2024 ANNUAL REPORT

SBM OFFSHORE

TRUE.
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expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:
- The carrying amount of the liability;
- Information about the covenants; and
- Facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments had no impact on the consolidated financial statements of the Company.

Standards and Interpretations not mandatorily applicable to the Company as of January 1, 2024

Standards and amendments published by the IASB and endorsed by the European Union
The following standards and amendments published by the IASB and endorsed by the European Union are not mandatorily applicable as of January 1, 2024:
- Amendments to IAS 21 – 'Lack of Exchangeability'.

The Company does not expect a material impact on the financial statements due to the adoption of this amendment.

Standards and amendments published by the IASB and not yet endorsed by the European Union
Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission. Early adoption is not possible until European Commission endorsement. Those which may be relevant to the Company are set out below:
- Amendments to IFRS 9 and IFRS 7 – 'Classification and Measurement of financial instruments';
- IFRS 18 – *Presentation and Disclosure in Financial Statements;*
- IFRS 19 – *Subsidiaries without Public Accountability: Disclosures; and*
- *Annual Improvements to IFRS Accounting Standards - Volume 11.*
- Amendments to IFRS 9 and IFRS 7 – '*Contracts Referencing Nature-dependent Electricity*';

The Company does not expect a material impact on the financial statements due to adoption of these amendments and new IFRS accounting standards, apart for the application of the new presentation requirements arising from the adoption of IFRS 18, which the Company is currently assessing.

B. CRITICAL ACCOUNTING POLICIES

Critical accounting policies that involve a high degree of judgment or complexity, or areas where assumptions and estimates are material, are disclosed in the paragraphs below.

(a) Use of estimates and judgment

When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome in the income statement. The actual outcome may differ from these estimates and assumptions due to changes in facts and circumstances. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates:
Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognized in the financial statements are: