

2022
ANNUAL
REPORT



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4 FINANCIAL INFORMATION 2022

An ineffective portion arising from cash flow hedges was recognized in the income statement in 2022 for US\$1 million (2021: none, refer to note 4.3.9 Net Financing Costs). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.21 NET CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash and bank balances	109	662
Short-term investments	573	358
Cash and cash equivalent	683	1,021
Net cash and cash equivalent	683	1,021

The decrease of the Cash and bank balances mainly relates to the significant progress in the projects under construction and the related use of cash from the financing facilities secured in 2021, partially covered by the additional project financing granted for FPSO *ONE GUYANA* and the cash generated by Lease and Operate business segment.

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US\$235 million as per December 31, 2022 (2021: US\$152 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, Equatorial Guinea, Ghana and Nigeria) amounted to US\$21 million (2021: US\$23 million). These restrictions do not limit the liquidity of the cash balances.

Further disclosure about the fair value measurement is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.22 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five eurocents (EUR0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five euro cents (EUR0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2022	2021
Outstanding at 1 January	180,671,305	188,671,305
Treasury shares cancelled	-	(8,000,000)
Outstanding 31 December	180,671,305	180,671,305

All outstanding shares have been fully paid.

TREASURY SHARES

A total number of 2,616,650² treasury shares are still reported in the outstanding ordinary shares as at December 31, 2022 and are held predominantly for employee share programs. During 2022, a total of 1,400,258 shares were transferred to employee share programs.

ORDINARY SHARES

In terms of ordinary shares, 1,648,665 shares were held by members of Management Board, in office as at December 31, 2022 (December 31, 2021: 2,073,278) as detailed below:

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2022	Total shares at 31 December 2021
Bruno Chabas	344,526	910,338	1,254,864	1,191,070
Douglas Wood	174,217	89,792	264,009	228,316
Øivind Tangen ¹	34,938	94,854	129,792	79,300
Philippe Barril ²	n/a	n/a	n/a	317,962
Erik Lagendijk ³	n/a	n/a	n/a	256,630
Total	553,681	1,094,984	1,648,665	2,073,278

1 Management Board member since April 6, 2022

2 Management Board member until August 31, 2022

3 Management Board member until April 6, 2022

Only one member of the Supervisory Board (Sietze Hepkema) holds shares in the Company (256,333 shares as at December 31, 2022), resulting from his previous position as a member of the Management Board.

² As per the Dutch Act on Conversion of bearer shares, all bearer shares still outstanding at December 31, 2020 have been converted into registered shares held by the Company as per January 1, 2021 and accordingly the aforementioned shares are currently reported as part of the Treasury shares. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

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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	Protective share reserve	Total other reserves
Balance at 1 January 2021	62	(276)	-	(105)	25	-	(296)
Cash flow hedges							
Change in fair value	(173)	101	-	-	-	-	(72)
Transfer to financial income and expenses	(0)	9	-	-	-	-	8
Transfer to construction contracts and property, plant and equipment	(8)	-	-	-	-	-	(8)
Transfer to operating profit and loss	15	-	-	-	-	-	15
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	20	-	20
IFRS 2 vested share-based payments	-	-	-	-	(20)	-	(20)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
Foreign currency variations							
Foreign currency variations	-	-	-	(2)	(3)	-	(5)
Mergers and acquisitions	-	-	-	3	-	-	3
Balance at 31 December 2021	(104)	(167)	7	(105)	22	-	(347)
Cash flow hedges							
Change in fair value	(78)	473	-	-	-	-	394
Transfer to financial income and expenses	1	12	-	-	-	-	12
Transfer to construction contracts and property, plant and equipment	62	-	-	-	-	-	62
Transfer to operating profit and loss	48	-	-	-	-	-	48
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	19	-	19
IFRS 2 vested share-based payments	-	-	-	-	(19)	-	(19)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
Foreign currency variations							
Foreign currency variations	-	-	-	2	(1)	-	1
Mergers and acquisitions	-	-	-	(0)	-	-	(0)
Other movements							
Reclassification	-	-	-	-	-	26	26
Balance at 31 December 2022	(72)	317	15	(103)	21	26	204

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 increased fair value of interest rate swaps mainly arises from increasing market interest rates whereas the increased fair value of forward currency contracts is mainly driven by the variation 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.

The Management Board, with the approval of the Supervisory Board, has granted a call option to Stichting Continuiteit SBM Offshore to acquire a number of preference shares. As of October 1, 2022 and with reference to articles 5.5 and 5.6 of the Articles of Association of the Company, a 'Protective Preference Shares' reserve has been created at the expense of the share premium reserve at the level of the Company. If and when Stichting Continuiteit SBM Offshore would exercise the call option to acquire preference shares, these preference shares may also be paid-up from the reserve of the Company.

The Company's total equity as at December 31, 2022 is US\$3,397 million, out of which US\$1,860 million relates to legal reserves and US\$26 million relates to the statutory reserves (December 31, 2021: Total equity of US\$2,579 million out of which US\$1,211 million relates to legal reserves and US\$0 million to the statutory reserves). For more information, reference is made to note 4.5.5 Shareholders' Equity.

4.3.23 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 2022	31 December 2021
Borrowings	6,839	5,891
Lease liabilities	33	37
Total Non-current portion of Borrowings and lease liabilities	6,873	5,928
Borrowings	1,678	1,754
Lease liabilities	13	19
Total Current portion of Borrowings and lease liabilities	1,691	1,773

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2022	2021
Non-current portion	5,891	4,335
Add: current portion	1,754	1,216
Remaining principal at 1 January	7,645	5,551
Additions	1,642	3,941
Redemptions	(759)	(1,711)
Transaction and amortized costs	(10)	(137)
Total movements	872	2,094
Remaining principal at 31 December	8,517	7,645
Less: Current portion	(1,678)	(1,754)
Non-current portion	6,839	5,891
Transaction and amortized costs	216	207
Remaining principal at 31 December (excluding transaction and amortized costs)	8,734	7,851
Less: Current portion	(1,710)	(1,790)
Non-current portion	7,023	6,061