



**2023** ANNUAL REPORT



## 4 FINANCIAL INFORMATION 2023

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 decreased fair value of interest rate swaps mainly arises from decreasing US\$ market interest rates whereas the increased fair value of forward currency contracts is mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR and BRL).

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 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.

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 to the statutory reserves). For more information, reference is made to note 4.5.4 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 2023	31 December 2022
Borrowings	8,112	6,839
Lease liabilities	74	33
<b>Total Non-current portion of Borrowings and lease liabilities</b>	<b>8,186</b>	<b>6,873</b>
Borrowings	1,093	1,678
Lease liabilities	11	13
<b>Total Current portion of Borrowings and lease liabilities</b>	<b>1,105</b>	<b>1,691</b>

## BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2023	2022
Non-current portion	6,839	5,891
Add: current portion	1,678	1,754
<b>Remaining principal at 1 January</b>	<b>8,517</b>	<b>7,645</b>
Additions	3,943	1,642
Redemptions	(2,999)	(759)
Transaction and amortized costs	(255)	(10)
<b>Total movements</b>	<b>688</b>	<b>872</b>
<b>Remaining principal at 31 December</b>	<b>9,206</b>	<b>8,517</b>
Less: Current portion	(1,093)	(1,678)
<b>Non-current portion</b>	<b>8,112</b>	<b>6,839</b>
Transaction and amortized costs	472	216
<b>Remaining principal at 31 December (excluding transaction and amortized costs)</b>	<b>9,677</b>	<b>8,734</b>
Less: Current portion	(1,142)	(1,710)
<b>Non-current portion</b>	<b>8,535</b>	<b>7,023</b>

The additions in borrowings of US\$3,943 million relate mainly to drawdowns on (i) project finance facilities for FPSO *ONE GUYANA*, FPSO *Prosperity*, and FPSO *Sepetiba*, (ii) the new loans achieved for FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, (iii) the Company's RCF and SCF, (iv) a funding loan of US\$125 million from CMFL in relation to FPSO *Cidade de Ilhabela* and the new Revolving Credit Facility for MPF hull financing of US\$210 million.

In the context of FPSO *Cidade de Ilhabela*, during 2023, the Company has created a new entity, Guara Norte Swiss Holding SA, and subsequently transferred 15% non-voting shares to CMFL which, in turn, granted the US\$125 million funding loan. The terms of the agreement set out a call and put options that can be exercised at nominal amount of the non-voting shares. Therefore the Company assessed that IAS 32 takes precedence over IFRS 10 and will therefore not recognize a non-controlling interest but rather recognize the liability. This transaction is in line with the Company's aim to diversify its sources of debt funding and to accelerate equity cashflow from the backlog.

As announced on March 31, 2023, the Company has secured the project financing of FPSO *Almirante Tamandaré* for a total of US\$1.63 billion. As of December 31, 2023, the Company has drawdown US\$1,053 million from the project financing and fully repaid the bridge loan of US\$635 million.

As announced on June 20, 2023, the Company has secured the project financing of FPSO *Alexandre de Gusmão* for a total of US\$1.615 billion. As of December 31, 2023, the Company has drawdown US\$1,165 million from the project financing and fully repaid the bridge loan of US\$620 million.

As announced on December 15, 2023, the Company has secured the new Revolving Credit Facility for MPF hull financing for a total of US\$210 million. As of December 31, 2023, the Company has fully drawn down this financing.

The redemptions are mostly related to (i) the repayment of the bridge loan facility of FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* following the completion of the project financings, the repayment of the FPSO *Liza Unity* loan of US\$1,140 million following the sale of the unit to the client (ii) the non-recourse debt repayment schedules.

For further disclosures about 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.

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

	31 December 2023	31 December 2022
Within one year	1,142	1,710
Between 1 and 2 years	1,877	1,657
Between 2 and 5 years	3,237	3,010
More than 5 years	3,421	2,357
<b>Balance at 31 December</b>	<b>9,677</b>	<b>8,734</b>

The borrowings by entity are as follows:

## Loans and borrowings per entity

Entity name	Project name or nature of loan	% Ownership	% Interest <sup>1</sup>	Maturity	Net book value at 31 December 2023			Net book value at 31 December 2022		
					Non-current	Current	Total	Non-current	Current	Total
<b>Project Finance facilities drawn</b>										
Tupi Nordeste Sarl	<i>FPSO Cidade de Paraty</i>	63.13	5.50%	15-Jun-23	-	-	-	-	72	72
SBM Baleia Azul Sarl	<i>FPSO Cidade de Anchieta</i>	100.00	5.50%	15-Sep-27	122	41	163	163	39	202
Alfa Lula Alto Sarl	<i>FPSO Cidade de Marica</i>	61.00	5.60%	17-Dec-29	544	128	672	672	121	793
Beta Lula Central Sarl	<i>FPSO Cidade de Saquarema</i>	61.00	4.20%	15-Jun-30	712	108	820	820	102	922
Guyana Deep Water UK Limited	<i>FPSO Liza Destiny</i>	100.00	SOFR + 1.91%	18-Dec-29	405	70	474	474	67	541
Guyana Deep Water II UK Limited	<i>FPSO Liza Unity</i>	100.00	SOFR + 1.76%	09-Nov-23	-	-	-	1,140	(4)	1,136
Guyana Deep Water III UK Limited	<i>FPSO Prosperity</i>	100.00	SOFR + 1.86%	29-Aug-25	951	87	1,038	965	(4)	960
<b>Senior secured notes</b>										
Guara Norte Sarl	<i>FPSO Cidade de Ilhabela</i>	75.00	5.20%	15-Jun-34	672	48	720	720	44	764
<b>Guaranteed project finance facilities drawn</b>										
Mero 2 Owning B.V.	<i>FPSO Sepetiba</i>	64.50	4.30%	15-Jun-38	1,370	56	1,425	1,410	(14)	1,397
Guyana Deep Water IV UK Limited	<i>FPSO ONE GUYANA</i>	100.00	5.20%	31-Jul-27	1,077	(4)	1,073	426	-	426
Tamandare Owning B.V.	<i>FPSO Almirante Tamandaré</i>	55.00	5.90%	15-Dec-38	920	(10)	911	(3)	635	632
Mero 4 Owning B.V.	<i>FPSO Alexandre de Gusmão</i>	55.00	6.40%	15-May-39	1,022	(5)	1,017	(2)	620	618
<b>Bridge loan facility</b>										
Tamandare Owning B.V.	<i>FPSO Almirante Tamandaré</i>	55.00	Libor + 0.6%	26-May-23	-	-	-	(3)	635	632
Mero 4 Owning B.V.	<i>FPSO Alexandre de Gusmão</i>	55.00	Libor + 0.75%	20-Jul-23	-	-	-	(2)	620	618
<b>Revolving credit facility</b>										
SBM Holding Inc	<i>Corporate Facility</i>	100.00	Variable	13-Feb-26	-	550	550	(0)	(1)	(1)
SBM Holding Inc	<i>Fast4Ward@ hull financing</i>	100.00	SOFR + 1.9%	20-Jun-25	209	(1)	208	(0)	(1)	(1)
<b>Other</b>										
Guara Norte Swiss Holding SA	<i>FPSO Cidade de Ilhabela</i>	100.00	7.90%	31-Dec-27	75	25	100	-	-	-
Brazilian Deepwater Production B.V.	<i>FPSO Espirito Santo</i>	51.00	SOFR + 1.05%	31-Jan-29	25	-	25	47	-	47
Brazilian Deepwater Production Contractors Ltd.	<i>FPSO Espirito Santo</i>	51.00	3.00%	31-Dec-28	8	-	8	5	-	5
Other		100.00			0	-	0	2	-	2
<b>Net book value of loans and borrowings</b>					<b>8,112</b>	<b>1,093</b>	<b>9,206</b>	<b>6,839</b>	<b>1,678</b>	<b>8,517</b>

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



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

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

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

	2023	2022
Expiring within one year	274	274
Expiring beyond one year	2,174	2,452
<b>Total</b>	<b>2,448</b>	<b>2,726</b>

### REVOLVING CREDIT FACILITY (RCF)

The RCF in place as of December 31, 2023, has a maturity date of February 13, 2026. The US\$1 billion facility was secured with a selected group of 12 core relationship banks 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 SOFR. 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>5</sup>. The Company's Sustainability performance in 2023 allows the 0.05% margin decrease to remain applicable for 2023.

### REVOLVING CREDIT FACILITY FOR MPF HULL FINANCING

The Company has secured a US\$210 million revolving credit facility for the financing of the construction of Fast4Ward® Multi-Purpose Floater (MPF) hulls, as announced on December 15, 2023. The tenor of the MPF facility is eighteen months, with an uncommitted extension option for another six months. Repayment is expected to take place upon sale of the MPF hulls or upon drawdown of the relevant project loan. The pricing is based on SOFR and a margin, which is 1.90% per annum for the first 12 months and thereafter 2.10% per annum. The Company has fully drawn this facility as of December 31, 2023.

### COVENANTS

The following key financial covenants apply to the RCF, as agreed with the respective lenders on February 13, 2019, and to the new Revolving Credit Facility for MPF hull financing, 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, 2023 additional headroom above the US\$1 billion capacity under the RCF exceeded US\$870 million.

<sup>5</sup> Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

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 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

	2023	2022
IFRS Tangible Net Worth	4,968	4,494
Consolidated IFRS Tangible Assets	16,606	15,161
Solvency ratio	29.9%	29.6%
Adjusted (Directional) Underlying EBITDA	1,609 <sup>1</sup>	1,036 <sup>2</sup>
Consolidated Directional Net Interest Payable	234	190
Interest cover ratio	6.9	5.5

<sup>1</sup> No exceptional items impact 2023 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Prosperity

<sup>2</sup> No exceptional items impact 2022 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Unity

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.

## SUPPLY CHAIN FINANCING

Starting April 2023, the Company has secured short-term funds in the form of a Supply chain financing facility of EUR50 million (or USD equivalent). The pricing of the Supply Chain Financing facility (SCF) is based on a reference rate, depending on the tenor and currency (such as term SOFR for USD) of the individual utilizations. The margin is adjusted in accordance with the currency of the utilization, 0.85% p.a. for payables denominated in EUR and 0.95% p.a. in USD. The Company has utilized the SCF during the year with no outstanding balance as of December 31, 2023.

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### 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
<b>Principal recognized at 1 January</b>	<b>46</b>	<b>56</b>
Additions	55	13
Redemptions	(18)	(20)
Foreign currency variations	2	(3)
Other	-	-
<b>Total movements</b>	<b>39</b>	<b>(10)</b>
<b>Remaining principal at 31 December</b>	<b>85</b>	<b>46</b>
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
<b>Balance at 1 January 2023</b>	<b>119</b>	<b>86</b>	<b>2</b>	<b>15</b>	<b>264</b>	<b>487</b>
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)
<b>Balance at 31 December 2023</b>	<b>129</b>	<b>104</b>	<b>7</b>	<b>21</b>	<b>324</b>	<b>586</b>
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,