

2022
ANNUAL
REPORT



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4 FINANCIAL INFORMATION 2022

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 Continuïteit 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 Continuïteit 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