# 2022 ANNUAL REPORT

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## 4.3.19 TRADE AND OTHER RECEIVABLES

**Trade and other receivables (summary)**

| | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Trade debtors | | 308 | 407 |
| Other accrued income | | 198 | 187 |
| Prepayments | | 149 | 138 |
| Accrued income in respect of delivered orders | | 0 | 12 |
| Other receivables | | 75 | 51 |
| Taxes and social security | | 57 | 36 |
| Current portion of loan to joint ventures and associates | 4.3.16 | 7 | 9 |
| **Total** | | **795** | **839** |

The decrease in 'Trade debtors' of US$(99) million is mainly due to the collection of upfront payment for FPSO *ONE GUYANA* and to the end of the lease of *FPSO Capixaba*. This was partially offset by an increase in receivable balance related to FPSO *Prosperity*.

The increase in 'Other accrued income' is mainly due to FPSO *Liza Unity* joining the fleet, partially offset by the end of the lease of *FPSO Capixaba*.

The increase in prepayments of US$11 million is mainly related to advance payments to yards related to the new multi-purpose floater hull ('MPF').

The increase in 'Other receivables' mainly relate to advance payments made in relation to the Brazilian fleet.

The carrying amounts of the Company's trade debtors are distributed in the following countries:

**Trade debtors (countries where Company's trade debtors are distributed)**

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Angola | 48 | 27 |
| Brazil | 17 | 64 |
| Guyana | 208 | 279 |
| Equatorial Guinea | 11 | 16 |
| The United States of America | 3 | 3 |
| Malaysia | 4 | 2 |
| Australia | 1 | 2 |
| Other | 16 | 15 |
| **Total** | **308** | **407** |

The trade debtors balance is the nominal value less an allowance for estimated impairment losses as follows:

**Trade debtors (trade debtors balance)**

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Nominal amount | 312 | 412 |
| Impairment allowance | (4) | (5) |
| **Total** | **308** | **407** |

The allowance for impairment represents the Company's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. Furthermore, the Company uses historical credit loss experience as well as forward-looking information to determine a 1% expected credit loss rate on individually insignificant trade receivable balances. The creation and release for impaired trade debtors due to credit risk are reported in the line item 'Net impairment losses on financial and contract assets' of the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The aging of the nominal amounts of the trade debtors are:

**Trade debtors (aging of the nominal amounts of the trade debtors)**

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Nominal | Impairment | Nominal | Impairment |
| Not past due | 236 | (3) | 352 | (5) |
| Past due 0-30 days | 9 | (0) | 27 | (0) |
| Past due 31-120 days | 6 | (0) | 11 | (0) |
| Past due 121- 365 days | 33 | (0) | 13 | (0) |
| More than one year | 27 | (0) | 11 | (0) |
| **Total** | **312** | **(4)** | **413** | **(5)** |

Not past due are those receivables for which either the contractual or 'normal' payment date has not yet elapsed. Past due are those amounts for which either the contractual or the 'normal' payment date has passed. Amounts that are past due but not impaired relate to a number of Company joint ventures and independent customers for whom there is no recent history of default, or the receivable amount can be offset by amounts included in current liabilities.

For the closing balance and movements during the year of allowances on trade receivables, please refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

## 4.3.20 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2022, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in note 4.3.23 Borrowings and Lease Liabilities. Lastly, the Company held commodity contracts in order to hedge against the fluctuation on operating cash flows and future earnings resulting from movement in commodity prices.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

**Derivative financial instruments**

| | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Interest rate swaps cash flow hedge | 490 | 28 | 463 | 13 | 157 | (144) |
| Forward currency contracts cash flow hedge | 50 | 103 | (53) | 14 | 94 | (80) |
| Forward currency contracts fair value through profit and loss | 69 | 85 | (15) | 19 | 37 | (18) |
| Commodity contracts cash flow hedge | - | 2 | (2) | - | - | - |
| **Total** | **610** | **217** | **393** | **47** | **288** | **(242)** |
| Non-current portion | 465 | 25 | 440 | 14 | 162 | (148) |
| Current portion | 145 | 192 | (47) | 32 | 126 | (94) |

The movement in the net balance of derivative assets and liabilities of US$635 million over the period is mostly related to the significant increased marked-to-market value of interest rate swaps, which mainly arises from increasing US market interest rates.