



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

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
<b>Book value at 1 January</b>	<b>52</b>	<b>1</b>	<b>52</b>
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)
<b>Total movements</b>	<b>(8)</b>	<b>0</b>	<b>(8)</b>
Cost	86	2	88
Accumulated depreciation and impairment	(42)	(1)	(43)
<b>Book value at 31 December</b>	<b>44</b>	<b>1</b>	<b>45</b>

2020

	Buildings	Vessels and floating equipment	Other fixed assets	Total
<b>Book value at 1 January</b>	<b>59</b>	<b>55</b>	<b>1</b>	<b>115</b>
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)
<b>Total movements</b>	<b>(7)</b>	<b>(55)</b>	<b>(1)</b>	<b>(63)</b>
Cost	93	20	3	116
Accumulated depreciation and impairment	(41)	(20)	(2)	(64)
<b>Book value at 31 December</b>	<b>52</b>	<b>-</b>	<b>1</b>	<b>52</b>

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

## 4 FINANCIAL INFORMATION 2021

### 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)
<b>Book value at 31 December</b>	<b>294</b>	<b>367</b>

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
<b>Total</b>	<b>865</b>	<b>1,103</b>

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.