



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

- **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.

4 FINANCIAL INFORMATION 2021

4.3.25 PROVISIONS

The movement and type of provisions during the year 2021 are summarized as follows:

Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Employee benefits	Other	Total
Balance at 1 January 2021	134	3	37	34	167	376
Arising during the year	(0)	(1)	23	1	30	53
Unwinding of interest	1	-	-	0	-	2
Utilised	(10)	(3)	(0)	(1)	(12)	(26)
Released to profit	(5)	(3)	(6)	0	(1)	(15)
Other movement	0	6	(0)	(9)	(4)	(7)
Balance at 31 December 2021	121	3	54	26	179	383
of which :						
Non-current portion	78	-	-	26	131	235
Current portion	43	3	54	-	49	149

Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in the line item 'Financial expenses' of the consolidated income statement (refer to note 4.3.9 Net Financing Costs).

The decrease in the provision for demobilization mainly relates to the progress in the recycling activities of Deep Panuke MOPU unit during the year 2021.

Expected outflow within one year is US\$43 million and amounts to US\$53 million between one and five years, and US\$25 million after five years.

Onerous contracts

The Company recognized individually immaterial onerous contract provisions for insignificant contracts with clients for a total amount of US\$6 million.

Warranty

For most Turnkey sales, the Company gives warranties to its clients. Under the terms of the contracts, the Company undertakes to make good, by repair or replacement, defective items that become apparent within an agreed period starting from the final acceptance by the client. The increase of the warranty provision consists of new provisions accrued on projects under construction over the period.

Other

Other provisions mainly relate to claims, regulatory fines related to operations and local content penalty on construction projects. The latter was the main driver of the increase in Other provisions during 2021.