

2025 ANNUAL REPORT

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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 '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 ageing of the nominal amounts of the trade debtors is as follows:

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

	31 December 2025		31 December 2024	
	Nominal	Impairment	Nominal	Impairment
Not past due	210	-	170	(2)
Past due 0-30 days	154	-	16	(0)
Past due 31-120 days	4	-	107	(0)
Past due 121- 365 days	14	-	8	(0)
More than one year	3	(1)	13	(1)
Total	**385**	**(1)**	**313**	**(4)**

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, 2025, the Company held multiple currency 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 and interest option contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US$ 3-month SOFR.

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 of 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 2025			31 December 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	216	3	213	373	4	369
Interest rate options cash flow hedge	8	-	8	7	-	7
Forward currency contracts cash flow hedge	109	7	102	0	179	(179)
Forward currency contracts fair value through profit and loss	36	13	23	49	82	(33)
Commodity contracts cash flow hedge	-	1	(1)	0	1	(1)
Total	**368**	**24**	**344**	**429**	**266**	**163**
Non-current portion	205	4	202	305	64	241
Current portion	162	20	142	124	201	(78)

The increase in the net balance of derivative assets and liabilities of US$181 million is mostly related to (i) the increase in marked-to-market value of forward currency contracts, driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL), partially offset by (ii) the negative impact of the marked-to-market value of interest rate swaps due to decreasing US$ market interest rates.

The ineffective portion of fair value changes arising from cash flow hedges of US$1 million was recognized in the income statement in 2025 (2024: no ineffectiveness). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

4.3.21 NET CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash and bank balances	522	100
Short-term investments	564	706
Cash and cash equivalent	**1,086**	**806**
Net cash and cash equivalent	**1,086**	**806**

The increase of the cash and bank balances mainly relates to:
- Net operating cash flows from the fleet under operations and from Turnkey activities;
- Company strategy on drawdowns on the RCF and construction financing;
- The payment of the final settlement agreement with the Company's insurers relating to the repair of tanks in *FPSO Cidade de Anchieta;* and
- Full drawdown of the sale and leaseback financing agreement for *FPSO Cidade de Paraty.*

Which together with some of the Company's existing cash were partially used to:
- Return funds to the shareholders and non-controlling interests through dividends and share repurchase programs;
- Fully repay US private placement notes in relation to *FPSO Cidade de Anchieta;* and
- Serve the Company's non-recourse debt and interest in accordance with the respective repayment schedules.

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US$341 million as per December 31, 2025 (2024: US$201 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, China and Nigeria) amounted to US$23 million (December 31, 2024: US$56 million, which also included Equatorial Guinea). These restrictions do not limit the liquidity of the cash balances.