2024 ANNUAL REPORT

SBM OFFSHORE

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As at December 31, 2024, current contract liabilities are related only to minor construction projects.

Non-current contract liabilities of US$28 million (December 31, 2023: US$22 million) as at December 31, 2024, mostly relate to future demobilization performance obligations associated with expected demobilization costs in finance lease contracts.

The Company recognized revenue of US$66 million during the period which was included in the contract liabilities as per December 31, 2023.

4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2024	2023
Gains from sale of financial participations and property, plant and equipment	32	0
Other operating income	2	3
Total other operating income	**34**	**3**
Other operating expenses	(5)	(2)
Restructuring expenses	(0)	(11)
Total other operating expense	**(5)**	**(13)**
Total	**29**	**(10)**

In 2024, total other operating income and expense is mainly driven by a net gain in a total of US$32 million arising from the acquisition of interests held by Sonangol, related to FPSOs *N'Goma*, *Saxi Batuque* and *Mondo,* and from the divestment in the parent company of the Paenal shipyard in Angola (refer to note 4.3.30 Business Combinations for details on these transactions).

For comparison, in 2023, the total Other operating income and expense was mainly driven by a restructuring expense in the amount of US$11 million corresponding to severance costs relating to the implementation of an optimization plan for the Company's support functions' activities.

4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2024 and 2023:

	Note	2024	2023
Expenses on construction contracts		(1,704)	(2,130)
Employee benefit expenses	*4.3.6*	(995)	(842)
Vessels operating costs		(770)	(512)
Depreciation, amortization and impairment		(113)	(94)
Selling expenses		(9)	(10)
Other costs		(300)	(232)
Total expenses		**(3,890)**	**(3,820)**

'Expenses on construction contracts' decreased compared with prior year. Despite having five FPSO's under construction during both periods, the reduction is a result of (i) lower progress on *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA,* as those projects approached completion during the period, and (ii) the completion of FPSO *Prosperity* during the last quarter of 2023 and of *FPSO Sepetiba* early January 2024, partially offset by (iii) progress on the awarded contracts for *FPSO Jaguar*, *GranMorgu FPSO*, FSO Trion and on brownfield projects.

'Employee benefit expenses' increased due to higher work-hour-related activities in Turnkey projects and the ramp-up of operations on the fleet in operation.

'Vessel operating costs' increased mainly as a result of a higher scope of work in several vessels and the operational start of FPSO *Prosperity* during the last quarter of 2023 and *FPSO Sepetiba* early 2024. Notwithstanding the sale of the units during 2024, FPSO *Liza Destiny* and FPSO *Prosperity* continue to be operated by the Company through the OMEA signed with the client in 2023. The change in consolidation method of FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* for the Operational scope, triggered by the completion of the acquisition of shares from Sonangol EP, also contributed to this increase.

'Depreciation, amortization and impairment' increased compared with the prior year, mainly driven by movements in impairment losses, following the US$39 million *FPSO Cidade de Anchieta* impairment (refer to paragraph 4.3.13 Property Plant and equipment) the year-on-year effect of which is partially offset by an impairment of a funding loan provided to some equity-accounted entities recognized in 2023.

Expenses related to short-term leases and leases of low-value assets amounted to US$5 million (2023: US$6 million).

The increase of 'Other costs' is mainly driven by the overall ramp-up of activities and the change in consolidation method of FPSOs *N'Goma*, *Saxi Batuque* and *Mondo*.

4.3.6 EMPLOYEE BENEFIT EXPENSES

Information with respect to employee benefits expenses are detailed as follows:

	Note	**2024**	2023
Wages and salaries		(503)	(420)
Social security costs		(67)	(57)
Contributions to defined contribution plans		(40)	(39)
Contributions to defined benefit plans		(2)	(2)
Share-based payment cost		(30)	(26)
Contractors' costs		(212)	(197)
Other employee benefits		(140)	(100)
Total employee benefits	*4.3.5*	**(995)**	**(842)**

Wages and salaries increased due to (i) FPSO *Prosperity* and *FPSO Sepetiba* joining the fleet during the last quarter of 2023 and early 2024 respectively, (ii) the full ramp-up on *FPSO Almirante Tamandaré* in December 2024 (before producing and being on hire) and (iii) the change in consolidation method of FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* for the Operational scope.

Contractors' costs include expenses related to contractor staff not on the Company's payroll, linked to the Company's strategy of aiming to maintain flexibility in its workforce management. Other employee benefits mainly include commuting, training, expatriate and other non-wage compensation costs.

DEFINED CONTRIBUTION PLAN

The contributions to defined contribution plans include Company participation in the Merchant Navy Officers Pension Fund (MNOPF). The MNOPF is a defined benefit multi-employer plan, which is closed to new members. The fund is managed by a corporate trustee, MNOPF Trustees Limited, and provides defined benefits for 21,281 (December 31, 2023: 21,936) Merchant Navy Officers and their dependents, out of whom 33 are SBM Offshore former employees.

The trustee apportions its funding deficit between participating employers, based on the portions of the fund's liabilities, which were originally accrued by members in service with each employer. When the trustee determines that contributions are unlikely to be recovered from a participating employer, it can re-apportion the deficit contributions to other participating employers.

Entities participating in the MNOPF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit of those other entities' default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOPF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.