



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

Number of employees (by geographical area)

By geographical area:	2021		2020	
	Average	Year-end	Average	Year-end
the Netherlands	430	424	444	435
Worldwide	3,836	4,068	3,532	3,603
Total excluding employees working for JVs and associates	4,265	4,492	3,976	4,038
Employees working for JVs and associates	532	527	531	536
Total	4,797	5,019	4,507	4,574

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within other employee benefits. The increase in headcount is primary due to the further ramp-up of the activity on Turnkey projects since the Company has five FPSO's under construction and FEED activities on the FPSO for the Yellowtail development project.

4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US\$29 million (2020: US\$24 million) and mainly relate to the internal projects 'Digital FPSO' and Renewables development costs.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

In the context of recovering oil and gas market and raising oil price, the Company's clients' credit ratings generally have significantly improved comparing to 2020 despite the remaining uncertainties regarding the COVID-19 pandemic. As part of the regular update of 'Impairment gains/(losses) on financial and contract assets', the Company has therefore recognized an overall net impairment gain of US\$12 million (December, 2020: loss of US\$(24) million).

During the year, the following gains/(losses) related to credit risks were recognized:

	2021	2020
Impairment losses		
- Movement in loss allowance for trade receivables	0	(1)
- Movement in loss allowance for construction work-in-progress	3	(4)
- Movement in loss allowance for finance lease receivables	1	(1)
- Movement in loss allowance for other assets	2	(18)
(Impairment)/impairment reversal losses on other financial assets	7	-
Net impairment gains/(losses) on financial and contract assets	12	(24)

During the year 2021, the Company recognized a partial impairment reversal of a funding loan provided to an equity accounted joint venture. The impairment reversal of US\$7 million was recognized based on updated forecasted cash available at the level of the joint venture.