



2023 ANNUAL REPORT

BM
OFFSHORE



4 FINANCIAL INFORMATION 2023

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.

As at December 31, 2023, the Company has a receivable due from SBM Holding Inc. S.A. (the cash pool leader of SBM Offshore group) amounting to US\$42 million (2022: receivable amounting to US\$100 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% (2022: 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 3.00% (2022: 0.50%). 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.

4.5.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at SBM Offshore N.V.'s free disposal.

4.5.4 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 2023 | 31 December 2022 |
|-------------------------------------|------------------|------------------|
| Investees equity non-distributable | 1,747 | 1,609 |
| Capitalized development expenditure | 142 | 109 |
| Translation reserve | (105) | (102) |
| Cash flow hedges | 268 | 244 |
| Total | 2,052 | 1,860 |

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.

Legal reserve for investees equity non-distributable

| | 2023 | 2022 |
|-------------------------------|--------------|--------------|
| Balance at 1 January | 1,609 | 1,511 |
| Movements in financial year | 138 | 98 |
| Balance at 31 December | 1,747 | 1,609 |

Legal reserve for capitalized development expenditure

| | 2023 | 2022 |
|-------------------------------|------------|------------|
| Balance at 1 January | 109 | 75 |
| Additions | 38 | 38 |
| Amortization | (5) | (3) |
| Foreign currency variation | 0 | - |
| Other movements | (0) | - |
| Balance at 31 December | 142 | 109 |

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 (2022: US\$26 million) was 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\$25 million (2022: US\$21 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, 2023, is US\$3,733 million, out of which US\$2,052 million relates to legal reserves and US\$26 million relates to the statutory reserves (December 31, 2022: Total equity of US\$3,397 million, out of which US\$1,860 million relates to legal reserves and US\$26 million relates 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

| | 2023 |
|--|----------|
| Profit/(Loss) attributable to shareholders | 491 |
| In accordance with note 4.7.1 to be transferred to the 'Retained earnings' | 491 |
| At the disposal of the General Meeting | - |

It is proposed that US\$150 million of retained earnings is distributed among the shareholders. Please refer to note 4.3.33 Events After End of Reporting Period.