

# 2022 ANNUAL REPORT



TRUE.  
BLUE.  
TRANSITION.

The reconciliation of the net cash and cash equivalents as at December 31, 2022 with the corresponding amounts in the statement of financial position is as follows:

#### Reconciliation of net cash and cash equivalents as at 31 December

in millions of US\$	31 December 2022	31 December 2021
Cash and cash equivalents	683	1,021
<b>Net cash and cash equivalents</b>	<b>683</b>	<b>1,021</b>

## 4.2.6 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands, and is located at Evert van de Beekstraat 1-77, 1118 CL, Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally provides services in the offshore oil and gas industry and new energy sources.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements for the year ended December 31, 2022 comprise the financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The consolidated financial statements were authorized for issue by the Supervisory Board on February 22, 2023.

## 4.2.7 ACCOUNTING PRINCIPLES

### A. ACCOUNTING FRAMEWORK

The consolidated financial statements of the Company have been prepared in accordance with, and comply with, International Financial Reporting Standards ('IFRS') and interpretations adopted by the European Union, which were effective for the financial year beginning January 1, 2022 and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company financial statements included in section 4.4 are part of the 2022 financial statements of SBM Offshore N.V.

### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS OF JANUARY 1, 2022

The Company has adopted the following new standards as of January 1, 2022:

- Amendments to IFRS 3 – 'Reference to the Conceptual Framework for Financial Reporting';
- Amendments to IAS 16 – 'Property, Plant and Equipment - Proceeds before Intended Use';
- Amendments to IAS 37 – 'Onerous Contracts - Cost of Fulfilling a Contract'; and
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9 and IAS 41)

### Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Company as there were no transaction falling within IFRS 3 during the 2022 financial period.

## 4 FINANCIAL INFORMATION 2022

### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Company.

### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Company as it is not a first-time adopter.

### **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the consolidated financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

### **IAS 41 Agriculture – Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Company as it does not have assets in scope of IAS 41.

### **STANDARDS AND INTERPRETATIONS NOT MANDATORILY APPLICABLE TO THE COMPANY AS OF JANUARY 1, 2022**

The following standards and amendments published by the IASB and endorsed by the European Union are not mandatorily applicable as of January 1, 2022:

- Amendments to IFRS 17 – 'Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information';
- Amendments to IAS 1 – 'Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies';
- Amendments to IAS 8 – 'Definition of Accounting Estimates'; and
- Amendments to IAS 12 – 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction';

The Company continued its evaluation of the impact of the IAS 12 Income Taxes amendment which was issued in May 2021 and is effective 1 January 2023. Balances affected by the amendment are the deferred tax assets and liabilities recognized in respect of right-of-use assets, lease liabilities and demobilization provisions.

In prior financial periods, the use of the initial recognition exemption was allowed and as of 1 January 2023 this will no longer be possible. The analysis performed would result in recognition of additional deferred tax assets and deferred liabilities on the balance sheet of US\$11 million each with an insignificant impact on the opening retained earning balance of less than US\$1 million. This assessment is performed based on the balance sheet positions affected by the amendment as per December 31, 2022 and current tax legislations.

Regarding the remaining amendments, the Company does not expect a material impact on the financial statements due to their future adoption.

Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission. Early adoption is not possible until European Commission endorsement. Those which may be relevant to the Company are set out below:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Deferral of Effective Date;

The Company does not expect a significant effect on the financial statements due to the adoption of the remaining amendments. Other standards and amendments are not relevant to the Company.

## B. CRITICAL ACCOUNTING POLICIES

Critical accounting policies involving a high degree of judgement or complexity, or areas where assumptions and estimates are material, are disclosed in the paragraphs below.

### (a) Use of estimates and judgement

When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome in the income statement. The actual outcome may differ from these estimates and assumptions due to changes in facts and circumstances. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

#### Estimates:

Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognized in the financial statements are:

##### *The measurement and recognition of revenues on construction contracts based on the input method:*

Revenue of the Company is measured and recognized based on the input method (i.e. costs incurred). Costs and revenue at completion are reviewed periodically throughout the life of the contract. This requires a large number of estimates, especially of the total expected costs at completion, due to the complex nature of the Company's construction contracts. Judgement is also required for the accounting of contract modifications and claims from clients where negotiations or discussions are at a sufficiently advanced stage. Costs and revenue (and the resulting gross margin) at completion reflect, at each reporting period, the Management's current best estimate of the probable future benefits and obligations associated with the contract. The policy for measurement of transaction price including variable considerations (i.e. claims, performance-based incentives) is included below in the point (d) Revenue.

In case a contract meets the definition of an onerous contract as per IAS 37, provisions for anticipated losses are made in full in the period in which they become known.

##### *Impairments:*

Assumptions and estimates used in the discounted cash flow model and the adjusted net present value model to determine the value in use of assets or group of assets (e.g. discount rates, residual values and business plans) are subject to uncertainty. There is a possibility that changes in circumstances or in market conditions could impact the recoverable amount of the asset or group of assets.