



2023 ANNUAL REPORT

BM
OFFSHORE



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, 2023, 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 SOFR (2022: 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 of operating cash flows and future earnings resulting from movement in commodity prices.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	279	31	248	490	28	463
Forward currency contracts cash flow hedge	86	17	68	50	103	(53)
Forward currency contracts fair value through profit and loss	48	44	4	69	85	(15)
Commodity contracts cash flow hedge	3	4	(1)	-	2	(2)
Total	416	97	319	610	217	393
Non-current portion	258	8	250	465	25	440
Current portion	158	89	69	145	192	(47)

The movement in the net balance of derivative assets and liabilities of US\$(74) million over the period is mostly related to (i) the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US\$154 million, (ii) the increase in marked-to-market value of forward currency contracts, which is mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR and BRL) and (iii) the decrease in marked-to-market value of interest rate swaps, which mainly arises from decreasing US\$ market interest rates.

No ineffective portion arising from cash-flow hedges was recognized in the income statement in 2023 (2022: US\$1 million). 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 2023	31 December 2022
Cash and bank balances	196	109
Short-term investments	347	573
Cash and cash equivalent	543	683
Net cash and cash equivalent	543	683

The decrease of the cash and bank balances mainly relates to the significant progress in the projects under construction and the Fast4Ward® new build multi-purpose hulls, partially covered by the additional project financing granted for *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão*, *FPSO ONE GUYANA*, drawdowns on the Company's RCF and on the new Revolving Credit Facility for MPF hull financing, the net cash proceeds of the sale of *FPSO Liza Unity* and the cash generated by the Lease and Operate business segment.

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The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US\$193 million as per December 31, 2023 (2022: US\$235 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, China, Equatorial Guinea, Ghana and Nigeria) amounted to US\$26 million (2022: US\$21 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 euro cents (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 3.1.8 Stichting Continuïteit SBM Offshore.

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

number of shares	2023	2022
Outstanding at 1 January	180,671,305	180,671,305
Treasury shares cancelled	-	-
Outstanding 31 December	180,671,305	180,671,305

All outstanding shares have been fully paid.

TREASURY SHARES

The Company completed its share repurchase program under authorization granted by the AGM of the Company held on April 13, 2023. In the period between November 9, 2023 and November 21, 2023 a total number of 350,000 shares totaling circa EUR4.3 million (circa US\$4.6 million) were repurchased. A total number of 1,652,078⁴ treasury shares are still reported in the outstanding ordinary shares as at December 31, 2023 (2022: 2,616,650) and are held predominantly for employee share programs. During 2023, a total of 1,314,575 shares (2022: 1,400,258) were transferred to employee share programs.

ORDINARY SHARES

In terms of ordinary shares, 1,791,995 shares were held by members of Management Board, in office as at December 31, 2023 (December 31, 2022: 1,648,665) 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 2023	Total shares at 31 December 2022
Bruno Chabas	330,965	987,740	1,318,705	1,254,864
Douglas Wood	176,470	123,716	300,186	264,009
Øivind Tangen	78,250	94,854	173,104	129,792
Total	585,685	1,206,310	1,791,995	1,648,665

⁴ 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.