been presented as discontinued operations in our income statement and as assets held for sale in our balance sheet in accordance with IFRS 5. The costs of implementation of our strategic plan, referred to as the "CGG 2021 Plan", are reported in discontinued operations in the related Contractual Data Acquisition business lines.

Since 2018, our continuing operations are organized in two segments for financial reporting: (i) Geology, Geophysics & Reservoir ("GGR") and (ii) Equipment.

#### Management reporting and Segment presentation

Before the implementation of IFRS 15, the Group applied the percentage of completion method for recognizing Multi-client prefunding revenues.

Following the implementation of IFRS 15, the Group recognizes Multi-client prefunding revenues only upon delivery of final processed data.

Although IFRS fairly presents the Group's statement of financial position, for internal reporting purposes CGG management continues to apply the pre-IFRS 15 revenue recognition principles, with Multi-client prefunding revenues recorded based on percentage of completion. CGG 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 Multi-client 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 Multi-client prefunding revenues recognized upon delivery of the final data; and
- ▶ the "Segment" figures, for purposes of internal management reporting, prepared in accordance with the Group's previous method for recognizing Multi-client 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 an alternative to operating revenues, operating income or any other measures of performance derived in accordance with IFRS as indicators of our operating performance.

#### Market environment and Outlook

The high volatility of the market, as a consequence of the Covid-19 outbreak, dramatically changed our business environment and the whole energy sector experienced strong headwinds. Our clients cut significantly their spending, by 30% in average in 2020, to mitigate the drop in oil price, which had material adverse effects in our activities and results.

Since the beginning of the year, the generalization of vaccination and the lifting of lockdown measures has had positive effects on the global economy. The increased demand for oil and gas products helped to resolve the imbalance and the Brent price strengthened over the period and stabilized at about US\$75/bbl since July 2021, above expectations.

While the global outlook is improving, considering the lack of investments in the recent years, the need for a catch up in development and production spending has further grown. Though it is still difficult to predict the timing and breadth of recovery, we believe we are fundamentally well positioned with our unique technologies, our algorithms, our high computing power, our data library of superior quality and sensors, to increase the effectiveness of our clients' projects, while meeting their ESG objectives, and accompany them in their energy transition challenges and developments around renewables.

After a soft first half of the year, coming from delays mostly affecting our Multi-client activity, we experienced some encouraging signs. The rebound we expected in the latter part of the year started materializing, with consolidated revenues at US\$210 million in the third quarter, up 23% sequentially, confirming the anticipated trends of gradual recovery in Geoscience quarter after quarter, sustained demand for our data library located in the world's most active basins and a pick-up in Equipment deliveries.

The Group pursued the implementation of restructuring measures in continuing operations to adjust to the new baseline. These measures have impacted the statement of cash flows by US\$(17) million since the beginning of the year.

The Group benefited from government incentives in certain countries where it operates, triggering a positive cash impact of US\$6 million in the period, including deferrals of tax and social contributions.

## **Non-recurring and restructuring costs**

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

In the nine months of the year, in continuing operations, the Group recorded a non-recurring net gain of US\$10 million in its statement of operations, including US\$2 million of restructuring gain triggered by the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020 and US\$7 million net gain mainly due to the remeasurement at fair value of the GeoSoftware business available for sale.

## **Seasonality**

We have historically experienced higher levels of activity in our equipment manufacturing operations towards the end of the year as our clients seek to fully deploy their annual budgeted capital expenditure. The same overall pattern usually applies to our Multi-client activity which usually shows an increase in sales in the last quarter; as a consequence, we traditionally experienced a lower level of activity at the beginning of each year.

## **Accounting policies**

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

*Our significant accounting policies are fully described in note 1 to our 2020 consolidated annual financial statements.*

## **Significant events, Acquisitions and Divestures**

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

## Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

Unless otherwise specified, comparisons made in this section are between the nine months ended September 30, 2021 and the nine months ended September 30, 2020. References to 2021 correspond to the nine months ended September 30, 2021 and references to 2020 correspond to the nine months ended September 30, 2020.

### Operating revenues

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

(In millions of US dollars)	Nine months ended September 30,						Increase/(Decrease)	
	2021			2020			2021 vs. 2020	
	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	IFRS 15 adjustment	As reported	Segment Figures	As reported
Geoscience	216.1	-	216.1	252.9	-	252.9	(15)%	(15)%
Multi-client data	162.6	(49.3)	113.3	238.7	(3.2)	235.5	(32)%	(52)%
<b>GGR Revenues</b>	<b>378.7</b>	<b>(49.3)</b>	<b>329.4</b>	<b>491.6</b>	<b>(3.2)</b>	<b>488.4</b>	<b>(23)%</b>	<b>(33)%</b>
<b>Equipment Revenues</b>	<b>262.1</b>	<b>-</b>	<b>262.1</b>	<b>183.0</b>	<b>-</b>	<b>183.0</b>	<b>43%</b>	<b>43%</b>
Eliminated revenues and others	(0.8)	-	(0.8)	(2.5)	-	(2.5)	(66)%	(66)%
<b>Total operating revenues</b>	<b>639.9</b>	<b>(49.3)</b>	<b>590.6</b>	<b>672.1</b>	<b>(3.2)</b>	<b>668.9</b>	<b>(5)%</b>	<b>(12)%</b>

Our consolidated operating revenues as reported, following the application of IFRS 15, decreased by 12% to US\$591 million in 2021 from US\$669 million in 2020. Declines in Multi-client data revenues and, to a lesser extent, Geoscience, were partly offset by an improvement in Equipment revenues.

Before IFRS 15 adjustments, our consolidated operating revenues decreased by 5% to US\$640 million in 2021 from US\$672 million in 2020. The respective contributions from the Group's businesses to our segment operating revenues were 59% from GGR and 41% from Equipment.

#### GGR

Operating revenues as reported from our GGR segment decreased by 33% to US\$329 million compared to 2020. Before IFRS 15 adjustments, GGR segment revenues decreased by 23% to US\$379 million from US\$492 million in 2020.

#### GEOSCIENCE

Operating revenues as reported from Geoscience was down 15% year-on-year to US\$216 million from US\$253 million in 2020. After reaching what we believe is an inflection point in the first quarter, the activity continued its recovery in the second and third quarter. Market recovery accelerated driven by high-end marine & OBN projects for reservoir optimization mainly for IOCs.

Demand for technology remains strong as projects are mainly dedicated to reservoir optimization and near-field exploration.

#### MULTI-CLIENT DATA

For the first nine months of 2021, Multi-client data revenues as reported decreased by 52% to US\$113 million in 2021 compared to US\$236 million in 2020. Before IFRS 15 adjustments, Multi-client data segment revenues decreased by 32% to US\$163 million from US\$239 million in 2020.

Prefunding revenues as reported strongly decreased by 70% to US\$42 million in 2021 from US\$140 million in 2020. Excluding IFRS 15 adjustment, prefunding revenue of our Multi-client projects reached US\$92 million, down 36% from US\$143 million in 2020, commensurate with the reduction in our Multi-client cash capex at US\$131 million from US\$198 million in 2020, with two on-going marine streamer programs, one in Brazil and one in the Norwegian North Sea. The cash-prefunding rate was at 70% from 72% in 2020.

After-sales revenues strongly decreased by 26% to US\$71 million in 2021 from US\$96 million in 2020, as we have experienced some sales shifting later in the year.

#### Equipment

Total revenues for our Equipment segment (including internal and external sales) strongly increased by 43% to US\$262 million in 2021 from US\$183 million in 2020 mainly driven by a high level of land equipment deliveries.

External revenues for our Equipment segment increased by 44% to US\$261 million in 2021 from US\$182 million in 2020. Internal sales represented close to 1% of total revenues in 2021 as in 2020.

- ▶ Land equipment sales represented 64% of total revenues in 2021, compared to 70% in 2020, as we delivered recording systems and vibrators in various geographies (China, Russia, North Africa and India).
- ▶ Marine equipment sales represented 28% of total revenues in 2021 compared to 20% in 2020. During this period, Sercel delivered on schedule 18,000 GPR300 nodes for BGP in the Middle East region.
- ▶ Downhole equipment and non-oil & gas sales grew slightly to US\$19 million in 2021 compared to US\$18 million in 2020 with the first commercial project for a S - scan rail track monitoring solution.

## Operating expenses

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

(In millions of US\$)	Nine months ended September 30,				Increase/(Decrease)	
	2021		2020		2021 vs. 2020	
	Segment Figures	As reported	Segment Figures	As Reported	Segment Figures	As reported
Operating revenues	639.9	590.6	672.1	668.9	(5)%	(12)%
Costs of Operations	(551.5)	(511.5)	(549.1)	(538.4)	0%	(5)%
% of operating revenues	(86)%	(87)%	(82)%	(80)%		
<b>Gross Margin</b>	<b>88.9</b>	<b>79.6</b>	<b>123.5</b>	<b>131.0</b>	<b>(28)%</b>	<b>(39)%</b>
<b>% of operating revenues</b>	<b>14%</b>	<b>13%</b>	<b>18%</b>	<b>20%</b>		
Research and Development	(15.5)	(15.5)	(12.9)	(12.9)	20%	20%
% of operating revenues	(2)%	(3)%	(2)%	(2)%		
Marketing and Selling	(22.3)	(22.3)	(25.2)	(25.2)	(12)%	(12)%
% of operating revenues	(3)%	(4)%	(4)%	(4)%		
General and Administrative	(46.2)	(46.2)	(52.9)	(52.9)	(13)%	(13)%
% of operating revenues	(7)%	(8)%	(8)%	(8)%		
Other incomes (expenses)	9.6	9.6	(154.8)	(154.9)		
<b>Operating income</b>	<b>14.5</b>	<b>5.2</b>	<b>(122.3)</b>	<b>(114.9)</b>	<b>(112)%</b>	<b>(104)%</b>
<b>% of operating revenues</b>	<b>2%</b>	<b>1%</b>	<b>(18)%</b>	<b>(17)%</b>		

As a percentage of operating revenues as reported, cost of operations as reported increased to 87% in 2021 from 80% in 2020. Excluding IFRS 15 adjustments, segment cost of operations, as a percentage of the segment operating revenues, increased to 86% in 2021 from 82% in 2020, driven by the Group's reduced activity triggering lower absorption of structure costs.

Excluding impairment loss, the amortization cost of our multi-client library as reported corresponded to 68% of the Multi - Client Data revenues as reported in 2021 compared to 75% in 2020. Excluding impairment loss and IFRS 15 adjustments, the segment amortization cost of our multi-client library decreased to 72% of the Multi-client Data segment revenues in 2021 compared to 77% in 2020, mainly due to a different sales mix.

Gross profit as reported decreased by 39% to US\$80 million in 2021 from US\$131 million in 2020, representing 13% and 20% of operating revenues, respectively, as a result of the factors discussed above. Segment gross profit was US\$89 million in 2021, representing 14% of segment operating revenues compared to 18% in 2020.

Research and development costs increased by 20% in 2021 compared to 2020, mainly as a consequence of reduced tax credit in the United States and smaller part of project development costs being capitalized.

Marketing and Selling expenses and General and Administrative expenses decreased in 2021 by 12% and 13% respectively compared to 2020, mainly due to the impact of support cost reduction measures and despite the less favorable foreign exchange rate environment (the average exchange rate was set as US\$1.20 per euro for the first nine months ended September 30, 2021 compared to US\$1.12 per euro in 2020).

Other incomes of US\$10 million was composed of US\$2 million of restructuring gain triggered by the revised assumptions of the redundancy costs of the employment protection scheme launched in 2020 and US\$7 million of gain mainly due to the remeasurement at fair value of the GeoSoftware business available for sale.

### Operating income

Operating income as reported amounted to a gain of US\$5 million in 2021 as a result of the factors described above, compared to a loss of US\$115 million in 2020. Excluding IFRS 15 adjustments, segment operating income amounted to a gain of US\$14 million in 2021 compared to a loss of US\$122 million in 2020.

Segment operating income from our GGR segment was a gain of US\$36 million in 2021 compared to a loss of US\$86 million in 2020 which included US\$69 million of data library impairment loss.

Segment operating income from our Equipment segment returned to breakeven in 2021 after the loss of US\$16 million in 2020.

### Financial income and expenses

Net cost of financial debt in 2021 was US\$94 million, compared to US\$100 million in 2020.

Other financial income and expenses amounted to a loss of US\$42 million in 2021, mainly related to the refinancing costs and including US\$26 million of transaction fees and US\$14 million of call premium for anticipated reimbursement of the Existing First Lien notes. *Please refer to note 14.* In 2020, other financial income and expenses were a loss of US\$42 million, including US\$45 million of loss on fair value

re-measurement related to other financial assets and liabilities linked to Marine Acquisition exit transaction.

### **Income taxes**

Income taxes as reported amounted to an expense of US\$19 million in 2021, down from US\$37 million in 2020.

### **Net Income from continuing operations**

Net income from continuing operations as reported was a loss of US\$150 million in 2021 compared to a loss of US\$293 million in 2020 as a result of the factors discussed above.

### **Net Income from discontinued operations**

Operating revenues for Contractual Data Acquisition amounted to US\$19 million in 2021, down from US\$25 million in 2020.

Net income from discontinued operations amounted to a gain of US\$2 million in 2021 compared to a loss of US\$45 million in 2020. See *note 3*

### **Net income**

Net income as reported was a loss of US\$148 million in 2021 compared to a loss of US\$338 million in 2020

### **Liquidity and capital resources**

Our principal financing needs are the funding of ongoing operations and capital expenditures, investments in our Multi-client data library, the funding of the restructuring measures and of the remainder of the “CGG 2021 Plan” as well as our debt service obligations.

With our successful 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 and we intend to fund our next capital requirements through cash generated by operations and liquidity on hand. In the past, we have obtained financing through bank borrowings, capital increases and issuances of debt and equity-linked securities.

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



## Cash flows from continuing operations

### Operating activities

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

<i>(In millions of US dollars)</i>	Nine months ended September 30,	
	2021	2020
Net cash before changes in working capital	114.7	258.9
Change in working capital	120.5	(20.5)
<b>Net cash provided by operating activities</b>	<b>235.2</b>	<b>238.4</b>

Before changes in working capital, net cash as reported provided by operating activities in 2021 was US\$115 million compared to US\$259 million in 2020, mainly due to lower activity. In this context, changes in working capital had a positive effect of US\$121 million in 2021 on cash from operating activities, also favorably impacted by reduced

inventories pursuant equipment deliveries and high cash collection from mega crews and Multi-client sales from year-end 2020.

Net cash provided by operating activities was US\$235 million in 2021 compared to US\$238 million in 2020.

### Investing activities

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

<i>(In millions of US dollars)</i>	Nine months ended September 30,	
	2021	2020
<b>Net cash used in investing activities</b>	<b>176.0</b>	<b>247.6</b>
Of which		
<i>Industrial capital expenditures</i>	17.4	17.9
<i>Capitalized development costs</i>	23.5	31.6
<i>Multi-client Data</i>	131.0	198.0

The net cash used in investing activities decreased to US\$176 million in 2021 compared to US\$248 million in 2020, mainly driven by Multi-client Data investments decreasing by US\$67 million from 2020. We currently have two marine streamer programs on-going, one in the Norwegian North Sea and one in Brazil as well as five reprocessing projects.

As of September 30, 2021, the net book value of our multi-client Data library as reported was US\$556 million compared to US\$492 million as of December 31, 2020. Excluding IFRS 15 adjustments, the segment net book value of our multi-client Data library was US\$311 million as of September 30, 2021, compared to US\$285 million as of December 31, 2020.

### Financing activities

Net cash used by financing activities was US\$80 million during the nine months ended September 30, 2021, compared to net cash used of US\$90 million in 2020 mainly

related to the net cash outflow related to the refinancing of our Existing First Lien and Existing Second Lien Notes.

*Please refer to note 2 for more information*

### 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:

<i>(In millions of US dollars)</i>	Nine months ended September 30,	
	2021	2020
Net cash flow incurred by discontinued operations	(40.2)	(52.5)

*Please refer to note 3 for more information*

## Net financial debt

Net financial debt as of September 30, 2021 was US\$1,113 million compared to US\$1,004 million as of December 31, 2020. The ratio of net financial debt to equity was 113% as of September 30, 2021 compared to 90% as of December 31, 2020.

“Gross financial debt” is the amount of bank overdrafts, plus current portion of financial debt, plus financial debt, and “net financial debt” is gross financial debt less cash and cash

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

The following table presents a reconciliation of net financial debt to financing items of our statement of financial position at September 30, 2021 and December 31, 2020:

<i>(In millions of US dollars)</i>	September 30, 2021	December 31, 2020
Bank overdrafts	-	0.2
Current portion of financial debt	87.0	58.6
Financial debt	1,265.8	1,330.3
<b>Gross financial debt</b>	<b>1,352.8</b>	<b>1,389.1</b>
Less cash and cash equivalents	(239.7)	(385.4)
<b>Net financial debt</b>	<b>1,113.1</b>	<b>1,003.7</b>

## EBIT and EBITDAS (unaudited)

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

EBITDAS is defined as earnings before interest, tax, income from equity affiliates, depreciation, amortization net of amortization expense capitalized to Multi-client 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:

<i>(In millions of US dollars)</i>	Nine months ended September 30, 2021		
	Segment Figures	IFRS 15 adjustments	As reported
<b>EBITDAS</b>	<b>195.3</b>	<b>(49.3)</b>	<b>146.0</b>
Depreciation and amortization	(76.9)	-	(76.9)
Multi-client surveys impairment and amortization	(117.5)	40.0	(77.5)
Depreciation and amortization capitalized to Multi-client surveys	12.9	-	12.9
Share-based compensation expenses	0.7	-	0.7
<b>Operating income</b>	<b>14.5</b>	<b>(9.3)</b>	<b>5.2</b>
Share of (income) loss in companies accounted for under equity method	-	-	-
<b>EBIT</b>	<b>14.5</b>	<b>(9.3)</b>	<b>5.2</b>
Cost of financial debt, net	(94.3)		(94.3)
Other financial income (loss)	(42.1)		(42.1)
Total income taxes	(19.0)		(19.0)
<b>Net income from continuing operations</b>	<b>(140.9)</b>	<b>(9.3)</b>	<b>(150.2)</b>

Nine months ended September 30, 2020

<i>(In millions of US dollars)</i>	Segment Figures	IFRS 15 adjustments	As reported
<b>EBITDAS</b>	<b>243.0</b>	<b>(3.2)</b>	<b>239.8</b>
Depreciation and amortization	(136.5)	-	(136.5)
Multi-client surveys impairment and amortization	(238.1)	10.7	(227.4)
Depreciation and amortization capitalized to Multi-client surveys	13.2	-	13.2
Share-based compensation expenses	(3.9)	-	(3.9)
<b>Operating income</b>	<b>(122.3)</b>	<b>7.5</b>	<b>(114.8)</b>
Share of (income) loss in companies accounted for under equity method	0.1	-	0.1
<b>EBIT</b>	<b>(122.2)</b>	<b>7.5</b>	<b>(114.7)</b>
Cost of financial debt, net	(99.7)		(99.7)
Other financial income (loss)	(41.8)		(41.8)
Total income taxes	(36.8)		(36.8)
<b>Net income from continuing operations</b>	<b>(300.5)</b>	<b>7.5</b>	<b>(293.0)</b>

### Net cash flow

“Net cash flow” is defined as “Net cash flow provided by operating activities” plus “Total net proceeds from disposals of assets”, minus (i) “Total capital expenditures” and “Investments in Multi-client 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

Net cash flow amounted to outflows of US\$61 million in 2021 compared to outflows of US\$152 million in 2020. Net cash flow before net cash flow incurred by Discontinued Operations represented outflows of US\$21 million in 2021, compared to outflows of US\$100 million in 2020.

Nine months ended September 30,

<i>(In millions of US\$)</i>	2021	2020
Net cash flow provided by operating activities	<b>235.2</b>	<b>238.4</b>
Total capital expenditures (including variation of fixed assets suppliers, excluding Multi-client surveys)	(40.9)	(49.8)
Investments in Multi-client surveys, net cash	(131.0)	(198.0)
Proceeds from disposals of tangible and intangible assets	0.2	0.3
Total net proceeds from financial assets	(2.4)	-
Acquisition of investments, net of cash & cash equivalents acquired	(1.9)	(0.4)
Lease repayments	(43.7)	(43.6)
Financial expenses paid	(36.7)	(46.5)
<b>Net cash flow before net cash flows incurred by Discontinued Operations</b>	<b>(21.2)</b>	<b>(99.6)</b>
Net cash flows incurred by Discontinued Operations	(40.2)	(52.5)
<b>Net cash flow</b>	<b>(61.4)</b>	<b>(152.1)</b>

## Contractual Obligations, commitments and contingencies

The following table sets forth our future cash obligations (not discounted) as of September 30, 2021:

(In millions of US\$)	Payments due by period				Total
	Less than 1 year	2-3 years	4-5 years	After 5 years	
<b>Long-term debt obligations:</b>					
Financial debt	0.3	-	-	1,177.9	1,178.2
Other long-term obligations (cash interest)	101.3	196.1	194.7	92.5	584.6
<b>Total Long-term debt obligations</b>	<b>101.6</b>	<b>196.1</b>	<b>194.7</b>	<b>1,270.4</b>	<b>1,762.8</b>
Lease obligations	72.6	50.0	8.4	8.6	139.6
<b>Total Contractual Cash Obligations <sup>(a)</sup> <sub>(b)</sub></b>	<b>174.2</b>	<b>246.1</b>	<b>203.1</b>	<b>1,279.0</b>	<b>1,902.4</b>

(a) Payments in other currencies are converted into U.S. dollar at September 30, 2021 exchange rates.

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

Please refer to note 9 for more information, including a discussion of our Capacity Agreement (and the Idle Vessel Compensation arrangements thereunder) and our Step-In Agreements.