



ANNUAL REPORT 2021

4 FINANCIAL INFORMATION 2021

The non-current assets by country are analyzed as follows:

Geographical information (non-current assets by country)

	31 Decemb	31 December 2021		31 December 2020	
	IFRS	DIR	IFRS	DIR	
Brazil	5,364	4,526	5,709	3,933	
Guyana	716	2,427	791	1,817	
Angola	303	211	257	269	
Equatorial Guinea	75	115	87	138	
Switzerland	40	79	66	79	
Monaco	40	40	57	57	
Malaysia	92	11	57	43	
The United States of America	36	36	50	51	
Netherlands	15	15	28	28	
Other	113	89	141	114	
Total	6,795	7,550	7,243	6,528	

RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US\$1,476 million (US\$842 million and US\$634 million, respectively). In 2020, the revenue related to the two major customers was US\$1,469 million (US\$1,023 million and US\$446 million, respectively). In 2021 and 2020, the revenue of these major customers was mainly related to the Lease and Operate segment.

Under IFRS, two customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US\$3,406 million (US\$1,998 million, US\$1,408 million respectively). In 2020, three customers accounted for more than 10% of the consolidated revenue (US\$2,879 million), respectively for US\$1,661 million, US\$867 million and US\$352 million.

4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 51% of the Company's 2021 lease and operate revenue is made of charter rates related to lease contracts while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. more than 95%) over time.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting.

The Company's construction contracts can last for multiple years depending on the type of product, scope and complexity of the project while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2021. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance leases that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The amount of performance-related payments for 2021 was US\$101 million (2020: US\$68 million).

The following table presents the unsatisfied performance obligations as at December 31, 2021 (in billions of US\$):

Unsatisfied performance obligations related to:	2021	2020
- constructions contracts including finance leases	6.0	3.0
- operating contracts	10.0	7.0
Total	16.0	10.0

The unsatisfied performance obligations for the committed construction contracts relate mostly to five major construction FPSO contracts as well as the remaining work to be performed on the award of limited scope on the FPSO for the Yellowtail development project. Revenue related to these construction contracts is expected to be recognized over the coming three years in line with the construction progress on these projects.

The unsatisfied performance obligations for the operating contracts relate to i) the Company's vessels leased to clients where the Company is the operator (both operating and finance lease contracts) and ii) one operating contract for operating services on a vessel that is owned by the client. The operating contracts end between 2022 and 2050. The Company will recognize the unsatisfied performance obligation over this period in line with the work performed.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds instalments invoiced to the client, a 'Construction work-in-progress' (contract asset) is recognized (see note 4.3.20 Construction Work-In-Progress). If the instalments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.26 Trade and Other Payables).

As a result of various commercial discussions with clients, the Company recognized revenue amounting to US\$6 million in 2021 (2020: US\$28 million) originating from performance obligations satisfied in previous periods.

Lease revenue recognized for leases where the Company is the lessor, for both operating and finance leases, relates to fixed and variable lease payments. Most of the Company's revenue from lease contracts is based on fixed day rates. To the extent that lease payments are dependent on an index or a rate, they are excluded from the initial recognition of the lease payments receivable. The impact related to a change in index or a rate is recognized in the consolidated income statement when a change occurs.

4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2021	2020
Insurance claim income	16	-
Gains from sale of financial participations, property, plant and equipment	2	(1)
Other operating income	1	5
Total other operating income	19	4
Other operating expenses	(12)	(1)
Impairment of other assets and onerous contracts	-	(10)
Restructuring expenses	(1)	(46)
Total other operating expense	(13)	(57)
Total	7	(53)

In 2021, the other operating income mainly included an insurance recovery of US\$16 million related to the reimbursement in respect of damage on one of the Brazilian units that occurred in January 2016. The other operating expense mainly included the US\$7.6 million penalty order against the Company issued by the Swiss public prosecutor in November 2021 (refer to section 4.3.1 Financial Highlights).

The decrease in expenses compared with the prior period is mainly due to restructuring expenses recognized in 2020.