



2024 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

Reconciliation equity at 100 % with investment in associates and joint ventures

	2024	2023
Equity at 100%	41	(72)
Partner ownership	(20)	193
Share in negative net equity reclassification to loans to joint ventures and associates	-	166
Investments in associates and joint ventures	21	288

4.3.30 BUSINESS COMBINATIONS

Business Combination for Angolan FPSOs and Paenal Divestment

As announced on June 11, 2024, the Company completed the acquisition of the shares in the lease and operating entities related to FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* from its partner Sonangol EP. In addition, the Company has signed a share purchase agreement with its minority partner AOSL in the *FPSO N'Goma* concerning the purchase by AOSL of 20% of the Company's shareholding in the entity owning the FPSO (Sonasing Xikomba Ltd.), pending completion of conditions precedent.

The transaction with Sonangol qualifies as a business combination, as defined in IFRS 3. Investments in the acquired entities were previously accounted for using the equity method and, following the acquisition date are consolidated as subsidiaries controlled by the Company.

The Company has assessed that the ensuing purchase by AOSL of 20% of the Company's shareholding in the *FPSO N'Goma* is linked to the acquisition from Sonangol, as the transactions had dependencies, were negotiated concurrently and, as such should, be considered in substance as a single arrangement. As such the Company's purchase (30%) and subsequent disposal (20%) of shares in the *FPSO N'Goma* entity are part of a single business combination whereby the Company is effectively purchasing 10% of Sonangol's shareholding in the *FPSO N'Goma* entity with a final shareholding position of 60%.

As such, on June 11, 2024, the Company obtained control over the *FPSO N'Goma* entity while recognizing a 40% non-controlling interest.

The consideration to be paid by AOSL in the amount of US\$43 million upon completion of conditions precedent, was recognized by the Company as a receivable as of December 31, 2024. When calculating the goodwill arising from the linked transactions treated as a single business combination, the amount receivable from AOSL was deducted from the consideration paid to Sonangol to determine the total purchase consideration transferred. If the purchase by AOSL had been treated as a separate transaction, the Company would have had to recognize a gain, and the subsequent purchase by AOSL would have been treated as a transaction with non-controlling interests recognized in equity.

The Company's ownership of these companies before and following the transaction is as follows:

Entity	Project Name	% SBM shares before acquisition	% Shares acquired	% SBM shares after acquisition
Sonasing Saxi Batuque Limited	<i>FPSO Saxi-Batuque</i>	90%	10%	100%
Sonasing Mondo Limited	<i>FPSO Mondo</i>	90%	10%	100%
Sonasing Xikomba Limited	<i>N'Goma FPSO</i>	50%	10% ¹	60% ¹
OPS-Serviços de Produção de Petróleos Limited	Angola Operations	50%	50%	100%
OPS-Serviços de Produção de Petróleos Ltd. Branch	Angola Operations	50%	50%	100%
OPS Production Ltd	Angola operations	50%	50%	100%

¹ Shareholding acquired/held by the Company net of the 20% shares transferred to AOSL, pending completion of the conditions precedent of the share purchase agreement.

4 FINANCIAL INFORMATION 2024

The fair values of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were:

in millions of US\$	Fair value at 11 June 2024
Property, plant and equipment	1
Other financial assets	68
Finance lease receivables	395
Trade debtors	50
Other receivables	221
Cash and cash equivalents	230
Total assets	966
Borrowings and lease liabilities	183
Deferred Tax Liabilities	25
Trade and other payables	286
Total liabilities	494
Acquired assets and liabilities	472

Consideration transferred for the business combination is detailed as follows:

in millions of US\$	11 June 2024
Cash consideration paid	50
Consideration receivable from AOSL	(43) ¹
Consideration paid (net)	7
Non-controlling interest	178
Fair value of previously held equity interest	242
Less: Fair value of acquired assets and liabilities	(472)
Goodwill/(gain on purchase)	(45)

¹ Consideration to be paid by AOSL upon completion of conditions precedent.

The Company has elected to measure the non-controlling interests relating to the *FPSO N'Goma* at their proportionate share of the acquired entity's identifiable net assets.

The carrying amount of the equity interests held immediately before the acquisition totaled US\$235 million, leading to a gain from remeasurement to fair value of US\$7 million included in the consolidated income statement in 'Other operating income/(expense)'. The gain on purchase is also included in 'Other operating income/(expense)', leading to a total impact of US\$53 million.

Following the collaboration between the Company and Sonangol over more than 20 years, the divestment by Sonangol in these entities was triggered by the privatization program launched by the Angolan government in 2019 – PROPIV. Additionally, Sonangol has made a commitment to redevelop the Paenal shipyard, having purchased the Company's interest in its parent entity, SBM Ship Yard Ltd. The outcome of the commercial discussions between Sonangol and the Company, including the waiver of loans granted in the past by the Company to the acquired entities, which were already written down to zero in the consolidated statement of financial position, has from an accounting perspective, led to a gain on purchase as defined in IFRS 3.

From acquisition date until December 31, 2024, the acquired entities have contributed to the Company's consolidated total revenue an amount of approximately US\$262 million and a positive net result of US\$6 million.

If the acquisition had occurred on January 1, 2024, the contribution to consolidated total revenue and profit/(loss) in 2024 would have been US\$488 million and US\$35 million respectively.

As concurrently negotiated with Sonangol on June 11, 2024, the Company also completed the sale of all its shares in the parent company of the Paenal shipyard (SBM Ship Yard Ltd.), by a total amount of circa US\$10 million, to a subsidiary of

Sonangol EP. Up to the date of the divestment, the Company accounted for its interest in SBM Ship Yard Ltd. including its own 100% shareholding interest in PAENAL – Porto Amboim Estaleiros Navais Ltda. as an associate using the equity method.

The Company recognized a gain of US\$12 million from the sale of its interest in SBM Ship Yard Ltd. to Sonangol, more than offset by the reclassification of accumulated other comprehensive income from foreign currency translation reserves to the consolidated income statement in the amount of US\$(34) million, leading to a total net loss of US\$(22) million included in 'Other operating income/expense'.

The net impact of the transactions above (business combination and divestment) in the 2024 consolidated income statement is US\$32 million, fully included in 'Other operating income/expense'.

In the 2024 consolidated cash flow statement, the acquisition from Sonangol generated net cash inflows totaling US\$179 million, including US\$230 million from cash and cash equivalents acquired, while the Paenal divestment generated a cash inflow of US\$12 million, presented as cash flows from investing activities.

4.3.31 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

Entity name	Partners	% of ownership	Country registration	2024 main reporting segment	Project name
Aseng Production Company Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng
Gepsing Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng / FPSO Serpentina
Gepsing Ltd - Equatorial Guinea Branch	GE Petrol	60.00	Equatorial Guinea	Lease & Operate	FPSO Aseng / FPSO Serpentina
Brazilian Deepwater Production Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production Contractors Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production B.V.	Malaysia International Shipping Corporation Behard	51.00	The Netherlands	Lease & Operate	FPSO Espirito Santo
Operações Marítimas em Mar Profundo Brasileiro Ltda	Owned by Brazilian Deepwater Production Contractors (see information above)	51.00	Brazil	Lease & Operate	FPSO Espirito Santo
Alfa Lula Alto S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Marica
Alfa Lula Alto Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Beta Lula Central S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Saquarema
Beta Lula Central Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema