



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4 CORPORATE STATEMENTS 2020

Only one member of Supervisory Board member (Sietze Hepkema) holds shares in the Company (256,333 shares as at December 31, 2020), resulting from his previous position as member of the Management Board.

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Total other reserves
Balance at 1 January 2019	(19)	(33)	2	(79)	21	(108)
Cash flow hedges						
Change in fair value	17	(79)	-	-	-	(62)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	(5)	-	-	-	-	(5)
Transfer to operating profit and loss	(34)	-	-	-	-	(34)
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	17	17
IFRS 2 vested share based payments	-	-	-	-	(21)	(21)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	1	-	-	1
Foreign currency variations						
Foreign currency variations	-	-	-	(22)	-	(22)
Mergers and acquisitions	-	(10) ¹	-	-	-	(10)
Balance at 31 December 2019	(38)	(119)	3	(101)	17	(238)
Cash flow hedges						
Change in fair value	53	(161)	-	-	-	(107)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	3	-	-	-	-	3
Transfer to operating profit and loss	41	-	-	-	-	41
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	27	27
IFRS 2 vested share based payments	-	-	-	-	(16)	(16)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(3)	-	-	(3)
Foreign currency variations						
Foreign currency variations	-	-	-	(5)	-	(5)
Mergers and acquisitions	-	-	-	-	-	-
Balance at 31 December 2020	62	(276)	0	(105)	25	(296)

¹ Includes US\$10 million of acquired hedging reserve of the entities purchased from Constellation.

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The decreased marked-to-market value of interest rate swaps mainly arises from decreasing market interest rates whereas the increased marked-to-market value of forward currency contracts is mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2020	31 December 2019
Borrowings	4,335	4,168
Lease liabilities	51	141
Total Non-current portion of Borrowings and lease liabilities	4,386	4,309
Borrowings	1,216	580
Lease liabilities	20	32
Total Current portion of Borrowings and lease liabilities	1,236	612

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2020	2019
Non-current portion	4,168	3,856
Add: current portion	580	492
Remaining principal at 1 January	4,749	4,348
Additions	1,379	1,399
Redemptions	(589)	(1,011)
Transaction and amortized costs	12	13
Total movements	802	401
Remaining principal at 31 December	5,551	4,749
Less: Current portion	(1,216)	(580)
Non-current portion	4,335	4,168
Transaction and amortized costs	69	81
Remaining principal at 31 December (excluding transaction and amortized costs)	5,621	4,830
Less: Current portion	(1,230)	(596)
Non-current portion	4,390	4,234

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The increase in the total borrowings of US\$1,379 million relates mainly to drawdowns on project finance facilities for *Liza Destiny* (FPSO), *Liza Unity* (FPSO), and the bridge loan facility for *FPSO Sepetiba*. The latter has been extended to July 12, 2021.

Further disclosures about the fair value measurement are included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.