



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

4 FINANCIAL INFORMATION 2021

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Total other reserves
Balance at 1 January 2020	(38)	(119)	3	(101)	17	(238)
Cash flow hedges						
Change in fair value	53	(161)	-	-	-	(107)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	3	-	-	-	-	3
Transfer to operating profit and loss	41	-	-	-	-	41
IFRS 2 share-based payments						
IFRS 2 vesting costs for the year	-	-	-	-	27	27
IFRS 2 vested share-based payments	-	-	-	-	(16)	(16)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(3)	-	-	(3)
Foreign currency variations						
Foreign currency variations	-	-	-	(5)	-	(5)
Mergers and acquisitions	-	-	-	-	-	-
Balance at 31 December 2020	62	(276)	-	(105)	25	(296)
Cash flow hedges						
Change in fair value	(173)	101	-	-	-	(72)
Transfer to financial income and expenses	(0)	9	-	-	-	8
Transfer to construction contracts and property, plant and equipment	(8)	-	-	-	-	(8)
Transfer to operating profit and loss	15	-	-	-	-	15
IFRS 2 share-based payments						
IFRS 2 vesting costs for the year	-	-	-	-	20	20
IFRS 2 vested share-based payments	-	-	-	-	(20)	(20)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	7
Foreign currency variations						
Foreign currency variations	-	-	-	(2)	(3)	(5)
Mergers and acquisitions	-	-	-	3	-	3
Balance at 31 December 2021	(104)	(167)	7	(105)	22	(347)

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The increased fair value of interest rate swaps mainly arises from increasing market interest rates whereas the decreased fair value of forward currency contracts is mainly driven by the variation of the US\$ exchange rate versus the hedged currencies.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2021	31 December 2020
Borrowings	5,891	4,335
Lease liabilities	37	51
Total Non-current portion of Borrowings and lease liabilities	5,928	4,386
Borrowings	1,754	1,216
Lease liabilities	19	20
Total Current portion of Borrowings and lease liabilities	1,773	1,236

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2021	2020
Non-current portion	4,335	4,168
Add: current portion	1,216	580
Remaining principal at 1 January	5,551	4,749
Additions	3,941	1,379
Redemptions	(1,711)	(589)
Transaction and amortized costs	(137)	12
Total movements	2,094	802
Remaining principal at 31 December	7,645	5,551
Less: Current portion	(1,754)	(1,216)
Non-current portion	5,891	4,335
Transaction and amortized costs	207	69
Remaining principal at 31 December (excluding transaction and amortized costs)	7,851	5,621
Less: Current portion	(1,790)	(1,230)
Non-current portion	6,061	4,390

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The additions of US\$3,941 million relates mainly to drawdowns on (i) project finance facilities for *Liza Unity* (FPSO), *Prosperity* (FPSO) and *FPSO Sepetiba*, (ii) the senior secured notes issuance on *FPSO Cidade de Ilhabela*, and (iii) the bridge loan facility for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*.

The increase in redemptions is mainly due the full repayment of the outstanding debt related to *FPSO Cidade de Ilhabela* of US\$535 million following the issuance of senior secured notes.

On February 11, 2021 the Company issued senior secured notes for the amount of US\$850 million. The notes are traded on the Singapore Stock Exchange and are priced at 99.995% of par value with a 5.198% coupon rate which is paid semi-annually. The funding obtained through the issuance was partially used to settle the outstanding project loan which amounted to US\$535 million at settlement date.