



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

The following reflects the share data used in the basic and diluted earnings per share computations:

Earnings per share

	2021	2020
Earnings attributable to shareholders (in thousands of US\$)	400,297	190,641
Number of shares outstanding at January 1 (excluding treasury shares)	185,314,742	196,227,113
Average number of treasury shares transferred to employee share programs	1,247,857	914,487
Average number of shares repurchased / cancelled	(2,845,444)	(7,331,229)
Weighted average number of shares outstanding	183,717,155	189,810,371
Impact shares to be issued	-	-
Weighted average number of shares (for calculations basic earnings per share)	183,717,155	189,810,371
Potential dilutive shares from stock option scheme and other share-based payments	1,927,813	1,651,613
Weighted average number of shares (diluted)	185,644,968	191,461,984
Basic earnings per share in US\$	2.18	1.00
Fully diluted earnings per share in US\$	2.16	1.00

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements, except for the issuance of Value Creation Stake shares for the Management Board, Ownership Shares for the Company's senior management and the Matching Shares and RSUs that have vested on January 1, 2022 (see note 4.3.6 Employee Benefit Expenses).

4.3.12 DIVIDENDS PAID AND PROPOSED

The Company's dividend policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash flow position. As part of the Company's regular planning process, following review of its cash flow position and forecast, the Company proposes to pay out a dividend of US\$1 per share, equivalent to c.US\$180'million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 6, 2022. This represents an increase of 13% compared to the US\$0.8854 dividend per share paid in 2021.

4.3.13 PROPERTY, PLANT AND EQUIPMENT

The line item 'Property, plant and equipment' consists of property, plant and equipment owned by the Company and right-of-use assets:

Property, plant and equipment (summary)

	31 December 2021	31 December 2020
Property, plant and equipment excluding leases	351	490
Right-of-use assets	45	52
Total	396	542

¹ Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2021.

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PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the Property, plant and equipment during the year 2021 is summarized as follows:

2021

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	67	2,751	93	11	2,922
Accumulated depreciation and impairment	(35)	(2,335)	(61)	(0)	(2,431)
Book value at 1 January	32	416	32	11	490
Additions	0	0	4	(0)	4
Disposals	0	(23) ¹	0	0	(23)
Depreciation	(6)	(74)	(11)	-	(91)
Impairment	-	(0)	-	0	0
Foreign currency variations	(2)	(0)	(2)	0	(3)
Other movements	1	(23) ²	4	(6)	(24)
Total movements	(6)	(121)	(4)	(6)	(138)
Cost	63	1,741	83	4	1,891
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	(1,540)
Book value at 31 December	25	295	28	4	351

¹ Disposals mainly relate to the sale of the Gene vessel

² Other movements mainly relate to the reclassification of the DSCV Installer as Asset Held For Sale

2020

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	57	3,299	82	22	3,460
Accumulated depreciation and impairment	(28)	(2,490)	(52)	-	(2,570)
Book value at 1 January	29	809	30	22	890
Additions	4	35	10	(3)	46
Disposals	-	(126) ¹	(0)	-	(126)
Depreciation	(5)	(279)	(10)	-	(294)
Impairment	-	(24)	-	(0)	(24)
Foreign currency variations	2	-	1	0	3
Other movements	1	-	2	(8)	(5)
Total movements	2	(394)	3	(11)	(400)
Cost	67	2,751	93	11	2,921
Accumulated depreciation and impairment	(35)	(2,335)	(61)	(0)	(2,431)
Book value at 31 December	32	416	32	11	490

¹ The net disposal amount for FPSO Espirito Santo of US\$126 million consists of historical cost of US\$584 million less accumulated depreciation of US\$458 million.

During the 2021 period, the following main events occurred regarding owned property, plant and equipment:

- US\$91 million of annual depreciation charges, following the normal depreciation schedule;
- A decrease in net book value in Vessels and floating equipment of US\$23 million due to the disposal of the Gene vessel;
- A reclassification of US\$25 million due to the recognition of DSCV SBM Installer as asset held for sale. As announced on August 21, 2020, the Company had the intention to sell DSCV SBM Installer. Following this announcement, the Company successfully signed a memorandum of understanding with a suitable buyer on November 12, 2021. As agreed upon with the buyer the vessel had to undergo maintenance prior to the handover, which occurred in January 2022. The Company sold the vessel for US\$34 million (net of costs to sell) and related gain on sale of US\$8 million shall be recognized in 2022.

Property, plant and equipment at year-end comprises of:

- Two (2020: two) integrated floating production, storage and offloading systems (FPSOs) (namely *FPSO Capixaba* and *FPSO Cidade de Anchieta*) each consisting of a converted tanker, a processing plant and one mooring system. These two FPSOs are leased to third parties under an operating lease contract;
- One semi-submersible production platform, the *Thunder Hawk* (2020: one), leased to third parties under an operating lease contract;

The depreciation charge for the semi-submersible production facility *Thunder Hawk* is calculated based on its future anticipated economic benefits, resulting in a depreciation plan based on the unit of production method. All other property, plant and equipment is depreciated on a straight-line basis.

Company-owned property, plant and equipment with a carrying amount of US\$253 million (2020: US\$282 million) has been pledged as security for liabilities, mainly for external financing.

No interest has been capitalized during the financial year as part of the additions to property, plant and equipment (2020: nil).

RIGHT-OF-USE ASSETS

As of December 31, 2021, the Company leases buildings and cars. The movement of the right-of-use assets during the year 2021 is summarized as follows:

2021

	Buildings	Other fixed assets	Total
Book value at 1 January	52	1	52
Additions	9	1	10
Disposals	(1)	0	(1)
Depreciation	(12)	(1)	(12)
Impairment	(0)	-	(0)
Foreign currency variations	(3)	(0)	(3)
Other movements	(1)	-	(1)
Total movements	(8)	0	(8)
Cost	86	2	88
Accumulated depreciation and impairment	(42)	(1)	(43)
Book value at 31 December	44	1	45

2020

	Buildings	Vessels and floating equipment	Other fixed assets	Total
Book value at 1 January	59	55	1	115
Additions	11	-	1	12
Depreciation	(14)	(4)	(1)	(19)
(Impairment)/impairment reversal	(6)	(51)	-	(57)
Foreign currency variations	2	-	0	2
Other movements	0	-	(1)	(1)
Total movements	(7)	(55)	(1)	(63)
Cost	93	20	3	116
Accumulated depreciation and impairment	(41)	(20)	(2)	(64)
Book value at 31 December	52	-	1	52

During the year 2021, the main movements regarding right-of-use assets related to US\$12 million of depreciation charges.

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Office leases

Significant contracts under buildings relate to the lease of offices. The remaining contract periods of the Company's office rentals vary between one to ten years and most of the contracts include extension options between three to five years. The extension options have been taken into account in the measurement of lease liabilities when the Company is reasonably certain to exercise these options. The lease agreements do not impose any covenants.

OPERATING LEASES AS A LESSOR

The category 'Vessels and floating equipment' mainly relates to facilities leased to third parties under various operating lease agreements which terminate between 2022 and 2030. Leased facilities included in the 'Vessels and floating equipment' amount to:

Leased facilities included in the vessels and floating equipment

	31 December 2021	31 December 2020
Cost	1,741	2,683
Accumulated depreciation and impairment	(1,447)	(2,317)
Book value at 31 December	294	367

In December 2021, the units included under leased facilities are *FPSO Capixaba*, *FPSO Cidade de Anchieta* and the semi-submersible production facility *Thunder Hawk*. The book value of the leased facilities included in the vessels and floating equipment has decreased by US\$73 million mainly due to depreciation.

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

Nominal values of the future expected bareboat receipts

	31 December 2021	31 December 2020
Within 1 year	146	277
2 years	109	145
3 years	107	95
4 years	100	94
5 years	90	92
After 5 years	313	399
Total	865	1,103

A number of agreements have extension options, which have not been included in the above table.

Purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as of December 31, 2021.

4.3.14 INTANGIBLE ASSETS

2021

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	29	24	31	19	103
Accumulated amortization and impairment	(20)	(14)	-	(19)	(54)
Book value at 1 January	8	10	31	0	50
Additions	5	4	36	-	46
Amortization	(5)	(4)	-	-	(9)
Total movements	0	(0)	35	-	36
Cost	34	25	67	19	145
Accumulated amortization and impairment	(25)	(15)	-	(19)	(59)
Book value at 31 December	9	11	67	0	86

2020

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	34	16	-	19	69
Accumulated amortization and impairment	(16)	(11)	-	(19)	(46)
Book value at 1 January	18	5	-	0	23
Additions	4	8	18	-	30
Amortization	(4)	(3)	-	-	(7)
Other movements	(9)	0	13	-	4
Total movements	(9)	5	31	-	27
Cost	29	24	31	19	103
Accumulated amortization and impairment	(20)	(14)	-	(19)	(53)
Book value at 31 December	9	10	31	0	50

The increase in Intangible Assets Under Construction mainly relates to costs capitalized relating to the design and implementation of the migration to the new global ERP system, the capitalization of software licenses and other capital expenditures related to the IT infrastructure upgrade project.

In 2021, the Company did not recognize any impairment related to intangible assets.

Amortization of development costs is included in 'Research and development expenses' in the income statement in 2021 for US\$5 million (2020: US\$4 million).

Amortization of software is included in 'General and administrative expenses' in the income statement in 2021 for US\$4 million (2020: US\$3 million).