



2023 ANNUAL REPORT

BM
OFFSHORE



4 FINANCIAL INFORMATION 2023

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2023.

The movement in the lease liabilities is as follows:

	2023	2022
Principal recognized at 1 January	46	56
Additions	55	13
Redemptions	(18)	(20)
Foreign currency variations	2	(3)
Other	-	-
Total movements	39	(10)
Remaining principal at 31 December	85	46
Of which		
Current portion	11	13
Non-current portion	74	33

The movements in lease liabilities over the period were mainly related to an increase due to the extension of some lease contracts 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 (liquidity risk).

The total cash outflow for leases in 2023 was US\$22 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US\$4 million.

4.3.24 PROVISIONS

The movement and type of provisions during the year 2023 are summarized as follows:

Provisions (movements)

	Demobilisation	Warranty	Restructuring	Employee benefits	Other	Total
Balance at 1 January 2023	119	86	2	15	264	487
Arising during the year	40	44	11	4	72	170
Unwinding of interest	1	-	-	1	-	2
Utilized	(31)	(5)	(1)	(1)	(5)	(43)
Released to profit	(0)	(20)	-	(1)	(7)	(30)
Other movement	(0)	-	(5)	4	0	(1)
Balance at 31 December 2023	129	104	7	21	324	586
of which :						
Non-current portion	97	-	-	21	265	383
Current portion	32	104	7	-	59	203

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 increase in the provision for demobilization mainly relates to an increase following the reassessment of the expected decommissioning and green recycling costs of *FPSO Capixaba*, following the final selection of a scrapping yard in Denmark,

and the reassessment for *FPSO Cidade de Anchieta*, partially offset by utilization in relation to the progress of the decommissioning activities on *FPSO Capixaba*. In addition, the reassessment of the demobilization obligations and associated future demobilization costs in operating lease contracts triggered an increase of US\$3 million in net present value of demobilization costs. Therefore, as explained in B. Critical Accounting Policies – (f) Demobilization obligations, this increase has been recognized both impacting the provision and the asset.

Expected outflows within one year are US\$32 million, between one and five years is US\$48 million and US\$49 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 or still under warranty period, which was partially offset by the regular consumption of existing warranty provisions over the applicable warranty period.

Restructuring

During the 2023 financial year, the Company announced the implementation of an optimization plan for its support functions' activities, aiming to improve global performance and cost efficiency. As a result, the Company has recognized a provision in the amount of US\$11 million against cost in the income statement (amount included in line 'Other operating income/(expense)'). The restructuring of the Company will impact approximately 106 employees.

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 2023.

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, CBB) 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). On May 25, 2023, the AFM has filed its reply to SBM Offshore's appeal. SBM Offshore is currently awaiting the listing of the hearing, which SBM Offshore's lawyers expect to happen during the 3rd quarter of 2024.

4.3.25 TRADE AND OTHER PAYABLES

Trade and other payables (summary)

	Notes	31 December 2023	31 December 2022
Trade payables		254	204
Accruals on projects		590	933
Accruals regarding delivered orders		76	15
Other payables		101	88
Contract liability	4.3.3	74	42
Pension taxation		10	9
Taxation and social security costs		89	81
Current portion of deferred income		4	3
Other non-trade payables		148	125
Total	4.3.27	1,347	1,501