2024 ANNUAL REPORT

TRUE.
BLUE.
TRANSITION.

Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
31 December 2024				
EUR	1	(1)	(182)	182
SGD	0	(0)	(56)	56
BRL	(1)	1	(49)	49
CNY	0	(0)	(67)	67
31 December 2023				
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
Fixed rate instruments		
Financial assets	6,728	6,856
Financial liabilities	(802)	(891)
Total	**5,926**	**5,964**
Variable rate instruments (USD LIBOR 3 Months)		
Financial assets	-	12
Financial liabilities (SOFR)	(8,474)	(8,777)
Financial liabilities (future) (SOFR)	(1,652)	(1,670)
Total	**(10,126)**	**(10,435)**

Interest rate risk (exposure)

	2024	2023
Variable rate instruments (SOFR)	(10,126)	(10,435)
Less: Reimbursable items (SOFR)	1,500	1,524
Less: IRS contracts (SOFR)	7,767	8,043
Exposure	**(859)**	**(867)**

Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2024				
Variable rate instruments (SOFR)	(9)	9	-	-
Interest rate swap (SOFR)	-	-	356	(356)
Sensitivity (net)	**(9)**	**9**	**356**	**(356)**
31 December 2023				
Variable rate instruments (SOFR)	(9)	9	-	-
Interest rate swap (SOFR)	-	-	404	(404)
Sensitivity (net)	**(9)**	**9**	**404**	**(404)**

The exposure of US$859 million is primarily arising from the residual exposure on the unhedged portion of project loan facilities for *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*. The interest rate exposure arising from these loans is mainly offset by the Cash and Cash Equivalents at December 31, 2024.

The sensitivity on equity and the income statement resulting from a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2023.

At December 31, 2024, it is estimated that a general increase of 100 basis points in interest rates would decrease the Company's profit before tax for the year by approximately US$9 million (2023: decrease of US$8 million), mainly related to the residual interest rate exposure.

As set out above, 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 interest rates could have an impact on consolidated earnings.

Commodity risk

Commodity exposure is defined by the Company as the risk of realizing adverse effects on operating cash flows and future earnings resulting from movement in commodity prices. The Company establishes hedge strategies in order to limit their commodity risk exposure in the following commodities:

- Oil exposure is mostly associated with transportation fuels connected with the Company's prospective contract awards, construction contracts and future decommissioning.
- Aluminum, steel, copper and iron ore exposures arise from the construction, refurbishment, repair of the products embedded in the Company's prospective contract awards, construction contracts and operation contracts.

Incoming lease payments following the Company's contractual arrangements with its clients are not impacted by the oil price.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's lease receivables, contract assets, other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.