OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

Expiry date of the undrawn facilities and unused credit lines

	2021	2020
Expiring within one year	249	249
Expiring beyond one year	2,113	1,298
Total	**2,362**	**1,547**

The increase in undrawn facilities and unused credit lines compared with the previous year is primary driven by the undrawn facilities on the new project facilities for *FPSO Sepetiba and Prosperity* (FPSO) completed over the period partially offset by the 2021 drawdowns under the *Liza Unity* (FPSO) project facility.

The RCF in place as of December 31, 2021 has a maturity date of February 13, 2026, following the exercise of a one-year extension option on February 1, 2021. The US$1 billion facility was secured with a selected group of 11 core relationship banks, increasing to 13 banks in 2021, and has an uncommitted option to increase the RCF by an additional US$500 million. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities / working capital, bridge any long-term financing needs, and/or finance general corporate purposes. On December 23, 2021 the RCF was amended by means of an amendment and restatement agreement to reflect a dedicated green funding tranche. By creating this green tranche, US$50 million of the RCF may only be used to fund activities that comply with the Green Loan Principles (primarily activities related to renewable energy projects) and the remaining US$950 million can be used in the following proportions:

- EPC activities / working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months

The pricing of the RCF is currently based on LIBOR, and it includes provisions for the replacement of LIBOR with a compounded reference rate. The margin is adjusted in accordance with the applicable leverage ratio ranging from a minimum level of 0.50% p.a. (0.40% for the green tranche) to a maximum of 1.50% p.a. (1.40% for the green tranche). The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics[2]. The Company's Sustainability performance in 2021 allows the 0.05% margin decrease to remain applicable for 2022.

COVENANTS

The following key financial covenants apply to the RCF as agreed with the respective lenders on February 13, 2019, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency**: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio**: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2021 additional headroom above the US$1 billion capacity under the RCF exceeded US$1.1 billion.

For the purpose of covenants calculations, the following simplified definitions apply:

- **IFRS Tangible Net Worth:** Total equity (including non-controlling interests) of the Company in accordance with IFRS, excluding the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income, dividends declared, value of intangible assets and deferred taxes.
- **Consolidated IFRS Tangible Assets:** The Company's total assets (excluding intangible assets) in accordance with the IFRS consolidated statement of financial position less the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income.

[2] Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

- **Consolidated Directional Underlying EBITDA:** Consolidated profit of the Company adjusted for net interest payable, tax and depreciation of assets and impairments, any exceptional or extraordinary items, and by adding back (i) the annualized production EBITDA for units which started operations during the financial year, and (ii) the acquisition annualized EBITDA for units acquired during the financial year.
- **Consolidated Directional Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) or incurred by the Company less all interest and other financing charges received or receivable by the Company, as per Directional reporting.

Covenants

	2021	2020
IFRS Tangible Net Worth	3,780	3,709
Consolidated IFRS Tangible Assets	13,079	10,896
Solvency ratio	28.9%	34.0%
Adjusted (Directional) Underlying EBITDA	935[1]	948
Consolidated Directional Net Interest Payable	170	173
Interest cover ratio	5.5	5.5

1 Exceptional items restated from 2020 to 2021 Consolidated Directional Underlying EBITDA are mainly related to the US$77 million anticipated revenue recognition following the early redelivery of the Deep Panuke MOPU. This has been excluded from the 2020 Consolidated Directional Underlying EBITDA and added back in the 2021 Consolidated Directional Underlying EBITDA, in line with effective cash receipts. In addition, the 2021 Consolidated Directional Underlying EBITDA does not include the US$ 8 million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

None of the borrowings in the statement of financial position were in default as at the reporting date or at any time during the period.

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2021.

The movement in the lease liabilities is as follows:

	2021	2020
Principal recognized at 1 January	**71**	**173**
Additions	10	12
Redemptions	(20)	(28)
Foreign currency variations	(4)	3
Other	-	(87)
Total movements	**(15)**	**(101)**
Remaining principal at 31 December	**56**	**71**
Of which		
Current portion	19	20
Non-current portion	37	51

The movements in lease liabilities over the period were mainly related to regular redemptions and foreign currency variations. In 2020, the other movements related to the derecognition of the lease liability related to the DSCV Installer.

Maturity of the lease liabilities is analyzed in section 4.3.28 financial instruments - fair values and risk management (paragraph dedicated to liquidity risk).

The total cash outflow for leases in 2021 was US$22 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US$2 million.