

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

The 'Contract liability' relates mainly to one of the Company's renewable projects and other minor construction projects. The Company recognized revenue of US\$57 million during the period, which was included in the contract liability as per December 31, 2021.

4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2022	2021
Insurance claim income	-	16
Gains from sale of financial participations, property, plant and equipment	9	2
Other operating income	28	1
Total other operating income	37	19
Other operating expenses	(6)	(12)
Impairment of other assets and onerous contracts	(2)	-
Restructuring expenses	0	(1)
Total other operating expense	(8)	(13)
Total	28	6

In 2022, the total other operating income mainly includes:

- US\$9 million gain realized from the disposal of the SBM Installer, sold to the buyer on January 19, 2022, for the amount of US\$35 million and previously classified as an asset held for sale; and
- an insurance recovery of US\$27 million in respect of one of the Brazilian units

Other operating expense includes a provision for a US\$1 million fine. Refer to section 4.5.6 Provisions for further details.

4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2022 and 2021:

	Note	2022	2021
Expenses on construction contracts		(2,367)	(1,732)
Employee benefit expenses	4.3.6	(740)	(669)
Vessels operating costs		(412)	(413)
Depreciation, amortization and impairment		(189)	(88)
Selling expenses		(4)	(16)
Other costs		(218)	(114)
Total expenses		(3,930)	(3,032)

In 2022 'Expenses on construction contracts' continued to increase as a result of the further ramp-up of activity on Turnkey projects as the Company has five FPSO's under construction, which now includes the awarded FPSO *ONE GUYANA*.

'Employee benefit expenses' increased mainly due to the ramp-up of activity on Turnkey projects.

'Vessel operating costs' remained stable, mainly as a result of FPSO *Liza Unity* first oil at the beginning of 2022 and offset by the impact of FPSO *Capixaba* and SBM Installer leaving the fleet.

The increase of 'Depreciation, amortization and impairment' in comparison to 2021 mainly relates to the impairment of US\$92 million of FPSO *Cidade de Anchieta* due to the additional costs required for tank repairs following the shutdown in 2022 (refer to note 4.3.13 Property, Plant and Equipment).

Expenses related to short-term leases and leases of low value assets amounted to US\$1 million in 2022 (2021: US\$4 million).