



2023 ANNUAL REPORT



4 FINANCIAL INFORMATION 2023

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

Nominal values of the future expected bareboat receipts

	31 December 2023	31 December 2022
Within 1 year	105	113
2 years	99	111
3 years	91	104
4 years	91	91
5 years	91	91
After 5 years	214	306
Total	693	816

A number of agreements have extension options, which have not been included in the above table.

Outstanding purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as at December 31, 2023.

4.3.14 INTANGIBLE ASSETS

2023

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	38	28	100	19	185
Accumulated amortization and impairment	(29)	(20)	-	(19)	(68)
Book value at 1 January	9	8	100	0	117
Additions	6	7	31	-	45
Amortization	(5)	(4)	-	-	(9)
(Impairment)/impairment reversal	-	-	-	-	-
Total movements	1	3	31	-	36
Cost	44	29	132	19	224
Accumulated amortization and impairment	(33)	(18)	-	(19)	(71)
Book value at 31 December	11	11	132	0	153

2022

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	34	25	67	19	145
Accumulated amortization and impairment	(25)	(15)	-	(19)	(59)
Book value at 1 January	9	11	67	0	86
Additions	4	3	34	-	41
Amortization	(3)	(4)	-	-	(7)
(Impairment)/impairment reversal	-	(2)	-	-	(2)
Total movements	1	(3)	34	-	31
Cost	38	28	100	19	185
Accumulated amortization and impairment	(29)	(20)	-	(19)	(68)
Book value at 31 December	9	8	100	0	117

The increase in 'Intangible assets under construction' mainly relates to costs capitalized relating to the design and implementation of the new global ERP system, the capitalization of software licenses and other capital expenditures related to the IT infrastructure upgrade project.

Amortization of development costs is included in 'Research and development expenses' in the income statement in 2023 for US\$5 million (2022: US\$3 million).

Amortization of software is included in 'General and administrative expenses' in the income statement in 2023 for US\$4 million (2022: US\$4 million).

4.3.15 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

Finance lease receivables (reconciliation gross/net investment)

	31 December 2023	31 December 2022
Gross receivable	9,576	10,330
Less: unearned finance income	(2,775)	(3,137)
Total	6,801	7,193
Of which		
Current portion	526	1,725
Non-current portion	6,276	5,468

As of December 31, 2023, finance lease receivables relate to the finance lease of:

- FPSO *Prosperity*, which started production in November 2023 for a charter of 2 years;
- FPSO *Liza Destiny*, which started production in December 2019 for a charter of 10 years;
- FPSO *Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- FPSO *Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;
- FPSO *Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- FPSO *Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- FPSO *Aseng*, which started production in November 2011 for a charter of 15 years;
- FPSO *Espirito Santo*, which started production in January 2009 for a charter of 15 years until December 2023, and which was extended in December 2020 until December 2028.

The decrease in finance lease receivable is driven by (i) the client exercise of the purchase option for FPSO *Liza Unity* on November 9, 2023, for the amount of US\$1,259 million, which was included in the finance lease receivable. As a result, the finance lease receivable was derecognized against the payment made by the client with no impact on the net result, (ii) redemptions as per the payment plans of lease contracts partially offset by (iii) FPSO *Prosperity*, which started production in November 2023.

Unguaranteed residual values

Included in the gross receivable is an amount related to unguaranteed residual values (i.e. scrap value of units). The total amount of unguaranteed residual values at the end of the lease term amounts to US\$50 million, as of December 31, 2023, (2022: US\$53 million). The 2023 reassessment of unguaranteed residual values resulted in an impairment of US\$2 million due to the decrease of scrap value of units.

As per the contractual terms, gross receivables should be invoiced to the lessee within the following periods:

Finance lease receivables (gross receivables invoiced to the lessee within the following periods)

	31 December 2023	31 December 2022
Less than 1 year	1,026	2,221
Between 1 and 2 years	2,060	804
Between 2 and 5 years	2,345	2,389
More than 5 years	4,146	4,916
Total Gross receivable	9,576	10,330