



2023 ANNUAL REPORT

BM
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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

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The significant decrease in the gross receivable 'Less than 1 year' mainly relates to the anticipated exercising of an FPSO *Liza Unity* purchase option which was materialised during the current year. The increase of the gross finance lease receivable in 'Between 1 and 2 years' is mainly explained by FPSO *Prosperity* following first oil in November 2023.

The following part of the net investment in the lease is included as part of the current assets within the statement of financial position:

Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2023	31 December 2022
Gross receivable	1,026	2,221
Less: unearned finance income	(500)	(496)
Current portion of finance lease receivable	526	1,725

The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables, taking into account the risk of recoverability. The Company performed an assessment, which concluded that the credit risk for these receivables has not increased significantly since the initial recognition. The Company does not hold any collateral as security.

Outstanding purchase and termination options

The finance lease contracts of *FPSO Aseng*, *FPSO Liza Destiny* and *FPSO Prosperity*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. If the client had exercised the purchase option for *FPSO Aseng* as of December 31, 2023, this would have resulted in a gain for the Company. The exercise of the early termination option, under which the Company would retain the vessel, would have resulted in a near breakeven result. If the client had exercised the purchase option for *FPSO Liza Destiny* as of December 31, 2023, this would have resulted in a near breakeven result for the Company while the exercise of the early termination option under which the Company would retain the vessels would have resulted in a gain. If the client had exercised the purchase option or early termination option for *FPSO Prosperity* as of December 31, 2023, this would have resulted in a gain for the Company.

The finance lease contract of *FPSO Espirito Santo* includes a call option for the client to terminate the contract early without obtaining the underlying asset. The exercise of the early termination option would have resulted in a loss for the Company as of December 31, 2023.

The finance lease contracts of *FPSO ONE GUYANA* (under construction as per December 31, 2023) contain options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

4.3.16 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	31 December 2023	31 December 2022
Non-current portion of other receivables	113	106
Sublease receivables	-	-
Non-current portion of loans to joint ventures and associates	38	45
Total	151	151

The increase in non-current portion of other receivables relates to the increase of the demobilization receivables, partially offset by the recognition of the linearized revenue for *FPSO Cidade de Anchieta*.

The current portion of (i) other receivables and sublease receivables, and (ii) loans to joint ventures and associates, is included within 'Trade and other receivables' in the statement of financial position.

In relation to the exposure to credit risk at the reporting date on the carrying amount of the interest-bearing loans, non-current portion of other receivables and sublease receivable, please refer to note 4.3.8 Net Impairment Gains/(Losses) on