



2024 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

4 FINANCIAL INFORMATION 2024

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 increased fair value of interest rate swaps mainly arises from increasing US\$ market interest rates whereas the decreased fair value of forward currency contracts is mainly driven by the appreciation 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 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, 2024 is US\$3,619 million, out of which US\$1,921 million relates to legal reserves and US\$26 million relates to the statutory reserves (December 31, 2023: Total equity of US\$3,733 million out of which US\$2,052 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 2024	31 December 2023
Borrowings	7,632	8,112
Lease liabilities	82	74
Total Non-current portion of Borrowings and lease liabilities	7,714	8,186
Borrowings	1,218	1,093
Lease liabilities	11	11
Total Current portion of Borrowings and lease liabilities	1,229	1,105

BORROWINGS

The movement in interest bearing borrowings is as follows:

	2024	2023
Non-current portion	8,112	6,839
Add: current portion	1,093	1,678
Remaining principal at 1 January	9,206	8,517
Additions	2,438	3,943
Redemptions	(2,988)	(2,999)
Transaction and amortized costs	38	(255)
Other movements	155	0
Total movements	(356)	688
Remaining principal at 31 December	8,850	9,206
Less: Current portion	(1,218)	(1,093)
Non-current portion	7,632	8,112
Transaction and amortized costs	434	472
Remaining principal at 31 December (excluding transaction and amortized costs)	9,284	9,677
Less: Current portion	(1,277)	(1,142)
Non-current portion	8,007	8,535

The additions in borrowings of US\$2,438 million relate mainly to drawdowns on (i) project finance facilities for FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, (ii) the new construction financing for FPSO *Jaguar* completed in November 2024, and (iii) drawdowns on the Company's SCF and the short-term corporate FPSO construction facility.

Other movements are related to the recognition of the FPSO *N'Goma* project loan, following the increased ownership of the Company into Sonasing Xikomba Limited following completion of the Share Purchase Agreements with Sonangol as part of the Sonangol transaction.

As announced on November 21, 2024, the Company has secured the construction financing of FPSO *Jaguar* for a total of US\$1.5 billion. As of December 31, 2024, the Company has drawdown US\$480 million from the construction financing.

The redemptions are mostly related to (i) the full repayment of the FPSO *Prosperity* loan of US\$979 million and the FPSO *Liza Destiny* loan of US\$405 million, following the sale of the units to the client, (ii) the full repayment of US\$250 million short-term corporate FPSO construction facility, (iii) repayments on the Company's SCF, (iv) partial repayment of the Revolving Credit Facility for MPF hull financing, and (v) the non-recourse debt repayment schedules.

For further disclosures about fair value measurement, the Company refers 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.

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

	31 December 2024	31 December 2023
Within one year	1,277	1,142
Between 1 and 2 years	754	1,877
Between 2 and 5 years	3,744	3,237
More than 5 years	3,509	3,421
Balance at 31 December	9,284	9,677

4 FINANCIAL INFORMATION 2024

The borrowings by entity are as follows:

Loans and borrowings per entity

					Net book value at 31 December 2024			Net book value at 31 December 2023		
Entity name	Project name or nature of loan	% Ownership	% Interest ¹	Maturity	Non- current	Current	Total	Non- current	Current	Total
Project Finance facilities drawn										
SBM Baleia Azul Sarl	FPSO Cidade de Anchieta	100.00	5.50%	15-Sep-27	78	44	122	122	41	163
Alfa Lula Alto Sarl	FPSO Cidade de Marica	61.00	5.60%	17-Dec-29	409	135	544	544	128	672
Beta Lula Central Sarl	FPSO Cidade de Saquarema	61.00	4.20%	15-Jun-30	598	114	712	712	108	820
Sonasing Xikomba Limited	FPSO N'GOMA	60.00 ²	4.05%	15-May-26	40	77	117	-	-	-
Guyana Deep Water UK Limited	FPSO Liza Destiny	100.00	SOFR + 1.91%	18-Dec-29	-	-	-	405	70	474
Guyana Deep Water III UK Limited	FPSO Prosperity	100.00	SOFR + 1.86%	29-Aug-25	-	-	-	951	87	1,038
Mero 2 Owning B.V.	FPSO Sepetiba	51.00	4.20%	15-Mar-38	1,251	90	1,341	1,370	56	1,425
Senior secured notes										
Guara Norte Sarl	FPSO Cidade de Ilhabela	75.00	5.20%	15-Jun-34	620	52	672	672	48	720
Guaranteed project finance facilities drawn										
Tamandare Owning B.V.	FPSO Almirante Tamandaré	55.00	5.70%	15-Dec-38	1,407	90	1,497	920	(10)	911
Guyana Deep Water IV UK Limited	FPSO ONE GUYANA	100.00	5.10%	31-jul-27	1,473	0	1,473	1,077	(4)	1,073
Mero 4 Owning B.V.	FPSO Alexandre de Gusmão	55.00	6.20%	15-May-39	1,210	5	1,215	1,022	(5)	1,017
SBM SWISS WT SA	FPSO Jaguar	100.00	SOFR + 2.50%	30-Apr-27	461	(3)	458	-	-	-
Revolving credit facility										
SBM Holding Inc	Corporate Facility	100.00	Variable	13-Feb-26	(0)	500	500	-	550	550
SBM Holding Inc	Fast4Ward® hull financing	100.00	SOFR + 2.1%	20-Jun-25	(0)	89	89	209	(1)	208
Other										
Guara Norte Swiss Holding SA	FPSO Cidade de Ilhabela	100.00	7.90%	31-Dec-27	50	25	75	75	25	100
Brazilian Deepwater Production B.V.	FPSO Espirito Santo	51.00	SOFR + 1.05%	31-Jan-29	27	-	27	25	-	25
Brazilian Deepwater Production Contractors Ltd.	FPSO Espirito Santo	51.00	3.00%	31-Dec-28	9	-	9	8	-	8
Other		100.00			0	-	0	0	-	0
Net book value of loans and borrowings					7,632	1,218	8,850	8,112	1,093	9,206

¹ % interest per annum on the remaining loan balance.

² Refer to note 4.3.30 Business combinations.

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

The Company has available facilities resulting from the undrawn portions of (i) the Company's RCF and the Revolving Credit Facility for MPF hull financing, (ii) FPSO *ONE GUYANA*, FPSO *Alexandre de Gusmão* and FPSO *Jaguar* project facilities, and (iii) short-term uncommitted credit lines and SCF.

Expiry date of the undrawn facilities and unused credit lines

	2024	2023
Expiring within one year	892	274
Expiring beyond one year	1,520	2,174
Total	2,412	2,448

REVOLVING CREDIT FACILITY (RCF)

The RCF in place as of December 31, 2024, 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.

When needed, the RCF allows the Company to finance construction 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's own performance as measured and reported by Sustainalytics⁵. The mechanism does not qualify as a derivative as it arises from the Company's own performance, and its effect on the margin is fixed from the drawdown date until it is repaid. The Company's sustainability performance in 2024 has allowed the 0.05% margin decrease to remain applicable for 2024.

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 18 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.

SUPPLY CHAIN FINANCING

Starting April 2023, the Company secured short-term funds in the form of an uncommitted Supply Chain Financing (SCF) program to optimize working capital. The first SCF facility was signed in April 2023 for a notional amount of EUR50 million (or US\$ equivalent). The interest is based on a reference rate, depending on the tenor and currency (such as Term SOFR for US\$) 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 US\$.

During 2024, the Company has expanded its uncommitted SCF program to a total notional of US\$260 million with margins ranging from 1.35% to 2.75%.

The Company has utilized the SCF facilities during the year with no outstanding balance as of December 31, 2024.

⁵ Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

4 FINANCIAL INFORMATION 2024

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 and by deducting any other corporate borrowings. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2024, additional headroom above the US\$1 billion capacity under the RCF exceeded US\$540 million.

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 that 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

	2024	2023
IFRS Tangible Net Worth	5,282	4,968
Consolidated IFRS Tangible Assets	16,551	16,606
Solvency ratio	31.9%	29.9%
Adjusted (Directional) EBITDA	1,847	1,609 ¹
Consolidated Directional Net Interest Payable	271	234
Interest cover ratio	6.8	6.9

¹ Adjusted Directional EBITDA includes the annualized production EBITDA for FPSO Prosperity

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.

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2024.

The movement in the lease liabilities is as follows:

	2024	2023
Principal recognized at 1 January	85	46
Additions	26	55
Redemptions	(12)	(18)
Foreign currency variations	(6)	2
Other	1	-
Total movements	9	39
Remaining principal at 31 December	93	85
Of which		
Current portion	11	11
Non-current portion	82	74

The movements in lease liabilities over the period mainly related to an increase due to the new Rotterdam office lease, the extension of lease contracts for other offices and regular redemptions and foreign currency translations.

The total cash outflow for leases in 2024 was US\$18 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US\$5 million.

4.3.24 PROVISIONS

The movement and type of provisions during the year 2024 are summarized as follows:

Provisions (movements)

	Demobilization	Warranty	Restructuring	Employee benefits	Other	Total
Balance at 1 January 2024	129	104	7	21	324	586
Arising during the year	6	52	0	2	6	67
Unwinding of interest	5	-	-	1	3	9
Utilized	(29)	(18)	(9)	(1)	(7)	(63)
Released to profit	(1)	(22)	(0)	(0)	(13)	(37)
Other movement	1	2	3	(1)	(1)	4
Balance at 31 December 2024	112	118	1	22	313	565
of which :						
Non-current portion	101	-	-	22	258	380
Current portion	11	118	1	-	55	185

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 decrease in the provision for demobilization mainly relates to utilization in relation to the progress of the decommissioning activities on *FPSO Capixaba*.

Expected outflows within one year are US\$11 million, between one and five years US\$50 million and US\$51 million after five years.