



2023 ANNUAL REPORT



PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the Property, plant and equipment during the year 2023 is summarized as follows:

2023

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	60	1,813	78	16	1,967
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	(1,693)
Book value at 1 January	19	217	23	16	274
Additions	0	3	6	70	79
Disposals	(0)	-	(0)	-	(0)
Depreciation	(2)	(30)	(9)	-	(41)
Impairment	-	(6)	-	-	(6)
Foreign currency variations	0	(0)	1	0	1
Other movements	5	(0)	1	(6)	0
Total movements	3	(32)	(2)	65	34
Cost	67	1,821	82	81	2,051
Accumulated depreciation and impairment	(45)	(1,637)	(62)	-	(1,744)
Book value at 31 December	22	185	21	81	308

2022

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	63	1,741	83	4	1,891
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	(1,540)
Book value at 1 January	25	295	28	4	351
Additions	0	13	5	79	97
Disposals	-	(0)	(0)	(0)	(0)
Depreciation	(5)	(47)	(11)	-	(63)
Impairment	-	(108)	-	-	(108)
Foreign currency variations	(1)	0	(1)	(0)	(2)
Other movements	0	65	2	(67)	(0)
Total movements	(6)	(78)	(5)	12	(77)
Cost	60	1,813	78	16	1,967
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	(1,693)
Book value at 31 December	19	217	23	16	274

During the 2023 period, the following main events occurred regarding owned property, plant and equipment:

- US\$41 million of annual depreciation charges, following the normal depreciation schedule;
- US\$79 million additions mainly related to capitalized major overhaul costs related to repair work performed on *FPSO Cidade de Anchieta*.
- US\$(6) million impairment of *FPSO Capixaba* residual value due to the reassessment of the expected towing and green recycling costs of the unit following the final selection of a scrapping yard in Denmark.

Property, plant and equipment at year-end comprises of:

- One (2022: one) integrated floating production, storage and offloading system (FPSO) (namely *FPSO Cidade de Anchieta*) consisting of a converted tanker, a processing plant and one mooring system. This FPSO is leased to third parties under an operating lease contract;
- One semi-submersible production platform, the *Thunder Hawk* (2022: one), leased to third parties under an operating lease contract.

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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\$178 million (2022: US\$195 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 (2022: nil).

FPSO Cidade de Anchieta

FPSO Cidade de Anchieta was shut down from January 22, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel in agreement with the client and approved by Class and local authorities as well as for the repair of other tanks for which works progressed as planned during the current year and which will continue over the coming years. This enabled a safe restart at full production on December 17, 2022. In prior year, the total expected net cost of repairs resulted in an adverse cash flow and an impairment of US\$92 million.

In the current year, an impairment assessment of *FPSO Cidade de Anchieta* was performed. No additional impairment was recognised in the year 2023.

The recoverable amount of the vessel was determined using its value in use. Significant estimates are part of the impairment calculation:

- If the discount rate (7.4%) used in the impairment test were to vary by +/- 1%, the impairment would change by +/- US\$10 million;
- If the cash outflow were to vary by +/- US\$20 million, the impairment would change by +/- US\$19 million;
- If the cash inflow were to vary by +/- US\$20 million, the impairment would change by +/- US\$19 million;
- If the timing of some cash inflow would vary by one year, the impairment would change by + US\$7 million.

RIGHT-OF-USE ASSETS

As of December 31, 2023, the Company leases buildings and cars. The movement of the right-of-use assets during the year 2023 is summarized as follows:

2023

	Buildings	Other fixed assets	Total
Book value at 1 January	39	1	40
Additions	54	1	55
Disposals	(5)	-	(5)
Depreciation	(14)	(1)	(14)
Impairment	-	-	-
Foreign currency variations	2	0	2
Other movements	(1)	(0)	(1)
Total movements	36	1	37
Cost	104	4	108
Accumulated depreciation and impairment	(29)	(2)	(31)
Book value at 31 December	75	2	77