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# CHAPTER 4

## FINANCIAL INFORMATION 2022





## 4 FINANCIAL INFORMATION 2022

<b>4.1</b>	<b>Financial Review.....</b>	<b>110</b>
4.1.1	Financial Overview.....	110
4.1.2	Financial Highlights.....	110
4.1.3	Financial Review Directional.....	111
4.1.4	Financial Review IFRS.....	118
4.1.5	Outlook and Guidance.....	121
<b>4.2</b>	<b>Consolidated Financial Statements.....</b>	<b>122</b>
4.2.1	Consolidated Income Statement.....	122
4.2.2	Consolidated Statement of Comprehensive Income.....	123
4.2.3	Consolidated Statement of Financial Position.....	124
4.2.4	Consolidated Statement of Changes in Equity.....	125
4.2.5	Consolidated Cash Flow Statement.....	126
4.2.6	General Information.....	127
4.2.7	Accounting Principles.....	127
	A. Accounting Framework.....	127
	B. Critical Accounting Policies.....	129
	C. Significant Accounting Policies.....	135
<b>4.3</b>	<b>Notes to the Consolidated Financial Statements.....</b>	<b>143</b>
4.3.1	Financial Highlights.....	143
4.3.2	Operating Segments and Directional Reporting.....	146
4.3.3	Revenue.....	157
4.3.4	Other Operating Income and Expense.....	159
4.3.5	Expenses by Nature.....	159
4.3.6	Employee Benefit Expenses.....	160
4.3.7	Research and Development Expenses.....	165
4.3.8	Net Impairment Gains/(Losses) on Financial and Contract Assets.....	165
4.3.9	Net Financing Costs.....	166
4.3.10	Income Tax Expense.....	166
4.3.11	Earnings/(Loss) Per Share.....	169
4.3.12	Dividends Paid and Proposed .....	169
4.3.13	Property, Plant and Equipment.....	170
4.3.14	Intangible Assets.....	173
4.3.15	Finance Lease Receivables.....	174
4.3.16	Other Financial Assets.....	175
4.3.17	Deferred Tax Assets and Liabilities.....	176
4.3.18	Inventories.....	177
4.3.19	Trade and Other Receivables.....	178
4.3.20	Derivative Financial Instruments.....	179
4.3.21	Net Cash and Cash Equivalents.....	180
4.3.22	Equity Attributable to Shareholders.....	180
4.3.23	Borrowings and Lease Liabilities.....	183
4.3.24	Provisions.....	188
4.3.25	Trade and Other Payables.....	189
4.3.26	Commitments and Contingencies.....	189
4.3.27	Financial Instruments – Fair Values and Risk Management.....	190
4.3.28	List of Group Companies.....	201
4.3.29	Investment in Associates and Joint Ventures.....	201
4.3.30	Information on Non-controlling Interests.....	204
4.3.31	Related Party Transactions.....	208
4.3.32	Independent Auditor's Fees and Services.....	209
4.3.33	Events After End of Reporting Period.....	209
<b>4.4</b>	<b>Company Financial Statements.....</b>	<b>210</b>
4.4.1	Company Balance Sheet.....	210
4.4.2	Company Income Statement.....	211
4.4.3	General.....	212
<b>4.5</b>	<b>Notes to the Company Financial Statements.....</b>	<b>213</b>

4.5.1	Investment in Group Companies.....	213
4.5.2	Deferred Tax Assets.....	213
4.5.3	Other Receivables.....	213
4.5.4	Cash and Cash Equivalents.....	214
4.5.5	Shareholders' Equity.....	214
4.5.6	Provisions.....	215
4.5.7	Other Current Liabilities.....	215
4.5.8	Revenue.....	216
4.5.9	General and Administrative Expenses.....	216
4.5.10	Financial Expenses.....	216
4.5.11	Commitments and Contingencies.....	216
4.5.12	Directors Remuneration.....	216
4.5.13	Number of Employees.....	216
4.5.14	Independent Audit Fees.....	216
4.5.15	Events After End of Reporting Period.....	217
<b>4.6</b>	<b>Other information.....</b>	<b>218</b>
4.6.1	Appropriation of Result.....	218
4.6.2	Call option granted to Stichting Continuïteit SBM Offshore (the Foundation).....	218
4.6.3	Independent Auditor's Report .....	219
<b>4.7</b>	<b>Key Figures.....</b>	<b>230</b>

## 4 FINANCIAL INFORMATION 2022

### 4.1 FINANCIAL REVIEW

#### 4.1.1 FINANCIAL OVERVIEW

in US\$ million	Directional		IFRS	
	FY 2022	FY 2021	FY 2022	FY 2021
<b>Revenue</b>	<b>3,288</b>	<b>2,242</b>	<b>4,913</b>	<b>3,747</b>
Lease and Operate	1,763	1,509	1,414	1,270
Turnkey	1,525	733	3,499	2,477
<b>Underlying Revenue</b>	<b>3,288</b>	<b>2,317</b>	<b>4,913</b>	<b>3,822</b>
Lease and Operate	1,763	1,584	1,414	1,345
Turnkey	1,525	733	3,499	2,477
<b>EBITDA<sup>1</sup></b>	<b>1,010</b>	<b>849</b>	<b>1,209</b>	<b>823</b>
Lease and Operate	1,080	914	719	636
Turnkey	7	19	569	271
Other	(77)	(84)	(80)	(84)
<b>Underlying EBITDA</b>	<b>1,010</b>	<b>931</b>	<b>1,209</b>	<b>906</b>
Lease and Operate	1,080	989	719	711
Turnkey	7	19	569	271
Other	(77)	(76)	(80)	(76)
<b>Profit/(loss) attributable to shareholders</b>	<b>115</b>	<b>121</b>	<b>450</b>	<b>400</b>
<b>Underlying profit attributable to shareholders</b>	<b>115</b>	<b>126</b>	<b>450</b>	<b>405</b>

<sup>1</sup> EBITDA, earnings (profit attributable to shareholders) excluding net financing costs, income tax expense, depreciation, amortization and impairment as well as share of profit/(loss) of equity-accounted investees

#### General

The Company's primary business segments are 'Lease and Operate' and 'Turnkey'. Additionally, the Company discloses separately non-allocated corporate income and expense items presented in the category 'Other'. Revenue and EBITDA are analyzed by segment, but it should be recognized that business activities are closely related.

During recent years, the Company's awarded lease contracts were systematically classified under IFRS as finance leases for accounting purposes, whereby the fair value of the leased asset is recorded as a Turnkey 'sale' during construction. For the Turnkey segment, this accounting treatment results in the acceleration of recognition of lease revenues and profits into the construction phase of the asset, whereas the asset generates the cash mainly only after construction and commissioning activities have been completed, as that is the moment the Company is entitled to start receiving the lease payments. In the case of an operating lease, lease revenues and profits are recognized during the lease period, in effect more closely tracking cash receipts. Following the implementation of accounting standards IFRS 10 and 11 starting January 1, 2014, it has also become challenging to extract the Company's proportionate share of results. To address these accounting issues, the Company discloses Directional reporting in addition to its IFRS reporting. Directional reporting treats all lease contracts as operating leases and consolidates all co-owned investees related to lease contracts on a percentage of ownership basis. Under Directional, the accounting results more closely track cash-flow generation and this is the basis used by the Management Board of the Company to monitor performance and for business planning. Reference is made to 4.3.2 Operating Segments and Directional Reporting for further detail on the main principles of Directional reporting.

The Management Board, as chief operating decision maker, monitors the operating results of the Company primarily based on Directional reporting. The financial information in this section 4.1 Financial Review is presented both under Directional and IFRS while the financial information presented in note 4.3.2 Operating Segments and Directional Reporting is presented under Directional with a reconciliation to IFRS. For clarity, the remainder of the financial statements are presented solely under IFRS, except where expressly stated otherwise.

#### 4.1.2 FINANCIAL HIGHLIGHTS

The main financial highlights of the year and their associated financial impact are reported in note 4.3.1 Financial Highlights.

### 4.1.3 FINANCIAL REVIEW DIRECTIONAL

	Directional	
in US\$ million	FY 2022	FY 2021
<b>Revenue</b>	<b>3,288</b>	<b>2,242</b>
Lease and Operate	1,763	1,509
Turnkey	1,525	733
<b>Underlying Revenue</b>	<b>3,288</b>	<b>2,317</b>
Lease and Operate	1,763	1,584
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<b>Profit/(loss) attributable to shareholders</b>	<b>115</b>	<b>121</b>
<b>Underlying profit attributable to shareholders</b>	<b>115</b>	<b>126</b>

	Directional	
in US\$ billion	FY 2022	FY 2021
Backlog	30.5	29.5

#### UNDERLYING PERFORMANCE – DIRECTIONAL

Underlying Directional Revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.

During 2022, Directional Revenue, EBITDA and profit attributable to shareholders were not impacted by any non-recurring transaction. Therefore, Underlying Directional Revenue, EBITDA and profit attributable to shareholders have not been adjusted.

For reference, in 2021:

- the Underlying Directional Revenue and EBITDA included US\$75 million related to the final cash received in 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying Directional gross margin and profit attributable to shareholders.
- The Directional EBITDA and profit attributable to shareholders were impacted by US\$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

#### BACKLOG – DIRECTIONAL

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog at the end of 2022 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease and operate.
- The FPSO *Liza Unity* and FPSO *Prosperity* contracts cover a maximum period of two years of lease and operate within which the FPSO ownership and operation will transfer to the client.
- The FPSO *ONE GUYANA* contract awarded to the Company in April 2022 covers a maximum period of lease and operate of two years, within which the FPSO ownership and operation will transfer to the client.
- For FPSO *Liza Unity*, FPSO *Prosperity* and FPSO *ONE GUYANA*, the impact of the sale of those 3 FPSO's is reflected in the Turnkey backlog at the end of the maximum two-year period.

## 4 FINANCIAL INFORMATION 2022

- For both FPSO *ONE GUYANA* and FPSO *Prosperity* the pro-forma backlog set out below takes the operation and maintenance scope up to a two-year contractual period into account as it has been agreed in principle, pending a final work order. This affords consistency with prior years and better reflects the current reality.
- The 13.5% equity divestment in *FPSO Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog at the end of December 2022 increased by US\$1 billion to a total of US\$30.5 billion. This increase was mainly the result of the awarded contract for the FPSO *ONE GUYANA* project partially offset by the turnover for the period which consumed US\$3.3 billion of backlog. The partial 45% divestments to partners related to projects *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, which were concluded in 2022 (see note 4.3.1 Financial Highlights), had no impact on the pro-forma backlog as divestment impact of those two projects was already considered in the 2021 pro-forma Directional backlog. The Company's backlog provides cash flow visibility of 28 years, up to 2050.

in billions of US\$	Turnkey	Lease & Operate	Total
2023	0.9	1.9	2.7
2024	1.7	1.9	3.7
2025	1.3	2.2	3.4
Beyond 2025	2.0	18.7	20.7
<b>Total Backlog</b>	<b>5.9</b>	<b>24.7</b>	<b>30.5</b>

Pro-forma Directional Backlog (in billions of US\$)



### PROFITABILITY – DIRECTIONAL

#### Accounting treatment of projects under construction

It should be noted that the ongoing EPC works on FPSO *Prosperity* and the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Liza Unity* did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2022 and are classified as operating leases as per Directional accounting principles.

The Company has determined that it is optimal from an operational and financial perspective to retain full ownership as opposed to partnering on these projects. Therefore, under the Company's Directional accounting policy, the revenue and margin recognition on these two FPSO projects is as follows:

- The Company does not recognize any revenue and margin during the Turnkey phase of the project unless defined invoicing (if any) to the client occurred during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. The upfront payments are recognized as revenues and the cost of

sales associated with the related construction work and/or services are recognized as costs with no margin during construction.

- The Company will book all revenue and margin associated with the lease and operate contracts related to its 100% share during the lease phase, in line with the cash flows.
- Upon transfer of the FPSO to the client, after reaching the end of the lease period or upon exercising of the purchase option by the client, the Company will book all revenue and margin associated with the transfer in the Turnkey segment.

Therefore, the contribution of the FPSO *Prosperity* and the FPSO *ONE GUYANA* projects to the Directional profit and loss will largely materialize in the coming years, in line with the operating cash flows as per FPSO *Liza Unity*, which started contributing to Directional net income over the period following its start of production as of February 11, 2022.

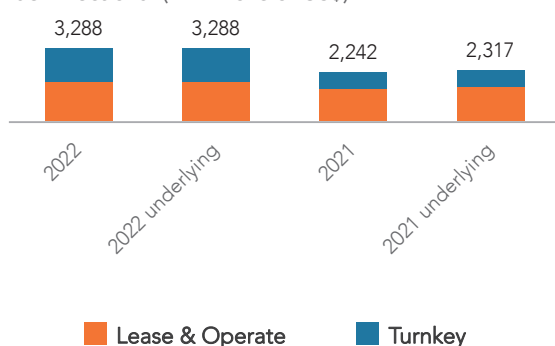
With respect to FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, considering the partial 45% divestment to partners which was concluded during the period:

- The Company started recognizing revenue as well as margin (the gate progress of completion being reached during the period) associated with the EPC works for all the EPCI-related work performed on these projects so far, to the extent of the partners' ownership in lessor-related SPV's. (i.e. 45% of EPC works).
- The Company will book its share (i.e. 55%) in revenue and margin associated with the lease and operate contracts during the lease phase.

## Revenue

Total Directional revenue increased by 47% to US\$3,288 million compared with US\$2,242 million in 2021, with the increase primarily attributable to the Turnkey segment. Considering the adjustment done in 2021 for the non-recurring item of US\$75 million (refer to paragraph 'Underlying Performance') in the Lease and Operate segment, Underlying Directional revenue increased by 42% compared with US\$2,317 million for the same period in 2021.

Revenue Directional (in millions of US\$)



This variance of the Underlying Directional revenue is further detailed by segment as follows:

Underlying Directional Turnkey revenue increased to US\$1,525 million, representing 46% of total underlying 2022 revenue. This compares with US\$733 million, or 32% of total Underlying revenue in 2021. This resulted from a ramp-up of Turnkey activities with five FPSOs under construction (and completion of FPSO *Liza Unity*) during the period partially offset by lower contribution from the offshore installation services, following the sale of the SBM Installer which occurred early 2022. Furthermore the partial 45% divestment on two projects at the beginning of 2022 (FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*) allowed the Company to recognize revenue for all the EPCI related work performed on these projects so far, to the extent of the partners' ownership in lessor-related SPV's (i.e. 45% of EPC works).

Underlying Directional Lease and Operate revenue was US\$1,763 million, an increase versus US\$1,584 million in the prior period. This reflects mainly the following items: (i) FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and (ii) increased reimbursable scope, partially offset by (iii) the end of Deep Panuke MOPU lease contract (as the last payments from the client contributed to the Underlying Revenue of previous year), (iv) the end of the FPSO *Capixaba* lease contracts in the first half-year of 2022, and finally (v) lower average straight-lined day rate of FPSO *Kikeh* lease after extension at the end of 2021.



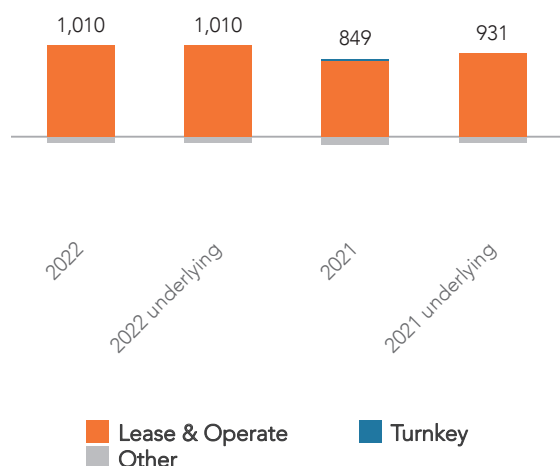
## 4 FINANCIAL INFORMATION 2022

The shutdown of operations of *FPSO Cidade de Anchieta* only had a limited impact on revenue over the period, due to the extension of the contract (corresponding to the period of shutdown) beyond the original end date of the lease. As a consequence, the total contractual lease revenue remains unchanged, whereas the revenue of the period, recognized on a straight line basis over the remaining lease period, has been slightly impacted.

### EBITDA

Directional EBITDA amounted to US\$1,010 million, representing a 19% increase compared with US\$849 million in 2021 with the increase attributable to the Lease and Operate segment. Adjusted for the non-recurring items (see paragraph 'Underlying Performance' in the same section), Underlying Directional EBITDA amounted to US\$1,010 million in 2022, a 8% increase compared with US\$931 million in 2021.

EBITDA Directional (in millions of US\$)



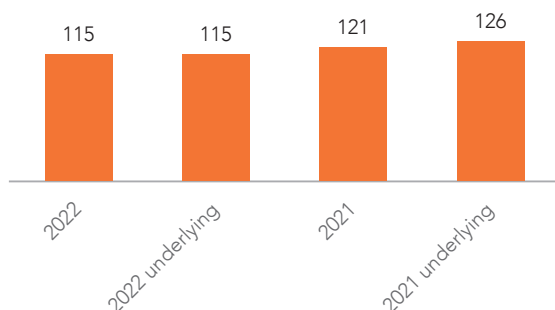
The variance of Underlying Directional EBITDA is further detailed by segment as follows:

- Underlying Directional Turnkey EBITDA decreased from US\$19 million in the year-ago period to US\$7 million in the current year. Although the Company recorded a significant increase in revenue related to projects under construction, there was not a commensurate impact on EBITDA due to several factors:
  - (i) *FPSO Liza Unity*, *FPSO Prosperity* and *FPSO ONE GUYANA* are 100% owned by the Company. In accordance with the Company policy for Directional reporting, the direct payments received during construction for these units are therefore recognized as revenue without contribution to gross margin;
  - (ii) Following the partial 45% divestment in *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*, the first 25% of progress on the EPCI related work have been recognized without associated margin as per the Company "stage of completion" policy (associated margin being spread over the remaining construction period);
  - (iii) On the Company's overall project portfolio, strategic mitigation measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, parts of the portfolio remain sensitive to the pressure in the global supply chain as a result of the war between Russia and Ukraine and the continuing impact from the COVID-19 pandemic.
- Underlying Directional Lease and Operate EBITDA moved from US\$989 million in the year-ago period to US\$1,080 million in the current year period. This increase mainly resulted from the same drivers as for the Underlying Lease and Operate revenue: The additional contribution from *FPSO Liza Unity* and increased reimbursable scope was partially offset by (i) the end of Deep Panuke MOPU (as the last payments from the client contributed to the Underlying EBITDA of the year-ago period), (ii) the end of *FPSO Capixaba* lease contracts and associated demobilization costs and (iii) the lower average straight-lined lease day rate of *FPSO Kikeh*. As a result, full-year 2022 Underlying Directional Lease & Operate EBITDA margin was almost stable at 61% compared with 62% in 2021.

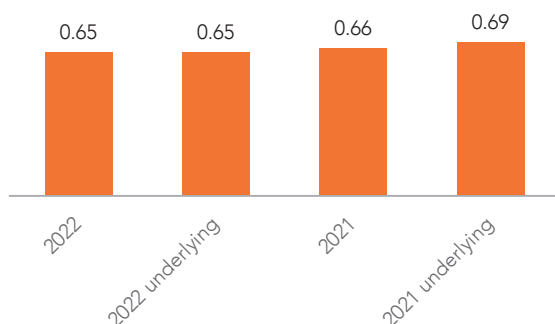
- In relation to *FPSO Cidade de Anchieta*, repair costs of the four tanks which were required for the safe restart of the vessel did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the *FPSO Cidade de Anchieta*. The impairment of US\$92 million did not have an impact on EBITDA, but is included in the net income (see below).
- The other non-allocated costs charged to EBITDA remained stable at US\$(76) million in the year-ago period and US\$(77) million in the current year.

### Net income

Net Income Directional (in millions of US\$)



Weighted Average Earnings Per Share Directional (in US\$)



Underlying Directional depreciation, amortization and impairment increased by US\$57 million year-on-year. This primarily resulted from (i) US\$92 million *FPSO Cidade de Anchieta* impairment following the shutdown of the vessel and the capitalisation of associated tank repair costs (refer to section 4.3.13 Property Plant and equipment), (ii) *FPSO Liza Unity* joining the operating fleet in February 2022, which marked the beginning of the depreciation of the Unit partially offset by (i) *FPSO Capixaba* and Deep Panuke MOPU leaving the fleet, (ii) *FPSO Kikeh's* lease extension, which resulted in a lower depreciation charge for the current period.

Directional net financing costs totaled US\$(188) million in 2022 compared with US\$(171) million in the year-ago period, mainly reflecting the additional interest generated by the *FPSO Liza Unity* project loan partially offset by the scheduled amortization of remaining projects loans of vessels under operation.

The Underlying Directional effective tax rate increased to 45% versus 36% in the year-ago period primarily driven by taxes applied to charter revenues of FPSOs in operation in Guyana and the impairment of *FPSO Cidade de Anchieta*.

As a result, the Company recorded a Directional net profit of US\$115 million, or US\$0.65 per share, a 9% and 6% decrease respectively when compared with the Underlying Directional net profit of US\$126 million, or US\$0.69 per share, in the year-ago period. This is mostly due to the *FPSO Cidade de Anchieta* impairment partially offset by strong operating performance.

## 4 FINANCIAL INFORMATION 2022

### STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US\$	2022	2021
Total equity	1,078	604
Net debt <sup>1</sup>	6,082	5,401
Net cash	615	1,059
Total assets	10,769	9,690
Solvency ratio <sup>2</sup>	29.6	28.9

1 Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

2 Solvency ratio is calculated in accordance with the definition provided in section 4.3.24 Covenants

Shareholders' equity increased by US\$474 million from US\$604 million at year-end 2021 to US\$1,078 million at year-end 2022, mostly due to the following items:

- An increase of the hedging reserves of US\$510 million;
- A positive net result of US\$115 million in 2022; and
- Dividend distributed to the shareholders decreasing equity by US\$180 million;

The movement in hedging reserve is mainly caused by the increase of the marked-to-market value of the interest rate swaps due to increasing market interest rates during the year.

It should be noted that under Directional policy, the contribution to profit and equity of the FPSOs program under construction will largely materialize in the coming years at Company's share ownership in lessor-related SPV's, subject to project execution performance, in line with the generation of associated operating cash flows.

Net debt increased by US\$681 million to US\$6,082 million at year-end 2022. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities for FPSO *Liza Unity*, FPSO *Prosperity*, FPSO *ONE GUYANA* and FPSO *Sepetiba* to fund continued investment in growth on these FPSOs under construction. With regards to FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, for which 2021 bridge loans were fully drawn in advance of investments in growth, the associated excess of financing cash flow (approximately US\$800 million generated as at December 31, 2021), was consumed as a result of progress with construction and the partial 45% divestment to partners, which resulted in the derecognition of a commensurate share of the related cash and debt.

The majority of the Company's debt as at December 31, 2022 consisted of non-recourse project financing (US\$3.7billion) in special purpose investees. This non-recourse balance includes the project loan related to FPSO *Liza Unity* for which the pre-completion company guarantee was released on June 2, 2022. The remainder (US\$3 billion) comprised of borrowings to support the on-going construction of five FPSOs, which will become non-recourse following project execution finalization and release of the Parent Company Guarantee. The Company's Revolving Credit Facility (RCF) was undrawn at year-end and the net cash balance stood at US\$615 million (December 31, 2021: US\$1,059 million). Lease liabilities totaled US\$47 million (December 31, 2021: US\$57 million).

Total assets increased to US\$10.8 billion as at December 31, 2022, compared with US\$9.7 billion at year-end 2021. This resulted from the substantial investments in property, plant and equipment (mainly FPSO *Prosperity*, FPSO *Sepetiba*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão* and FPSO *ONE GUYANA*) and the increase in the derivative assets over the period due to increased marked-to-market value of interest rate swaps compared with year-end 2021, which mainly arose from increasing US market interest rates.

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, undrawn as at year-end 2022, were all met at December 31, 2022. In line with previous years, the Company had no off-balance sheet financing.

The Company's financial position has remained strong as a result of the cash flow generated by the fleet, as well as the positive contribution of the turnkey activities.

### CASH FLOW / LIQUIDITIES – DIRECTIONAL

Cash and undrawn committed credit facilities amount to US\$3,037 million at December 31, 2022, of which US\$1,422 million is considered as pledged to specific project debt servicing related to FPSO *Prosperity*, FPSO *ONE GUYANA* and FPSO *Sepetiba* or otherwise restricted in its utilization.

The consolidated cash flow statement under Directional reporting is as follows:

in millions of US\$	2022	2021
<b>EBITDA</b>	<b>1,010</b>	<b>849</b>
<b>Adjustments for non-cash and investing items</b>		
Addition/(release) provision	46	14
(Gain)/loss on disposal of property, plant and equipment	(9)	(1)
(Gain) / loss on acquisition of shares in investees	(2)	0
Share-based payments	19	27
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in operating receivables	(156)	17
Movement in contract assets	(115)	(42)
(Increase)/Decrease in inventories	(10)	(1)
Increase/(Decrease) in operating liabilities	117	(82)
Income taxes paid	(100)	(66)
<b>Net cash flows from (used in) operating activities</b>	<b>799</b>	<b>715</b>
Capital expenditures	(1,342)	(1,483)
(Addition) / repayments of funding loans	6	(6)
Cash flows from changes in interests of subsidiaries	(307)	-
Cash receipts from sale of investments in joint ventures	0	53
Other investing activities	44	20
<b>Net cash flows from (used in) investing activities</b>	<b>(1,600)</b>	<b>(1,415)</b>
Additions and repayments of borrowings and lease liabilities	717	1,945
Dividends paid to shareholders	(178)	(165)
Share repurchase program	-	(178)
Interest paid	(181)	(224)
<b>Net cash flows from (used in) financing activities</b>	<b>359</b>	<b>1,377</b>
Foreign currency variations	(3)	(2)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(444)</b>	<b>676</b>

The Company generated strong operating cash flows mainly as a result of FPSO *Liza Unity* joining the fleet and the operating cash recognized following the divestment of FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*. This was partially offset by the FPSO *Cidade de Anchieta* shut down as well as FPSO *Capixaba* and Deep Panuke MOPU leaving the fleet.

Cash generated from the strong operating cash flows and drawdowns on project financings together with some of the Company's existing cash was primarily used to:

- Invest in the five FPSOs under construction, the Fast4Ward® new build multi-purpose hull and the FPSO *Cidade de Anchieta* shutdown-associated repair costs impacting capital expenditures under investing activities;
- Transfer partial excess of cash in FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* SPVs to partners following the 45% divestment of shares;
- Return funds to the shareholders through dividends; and
- Service the Company's non-recourse debt and interest in accordance with the respective repayment schedules.

As a result, cash and cash equivalents decreased from US\$1,059 million at year-end 2021 to US\$615 million at year-end 2022.

## 4 FINANCIAL INFORMATION 2022

### 4.1.4 FINANCIAL REVIEW IFRS

in US\$ million	IFRS	
	FY 2022	FY 2021
<b>Revenue</b>	<b>4,913</b>	<b>3,747</b>
Lease and Operate	1,414	1,270
Turnkey	3,499	2,477
<b>Underlying Revenue</b>	<b>4,913</b>	<b>3,822</b>
Lease and Operate	1,414	1,345
Turnkey	3,499	2,477
<b>EBITDA</b>	<b>1,209</b>	<b>823</b>
Lease and Operate	719	636
Turnkey	569	271
Other	(80)	(84)
<b>Underlying EBITDA</b>	<b>1,209</b>	<b>906</b>
Lease and Operate	719	711
Turnkey	569	271
Other	(80)	(76)
<b>Profit/(loss) attributable to shareholders</b>	<b>450</b>	<b>400</b>
<b>Underlying profit attributable to shareholders</b>	<b>450</b>	<b>405</b>

#### UNDERLYING PERFORMANCE

Underlying IFRS Revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.

During 2022, IFRS Revenue, EBITDA and profit attributable to shareholders were not impacted by any non-recurring transaction. Therefore, Underlying IFRS Revenue, EBITDA and profit attributable to shareholders have not been adjusted. For reference, in 2021:

- the Underlying IFRS Revenue and EBITDA included US\$75 million related to the final cash received in 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying Directional gross margin and profit attributable to shareholders.
- The EBITDA based on IFRS accounting policies and profit attributable to shareholders were impacted by US\$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

#### PROFITABILITY

##### Accounting treatment of projects under construction

In contrast to Directional, the construction of FPSO *Prosperity* and the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Liza Unity* contributed to both IFRS Turnkey revenue and gross margin over the period. This is because these contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of FPSO *Sepetiba*, FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* which fully contributed to both IFRS Turnkey revenue and gross margin over the period given these contracts are classified as finance lease. Under Directional, the contribution to Turnkey revenue and gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (i.e. respectively 35.5%, 45% and 45%).

##### Revenue

Total Underlying IFRS revenue increased by 29% to US\$4,913 million compared with US\$3,822 million in 2021.

This increase was mainly driven by the Turnkey segment, with five FPSOs under construction and completion of FPSO *Liza Unity* qualifying for finance lease accounting in the current period, slightly offset by a lower contribution from offshore installation services following the sale of the SBM Installer, which occurred early 2022.



Underlying IFRS Lease and Operate revenue slightly increased by 5% to US\$1,414 million compared with US\$1,345 million in the year-ago period. This increase is mostly driven by (i) FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and (ii) increased reimbursable scope partially offset by (iii) the end of the Deep Panuke MOPU lease contract (since the last payments from the client contributed to the Underlying IFRS Revenue of previous year), (iv) the end of FPSO *Capixaba* contracts in the first half year 2022 and finally (v) regular declining profile of interest revenue from finance leases.

As under Directional, the shutdown of operations of FPSO *Cidade de Anchieta* (which is classified as operating lease under IFRS as well) only had limited impact on revenue over the period, due to the extension of the contract (corresponding to the period of shutdown) beyond the original end date of the lease. As a consequence, the total contractual lease revenue remains unchanged, whereas the revenue of the period, recognized on a straight line basis over the remaining lease period, has been slightly impacted.

## EBITDA

Underlying EBITDA based on IFRS accounting policies amounted to US\$1,209 million, representing a 33% increase compared with US\$906 million in the year-ago period.

- Underlying Turnkey EBITDA increased from US\$271 million in the year-ago period to US\$569 million, supported by the same drivers as the increase in the IFRS Turnkey revenue as well as due to the successful close-out of the construction activities of FPSO *Liza Unity*, delivered over the first quarter of 2022. The Underlying Turnkey EBITDA margin stood at 16% of Turnkey revenue, despite the negative effects of the pandemic and the Russia-Ukraine war on the macro-environment.
- Underlying Lease and Operate EBITDA for the current period slightly increased by 1% to US\$719 million versus US\$711 million in the same period prior year. This resulted from the same drivers as the slight increase in IFRS Lease and Operate Revenue.

As under Directional, in relation to FPSO *Cidade de Anchieta* (which is also classified as an operating lease under IFRS), repair costs of the four tanks which were required for the safe restart of the vessel did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the FPSO *Cidade de Anchieta*.

## Net income

2022 underlying consolidated IFRS net income attributable to shareholders stood at US\$450million, an increase of US\$45 million from the previous year. The increase in the Underlying EBITDA under IFRS linked to the strong operating performance was partially offset by:

- An increase in depreciation, amortization and impairment primarily explained by US\$92 million FPSO *Cidade de Anchieta* impairment, following the shutdown of the vessel and the capitalisation of associated tank repair costs (refer to paragraph 4.3.13 Property Plant and equipment), partially offset by FPSO *Capixaba* and Deep Panuke MOPU (which were classified as operating lease under IFRS) leaving the fleet.
- An increase in financing costs following the additional drawdowns on (i) project finance facilities for FPSO *Liza Unity*, FPSO *Prosperity*, and FPSO *Sepetiba* and (ii) the new loan achieved for FPSO *ONE GUYANA*.
- A decrease in share of profits in associates profit, mainly driven by the 2021 additional six-year extension for the lease and operate contracts of the FPSO *Kikeh*. As a result of the revised terms and conditions, the lease contract of FPSO *Kikeh* remained classified as a finance lease under IFRS and the Company recognized a profit of US\$76 million in 2021, corresponding to its share of the increase in the discounted value of future lease payments.

## STATEMENT OF FINANCIAL POSITION

in millions of US\$	2022	2021	2019	2018	2017
Total equity	4,914	3,537	3,462	3,613	3,612
Net debt <sup>1</sup>	7,881	6,681	5,209	4,416	3,818
Net cash	683	1,021	414	506	718
Total assets	15,889	13,211	11,085	10,287	9,992

<sup>1</sup> Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

Total equity increased from US\$3,537 million at December 31, 2021 to US\$4,914 million. Notwithstanding the dividend distributed to the shareholders of US\$180 million, this increase mainly resulted from (i) the positive result over the current

## 4 FINANCIAL INFORMATION 2022

period, (ii) capital contribution from non-controlling interest in special purpose entities and (iii) the increase of the hedging reserves. The movement in hedging reserve is mainly caused by the increase of the marked-to-market value of interest rate swaps due to increasing market interest rates during the year.

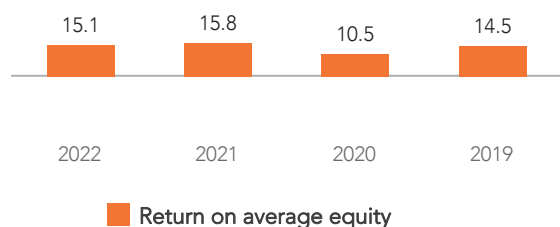
Net debt increased by US\$1,201 million to US\$7,881 million at year-end 2022. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities for FPSO *Liza Unity* during its construction phase, FPSO *Prosperity*, FPSO *ONE GUYANA* and FPSO *Sepetiba* to fund continued investment in growth on these FPSOs under construction. With regards to FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* for which 2021 bridge loans were fully drawn in advance of investments in growth, the associated excess of financing cash flow generated (approximately US\$800 million as of December 31, 2021), was consumed as a result of progress made on investments in the two units during the current year.

Half of the Company's debt as of December 31, 2022, consisted of non-recourse project financing (US\$4.5 billion) in special purpose investees. The remainder (US\$4 billion) comprised borrowings to support the ongoing construction of five FPSOs which will become non-recourse following project execution finalization and release of the related Parent Company Guarantee. The Revolving Credit Facility (RCF) was undrawn at year-end and the net cash balance stood at US\$683 million (December 31, 2021: US\$1,021 million). Lease liabilities totaled US\$46 million as of December 31, 2022.

Total assets increased to US\$15.9 billion as of December 31, 2022, compared with US\$13.2 billion at year end 2021. This primarily resulted from the increase of contract assets related to the FPSO projects under construction and the increase of derivative financial instruments (mainly caused by the increase of the marked-to-market value of interest rate swaps due to increasing market interest rates during the year). These variations were partially offset by a reduction of the gross amount of the finance lease receivables, in line with the repayment schedules, the regular depreciation of PP&E as well as the decrease in the net cash balance.

### RETURN ON AVERAGE EQUITY

Return on average equity (ROAE) measures the performance of the Company based on the average equity attributable to the shareholders of the parent company. ROAE is calculated as Underlying profit attributable to shareholders divided by the annual average of equity attributable to shareholders of the parent company.



2022 ROAE stood at 15.1%, above the past three-year average of 13.6%. This is driven by a higher underlying profit attributable to shareholders, mainly explained by the increase in the Turnkey activity.

#### 4.1.5 OUTLOOK AND GUIDANCE

The Company's 2023 Directional revenue guidance is above US\$2.9 billion of which around US\$1.9 billion is expected from the Lease and Operate segment and above US\$1 billion from the Turnkey segment.

2023 Directional EBITDA guidance is above US\$1 billion for the Company.

This guidance considers the currently foreseen impacts from both the pandemic and the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects of these events could continue to have a material impact on the Company's business and results and the realization of the guidance for 2023.

## 4 FINANCIAL INFORMATION 2022

### 4.2 CONSOLIDATED FINANCIAL STATEMENTS

#### 4.2.1 CONSOLIDATED INCOME STATEMENT

in millions of US\$	Notes	2022	2021
Revenue from contracts with customers		4,383	3,262
Interest revenue from finance lease calculated using the effective interest method		530	486
<b>Total revenue</b>	<b>4.3.2/4.3.3</b>	<b>4,913</b>	<b>3,747</b>
Cost of sales	4.3.5	(3,731)	(2,826)
<b>Gross margin</b>		<b>1,182</b>	<b>922</b>
Other operating income/(expense)	4.3.4/4.3.5	28	6
Selling and marketing expenses	4.3.5	(16)	(31)
General and administrative expenses	4.3.5	(154)	(146)
Research and development expenses	4.3.5/4.3.7	(35)	(29)
Net impairment gains/(losses) on financial and contract assets	4.3.5/4.3.8	15	12
<b>Operating profit/(loss) (EBIT)</b>		<b>1,020</b>	<b>734</b>
Financial income	4.3.9	12	3
Financial expenses	4.3.9	(385)	(304)
<b>Net financing costs</b>		<b>(373)</b>	<b>(301)</b>
Share of profit/(loss) of equity-accounted investees	4.3.29	12	110
<b>Profit/(loss) before income tax</b>		<b>660</b>	<b>543</b>
Income tax expense	4.3.10	(104)	(71)
<b>Profit/(loss)</b>		<b>555</b>	<b>472</b>
Attributable to shareholders of the parent company		450	400
Attributable to non-controlling interests	4.3.30	105	72
<b>Profit/(loss)</b>		<b>555</b>	<b>472</b>

#### Earnings/(loss) per share

	Notes	2022	2021
Weighted average number of shares outstanding	4.3.11	177,906,466	183,717,155
Basic earnings/(loss) per share in US\$	4.3.11	2.53	2.18
Fully diluted earnings/(loss) per share in US\$	4.3.11	2.50	2.16

## 4.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of US\$

	2022	2021
<b>Profit/(loss) for the period</b>	<b>555</b>	<b>472</b>
Cash flow hedges	654	(18)
Foreign currency variations	2	(2)
<b>Items that are or may be reclassified to profit or loss</b>	<b>656</b>	<b>(21)</b>
Remeasurements of defined benefit liabilities	7	7
<b>Items that will never be reclassified to profit or loss</b>	<b>7</b>	<b>7</b>
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>664</b>	<b>(14)</b>
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>1,219</b>	<b>459</b>
Of which		
- on controlled entities	1,197	342
- on equity-accounted entities	22	116
Attributable to shareholders of the parent company	976	349
Attributable to non-controlling interests	243	110
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>1,219</b>	<b>459</b>



## 4 FINANCIAL INFORMATION 2022

### 4.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of US\$	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
Property, plant and equipment	4.3.13	314	396
Intangible assets	4.3.14	117	86
Investment in associates and joint ventures	4.3.29	290	361
Finance lease receivables	4.3.15	5,468	5,843
Other financial assets	4.3.16	151	82
Deferred tax assets	4.3.17	12	13
Derivative financial instruments	4.3.20	465	14
<b>Total non-current assets</b>		<b>6,818</b>	<b>6,795</b>
Inventories	4.3.18	25	14
Finance lease receivables	4.3.15	1,725	339
Trade and other receivables	4.3.19	795	839
Income tax receivables		18	7
Contract assets	4.3.3	5,681	4,140
Derivative financial instruments	4.3.20	145	32
Cash and cash equivalents	4.3.21	683	1,021
Assets held for sale	4.3.13	0	25
<b>Total current assets</b>		<b>9,071</b>	<b>6,416</b>
<b>TOTAL ASSETS</b>		<b>15,889</b>	<b>13,211</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital		48	51
Share premium reserve		1,007	1,034
Treasury shares		(42)	(69)
Retained earnings		2,179	1,910
Other reserves		204	(347)
<b>Equity attributable to shareholders of the parent company</b>	<b>4.3.22</b>	<b>3,397</b>	<b>2,579</b>
Non-controlling interests	4.3.30	1,517	957
<b>Total Equity</b>		<b>4,914</b>	<b>3,537</b>
Borrowings and lease liabilities	4.3.23	6,873	5,928
Provisions	4.3.24	309	235
Deferred tax liabilities	4.3.17	38	19
Derivative financial instruments	4.3.20	25	162
Other non-current liabilities	4.3.25	127	132
<b>Total non-current liabilities</b>		<b>7,371</b>	<b>6,476</b>
Borrowings and lease liabilities	4.3.23	1,691	1,773
Provisions	4.3.24	178	149
Trade and other payables	4.3.25	1,501	1,111
Income tax payables		41	40
Derivative financial instruments	4.3.20	192	126
<b>Total current liabilities</b>		<b>3,603</b>	<b>3,198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,889</b>	<b>13,211</b>

## 4.2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in millions of US\$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
<b>At 1 January 2022</b>		<b>51</b>	<b>1,034</b>	<b>(69)</b>	<b>1,910</b>	<b>(347)</b>	<b>2,579</b>	<b>957</b>	<b>3,537</b>
Profit/(loss) for the period		-	-	-	450	-	450	105	555
Foreign currency translation		(3)	-	4	-	1	2	(0)	2
Remeasurements of defined benefit provisions		-	-	-	-	7	7	-	7
Cash flow hedges		-	-	-	-	516	516	139	654
<b>Total comprehensive income for the period</b>		<b>(3)</b>	<b>-</b>	<b>4</b>	<b>450</b>	<b>524</b>	<b>976</b>	<b>243</b>	<b>1,219</b>
IFRS 2 vesting cost of share based payments		-	-	-	-	19	19	-	19
Re-issuance treasury shares on the share based scheme		(0)	-	22	1	(19)	4	-	4
Purchase of treasury shares		-	-	-	-	-	-	-	-
Cash dividend		-	-	-	(178)	-	(178)	(40)	(218)
Transaction with non-controlling interests	4.3.30	-	-	-	(4)	-	(4)	357	353
Other	4.3.22	-	(26)	-	-	26	-	-	-
<b>At 31 December 2022</b>		<b>48</b>	<b>1,007</b>	<b>(42)</b>	<b>2,179</b>	<b>204</b>	<b>3,397</b>	<b>1,517</b>	<b>4,914</b>

in millions of US\$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
<b>At 1 January 2021</b>		<b>58</b>	<b>1,034</b>	<b>(51)</b>	<b>1,811</b>	<b>(296)</b>	<b>2,556</b>	<b>905</b>	<b>3,462</b>
Profit/(loss) for the period		-	-	-	400	-	400	72	472
Foreign currency translation		(5)	-	5	0	(2)	(2)	0	(2)
Remeasurements of defined benefit provisions		-	-	-	-	7	7	-	7
Cash flow hedges		-	-	-	-	(57)	(57)	38	(18)
<b>Total comprehensive income for the period</b>		<b>(5)</b>	<b>-</b>	<b>5</b>	<b>400</b>	<b>(52)</b>	<b>349</b>	<b>110</b>	<b>459</b>
IFRS 2 vesting cost of share based payments		-	-	-	-	20	20	-	20
Re-issuance treasury shares on the share based scheme		-	-	20	5	(20)	5	-	5
Purchase of treasury shares		-	-	(178)	-	-	(178)	-	(178)
Share cancellation	4.3.22	(2)	-	136	(134)	-	0	-	0
Cash dividend		-	-	-	(165)	-	(165)	(126)	(291)
Transaction with non-controlling interests	4.3.30	-	-	-	(8)	-	(8)	68	60
<b>At 31 December 2021</b>		<b>51</b>	<b>1,034</b>	<b>(69)</b>	<b>1,910</b>	<b>(347)</b>	<b>2,579</b>	<b>957</b>	<b>3,537</b>

## 4 FINANCIAL INFORMATION 2022

### 4.2.5 CONSOLIDATED CASH FLOW STATEMENT

in millions of US\$	Notes	2022	2021
<b>Cash flow from operating activities</b>			
Profit/(loss) before income tax		660	543
<b>Adjustments to reconcile profit before taxation to net cash flows:</b>			
Depreciation and amortization		85	112
Impairment		105	(23)
Net financing costs		373	302
Share net income of associates and joint ventures		(12)	(110)
Share based compensation		19	27
Net gain on sale of Property, Plant and Equipment		(9)	(1)
(Increase)/Decrease in working capital:			
- (Increase)/Decrease Trade and other receivables		(25)	(139)
- (Increase)/Decrease Contract assets		(3,023)	(1,887)
- (Increase)/Decrease Inventories		(10)	128
- Increase/(Decrease) Trade and other payables		303	13
Increase/(Decrease) Other provisions		142	24
Reimbursement finance lease assets		439	316
Income taxes paid		(96)	(62)
<b>Net cash flows from (used in) operating activities</b>		<b>(1,049)</b>	<b>(755)</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment		(41)	(14)
Investment in intangible assets	4.3.14	(41)	(47)
Additions to funding loans	4.3.16	(13)	(3)
Redemption of funding loans	4.3.16	27	5
Interest received		9	1
Dividends received from equity-accounted investees		92	43
Proceeds from disposal of property, plant and equipment	4.3.13	34	25
Purchase of interests in equity-accounted investees		(0)	(6)
<b>Net cash flows from (used in) investing activities</b>		<b>67</b>	<b>5</b>
<b>Cash flow from financing activities</b>			
Equity funding from/repayment to non-controlling interests	4.3.30	357	80
Additions to borrowings and loans	4.3.23	1,536	3,765
Repayments of borrowings and lease liabilities	4.3.23	(779)	(1,730)
Dividends paid to shareholders and non-controlling interests		(217)	(292)
Payments from/to non-controlling interests for change in ownership	4.3.30	0	(0)
Share repurchase program		-	(178)
Increase in other non-current financial liabilities		-	52
Interest paid		(252)	(340)
<b>Net cash flows from (used in) financing activities</b>		<b>646</b>	<b>1,359</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(335)</b>	<b>609</b>
Net cash and cash equivalents as at 1 January		1,021	414
Net increase/(decrease) in net cash and cash equivalents		(335)	609
Foreign currency variations		(3)	(2)
<b>Net cash and cash equivalents as at 31 December</b>		<b>683</b>	<b>1,021</b>

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.

## 4 FINANCIAL INFORMATION 2022

### *The anticipated useful life of the leased facilities under an operating lease:*

Management uses its experience to estimate the remaining useful life of an asset. The actual useful life of an asset may be impacted by an unexpected event that may result in an adjustment to the carrying amount of the asset.

### *Uncertain income tax treatment:*

The Company is subject to income taxes in multiple jurisdictions. Significant judgement is required in determining the Company's overall income tax liability. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company takes into account the following considerations when determining the liabilities related to uncertain income tax treatment:

- When necessary, the Company engages with local tax advisers which provide advice on the expected view of tax authorities on the treatment of judgmental areas of income tax;
- The Company considers any changes in tax legislation and knowledge built based on prior cases to make an estimate/judgement on whether or not to provide for any tax payable; and
- The Company takes into account any dispute resolutions, case law and discussions between peer companies and the tax authorities on similar cases over an uncertain tax treatment.

The Company consistently monitors each issue around uncertain income tax treatments across the group in order to ensure that the Company applies sufficient judgement to the resolution of tax disputes that might arise from examination by relevant tax authorities of the Company's tax position.

The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The income tax liabilities include any penalties and interest that could be associated with a tax audit issue. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will influence the income tax and deferred tax provisions in the period in which such determination is made.

### *The Company's exposure to litigation and non-compliance:*

The Company identifies and provides analysis on a regular basis of current litigation and measures, when necessary, provisions based on its best estimate of the expenditure required to settle the obligations, taking into account information available and different possible outcomes at the reporting date.

### *The warranty provision:*

A warranty provision is accrued during the construction phase of projects, based on historical warranty expenditure per product type. At the completion of a project, a warranty provision (depending on the nature of the project) is therefore provided for and reported as provision in the statement of financial position. Following the acceptance of a project the warranty provision is released over the warranty period. For some specific claims formally notified by the customer and which can be reliably estimated, an amount is provided in full and without discounting. An overall review of the warranty provision is performed by Management at each reporting date. Nevertheless, considering the specificity of each asset, actual warranty expenditures could vary significantly from one project to another and therefore differ materially from initial statistical warranty provision provided at the completion of a said project.

### *The timing and estimated cost of demobilization:*

The estimated future costs of demobilization are reviewed on a regular basis and adjusted when appropriate. Nevertheless, considering the long-term expiry date of the obligations, these costs are subject to uncertainty. Cost estimates can vary in response to many factors, including for example new demobilization techniques, the Company's own experience on demobilization operations, future changes in laws and regulations, and timing of demobilization operation.

Estimates and assumptions made in determining these obligations, can therefore lead to significant adjustments to the future financial results. Nevertheless, the cost of demobilization obligations at the reporting date represents Management's best estimate of the present value of the future costs required.

### *Significant estimates and judgements in the context of the COVID-19 pandemic and the Russia-Ukraine war:*

During the 2022 financial year, the COVID-19 pandemic, the Russia-Ukraine war and current macroeconomic environment resulted in the Company reassessing significant estimates and judgments. The following key focus areas were identified by the regulator as potentially affected by the current global circumstances:

- Key assumptions used in the impairment test of assets or group of assets;

- Expected credit losses; and
- Additional costs in order to satisfy the performance obligations on some of the construction contracts mainly due to expected delay in the project delivery following lockdown periods in China, international travel restrictions, remote working, pressure on supply chain and general increase in global inflation.

The impact of COVID-19, the Russia-Ukraine war and current economic environment on the impairment of the tangible assets is disclosed in note 4.3.13 Property, Plant and Equipment. Regarding the Company's considerations for estimation of expected credit losses, refer to note 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets. In relation to the impact of additional costs incurred due to these current macroeconomic circumstances when satisfying the Company's performance obligations refer to note 4.3.3 Revenue.

Following the assessments, the company does not expect any significant impact in other areas.

#### **Judgements:**

In addition to the above estimates, the Management exercises the following judgements:

##### *Lease classification as Lessor:*

When the Company enters into a new lease arrangement, the terms and conditions of the contract are analyzed in order to assess whether or not the Company retains the significant risks and rewards of ownership of the asset subject of the lease contract. To identify whether risks and rewards are retained, the Company systematically considers, among others, all the examples and indicators listed by IFRS 16.63 on a contract-by-contract basis. By performing such analysis, the Company makes significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognized in the consolidated financial statements and its recognition of profits in the future. The most important judgement areas assessed by the Company are (i) determination of the fair value, (ii) determination of the useful life of the asset, (iii) highly specialized nature of an FPSO constructed on behalf of the client and (iv) the probability of the client exercising the purchase or termination option (if relevant).

#### **(b) Leases: accounting by lessor**

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property, plant and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

When assets are leased under a finance lease, the present value of the lease payments is recognized as a finance lease receivable. Under a finance lease, the difference between the gross receivable and the present value of the receivable is recognized as revenue during the lease phase. Lease income is, as of the commencement date of the lease contract, recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The discount rate used to measure the net investment in the lease is the interest rate implicit in the lease. During the construction phase revenue is recognized over time as per IFRS 15 due to the fact the Company is acting as manufacturer lessor (refer to accounting policy (d) Revenue).

#### **(c) Impairment of non-financial assets**

Under certain circumstances, impairment tests must be performed. Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of an asset's Cash Generating Unit's ('CGU') fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. An impairment loss is recognized for the amount by which the assets or CGU's carrying amount exceeds its recoverable amount.

## 4 FINANCIAL INFORMATION 2022

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. The Company bases its future cash flows on detailed budgets and forecasts.

Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal at financial position date when circumstances which caused the initial impairment have improved or no longer exist.

### (d) Revenue

The Company provides design, supply, installation, operation, life extension and demobilization of Floating Production, Storage and Offloading (FPSO) vessels. The vessels are either owned and operated by SBM Offshore and leased to its clients (Lease and Operate arrangements) or supplied on a Turnkey sale basis (construction contracts). Even in the latter case, the vessels can be operated by the Company, under a separate operating and maintenance agreement, after transfer to the clients.

Other products of the Company include: Turret Mooring Systems ('TMS'), Floating Offshore Wind ('FOW'), brownfield and offshore (off)loading terminals. These products are mostly delivered as construction, lease or service type agreements.

Some contracts include multiple deliverables (such as Front-End Engineering Design ('FEED'), engineering, construction, procurement, installation, maintenance, operating services, demobilization). The Company assesses the level of integration between different deliverables and ability of the deliverable to be performed by another party. Based on this assessment the Company concludes whether the multiple deliverables are one, or separate, performance obligation(s).

The Company determines the transaction price for its performance obligations based on contractually agreed prices. The Company has various arrangements with its customers in terms of pricing, but in principle i) the construction contracts have agreed fixed pricing terms, including fixed lump sums and reimbursable type of contracts, ii) the majority of the Company's lease arrangements have fixed lease rates and iii) the operating and service type of contracts can be based on fixed lump sums or reimbursable type of contracts. The Lease and Operate contracts generally include a variable component for which the treatment is described below under 'Lease and Operate contracts'. In rare cases when the transaction prices are not directly observable from the contract, they are estimated based on expected cost plus margin (e.g. based on an operating service component in a lease arrangement).

The Company assesses for each performance obligation whether the revenue should be recognized over time or at a point in time, this is explained more in detail under the below sections 'Construction contracts' and 'Lease and Operate contracts'.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds instalments invoiced to the client, a contract asset is recognized (see note 4.3.3 Revenue). If the instalments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.25 Trade and Other Payables).

Revenue policies related to specific arrangements with customers are described below.

#### Construction contracts:

The Company under its construction contracts usually provides Engineering, Procurement, Construction and Installation ('EPCI') of vessels. The Company assesses the contracts on an individual basis as per the policy described above. Based on the analysis performed for existing contracts:

- The construction contracts generally include one performance obligation due to significant integration of the activities involved; and
- Revenue is recognized over time as the Company has an enforceable right to payment for performance completed to date and the assets created have no direct alternative use.

Based on these requirements, the Company concludes that, in principle, construction contracts meet the criteria of revenue to be recognized over time. Revenue is recognized at each period based upon the advancement of the work, using the input method. The input method is based on the ratio of costs incurred to date to total estimated costs. Up to the moment that the Company can reasonably measure the outcome of the performance obligation, revenue is recognized to the extent of cost incurred.

Complex projects that present a high-risk profile due to technical novelty, complexity or pricing arrangements agreed with the client are subject to independent project reviews at advanced degrees of completion in engineering. An independent project review is an internal but independent review of the status of a project based upon an assessment of a range of project management and company factors. Until this point, and when other significant uncertainties related to the cost at completion are mitigated, revenue is recognized to the extent of cost incurred.

Due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. The variation orders and claims are modifications of contracts that are usually not distinct and are therefore normally considered as part of the existing performance obligation. When the contract modification (including claims) is initially approved by oral agreement or implied by customary business practice, the Company recognizes revenue only to the extent of contract costs incurred. Once contract modifications and claims are approved, the revenue is no longer capped at the level of costs and is recognized based on the input method.

Generally, the payments related to the construction contracts (under EPCI arrangements) are corresponding to the work completed to date, therefore the Company does not adjust any of the transaction prices for the time value of money. However the time value of money is assessed on a contract by contract basis and in case the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction price is adjusted for the identified and quantified financing component.

Furthermore, finance lease arrangements under which the Company delivers a unit to a client are treated as direct sales (see also point (b) above), therefore revenue is recognized over time during the construction period as the present value of the lease payments accruing to the lessor, discounted using a market rate of interest. In order to determine the revenue to be recognized based on this policy, the Company determines the applicable discount rate using a market rate of interest that takes into account among others: time value of money, financing structure and risk profile of a client and project.

#### **Lease and Operate contracts:**

The Company provides to its customers possibilities to lease the units under charter contracts. The charter contracts are multi-year contracts and some of them contain options to extend the term of the lease or terminate the lease earlier. Some of the contracts also contain purchase options that are exercisable throughout the lease term.

##### *Charter rates*

Charter rates received on long-term operating lease contracts are reported on a straight-line basis over the period of the contract once the facility has been brought into service. The difference between straight-line revenue and the contractual day-rates, which may not be constant throughout the charter, is accounted for as deferred income.

Revenue from finance lease contracts is, as of the commencement date of the lease contract, recognized over the term of the lease using the amortized cost method, which reflects a constant periodic rate of return.

##### *Operating fees*

Operating fees are received by the Company for facilitating receipt, processing and storage of petroleum services on board of the facilities which occur continuously through the term of the contract. As such, they are a series of services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time based on input methods by reference to the stage of completion of the service rendered either on a straight-line basis for lump sum contracts or in line with cost incurred on reimbursable contracts.

##### *Bonuses/penalties*

On some contracts the Company is entitled to receive bonuses (incentives) and incurs penalties depending on the level of interruption of production or processing of oil. Bonuses are recognized as revenue once it is highly probable that no significant reversal of revenue recognized will occur, which is generally the case only once the performance bonus is earned. Penalties are recognized as a deduction of revenue when they become probable. For estimation of bonuses and penalties the Company applies the 'most likely' method, where the Company assesses which single amount is the most likely in a range of possible outcomes.



## 4 FINANCIAL INFORMATION 2022

### Contract costs

The incremental costs of obtaining a contract with a customer are recognized as an asset when the costs are expected to be recovered. The Company uses a practical expedient that permits the costs to be expensed to obtain a contract as incurred when the expected amortization period is one year or less. Costs of obtaining a contract that are not incremental are expensed as incurred unless those costs are explicitly chargeable to the customer. Bid, proposal, and selling and marketing costs, as well as legal costs incurred in connection with the pursuit of the contract, are not incremental, as the Company would have incurred those costs even if it did not obtain the contract.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another IFRS standard (e.g. IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset for the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

An asset recognized for contract costs is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

### Contract assets

Contract assets as defined in IFRS 15 represent the Company's construction work-in-progress. Construction work-in-progress is the Company's right to consideration in exchange for goods and services that the Company has transferred to the customer. The Company's contract assets are measured as accumulated revenue recognized over time based on progress of the project net of installments invoiced to date. The invoiced installments represent the contractually agreed unconditional milestone payments during the construction period and these amounts are classified as trade receivables until the amount is paid. The Company recognizes any losses from onerous contracts under provisions in line with IAS 37. Further the impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9. The Company applies the simplified approach in measuring expected credit losses for contract assets. In case of contract asset balances relating to the finance lease contracts, the Company applies the low credit risk simplification of IFRS 9 for the computation of the expected credit loss. The simplification is applied as the credit risk profile of these balances has been assessed as low.

In prior consolidated financial statements, the Company presented contract assets as Construction work-in-progress in the consolidated statement of financial position as well as the notes to the consolidated financial statements.

### Contract liabilities

The Company recognizes a contract liability (see note '4.3.25 Trade and Other Payables') where installments are received in advance of satisfying the performance obligation towards the customer.

### (e) Operating segment information

As per IFRS 8, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose segmental operating results are regularly reviewed by the entity's chief operating decision maker, and for which distinct financial information is available.

The Management Board, as chief operating decision maker, monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, gross margin, EBIT and EBITDA, and prepared in accordance with Directional reporting. The Company has two reportable segments:

- The Lease and Operate segment includes all earned day-rates on operating lease and operate contracts.
- The Turnkey segment includes revenues from Turnkey supply contracts and after-sales services, which consist mainly of large production systems, large mooring systems, deep water export systems, fluid transfer systems, tanker loading and discharge terminals, design services and supply of special components and proprietary designs and equipment. The new energy business also forms part of the Turnkey segment, this mainly relates to floating offshore wind solutions.

No operating segments have been aggregated to form the above reportable segments.

The Company's corporate overhead functions do not constitute an operating segment as defined by IFRS 8 'Operating segments' and are reported under the 'Other' section in note 4.3.2 Operating Segments and Directional Reporting.

Operating segment information is prepared and evaluated based on Directional reporting for which the main principles are explained in note 4.3.2 Operating Segments and Directional Reporting.

#### **(f) Demobilization obligations**

The demobilization obligations of the Company are either stated in the lease contract or derived from the international conventions and the specific legislation applied in the countries where the Company operates assets. Demobilization costs will be incurred by the Company at the end of the operating life of the Company's facilities.

For operating leases, the net present value of the future obligations is included in property, plant and equipment with a corresponding amount included in the provision for demobilization. As the remaining duration of each lease reduces, and the discounting effect on the provision unwinds, accrued interest is recognized as part of financial expenses and added to the provision. The subsequent updates of the measurement of the demobilization costs are recognized both impacting the provision and the asset.

In some cases, when the contract includes a demobilization bareboat fee that the Company invoices to the client during the demobilization phase, a receivable is recognized at the beginning of the lease phase for the discounted value of the fee. When the receivable is recognized, it is limited to the amount of the corresponding demobilization obligation. These receivables are subject to expected credit loss impairment which are analyzed together with the finance lease receivable using the same methodology.

For finance leases, demobilization obligations are analyzed as a component of the sale recognized under IFRS 15. It is determined whether the demobilization obligation should be defined as a separate performance obligation. In that case, because the demobilization operation is performed at a later stage, the related revenue is deferred until the demobilization operations occur. Subsequent updates of the measurement of the demobilization costs are recognized immediately through deferred revenue, for the present value of the change.

### **C. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Company have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

#### **(a) Distinction between current and non-current assets and liabilities**

The Company classifies its assets as current when it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. Inventory and contract balances are classified as current while the time when these assets are sold or consumed might be longer than twelve months. Financial assets are classified as current when they are realized within twelve months. Liabilities are classified as current when they are expected to be settled within less than twelve months and the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other assets and liabilities are classified as non-current.

#### **(b) Consolidation**

The Company's consolidated financial statements include the financial statements of all controlled subsidiaries.

In determining under IFRS 10 whether the Company controls an investee, the Company assesses whether it has i) power over the investee, ii) exposure or rights to variable returns from its involvement, and iii) the ability to use power over investees to affect the amount of return. To determine whether the Company has power over the investee, multiple contractual elements are analyzed, among which i) voting rights of the Company at the General Meeting, ii) voting rights of the Company at Board level and iii) the power of the Company to appoint, reassign or remove other key management personnel.

For investees whereby such contractual elements are not conclusive because all decisions about the relevant activities are taken on a mutual consent basis, the main deciding feature resides then in the deadlock clause existing in shareholders' agreements. In case a deadlock situation arises at the Board of Directors of an entity, whereby the Board is unable to conclude on a decision, the deadlock clause of the shareholders' agreements generally stipulates whether a substantive right

## 4 FINANCIAL INFORMATION 2022

is granted to the Company or to all the partners in the entity to buy its shares through a compensation mechanism that is fair enough for the Company or one of the partners to acquire these shares. In case such a substantive right resides with the Company, the entity will be defined under IFRS 10 as controlled by the Company. In case no such substantive right is held by any of the shareholders through the deadlock clause, the entity will be defined as a joint arrangement.

### *Subsidiaries:*

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated using the full consolidation method.

All reciprocal transactions between two controlled subsidiaries, with no profit or loss impact at consolidation level, are fully eliminated for the preparation of the consolidated financial statements.

### *Interests in joint ventures:*

The Company has applied IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. In determining under IFRS 11 the classification of a joint arrangement, the Company assesses that all joint arrangements are structured through private limited liability companies incorporated in various jurisdictions. As a result, assets and liabilities held in these separate vehicles are those of the separate vehicles and not those of the shareholders of these limited liability companies. Shareholders have no direct rights to the assets, nor primary obligations for liabilities of these vehicles. As a result the Company classifies its joint arrangements to be joint ventures. Joint ventures are accounted for using the equity method.

### *Investments in associates:*

Associates are all entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies. Investments in associates are accounted for using the equity method.

When losses of an equity-accounted entity are greater than the value of the Company's net investment in that entity, these losses are not recognized unless the Company has a constructive obligation to fund the entity. The share of the negative net equity of these is first accounted for against the loans held by the owner towards the equity-accounted company that forms part of the net investment. Any excess is accounted for under provisions.

Reciprocal transactions carried out between a subsidiary and an equity-accounted entity, are not eliminated for the preparation of the consolidated financial statements. Only transactions leading to an internal profit (e.g. for dividends or internal margin on asset sale) are eliminated applying the percentage owned in the equity-accounted entity.

The financial statements of the subsidiaries, associates and joint ventures are prepared for the same reporting period as the Company and the accounting policies are in line with those of the Company.

### **(c) Non-derivative financial assets**

The Company's financial assets consist of finance lease receivables, loans to joint ventures and associates and trade and other receivables. The accounting policy on trade and other receivables is described separately.

Finance lease receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market.

Loans to joint ventures and associates relate primarily to interest-bearing loans to joint ventures. These financial assets are initially measured at fair value plus transaction costs (if any) and subsequently measured at amortized cost.

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### **(d) Borrowings (bank and other loans) and lease liabilities**

*Borrowings* are recognized on settlement date, being the date on which cash is paid or received. They are initially recognized at fair value, net of transaction costs incurred (transaction price), subsequently measured at amortized cost and classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of the asset in the period in which they are incurred. Otherwise, borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowings are derecognized when the Company either discharges the borrowing by paying the creditor or is legally released from primary responsibility for the borrowing either by process of law or by the creditor.

*Lease liabilities*, arising from lease contracts in which the Company is the lessee, are initially measured at the net present value of the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the lease liability and finance cost. Finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### **(e) Foreign currency transactions and derivative financial instruments**

Foreign currency transactions are translated into the functional currency, the US dollar, at the exchange rate applicable on the transaction date. At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement. At the closing date, non-monetary assets and liabilities stated in foreign currency remain translated into the functional currency using the exchange rate at the date of the transaction.

Translation of foreign currency income statements of foreign operations (except for foreign operations in hyperinflationary economies) into US dollars is converted at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of foreign operations are recorded in other comprehensive income as foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and borrowings of such investments, are taken to Company equity. On disposal or partial disposal of a foreign operation, any corresponding cumulative exchange differences are transferred from equity to profit or loss.

Derivative financial instruments held by the Company are aimed at hedging risks associated with market risk fluctuations. The Company uses primarily forward currency contracts, interest rate swaps and commodity contracts to hedge foreign currency risk, interest rate risk and commodity price risk. Further information about the financial risk management objectives and policies is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

A derivative instrument (cash flow hedge) qualifies for hedge accounting when all relevant criteria are met. A cash flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net income. In order for a derivative to be eligible for hedge accounting, the following criteria must be met:

- There is an economic relationship between the hedging instrument and the hedged item.

## 4 FINANCIAL INFORMATION 2022

- The effect of credit risk does not dominate the value changes resulting from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that used for risk management purposes.

All derivative instruments are recorded and disclosed in the statement of financial position at fair value. Purchases and sales of derivatives are accounted for at trade date. Where a portion of a financial derivative is expected to be realized within twelve months of the reporting date, that portion is presented as current; the remainder of the financial derivative as non-current.

Changes in fair value of derivatives designated as cash flow hedge relationships are recognized as follows:

- The effective portion of the gain or loss of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The gain or loss which is deferred in equity, is reclassified to the net income in the period(s) in which the specified hedged transaction affects the income statement.
- The changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

The sources of hedge ineffectiveness are:

- The non-occurrence of the hedged item;
- The change in the principal terms of the hedged item;
- The severe change of the credit risk of the Company and, or the derivative counterparty.

When measuring the fair value of a financial instrument, the Company uses market observable data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

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

### (f) Provisions

*Provisions* are recognized if and only if the following criteria are simultaneously met:

- The Company has an ongoing obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- The amount of the obligation can be reliably estimated; provisions are measured according to the risk assessment or the exposed charge, based upon best-known facts.

*Demobilization* provisions relate to estimated costs for demobilization of leased facilities at the end of the respective lease period or operating life.

*Warranty* provisions relate to the Company's obligations to replace or repair defective items that become apparent within an agreed period starting from final acceptance of the delivered system. These assurance-type warranties are provided to customers on most Turnkey sales. These provisions are estimated on a statistical basis regarding the Company's past experience or on an individual basis in the case of any warranty claim already identified. These provisions are classified as current by nature as it coincides with the production cycle of the Company.

*Other* provisions include provisions like commercial claims, regulatory fines related to operations and local content penalty. In relation to local content penalty, Brazilian oil and gas contracts typically include local content requirements. These requirements are issued by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) to the winning concessionaire/consortia of auctioned Brazilian exploratory blocks or areas at the end of the bidding round, with the intention to strengthen the domestic Brazilian market and expand local employment. The owning concessionaire/consortia normally contractually passes such requirements on to, among other suppliers, the company delivering the FPSO. For the Company's Brazilian contracts, the Company assesses the execution strategy and may decide that execution of the project in locations other than Brazil is more beneficial. Such a decision takes into account factors such as optimization of overall cost of delivery, quality and timeliness. As a result, following the chosen execution strategy, the Company may expect to not meet entirely the agreed local content requirements. In such circumstances, the expected penalty to be paid, as a result of not meeting the local content requirements, is determined based on management's best estimate and recognized as provision during the construction period. The corresponding cost is expensed over the construction period of the asset.

### **(g) Property, plant and equipment**

*Property, plant and equipment* are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of such items. The capital value of a facility to be leased and operated for a client is the sum of external costs (such as shipyards, subcontractors and suppliers), internal costs (design, engineering, construction supervision, etc.), third party financial costs including interest paid during construction and attributable overhead.

Subsequent costs are included in an assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of assets include the initial estimate of costs of demobilization of the asset net of reimbursement expected to be received by the client.

Costs related to major overhaul which meet the criteria for capitalization are included in the asset's carrying amount. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate line items of property, plant and equipment. The depreciation charge is calculated based on future anticipated economic benefits, e.g. based on the unit of production method or on a straight-line basis as follows:

- New build Fast4Ward® FPSO up to 30 years (included in vessels and floating equipment);
- Converted tankers FPSO 10-20 years (included in vessels and floating equipment);
- Floating equipment 3-15 years (included in vessels and floating equipment);
- Buildings 30-50 years;
- Other assets 2-20 years;
- Land is not depreciated.

Regarding useful lives for vessels in operation, they are usually aligned with the lease period. Useful lives and methods of depreciation are reviewed at least annually and adjusted if appropriate.

The assets' residual values are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses arising on disposals or retirement of assets are determined by comparing any sales proceeds and the carrying amount of the asset. These are reflected in the income statement in the period that the asset is disposed of or retired.

*Right-of-use assets* related to the Company's lease contracts in which the Company is a lessee are included in Property, plant and equipment. Right-of-use assets and corresponding liabilities are recognized when the leased asset is available for use by the Company. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### **(h) Intangible assets**

*Goodwill* represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition, less accumulated impairment.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of the annual impairment testing.

## 4 FINANCIAL INFORMATION 2022

*Patents* are recognized at historical cost and patents acquired in a business combination are recognized at fair value at the acquisition date when intangible assets criteria are met and amortized on a straight-line basis over their useful life, generally over 15 years. When applicable, impairment losses are recognized.

*Software* is recognized at historical cost and is amortized on a straight-line basis over its useful life. The useful life of software is generally between 3 and 5 year, dependent on the type of software.

*Research* costs are expensed when incurred. In compliance with IAS 38, development costs are capitalized if all of the following criteria are met:

- The projects are clearly defined.
- The Company is able to reliably measure expenditures incurred by each project during its development.
- The Company is able to demonstrate the technical feasibility of the project.
- The Company has the financial and technical resources available to achieve the project.
- The Company can demonstrate its intention to complete, to use or to commercialize products resulting from the project.
- The Company is able to demonstrate the existence of a market for the output of the intangible asset, or, if it is used internally, the usefulness of the intangible asset.

When capitalized, development costs are carried at cost less any accumulated amortization and impairment losses. Amortization begins when the project is complete and available for use. It is amortized over the period of expected future benefit, which is generally between 3 and 5 years.

### **(i) Assets (or disposal groups) held for sale**

The Company classifies assets or disposal groups as being held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

### **(j) Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories comprise semi-finished, finished products and the Company's Fast4Ward® Multi Purpose Floater ('MPF') valued at cost including attributable overheads and spare parts stated at the lower of purchase price or market value. MPFs under construction are accounted for as inventories until they are allocated to awarded projects and then reclassified from inventories to contract assets.

### **(k) Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore all classified as current. Trade receivables are recognized initially at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The Company applies the simplified approach in measuring expected credit losses for trade receivables.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method. Interest income, together with gains and losses when the receivables are derecognized or impaired, is recognized in the income statement.

### **(l) Impairment of finance lease receivables**

For finance lease receivables the Company assumes that the credit risk has not increased significantly since the initial recognition if the finance lease receivable is determined to have a low credit risk at the reporting date (i.e. the Company applies the low credit risk simplification). As a result, if the finance lease receivable is determined to have a low credit risk at the reporting date, the Company recognizes a 12-month expected credit loss.

### **(m) Cash and cash equivalents**

Cash and cash equivalents consist of cash in bank and in hand fulfilling the following criteria: a maturity of usually less than three months, highly liquid, a fixed exchange value and an extremely low risk of loss of value.



#### **(n) Share capital**

Ordinary shares and protective preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **(o) Income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the associated tax is also recognized in other comprehensive income or directly in equity.

Income tax expenses comprise corporate income tax due in countries of incorporation of the Company's main subsidiaries and levied on actual profits. Income tax expense also includes the corporate income taxes which are levied on a deemed profit basis and revenue basis (withholding taxes in the scope of IAS 12). This presentation adequately reflects the Company's global tax burden.

#### **(p) Deferred tax**

*Deferred tax* is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

*Deferred tax assets* are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is provided for on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **(q) Employee benefits**

*Pension obligations:* the Company operates various pension schemes that are generally funded through payments determined by periodic actuarial calculations to insurance companies or are defined as multi-employer plans. The Company has both defined benefit and defined contribution plans:

- A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Company pays fixed contributions to public or private pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions to defined contribution plans and multi-employer plans are recognized as an expense in the income statement as incurred.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that have maturity dates approximating to the terms of the Company's obligations.

The expense recognized within the EBIT comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact on actuarial debt and interest income on plan assets are recognized under the net financing cost.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in comprehensive income.

*Share-based payments:* within the Company there are four types of share-based payment plans that qualify as equity settled:

- Restricted Share Unit (RSU);
- Short-term Incentive Program of Bonus Shares and Matching Shares;
- Value Creation Stake (VCS); and
- Ownership Shares.

## 4 FINANCIAL INFORMATION 2022

The estimated total amount to be expensed over the vesting period related to share-based payments is determined by (i) reference to the fair value of the instruments determined at the grant date, and (ii) non-market vesting conditions included in assumptions about the number of shares that the employee will ultimately receive. Main assumptions for estimates are revised at statement of financial position date. Total cost for the period is charged or credited to the income statement, with a corresponding adjustment to equity.

When equity instruments vest, the Company issues new shares, unless the Company has Treasury shares in stock.

Any cancellation of matching shares will lead to an accelerated expense recognition of the total fair value, with a corresponding adjustment to equity.

### **(r) Trade payables**

Trade payables are amounts due to suppliers for goods sold or services received in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore classified as current. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

## 4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.3.1 FINANCIAL HIGHLIGHTS

#### Impact of COVID-19 pandemic, Russia-Ukraine war and current economic environment

During 2022, construction activities for the Company's major projects has continued to be impacted by the effects of the pandemic and, in particular, response measures in China.

Even though the Company does not have any significant business activity in Ukraine or Russia, the current war between these two nations also added pressure on price inflation and the global supply chain, notably from (i) rising prices and/or shortage of certain materials and services and (ii) delays in logistics.

Project teams are working closely with both client teams and suppliers to mitigate the impact on project execution. The degree to which these challenges can be mitigated varies from project to project. As at the date of the consolidated financial statement, the ultimate delivery of major projects is not considered at risk, based on currently known circumstances.

Regarding the operation of the fleet, despite the continued challenges brought by the pandemic, the underlying fleet uptime excluding *FPSO Cidade de Anchieta* remained in line with expectations. In order to achieve such results, the Company continued to implement specific measures aimed at preventing the occurrence of COVID-19 cases and minimizing the impact on operations if and when cases were identified.

#### Implications on 2022 Financial performance

Due to the COVID-19 pandemic and the Russia-Ukraine war, the Company incurred additional costs in order to satisfy its performance obligations on some of its Turnkey projects. This was mainly due to the overall pressure on the global supply chain, delay on project schedules following lockdown periods in China, subsequent acceleration programs negotiated with sub-contractors, international travel restrictions, remote working and a general increase in commodity prices. These costs contributed to the progress of transfer of control of the construction asset to the client over the construction period. When the costs are partially recharged to the Company's clients, it is considered as part of the total consideration for the project, which is recognized as revenue over time. The related amount recognized as revenue during 2022 is 1% of the Company's Turnkey revenue in this period.

On the Lease and Operate segment, the incremental costs from the implementation of additional measures linked to the safe management of the impact of the COVID-19 pandemic have been partially recharged to clients within the contractual terms of reimbursable contracts. The Company, to a certain extent, has inflation adjustment clauses which additionally mitigate the costs linked to overall cost inflation.

#### Financial risk management

The Company is proactively monitoring challenges caused by the COVID-19 pandemic, the Russia-Ukraine war and the macroeconomic environment. As part of this, the Company regularly assesses liquidity, credit and counterparty risks.

The Company's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company performed analyses on the market, liquidity, interest, foreign exchange, credit, capital management risk and counterparty risks of its clients and financial partners. During 2022, despite the current macroeconomic environment, the Company did not identify increased risks regarding the recoverability of amounts outstanding from clients. The Company manages its exposure to commodity risk through hedge contracts. During 2022, this mainly related to the risk of an increase in fuel prices. For the description, exposure and policies related to these risks, please refer to note 4.3.27 Financial instruments - fair values and risk management.

The analysis on counterparty risks resulted in an assessment of no significant impact reflected in the net impairment on financial and contract assets over the period in section 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract assets.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities

## 4 FINANCIAL INFORMATION 2022

when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company regularly conducts various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion is that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and that it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients, the Company has considerable time under charters to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection. As at December 31, 2022 the Company had a total of US\$2.7 billion undrawn credit facilities and unused credit lines, which includes US\$1.0 billion under its Revolving Credit Facility.

### Impairment of non-financial assets

The current economic landscape impacted by the COVID-19 pandemic and Russia-Ukraine war, along with the imposition of international sanctions, reflects global logistic issues as well as quarantine measures and general increase of supply prices. Despite the fact that the Company does not have significant assets directly impacted by the geopolitical tensions and no operation had to be ceased, the Company assessed the impact on its non-financial assets in order to reflect the latest economic conditions at the balance sheet date, specifically to address increased risk, costs and uncertainty. The impact of the COVID-19 pandemic, the Russia-Ukraine war and the current macroeconomic environment did not result in a specific impairment in the non-financial assets of the Company.

The *FPSO Cidade de Anchieta* expected cost of repair of tanks following the shutdown of the Unit in 2022 led to an impairment which was accounted for US\$92 million (refer to note 4.3.13 Property, Plant and Equipment).

### FPSO Liza Unity producing and on hire

FPSO *Liza Unity* produced first oil on February 11, 2022 and is formally on hire.

FPSO *Liza Unity* is the first unit with a design based on the Company's industry leading Fast4Ward® program, which incorporates the Company's new build, multi-purpose floater hull combined with several standardized topsides modules.

The FPSO is installed at the Liza field, which is located circa 200 kilometers offshore Guyana in the Stabroek block.

ExxonMobil's subsidiary Esso Exploration and Production Guyana Limited is the operator and holds a 45% interest in the Stabroek Block. Hess Guyana Exploration Ltd. holds a 30% interest and CNOOC Petroleum Guyana Limited, a wholly owned subsidiary of CNOOC Limited, holds a 25% interest.

### Divestment of minority interest in FPSO Almirante Tamandaré project

Following the announcement on July 27, 2021, on the signature of the contracts for *FPSO Almirante Tamandaré*, the Company announced on January 25, 2022 that it has entered into a shareholder agreement with its long-standing business partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK).

MC and NYK have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Almirante Tamandaré*. The Company is the operator and will remain the majority shareholder with 55% ownership interest.

*FPSO Almirante Tamandaré* is currently under construction. The FPSO will be deployed at the Búzios field in the Santos Basin approximately 180 kilometers offshore Rio de Janeiro in Brazil, under a 26.25 year lease and operate contract with Petróleo Brasileiro S.A. (Petrobras).

The divestment is accounted for as a transaction with a minority shareholder. Refer to section 4.3.30 Information on Non-controlling Interests.

### Divestment of minority interest in FPSO Alexandre de Gusmão project

Following the announcement on November 30, 2021, on the signature of the contracts for *FPSO Alexandre de Gusmão*, the Company has announced on March 23, 2022 that it has entered into a shareholder agreement with its long standing business partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK).

MC and NYK have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Alexandre de Gusmão*. SBM Offshore is operator and will remain the majority shareholder with 55% ownership interest.

*FPSO Alexandre de Gusmão* is currently under construction. The FPSO will be deployed at the Mero field in the Santos Basin offshore Brazil, 160 kilometers offshore Rio de Janeiro, under a 22.5-year lease and operate contract with Petróleo Brasileiro S.A. (Petrobras). The Mero Unitized field is operated by Petrobras (38,6%) in partnership with Shell Brasil (19,3%), TotalEnergies (19,3%), CNPC (9,65%), CNOOC Limited (9,65%), and Pré-sal Petróleo S.A. – PPSA (3,5%) as the Federal Union representative in non-contracted area.

The divestment is accounted for as a transaction with a minority shareholder. Refer to section 4.3.30 Information on Non-controlling Interests.

#### **Award of contracts for ExxonMobil FPSO ONE GUYANA**

Esso Exploration and Production Guyana Limited (EEPG), an affiliate of ExxonMobil Corporation, confirmed the award of contracts for the Yellowtail development project located in the Stabroek Block in Guyana in April, 2022. Under the contracts, the Company will construct, install and then lease and operate the FPSO *ONE GUYANA* for a period of up to two years, after which the FPSO ownership and operation will transfer to EEPGL. The award follows completion of front-end engineering and design studies, receipt of requisite government approvals and the final investment decision on the project by ExxonMobil and block co-venturers.

The Yellowtail development is the fourth development within the Stabroek block, circa 200 kilometers offshore Guyana.

EEPG is the operator and holds a 45% interest in the Stabroek block, Hess Guyana Exploration Ltd. holds a 30% interest and CNOOC Petroleum Guyana Limited, a wholly owned subsidiary of CNOOC Limited, holds a 25% interest.

The FPSO *ONE GUYANA*'s design is based on the Company's industry leading Fast4Ward® program that incorporates the Company's new build, multi-purpose floater hull combined with several standardized topsides modules. The FPSO will be designed to produce 250,000 barrels of oil per day, will have associated gas treatment capacity of 450 million cubic feet per day and water injection capacity of 300,000 barrels per day. The FPSO will be spread moored in water depth of about 1,800 meters and will be able to store around 2 million barrels of crude oil.

The turnkey phase of the project will be executed by a special purpose company (SPC) established by SBM Offshore and McDermott. SBM Offshore holds 70% and McDermott holds 30% equity ownership in this SPC. The FPSO will be fully owned by SBM Offshore.

#### **AFM appeal of court decision**

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US\$1 million.

On August 1, 2022 the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023, SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal).

#### **Completion of US\$1.75 billion financing for FPSO ONE GUYANA**

On July 21, 2022, the Company announced the completion of US\$1.75 billion financing for FPSO *ONE GUYANA*. The project financing was secured by a consortium of 15 international banks. The Company expects to draw the loan in full, phased over the construction period of the FPSO. The financing will become non-recourse once the FPSO is completed and the pre-completion guarantee has been released. The project loan is in line with the duration of the charter, hence a two-year tenor post-completion and carries a variable interest rate based on SOFR plus 2.2% margin.

## 4 FINANCIAL INFORMATION 2022

### Memorandum of Understanding signed for one additional Fast4Ward® hull

On November 9, 2022, the Company announced that it had signed a Memorandum of Understanding (MoU) for the construction of the Company's seventh hull under its purchase program for Fast4Ward® multi-purpose hulls. The MoU was signed with ExxonMobil Guyana for use on a future cost and CO<sub>2</sub>e-intensity competitive FPSO project.

### FPSO Cidade de Anchieta

*FPSO Cidade de Anchieta* was shut down on January 22, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel. As announced on December 20, 2022, the *FPSO Cidade de Anchieta* safely resumed production, following the inspection, repair and certification of four tanks in agreement with the client and approved by Class and local authorities. As announced on November 10, 2022, repair works on the remaining tanks will continue at least until the end of 2023.

In accordance with the contractual terms, the lease period is to be extended by the number of days of shutdown. As the contract is qualified as an operating lease under IFRS 16, the extension of the lease period is considered as a lease reassessment as per IFRS 16. This led to an update of the linearized revenue up to the new end date of the contract and a recognition of an accrued income of US\$78 million (refer to note 4.3.16 Other Financial Assets).

The majority of the costs to be incurred for the full scope of the repairs qualify for capitalization, as per IAS 16, as a major overhaul. The total expected cost of repairs resulted in an adverse cash flow and an impairment of US\$92 million was accounted for in the 2022 full-year results impacting the net profit for the year (refer to note 4.3.13 Property, Plant and Equipment).

The increase in the non-current portion of other receivables relates to the extension of the lease period for *FPSO Cidade de Anchieta*, which is considered as a lease reassessment as per IFRS 16.

## 4.3.2 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

### OPERATING SEGMENTS

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:

- Lease and Operate;
- Turnkey;
- Other.

### DIRECTIONAL REPORTING

Strictly for the purposes of this note, the operating segments are measured under Directional reporting, which in essence follows IFRS, but with two main exceptions:

- All lease contracts are classified and accounted for as if they were operating lease contracts under IFRS 16. Some lease and operate contracts may provide for defined invoicing ('upfront payments') to the client occurring during the construction phase or at first-oil (beginning of the lease phase), to cover specific construction work and/or services performed during the construction phase. These 'upfront payments' are recognized as revenues and the costs associated with the construction work and/or services are recognized as 'Cost of sales' with no margin during the construction. As a consequence, these costs are not capitalized in the gross value of the assets under construction.
- All investees related to Lease and Operate contracts are accounted for at the Company's share as if they were classified as joint operations under IFRS 11, whereby all lines of the income statement, statement of financial position and cash flow statement are consolidated based on Company's percentage of ownership (hereafter referred to as 'percentage of ownership consolidation'). Yards and installation vessel related joint ventures remain equity accounted.

In 2022, all other accounting principles remain unchanged compared with applicable IFRS standards.

The above differences to the consolidated financial statements between Directional reporting and IFRS are highlighted in the reconciliations provided in this note on revenue, gross margin, EBIT and EBITDA as required by IFRS 8 'Operating segments'. The Company also provides the reconciliation of the statement of financial position and cash flow statement under IFRS and Directional reporting. The statement of financial position and the cash flow statement under Directional reporting are evaluated regularly by the Management Board in assessing the financial position and cash generation of the Company. The Company believes that these disclosures should enable users of its financial statements to better evaluate the

nature and financial effects of the business activities in which it engages, while facilitating the understanding of the Directional reporting by providing a straightforward reconciliation with IFRS for all key financial metrics.

## SEGMENT HIGHLIGHTS

The Lease and Operate Directional Revenue and EBITDA increased versus the year-ago period mainly driven by FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and the increase in reimbursable scope, partially offset by the end of the *FPSO Capixaba* lease contracts in the first half year 2022 and lower average straight-lined day rate of *FPSO Kikeh* lease after extension at the end of 2021.

The Turnkey Directional Revenue and EBITDA increased versus the year-ago period, reflecting the general ramp-up of Turnkey activities with the five FPSO's under construction (and completion of FPSO *Liza Unity* during the period). Furthermore, the partial 45% divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) allowed the Company to recognize revenue for all the EPCI related work performed on these projects so far to the extent of the partners' ownership in lessor related SPV's (i.e. 45% of EPC works).

### 2022 operating segments (Directional)

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
<b>Third party revenue</b>	<b>1,763</b>	<b>1,525</b>	<b>3,288</b>	-	<b>3,288</b>
Cost of sales	(1,272)	(1,452)	(2,723)	-	(2,724)
<b>Gross margin</b>	<b>492</b>	<b>73</b>	<b>565</b>	-	<b>564</b>
Other operating income/expense	16	8	24	(3)	20
Selling and marketing expenses	0	(16)	(16)	(0)	(16)
General and administrative expenses	(28)	(50)	(78)	(75)	(154)
Research and development expenses	(5)	(30)	(35)	-	(35)
Net impairment gains/(losses) on financial and contract assets	11	2	13	(1)	12
<b>Operating profit/(loss) (EBIT)</b>	<b>484</b>	<b>(12)</b>	<b>471</b>	<b>(80)</b>	<b>392</b>
Net financing costs					(188)
Share of profit of equity-accounted investees					0
Income tax expense					(88)
<b>Profit/(Loss)</b>					<b>115</b>
Operating profit/(loss) (EBIT)	484	(12)	471	(80)	392
Depreciation, amortization and impairment	596	19	615	3	618
<b>EBITDA</b>	<b>1,080</b>	<b>7</b>	<b>1,087</b>	<b>(77)</b>	<b>1,010</b>
Other segment information :					
Impairment charge/(reversal)	109	1	110	0	110



## 4 FINANCIAL INFORMATION 2022

### Reconciliation of 2022 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>Revenue</b>				
Lease and Operate	1,763	(482)	133	1,414
Turnkey	1,525	1,854	120	3,499
<b>Total revenue</b>	<b>3,288</b>	<b>1,372</b>	<b>253</b>	<b>4,913</b>
<b>Gross margin</b>				
Lease and Operate	492	(52)	111	551
Turnkey	73	500	59	632
<b>Total gross margin</b>	<b>565</b>	<b>449</b>	<b>169</b>	<b>1,182</b>
<b>EBITDA</b>				
Lease and Operate	1,080	(479)	118	719
Turnkey	7	506	57	569
Other	(77)	-	(2)	(80)
<b>Total EBITDA</b>	<b>1,010</b>	<b>26</b>	<b>173</b>	<b>1,209</b>
<b>EBIT</b>				
Lease and Operate	484	(42)	120	562
Turnkey	(12)	494	59	540
Other	(80)	-	(2)	(82)
<b>Total EBIT</b>	<b>392</b>	<b>451</b>	<b>177</b>	<b>1,020</b>
Net financing costs	(188)	(91)	(93)	(373)
Share of profit of equity-accounted investees	0	(0)	12	12
Income tax expense	(88)	(14)	(2)	(104)
<b>Profit/(loss)</b>	<b>115</b>	<b>346</b>	<b>94</b>	<b>555</b>
Impairment charge/(reversal)	110	12	(3)	119

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed i) from percentage of ownership consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control and ii) from percentage of ownership consolidation to the equity method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11.

#### Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the main following impacts for the 2022 period:

- Revenue reduced by US\$(482) million. During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest using the interest effective method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis. Lease and Operate EBITDA is similarly impacted (reduction of US\$(479) million) for the same reasons.
- Gross margin is reduced by US\$(52) million. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, following the declining profile of the interest recognized using the effective interest method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue less depreciation of the recognized property, plant and equipment, both accounted for on a straight-line basis over the lease period. This resulted in a difference of US\$(52) million in 2022.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the 2022 period:

- Revenue and gross margin increased by US\$1,854 million and US\$500 million respectively, mainly due to the accounting treatment of the Company's FPSO's which are currently under construction (FPSO *Prosperity*, FPSO *Sepetiba*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão* and for FPSO *ONE GUYANA*) and accounted for as finance leases under IFRS. Under IFRS, a finance lease is considered as if it were a sale of the asset leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly not-yet-cash) revenue is recognized within the Turnkey segment.
- The impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

As a result, the restatement from operating to finance lease accounting treatment results in an increase of net profit of US\$346 million under IFRS when compared with Directional reporting.

#### Impact of consolidation methods

The impact of consolidation methods in the above table describes the net impact from:

- Percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Percentage of ownership consolidation to the equity accounting method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

For the Lease and Operate segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared with Directional reporting. This reflects the fact that the majority of the Company's FPSOs, that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

For the Turnkey segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT and EBITDA. This reflects the fact that under IFRS reporting the Company recognizes the full revenue, gross margin, EBIT and EBITDA in the subsidiaries which are not totally owned by the Company but over which the Company has the control.

## 4 FINANCIAL INFORMATION 2022

### 2021 operating segments (Directional)

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
<b>Third party revenue</b>	<b>1,509</b>	<b>733</b>	<b>2,242</b>	-	<b>2,242</b>
Cost of sales	(1,032)	(640)	(1,672)	-	(1,672)
<b>Gross margin</b>	<b>477</b>	<b>93</b>	<b>570</b>	-	<b>570</b>
Other operating income/expense	12	(2)	10	(10)	1
Selling and marketing expenses	(1)	(29)	(31)	(0)	(31)
General and administrative expenses	(29)	(41)	(70)	(76)	(146)
Research and development expenses	(5)	(24)	(29)	(0)	(29)
Net impairment gains/(losses) on financial and contract assets	(1)	1	0	2	2
<b>Operating profit/(loss) (EBIT)</b>	<b>452</b>	<b>(1)</b>	<b>451</b>	<b>(85)</b>	<b>366</b>
Net financing costs					(171)
Share of profit of equity-accounted investees					(1)
Income tax expense					(72)
<b>Profit/(Loss)</b>					<b>122</b>
Operating profit/(loss) (EBIT)	452	(1)	451	(85)	366
Depreciation, amortization and impairment <sup>1</sup>	462	20	482	0	483
<b>EBITDA</b>	<b>914</b>	<b>19</b>	<b>933</b>	<b>(84)</b>	<b>849</b>
Other segment information					
Impairment charge/(reversal)	(0)	(1)	(1)	0	(1)

<sup>1</sup> Includes net impairment losses on financial and contract assets.

## Reconciliation of 2021 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>Revenue</b>				
Lease and Operate	1,509	(327)	88	1,270
Turnkey	733	1,786	(42)	2,477
<b>Total revenue</b>	<b>2,242</b>	<b>1,459</b>	<b>46</b>	<b>3,747</b>
<b>Gross margin</b>				
Lease and Operate	477	48	35	560
Turnkey	93	289	(21)	362
<b>Total gross margin</b>	<b>570</b>	<b>337</b>	<b>14</b>	<b>922</b>
<b>EBITDA</b>				
Lease and Operate	914	(320)	42	636
Turnkey	19	271	(18)	271
Other	(84)	-	(0)	(84)
<b>Total EBITDA</b>	<b>849</b>	<b>(49)</b>	<b>23</b>	<b>823</b>
<b>EBIT</b>				
Lease and Operate	452	55	50	557
Turnkey	(1)	282	(20)	261
Other	(85)	-	1	(84)
<b>Total EBIT</b>	<b>366</b>	<b>338</b>	<b>30</b>	<b>734</b>
Net financing costs	(171)	(68)	(63)	(301)
Share of profit of equity-accounted investees	(1)	-	111	110
Income tax expense	(72)	(1)	3	(71)
<b>Profit/(loss)</b>	<b>121</b>	<b>268</b>	<b>82</b>	<b>472</b>
Impairment charge/(reversal)	(1)	(14)	4	(11)

## 4 FINANCIAL INFORMATION 2022

### Reconciliation of 2022 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>ASSETS</b>				
Property, plant and equipment and Intangible assets <sup>1</sup>	8,196 <sup>2</sup>	(7,763)	(2)	432
Investment in associates and joint ventures	6	0	284	289
Finance lease receivables	0	5,739	1,454	7,193
Other financial assets	294 <sup>3</sup>	(217)	13	90
Contract assets	170	3,927	1,583	5,681
Trade receivables and other assets	964	(1)	(52)	912
Derivative financial instruments	524	-	86	610
Cash and cash equivalents	615	-	68	683
Assets held for sale	0	0	(0)	0
<b>Total Assets</b>	<b>10,769</b>	<b>1,685</b>	<b>3,434</b>	<b>15,889</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company	1,080	2,313	4	3,397
Non-controlling interests	(2)	4	1,515	1,517
<b>Equity</b>	<b>1,078</b>	<b>2,317</b>	<b>1,519</b>	<b>4,914</b>
Borrowings and lease liabilities	6,697 <sup>4</sup>	-	1,867	8,564
Provisions	644	(219)	62	487
Trade payable and other liabilities	1,868	(155)	(11)	1,703
Deferred income	265	(258)	(3)	4
Derivative financial instruments	217	-	0	217
<b>Total Equity and Liabilities</b>	<b>10,769</b>	<b>1,685</b>	<b>3,434</b>	<b>15,889</b>

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

2 Includes US\$3,650 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

3 Includes US\$254 million related to demobilization receivable

4 Includes US\$3,706 million non-recourse debt and US\$47 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from percentage of ownership consolidation to either full consolidation or equity accounting for investees related to Lease and Operate contracts.

#### Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of December 31, 2022 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, de-recognition of property, plant and equipment recognized under Directional reporting (US\$(7,763) million) and subsequent recognition of (i) finance lease receivables (US\$5,739 million) and (ii) contract assets (US\$3,927 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues under Directional reporting. The part of the balance (US\$(258) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US\$(217) million) and provisions (US\$(219) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an increase of equity of US\$2,313 million under IFRS compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS compared to Directional reporting.

### Impact of consolidation methods

The above table of statement of financial position also describes the net impact of moving from percentage of ownership consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset-specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity accounted under IFRS, rolling up in the line item 'Investment in associates and joint ventures'.

### Reconciliation of 2022 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>EBITDA</b>	<b>1,010</b>	26	173	<b>1,209</b>
Adjustments for non-cash and investing items	54	67	43	163
Changes in operating assets and liabilities	(164)	(1,755)	(846)	(2,764)
Reimbursement finance lease assets	(0)	421	18	439
Income taxes paid	(100)	0	4	(96)
<b>Net cash flows from (used in) operating activities</b>	<b>799</b>	<b>(1,242)</b>	<b>(607)</b>	<b>(1,049)</b>
Capital expenditures	(1,342)	1,260	(0)	(82)
Other investing activities	(257)	1	406	149
<b>Net cash flows from (used in) investing activities</b>	<b>(1,600)</b>	<b>1,261</b>	<b>406</b>	<b>67</b>
Equity payment from/(repayment to) partners	-	-	358	358
Additions and repayments of borrowings and lease liabilities	717	(0)	40	757
Dividends paid to shareholders and non-controlling interests	(178)	-	(39)	(217)
Interest paid	(181)	(20)	(52)	(252)
Share repurchase program	-	-	-	-
Payments from non-controlling interests for change in ownership	0	0	(1)	(0)
<b>Net cash flows from (used in) financing activities</b>	<b>359</b>	<b>(20)</b>	<b>306</b>	<b>646</b>
Net cash and cash equivalents as at 1 January	1,059	-	(38)	1,021
Net increase/(decrease) in net cash and cash equivalents	(441)	0	106	(335)
Foreign currency variations	(3)	(0)	0	(3)
<b>Net cash and cash equivalents as at 31 December</b>	<b>615</b>	<b>-</b>	<b>68</b>	<b>683</b>

### Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash-flow activities.

A large part of the capital expenditures (US\$1,260 million) are reclassified from investing activities under Directional, to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as part of asset under construction (and therefore presented in investing activities) are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

### Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related non-recourse project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

## 4 FINANCIAL INFORMATION 2022

Other investing activities (US\$406 million) includes the impact of the partial divestment of minority interests in *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* on the cash balance. Under IFRS, the entities continued to be fully consolidated.

### Reconciliation of 2021 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>ASSETS</b>				
Property, plant and equipment and Intangible assets <sup>1</sup>	7,234 <sup>2</sup>	(6,750)	(2)	482
Investment in associates and joint ventures	10	-	351	361
Finance lease receivables	0	4,706	1,475	6,182
Other financial assets	281 <sup>3</sup>	(209)	19	91
Contract assets	109	3,532	498	4,140
Trade receivables and other assets	926	1	(63)	864
Derivative financial instruments	47	-	-	47
Cash and cash equivalents	1,059	-	(38)	1,021
Assets held for sale	25	-	-	25
<b>Total Assets</b>	<b>9,690</b>	<b>1,281</b>	<b>2,241</b>	<b>13,211</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company	603	1,969	7	2,579
Non-controlling interests	2	0	956	957
<b>Equity</b>	<b>604</b>	<b>1,969</b>	<b>963</b>	<b>3,537</b>
Borrowings and lease liabilities	6,460 <sup>4</sup>	-	1,241	7,701
Provisions	590	(213)	6	383
Trade payable and other liabilities	1,479	(168)	(15)	1,295
Deferred income	316	(308)	(2)	7
Derivative financial instruments	240	-	48	288
<b>Total Equity and Liabilities</b>	<b>9,690</b>	<b>1,281</b>	<b>2,241</b>	<b>13,211</b>

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

2 Includes US\$3,310 million related to units under construction.

3 Includes US\$246 million related to demobilization receivable.

4 Includes US\$2,928 million non-recourse debt and US\$57 million lease liability.



## Reconciliation of 2021 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>EBITDA</b>	<b>849</b>	(49)	23	<b>823</b>
Adjustments for non-cash and investing items	41	(28)	51	64
Changes in operating assets and liabilities	(109)	(1,626)	(161)	(1,896)
Reimbursement finance lease assets	(0)	330	(14)	316
Income taxes paid	(66)	(0)	4	(62)
<b>Net cash flows from (used in) operating activities</b>	<b>715</b>	<b>(1,373)</b>	<b>(98)</b>	<b>(755)</b>
Capital expenditures	(1,483)	1,422	-	(61)
Other investing activities	68	2	(4)	66
<b>Net cash flows from (used in) investing activities</b>	<b>(1,415)</b>	<b>1,424</b>	<b>(4)</b>	<b>5</b>
Equity payment from/repayment to partners	-	-	80	80
Additions and repayments of borrowings and loans	1,945	-	90	2,035
Dividends paid to shareholders non-controlling interests	(165)	-	(127)	(292)
Interest paid	(224)	(51)	(64)	(340)
Share repurchase program	(178)	-	-	(178)
Payments to non-controlling interests for change in ownership	0	0	53	53
<b>Net cash flows from (used in) financing activities</b>	<b>1,377</b>	<b>(51)</b>	<b>32</b>	<b>1,359</b>
Net cash and cash equivalents as at 1 January	383	-	31	414
Net increase/(decrease) in net cash and cash equivalents	678	-	(69)	609
Foreign currency variations	(2)	-	(0)	(2)
<b>Net cash and cash equivalents as at 31 December</b>	<b>1,059</b>	<b>-</b>	<b>(38)</b>	<b>1,021</b>

## Deferred income (Directional)

	31 December 2022	31 December 2021
Within one year	61	70
Between 1 and 2 years	46	48
Between 2 and 5 years	87	122
More than 5 years	70	77
<b>Balance at 31 December</b>	<b>265</b>	<b>316</b>

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day-rate schedule. As revenue from lease contract with customers is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

## 4 FINANCIAL INFORMATION 2022

### GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product for both revenues and non-current assets.

The revenue by country is analyzed as follows:

#### 2022 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	Reported segments	Lease and Operate	Turnkey	Reported segments
Brazil	807	1,063	1,871	922	2,113	3,035
Guyana	541	338	878	360	1,256	1,615
Angola	230	6	236	3	9	12
Equatorial Guinea	101	1	101	92	(0)	92
Malaysia	47	3	50	0	5	5
The United States of America	33	1	34	33	1	34
France	-	25	25	-	25	25
Mozambique	-	19	19	-	19	19
Nigeria	-	14	14	-	14	14
Norway	-	18	18	-	18	18
Other	4	39	43	4	39	43
<b>Total revenue</b>	<b>1,763</b>	<b>1,525</b>	<b>3,288</b>	<b>1,414</b>	<b>3,499</b>	<b>4,913</b>

#### 2021 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	Reported segments	Lease and Operate	Turnkey	Reported segments
Brazil	858	246	1,104	983	1,067	2,049
Guyana	237	300	537	159	1,217	1,377
Angola	201	4	205	0	7	8
Equatorial Guinea	102	10	113	96	10	106
Malaysia	79	2	81	1	5	5
The United States of America	31	3	34	31	3	34
France	-	37	37	-	37	37
Mozambique	-	31	31	-	31	31
Nigeria	-	32	32	-	32	32
Norway	-	12	12	-	12	12
Gabon	-	14	14	-	14	14
China	-	11	11	-	11	11
Other	0	32	32	0	32	33
<b>Total revenue</b>	<b>1,509</b>	<b>733</b>	<b>2,242</b>	<b>1,270</b>	<b>2,477</b>	<b>3,747</b>

The non-current assets by country are analyzed as follows:

#### Geographical information (non-current assets by country)

	31 December 2022		31 December 2021	
	IFRS	DIR	IFRS	DIR
Brazil	5,331	5,351	5,364	4,526
Guyana	628	2,857	716	2,427
Switzerland	264	270	40	79
Angola	242	178	303	211
Malaysia	79	9	92	11
Equatorial Guinea	57	93	75	115
Monaco	25	25	40	40
The United States of America	27	27	36	36
Netherlands	13	13	15	15
Other	152	127	113	89
<b>Total</b>	<b>6,818</b>	<b>8,951</b>	<b>6,795</b>	<b>7,550</b>

#### RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US\$2,825 million (US\$1,823 million and US\$1,002 million, respectively). In 2021, the revenue related to the two major customers was US\$1,476 million (US\$842 million and US\$634 million, respectively). In 2022 and 2021, the revenue of these major customers was mainly related to the Lease and Operate segment.

Under IFRS, two customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US\$4,635 million (US\$2,988 million, US\$1,647 million respectively). In 2021, two customers accounted for more than 10% of the consolidated revenue (US\$3,406 million), respectively for US\$1,998 million, US\$1,408 million.

### 4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 51% of the Company's 2022 lease and operate revenue is made of charter rates related to lease contracts while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. more than 95%) over time.

Construction activities continued to experience impacts from the combined effects of the COVID-19 pandemic and indirectly from the war between Russia and Ukraine. The impacts vary from project to project, reflecting global logistic issues as well as ongoing quarantine measures on personnel and material especially in China. Those additional costs affect the progress of transfer of control of the construction asset to the customer over the construction period and have therefore been considered as part of the revenue recognition over time. The related amount recognized as revenue in 2022 is less than 1% of total 2022 revenue.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting.

The Company's construction contracts can last for several years depending on the type of product, scope and complexity of the project while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2022. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance leases that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in

## 4 FINANCIAL INFORMATION 2022

notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The net amount of performance-related payments for 2022 decreased to US\$(3) million (2021: US\$101 million). This reduction is mostly related to the shutdown of *FPSO Cidade de Anchieta*.

The following table presents the unsatisfied performance obligations as at December 31, 2022 (in billions of US\$):

Unsatisfied performance obligations related to:	2022	2021
- constructions contracts including finance leases	5.8	6.0
- operating contracts	10.6	10.0
<b>Total</b>	<b>16.4</b>	<b>16.0</b>

The unsatisfied performance obligations for the committed construction contracts relate mostly to five major construction FPSO contracts. Revenue related to these construction contracts is expected to be recognized over the coming four years in line with the construction progress on these projects.

The unsatisfied performance obligations for the operating contracts relate to i) the Company's vessels leased to clients where the Company is the operator (both operating and finance lease contracts) and ii) one operating contract for operating services on a vessel that is owned by the client. The operating contracts end between 2023 and 2050. The Company will recognize the unsatisfied performance obligation over this period in line with the work performed.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds installments invoiced to the client, a contract asset is recognized (see note 4.3.3 Revenue). If the installments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.25 Trade and Other Payables).

As a result of various commercial discussions with clients, the Company recognized revenue amounting to US\$27 million in 2022 (2021: US\$6 million) originating from performance obligations satisfied in previous periods.

Lease revenue recognized for leases where the Company is the lessor, for both operating and finance leases, relates to fixed and variable lease payments. Most of the Company's revenue from lease contracts is based on fixed day rates. To the extent that lease payments are dependent on an index or a rate, they are excluded from the initial recognition of the lease payments receivable. The impact related to a change in index or a rate is recognized in the consolidated income statement when a change occurs.

### Contract assets

During the period ended December 31, 2022, the Company completed construction of FPSO *Liza Unity* marking first oil date on February 11, 2022. As of that date, the lease of FPSO *Liza Unity* commenced and the contract asset related to this unit was reclassified to finance lease receivables (refer to notes 4.3.1 Financial Highlights and 4.3.15 Finance Lease Receivables).

As a result, the contract asset balance as at December 31, 2022, of US\$5,681 million (2021: US\$4,140 million) decreased in relation to FPSO *Liza Unity*. This is more than offset by an increase in contract assets related to progress made during the period on the construction of FPSO *Sepetiba*, FPSO *Prosperity*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão* and FPSO *ONE GUYANA*.

Regarding information about expected credit losses recognized for contract assets, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

### Contract liabilities

Contract liabilities of US\$42 million comprise the amounts of those individual contracts for which the total installments invoiced exceed the revenue recognized over time. Contract liabilities are reclassified to other current liabilities (see note 4.3.25 Trade and Other Payables).

The 'Contract liability' relates mainly to one of the Company's renewable projects and other minor construction projects. The Company recognized revenue of US\$57 million during the period, which was included in the contract liability as per December 31, 2021.

#### 4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2022	2021
Insurance claim income	-	16
Gains from sale of financial participations, property, plant and equipment	9	2
Other operating income	28	1
<b>Total other operating income</b>	<b>37</b>	<b>19</b>
Other operating expenses	(6)	(12)
Impairment of other assets and onerous contracts	(2)	-
Restructuring expenses	0	(1)
<b>Total other operating expense</b>	<b>(8)</b>	<b>(13)</b>
<b>Total</b>	<b>28</b>	<b>6</b>

In 2022, the total other operating income mainly includes:

- US\$9 million gain realized from the disposal of the SBM Installer, sold to the buyer on January 19, 2022, for the amount of US\$35 million and previously classified as an asset held for sale; and
- an insurance recovery of US\$27 million in respect of one of the Brazilian units

Other operating expense includes a provision for a US\$1 million fine. Refer to section 4.5.6 Provisions for further details.

#### 4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2022 and 2021:

	Note	2022	2021
Expenses on construction contracts		(2,367)	(1,732)
Employee benefit expenses	4.3.6	(740)	(669)
Vessels operating costs		(412)	(413)
Depreciation, amortization and impairment		(189)	(88)
Selling expenses		(4)	(16)
Other costs		(218)	(114)
<b>Total expenses</b>		<b>(3,930)</b>	<b>(3,032)</b>

In 2022 'Expenses on construction contracts' continued to increase as a result of the further ramp-up of activity on Turnkey projects as the Company has five FPSO's under construction, which now includes the awarded FPSO *ONE GUYANA*.

'Employee benefit expenses' increased mainly due to the ramp-up of activity on Turnkey projects.

'Vessel operating costs' remained stable, mainly as a result of FPSO *Liza Unity* first oil at the beginning of 2022 and offset by the impact of FPSO *Capixaba* and SBM Installer leaving the fleet.

The increase of 'Depreciation, amortization and impairment' in comparison to 2021 mainly relates to the impairment of US\$92 million of FPSO *Cidade de Anchieta* due to the additional costs required for tank repairs following the shutdown in 2022 (refer to note 4.3.13 Property, Plant and Equipment).

Expenses related to short-term leases and leases of low value assets amounted to US\$1 million in 2022 (2021: US\$4 million).

## 4 FINANCIAL INFORMATION 2022

The increase during 2022 in 'Other costs' is mainly driven by the overall ramp-up of activities impact on consultancy and contractor fees, currency exchange differences and by uncertain tax position other than corporate income tax which were released during 2021.

### 4.3.6 EMPLOYEE BENEFIT EXPENSES

Information with respect to employee benefits expenses are detailed as follows:

	Note	2022	2021
Wages and salaries		(370)	(353)
Social security costs		(48)	(49)
Contributions to defined contribution plans		(33)	(35)
Contributions to defined benefit plans		1	(2)
Share-based payment cost		(24)	(27)
Contractors' costs		(178)	(139)
Other employee benefits		(88)	(64)
<b>Total employee benefits</b>	<b>4.3.5</b>	<b>(740)</b>	<b>(669)</b>

Wages and salaries increased due to FPSO *Liza Unity* joining the fleet and the increased activity due to the projects under construction. This was partially offset by FPSO *Capixaba* no longer contributing to the fleet.

Contractors costs include expenses related to contractor staff not on the Company's payroll. The increase in contractors' costs compared with previous year reflects the general ramp-up of Turnkey activities and the Company's strategy of aiming to maintain flexibility in its workforce management. Other employee benefits mainly include commuting, training, expatriate and other non-wage compensation costs.

### DEFINED CONTRIBUTION PLAN

The contributions to defined contribution plans includes Company participation in the Merchant Navy Officers Pension Fund (MNOFF). The MNOFF is a defined benefit multi-employer plan, which is closed to new members. The fund is managed by a corporate Trustee, MNOFF Trustees Limited, and provides defined benefits for nearly 22,440 (2021: 22,830) Merchant Navy Officers and their dependents out of which approximately 29 (2021: 29) are SBM Offshore former employees.

The Trustee apportions its funding deficit between Participating Employers, based on the portions of the Fund's liabilities, which were originally accrued by members in service with each employer. When the Trustee determines that contributions are unlikely to be recovered from a Participating Employer, it can re-apportion the deficit contributions to other Participating Employers.

Entities participating in the MNOFF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit of those other entities' default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOFF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.

### DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

The employee benefits provisions recognized in accordance with accounting principles, relate to:

	Note	2022	2021
Pension plan		(3)	2
Lump sums on retirement		6	9
<b>Defined benefit plans</b>		<b>3</b>	<b>11</b>
Long-service awards		12	16
<b>Other long-term benefits</b>		<b>12</b>	<b>16</b>
<b>Employee benefits provisions</b>	<b>4.3.24</b>	<b>15</b>	<b>26</b>

The defined benefit plan provision is partially funded as follows:

#### Benefit asset/liability included in the statement of financial position

	31 December 2022			31 December 2021		
	Pension plans	Lump sums on retirement	Total	Pension plans	Lump sums on retirement	Total
Defined benefit obligation	22	6	29	33	9	42
Fair value of plan assets	(25)	-	(25)	(31)	-	(31)
<b>Benefit (asset)/liability</b>	<b>(3)</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>9</b>	<b>11</b>

The main assumptions used in determining employee benefit obligations for the Company's plans are shown below:

#### Main assumptions used in determining employee benefit obligations

in %	2022	2021
Discount rate	2.50-4.25	0.25-1.25
Inflation rate	2.00	2.00
Discount rate of return on plan assets during financial year	2.50	0.25
Future salary increases	1.00 - 3.00	1.00 - 3.00
Future pension increases	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

#### REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE COMPANY

The remuneration of the key management personnel of the Company paid during the year, including pension costs and performance related Short-Term Incentives (STI), amounted to US\$15 million (2021: US\$20 million). There are no loans outstanding to the members of the key management or guarantees given on behalf of members of the key management.

The performance-related part of the remuneration of the Management Board, comprising Value Creation Stake and STI components, was 60% (2021: 67%). The Management Board's remuneration decreased in 2022 versus 2021, mainly explained by (i) the decrease from 4 to 3 members, (ii) a lower STI and (iii) the decreased EUR to USD conversion rate.

The decreased remuneration of other key personnel is mainly related to the decreased EUR to USD conversion rate and one member of the Executive Committee joining the management board. An additional member was added to the executive Committee at the end of the year to return to a total of 7 members (2021: 7).



## 4 FINANCIAL INFORMATION 2022

The total remuneration and associated costs of the Management Board and other key management personnel (members of the Executive Committee) is specified as follows:

### Remuneration key management personnel

in thousands of US\$	Base salary	STI <sup>1</sup>	Share-based compensation <sup>2</sup>	Other <sup>3</sup>	Pensions <sup>4</sup>	Total remuneration
<b>Management Board Members</b>						
2022	3,036	1,864	4,634	546	728	10,808
2021	3,109	3,486	5,818	630	840	13,883
<b>Other key personnel<sup>5</sup></b>						
2022	2,124	517	1,075	379	336	4,430
2021	2,757	836	1,637	601	368	6,198
<b>Total 2022</b>	<b>5,159</b>	<b>2,382</b>	<b>5,709</b>	<b>925</b>	<b>1,064</b>	<b>15,238</b>
<b>Total 2021</b>	<b>5,866</b>	<b>4,341</b>	<b>7,455</b>	<b>1,231</b>	<b>1,209</b>	<b>20,082</b>

1 For the Management Board this represents the actual STI approved by the Supervisory Board, which has been accrued over the calendar year, payment of which will be made in the following year.

2 This share-based compensation represents the period expense of share-based payments in accordance with IFRS 2.

3 Consisting of social charges, lease car expenses, and other allowances.

4 This represents company contributions to defined contribution pension plans; in case of absence of a qualifying pension scheme such contribution is paid gross, withholding wage tax at source borne by the individuals.

5 The definition of 'Other key personnel' is aligned with the Executive Committee, as disclosed on the Company's website.

The table above represents the total remuneration in US dollars, being the reporting currency of the Company.

As at December 31, 2022 there are no unvested shares of current and former Management Board members. The total number of vested shares held by current and former Management Board members are reported in note 4.3.22 Equity Attributable to Shareholders.

### SHORT-TERM INCENTIVE PROGRAM OF THE MANAGEMENT BOARD

The Short-Term Incentive Program is based upon short-term operational performance, which includes three sets of Performance Indicators as noted below:

- Profitability;
- Growth;
- Sustainability Performance.

The Supervisory Board may adjust the outcome of the STI down by 10%. Any such adjustment would be reported in the Remuneration Report. No such reduction has been made for 2022 or 2021.

For 2022 (equal to 2021), the Supervisory Board concluded that the Company's performance indicators had outcomes ranging from threshold to maximum. For the year 2022, a total of seven performance indicators were established (2021: seven). The Company's performance resulted in performance of 85% (2021: 133%) of salary for the CEO and 64% (2021: 100%) for the other Management Board members.

### VALUE CREATION STAKE SHARES OF THE MANAGEMENT BOARD

Under the Remuneration Policy 2022, the members of the Management Board are entitled to a Value Creation Stake, being a number of shares determined by a four-year average share price (volume weighted). These shares vest immediately upon the award date, and must be retained for five years from the vesting date, or – in the event of retirement or termination – two years.

Number of issued shares	2022	2021
<b>Total</b>	317,510	313,239

The number of shares granted is based upon 175% of the individual's base salary and determined by the 4-year average volume-weighted share price (VWAP) over the years 2018 through 2021 (2021: 2017 through 2020), being EUR14.61 (2021: EUR14.69). The grant date fair value of these shares upon issue was EUR13.15, being the opening share price of January 3, 2022 (2021: EUR15.71).

An additional grant was performed following the AGM on April 6, 2022. The grant date fair value was EUR15.20.

### RESTRICTED SHARE UNIT (RSU) PLANS

The number of shares granted under the RSU plan in 2022 was 803,320 (2021: 754,450), with the three-year employment period starting on January 1, 2022 (2021: January 1, 2021).

The annual RSU award is based on individual performance. The RSU plans themselves have no performance condition, only a service condition, and will vest at the end of three years' continuing service. The fair value is determined based on the share price at the grant dates, with an adjustment for the present value of the expected dividends during the vesting period.

	2022	2021
RSU grant date fair value per share	€ 11.44	€ 11.89

For RSUs, a vesting probability (based on expectations on, for example, the number of employees leaving the Company before the vesting date of their respective RSU plan) of 5% is assumed. The Company periodically reviews this estimate and aligns to the actual forfeitures.

### OWNERSHIP SHARES

Ownership Shares is an annual award in shares to compensate the overall STI target reduction of 3-6% of annualized gross salary under the Company's 2019 STI plan awarded to employees based on seniority. The Ownership Shares have no performance conditions, only a service condition. The Ownership Shares are subject to a three-year holding requirement after the grant date. This means that a fixed population of onshore employees, based on seniority in the Company, are eligible to the Ownership Shares equal to 4-8% of annualized gross salary.

The total number of Ownership Shares that vested during 2022 was 96,333 shares (2021: 90,189). The fair value of the Ownership Shares is measured at the opening share price of January 3, 2022.

	2022	2021
Ownership Shares grant date fair value per share	€ 13.15	€ 14.21

### MATCHING SHARES

Under the STI plans for the management and staff of the Company, 20% of the STI is or can be paid in shares. Subject to a vesting period of four years, an identical number of shares (matching shares) will be issued to participants, assuming a probability of 95%. The Company periodically reviews this estimate and aligns to the actual forfeitures. The grant date fair value is measured indirectly, based on the grant date price of the equity instrument, with an adjustment for the present value of the expected dividends during the vesting period.

The assumptions included in the calculation for the matching shares are:

	2022	2021
Matching shares grant date fair value per share	€ 11.75	€ 13.40

### TOTAL SHARE-BASED PAYMENT COSTS

The amounts recognized in operating profit for all share-based payment transactions have been summarized by taking into account both the provisional awards for the current year and the additional awards related to prior years. Total share-based compensation has slightly decreased in comparison to 2021.

2022 (in thousands of US\$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	13,327	5,840	19,167
<b>Total expenses 2022</b>	<b>13,327</b>	<b>5,840</b>	<b>19,167</b>

2021 (in thousands of US\$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	15,153	4,523	19,676
<b>Total expenses 2021</b>	<b>15,153</b>	<b>4,523</b>	<b>19,676</b>

## 4 FINANCIAL INFORMATION 2022

Rules of conduct with regard to inside information are in place to ensure compliance with the act on financial supervision. For example, these rules forbid the exercise of options or other financial instruments during certain periods, more specifically when an employee is in possession of price-sensitive information.

The movement in the outstanding number of shares which could potentially vest at a point in time under the Company share-based payment plans is illustrated in the following table.

in number of shares	2022	2021
<b>Outstanding at 1 January</b>	<b>2,910,725</b>	<b>2,530,336</b>
Granted	1,629,422	1,734,267
Vested	(1,125,632)	(1,090,015)
True-up at vesting		
Cancelled or forfeited	(350,436)	(263,863)
<b>Total movements</b>	<b>153,354</b>	<b>380,389</b>
<b>Outstanding at 31 December</b>	<b>3,064,079</b>	<b>2,910,725</b>

### REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board amounted to EUR658,000 (2021: EUR656,000) and can be specified as follows:

	2022			2021		
in thousands of EUR	Basic remuneration	Committees	Total	Basic remuneration	Committees	Total
<b>Total</b>	<b>580</b>	<b>78</b>	<b>658</b>	<b>579</b>	<b>77</b>	<b>656</b>

There are no share-based incentives granted to the members of the Supervisory Board. Nor are there any loans outstanding to the members of the Supervisory Board or guarantees given on behalf of members of the Supervisory Board.

### NUMBER OF EMPLOYEES

#### Number of employees (by operating segment)

	2022		2021	
By operating segment:	Average	Year-end	Average	Year-end
Lease and Operate	2,072	2,172	1,872	1,971
Turnkey	2,110	2,221	1,898	1,999
Other	549	576	496	522
<b>Total excluding employees working for JVs and associates</b>	<b>4,731</b>	<b>4,969</b>	<b>4,265</b>	<b>4,492</b>
Employees working for JVs and associates	529	530	532	527
<b>Total</b>	<b>5,259</b>	<b>5,499</b>	<b>4,797</b>	<b>5,019</b>

#### Number of employees (by geographical area)

	2022		2021	
By geographical area:	Average	Year-end	Average	Year-end
the Netherlands	471	518	430	424
Worldwide	4,260	4,451	3,836	4,068
<b>Total excluding employees working for JVs and associates</b>	<b>4,731</b>	<b>4,969</b>	<b>4,265</b>	<b>4,492</b>
Employees working for JVs and associates	529	530	532	527
<b>Total</b>	<b>5,259</b>	<b>5,499</b>	<b>4,797</b>	<b>5,019</b>

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within other employee benefits. The increase in headcount is primarily due to the further ramp-up of activity on Turnkey projects, as the Company has five FPSO's under construction.

### 4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US\$35 million (2021: US\$29 million) and mainly relate to the internal projects for Renewables development costs, energy transition costs related to emissionZERO® and 'Digital FPSO'.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

### 4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

In the context of the COVID-19 pandemic and the Russia-Ukraine war, during 2022 a range of possible impacts that could arise from the general economic downturn, the pressure on price inflation and other governmental actions consequent of the geopolitical situation was anticipated. In response to these effects, the Company (i) reassessed whether there is a significant increase in credit risk related to its financial assets as of December 31, 2022 and (ii) updated estimates in terms of 'probability of default' and 'loss given default' in order to determine the expected credit losses.

#### Finance Lease Receivables

There was no payment default on any finance lease contracts over the period. In addition, despite the overall economic downturn, the Company concluded that the counterparties of the finance lease receivables still have a strong capacity to meet their contractual cash flow obligations based on existing contractual arrangements, which include parent company guarantees. Based on the available forward-looking information related to the oil price, it is also assumed that none of the assets leased under the Company's finance lease contracts would become uneconomical to operate for clients.

Therefore, the Company concludes that (i) the credit risk has not increased significantly since the initial recognition of the finance lease receivable, and (ii) the finance lease receivables still have a low credit risk as of December 31, 2022. As a result, the Company recognizes a 12-month expected credit loss.

#### Contract assets and Trade Receivables

As for the finance leases, there was no payment default (including overdue of more than 90 days) on any significant trade receivables over the period. The Company performed, as usual, a detailed analysis of the credit risks associated with significant trade receivables balances as at the reporting date. This did not result in any specific significant increase in credit risks related to its outstanding contract assets and trade receivables.

#### Other Financial Assets

Overall, the reassessment of the expected credit losses of other financial assets resulted in a limited impact.

During the year, the following gains/(losses) related to credit risks were recognized:

	2022	2021
Impairment losses		
- Movement in loss allowance for trade receivables	1	0
- Movement in loss allowance for contract assets	0	3
- Movement in loss allowance for finance lease receivables	(0)	1
(Impairment)/impairment reversal losses on financial lease receivables	-	-
- Movement in loss allowance for other assets	(0)	2
(Impairment)/impairment reversal losses on other financial assets	14	7
<b>Net impairment gains/(losses) on financial and contract assets</b>	<b>15</b>	<b>12</b>

During the year 2022 the Company recognized a US\$15 million net impairment gain on financial and contract assets mainly attributable to the reversal of an impairment which was previously recognized for a funding loan provided to an equity accounted entity (December 31, 2021: gain of US\$12 million).

## 4 FINANCIAL INFORMATION 2022

### 4.3.9 NET FINANCING COSTS

	2022	2021
Interest income on loans & receivables	0	1
Interest income on investments	10	1
Net foreign exchange gain	-	-
Other financial income	2	1
<b>Financial income</b>	<b>12</b>	<b>3</b>
Interest expenses on financial liabilities at amortized cost	(352)	(202)
Interest expenses on hedging derivatives	(28)	(99)
Interest expenses on lease liabilities	(2)	(2)
Interest addition to provisions	(1)	(1)
Net cash flow hedges ineffectiveness	(1)	-
Other financial expenses	(0)	0
<b>Financial expenses</b>	<b>(385)</b>	<b>(304)</b>
<b>Net financing costs</b>	<b>(373)</b>	<b>(301)</b>

The company has increased its debt (see note 4.3.23 Borrowings and Lease Liabilities) in order to finance its ongoing construction program of five FPSOs.

Therefore, the increase in net financing costs is mainly due to: (i) higher interest expenses as a result of the Company's project financing obtained for projects under construction, mostly the project financing of FPSO *ONE GUYANA*, FPSO *Sepetiba*, FPSO *Prosperity* and bridge loans for FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*.

### 4.3.10 INCOME TAX EXPENSE

The relationship between the Company's income tax expense and profit before income tax (referred to as 'effective tax rate') can vary significantly from period to period considering, among other factors: (i) changes in the blend of income that is taxed based on revenues versus profit; (ii) the different statutory tax rates in the location of the Company's operations and (iii) the possibility to recognize deferred tax assets on tax losses to the extent that suitable future taxable profits will be available.

Some of the taxes are withholding taxes (paid on revenues). The assessment of whether the withholding tax is in scope of IAS 12 is judgmental; the Company performed this assessment in the past and some of the withholding taxes that the Company pays in certain countries qualify as income taxes as it creates an income tax credit or it is considered as deemed profit taxation.

Consequently, income tax expense does not change proportionally with profit before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the effective tax rate is impacted by the unrecognized tax loss.

The components of the Company's income taxes were as follows:

#### Income tax recognized in the consolidated Income Statement

	Note	2022	2021
Corporation tax on profits for the year		(85)	(73)
Adjustments in respect of prior years		(1)	14
Movements in uncertain tax positions		3	3
<b>Total current income tax</b>		<b>(83)</b>	<b>(56)</b>
Deferred tax	4.3.17	(20)	(14)
<b>Total</b>		<b>(104)</b>	<b>(71)</b>

The Company's operational activities are subject to taxation at rates, which range up to 35% (2021: 35%).

For the year ended December 31, 2022, the respective tax rates, the change in the blend of income tax based on income withholding tax and deemed profit assessment versus income tax based on net profit, the unrecognized deferred tax asset on certain tax losses, tax-exempt profits and non-deductible costs resulted in an effective tax on continuing operations of 16% (2021: 16%).

The reconciliation of the effective tax rate is as follows:

#### Reconciliation of total income tax charge

		2022	2021
	%		%
<b>Profit/(Loss) before income tax</b>		<b>660</b>	<b>543</b>
Share of profit of equity-accounted investees		12	110
<b>Profit/(Loss) before income tax and share of profit of equity-accounted investees</b>		<b>648</b>	<b>433</b>
Income tax using the domestic corporation tax rate (25,8% for the Netherlands)	25,8%	(167)	25% (108)
<b>Tax effects of :</b>			
Different statutory taxes related to subsidiaries operating in other jurisdictions	(9%)	57	(8%) 34
Withholding taxes and taxes based on deemed profits	5%	(33)	10% (45)
Non-deductible expenses	10%	(64)	7% (30)
Non-taxable income	(19%)	125	(21%) 91
Adjustments related to prior years	0%	(1)	(3%) 14
Adjustments recognized in the current year in relation to deferred income tax of previous year	(0%)	3	2% (11)
Effects of unrecognized and unused current tax losses not recognized as deferred tax assets	4%	(27)	4% (18)
Movements in uncertain tax positions	(0%)	3	(1%) 3
<b>Total tax effects</b>		<b>(10%) 63</b>	<b>(9%) 38</b>
<b>Total of tax charge on the Consolidated Income Statement</b>		<b>16% (104)</b>	<b>16% (71)</b>

Similar to last year, the effective tax was impacted by unrecognized deferred tax assets concerning Brazil, USA, Switzerland, Luxembourg, Monaco and the Netherlands.

## 4 FINANCIAL INFORMATION 2022

Details of the withholding taxes and other taxes are as follows:

### Withholding taxes per country

	2022	2021
Withholding Tax and Overseas Taxes (per location)	Withholding tax	Withholding tax
Brazil	(20)	(23)
Guyana	(12)	(20)
Other	(1)	(2)
<b>Total withholding and overseas taxes</b>	<b>(33)</b>	<b>(45)</b>

### Brazil withholding tax

The Company incurred less withholding tax charge in 2022 due to the shutdown of *FPSO Cidade de Anchieta*.

### Guyana and other withholding tax

The Company's construction and lease activities related to Guyana are subject to Guyanese withholding tax. In 2022, more withholding tax was used to offset tax calculated on net profit in Guyana and in the United Kingdom leading to a relative decrease of withholding tax in 2022 compared to prior year.

## TAX RETURNS AND TAX CONTINGENCIES

The Company files federal and local tax returns in several jurisdictions throughout the world. Tax returns in the major jurisdictions in which the Company operates are generally subject to examination for periods ranging from three to six years. Tax authorities in certain jurisdictions are examining tax returns and in some cases have issued assessments. The Company believes there is a sound basis for its tax positions in those jurisdictions. The Company provides for taxes that it considers probable of being payable as a result of these audits and for which a reasonable estimate may be made. While the Company cannot predict or provide assurance as to the final outcome of these proceedings, the Company does not expect the ultimate liability to have a material effect on its consolidated statement of financial position or results of operations, although it could have a significant adverse effect on its consolidated cash flows.

Each year management completes a detailed review of uncertain tax positions across the Company and makes provisions based on the probability of the liability arising. The principal risks that arise for the Company are in respect of permanent establishment, transfer pricing and other similar international tax issues. In common with other international groups, the difference in alignment between the Company's global operating model and the jurisdictional approach of tax authorities often leads to uncertainty on tax positions.

As a result of the above, in the period, the Company recorded a net tax decrease of US\$4 million in respect of ongoing tax audits and in respect of the Company's review of its uncertain tax positions. This decrease is primarily in relation to uncertain tax positions on corporate income tax. However it is possible that the ultimate resolution of the tax exposures could result in tax charges that are materially higher or lower than the amount provided.

The Company conducts operations through its various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, the Company may identify changes to previously evaluated tax positions that could result in adjustments to its recorded assets and liabilities. Although the Company is unable to predict the outcome of these changes, it does not expect the effect, if any, resulting from these adjustments to have a material effect on its consolidated statement of financial position, results of operations or cash flows.

## IMPACT OF THE GLOBE PILLAR TWO MODEL RULES

In December 2021, the OECD released the GloBE Pillar Two model rules, also referred to as the 'Global Anti-Base Erosion' or 'GloBE' rules, which subsequently led to the issuance of the draft proposal for a GloBE Directive by the European Commission. These rules aim to ensure large multinational enterprises (MNEs) pay a minimum amount of tax on income arising in each jurisdiction in which they operate through introducing a global minimum corporate income tax rate set at 15%. The GloBE rules are intended to be implemented as part of an agreed-upon common approach, introduced via domestic tax law and expected to be effective as from January 1, 2024. The Dutch government issued its draft proposal of

the Minimum Taxation Act 2024 in October 2022 for consultation while on December 15, 2022, the Council of the European Union formally adopted the directive implementing the minimum taxation at EU level.

The Company is in scope of the GloBE Pillar Two model rules. Upon adoption of the Dutch Minimum Taxation Act 2024 (with the anticipated effective date of January 1, 2024), these rules may have a financial impact due to the Company's presence in a limited number of jurisdictions where the GloBE effective tax rate is below 15%. Per the GloBE rules, SBM Offshore N.V. is regarded the Ultimate Parent Entity (UPE) and will be subject to the 'Qualified Income Inclusion Rule' (IIR). As a result, the Company may be liable to pay a Top-up Tax on the activities in The Netherlands and other jurisdictions, thereby potentially increasing the Company's current income tax expense for the year and as a consequence an increase of the Company's effective tax rate. Furthermore, the adoption of the rules will lead to increased implementation costs for the Company. The Company is in the process of assessing the potential prospective financial impact as a result of the GloBE rules. It should be noted that the impact can only be finally determined when final legislation is enacted whereas this is still under consultation in various jurisdictions.

#### 4.3.11 EARNINGS/(LOSS) PER SHARE

The basic earnings per share for the year amounted to US\$2.53 (2021: US\$2.18); the fully diluted earnings per share amounted to US\$2.50 (2021: US\$2.16). Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit/loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings per share computations:

##### Earnings per share

	2022	2021
Earnings attributable to shareholders (in thousands of US\$)	450,137	400,297
Number of shares outstanding at January 1 (excluding treasury shares)	176,622,557	185,314,742
Average number of treasury shares transferred to employee share programs	1,283,909	1,247,857
Average number of shares repurchased / cancelled	-	(2,845,444)
<b>Weighted average number of shares outstanding</b>	<b>177,906,466</b>	<b>183,717,155</b>
Impact shares to be issued	-	-
<b>Weighted average number of shares (for calculations basic earnings per share)</b>	<b>177,906,466</b>	<b>183,717,155</b>
Potential dilutive shares from stock option scheme and other share-based payments	1,965,043	1,927,813
<b>Weighted average number of shares (diluted)</b>	<b>179,871,509</b>	<b>185,644,968</b>
Basic earnings per share in US\$	2.53	2.18
Fully diluted earnings per share in US\$	2.50	2.16

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements, except for the issuance of Value Creation Stake shares for the Management Board, Ownership Shares for the Company's senior management and the Matching Shares and RSUs that have vested on January 1, 2023 (see note 4.3.6 Employee Benefit Expenses).

#### 4.3.12 DIVIDENDS PAID AND PROPOSED

The Company's dividend policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash-flow position. As part of the Company's regular planning process, following review of its cash-flow position and forecast, the Company proposes to pay out a dividend of US\$1.10 per share, equivalent to c.US\$200<sup>1</sup>million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 13, 2023. This represents an increase of 10% compared to the US\$1 dividend per share paid in 2022.

<sup>1</sup> Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2022.



## 4 FINANCIAL INFORMATION 2022

### 4.3.13 PROPERTY, PLANT AND EQUIPMENT

The line item 'Property, plant and equipment' consists of property, plant and equipment owned by the Company and right-of-use assets:

#### Property, plant and equipment (summary)

	31 December 2022	31 December 2021
Property, plant and equipment excluding leases	274	351
Right-of-use assets	40	45
<b>Total</b>	<b>314</b>	<b>396</b>

#### PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the Property, plant and equipment during the year 2022 is summarized as follows:

##### 2022

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	63	1,741	83	4	1,891
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	(1,540)
<b>Book value at 1 January</b>	<b>25</b>	<b>295</b>	<b>28</b>	<b>4</b>	<b>351</b>
Additions	0	13	5	79	97
Disposals	-	(0)	(0)	(0)	(0)
Depreciation	(5)	(47)	(11)	-	(63)
Impairment	-	(108)	-	-	(108)
Foreign currency variations	(1)	0	(1)	(0)	(2)
Other movements	0	65	2	(67)	(0)
<b>Total movements</b>	<b>(6)</b>	<b>(78)</b>	<b>(5)</b>	<b>12</b>	<b>(77)</b>
Cost	60	1,813	78	16	1,967
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	(1,693)
<b>Book value at 31 December</b>	<b>19</b>	<b>217</b>	<b>23</b>	<b>16</b>	<b>274</b>

##### 2021

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	67	2,751	93	11	2,922
Accumulated depreciation and impairment	(35)	(2,335)	(61)	(0)	(2,431)
<b>Book value at 1 January</b>	<b>32</b>	<b>416</b>	<b>32</b>	<b>11</b>	<b>490</b>
Additions	0	0	4	(0)	4
Disposals	0	(23) <sup>1</sup>	0	0	(23)
Depreciation	(6)	(74)	(11)	-	(91)
Impairment	-	(0)	-	0	0
Foreign currency variations	(2)	(0)	(2)	0	(3)
Other movements	1	(23) <sup>2</sup>	4	(6)	(24)
<b>Total movements</b>	<b>(6)</b>	<b>(121)</b>	<b>(4)</b>	<b>(6)</b>	<b>(138)</b>
Cost	63	1,741	83	4	1,891
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	(1,540)
<b>Book value at 31 December</b>	<b>25</b>	<b>295</b>	<b>28</b>	<b>4</b>	<b>351</b>

<sup>1</sup> Disposals mainly relate to the sale of the Gene vessel

<sup>2</sup> Other movements mainly relate to the reclassification of the DSCV Installer as Asset Held For Sale

During the 2022 period, the following main events occurred regarding owned property, plant and equipment:

- US\$63 million of annual depreciation charges, following the normal depreciation schedule;
- US\$ 97 million additions mainly related to capitalized major overhaul costs related to repair work performed on *FPSO Cidade de Anchieta* as well as additional capitalization of costs related to a reassessment of the decommissioning provision of *FPSO Capixaba*;
- US\$(108) million impairment recognized mainly explained by US\$92 million related to *FPSO Cidade de Anchieta* (see below) and US\$15 million related to *FPSO Capixaba* (see below).

Property, plant and equipment at year-end comprises of:

- One (2021: two) integrated floating production, storage and offloading systems (FPSOs) (namely *FPSO Cidade de Anchieta*) consisting of a converted tanker, a processing plant and one mooring system. This FPSO is leased to third parties under an operating lease contract;
- The residual value of *FPSO Capixaba* under decommissioning;
- One semi-submersible production platform, the *Thunder Hawk* (2021: one), leased to third parties under an operating lease contract;

The depreciation charge for the semi-submersible production facility *Thunder Hawk* is calculated based on its future anticipated economic benefits, resulting in a depreciation plan based on the unit of production method. All other property, plant and equipment is depreciated on a straight-line basis.

Company-owned property, plant and equipment with a carrying amount of US\$195 million (2021: US\$253 million) has been pledged as security for liabilities, mainly for external financing.

No interest has been capitalized during the financial year as part of the additions to property, plant and equipment (2021: nil).

#### Impairment of FPSO Capixaba

An impairment assessment of *FPSO Capixaba* was performed in anticipation of the decommissioning of the asset. The revised estimation of the costs expected for the demobilization activities (largely driven by an increased consumption of marine diesel) and the reassessment of the residual value of the asset resulted in adverse cash flows. An impairment of US\$15 million has therefore been accounted for in the 2022 full-year results. The impairment test is not significantly impacted by the discount rate used in the impairment test due to the short-term nature of cash flows. As at the end of 2022, the vessel has been fully depreciated following the end of the lease period. The remaining value corresponds to the residual value of the asset.

#### Impairment of FPSO Cidade de Anchieta

*FPSO Cidade de Anchieta* was shut down from January 22, 2022, until December 17, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel in agreement with the client and approved by Class and local authorities as well as for the repair of other tanks for which works will continue at least until the end of 2023. The total expected net cost of repairs resulted in an adverse cash flow and an impairment of US\$92 million was accounted for in the 2022 full year results within the Lease and Operate segment.

The recoverable amount of the vessel was determined using its value in use. Significant estimates are part of the impairment calculation:

- If the discount rate (8.8%) used in the impairment test were to vary by +/- 1%, the impairment would change by +/- US\$11 million;
- If the cash outflow were to vary by +/- US\$20 million, the impairment would change by +/- US\$18 million;
- If the cash inflow were to vary by +/- US\$20 million, the impairment would change by +/- US\$19 million;
- If the timing of some cash inflow would vary by one year, the impairment would change by + US\$8 million.

## 4 FINANCIAL INFORMATION 2022

### RIGHT-OF-USE ASSETS

As of December 31, 2022, the Company leases buildings and cars. The movement of the right-of-use assets during the year 2022 is summarized as follows:

#### 2022

	Buildings	Other fixed assets	Total
<b>Book value at 1 January</b>	<b>44</b>	<b>1</b>	<b>45</b>
Additions	12	1	13
Disposals	-	(0)	(0)
Depreciation	(14)	(1)	(15)
Impairment	-	-	-
Foreign currency variations	(2)	(0)	(2)
Other movements	(1)	(0)	(1)
<b>Total movements</b>	<b>(5)</b>	<b>0</b>	<b>(4)</b>
Cost	72	3	75
Accumulated depreciation and impairment	(33)	(2)	(35)
<b>Book value at 31 December</b>	<b>39</b>	<b>1</b>	<b>40</b>

#### 2021

	Buildings	Other fixed assets	Total
<b>Book value at 1 January</b>	<b>52</b>	<b>1</b>	<b>52</b>
Additions	9	1	10
Disposals	(1)	0	(1)
Depreciation	(12)	(1)	(12)
(Impairment)/impairment reversal	(0)	-	(0)
Foreign currency variations	(3)	(0)	(3)
Other movements	(1)	-	(1)
<b>Total movements</b>	<b>(8)</b>	<b>0</b>	<b>(8)</b>
Cost	86	2	88
Accumulated depreciation and impairment	(42)	(1)	(43)
<b>Book value at 31 December</b>	<b>44</b>	<b>1</b>	<b>45</b>

During the year 2022, the main movements regarding right-of-use assets related to US\$15 million of depreciation charges partially offset by the lease of additional office space in Brazil and Guyana.

#### Office leases

Significant contracts under buildings relate to the lease of offices. The remaining contract periods of the Company's office rentals vary between one and ten years and most of the contracts include extension options between three and five years. The extension options have been taken into account in the measurement of lease liabilities when the Company is reasonably certain to exercise these options. The lease agreements do not impose any covenants.

### OPERATING LEASES AS A LESSOR

The category 'Vessels and floating equipment' mainly relates to facilities leased to third parties under various operating lease agreements which terminate between 2025 and 2031. Leased facilities included in the 'Vessels and floating equipment' amount to:

#### Leased facilities included in the vessels and floating equipment

	31 December 2022	31 December 2021
Cost	1,813	1,741
Accumulated depreciation and impairment	(1,596)	(1,447)
<b>Book value at 31 December</b>	<b>217</b>	<b>294</b>

As of December 31, 2022, the units included under leased facilities are *FPSO Cidade de Anchieta* and the semi-submersible production facility *Thunder Hawk*. The book value of the leased facilities included in the vessels and floating equipment has decreased by US\$77 million, mainly due to the impairment on asset *FPSO Cidade de Anchieta*.

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

#### Nominal values of the future expected bareboat receipts

	31 December 2022	31 December 2021
Within 1 year	113	146
2 years	111	109
3 years	104	107
4 years	91	100
5 years	91	90
After 5 years	306	313
<b>Total</b>	<b>816</b>	<b>865</b>

A number of agreements have extension options, which have not been included in the above table.

#### Outstanding purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as at December 31, 2022.

### 4.3.14 INTANGIBLE ASSETS

#### 2022

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	34	25	67	19	145
Accumulated amortization and impairment	(25)	(15)	-	(19)	(59)
<b>Book value at 1 January</b>	<b>9</b>	<b>11</b>	<b>67</b>	<b>0</b>	<b>86</b>
Additions	4	3	34	-	41
Amortization	(3)	(4)	-	-	(7)
(Impairment)/impairment reversal	-	(2)	-	-	(2)
<b>Total movements</b>	<b>1</b>	<b>(3)</b>	<b>34</b>	<b>-</b>	<b>31</b>
Cost	38	28	100	19	185
Accumulated amortization and impairment	(29)	(20)	-	(19)	(68)
<b>Book value at 31 December</b>	<b>9</b>	<b>8</b>	<b>100</b>	<b>0</b>	<b>117</b>

#### 2021

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	29	24	31	19	103
Accumulated amortization and impairment	(20)	(14)	-	(19)	(54)
<b>Book value at 1 January</b>	<b>8</b>	<b>10</b>	<b>31</b>	<b>0</b>	<b>50</b>
Additions	5	4	36	-	46
Amortization	(5)	(4)	-	-	(9)
<b>Total movements</b>	<b>0</b>	<b>(0)</b>	<b>35</b>	<b>-</b>	<b>36</b>
Cost	34	25	67	19	145
Accumulated amortization and impairment	(25)	(15)	-	(19)	(59)
<b>Book value at 31 December</b>	<b>9</b>	<b>11</b>	<b>67</b>	<b>0</b>	<b>86</b>

## 4 FINANCIAL INFORMATION 2022

The increase in 'Intangible assets under construction' mainly relates to costs capitalized relating to the design and implementation of the new global ERP system, the capitalization of software licenses and other capital expenditures related to the IT infrastructure upgrade project.

Amortization of development costs is included in 'Research and development expenses' in the income statement in 2022 for US\$3 million (2021: US\$5 million).

Amortization of software is included in 'General and administrative expenses' in the income statement in 2022 for US\$4 million (2021: US\$4 million).

### 4.3.15 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

#### Finance lease receivables (reconciliation gross/net investment)

	31 December 2022	31 December 2021
Gross receivable	10,330	9,729
Less: unearned finance income	(3,137)	(3,547)
<b>Total</b>	<b>7,193</b>	<b>6,182</b>
Of which		
Current portion	1,725	339
Non-current portion	5,468	5,843

As of December 31, 2022, finance lease receivables relate to the finance lease of:

- FPSO *Liza Unity*, which started production in February 2022 for a charter of 2 years;
- FPSO *Liza Destiny*, which started production in December 2019 for a charter of 10 years;
- FPSO *Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- FPSO *Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;
- FPSO *Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- FPSO *Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- FPSO *Aseng*, which started production in November 2011 for a charter of 15 years;
- FPSO *Espirito Santo*, which started production in January 2009 for a charter of 15 years until December 2023, and which was extended in December 2020 until December 2028.

The increase in finance lease receivable is driven by FPSO *Liza Unity* which started production in February 2022 partially offset by redemptions as per the payment plans.

#### Unguaranteed residual values

Included in the gross receivable is an amount related to unguaranteed residual values (i.e. scrap value of units). The total amount of unguaranteed residual values at the end of the lease term amounts to US\$53 million as of December 31, 2022, (2021: US\$69 million). The 2022 reassessment of unguaranteed residual values resulted in an impairment increase of US\$9 million due to the decrease of scrap value of units.

As per the contractual terms, gross receivables should be invoiced to the lessee within the following periods:

#### Finance lease receivables (gross receivables invoiced to the lessee within the following periods)

	31 December 2022	31 December 2021
Less than 1 year	2,221	802
Between 1 and 2 years	804	802
Between 2 and 5 years	2,389	2,415
More than 5 years	4,916	5,711
<b>Total Gross receivable</b>	<b>10,330</b>	<b>9,729</b>

The significant increase in the gross receivable 'Less than 1 year' relates to the anticipated exercising of a purchase option related to one of the leased units.

The following part of the net investment in the lease is included as part of the current assets within the statement of financial position:

#### Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2022	31 December 2021
Gross receivable	2,221	802
Less: unearned finance income	(496)	(463)
<b>Current portion of finance lease receivable</b>	<b>1,725</b>	<b>339</b>

The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables taking into account the risk of recoverability. The Company performed an assessment, which concluded that the credit risk for these receivables has not increased significantly since the initial recognition. The Company does not hold any collateral as security.

#### Outstanding purchase and termination options

The finance lease contracts of *FPSO Aseng*, *FPSO Liza Destiny* and *FPSO Liza Unity*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. If the client had exercised the purchase option for *FPSO Aseng* as of December 31, 2022 this would have resulted in a gain for the Company, while the exercise of the early termination option under which the Company would retain the vessel, would have resulted in a near breakeven result. If the client had exercised the purchase option for *FPSO Liza Destiny* as of December 31, 2022 this would have resulted in a near breakeven result for the Company while the exercise of the early termination option under which the Company would retain the vessels would have resulted in a gain. If the client had exercised the purchase option or early termination option for *FPSO Liza Unity* as of December 31, 2022 this would have resulted in a gain for the Company.

The finance lease contract of *FPSO Espirito Santo* includes a call option for the client to terminate the contract early without obtaining the underlying asset. The exercise of the early termination option would have resulted in a loss for the Company as of December 31, 2022.

The finance lease contracts of *FPSO Prosperity* and *FPSO ONE GUYANA* (all under construction as per December 31, 2022) contain options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

### 4.3.16 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	31 December 2022	31 December 2021
Non-current portion of other receivables	106	38
Sublease receivables	-	2
Non-current portion of loans to joint ventures and associates	45	42
<b>Total</b>	<b>151</b>	<b>82</b>

The increase in non-current portion of other receivables relates to the extension of the lease period for *FPSO Cidade de Anchieta* which is considered as a lease reassessment as per IFRS 16. This leads to an update of the linearized revenue up to the new end date of the contract which led to the recognition of an accrued income of US\$78 million (out of which US\$69 million is classified as non-current).

The current portion of (i) other receivables and sublease receivables and (ii) loans to joint ventures and associates is included within the 'Trade and other receivables' in the statement of financial position.

In relation to the exposure to credit risk at the reporting date on the carrying amount of the interest-bearing loans, non-current portion of other receivables and sublease receivable, please refer to note 4.3.8 Net Impairment Gains/(Losses) on

## 4 FINANCIAL INFORMATION 2022

Financial and Contract Assets and note 4.3.27 Financial Instruments – Fair Values and Risk Management for the risk of recoverability (i.e. for expected credit losses). The Company does not hold any collateral as security.

The breakdown of loans to joint ventures and associates is presented below.

### LOANS TO JOINT VENTURES AND ASSOCIATES

	<i>Notes</i>	31 December 2022	31 December 2021
Current portion of loans to joint ventures and associates	4.3.19	7	9
Non-current portion of loans to joint ventures and associates		45	42
<b>Total</b>	<b>4.3.31</b>	<b>52</b>	<b>51</b>

The balance of loans to joint ventures and associates has remained stable compared with the year-ago period.

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to joint ventures and associates, taking into account the risk of recoverability. The Company does not hold any collateral as security.

### 4.3.17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities and associated net positions are summarized as follows:

#### Deferred tax positions (summary)

	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	0	-	0	-	-	-
Tax losses	6	-	6	6	-	6
Other	6	38	(32)	7	18	(11)
<b>Book value at 31 December</b>	<b>12</b>	<b>38</b>	<b>(26)</b>	<b>13</b>	<b>18</b>	<b>(5)</b>

All movements between the opening and closing balances were recognized in the income statement.

#### Movements in net deferred tax positions

		2022	2021
	<i>Note</i>	Net	Net
<b>Deferred tax at 1 January</b>		<b>(5)</b>	<b>9</b>
Deferred tax recognized in the income statement	4.3.10	(20)	(14)
Foreign currency variations		(1)	(1)
<b>Total movements</b>		<b>(21)</b>	<b>(15)</b>
<b>Deferred tax at 31 December</b>		<b>(26)</b>	<b>(5)</b>

Expected realization and settlement of deferred tax positions is within 8 years. The current portion of the net deferred tax position as of December 31, 2022 amounts to US\$0.4 million. The deferred tax losses are expected to be recovered based on the anticipated profit in the applicable jurisdiction. The Company has US\$27 million (2021: US\$18 million) of deferred tax assets unrecognized in 2022 due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from five years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US\$9 million (2021: US\$10 million). On a cumulative basis a total amount of US\$220 million at the end of 2022 (2021: US\$257 million) corresponds to deferred tax assets basis unrecognized on temporary differences, unused tax losses and tax credits.

Deferred tax in connection with unused tax losses carried forward, temporary differences and tax credits:

	31 December 2022	31 December 2021
Unused tax losses carried forward, temporary differences and tax credits not recognized as a deferred tax asset	220	257
Unused tax losses carried forward, temporary differences and tax credits recognized as a deferred tax asset	12	13
<b>Total</b>	<b>232</b>	<b>270</b>

Expiry date on deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits:

	31 December 2022	31 December 2021
Within one year	24	21
More than a year but less than 5 years	11	12
More than 5 years but less than 10 years	8	3
More than 10 years but less than 20 years	22	60
Unlimited period of time	156	161
<b>Total</b>	<b>220</b>	<b>257</b>

Deferred tax assets per location are as follows:

#### Deferred tax positions per location

	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Guyana	-	36	(36)	-	18	(18)
Monaco	2	-	2	3	-	3
Switzerland	7	-	7	7	-	7
the Netherlands	3	-	3	3	-	3
Other	0	2	(2)	-	-	-
<b>Book value at 31 December</b>	<b>12</b>	<b>38</b>	<b>(26)</b>	<b>13</b>	<b>18</b>	<b>(5)</b>

### 4.3.18 INVENTORIES

	31 December 2022	31 December 2021
Materials and consumables	9	11
Goods for resale	4	3
Multi-purpose floaters under construction	13	-
<b>Total</b>	<b>25</b>	<b>14</b>

Multi-purpose floaters ('MPFs') under construction relate to the ongoing EPC phase of any Fast4Ward® new-build hulls. Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract.

The increase of the inventory balance at year-end 2022 relates to the new multi-purpose hull for use on a future FPSO project. As per December 31, 2022, the Company has one MPF under construction for use on a future FPSO project.



## 4 FINANCIAL INFORMATION 2022

### 4.3.19 TRADE AND OTHER RECEIVABLES

#### Trade and other receivables (summary)

	Note	31 December 2022	31 December 2021
Trade debtors		308	407
Other accrued income		198	187
Prepayments		149	138
Accrued income in respect of delivered orders		0	12
Other receivables		75	51
Taxes and social security		57	36
Current portion of loan to joint ventures and associates	4.3.16	7	9
<b>Total</b>		<b>795</b>	<b>839</b>

The decrease in 'Trade debtors' of US\$(99) million is mainly due to the collection of upfront payment for FPSO *ONE GUYANA* and to the end of the lease of FPSO *Capixaba*. This was partially offset by an increase in receivable balance related to FPSO *Prosperity*.

The increase in 'Other accrued income' is mainly due to FPSO *Liza Unity* joining the fleet, partially offset by the end of the lease of FPSO *Capixaba*.

The increase in prepayments of US\$11 million is mainly related to advance payments to yards related to the new multi-purpose floater hull ('MPF').

The increase in 'Other receivables' mainly relate to advance payments made in relation to the Brazilian fleet.

The carrying amounts of the Company's trade debtors are distributed in the following countries:

#### Trade debtors (countries where Company's trade debtors are distributed)

	31 December 2022	31 December 2021
Angola	48	27
Brazil	17	64
Guyana	208	279
Equatorial Guinea	11	16
The United States of America	3	3
Malaysia	4	2
Australia	1	2
Other	16	15
<b>Total</b>	<b>308</b>	<b>407</b>

The trade debtors balance is the nominal value less an allowance for estimated impairment losses as follows:

#### Trade debtors (trade debtors balance)

	31 December 2022	31 December 2021
Nominal amount	312	412
Impairment allowance	(4)	(5)
<b>Total</b>	<b>308</b>	<b>407</b>

The allowance for impairment represents the Company's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual 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 item '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 aging of the nominal amounts of the trade debtors are:

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

	31 December 2022		31 December 2021	
	Nominal	Impairment	Nominal	Impairment
Not past due	236	(3)	352	(5)
Past due 0-30 days	9	(0)	27	(0)
Past due 31-120 days	6	(0)	11	(0)
Past due 121- 365 days	33	(0)	13	(0)
More than one year	27	(0)	11	(0)
<b>Total</b>	<b>312</b>	<b>(4)</b>	<b>413</b>	<b>(5)</b>

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, 2022, the Company held multiple 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 designated as hedges of interest rate financing exposure. The most important floating rate is the US\$ 3-month LIBOR. 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 on 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 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	490	28	463	13	157	(144)
Forward currency contracts cash flow hedge	50	103	(53)	14	94	(80)
Forward currency contracts fair value through profit and loss	69	85	(15)	19	37	(18)
Commodity contracts cash flow hedge	-	2	(2)	-	-	-
<b>Total</b>	<b>610</b>	<b>217</b>	<b>393</b>	<b>47</b>	<b>288</b>	<b>(242)</b>
Non-current portion	465	25	440	14	162	(148)
Current portion	145	192	(47)	32	126	(94)

The movement in the net balance of derivative assets and liabilities of US\$635 million over the period is mostly related to the significant increased marked-to-market value of interest rate swaps, which mainly arises from increasing US market interest rates.

## 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
<b>Cash and cash equivalent</b>	<b>683</b>	<b>1,021</b>
<b>Net cash and cash equivalent</b>	<b>683</b>	<b>1,021</b>

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
<b>Outstanding at 1 January</b>	<b>180,671,305</b>	<b>188,671,305</b>
Treasury shares cancelled	-	(8,000,000)
<b>Outstanding 31 December</b>	<b>180,671,305</b>	<b>180,671,305</b>

All outstanding shares have been fully paid.

#### TREASURY SHARES

A total number of 2,616,650<sup>2</sup> 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 <sup>1</sup>	34,938	94,854	129,792	79,300
Philippe Barril <sup>2</sup>	n/a	n/a	n/a	317,962
Erik Lagendijk <sup>3</sup>	n/a	n/a	n/a	256,630
<b>Total</b>	<b>553,681</b>	<b>1,094,984</b>	<b>1,648,665</b>	<b>2,073,278</b>

<sup>1</sup> Management Board member since April 6, 2022

<sup>2</sup> Management Board member until August 31, 2022

<sup>3</sup> 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.

<sup>2</sup> 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.

## 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
<b>Balance at 1 January 2021</b>	<b>62</b>	<b>(276)</b>	<b>-</b>	<b>(105)</b>	<b>25</b>	<b>-</b>	<b>(296)</b>
<b>Cash flow hedges</b>							
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
<b>IFRS 2 share-based payments</b>							
IFRS 2 vesting costs for the year	-	-	-	-	20	-	20
IFRS 2 vested share-based payments	-	-	-	-	(20)	-	(20)
<b>Actuarial gain/(loss) on defined benefit provision</b>							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
<b>Foreign currency variations</b>							
Foreign currency variations	-	-	-	(2)	(3)	-	(5)
Mergers and acquisitions	-	-	-	3	-	-	3
<b>Balance at 31 December 2021</b>	<b>(104)</b>	<b>(167)</b>	<b>7</b>	<b>(105)</b>	<b>22</b>	<b>-</b>	<b>(347)</b>
<b>Cash flow hedges</b>							
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
<b>IFRS 2 share-based payments</b>							
IFRS 2 vesting costs for the year	-	-	-	-	19	-	19
IFRS 2 vested share-based payments	-	-	-	-	(19)	-	(19)
<b>Actuarial gain/(loss) on defined benefit provision</b>							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
<b>Foreign currency variations</b>							
Foreign currency variations	-	-	-	2	(1)	-	1
Mergers and acquisitions	-	-	-	(0)	-	-	(0)
<b>Other movements</b>							
Reclassification						26	26
<b>Balance at 31 December 2022</b>	<b>(72)</b>	<b>317</b>	<b>15</b>	<b>(103)</b>	<b>21</b>	<b>26</b>	<b>204</b>

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
<b>Total Non-current portion of Borrowings and lease liabilities</b>	<b>6,873</b>	<b>5,928</b>
Borrowings	1,678	1,754
Lease liabilities	13	19
<b>Total Current portion of Borrowings and lease liabilities</b>	<b>1,691</b>	<b>1,773</b>

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

## 4 FINANCIAL INFORMATION 2022

The additions in borrowings of US\$1,642 million relate mainly to drawdowns on (i) project finance facilities for FPSO *Liza Unity*, FPSO *Prosperity*, and FPSO *Sepetiba* and (ii) the new loan achieved for FPSO *ONE GUYANA*.

For further disclosures about the fair value measurement we refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The borrowings, excluding the amount of transaction and amortized costs, have the following forecast repayment schedule:

	31 December 2022	31 December 2021
Within one year	1,710	1,790
Between 1 and 2 years	1,657	1,429
Between 2 and 5 years	3,010	1,903
More than 5 years	2,357	2,729
<b>Balance at 31 December</b>	<b>8,734</b>	<b>7,851</b>

The borrowings by entity are as follows:

### Loans and borrowings per entity

					Net book value at 31 December 2022			Net book value at 31 December 2021		
Entity name	Project name or nature of loan	% Ownership	% Interest <sup>1</sup>	Maturity	Non- current	Current	Total	Non- current	Current	Total
Project Finance facilities drawn:										
Tupi Nordeste Sarl	FPSO Cidade de Paraty	63.13	5.50%	15-Jun-23	-	72	72	72	123	195
SBM Baleia Azul Sarl	FPSO Cidade de Anchieta	100.00	5.50%	15-Sep-27	163	39	202	202	37	239
Alfa Lula Alto Sarl	FPSO Cidade de Marica	61.00	5.40%	17-Dec-29	672	121	793	793	114	908
Beta Lula Central Sarl	FPSO Cidade de Saquarema	61.00	4.20%	15-Jun-30	820	102	922	922	96	1,018
Guyana Deep Water UK Limited	FPSO Liza Destiny	100.00	Libor + 1.65%	18-Dec-29	474	67	541	541	65	606
Guyana Deep Water II UK Limited	FPSO Liza Unity	100.00	Libor + 1.50%	07-Feb-24	1,140	(4)	1,136	972	(6)	966
Senior secured notes										
Guara Norte Sarl	FPSO Cidade de Ilhabela	75.00	5.20%	15-Jun-34	720	44	764	764	40	805
Guaranteed project finance facilities drawn:										
Guyana Deep Water III UK Limited	FPSO Prosperity	100.00	4.10%	29-Aug-25	965	(4)	960	619	(4)	615
Mero 2 Owning B.V.	FPSO Sepetiba	64.50	4.30%	15-Jun-38	1,410	(14)	1,397	959	(15)	944
Guyana Deep Water IV UK Limited	FPSO ONE GUYANA	100.00	5.10%	31-jul-27	426	-	426	-	-	-
Bridge loan facility										
Tamandare Owning B.V.	FPSO Almirante Tamandaré	55.00	Libor + 0.6%	29-Mar-23	(3)	635	632	-	635	635
Mero 4 Owning B.V.	FPSO Alexandre de Gusmão	55.00	Libor + 0.75%	23-Jun-23	(2)	620	618	-	620	620
Revolving credit facility:										
SBM Holding Inc	Corporate Facility	100.00	Variable	13-Feb-26	(0)	(1)	(1)	(1)	(1)	(2)
Other:										
OS Installer Limited	SBM Installer	100.00	3.20%	19-Jan-22	-	-	-	0	48	48
Brazilian Deepwater Production B.V.	FPSO Espirito Santo	51.00	Libor + 1.05%	31-Jan-29	47	-	47	46	-	46
Brazilian Deepwater Production Contractors Ltd.	FPSO Espirito Santo	51.00	3.00%	31-Dec-28	5	-	5	-	-	-
Other		100.00			2	-	2	2	-	2
Net book value of loans and borrowings					6,839	1,678	8,517	5,891	1,754	7,645

<sup>1</sup> % interest per annum on the remaining loan balance.

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.



## 4 FINANCIAL INFORMATION 2022

The Company has available facilities resulting from (i) the undrawn RCF, (ii) the undrawn portion of *FPSO Sepetiba*, *FPSO Prosperity* and *FPSO ONE GUYANA* project facilities and (iii) short-term credit lines.

### Expiry date of the undrawn facilities and unused credit lines

	2022	2021
Expiring within one year	274	249
Expiring beyond one year	2,452	2,113
<b>Total</b>	<b>2,726</b>	<b>2,362</b>

The RCF in place as of December 31, 2022 has a maturity date of February 13, 2026. The US\$1 billion facility was secured with a selected group of 11 core relationship banks, increasing to 13 banks as per 2022 and has an uncommitted option to increase the RCF by an additional US\$500 million. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities / working capital, bridge any long-term financing needs, and/or finance general corporate purposes. On December 23, 2021 the RCF was amended by means of an amendment and restatement agreement to reflect a dedicated green funding tranche. By creating this green tranche, US\$50 million of the RCF may only be used to fund activities that comply with the Green Loan Principles (primarily activities related to renewable energy projects) and the remaining US\$950 million can be used in the following proportions:

- EPC activities / working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months

The pricing of the RCF is currently based on LIBOR, and it includes provisions for the replacement of LIBOR with a compounded reference rate. The margin is adjusted in accordance with the applicable leverage ratio ranging from a minimum level of 0.50% p.a. (0.40% for the green tranche) to a maximum of 1.50% p.a. (1.40% for the green tranche). The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics<sup>3</sup>. The Company's Sustainability performance in 2022 allows the 0.05% margin decrease to remain applicable for 2023.

### COVENANTS

The following key financial covenants apply to the RCF as agreed with the respective lenders on February 13, 2019, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency:** Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio:** Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2022 additional headroom above the US\$1 billion capacity under the RCF exceeded US\$650 million.

For the purpose of covenants calculations, the following simplified definitions apply:

- **IFRS Tangible Net Worth:** Total equity (including non-controlling interests) of the Company in accordance with IFRS, excluding the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income, dividends declared, value of intangible assets and deferred taxes.
- **Consolidated IFRS Tangible Assets:** The Company's total assets (excluding intangible assets) in accordance with the IFRS consolidated statement of financial position less the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income.
- **Consolidated Directional Underlying EBITDA:** Consolidated profit of the Company adjusted for net interest payable, tax and depreciation of assets and impairments, any exceptional or extraordinary items, and by adding back (i) the

<sup>3</sup> Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

annualized production EBITDA for units which started operations during the financial year, and (ii) the acquisition annualized EBITDA for units acquired during the financial year.

- **Consolidated Directional Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) or incurred by the Company less all interest and other financing charges received or receivable by the Company, as per Directional reporting.

#### Covenants

	2022	2021
IFRS Tangible Net Worth	4,494	3,780
Consolidated IFRS Tangible Assets	15,161	13,079
Solvency ratio	29.6%	28.9%
Adjusted (Directional) Underlying EBITDA	1,036 <sup>1</sup>	935 <sup>2</sup>
Consolidated Directional Net Interest Payable	190	170
Interest cover ratio	5.5	5.5

1 No exceptional items impact 2022 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Unity

2 Exceptional items restated in 2021 Consolidated Directional Underlying EBITDA were mainly related to the US\$77 million anticipated revenue recognition following the early redelivery of the Deep Panuke MOPU. In addition, the 2021 Consolidated Directional Underlying EBITDA did not include the US\$8 million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

The Leverage ratio based on reported Directional figures, is used to determine the pricing only.

The Company monitors its financial and non-financial covenants for borrowings which are included in the consolidated financial statement continuously throughout the year. None of the borrowings in the statement of financial position were in default as at the reporting date or at any time during the period.

#### LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2022.

The movement in the lease liabilities is as follows:

	2022	2021
<b>Principal recognized at 1 January</b>	<b>56</b>	<b>71</b>
Additions	13	10
Redemptions	(20)	(20)
Foreign currency variations	(3)	(4)
Other	-	-
<b>Total movements</b>	<b>(10)</b>	<b>(15)</b>
<b>Remaining principal at 31 December</b>	<b>46</b>	<b>56</b>
Of which		
Current portion	13	19
Non-current portion	33	37

The movements in lease liabilities over the period were mainly related to increase due to the extension of lease contract for offices and the regular redemptions and foreign currency translations.

The maturity of the lease liabilities is analyzed in section 4.3.27 financial instruments - fair values and risk management (paragraph dedicated to liquidity risk).

The total cash outflow for leases in 2022 was US\$23 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US\$2 million.

## 4 FINANCIAL INFORMATION 2022

### 4.3.24 PROVISIONS

The movement and type of provisions during the year 2022 are summarized as follows:

#### Provisions (movements)

	Demobilisation	Warranty	Employee benefits	Other	Total
<b>Balance at 1 January 2022</b>	<b>121</b>	<b>54</b>	<b>26</b>	<b>182</b>	<b>383</b>
Arising during the year	42	39	0	96	178
Unwinding of interest	1	-	0	-	1
Utilized	(44)	(2)	(1)	(8)	(55)
Released to profit	(1)	(5)	(2)	(3)	(11)
Other movement	(0)	(0)	(9)	0	(9)
<b>Balance at 31 December 2022</b>	<b>119</b>	<b>86</b>	<b>15</b>	<b>266</b>	<b>487</b>
of which :					
Non-current portion	79	-	15	215	309
Current portion	41	86	-	52	178

#### Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in the line item 'Financial expenses' of the consolidated income statement (refer to note 4.3.9 Net Financing Costs).

The movement in the provision for demobilization relates mainly to the reassessment of the costs on the ongoing demobilization of *FPSO Capixaba* and the decrease is due to its utilization in relation to the progress of the decommissioning activities.

Expected outflow within one year is US\$41 million and amounts to US\$53 million between one and five years, and US\$26 million after five years.

#### Warranty

For most Turnkey sales, the Company gives warranties to its clients. Under the terms of the contracts, the Company undertakes to make good, by repair or replacement, defective items that become apparent within an agreed period starting from the final acceptance by the client. The increase of the warranty provision consists of new provisions accrued on projects under construction over the period.

#### Other

Other provisions mainly relate to claims, regulatory fines related to operations, onerous contracts and planned local content penalty on construction projects. The latter was the main driver of the increase in Other provisions during 2022.

### 4.3.25 TRADE AND OTHER PAYABLES

#### Trade and other payables (summary)

	Notes	31 December 2022	31 December 2021
Trade payables		204	151
Accruals on projects		933	593
Accruals regarding delivered orders		15	27
Other payables		88	91
Contract liability	4.3.3	42	64
Pension taxation		9	8
Taxation and social security costs		81	76
Current portion of deferred income		3	6
Other non-trade payables		125	95
<b>Total</b>	<b>4.3.27</b>	<b>1,501</b>	<b>1,111</b>

The 'trade payables' and 'accruals on projects' together increased due to the higher Turnkey project activities during 2022, mainly related to *FPSO Alexandre de Gusmão* and *FPSO ONE GUYANA*.

For 'Contract liability' refer to note 4.3.3. Revenue where the movement in contract liabilities is explained.

Payables related to 'Taxation and social security' concerns uncertain tax positions related mainly to various taxes other than corporate income tax.

'Other non-trade payables' include mostly interest payable and the short-term portion of the outstanding payments related to the Leniency Agreement and the settlement with Brazilian Federal Prosecutor's Office (Ministério Público Federal – 'MPF'). The long-term portion of the outstanding payments related to these agreements is presented in the line item 'Other non-current liabilities' in the Company's statement of financial position.

The line item 'Other non-current liabilities' in the consolidated statement of financial position (refer to 4.2.3 Consolidated Statement of Financial Position) also includes a prepayment of US\$52 million relating to the future potential participation of partners to charter contracts.

The contractual maturity of the trade payables is analyzed in the liquidity risk section in 4.3.27 Financial Instruments – Fair Values and Risk Management.

### 4.3.26 COMMITMENTS AND CONTINGENCIES

#### PARENT COMPANY GUARANTEES

SBM Offshore N.V., as the parent company, is committed to fulfill various types of obligations arising from customer contracts, such as full performance and warranty obligations.

In the past, the parent company has issued guarantees for contractual obligations in respect of several Group companies, including equity-accounted joint ventures, with respect to long-term lease and operate contracts. The few remaining guarantees still active as of December 31, 2022 relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform, *FPSO Mondo* and *FPSO Saxi Batuque*. These have been signed prior to 2010.

#### BANK GUARANTEES

As of December 31, 2022, the Company has provided bank guarantees to unrelated third parties for an amount of US\$327million (2021: US\$348 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US\$716 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

## 4 FINANCIAL INFORMATION 2022

### COMMITMENTS

As at December 31, 2022, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US\$2,201 million (December 31, 2021: US\$1,600million). Investment commitments have increased principally due to the progress made on the construction of FPSO *Prosperity*, FPSO *Sepetiba*, FPSO *Alexandre de Gusmão*, FPSO *Almirante Tamandaré* and FPSO *ONE GUYANA*.

### CONTINGENT LIABILITY

As at December 31, 2022 the Company did not identify any contingent liabilities.

### 4.3.27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

This note presents information about the Company's exposure to risk resulting from its use of financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

### ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

#### Accounting classification and fair values

			31 December 2022		31 December 2021	
	Notes	Fair value level	Total book value	Total fair value	Total book value	Total fair value
Financial assets measured at amortized cost						
Finance lease receivables	4.3.15	3	7,193	7,219	6,182	6,586
Loans to joint ventures and associates	4.3.16	3	52	51	51	49
Total			7,244	7,270	6,233	6,635
Financial liabilities measured at amortized cost						
US\$ project finance facilities drawn	4.3.23	2	8,679	8,678	7,850	7,825
Lease liabilities		3	46	46	56	56
Other debt	4.3.23	2	54	54	2	2
Total			8,780	8,778	7,908	7,883

#### Additional information

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities for which the book value is different than fair value in a way that permits the information to be compared with the carrying amounts.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps, forward currency contracts and commodity contracts which are classified at a Level 2 on the fair value hierarchy. Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The carrying amount for these financial assets and liabilities approximates the fair value as at December 31, 2022.
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is insignificant.
- Classes of financial instruments that are not used are not disclosed.
- No instruments were transferred between Level 1 and Level 2.
- No instruments were transferred between Level 2 and Level 3.

- None of the instruments of the Level 3 hierarchy are carried at fair value in the statement of financial position.
- No financial instruments were subject to offsetting as of December 31, 2022 and December 31, 2021.

The effects of the foreign currency related hedging instruments on the Company's financial position and performance including related information are included in the table below:

**Effect of the foreign currency, interest swaps and commodity contracts related hedging instruments**

	2022	2021
<b><i>Foreign currency forwards</i></b>		
Carrying amount	(53)	(80)
Notional amount	(3,343)	(2,845)
Maturity date	30-8-2023	2-8-2024
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	27	(158)
Change in value hedged rate for the year (including forward points)	(27)	158
<b><i>Interest rate swaps</i></b>		
Carrying amount	463	(144)
Notional amount	7,253	5,715
Maturity date	22-5-2031	12-4-2033
Hedge ratio	94%	92%
Change in discounted spot value of outstanding hedging instruments since 1 January	606	207
Change in value hedged rate for the year (including forward points)	(606)	(207)
<b><i>Commodity contracts</i></b>		
Carrying amount	(2)	
Notional amount	59	
Maturity date	22-12-2023	
Hedge ratio	100%	
Change in discounted spot value of outstanding hedging instruments since 1 January	(2)	
Change in value hedged rate for the year (including forward points)	2	

## 4 FINANCIAL INFORMATION 2022

### MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Level 2 and level 3 instruments		Level 3 instruments
	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Financial instrument measured at fair value</b>			
Interest rate swaps	Income approach – Present value technique	Not applicable	Not applicable
Commodity contracts	Income approach – Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach – Present value technique	Not applicable	Not applicable
<b>Financial instrument not measured at fair value</b>			
Loans to joint ventures and associates	Income approach – Present value technique	<ul style="list-style-type: none"> <li>Forecast revenues</li> <li>Risk-adjusted discount rate (5%-11%)</li> </ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the revenue was higher (lower)</li> <li>the risk-adjusted discount rate was lower (higher)</li> </ul>
Finance lease receivables	Income approach – Present value technique	<ul style="list-style-type: none"> <li>Forecast revenues</li> <li>Risk-adjusted discount rate (4%-9%)</li> </ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the revenue was higher (lower)</li> <li>the risk-adjusted discount rate was lower (higher)</li> </ul>
Loans and borrowings	Income approach – Present value technique	Not applicable	Not applicable
Other long-term debt	Income approach – Present value technique	Not applicable	Not applicable

## DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the period in which the cash flows associated with the cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for interest rate swaps are estimated using the forward rates as at the reporting date.

### Cash flows

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31 December 2022</b>					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)
<b>31 December 2021</b>					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)

The following table indicates the period in which the cash flows hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

### Expected profit or loss impact

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31 December 2022</b>					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)
<b>31 December 2021</b>					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)

### Interest rate swaps

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.22 Equity Attributable to Shareholders).

### Forward currency contracts

Gains and losses recognized in the hedging reserve on forward currency contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. This is mainly within twelve months from the statement of financial position date unless the gain or loss is included in the initial amount recognized in the carrying amount of fixed assets, in which case recognition is over the lifetime of the asset. If the gain or loss is included in the initial amount recognized in the carrying amount of the cost incurred on construction contracts then the recognition is over time.

### Commodities

Gains and losses recognized in the hedging reserve on commodity contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. If the hedged transaction subsequently results in the recognition of non-financial assets (such as inventory, asset under construction) or non-financial liability, the gain or loss is included in the initial cost or other carrying amount of the asset. In such case, this amount is recognized in profit or loss at the same time as the hedged item affects profit or loss.



## 4 FINANCIAL INFORMATION 2022

### LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The movement of loss allowance during the year 2022 is summarized as follows:

	Finance lease receivable		Contract assets		Trade receivables		Other financial assets	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening loss allowance as at 1 January</b>	(0)	(1)	(1)	(4)	(3)	(3)	(108)	(114)
Increase in loss allowance recognized in profit or loss during the year	(0)	(0)	(1)	(2)	(1)	(4)	-	(3)
Receivables written off during the year as uncollectible	-	-	-	-	-	-	-	-
Unused amount reversed	0	1	1	5	2	4	14	9
<b>At 31 December</b>	(0)	(0)	(1)	(1)	(1)	(3)	(95)	(108)

### FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company buys and sells derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set in the Company policy. Generally, the Company seeks to apply hedge accounting in order to manage volatility in the income statement and statement of comprehensive income. The purpose is to manage the interest rate, currency and commodity price risk arising from the Company's operations and its sources of finance. Derivatives are only used to hedge closely correlated underlying business transactions.

The Company's principal financial instruments, other than derivatives, comprise trade debtors and creditors, bank loans and overdrafts, cash and cash equivalents (including short-term deposits) and financial guarantees. The main purpose of these financial instruments is to finance the Company's operations. Trade debtors and creditors result directly from the business operations of the Company.

Financial risk management is carried out by a central treasury department under policies approved by the Management Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries and the Chief Financial Officer (CFO) during the quarterly Asset and Liability Committee. The Management Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. It is, and has been throughout the year under review, the Company's policy that no speculation in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from transactional currency exposures, primarily with respect to the euro, Singapore dollar, and Brazilian real. The exposure arises from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the currency exposure once the Company has entered into a firm commitment of a project contract.

For foreign currency risk, the principle terms of the forward currency contract (notional and settlement date) and the future expense or revenue (notional and expected cash flow date) are identical. The Company has established a hedge ratio of 1:1 for all its hedging relationships.

The main Company's exposure to foreign currency risk is as follows based on notional amounts:

#### Foreign exchange risk (summary)

in millions of local currency	31 December 2022			31 December 2021		
	EUR	SGD	BRL	EUR	SGD	BRL
Fixed assets	133	-	274	57	-	84
Current assets	99	3	606	82	3	398
Long-term liabilities	(105)	-	(685)	(19)	-	(577)
Current liabilities	(183)	(9)	(1,251)	(166)	(6)	(743)
<b>Gross balance sheet exposure</b>	<b>(55)</b>	<b>(6)</b>	<b>(1,055)</b>	<b>(46)</b>	<b>(3)</b>	<b>(837)</b>
Estimated forecast sales	27	-	-	40	-	-
Estimated forecast purchases	(1,673)	(383)	(1,779)	(977)	(237)	(2,542)
<b>Gross exposure</b>	<b>(1,701)</b>	<b>(388)</b>	<b>(2,834)</b>	<b>(983)</b>	<b>(240)</b>	<b>(3,379)</b>
Forward exchange contracts	1,831	390	2,799	1,000	241	3,281
<b>Net exposure</b>	<b>130</b>	<b>1</b>	<b>(35)</b>	<b>17</b>	<b>1</b>	<b>(97)</b>

The increase of the EUR and SGD exposure results from FPSO *ONE GUYANA* under construction in 2022. The decrease of the BRL exposure is the result of progress on FPSO *Sepetiba*, FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*.

The estimated forecast purchases relate to project expenditure and overhead expenses for up to three years. The main currency exposures of overhead expenses and Brazilian operations are hedged at 100% for the coming year, between 66% and 100% for the year after, and between 33% and 100% for the subsequent year depending on internal review of the foreign exchange market conditions.

#### Foreign exchange risk (exchange rates applied)

	2022	2021	2022	2021
	Average rate		Closing rate	
EUR 1	1.0530	1.1827	1.0666	1.1326
SGD 1	0.7253	0.7442	0.7459	0.7413
BRL 1	0.1939	0.1856	0.1892	0.1795

The sensitivity on equity and the income statement resulting from a change of 10% of the US dollar's value against the following currencies at December 31, would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2021.

#### Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
<b>31 December 2022</b>				
EUR	(0)	0	(189)	189
SGD	(0)	0	(29)	29
BRL	(0)	0	(33)	33
<b>31 December 2021</b>				
EUR	0	(0)	(108)	108
SGD	(0)	0	(18)	18
BRL	(0)	0	(43)	43

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.

## 4 FINANCIAL INFORMATION 2022

### 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 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 principle terms of the interest rate swap (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.

### Interest rate benchmark reform

The reform and replacement of benchmark interest rates such as USD LIBOR 3M and other interbank offered rates ('IBORs') has become a priority for global regulators. On 5 March 2021, LIBOR's administrator (IBA) set out clear end-dates for new use of USD LIBOR and its cessation as a representative rate:

- December 31, 2021: cessation of USD LIBOR 1W and 2M tenors; deadline for most of new contract to use USD LIBOR as sole reference;
- June 30, 2023: cessation of remaining USD LIBOR tenors.

To transition existing contracts and agreements that reference USD LIBOR to Secured Overnight Financing Rate ('SOFR') as the benchmark for US\$ denominated derivatives and loans, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

The Company's Treasury department is progressing on SBM Offshore's IBOR transition plan with the support of the Company's Legal department. The greatest change will be amendments to the contractual terms of the USD LIBOR-referenced floating-rate debt and the associated interest rate swaps and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models.

In 2021 the Company has started hedging future debt interest rate risk with SOFR interest rate derivatives. For the FPSO *Prosperity* financing (maturing beyond 30 June 2023), IBOR transition to SOFR principles have been agreed with lenders.

For the FPSO *ONE GUYANA* financing (closed on July 21, 2022) the project loan carries a variable interest rate based on SOFR plus margin.

### Relief applied

The Company has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019:

- When considering the 'highly probable' requirement, the Company has assumed that the USD LIBOR 3M interest rate on which the Company's hedged debt is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Company has assumed that the USD LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by LIBOR reform.
- The Company has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in August 2020 are applied once amendments to financial contracts become effective:

- Changes in the basis for determining contractual cash flows of financial assets and financial liabilities will be reviewed and reflected in updated effective interest rate once they become effective.
- Company will amend the formal designation of a hedging relationship to reflect the changes that are required by the reform. The reform is not expected to result in a discontinuation of the hedge or designation of a new hedging relationship. When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group will deem that the hedging reserve recognized in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

#### Assumptions made

The counterparties to the Company's interest rate swaps are also counterparties to the floating loan they are hedging. It is then assumed that the result of the negotiations with external banks and the implementation of SOFR will not have material impacts on the Company's future financial results.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments (excluding transaction costs) was:

#### Interest rate risk (summary)

	2022	2021
<b>Fixed rate instruments</b>		
Financial assets	7,232	6,233
Financial liabilities	(985)	(1,058)
<b>Total</b>	<b>6,247</b>	<b>5,174</b>
<b>Variable rate instruments (USD LIBOR 3 Months)</b>		
Financial assets	12	51
Financial liabilities (USD LIBOR 3 Months)	(6,317)	(6,793)
Financial liabilities (SOFR)	(1,432)	-
Financial liabilities (future) (USD LIBOR 3 Months)	(652)	(1,788)
Financial liabilities (future) (SOFR)	(1,368)	(730)
<b>Total</b>	<b>(9,757)</b>	<b>(9,259)</b>

#### Interest rate risk (exposure)

	2022	2021
Variable rate instruments (USD LIBOR 3 Months)	(6,957)	(8,529)
Variable rate instruments (SOFR)	(2,800)	(730)
Less: Reimbursable items (USD LIBOR 3 Months)	1,681	1,746
Less: Reimbursable items (SOFR)	321	-
Less: IRS contracts (USD LIBOR 3 Months)	4,774	4,985
Less: IRS contracts (SOFR)	2,479	730
<b>Exposure</b>	<b>(502)</b>	<b>(1,798)</b>

#### Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2022</b>				
Variable rate instruments (USD LIBOR 3 Months)	(5)	5	-	-
Variable rate instruments (SOFR)	-	-	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	211	(211)
Interest rate swap (SOFR)	-	-	95	(95)
<b>Sensitivity (net)</b>	<b>(5)</b>	<b>5</b>	<b>306</b>	<b>(306)</b>
<b>31 December 2021</b>				
Variable rate instruments (USD LIBOR 3 Months)	(18)	18	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	270	(270)
Interest rate swap (SOFR)	-	-	54	(54)
<b>Sensitivity (net)</b>	<b>(18)</b>	<b>18</b>	<b>324</b>	<b>(324)</b>

The exposure of US\$502 million is primarily arising from the bridge loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*. The interest rate exposure arising from the bridge loans is mainly offset by the Cash and Cash Equivalents at December 31, 2022.

## 4 FINANCIAL INFORMATION 2022

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 is performed on the same basis as for 2021.

At December 31, 2022, 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\$5 million (2021: decrease of US\$18 million) mainly related to the exposure on the bridge loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* and the residual exposure on un-hedged financial liabilities.

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:

- Oil exposure is mostly associated to transportation fuels emerging from to 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 other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.

### Credit risk

Rating	2022		2021	
	Assets	Liabilities	Assets	Liabilities
AA	55	(34)	2	(33)
AA-	231	(93)	21	(95)
A+	227	(63)	16	(142)
A	69	-	2	(13)
BBB	1	-	-	(1)
Non-investment grade	-	-	0	(0)
<b>Derivative financial instruments</b>	<b>583</b>	<b>(190)</b>	<b>40</b>	<b>(283)</b>
AAA	116	-	223	-
AA	51	-	5	-
AA-	311	-	187	-
A+	178	-	534	-
A	10	-	50	-
A-	0	-	0	-
Non-investment grade	16	-	22	-
<b>Cash and cash equivalents and bank overdrafts</b>	<b>683</b>	<b>-</b>	<b>1,020</b>	<b>-</b>

The Company maintains and reviews its policy on cash investments and limits per individual counterparty are set to:

- BBB- to BBB+ rating: US\$25 million or 10% of cash available.
- A- to A+ rating: US\$75 million or 20% of cash available.
- AA- to AA+ rating: US\$100 million or 20% of cash available.
- Above AA+ rating: no limit.

As per December 31, 2022, cash investments above AA+ rating do not exceed US\$100 million per individual counterparty. Cash held in banks rated A+ has been diversified in cash investments above AA+ rating since year-end.

Cash held in banks rated AA- is mainly linked to cash pledged to loan reimbursements to those same banks. Cash held in banks rated below A- is mainly related to the Company's activities in Brazil (US\$16 million). Cash held in Angola has significantly decreased since 2021 following cash repatriation.

For trade debtors the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Bank or parent company guarantees are negotiated with customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management Board. At the date of the financial statements, there are two customers that have an outstanding balance with a percentage over 10% of the total of trade and other receivables. Reference is made to note 4.3.19 Trade and Other Receivables for information on the distribution of the receivables by country and an analysis of the ageing of the receivables. Furthermore, limited recourse project financing removes a significant portion of the credit risk on finance lease receivables.

For other financial assets, the credit quality of each counterpart is assessed taking into account its credit agency rating when available or a comparable proxy.

Regarding loans to joint ventures and associates, the maximum exposure to credit risk is the carrying amount of these instruments. As the counterparties of these instruments are joint ventures, the Company has visibility over the expected cash flows and can monitor and manage credit risk that mainly arises from the joint venture's final client.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In 2022, the Company again conducted various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion remained that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients the Company has considerable time under charters in which to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection. To date, the Company has been able to manage the COVID-19 situation without the need to use such protection.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves based on expected cash flows. Flexibility is secured by maintaining availability under committed credit lines.

The table below analyses the Company's non-derivative financial liabilities, derivative financial liabilities and derivative financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for borrowings and derivative financial instruments are based on the USD LIBOR/SOFR 3-month rates as at the reporting date.

## 4 FINANCIAL INFORMATION 2022

### Liquidity risk 2022

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<b>31 December 2022</b>					
Borrowings		2,110	5,885	2,908	10,902
Lease liabilities		13	25	8	46
Derivative financial liabilities		201	52	-	253
Derivative financial assets		(365)	(254)	(185)	(805)
Trade and other payables	4.3.25	1,501	-	-	1,501
<b>Total</b>		<b>3,459</b>	<b>5,708</b>	<b>2,730</b>	<b>11,897</b>

### Liquidity risk 2021

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<b>31 December 2021</b>					
Borrowings		1,017	4,648	3,156	8,821
Lease liabilities		19	34	4	56
Derivative financial liabilities		121	107	40	268
Derivative financial assets		(34)	(16)	-	(50)
Trade and other payables	4.3.25	1,111	-	-	1,111
<b>Total</b>		<b>2,234</b>	<b>4,772</b>	<b>3,200</b>	<b>10,207</b>

### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure which optimizes the Company's cost of capital while at the same time ensuring diversification of sources of external funds.

The Company generally uses its corporate revolving credit facility (RCF, US\$1 billion) to bridge financing requirements on projects under construction prior to putting a dedicated project finance facility in place. When a project finance facility is arranged and draw-downs have started, the RCF is repaid and a corporate guarantee from the Company is put in place for the construction period. When the project facility is drawn in full and the associated FPSO is producing, the corporate guarantee is recovered and the project finance becomes non-recourse debt.

As per December 31, 2022, all the debt associated with operating FPSOs is non-recourse.

The Company has limited appetite to decrease the existing debt in its structure, as this would involve breakage cost, through winding down the hedges and it would decrease the Company's return on equity. From time to time, it may decide to refinance existing facilities in order to increase and/or extend the tenor of leverage subject to sufficient charter tenor and income.

Given the non-recourse nature of a large part of its debt, the Company monitors its capital risk based on the Lease Backlog Cover Ratio, which is also used by the bank consortium supporting the Company's RCF. Generally, this ratio is calculated as the net present value of the future contracted net cash, after deducting the project finance debt and interest payments, of a selected group of FPSO owning entities divided by 1.5 (see note 4.3.23 Borrowings and Lease Liabilities).

The gearing ratios at December 31, 2022 and 2021 were as follows:

#### Capital risk management

	2022	2021
Total borrowings and lease liabilities	8,564	7,701
Less: net cash and cash equivalents	683	1,021
<b>Net debt</b>	<b>7,881</b>	<b>6,681</b>
Total equity	4,914	3,537
<b>Total capital</b>	<b>12,795</b>	<b>10,217</b>
Gearing ratio	61.6%	65.4%

#### Climate related risks

The Company has adopted two climate change scenarios to future-proof current strategy and take appropriate action. The scenarios are based on the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) data, as explained in section 5.1.4 Taskforce for Climate-related Disclosure (TCFD):

- A Steady Climate Change Scenario with a positive impact on climate change, but which falls short of meeting the Paris Agreement goals.
- A Bold Climate Action Scenario providing for strong commitment towards targets, as per the Paris Agreement.

Through its strategy process the Company tests the resilience of its portfolio and business model against each of these scenarios. Financial and non-financial information are aligned in order to ensure that financial impact of climate related risks is identified. The Company assessed the physical and transitional risk which are disclosed in 1.4.3 Climate Change Risk & Opportunity from a financial statement perspective. Based on the reasonable and supportable information available to date and the outcome of risk assessments, the Company did not identify any circumstances which had an impact on impairment of non-financial assets, provisions nor contingent liabilities and assets in the 2022 consolidated financial statements.

Although climate related risks are key drivers of the Company strategy, budgeting exercise, capital allocation and prospects selection, the Company did not experience any significant impact on the financial result of the period.

The risks will however remain key points of attention for areas such as impairment testing, estimation of remaining useful life, expected credit losses and provisions for future periods.

#### Other risks

In respect of controlling political risk, the Company has a policy of thoroughly reviewing risks associated with contracts, whether Turnkey or long-term leases. Where political risk cover is deemed necessary and available in the market, insurance is obtained.

### 4.3.28 LIST OF GROUP COMPANIES

In accordance with legal requirements a list of the Company's entities that are included in the consolidated financial statements of SBM Offshore N.V. has been deposited at the Chamber of Commerce in Amsterdam.

### 4.3.29 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The Company has several joint ventures and associates:

Entity name	Partners	Joint venture/ Associate	% of ownership	Country registration	2022 main reporting segment	Project name
Sonasing Xikomba Ltd.	Sociedade Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO N'Goma
OPS-Serviços de Produção de Petróleos Ltd.	Sociedade Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations



## 4 FINANCIAL INFORMATION 2022

Entity name	Partners	Joint venture/ Associate	% of ownership	Country registration	2022 main reporting segment	Project name
OPS-Serviços de Produção de Petróleos Ltd. Branch	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Angola	Lease & Operate	Angola operations
Sonasing Sanha Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO Sanha
Sonasing Kuito Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO Kuito
Sonasing Mondo Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	90.00	Bermuda	Lease & Operate	FPSO Mondo
Sonasing Saxi Batuque Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.;	Joint venture	90.00	Bermuda	Lease & Operate	FPSO Saxi-Batuque
OPS Production Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations
Anchor Storage Ltd.	Maersk group	Joint venture	49.00	Bermuda	Lease & Operate	Nkossa II FSO
Gas Management (Congo) Ltd.	Maersk group	Joint venture	49.00	Bahamas	Lease & Operate	Nkossa II FSO
Malaysia Deepwater Floating Terminal (Kikeh) Ltd.	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	FPSO Kikeh
Malaysia Deepwater Production Contractors Sdn Bhd	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	FPSO Kikeh
Floventis Energy Limited	CIERCO LTD.	Joint venture	70.00	United Kingdom	Turnkey	Cierco
Llŷr Floating Wind Limited	CIERCO LTD.	Joint venture	70.00	Scotland	Turnkey	Cierco
CADEMO Corporation	CIERCO LTD.	Joint venture	70.00	United states of America	Turnkey	Cierco
Normand Installer S.A.	The Solstad group	Joint venture	49.90	Switzerland	Turnkey	Normand Installer
SBM Ship Yard Ltd.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.; Daewoo Shipbuilding & Marine Engineering Co. Ltd.	Associate	33.33	Bermuda	Turnkey	Angolan yard
PAENAL - Porto Amboim Estaleiros Navais Ltda.	Sociedade Nacional de Combustíveis de Angola Empresa Publica -Sonangol E.P.; SBM Shipyard	Associate	30.00	Angola	Turnkey	Angolan yard

The Company has no joint operation as per definition provided by IFRS 11 'Joint arrangements'.

The movements in investments in associates and joint ventures are as follows:

	Note	2022	2021
<b>Investments in associates and joint ventures at 1 January</b>		<b>361</b>	<b>282</b>
Share of profit of equity-accounted investees	4.2.1	12	110
Dividends		(92)	(43)
Cash flow hedges		9	6
Capital increase/(decrease)		-	6
Foreign currency variations		1	0
Share in negative net equity reclassification to loans to joint ventures and associates		(1)	-
<b>Investments in associates and joint ventures at 31 December</b>		<b>290</b>	<b>361</b>

#### Share of profit in equity-accounted investees

As at 5 August 2022, due to the approval from Bermuda Monetary Authority, the Company increased its shareholding in the investees for *FPSO Saxi Batuque* and *FPSO Mondo*. The Company now owns 90% (previously 50%) of the issued shares of the investees. Although this shareholding represents a significant portion of the issued shares, the transaction did not impact the assessment of joint control, therefore the investees shall continue to be recognized as an equity-accounted investee and the impact on the consolidated financial statement has been assessed as not significant.

#### Outstanding purchase and termination options in finance lease contracts – Joint ventures and associates

The finance lease contracts of *FPSO N'Goma*, *FPSO Saxi Batuque* and *FPSO Mondo*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early.

The exercise of the purchase option on FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* as per December 31, 2022 would have resulted in a gain or a near breakeven result for the Company. The exercise of the option to terminate the contract early, in which case the Company retains ownership of the vessel, would result in a near break-even result.

The following tables present the figures at 100%.

#### Information on significant joint arrangements and associates - 2022

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	722	448	102	259	227	88	155	55
Angola operations	Angola	178	4	10	28	7	172	-	236
FPSO Kikeh	Malaysia	189	117	6	-	5	36	30	74
Angolan yard	Angola	57	(0)	48	556	556	34	(0)	1
Non material joint ventures/associates		70	49	12	101	67	42	-	0
<b>Total at 100%</b>		<b>1,217</b>	<b>618</b>	<b>178</b>	<b>944</b>	<b>862</b>	<b>372</b>	<b>184</b>	<b>367</b>

#### Information on significant joint arrangements and associates - 2021

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	909	570	182	325	307	83	-	64
Angola operations	Angola	127	4	14	28	28	104	-	179
FPSO Kikeh	Malaysia	208	144	7	-	5	32	88	212
Angolan yard	Angola	74	0	53	539	539	38	-	4
Non material joint ventures/associates		92	75	7	168	163	8	-	1
<b>Total at 100%</b>		<b>1,410</b>	<b>794</b>	<b>263</b>	<b>1,059</b>	<b>1,041</b>	<b>265</b>	<b>88</b>	<b>460</b>

## 4 FINANCIAL INFORMATION 2022

The bank interest-bearing loans and other borrowings held by joint ventures and associates are as follows:

### Information on loans and borrowings of joint ventures and associates

				Net book value at 31 December 2022			Net book value at 31 December 2021		
Entity name	% Ownership	% Interest	Maturity	Non- current	Current	Total	Non- current	Current	Total
US\$ Project Finance facilities drawn:									
Sonasing Xikomba Ltd	50.00	4.00%	15-05-2026	190	69	259	259	65	325
Normand Installer SA	49.90	Libor + 2.1%	15-02-2023	-	22	22	22	5	27
Loans from subsidiaries of SBM Offshore N.V. <sup>1</sup>				293	7	300	358	-	358
Loans from other shareholders of the joint ventures and associates				341	6	346	333	-	333
Loans from other joint ventures <sup>2</sup>				255	-	255	245	-	245
Net book value of loans and borrowings				1,079	103	1,182	1,217	70	1,288

1 Please refer to note 4.3.16 'Loans to joint-ventures and associates' for presentation of the carrying amount of these loans in the Company's Consolidated Statement of financial position.

2 Mainly loans from the joint ventures SBM Shipyard Ltd to the JV PAENAL - Porto Amboim Estaleiros Navais Ltda.

### Aggregated information on joint ventures and associates

	2022	2021
Net result at 100%	(18)	187

### Reconciliation equity at 100 % with investment in associates and joint ventures

	2022	2021
Equity at 100%	(18)	104
Partner ownership	141	88
Share in negative net equity reclassification to loans to joint ventures and associates	166	168
<b>Investments in associates and joint ventures</b>	<b>290</b>	<b>361</b>

### 4.3.30 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Aseng Production Company Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng
Gepsing Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng / FPSO Serpentina
Gepsing Ltd - Equatorial Guinea Branch	GE Petrol	60.00	Equatorial Guinea	Lease & Operate	FPSO Aseng / FPSO Serpentina
Brazilian Deepwater Production Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production Contractors Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production B.V.	Malaysia International Shipping Corporation Behard	51.00	The Netherlands	Lease & Operate	FPSO Espirito Santo
Operações Marítimas em Mar Profundo Brasileiro Ltda	owned by Brazilian Deepwater Production Contractors (see information above)	51.00	Brazil	Lease & Operate	FPSO Espirito Santo

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Alfa Lula Alto S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Marica
Alfa Lula Alto Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto S.à r.l. (Brazilian branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Beta Lula Central S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Saquarema
Beta Lula Central Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central S.à r.l. (Brazilian branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Tupi Nordeste S.à.r.l.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Luxembourg	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Operações Marítimas Ltda.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Brazil	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Holding Ltd.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste S.à r.l. (Brazilian branch)	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	FPSO Cidade de Paraty
Guara Norte S.à.r.l.	Mitsubishi Corporation	75.00	Luxembourg	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Holding Ltd.	Mitsubishi Corporation	75.00	Bermuda	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Operações Marítimas Ltda.	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte S.à r.l. (Brazilian branch)	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	FPSO Cidade de Ilhabela
Mero 2 Operacoes Maritima Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Brazil	Lease & Operate	FPSO Sepetiba
Mero 2 Operacoes Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Switzerland	Lease & Operate	FPSO Sepetiba
Mero 2 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
Mero 2 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
MERO 2 B.V. (Brazilian Branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
YTSM JV S.A.	CB&I Nederland B.V.	70.00	Switzerland	Lease & Operate	FPSO ONE GUYANA
SBM Nauvata Private Limited	Nauvata Engineering Private Limited	51.00	India	Turnkey	Engineering services
Tamandare Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Almirante Tamandaré
Tamandare B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Almirante Tamandaré

## 4 FINANCIAL INFORMATION 2022

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Tamandare Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	FPSO Almirante Tamandaré
Tamandaré Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	FPSO Almirante Tamandaré
MERO 4 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Alexandre de Gusmão
MERO 4 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Alexandre de Gusmão
Mero 4 Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	FPSO Alexandre de Gusmão
Mero 4 Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	FPSO Alexandre de Gusmão

### Transaction with non-controlling interests

The US\$357 million reported in 4.2.4 Consolidated Statement of Changes in Equity mainly relates to multiple equity contributions from the partners in the subsidiaries Mero 2, Mero 4 and Tamandaré related to respectively *FPSO Sepetiba*, *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*.

### Divestments

Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK) have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*. This has been accounted as an equity transaction with shareholders.

### Information on non-controlling interests (NCI)

Included in the consolidated financial statements are the following items that represent the Company's interest in the revenues, assets and loans of the partially owned subsidiaries.

Figures are presented at 100% before elimination of intercompany transactions.

## 2022

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	124	57	16	0	0	30	9	93
FPSO Espirito Santo	Brazil	130	66	15	114	114	76	7	45
FPSO Cidade de Marica	Brazil	1,577	1,388	71	793	675	174	-	190
FPSO Cidade de Saquarema	Brazil	1,557	1,405	39	922	820	145	10	202
FPSO Cidade de Paraty	Brazil	1,058	901	58	92	0	126	-	156
FPSO Cidade de Ilhabela	Brazil	1,366	1,201	63	764	720	95	14	185
FPSO Sepetiba	Brazil	2,105	170	28	1,397	1,500	151	-	219
FPSO Almirante Tamandaré	Brazil	1,296	-	41	632	56	663	-	1,019
FPSO Alexandre de Gusmão	Brazil	1,002	-	15	618	62	652	-	880
FPSO ONE GUYANA	Guyana	196	1	0	-	10	190	-	492
Non material NCI		18	4	2	4	3	7	-	0
<b>Total 100%</b>		<b>10,428</b>	<b>5,192</b>	<b>347</b>	<b>5,335</b>	<b>3,959</b>	<b>2,309</b>	<b>40</b>	<b>3,482</b>

## 2021

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	140	75	3	0	-	33	11	97
FPSO Espirito Santo	Brazil	131	76	9	93	94	48	-	51
FPSO Cidade de Marica	Brazil	1,603	1,435	61	907	839	176	11	200
FPSO Cidade de Saquarema	Brazil	1,555	1,430	25	1,018	962	136	13	198
FPSO Cidade de Paraty	Brazil	1,079	965	27	215	93	158	-	145
FPSO Cidade de Ilhabela	Brazil	1,387	1,247	29	804	764	73	91	191
FPSO Sepetiba	Brazil	1,644	-	24	944	1,066	267	-	484
Non material NCI		38	27	5	5	4	5	0	(0)
<b>Total 100%</b>		<b>7,578</b>	<b>5,255</b>	<b>183</b>	<b>3,986</b>	<b>3,821</b>	<b>897</b>	<b>127</b>	<b>1,367</b>

Reference is made to note 4.3.23 Borrowings and Lease Liabilities for a description of the bank interest-bearing loans and other borrowings per entity.

The risks associated with interests in subsidiaries, joint ventures and associated are described in section 4.3.27 Financial Instruments - Fair Values and Risk Management. The risks identified are deemed to be inherent to the operations of the Company as a whole and includes the risk profiles of interests in other entities.

Included in the consolidated financial statements are the following items that represent the aggregate contribution of the partially owned subsidiaries to the Company consolidated financial statements:

### Interest in non-controlling interest (summary)

	2022	2021
Net result	105	72
Accumulated amount of NCI	1,517	957

## 4 FINANCIAL INFORMATION 2022

### Reconciliation equity at 100 % with Non-controlling interests on partially owned subsidiaries

	2022	2021
Equity at 100%	4,159	2,860
Company ownership	(2,642)	(1,902)
<b>Accumulated amount of NCI</b>	<b>1,517</b>	<b>957</b>

### 4.3.31 RELATED PARTY TRANSACTIONS

During 2022, the Company made equity contributions towards investees related to *FPSO Almirante Tamandaré*, *FPSO Sepetiba* and *FPSO Alexandre de Gusmão* (combined US\$440 million) projects. There were no other major related party transactions requiring additional disclosure in the consolidated financial statements.

For relations with Supervisory Board members, Management Board members and other key personnel reference is made to note 4.3.6 Employee Benefit Expenses.

The Company has transactions with joint ventures and associates which are recognized as follows in the Company's consolidated financial statements:

#### Related party transactions

	Note	2022	2021
Revenue		16	12
Cost of sales		(17)	(16)
Loans to joint ventures and associates	4.3.16	52	51
Trade receivables		70	41
Trade payables		12	16
Lease liabilities		-	(0)

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.

Additional information regarding the joint ventures and associates is available in note 4.3.29 Investment in Associates and Joint Ventures.

### 4.3.32 INDEPENDENT AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2022 and 2021 Company's external independent auditor, are summarized as follows:

in thousands of US\$	2022	2021
Audit of financial statements	2,883	2,768
<i>Out of which:</i>		
- invoiced by PwC Accountants N.V.	1,849	1,822
- invoiced by PwC network firms	1,034	946
Tax advisory services by PwC network firms	66	33
Other assurance services	165	136
<b>Total</b>	<b>3,114</b>	<b>2,937</b>

In both 2022 and 2021, the other assurance services were mainly related to the review of the Company sustainability report. No other non-assurance services were conducted.

### 4.3.33 EVENTS AFTER END OF REPORTING PERIOD

#### DIVIDEND

The Company's dividend policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash flow position. As part of the Company's regular planning process, following review of its cash flow position and forecast, the Company proposes to pay out a dividend of US\$1.10 per share, equivalent to c.US\$200<sup>4</sup> million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 13, 2023. This represents an increase of 10% compared to the US\$1 dividend per share paid in 2022.

#### PRE-FUNDING AGREEMENT

In December 2022 the Company entered into a pre-funding agreement relating to future potential financing of the holding company of *FPSO Cidade de Ilhabela*. In January 2023 the Company received a US\$125 million payment in relation to this pre-funding agreement while final funding agreement is expected to be signed during the course of 2023. This transaction is in line with the Company's aim to diversify its sources of debt and equity funding and to accelerate equity cashflow from the backlog.

<sup>4</sup> Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2022.



## 4 FINANCIAL INFORMATION 2022

### 4.4 COMPANY FINANCIAL STATEMENTS

#### 4.4.1 COMPANY BALANCE SHEET

##### Company balance sheet

Before appropriation of profit	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
Investment in Group companies	4.5.1	3,299	2,582
<b>Total financial fixed assets</b>		<b>3,299</b>	<b>2,582</b>
Deferred tax asset	4.5.2	3	3
<b>Total non-current assets</b>		<b>3,302</b>	<b>2,585</b>
Other receivables	4.5.3	102	4
Cash and cash equivalents	4.5.4	1	1
<b>Total current assets</b>		<b>103</b>	<b>5</b>
<b>TOTAL ASSETS</b>		<b>3,405</b>	<b>2,590</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders			
Issued share capital		48	51
Share premium reserve		1,007	1,034
Treasury shares		(42)	(69)
Legal reserves	4.5.5	1,860	1,211
Statutory reserves	4.5.5	26	-
Retained earnings	4.5.5	48	(48)
Profit of the year	4.4.2	450	400
<b>Shareholders' equity</b>	<b>4.5.5</b>	<b>3,397</b>	<b>2,579</b>
Provisions	4.5.6	1	0
<b>Total non-current liabilities</b>		<b>1</b>	<b>0</b>
Other current liabilities	4.5.7	7	11
<b>Total current liabilities</b>		<b>7</b>	<b>11</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,405</b>	<b>2,590</b>

## 4.4.2 COMPANY INCOME STATEMENT

### Company income statement

For the years ended 31 December	Note	2022	2021
Revenue	4.5.8	5	7
General and administrative expenses	4.5.9	(33)	(36)
<b>Operating profit/(loss) (EBIT)</b>		<b>(28)</b>	<b>(29)</b>
Other operating expense	4.5.6	(1)	0
Financial expenses	4.5.10	(0)	(0)
<b>Profit/(Loss) before income tax</b>		<b>(29)</b>	<b>(29)</b>
Income tax (expense)/income		-	-
Result of Group companies	4.5.1	479	429
<b>Profit/(Loss) after income tax</b>		<b>450</b>	<b>400</b>

## 4 FINANCIAL INFORMATION 2022

### 4.4.3 GENERAL

The Company financial statements are part of the 2022 financial statements of SBM Offshore N.V. Reference is made to section 4.2.6 General Information for additional details on the Company.

SBM Offshore N.V. costs mainly comprise of management activities and cost of the headquarters office at Schiphol of which part is recharged to Group companies.

#### **PRINCIPLES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT**

The stand-alone financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). SBM Offshore N.V. uses the option provided in section 2:362 (8) of the Dutch Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of SBM Offshore N.V. are the same as those applied for the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board and adopted by the European Union (referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements ('4.2.7 Accounting Principles') for a description of these principles.

Investments in group companies, over which control is exercised, are stated on the basis of the net asset value.

Results on transactions, involving the transfer of assets and liabilities between SBM Offshore N.V. and its participating interests or between participating interests themselves, are not incorporated insofar as they are deemed to be unrealized.

## 4.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 4.5.1 INVESTMENT IN GROUP COMPANIES

The movements in the item Investment in Group companies are as follows:

	2022	2021
Balance at 1 January	2,582	2,567
Loans issued to subsidiary	-	7
<b>Investments net value</b>	<b>2,582</b>	<b>2,574</b>
Result of Group companies	479	429
Capital contributions	-	5
Capital repayments	(159)	-
Dividends received	(121)	(373)
Other changes <sup>1</sup>	520	(53)
Foreign currency variations	(2)	0
<b>Movements</b>	<b>717</b>	<b>8</b>
<b>Balance at 31 December</b>	<b>3,299</b>	<b>2,582</b>
Loans issued to subsidiary	-	0
<b>Investments net value at 31 December</b>	<b>3,299</b>	<b>2,582</b>

<sup>1</sup> Mainly relates to Cash flow hedges and transaction with non-controlling interests (please refer to note 4.2.4 'Company's Consolidated Statement of changes in equity').

An overview of the information on principal subsidiary undertakings required under articles 2: 379 of the Dutch Civil Code is given below. The subsidiaries of SBM Offshore N.V. are the following (all of which are 100% owned):

- SBM Offshore Holding B.V., Amsterdam, the Netherlands
- SBM Holding Inc. S.A., Marly, Switzerland
- SBM Holding Luxembourg S.à.r.l, Luxembourg, Luxembourg
- SBM Schiedam B.V., Rotterdam, the Netherlands
- SBM Holland B.V., Rotterdam, the Netherlands
- FPSO Capixaba Holding B.V., 's-Gravenhage, the Netherlands

### 4.5.2 DEFERRED TAX ASSETS

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. For more details refer to note 4.4.3 General.

A deferred tax asset is recognized for tax losses of the fiscal unity which can be carried forward and are expected to be recovered based on anticipated future taxable profits within the Dutch fiscal unity. Due to a change in tax legislation, as of 2022, the tax losses of the fiscal unity incurred between 2014-2018 can be carried forward indefinitely. Commercially this has not resulted in a different valuation, the deferred tax asset for tax losses brought forward from prior years amounts to US\$3 million (2021: US\$3 million).

### 4.5.3 OTHER RECEIVABLES

	31 December 2022	31 December 2021
Trade receivables	0	0
Amounts owed by Group companies	100	3
Other debtors	2	1
<b>Total</b>	<b>102</b>	<b>4</b>

Other receivables fall due in less than one year. The fair value of the receivables reasonably approximates the book value, due to their short-term character.

## 4 FINANCIAL INFORMATION 2022

As at December 31, 2022 the Company has a receivable due from SBM Holding Inc. S.A. (the cash pool leader of SBM Offshore group) amounting to US\$100 million (2021: payable amounting to US\$2 million). The lending conditions applied to the outstanding amounts between the cash pool leader and the Company are as follows:

- Fixed fee: The cash pool leader charges a handling fee of 0.075% to the Company; and
- Interest rate: Any receivable and payable balance that is outstanding for more than 90 days is subject to an interest rate of 0.50% (2021: 0.25%). Depending on whether it is a receivable or a payable balance, it will be either in favor of the Company or in favor of the cash pool leader.

Intercompany receivable from group companies outside of the cash pool are free of interest. In respect of repayment, no formal agreements have been made.

### 4.5.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at SBM Offshore N.V.'s free disposal.

### 4.5.5 SHAREHOLDERS' EQUITY

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except for legal and statutory reserves. The currency translation reserve, cash flow hedging reserve, capitalized development expenditure and investees equity non-distributable reserve are legal reserves that are required by Dutch law. Furthermore on the statutory reserves, pursuant to the Company's Articles of Association, a 'Protective Preference Shares' reserve is required to be maintained by the Company.

#### Legal reserve

	31 December 2022	31 December 2021
Investees equity non-distributable	1,609	1,511
Capitalized development expenditure	109	75
Translation reserve	(102)	(105)
Cash flow hedges	244	(270)
<b>Total</b>	<b>1,860</b>	<b>1,211</b>

The 'Investees equity non-distributable' legal reserve relates mainly to non-distributable profits generated by the co-owned entities (refer to note 4.3.29 Investment in Associates and Joint Ventures and 4.3.30 Information on Non-controlling Interests). The agreed principle in the applicable shareholders' agreements is that the shareholders shall procure that any available reserves are distributable after paying any expenses due and taking into account co-owned entity and applicable legal requirements. However, as unanimous decision of shareholders agreements in most of the co-owned entities is required to distribute the profits generated, the equity of these entities is classified as a non-distributable reserve under Dutch guidelines for financial reporting. On a regular basis the Company ensures that dividends are approved by the partners and distributed accordingly to the shareholders.

The legal reserve for 'investees equity non-distributable' and 'capitalized development expenditure' are formed by withdrawal from the distributable retained earnings. In the event of depreciation or impairment, the capitalized development expenditure will be reduced by adding it to the retained earnings reserves in the amount of the depreciation or impairment.

If either the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions from the retained earnings cannot be made to the Company's shareholders equivalent to the amount of that negative balance.

#### Statutory reserve

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 amounting to US\$26 million (2021: US\$0 million) 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. In addition to the legal reserves, distributions to the Company's shareholders are restricted to the amount of the statutory reserves.

### Retained earnings

The 'Retained earnings' also includes the 'IFRS 2 share-based payments' amounting to US\$21 million (2021: US\$22 million). The 'IFRS 2 share-based payments' granted but still unvested are non-distributable by nature.

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 on the dividends on common shares, reference is made to note 4.3.12 Dividends paid and proposed.

For an explanation of the shareholders' equity, reference is made to note 4.2.4 Consolidated Statement of Changes in Equity and note 4.3.22 Equity Attributable to Shareholders.

### PROPOSED APPROPRIATION OF RESULT

With the approval of the Supervisory Board, it is proposed that the result shown in SBM Offshore N.V. income statement be appropriated as follows (in US\$):

#### Appropriation of result

	2022
Profit/(Loss) attributable to shareholders	450
In accordance with note 4.6.1 to be transferred to the 'Retained earnings'	450
<b>At the disposal of the General Meeting of Shareholders</b>	<b>-</b>

It is proposed that US\$1.10 per share out of retained earnings is distributed among the shareholders. Please refer to note 4.3.33 Events After End of Reporting Period.

### 4.5.6 PROVISIONS

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US\$1 million.

On August 1, 2022 the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023 SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal).

### 4.5.7 OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Trade payables	0	1
Amounts owed to Group companies	-	2
Taxation and social security costs	0	0
Other liabilities	7	8
<b>Total current liabilities</b>	<b>7</b>	<b>11</b>

The other current liabilities fall due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.

Intercompany payable from group companies outside of the cash pool balances are free of interest. As at December 31, 2022 the Company has a receivable due from SBM Holding Inc. S.A., reference is made to note 4.5.3 Other Receivables for the applicable lending conditions. In respect of repayment, no formal agreements have been made.

## 4 FINANCIAL INFORMATION 2022

### 4.5.8 REVENUE

The revenue comprises of management fees charged to Group company Single Buoy Moorings Inc. S.A. which is the main EPC contractor.

### 4.5.9 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Employee Benefits	(26)	(28)
Other costs	(7)	(8)
<b>Total</b>	<b>(33)</b>	<b>(36)</b>

The employee benefits include the Management Board remuneration, and recharge of other personnel costs at the headquarters, as well as share-based payments for the entire Group. For further details on the Management Board remuneration, reference is made to note 4.3.6 Employee Benefit Expenses.

The other costs include audit fees, legal, compliance, corporate governance and investor relation costs. For the audit fees reference is made to note 4.3.32 Independent Auditor's Fees and Services.

### 4.5.10 FINANCIAL EXPENSES

The financial expenses relate mainly to foreign currency results and interest expenses charged by Group companies to SBM Offshore N.V.

### 4.5.11 COMMITMENTS AND CONTINGENCIES

#### COMPANY GUARANTEES

SBM Offshore N.V. has issued performance guarantees for contractual obligations to complete and deliver projects in respect of several Group companies, and fulfillment of obligations with respect to long-term lease/operate contracts. Furthermore, the Company has issued parent company guarantees in respect of several Group companies' financing arrangements. Please refer to note 4.3.26 Commitments and Contingencies.

#### FISCAL UNITY

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. All tax liabilities and tax assets are transferred to the fiscal unity parent, however all members of the fiscal unity can be held liable for all tax liabilities concerning the fiscal unity.

Corporate income tax is levied at the head of the fiscal unity based on the fiscal results allocated by the members to SBM Offshore N.V., taking into account an allocation of the benefits of the fiscal unity to the different members. The settlement amount, if any, is equal to the corporate income tax charge included in the Company income statement.

### 4.5.12 DIRECTORS REMUNERATION

For further details on the Directors remuneration, reference is made to note 4.3.6 Employee Benefit Expenses of the consolidated financial statements.

### 4.5.13 NUMBER OF EMPLOYEES

The members of the Management Board are the only employees of SBM Offshore N.V.

### 4.5.14 INDEPENDENT AUDIT FEES

For the audit fees relating to the procedures applied to SBM Offshore N.V. and its consolidated group entities by accounting firms and an external independent auditor, reference is made to note 4.3.32 Independent Auditor's Fees and Services of the consolidated financial statements.

#### 4.5.15 EVENTS AFTER END OF REPORTING PERIOD

For information about the subsequent events, reference is made to section 4.3.33 Events After End of Reporting Period of the notes to the consolidated financial statements.

Schiphol, the Netherlands  
February 22, 2023

##### **Management Board**

Bruno Chabas, Chief Executive Officer  
Øivind Tangen, Chief Operating Officer  
Douglas Wood, Chief Financial Officer

##### **Supervisory Board**

Roeland Baan, Chairman  
Bernard Bajolet, Vice-Chairman  
Ingelise Arntsen  
Sietze Hepkema  
Hilary Mercer  
Cheryl Richard  
Jaap van Wiechen



## 4 FINANCIAL INFORMATION 2022

### 4.6 OTHER INFORMATION

#### 4.6.1 APPROPRIATION OF RESULT

##### ARTICLES OF ASSOCIATION GOVERNING PROFIT APPROPRIATION

With regard to the appropriation of result, article 29 of the Articles of Association states:

1. When drawing up the annual accounts, the Management Board shall charge such sums for the depreciation of SBM Offshore N.V.'s fixed assets and make such provisions for taxes and other purposes as shall be deemed advisable.
2. Any distribution of profits pursuant to the provisions of this article shall be made after the adoption of the annual accounts from which it appears that the same is permitted. The Company may make distributions to the Shareholders and to other persons entitled to distributable profits only to the extent that its shareholders' equity exceeds the sum of the amount of the paid and called up part of the share capital and the reserves which must be maintained under the law. A deficit may be offset against the statutory reserves only to the extent permitted by law, with the proviso that a deficit shall not be offset against the Protective Preference Shares Reserve.
3. a. The profit shall, if sufficient, be applied first in payment to the holders of Protective Preference Shares in accordance with subparagraph b. of this article 29 paragraph 3.  
b. For Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6, the payment shall be one thousand euro (EUR 1,000) for the aggregate outstanding Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6. In all other instances, the payment shall be a percentage of the compulsory amount paid on the Protective Preference Shares other than in accordance with article 5 paragraph 6 as at the commencement of the financial year for which the distribution is made. The percentage referred to above shall be equal to the average of the Euribor interest charged for loans with a term of twelve (12) months, as published by the administrator of EURIBOR, the European Money Markets Institute (EMMI) or any other person that takes over the administration of EURIBOR, or in absence of EURIBOR as benchmark, another interest benchmark that is officially determined, appointed or recommended as replacement of twelve (12) months EURIBOR by (i) the European Central Bank, or another supervising authority, or in absence of this, (ii) the EMMI, aforementioned or its legal successor(s) - weighted by the number of days for which this interest was applicable - during the financial year for which the distribution is made, increased by at most five hundred (500) basis points. .  
c. If in the course of the financial year for which the distribution is made the compulsory amount to be paid on the Protective Preference Shares has been decreased or, pursuant to a resolution for additional payments, increased, then the distribution shall be decreased or, if possible, increased by an amount equal to the aforementioned percentage of the amount of the decrease or increase as the case may be, calculated from the date of the decrease or from the day when the additional payment became compulsory, as the case may be.  
d. If in the course of any financial year Protective Preference Shares have been issued, the dividend on Protective Preference Shares for that financial year shall be decreased proportionately up to the day of issue, with a part of a month to be regarded as a full month.  
e. If the profit for a financial year is being determined and if in that financial year one or more Protective Preference Shares have been cancelled, the persons who according to the shareholders' register referred to in article 12 at the time of such cancellation were recorded as the holders of these Protective Preference Shares, shall have an inalienable right to a distribution of profit as described hereinafter. The profit which, if sufficient, shall be distributed to such a person shall be equal to the amount of the distribution to which he would be entitled pursuant to the provisions of this paragraph if at the time of the determination of the profits he had still been the holder of the Protective Preference Shares referred to above, calculated on a time-proportionate basis for the period during which he held Protective Preference Shares in that financial year, with a part of a month to be regarded as a full month. In respect of an amendment of the provisions laid down in this paragraph, the reservation referred to in section 2:122 of the Dutch Civil Code is hereby explicitly made.  
f. If in any one financial year the profit referred to above in subparagraph a. is not sufficient to make the distributions referred to in this article, then the provisions of this paragraph and those laid down hereinafter in this article shall in the subsequent financial years not apply until the deficit has been made good.  
g. Further payment out of the profits on the Protective Preference Shares shall not take place.
4. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine each year what part of the profits shall be transferred to the reserves, after the provisions of the preceding paragraph have been applied.
5. The residue of the profit shall be at the disposal of the General Meeting.
6. The General Meeting may only resolve to distribute any reserves, other than the Protective Preference Shares Reserve, upon the proposal of the Management Board, subject to the approval of the Supervisory Board.

#### 4.6.2 CALL OPTION GRANTED TO STICHTING CONTINUÏTEIT SBM OFFSHORE (THE FOUNDATION)

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

### 4.6.3 INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the Supervisory Board of SBM Offshore N.V.

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#### *Report on the financial statements 2022*

##### *Our opinion*

In our opinion:

- the consolidated financial statements of SBM Offshore N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the Company financial statements of SBM Offshore N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

##### *What we have audited*

We have audited the accompanying financial statements 2022 of SBM Offshore N.V., Amsterdam as included in sections 4.2 up to and including 4.5. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the Company balance sheet as at 31 December 2022;
- the Company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

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#### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We are independent of SBM Offshore N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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#### *Our audit approach*

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

##### *Overview and context*

SBM Offshore N.V. serves the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services. This includes the construction and the leasing and operating of large and complex offshore floating production, storage and offloading vessels (FPSOs). The Group is comprised of several components and, therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

## 4 FINANCIAL INFORMATION 2022

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition impacts of climate-related risks.

In paragraph 4.2.7 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant judgements, estimation of uncertainty and the related higher inherent risks of material misstatement in construction contracts, we consider this as key audit matter, as set out in the section 'Key audit matters' of this report.

In 2022, FPSO *Cidade de Anchieta* was shut down from January 22, 2022 until December 17, 2022 following observation of oil near the vessel. As a result of this event and based on the management assessment, an impairment was accounted for in the 2022 year-end results. Given the magnitude of the amounts involved, the complex nature of the impairment assessment and the significant judgements and estimates applied by the management, we considered this as key audit matter as well.

SBM Offshore N.V. assessed the possible effects of climate change and its plans to meet the emissionZERO® commitments on its financial position. In paragraph 1.4.2, 1.4.3 of the annual report and 4.3.27 of the consolidated financial statements, the management board reflects on climate-related risk and opportunities. Management concluded that the climate change has no impact on the carrying amounts of assets and liabilities as of December 31, 2022. It is management's assessment that the future estimates and judgements underlying the carrying amounts of assets or liabilities will be influenced by its response to and assessment of climate related risks. We discussed management's assessment and governance thereof and evaluated the potential impact on the financial position including underlying assumptions and estimates. During the audit we involved our sustainability specialists to assess the climate related risks. Based on our discussions and evaluation as described above, we had no indication that climate change is a key audit matter or that it impacted our key audit matters.

Other areas of focus, that were not considered as key audit matters, were the lease classification of awarded contracts, valuation of finance lease receivables, segment reporting disclosure and accounting for uncertain tax positions. There were also internal control matters identified relating to the IT environment and IT migration to the new ERP system ('IFS') that required additional audit effort, but these were not considered key audit matters.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a Company providing floating production solutions to the offshore energy industry over the full product lifecycle. We included members with relevant industry expertise and specialists in the areas of IT, corporate income tax, valuation, sustainability and employee benefits in our audit team. We also involved forensics specialists in our assessment of fraud risk factors.

The outline of our audit approach was as follows:



### *Materiality*

- Overall materiality: US\$30 million

### *Audit scope*

- We conducted audit work in three locations on four components.
- We conducted the group audit from the Netherlands. Site visits were conducted in one country – Monaco. We also held virtual meetings.
- Audit coverage: 100% of consolidated revenue, 99% of consolidated total assets and 91% of consolidated profit before tax.

### *Key audit matters*

- Estimates and judgements in construction contracts
- Estimates and judgements in impairment assessment of FPSO *Cidade de Anchieta*

### *Materiality*

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

<i>Overall group materiality</i>	US\$30 million (2021: US\$27 million).
<i>Basis for determining materiality</i>	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before income tax. Our calculated overall materiality, based on the actual results of the company, would be US\$33 million. In agreement with the supervisory board, we maintained the level of US\$30 million as included in our audit plan.
<i>Rationale for benchmark applied</i>	We used this benchmark and the rule of thumb (%), based on our analysis of the common information needs of users of the financial statements, including factors such as the headroom on covenants and the financial position of the Group. On this basis, we believe that profit before tax is an important metric for the financial performance of the Group.
<i>Component materiality</i>	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between US\$27 million and US\$21 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above US\$10 million (2021: US\$10 million) for balance sheet reclassifications and US\$3.0 million for profit before tax impact (2021: US\$2.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *The scope of our group audit*

SBM Offshore N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of SBM Offshore N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit focused on two components in Monaco (Turnkey as well as Operations), the treasury shared service center in Marly, Switzerland and one other component (Group Corporate Departments) located in Amsterdam, the Netherlands. The Turnkey as well as Operations components in Monaco were subject to audits of their complete financial information as those components are individually financially significant to the Group.

The processes and financial statement line items managed by the treasury shared service center in Marly, Switzerland, were subject to specified audit procedures. For the Group Corporate Departments component in Amsterdam, the group engagement team performed audit work on specified balances to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

<i>Revenue</i>	<i>100%</i>
<i>Total assets</i>	<i>99%</i>
<i>Profit before tax</i>	<i>91%</i>

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the components in Monaco and the treasury shared service center in Marly, Switzerland, we used component auditors who are familiar with the local laws and regulations to perform the audit work. The audit was performed both remotely and at client offices. For the key meetings and audit procedures both the group and component engagement teams visited the client offices. For remote audit procedures we used video conferencing and digital sharing of screens and documents.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

## 4 FINANCIAL INFORMATION 2022

The group engagement team visited both the Turnkey as well as Operations components in Monaco given the importance of these components for the consolidated financial statements as a whole and judgements involved in the estimates in construction contracts (refer to the respective key audit matter). For the components in Monaco, we reviewed selected working papers of the respective component auditors. For the treasury shared service center in Marly, Switzerland, the group audit team held virtual meetings. We remotely reviewed selected working papers of the respective component auditor.

In addition to the work on the Group Corporate Departments component, the group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex accounting matters at the head office. These included impairment assessments, accounting implication assessments of lease extensions and modifications as well as business combinations, share-based payments, taxes including deferred taxes and uncertain tax provisions and directional reporting as part of the segment reporting disclosures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

### **Audit approach fraud risks**

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board and the supervisory board whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we, in co-operation with our forensic specialists, evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
<b>Management override of controls</b>	
Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: <ul style="list-style-type: none"><li>■ The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.</li><li>■ Estimates.</li><li>■ Significant transactions, if any, outside the normal course of business for the entity.</li></ul>	<p>Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes generating journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.</p> <p>We performed journal entry testing procedures on the following criteria: unexpected account combinations, unusual words, unusual times and unexpected users. In addition, we also tested manual consolidation adjustments.</p> <p>With regard to management's accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates. We performed substantive audit procedures for the estimates in revenue and construction contracts. Please refer to key audit matters, sections "Key audit matters Estimates and judgements in construction contracts" and "Estimates and judgements in impairment assessment of FPSO <i>Cidade de Anchieta</i>".</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>

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**Identified fraud risks**

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**Our audit work and observations**

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**Risk of fraud in revenue recognition – construction contracts**

Given the listed status of SBM Offshore N.V., the significant shareholdings of management in SBM Offshore N.V. as a result of share-based payment plans and financial targets for management, the complex nature of the Company's construction contracts and the significant judgements and estimates, the revenue recognition of construction contracts was particularly subject to the risk of a material misstatement due to fraud.

The determination of the turnkey segment result based on over time recognition is an exercise requiring significant judgement and management could use this estimate in order to manipulate the figures to shift between year(s). Due to this, we deem the risk significant for the cut-off and accuracy assertion for revenue.

Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Company's internal project reviews. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

With respect to the satisfaction of the performance obligations over time and the cut-off and accuracy for individual projects under construction, we examined, discussed, and challenged project documentation on the status, progress and forecasts with management, legal, finance and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Company, subcontractors and clients and responses thereto.

In addition, we performed substantive procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, we evaluated whether there were indications of possible management bias.

We performed audit procedures in respect to the significant accounting estimates. Please refer to section "Key audit matters".

In addition, at the end of the year, we conducted specific substantive audit procedures regarding the cut-off of construction contracts to determine that there were no shifts in results per individual project and/or between the current and next financial year.

Finally, we performed journal entry testing procedures on the following criteria: unexpected account combinations.

Our audit procedures did not identify any material misstatements in the information provided by management in the financial statements.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – construction contracts.

## 4 FINANCIAL INFORMATION 2022

### Identified fraud risks

#### Risk of fraud in revenue recognition – lease and operate

Although the lease contracts and many of the operate contracts itself specify specific day-rates per vessel and periodic operating fees (and therefore the revenue is very predictable and relatively certain) there are elements in which management could manipulate the lease and operate revenue, such as the recognition of maluses.

We consider accuracy, existence and occurrence as assertions relevant for the risk of fraud in revenue recognition for lease & operate revenues.

### Our audit work and observations

Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to the lease and operate contracts. This includes gaining an understanding of the underlying contracts, malus arrangements and key performance indicators like up- and downtime to determine the possible impact on the revenue recognition. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

With respect to the satisfaction of the performance obligations for individual contracts, we examined, discussed, and challenged SBM Offshore N.V. on the recognition of maluses with management, legal, finance, and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining the completeness of recognized claims and maluses by the Company and responses thereto, performing substantive procedures such as obtaining corroborating evidence, evaluation of vessels report. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias.

Finally, we performed journal entry testing procedures on the following criteria: unexpected account combinations.

Our audit procedures did not identify any material misstatement in the information provided by management in the financial statements.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – lease and operate.

#### Risk of bribery and corruption

The company operates in countries with a higher risk of corruption based on the Corruption Perception Index of Transparency International. For this reason, we paid particular attention to the risk of the payment of bribes by and at the initiative of agents in transactions concluded using agents.

Where relevant to our audit, we assessed the design and effectiveness of the internal control measures with respect to contracts with clients and agents and the review of the work by agents. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

We held various meetings with management and other SBM Offshore N.V. staff to discuss the risk of bribery and corruption. Amongst others we spoke to the group compliance and legal director, internal audit director, CFO, COO and CEO. We assessed that no new contracts with agents have been agreed in 2022.

In addition, and amongst others we performed the following procedures:

- Where applicable, we evaluated minutes of meetings held to identify potential transactions with agents and by agents itself;
- Where applicable, we assessed whether the commission is calculated correctly, paid correctly and completely to a bank account held by the agent as well as whether the transactions are at arm's length;



<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
	<ul style="list-style-type: none"> <li>■ Evaluated internal audit reports and internal reporting's to the audit committee;</li> <li>■ Reviewed whistleblower notifications and follow up procedures by management.</li> </ul> <p>Finally, we selected journal entries based on specific risk criteria and performed substantive audit procedures.</p> <p>Our audit procedures did not identify any material misstatement in the information provided by management in the financial statements.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the risk of bribery and corruption.</p>

We reviewed lawyer's letters and correspondence with regulators, where applicable. We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

#### ***Audit approach going concern***

As disclosed in paragraph 4.3.27 in the financial statements. Management performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the management's going concern assessment included, amongst others:

- Considerations whether management's going concern assessment included all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment;
- Evaluating management's current operating plan including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- Performing inquiries of management as to its knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the management's assumptions and judgements used in the application of the going concern assumption.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

In current year, we considered that "Complex lease accounting" was not a key audit matter, as the Group did not incur complex lease transactions that required significant judgements in the application of lease accounting from a lessor perspective by management.



## 4 FINANCIAL INFORMATION 2022

### Key audit matter

#### Estimates and judgements in construction contracts

##### *Note 4.2.7 and 4.3.3 to the consolidated financial statements*

The accounting for contracts with customers under IFRS 15 'Revenue from contracts with customers' is complex and dependent on the specific arrangements between the Group and its clients as agreed upon in the contracts.

Given the unique nature of each separate project and contract, management performed a contract analysis on a case-by-case basis to determine the applicable accounting and revenue recognition. Significant management judgement applied in identifying the performance obligations and determining whether they are distinct, the method of revenue recognition as either point in time or over time, contract modifications and variable consideration, are complex and subjective.

Based on our risk assessment the most critical and judgemental estimates to determine satisfaction of the performance obligations over time is the estimate of the cost to complete and the measurement of progress towards complete satisfaction of the performance obligation, including the subjectivity and estimation uncertainty in the assessment of remaining risks and contingencies that a project is or could be facing.

In 2022 the Group continued to face COVID-19, global macroeconomic turmoil and operational challenges. These include price inflation of materials and services, yard closures and supplier capacity constraints. The degree to which these challenges influenced the cost to complete varied from project to project and can be significant.

Given the magnitude of the amounts involved (US\$3.5 billion of turnkey revenue and US\$5.7 billion of construction work-in-progress), the complex nature of the Company's construction contracts and the significant judgements and estimates, these areas were particularly subject to the significant risk of misstatement related to either error or fraud. Based on the above considerations we considered this area to be a key audit matter.

### Our audit work and observations

We assessed whether the satisfaction of the performance obligations to be recognized as revenue recognition should be as either point in time or over time.

We performed look-back procedures as part of our risk assessment procedures by comparing the estimates included in the current projects with past projects of similar nature and previous estimates of the same project, as this provides insight in the ability of management to provide reliable estimates. The outcome of these look-back procedures confirmed our understanding and risk assessment related to project estimates.

We gained an understanding of processes, evaluated and tested the relevant controls the Group designed and implemented within its process to record costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Group's internal project reviews. We found that we, in the context of our audit, could rely on these internal control procedures.

With respect to the satisfaction of the performance obligations over time we examined project documentation on the status, progress and forecasts of projects under construction and discussed and challenged those with management, finance and technical staff of the Group. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Group, subcontractors and clients and responses thereto. In addition, we performed procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias.

Our audit procedures did not indicate material findings with respect to the estimates and judgements in construction contracts.

#### Estimates and judgements in impairment assessment of FPSO Cidade de Anchieta

##### *Note 4.2.7 and 4.3.13 to the consolidated financial statements*

The assessment of impairment under IAS 36 "Impairment of Assets" requires a detailed analysis and is dependent on multiple significant management judgements and estimates, that are applied in determination of asset's value in use.

In 2022, FPSO *Cidade de Anchieta* was shut down from January 22, 2022 until December 17, 2022 following observation of oil near the vessel. A repair program has been implemented to repair the 4 tanks required for the safe restart of the vessel as well as for the repair of other tanks for which work will continue at least until the end of 2023.

We assessed management's accounting paper on the impairment calculation and related assumptions for the FPSO *Cidade de Anchieta*.

As part of our evaluation of the accounting paper we performed the following:

- reconciliation of the estimates applied in the impairment calculation to underlying documents such as contracts and historical information;
- accuracy of the impairment model applied.

<i>Key audit matter</i>	<i>Our audit work and observations</i>
<p>Management prepared an impairment assessment analysis and concluded that the total expected cost of repairs will result in an adverse cash flow. An impairment of US\$92 million was accounted for in the 2022 year-end results.</p> <p>Based on our risk assessment the most critical and judgemental estimates to determine value in use of FPSO <i>Cidade de Anchieta</i> are related to:</p> <ul style="list-style-type: none"> <li>■ Recoverability of insurance claims (cash inflow).</li> <li>■ Expected repair costs for the remaining tanks (cash outflow).</li> <li>■ Timing of the related cash in- and outflows.</li> </ul> <p>We consider this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of the impairment assessment and the significant judgements and estimates applied by the management.</p>	<p>In addition, we performed substantive audit procedures to substantiate the impairment calculation:</p> <ul style="list-style-type: none"> <li>■ the appropriate application of IAS 36;</li> <li>■ substantive testing of the relevant cash outflows and timing thereof, amongst others: testing of the historical repair costs in relation to the expected repair costs for the remaining tanks;</li> <li>■ substantive testing of the relevant cash inflows and the timing thereof, amongst other: reconciliation to underlying contracts;</li> <li>■ evaluated whether there were indications of possible management bias, and;</li> <li>■ reviewed the sensitivity analysis prepared by management.</li> </ul> <p>Our audit procedures did not indicate material findings with respect to the estimates and judgements made in impairment assessment.</p>

### ***Report on the other information included in the annual report***

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

### ***Report on other legal and regulatory requirements and ESEF***

#### ***Our appointment***

We were nominated as auditors of SBM Offshore N.V. on 13 November 2013 by the Supervisory Board and appointed through the passing of a resolution by the shareholders at the annual meeting held on 17 April 2014. Our appointment has been renewed on 7 April 2021 for a period of three years by the shareholders. Our appointment represents a total period of uninterrupted engagement of nine years.

#### ***European Single Electronic Format (ESEF)***

SBM Offshore N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by SBM Offshore N.V., complies, in all material respects, with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

## 4 FINANCIAL INFORMATION 2022

Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

### *No prohibited non-audit services*

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

### *Services rendered*

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 4.3.32 to the financial statements.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the management board and the supervisory board for the financial statements*

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

#### *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 22 February 2023  
PricewaterhouseCoopers Accountants N.V.

A.A. Meijer RA

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## ***Appendix to our auditor's report on the financial statements 2022 of SBM Offshore N.V.***

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## 4 FINANCIAL INFORMATION 2022

### 4.7 KEY FIGURES

#### Key IFRS financial figures

	2022	2021	2020	2019	2018
Turnover (US\$ million)	4,913	3,747	3,496	3,391	2,240
<b>Results (US\$ million)</b>					
Net profit/(loss) (continuing operations)	555	472	327	511	344
Dividend	200 <sup>1</sup>	178	165	150	75
Operating profit (EBIT)	1,020	734	605	742	603
EBITDA	1,209	823	1,043	1,010	838
Underlying Operating profit (EBIT)	1,020	739	692	767	607
Underlying profit attributable to shareholders	450	405	277	391	247
Shareholders' equity at 31 December	3,397	2,579	2,556	2,748	2,634
Capital employed	13,142	10,470	8,956	8,217	7,617
Net debt	7,881	6,681	5,209	4,416	3,818
Capital expenditure	151	49	75	68	40
Depreciation, amortization and impairment	189	88	439	268	235
Number of employees (average)	5,259	4,797	4,507	4,259	4,103
Employee benefits	740	669	614	575	519
<b>Ratios (%)</b>					
Shareholders' equity / (total assets +/- current liabilities)	28	26	30	32	32
Current ratio (current assets / current liabilities)	252	201	149	137	128
Return on average capital employed	8.6	7.6	8.1	9.7	7.6
Return on average shareholders' equity	15.1	15.8	10.5	14.5	9.6
Operating profit (EBIT) / net turnover	20.8	19.6	17.3	21.9	26.9
Net profit/(loss) / net turnover	11.3	12.6	9.4	15.1	15.3
Net debt / total equity	160	189	150	122	106
Enterprise value / EBITDA	10.1	12.5	9.3	8.9	9.4
<b>Information per Share (US\$)</b>					
Net profit/(loss) <sup>2</sup>	2.53	2.18	1.00	1.84	1.04
Dividend	1.10 <sup>3</sup>	1.00	0.89	0.81	0.37
Shareholders' equity at 31 December	18.80	14.28	13.55	13.83	12.81
<b>Share price (EUR)<sup>4</sup></b>					
- 31 December (2022: 30 December)	14.66	13.10	15.57	16.59	12.93
- highest close	15.65	16.33	17.30	18.35	16.81
- lowest close	12.07	11.85	10.35	12.80	10.72
Price / earnings ratio	6.3	6.7	18.9	10.1	14.4
Number of shares outstanding (x 1,000)	180,671	180,671	188,671	198,671	205,671
Market capitalization (US\$ million)	2,825	2,680	3,604	3,703	3,044
Volume of traded shares (x 1,000)	122,922	172,550	231,004	223,570	269,134
New shares issued in the year (x 1,000)	-	-	-	-	-

<sup>1</sup> Based on the number of shares outstanding less the number of treasury shares held at year-end times the dividend per share. Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date.

<sup>2</sup> Calculated based on weighted average shares outstanding

<sup>3</sup> The dividend that will be proposed to the Annual General Meeting to be paid out in 2023

<sup>4</sup> Source: Euronext data on share prices, market capitalization and volume of traded shares

## Key Directional financial figures

	2022	2021	2020	2019	2018
<b>Turnover (US\$ million)</b>	<b>3,288</b>	2,242	2,368	2,171	1,703
Lease and Operate	1,763	1,509	1,699	1,315	1,298
Turnkey	1,525	733	669	856	406
<b>EBIT (US\$ million)</b>	<b>392</b>	366	254	418	533
Lease and Operate	484	452	438	369	418
Turnkey	(12)	(1)	(100)	25	225
Other	(80)	(85)	(83)	23	(109)
<b>EBITDA (US\$ million)</b>	<b>1,010</b>	849	1,021	921	995
<b>Net Profit (US\$ million)</b>	<b>115</b>	122	39	235	301