



**2023** ANNUAL REPORT



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)

	<i>Notes</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables		254	204
Accruals on projects		590	933
Accruals regarding delivered orders		76	15
Other payables		101	88
Contract liability	<i>4.3.3</i>	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
<b>Total</b>	<i>4.3.27</i>	<b>1,347</b>	<b>1,501</b>

## 4 FINANCIAL INFORMATION 2023

'Trade payables' and 'Accruals on projects' together decreased as a result of lower accrued expenses on ongoing projects and increased payments to suppliers. At the end of the year there were still four FPSOs under construction, two MPF hulls under construction and the awarded initial scope to begin FEED activities for the FPSO for the Whiptail development project.

The increase in 'Accruals regarding delivered orders' mainly relates to FPSO *Prosperity's* finalization project.

For 'Contract liability' refer to note 4.3.3. Revenue where the movement in current and non-current 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 a prepayment of US\$52 million relating to the future potential participation of partners to charter contracts, which was presented in 'Other non-current liabilities' in 2022, and 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) includes non-current contract liabilities of US\$22 million as detailed in note 4.3.3 Revenue.

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.

During 2023, the Company acquired an additional stake of 49%, through the exercise of a put option in SBM Navvata Engineering Private Limited (SBM Navvata), thereby increasing its ownership to 100%. The put option over the interests held by non-controlling shareholders was initially recognized in 2019, when the Company acquired control of SBM Navvata, as a financial liability. In accordance with IFRS 10 Consolidated Financial Statements, the acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction, with any excess or deficit of consideration paid over the carrying amount of the non-controlling interests being recognized in equity. As of December 31, 2022, the 'Trade and Other Payables' included an amount of US\$22.8 million related to the put option, which was derecognized following the exercise of the put option and the cash consideration of US\$21 million paid to the non-controlling shareholders. The carrying value of the net assets of SBM Navvata attributable to non-controlling interests was US\$4.3 million, which has been reattributed to retained earnings.

### 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, 2023, relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform, *FPSO Mondo* and *FPSO Saxi Batuque*. These were signed prior to 2010.

#### BANK GUARANTEES

As of December 31, 2023, the Company has provided bank guarantees to unrelated third parties for an amount of US\$361 million (2022: US\$327 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US\$654 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.