



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

4 FINANCIAL INFORMATION 2021

4.3.17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities and associated net positions are summarized as follows:

Deferred tax positions (summary)

	31 December 2021			31 December 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	-	-	28	-	28
Tax losses	6	-	6	9	-	9
Other	7	18	(11)	9	37	(28)
Book value at 31 December	13	18	(5)	46	37	9

Movements in net deferred tax positions

	Note	2021	2020
		Net	Net
Deferred tax at 1 January		9	(1)
Deferred tax recognized in the income statement	4.3.10	(14)	10
Foreign currency variations		(1)	0
Total movements		(15)	10
Deferred tax at 31 December		(5)	9

Expected realization and settlement of deferred tax positions is within 8 years. The current portion of the net deferred tax position as of December 31, 2021 amounts to US\$3 million. The deferred tax losses are expected to be recovered based on the anticipated profit in the applicable jurisdiction. The Company has US\$18 million (2020: US\$39 million) of deferred tax assets unrecognized in 2021 due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from five years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US\$10 million (2020: US\$14 million). On a cumulative basis a total amount of US\$257 million at the end of 2021 (2020: US\$216 million) corresponds to deferred tax assets basis unrecognized on temporary differences, unused tax losses and tax credits.

In 2021, the Company fully released deferred tax positions related to the Deep Panuke MOPU which was located in Canada (deferred tax asset of US\$28 million, deferred tax liability of US\$24 million) due to the final cash settlement of lease agreement by the client (see below the table 'Deferred tax positions per location', specifically Canada).

Deferred tax in connection with unused tax losses carried forward, temporary differences and tax credits:

	31 December 2021	31 December 2020
Unused tax losses carried forward, temporary differences and tax credits not recognised as a deferred tax asset	257	216
Unused tax losses carried forward, temporary differences and tax credits recognised as a deferred tax asset	13	46
Total	270	262

Expiry date on deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits:

	31 December 2021	31 December 2020
Within one year	21	15
More than a year but less than 5 years	12	15
More than 5 years but less than 10 years	3	1
More than 10 years but less than 20 years	60	82
Unlimited period of time	161	103
Total	257	216

Deferred tax assets per location are as follows:

Deferred tax positions per location

	31 December 2021			31 December 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Canada	-	-	-	28	24	4
Guyana	-	18	(18)	-	13	(13)
Monaco	3	-	3	4	-	4
Switzerland	7	-	7	9	-	9
the Netherlands	3	-	3	3	-	3
Brazil	-	-	-	2	-	2
Other	-	-	-	-	-	-
Book value at 31 December	13	18	(5)	46	37	9

4.3.18 INVENTORIES

	31 December 2021	31 December 2020
Materials and consumables	11	9
Goods for resale	3	4
Multi-purpose floaters under construction	-	129
Total	14	143

Multi-purpose floaters ('MPFs') under construction relate to the ongoing EPC phase of Fast4Ward® new-build hulls. The Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract.

The decrease of the inventory balance at year-end 2021 relates to the allocation of the multi-purpose hulls to the FPSO's awarded in 2021 namely *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, as well as the awarded initial limited scope for the FPSO for the Yellowtail development project. As per December 31, 2021, the Company has no unallocated multi-purpose floater under construction.

4.3.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables (summary)

	Note	31 December 2021	31 December 2020
Trade debtors		407	115
Other accrued income		187	280
Prepayments		138	64
Accrued income in respect of delivered orders		12	41
Other receivables		51	67
Taxes and social security		36	33
Current portion of loan to joint ventures and associates	4.3.16	9	14
Total		839	614

The increase in 'Trade debtors' of US\$292 million is due to the ramp-up of the Turnkey activities, especially the newly awarded preliminary scope on the FPSO for the Yellowtail development project.

The decrease in other accrued income is mainly due to the final settlement paid by the client for Deep Panuke MOPU lease for which an accrued income of US\$77 million had been recognized as at December 31, 2020.

The increase in prepayments of US\$74 million is mainly related to advance payments to yards related to the multi-purpose floater (MPF) hulls allocated to the newly awarded *FPSO Alexandre de Gusmão*.