



2024 ANNUAL REPORT



TRUE.
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4 FINANCIAL INFORMATION 2024

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within 'Other employee benefits'. The increase of Lease and Operate average headcount is primarily due to the ramp-up in December 2024 on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*. The change in consolidation method of FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* also contributed to this increase as local employees were transferred from the 'Employees working for JVs and associates' line to the 'Lease and Operate' line.

4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US\$40 million (2023: US\$37 million) and mainly relate to the internal projects for energy transition development costs, mostly related to emissionZERO® and Digital transformation.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

In the context of the current economic and geopolitical environment, during 2024, the Company anticipated a range of possible impacts that could arise from the general economic downturn, the pressure on price inflation, the energy market pressure, increasing interest rates and other governmental actions as a consequence of the geopolitical environment. In response to these effects, the Company (i) reassessed whether there is a significant increase in credit risk related to its financial assets as of December 31, 2024, and (ii) updated estimates in terms of 'probability of default' and 'loss given default' in order to determine the expected credit losses.

Finance Lease Receivables

There was no payment default on any finance lease contract over the period. In addition, despite the current economic and geopolitical environment, the Company concluded that the counterparties of the finance lease receivables still have a strong capacity to meet their contractual cash-flow obligations, based on existing contractual arrangements, which include parent company guarantees. Based on the available forward-looking information related to the oil price, it is also assumed that none of the assets leased under the Company's finance lease contracts would become uneconomical to operate for clients.

Therefore, the Company concludes that (i) the credit risk has not increased significantly since the initial recognition of the finance lease receivable, and (ii) the finance lease receivables still have a low credit-risk as of December 31, 2024. As a result, the Company recognizes a 12-month expected credit loss.

Contract assets and Trade Receivables

As for the finance leases, there was no payment default (including overdue of more than 90 days) on any significant trade receivables over the period. The Company performed, as usual, a detailed analysis of the credit risks associated with significant trade receivables balances as at the reporting date. This did not result in any specific significant increase in credit risks related to its outstanding contract assets and trade receivables.

Other Financial Assets

Overall, the reassessment of the expected credit losses of other financial assets resulted in a limited impact.

During the year, the following gains/(losses) related to credit risks were recognized:

	2024	2023
Impairment losses		
- Movement in loss allowance for trade receivables	0	(1)
- Movement in loss allowance for contract assets	0	0
- Movement in loss allowance for finance lease receivables	0	0
(Impairment)/impairment reversal losses on financial lease receivables	3	-
- Movement in loss allowance for other assets	(2)	(0)
(Impairment)/impairment reversal losses on other financial assets	(7)	(20)
Net impairment gains/(losses) on financial and contract assets	(6)	(21)

During the year 2024, the Company recognized a US\$(6) million net impairment loss on financial and contract assets (2023: loss of US\$(21) million mainly attributable to impairment of funding loans provided to equity-accounted entities).

4.3.9 NET FINANCING COSTS

	2024	2023
Interest income on loans & receivables	2	3
Interest income on investments	24	21
Financial income	26	25
Interest expenses on financial liabilities at amortized cost	(832)	(731)
Interest income / (expenses) on hedging derivatives	167	139
Interest expenses on lease liabilities	(5)	(5)
Interest addition to provisions	(10)	(1)
Net cash flow hedges ineffectiveness	(3)	-
Net foreign exchange loss	(8)	(3)
Financial expenses	(690)	(601)
Net financing costs	(663)	(575)

The increase in net financing costs is mainly due to (i) increased project financing to fund continued investment in growth on *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and *FPSO ONE GUYANA*, (ii) additional interest expense on the Company's RCF, (iii) additional interest expense generated by the construction financing of *FPSO Jaguar*, partially offset by (iv) lower interest expense on FPSOs *Liza Unity*, *Prosperity* and *Liza Destiny* following purchase of the units by the client and the full repayment of the project loans respectively in November 2023, November 2024 and December 2024 and (v) the scheduled amortization of project loans for the fleet under operations.

4.3.10 INCOME TAX EXPENSE

The relationship between the Company's income tax expense and profit before income tax (referred to as 'effective tax rate') can vary significantly from period to period considering among other factors: (i) changes in the blend of income that is taxed based on revenues versus profit, (ii) the different statutory tax rates in the location of the Company's operations and (iii) the possibility to recognize deferred tax assets on tax losses to the extent that suitable future taxable profits will be available.

Some of the taxes are withholding taxes (paid on revenues). The assessment of whether the withholding tax is in scope of IAS 12 is judgmental; the Company has performed this assessment in the past and some of the withholding taxes that the Company pays in certain countries qualify as income taxes, as it creates an income tax credit or it is considered as deemed profit taxation.

Consequently, income tax expense does not change proportionally with profit before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense, noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the effective tax rate is impacted by the unrecognized tax loss.

The components of the Company's income taxes are:

Income tax recognized in the consolidated Income Statement

	Note	2024	2023
Corporation tax on profits for the year		(157)	(129)
Adjustments in respect of prior years		9	(1)
Movements in uncertain tax positions		5	(2)
Total current income tax		(143)	(131)
Deferred tax	4.3.17	71	156
Total		(73)	25