



## 2024 ANNUAL REPORT



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## 4 FINANCIAL INFORMATION 2024

### Commodities

Gains and losses recognized in the hedging reserve on commodity contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. If the hedged transaction subsequently results in the recognition of non-financial assets (such as inventory, asset under construction) or non-financial liability, the gain or loss is included in the initial cost or other carrying amount of the asset. In such case, this amount is recognized in profit or loss at the same time as the hedged item affects profit or loss.

### LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The movement of loss allowance during the year 2024 is summarized as follows:

	Finance lease receivable		Contract assets		Trade receivables		Other financial assets	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening loss allowance as at 1 January</b>	(0)	(0)	(1)	(1)	(5)	(2)	(123)	(95)
Increase in loss allowance recognized in profit or loss during the year	(0)	-	(2)	(1)	(1)	(3)	(5)	(28)
Receivables written off during the year as uncollectible	-	-	-	-	-	-	-	-
Unused amount reversed	0	0	2	1	1	1	0	0
<b>At 31 December</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(1)</b>	<b>(4)</b>	<b>(5)</b>	<b>(128)</b>	<b>(123)</b>

### FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and commodity risk), credit risks and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company buys and sells derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set in the Company policy. Generally, the Company seeks to apply hedge accounting in order to manage volatility in the income statement and statement of comprehensive income. The purpose is to manage the interest rate, currency and commodity price risk arising from the Company's operations and its sources of finance. Derivatives are only used to hedge closely correlated underlying business transactions.

The Company's principal financial instruments, other than derivatives, comprise trade debtors and creditors, bank loans, short-term facilities and overdrafts, cash and cash equivalents (including short-term deposits) and financial guarantees. The main purpose of these financial instruments is to finance the Company's operations. Trade debtors and creditors result directly from the business operations of the Company.

Financial risk management is carried out by a central treasury department under policies approved by the Management Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries and the Chief Financial Officer (CFO) during the quarterly Asset and Liability Committee. The Management Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. It is, and has been throughout the year under review, the Company's policy that no speculation in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

### Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from transactional currency exposures, primarily with respect to the euro, Singapore dollar, Chinese Yuan and Brazilian real. The exposure arises from

sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the currency exposure once the Company has entered into a firm commitment of a project contract.

For foreign currency risk, the principal terms of the forward currency contract (notional and settlement date) and the future expense or revenue (notional and expected cash flow date) are identical. The Company has established a hedge ratio of 1:1 for all its hedging relationships.

The main Company's exposure to foreign currency risk is as follows based on notional amounts:

### Foreign exchange risk (summary)

in millions of local currency	31 December 2024				31 December 2023			
	EUR	SGD	BRL	CNY	EUR	SGD	BRL	CNY
Fixed assets	213	-	851	32	158	-	277	26
Current assets	145	5	1,304	37	76	7	1,118	32
Long-term liabilities	(190)	(0)	(1,063)	(22)	(136)	(0)	(622)	(18)
Current liabilities	(235)	(16)	(1,622)	(140)	(198)	(26)	(1,505)	(160)
<b>Gross balance sheet exposure</b>	<b>(68)</b>	<b>(12)</b>	<b>(530)</b>	<b>(93)</b>	<b>(100)</b>	<b>(19)</b>	<b>(731)</b>	<b>(120)</b>
Estimated forecast sales	-	-	-	-	4	-	-	-
Estimated forecast purchases	(1,688)	(764)	(3,053)	(4,836)	(1,242)	(222)	(2,617)	(1,800)
<b>Gross exposure</b>	<b>(1,755)</b>	<b>(776)</b>	<b>(3,583)</b>	<b>(4,929)</b>	<b>(1,338)</b>	<b>(241)</b>	<b>(3,348)</b>	<b>(1,920)</b>
Forward exchange contracts	1,808	775	3,609	4,937	1,362	240	3,129	1,930
<b>Net exposure</b>	<b>53</b>	<b>(1)</b>	<b>25</b>	<b>8</b>	<b>24</b>	<b>(1)</b>	<b>(219)</b>	<b>10</b>

The increase of the BRL exposure results from the requirements of the Brazilian operations for the next three years. The increase of the EUR exposure is the result of (i) progress on *FPSO Sepetiba*, *FPSO ONE GUYANA*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* and (ii) the increased exposure due to *FPSO Jaguar* and *GranMorgu FPSO*. The increase in CNY exposure results from the Company's increased presence in China for FPSO construction and hull preparation.

The estimated forecast purchases relate to project expenditure and overhead expenses for up to three years. The main currency exposures of overhead expenses and Brazilian operations are hedged at 100% for the coming year, between 66% and 100% for the year after, and between 33% and 100% for the subsequent year, depending on internal review of the foreign exchange market conditions.

### Foreign exchange risk (exchange rates applied)

	2024	2023	2024	2023
	Average rate		Closing rate	
EUR 1	1.0824	1.0813	1.0389	1.1050
SGD 1	0.7487	0.7445	0.7335	0.7573
BRL 1	0.1865	0.2003	0.1617	0.2061
CNY 1	0.1390	0.1413	0.1370	0.1407

The sensitivity on equity and the income statement resulting from a change of 10% of the US dollar's value against the following currencies at December 31, would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2023.

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### Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
<b>31 December 2024</b>				
EUR	1	(1)	(182)	182
SGD	0	(0)	(56)	56
BRL	(1)	1	(49)	49
CNY	0	(0)	(67)	67
<b>31 December 2023</b>				
EUR	(0)	0	(139)	139
SGD	(0)	0	(17)	17
BRL	(0)	0	(50)	50
CNY	(0)	0	(26)	26

As set out above, by managing foreign currency risk, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in foreign currency rates would have an impact on consolidated earnings.

### Interest rate risk

The Company's exposure to risk from changes in market interest rates relates primarily to the Company's long-term debt obligations with a floating interest rate. In respect of controlling interest rate risk, the floating interest rates of long-term loans are hedged by fixed rate swaps and options for the entire maturity period. The revolving credit facility is intended for the fluctuating needs of construction financing and bears interest at floating rates, which is also swapped for fixed rates when exposure is significant.

For interest rate risk, the principal terms of the interest rate swap or option (notional amortization, rate-set periods) and the financing (repayment schedule, rate-set periods) are identical. The Company has established a hedge ratio of 1:1, as the hedging layer component matches the nominal amount of the interest rate swap for all its hedging relationships.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments (excluding transaction costs) was:

### Interest rate risk (summary)

	2024	2023
<b>Fixed rate instruments</b>		
Financial assets	6,728	6,856
Financial liabilities	(802)	(891)
<b>Total</b>	<b>5,926</b>	<b>5,964</b>
<b>Variable rate instruments (USD LIBOR 3 Months)</b>		
Financial assets	-	12
Financial liabilities (SOFR)	(8,474)	(8,777)
Financial liabilities (future) (SOFR)	(1,652)	(1,670)
<b>Total</b>	<b>(10,126)</b>	<b>(10,435)</b>