

2023  
HALF YEAR  
EARNINGS



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# HALF YEAR MANAGEMENT REPORT

“The increase in our order book to a new record level and reiteration of the 2023 guidance underline the fact that our strategy as an Energy Transition Company is delivering results.

We are on track to achieve first oil as planned this year on two major FPSO projects. FPSO *Prosperity* is already in Guyanese waters and FPSO *Sepetiba* has started her journey to Brazil from China. While we continue to live with the after-effects of the pandemic plus supply chain and inflationary constraints, we are progressing the remaining projects under construction and the overall margin remains robust at portfolio level.

With the closing of the financing for the *FPSO Alexandre de Gusmão* in June, financing is now in place for the entire construction portfolio. Including the *FPSO Almirante Tamandaré* financing, we have secured over US\$3.2 billion so far this year which is a remarkable achievement in today's challenging environment.

The Lease and Operate division continues to deliver solid results with fleet uptime standing at 99.5%<sup>1</sup> for the first half of the year. The new 10-year agreement for the operations and maintenance of our FPSO fleet in Guyana through an integrated operations model with our client is delivering impressive operational results. This model establishes a benchmark which can be applied to help other clients maximize value from their developments.

The economics and low emission qualities of deepwater resources mean that they will play a leading role in fulfilling future demand through the Energy Transition, where the FPSO is the solution of choice. Given the evolution of the financing market, new models and sources of finance will need to mature and evolve. We are well placed to capitalize on this new dynamic given our ability to structure new models as in Guyana and the depth and breadth of our experience and relationships with financial institutions. The two un-allocated Multi-Purpose Floater (MPF) hulls under construction further strengthen our ability to secure new opportunities in a market with strong fundamentals.

In New Energies, we completed the successful load out of the floating foundations for our first Floating Offshore Wind farm and integration of the turbines has commenced. This brings us one step closer to delivering the first iteration of our latest floating energy solution, demonstrating our ability to continue to innovate and to stay relevant through the energy transition and beyond.”

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<sup>1</sup> Excluding the planned maintenance on *FPSO Mondo*

## HIGHLIGHTS AND HALF YEAR EARNINGS

### Highlights

- Record-level US\$32.2 billion pro-forma order book
- Record-level US\$9.5 billion pro-forma net cash flow from L&O and BOT<sup>2</sup> sales backlog<sup>3</sup>
- 2023 Directional<sup>4</sup> revenue and EBITDA guidance maintained
- 2 FPSOs on track for first oil by year-end
- Over US\$3.2 billion project financing secured

### Overview

in US\$ million	YTD Directional (Unaudited)		
	1H 2023	1H 2022	% Change
<b>Revenue</b>	<b>1,491</b>	<b>1,763</b>	-15%
Lease and Operate	933	854	9%
Turnkey	558	909	-39%
<b>EBITDA</b>	<b>457</b>	<b>500</b>	-9%
Lease and Operate	546	527	4%
Turnkey	(37)	16	-330%
Other	(52)	(43)	19%
<b>Profit attributable to shareholders</b>	<b>36</b>	<b>103</b>	-65%
<b>Earnings per share</b>	<b>0.20</b>	<b>0.58</b>	-66%

in US\$ billion	Directional		
	1H 2023 (Unaudited)	FY 2022	% Change
Pro-forma Backlog	32.2	30.5	6%
Net Debt	7.2	6.1	18%

<sup>2</sup> Lease and Operate (L&O), Build Operate Transfer (BOT)

<sup>3</sup> Reflects a pro-forma view of the Company's Directional backlog and expected net cash from Lease and Operate after tax and debt service.

<sup>4</sup> Refer to section Operating Segments and Directional Reporting for details.

# HALF YEAR MANAGEMENT REPORT

Directional Revenue for the first half-year of 2023 stood at US\$1,491 million, a 15% decrease when compared with the same period in 2022.

This is driven by Directional Turnkey revenue which decreased to US\$558 million compared with US\$909 million in the year-ago period, mainly resulting from (i) the comparative effect of the partial divestment of FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* at the beginning of 2022, (ii) the completion of FPSO *Liza Unity* project in the first half-year of 2022, (iii) a reduced level of progress during the first half-year of 2023 compared with the same period in 2022 on FPSO *Almirante Tamandaré* consistent with the commencement of topsides' integration, partly offset by (iv) additional variation orders and increased level of activity on FPSOs *Prosperity* and *ONE GUYANA*.

Directional Lease and Operate revenue for the first half-year of 2023 stood at US\$933 million, a 9% increase compared with the same period in 2022. This increase mainly reflects (i) FPSO *Liza Unity* fully contributing to revenue in the first half-year of 2023, (ii) an increase in reimbursable scopes partly offset by (iii) the end of the FPSO *Capixaba* lease contract during the first half of 2022.

Directional EBITDA for the first half-year came in at US\$457 million, compared with US\$500 million in the year-ago period.

Directional Turnkey EBITDA contribution was US\$(37) million for the first half-year of 2023, a decrease from US\$16 million in the year-ago period. This is mainly driven by (i) the fact that as previously highlighted for certain projects it has been harder to fully mitigate impacts from the pressure on the global supply chain constraints and the pandemic, (ii) the lower contribution of FPSO *Almirante Tamandaré* consistent with the commencement of topsides' integration, and (iii) a number of prior period one-off impacts including a US\$9 million gain recognized in the year-ago period from the disposal of the SBM Installer.

It should be noted that in Directional Turnkey EBITDA, the result is mainly driven by the margin made on the portion of FPSOs sold to partners. It does not therefore include the margin made on the SBM Offshore ownership share of the five FPSOs currently in the construction phase. Including the latter, the overall Turnkey margin at portfolio level remained robust, as can be seen from the IFRS results. Under Directional, during the period only a part of this overall margin compensated for costs allocated to Turnkey which include growth related expenditure such as Sales & Marketing, R&D and investment in Renewables. The Directional Turnkey margin is therefore influenced by choices made in relation to the level of ownership of FPSOs in the portfolio which are driven by the optimization of the overall cash flow and economics for the Company.

Directional Lease and Operate EBITDA was US\$546 million in the first half-year of 2023, a slight increase compared with US\$527 million in the same period last year. The increase reflects the same drivers as for Directional Lease and Operate revenue.

The Other non-allocated costs charged to Directional EBITDA amounted to US\$52 million in the first half-year of 2023, a US\$9 million increase compared with the year-ago period explained by US\$11 million of restructuring costs following the implementation of an optimization plan related to the Company's support functions' activities.

Directional net profit stood at US\$36 million for first half-year of 2023, down from US\$103 million in the year-ago period. The decrease reflects the same drivers as for Directional Turnkey EBITDA and Other non-allocated costs charged to Directional EBITDA.

## Funding and Directional Net Debt

Reflecting the continued investment in growth, net debt increased from US\$6.1 billion to US\$7.2 billion as of June 30, 2023. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on the project finance facilities of FPSOs *Prosperity*, *ONE GUYANA*, *Almirante Tamandaré* and *Sepetiba* and on the Revolving Credit Facility to fund continued investment in growth on FPSOs under construction. The first drawdown on the recently closed US\$1.615 billion FPSO *Alexandre de Gusmão* project financing occurred in July 2023.

In line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, the Company finalized the funding loan agreement with a new funding partner in relation to FPSO *Cidade de Ilhabela* and received US\$125 million. The Company has also secured short-term funds in form of a Supply Chain Financing facility of EUR50 million (or USD equivalent) with outstanding balance of US\$25 million as of June 30, 2023.

Almost half of the Company's debt at half-year consisted of non-recourse project financing in special purpose investees. The remainder is mainly comprised of borrowings supporting the ongoing construction of five FPSOs which will become non-recourse following project execution finalization and release of the related parent company guarantee.

As of June 30, 2023, the net cash balance stood at US\$381 million.

### Directional Pro-Forma Backlog

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog increased by US\$1.7 billion compared with the position at December 31, 2022 to a total of US\$32.2 billion. The increase was mainly the result of the signed 10-year operations and maintenance enabling agreement for the Guyana FPSO fleet, partially offset by turnover for the period which consumed approximately US\$1.5 billion of backlog. The Company's backlog provides cash flow visibility up to 2050.

in US\$ billion	Turnkey	Lease & Operate	Total
2H 2023	0.4	1.1	1.5
2024	1.7	2.1	3.8
2025	1.3	2.4	3.7
Beyond 2025	2.1	21.2	23.3
<b>Total Backlog</b>	<b>5.4</b>	<b>26.8</b>	<b>32.2</b>

The pro-forma Directional backlog at June 30, 2023 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* contracts covers a maximum period of lease of two years, within which the FPSOs ownership will transfer to the client.
- 10 years of operations and maintenance is considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following enabling agreement signature in 2023.
- The impact of the subsequent sale of FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two year period.
- ExxonMobil Guyana has indicated that it is contemplating the exercise of its contractual purchase option to acquire the FPSO *Liza Unity* towards the end of 2023, slightly ahead of the end of the maximum lease term in February 2024.
- The 13.5% equity divestment in FPSO *Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

### Organizational Update

#### *Creation of a Corporate and Business Solutions Center (CBSC)*

The Company is reorganizing its support and corporate functions by establishing a new multi-disciplinary center located in Porto, Portugal. This center will gather a number of functions currently spread over the world into a unique organization called CBSC, including Finance, Business Services, Human Resources and IT. The objective is to increase synergies and enhance both efficiency and competitiveness. A restructuring plan has been implemented accordingly in 3 locations in Europe for a total cost of US\$11 million.

#### *SBM Offshore strengthens its presence in India*

In order to further develop its footprint in India and support the Company's growth, SBM Offshore has acquired the remaining 49% equity ownership held by its partner in the SBM Navata engineering and operational center located in Bangalore, India. This acquisition is part of the Company's strategy to develop a high value center in India focused on turnkey execution, support to operations & innovation while remaining cost-disciplined and agile. The center has been renamed SBM Offshore India.

# HALF YEAR MANAGEMENT REPORT

## Project Review

Project	Client/country	Contract	SBM Share	Capacity, Size	POC	Expected First Oil
<i>Sepetiba</i>	Petrobras Brazil	22.5-year L&O	64.5%	180,000 bpd	>75%	2023
<i>Prosperity</i>	ExxonMobil Guyana	2-year BOT	100%	220,000 bpd	>75%	2023
<i>Almirante Tamandaré</i>	Petrobras Brazil	26.25-year L&O	55%	225,000 bpd	>75%	2025
<i>Alexandre de Gusmão</i>	Petrobras Brazil	22.5-year L&O	55%	180,000 bpd	>50% <75%	2025
<i>ONE GUYANA</i>	ExxonMobil Guyana	2-year BOT	100%	250,000 bpd	>50% <75%	2025

The environment remains challenging with continued inflationary pressures and supply chain constraints. Projects remain on track with two major deliveries expected by year-end. An update on individual project schedules is provided below considering latest known circumstances.

### *FPSO Sepetiba*

In June 2023, the vessel safely departed from the yard in China after successful completion of the topsides' integration phase and the onshore commissioning campaign. The project targets first oil by year-end 2023.

### *FPSO Prosperity*

Project teams are completing offshore commissioning activities while the hook-up and installation campaign is progressing. The project targets first oil in 2023.

### *FPSO Almirante Tamandaré*

The topsides modules lifting campaign is progressing along with their integration. The FPSO delivery continues to be on track for 2024 and the client is expecting first oil from the field early 2025.

### *FPSO Alexandre de Gusmão*

The modules fabricated in Brazil are being progressively delivered at the yard in China. The topsides fabrication in China continues to progress. First oil is expected in 2025.

### *FPSO ONE GUYANA*

The topsides fabrication is progressing in line with plan. First oil is expected in 2025.

### *Fast4Ward® MPF hulls*

The total number of MPF hulls ordered to date under the Company's Fast4Ward® program, stands at eight with six delivered to projects and exclusivity for the seventh granted to ExxonMobil Guyana.

### *Fleet Uptime*

The fleet's uptime was 99.5%<sup>5</sup> in the first half of 2023, in line with historical performance.

### *Share Purchase Agreements signed with Sonangol entities*

In July 2023, the company signed two Share Purchase Agreements with its partner Sonangol EP for i) the acquisition of Sonangol's equity shares in the lease and operating entities related to FPSOs *N'goma*, *Saxi Batuque* and *Mondo*; and ii) the full divestment to a Sonangol subsidiary of SBM Offshore's equity shares in the parent company of the Angolan based Paenal Yard. Those agreements remain conditional upon several conditions precedent, including consent from clients, lenders, partners and approval by various competent authorities. Through this transaction, the company is reorganizing its business in Angola, focusing on core lease and operate activities and divesting a non-core construction yard.

### *FPSO Capixaba decommissioning*

The decommissioning phase of FPSO *Capixaba* has started following the cessation of production in 2022. In May 2023, the contract award for the safe and environmentally sound recycling of the unit, in compliance with Regulation (EU) 1257/2013 on ship recycling, has been granted to M.A.R.S. (Modern American Recycling Services Europe) using its EU approved Green

<sup>5</sup> Excluding the planned maintenance on *FPSO Mondo*



recycling facility in Denmark. This award is in line with the Company's responsible recycling policy which aims to follow the highest international standards on workers' safety and environmental protection.

#### *Contract extension*

The Company has agreed a contract extension related to the lease and operations of *FPSO Mondo* to December 2024.

#### **Environment, Social and Governance**

The Company's Total Recordable Injury Frequency Rate year-to-date was 0.10, compared with the full year 2023 target of below 0.14<sup>6</sup>.

#### *Emissions*

In the first half of the year, the Company is on track to meet the target set on Gas flared with a maximum average fleet target of 1.48 mmscf/d.

#### **New Energies**

##### *Provence Grand Large*

All three floaters constructed by SBM Offshore for the Provence Grand Large pilot project have been successfully loaded out from the yard at Fos-sur-mer and launched in the water. The integration of the three turbines with a capacity of 8.4 MW each by Siemens-Gamesa is progressing and will be followed by the offshore installation campaign of the floaters by SBM Offshore. Once commissioned, the pilot farm will produce the equivalent of the electricity consumption of 45,000 people and will account for approximately 10% of the total installed floating wind electricity capacity in the world.

#### **Outlook and Guidance**

The Company's 2023 Directional revenue guidance is maintained at above US\$2.9 billion of which around US\$1.9 billion is expected from the Lease and Operate segment and above US\$1 billion from the Turnkey segment.

2023 Directional EBITDA guidance is maintained above US\$1 billion for the Company.

This guidance considers the currently foreseen impacts from the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects from this event could continue to have a material impact on the Company's business and results and the realization of the guidance for 2023.

Should the purchase of *FPSO Liza Unity* occur in 2023, the guidance will be revised accordingly once the final details of the purchase are confirmed.

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<sup>6</sup> Measured per 200,000 manhours.

# HALF YEAR MANAGEMENT REPORT

## FINANCIAL REVIEW

### FINANCIAL REVIEW DIRECTIONAL

#### DIRECTIONAL REPORTING

Since 2014 the Company has disclosed Directional reporting in addition to its IFRS reporting. In summary, Directional reporting differs from IFRS reporting in two ways: i) all lease contracts are treated as operating leases; ii) all co-owned investees related to lease contracts are consolidated on a percentage of ownership basis. Under Directional, the accounting results more closely track cash flow generation and Directional reporting is the method used by the Management Board of the Company to monitor performance and for business planning.

The Management Board, as chief operating decision maker, monitors the operating results of the Company primarily based on Directional reporting. The financial review is presented both under Directional and IFRS. As far as the half-year financial statements are concerned, the financial information provided in note 8 Operating Segments and Directional Reporting is presented under Directional with a reconciliation to IFRS, while the remainder of the numbers in the half-year financial statements are presented solely under IFRS.

#### PROFITABILITY

in US\$ million	Directional (Unaudited)		
	1H 2023	1H 2022	% Change
<b>Revenue</b>	<b>1,491</b>	<b>1,763</b>	-15%
Lease and Operate	933	854	9%
Turnkey	558	909	-39%
<b>EBITDA<sup>1</sup></b>	<b>457</b>	<b>500</b>	-9%
Lease and Operate	546	527	4%
Turnkey	(37)	16	-330%
Other	(52)	(43)	21%
<b>Profit attributable to shareholders</b>	<b>36</b>	<b>103</b>	-65%

<sup>1</sup> EBITDA, earnings (profit attributable to shareholders) excluding net financing costs, income tax expense, depreciation, amortization and impairment as well as share of profit/(loss) of equity-accounted investees.

#### Backlog – Directional

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog at June 30, 2023 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* contracts covers a maximum period of lease of two years, within which the FPSO ownership will transfer to the client.
- 10 years of operations and maintenance is considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following enabling agreement signature in 2023.
- The impact of the subsequent sale of FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two year period.
- ExxonMobil Guyana has indicated that it is contemplating to apply its contractual purchase option to acquire the FPSO *Liza Unity* towards the end of 2023, slightly ahead of the end of the maximum lease term in February 2024.
- The 13.5% equity divestment in FPSO *Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog increased by US\$1.7 billion compared with the position at December 31, 2022 to a total of US\$32.2 billion. The increase was mainly the result of the signed 10-year operations and maintenance enabling agreement for the Guyana FPSO fleet, partially offset by turnover for the period which consumed approximately US\$1.5 billion of backlog. The Company's backlog provides cash flow visibility up to 2050.

in US\$ billion	Turnkey	Lease & Operate	Total
2H 2023	0.4	1.1	1.5
2024	1.7	2.1	3.8
2025	1.3	2.4	3.7
Beyond 2025	2.1	21.2	23.3
<b>Total Backlog</b>	<b>5.4</b>	<b>26.8</b>	<b>32.2</b>

## Revenue

Directional revenue for the first half-year of 2023 came in at US\$1,491 million, a decrease of 15% when compared with the same period in 2022. This decrease is further detailed as follows by segment:

- Directional Turnkey revenue decreased to US\$558 million, representing 37% of total first half 2023 Directional revenue. This compares with US\$909 million, or 52% of total Directional revenue, in the year-ago period. This resulted mainly from (i) the partial divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) which allowed the Company to recognize revenue for all the EPCI related work performed on these projects up to divestment date in the first half-year 2022 to the extent of the partners' ownership in lessor related SPV's, (ii) the completion of *FPSO Liza Unity* project during the first half-year 2022, (iii) a reduced level of progress during the first half of 2023 compared with the first half of 2022 on *FPSO Almirante Tamandaré* consistent with the commencement of topsides' integration partially offset by (iv) additional variation orders and increased level of activity on *FPSO Prosperity* and *FPSO ONE GUYANA*.

It should be noted that, under Directional reporting, the FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* where lessor related entities are 100% owned by the Company, are qualified as operating leases. Therefore, their contribution to the Turnkey revenue is limited to those upfront payments and variation orders directly paid by the clients before or at the commencement of the lease. Their contribution to the Directional profit and loss will largely materialize in the coming years, in line with the operating cash flows as per *FPSO Liza Unity*, which started contributing to Directional net income over the period following its start of production in 2022.

- Directional Lease and Operate revenue for the first half-year of 2023 is US\$933 million, an increase of US\$79 million compared with the same period in the prior year. This reflects mainly the following events: (i) *FPSO Liza Unity* fully contributing to Lease and Operate revenue for the first half-year of 2023 compared with a partial contribution in the first half-year of 2022, (ii) an increase in reimbursable scopes of the fleet partially offset by (iii) *FPSO Capixaba* which finished production in the first half year of 2022 (no contribution to revenue in 2023, now under decommissioning).

## EBITDA

Directional EBITDA for the first half-year of 2023 came in at US\$457 million, a decrease of 9% when compared with the same period in 2022. This variance is further detailed as follows by segment:

- Directional Turnkey EBITDA decreased from US\$16 million in the year-ago period to US\$(37) million for the first half of 2023. Although the Company recorded a significant decrease in revenue linked to the partial divestment of a 45% interest in *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré* in 2022, there was no comparative impact on EBITDA related to the divestment. This is because the projects had not reached the requisite "stage of completion" to allow margin to be booked at the time of divestment. The key factors impacting Turnkey EBITDA are:
  - (i) On SBM Offshore's overall project portfolio, strategic mitigation measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, for certain projects it has been harder to fully mitigate impacts from the pressure on the global supply chain and the pandemic;
  - (ii) A reduced level of progress on *FPSO Almirante Tamandaré* during the first half of 2023 consistent with the commencement of topsides' integration;
  - (iii) A number of prior period one-off impacts including a US\$9 million gain recognized in the year-ago period from the disposal of the SBM Installer.

Finally, it should be noted that *FPSO Prosperity* and *FPSO ONE GUYANA* are 100% owned by the Company. Despite the increase of activity on those projects during the first half of 2023 the direct payments received during construction for these units are recognized as revenue but without contribution to gross margin in accordance with the Company policy for Directional reporting.

# HALF YEAR MANAGEMENT REPORT

- Directional Lease and Operate EBITDA was at US\$546 million in the first half-year of 2023, a slight increase compared with US\$527 million in the prior year period. This trend resulted from the same drivers as for the Lease and Operate revenue. In relation to *FPSO Cidade de Anchieta*, repair costs of the asset incurred in the first half-year of 2023 did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the *FPSO Cidade de Anchieta*.

The other non-allocated costs charged to EBITDA amounted to US\$52 million in the first half-year of 2023, a US\$9 million increase comparing with the US\$43 million in the year-ago period which is mainly explained by US\$11 million of restructuring costs following the implementation of an optimization plan related to the Company's support functions' activities.

## Net income

Directional depreciation, amortization and impairment increased by US\$6 million year-on-year, primarily due to the fact that no depreciation was recognized during the first half-year of 2023 for *FPSO Capixaba* which finished production in the first half of 2022, partially offset by *FPSO Liza Unity* fully contributing to depreciation for the first half-year of 2023 compared with a partial contribution over the first half-year 2022.

Directional net financing costs came in at US\$125 million for the first half of 2023, an increase of 46% compared with the prior year period mainly reflecting additional interest generated by *FPSO Liza Destiny* and *FPSO Liza Unity* variable rate project loans.

The effective tax rate over the first half-year of 2023 increased to 54%, compared with 38% for the first six months of 2022, primarily driven by additional tax on the Guyana projects including a new unit in operation in 2023 and a relative decrease of profits recognized during construction with limited tax effects compared with 2022.

As a result the Company recorded an Directional net profit of US\$36 million, or US\$0.20 per share, for the first half-year of 2023, down from US\$103 million, or US\$0.58 per share, in the year-ago period.

## STATEMENT OF FINANCIAL POSITION

in US\$ million	Directional	
	2023 (Unaudited)	2022
Equity	1,034	1,078
Net Debt	7,192	6,082
Net Cash	381	615
Total Assets	11,228	10,769

Shareholder's equity decreased from US\$1,078 million at year end 2022 to US\$1,034 million at June 30, 2023, with the dividend distributed to shareholders of US\$197 million partially offset by the positive net result of US\$36 million over the period and an increase in the hedging reserves of US\$100 million.

The movement in hedging reserve was mainly caused by the positive impact of the marked-to-market value of forward currency contracts, driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR and BRL).

It should be noted that under Directional policy, the contribution to profit and equity of the FPSOs program under construction will largely materialize in the coming years at Company's share ownership in lessor-related SPV's, subject to project execution performance, in line with the generation of associated operating cash flows.

Net debt increased from US\$6,082 million to US\$7,192 million as of June 30, 2023. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities for *FPSO Prosperity*, *FPSO ONE GUYANA*, *FPSO Almirante Tamandaré*, *FPSO Sepetiba* and the Revolving Credit Facility (RCF) to fund continued investment in growth on FPSOs under construction. In addition, in line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, the Company finalized the funding loan agreement and received US\$125 million from a new funding partner in relation to *FPSO Cidade de Ilhabela*. The first drawdown on the

US\$1.615 billion project financing of *FPSO Alexandre de Gusmão* which was completed in June 2023, occurred in July 2023 only.

Almost half of the Company's debt as of June 30, 2023 consisted of non-recourse project financing (US\$3.6 billion) in special purpose investees. The remainder (US\$4 billion) comprised of (i) borrowings to support the on-going construction of five FPSOs which will become non-recourse following project execution finalization and release of the related parent company guarantee (ii) the Company's RCF which was drawn for c.US\$200 million as at June 30,2023, and (iii) US\$25 million of Supply chain short term financing. The net cash balance stood at US\$381 million and lease liabilities totaled c. US\$89 million as of 30 June 2023.

Total assets increased to US\$11.2 billion as of June 30, 2023, compared with US\$10.8 billion at year end 2022 following the investments in property, plant and equipment on FPSO's under construction.

Cash from operating activities for the period was positive at US\$85 million. This reflected strong cash flows generated by the Lease and Operate segment partially offset by negative turnkey cash flows including investment in Fast4Ward® new build multi-purpose hulls.

# HALF YEAR MANAGEMENT REPORT

## FINANCIAL REVIEW IFRS

### PROFITABILITY

in US\$ million	IFRS (Unaudited)		
	1H 2023	1H 2022	% Change
<b>Revenue</b>	<b>2,450</b>	<b>2,406</b>	2%
Lease and Operate	760	694	10%
Turnkey	1,689	1,712	-1%
<b>EBITDA</b>	<b>595</b>	<b>581</b>	2%
Lease and Operate	355	342	4%
Turnkey	292	283	3%
Other	(52)	(43)	21%
<b>Profit attributable to shareholders</b>	<b>179</b>	<b>296</b>	-40%

#### Revenue

IFRS revenue for the first half-year of 2023 increased by 2% to US\$2,450 million versus US\$2,406 million in the first half-year of 2022. The increase was mainly driven by the Lease and Operate segment.

IFRS Turnkey revenue decreased by US\$23 million, mainly explained by the completion of the FPSO *Liza Unity* project during the first half-year of 2022. This was partially offset by the progress on the five FPSOs under construction, despite a reduced level of progress on *FP SO Almirante Tamandaré* during the first half of 2023 compared with the first half of 2022, consistent with the commencement of topsides' integration.

IFRS Lease and Operate revenue for the first half-year of 2023 increased by 10% to US\$760 million versus US\$694 million in the same period prior year. This reflects mainly the following events: (i) FPSO *Liza Unity* fully contributing to Lease and Operate revenue for the first half-year of 2023 compared with a partial contribution over the first half-year 2022, (ii) increased reimbursable scope partially offset by (iii) *FP SO Capixaba* which finished production in the first half year of 2022 (no contribution to revenue in 2023, now under decommissioning) and (iv) regular declining profile of interest revenue from finance leases.

#### EBITDA

The EBITDA based on IFRS accounting policies amounted to US\$595 million, an increase of 2% when compared with the same period in prior year. This variance is further detailed as follows by segment:

- IFRS Turnkey EBITDA increased from US\$283 million in the year-ago period to US\$292 million mostly coming from i) *FP SO Alexandre de Gusmão* and *FP SO ONE GUYANA* projects gross margin contribution in the first half of 2023 as both projects made a limited contribution to gross margin during the same period in prior year, partially offset by ii) the completion of FPSO *Liza Unity* and iii) the reduced level of progress on *FP SO Almirante Tamandaré* which both negatively impact the EBITDA on a comparative basis for the period.

The Turnkey IFRS EBITDA margin stood at 17% of Turnkey revenue, despite the negative effects of the pandemic and the Russia-Ukraine war on the macroenvironment.

- IFRS Lease and Operate EBITDA for the first half-year of 2023 increased by 4% to US\$355 million versus US\$342 million in the same period prior year. This resulted from the same drivers as the increase in IFRS Lease and Operate Revenue. In relation to *FP SO Cidade de Anchieta*, repair costs of the asset incurred in the first half-year of 2023 did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the *FP SO Cidade de Anchieta*.
- The other non-allocated costs charged to EBITDA amounted to US\$52 million in the first half-year of 2023, a US\$9 million increase comparing with the US\$43 million in the year-ago period which is mainly explained by US\$11 million of restructuring costs following the implementation of an optimization plan for the Company's support functions' activities.

In contrast to Directional, it should be noted that the construction of FPSO *Prosperity* and FPSO *ONE GUYANA* contributed to both IFRS Turnkey revenue and gross margin over the period. These contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of *FPSO Sepetiba*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* which fully contributed to both IFRS Turnkey revenue and gross margin over the period given these contracts are classified as finance leases. Under Directional, the contribution to Turnkey revenue and gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (i.e. 35.5%, 45% and 45% respectively).

### Net income

IFRS depreciation, amortization and impairment decreased by US\$3 million year-on-year, primarily due to the fact that no depreciation was recognized during the first half-year of 2023 for *FPSO Capixaba* which finished production during the first half-year of 2022.

IFRS net financing costs came in at US\$264 million for the first half of 2023, an increase of 69% compared with the prior year period, mostly explained by increased project financing to fund continued investment in growth on the five FPSOs under construction and additional interest generated by *FPSO Liza Destiny* and *FPSO Liza Unity* variable rate project loans.

The effective tax rate over the first half-year of 2023 increased to 24%, compared with 15% for the first six months of 2022. The increase is mainly explained by additional tax on the Guyana projects including a new unit in operation in 2023 and a relative decrease of profits recognized during construction with limited tax effects compared to 2022.

As a result, IFRS Profit attributable to shareholders for the first half-year of 2023 came in at US\$179 million compared with US\$296 million for the year-ago period.

## STATEMENT OF FINANCIAL POSITION

in US\$ million	IFRS	
	2023 (Unaudited)	2022
Equity	5,237	4,914
Net Cash	396	683
Total Assets	16,985	15,889
Net Debt	9,116	7,881

Total equity increased from US\$4,914 million at year end 2022 to US\$5,237 million at June 30, 2023, notwithstanding the dividend distributed to the shareholders of US\$197 million. This mainly resulted from (i) the positive result over the first half-year of 2023, (ii) capital contribution from non-controlling interest and (iii) the increase of the hedging reserves.

The movement in hedging reserve was mainly caused by the positive impact of the marked-to-market value of forward currency contracts, driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR and BRL).

Net debt increased by US\$1,235 million to US\$9,116 million at June 30, 2023. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities and the Revolving Credit Facility (RCF) to fund continued investment in growth on the five FPSOs under construction. In addition, in line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, the Company finalized the funding loan agreement and received US\$125 million from a new funding partner in relation to *FPSO Cidade de Ilhabela*. The first drawdown on the US\$1.615 billion project financing of *FPSO Alexandre de Gusmão* which was completed on June 20, 2023, occurred in July 2023 only.

Less than a half of the Company's debt as of June 30, 2023 consisted of non-recourse project financing (US\$4.3 billion). The remainder (US\$5.2 billion) comprised of (i) borrowings to support the on-going construction of five FPSOs which will become non-recourse following project execution finalization and release of the related parent company guarantee, (ii) the Company's RCF which was drawn for c.US\$200 million as at June 30, 2023 and (iii) US\$25 million of supply chain financing. The net cash balance stood at US\$396 million and lease liabilities totaled US\$88 million.

Total assets increased to US\$17.0 billion as of June 30, 2023, compared with US\$15.9 billion at year end 2022 following an increase in contract assets on the FPSOs under construction.

# HALF YEAR MANAGEMENT REPORT

## RELATED PARTY TRANSACTIONS

During the first half-year of 2023, the Company made equity contributions towards investees related to *FPSO Almirante Tamandaré*, and *FPSO Alexandre de Gusmão* (combined US\$235 million) projects. There were no other major related party transactions requiring additional disclosure in the condensed consolidated half-year financial statements took place.

The Company has transactions with joint ventures and associates recognized as follows in the Company's condensed consolidated half-year financial statements:

	Note	2023	2022
Revenue		9	16
Cost of sales		(7)	(17)
Loans to joint ventures and associates	17	58	52
Trade receivables		84	70
Trade payables		13	12

For the avoidance of doubt, revenue and cost of sales are presented for the six months ended June 30 whereas financial positions are presented as of June 30, 2023 and December 31, 2022.

The Company provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the applicable commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.





# DECLARATION MANAGEMENT BOARD

The Management Board of the Company declares, to the best of its knowledge that:

- The condensed consolidated half-year financial statements as of and for the six months ended June 30, 2023 as presented under IAS 34, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the undertakings included in the consolidation taken as a whole;
- The half-year Management Report gives a fair view of the information required pursuant to section 5.25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht).

The information in the condensed consolidated half-year financial statements is unaudited.

## **Management Board**

Bruno Chabas, Chief Executive Officer

Øivind Tangen, Chief Operating Officer

Douglas Wood, Chief Financial Officer



# SBM OFFSHORE N.V. - CONDENSED CONSOLIDATED HALF YEAR IFRS FINANCIAL STATEMENTS (UNAUDITED)

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## CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended June 30, figures are expressed in millions of US\$	<i>Notes</i>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		2,194	2,143
Interest revenue from finance leases calculated using the effective interest method		256	263
<b>Total revenue</b>	<i>9</i>	<b>2,450</b>	<b>2,406</b>
Cost of sales		(1,773)	(1,784)
<b>Gross margin</b>		<b>677</b>	<b>622</b>
Other operating income/(expense)		(10)	7
Selling and marketing expenses		(12)	(5)
General and administrative expenses		(82)	(78)
Research and development expenses		(17)	(19)
Net impairment gain/(losses) on financial and contract assets	<i>10</i>	(1)	12
<b>Operating profit/(loss) (EBIT)</b>		<b>556</b>	<b>539</b>
Financial income		14	8
Financial expenses		(277)	(164)
<b>Net financing costs</b>	<i>11</i>	<b>(264)</b>	<b>(156)</b>
Share of profit/(loss) of equity-accounted investees		12	(0)
<b>Profit/(loss) before tax</b>		<b>304</b>	<b>383</b>
Income tax expense	<i>12</i>	(70)	(57)
<b>Profit/(loss)</b>		<b>234</b>	<b>326</b>
Attributable to shareholders of the parent company		179	296
Attributable to non-controlling interests		55	30
<b>Profit/(loss)</b>		<b>234</b>	<b>326</b>
<b>Earnings/(loss) per share</b>			
	<i>Notes</i>	<b>2023</b>	<b>2022</b>
Weighted average number of shares outstanding	<i>13</i>	179,159,653	177,808,500
Basic earnings/(loss) per share	<i>13</i>	US\$ 0.99	US\$ 1.67
Fully diluted earnings/(loss) per share	<i>13</i>	US\$ 0.98	US\$ 1.65

# SBM OFFSHORE N.V. - CONDENSED CONSOLIDATED HALF YEAR IFRS FINANCIAL STATEMENTS (UNAUDITED)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended June 30, figures are expressed in millions of US\$

	2023	2022
<b>Profit/(loss) for the period</b>	<b>234</b>	<b>326</b>
Cash flow hedges	110	301
Deferred tax on cash flow hedges	-	-
Foreign currency variations	(2)	(2)
<b>Items that are or may be reclassified to profit or loss</b>	<b>108</b>	<b>299</b>
Remeasurements of defined benefit liabilities	(1)	7
Deferred tax on remeasurement of defined benefit liabilities	-	-
<b>Items that will never be reclassified to profit or loss</b>	<b>(1)</b>	<b>7</b>
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>106</b>	<b>306</b>
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>340</b>	<b>632</b>
Of which		
- on controlled entities	329	625
- on equity-accounted entities	12	7
Attributable to shareholders of the parent company	277	503
Attributable to non-controlling interests	63	128
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>340</b>	<b>632</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

in millions of US\$	<i>Notes</i>	30 June 2023	31 December 2022
<b>ASSETS</b>			
Property, plant and equipment	14	369	314
Intangible assets		133	117
Investment in associates and joint ventures		297	290
Finance lease receivables	15	5,275	5,468
Other financial assets	17	161	151
Deferred tax assets	12	34	12
Derivative financial instruments	21	307	465
<b>Total non-current assets</b>		<b>6,577</b>	<b>6,818</b>
Inventories	18	88	25
Finance lease receivables	15	1,684	1,725
Trade and other receivables	16	780	795
Income tax receivables		29	18
Contract assets	9	7,234	5,681
Derivative financial instruments	21	197	145
Cash and cash equivalents		396	683
<b>Total current assets</b>		<b>10,408</b>	<b>9,071</b>
<b>TOTAL ASSETS</b>		<b>16,985</b>	<b>15,889</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital		49	48
Share premium reserve		1,007	1,007
Treasury shares		(21)	(42)
Retained earnings		2,165	2,179
Other reserves		297	204
<b>Equity attributable to shareholders of the parent company</b>		<b>3,497</b>	<b>3,397</b>
Non-controlling interests		1,739	1,517
<b>Total Equity</b>	19	<b>5,237</b>	<b>4,914</b>
Borrowings and lease liabilities	20	7,035	6,873
Provisions	22	350	309
Deferred tax liabilities	12	71	38
Derivative financial instruments	21	24	25
Other non-current liabilities		132	127
<b>Total non-current liabilities</b>		<b>7,613</b>	<b>7,371</b>
Borrowings and lease liabilities	20	2,477	1,691
Provisions	22	192	178
Trade and other payables	16	1,253	1,501
Income tax payables		56	41
Derivative financial instruments	21	157	192
<b>Total current liabilities</b>		<b>4,135</b>	<b>3,603</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,985</b>	<b>15,889</b>

# SBM OFFSHORE N.V. - CONDENSED CONSOLIDATED HALF YEAR IFRS FINANCIAL STATEMENTS (UNAUDITED)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

in millions of US\$	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
<b>At 1 January 2023</b>	<b>48</b>	<b>1,007</b>	<b>(42)</b>	<b>2,179</b>	<b>204</b>	<b>3,397</b>	<b>1,517</b>	<b>4,914</b>
Profit/(loss) for the period	-	-	-	179	-	179	55	234
Foreign currency translation	1	-	(1)	-	(2)	(2)	(0)	(2)
Remeasurements of defined benefit provisions	-	-	-	-	(1)	(1)	-	(1)
Cash flow hedges	-	-	-	-	98	98	12	110
<b>Comprehensive income for the period</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>179</b>	<b>94</b>	<b>273</b>	<b>67</b>	<b>340</b>
IFRS 2 Vesting cost of share based payments	-	-	-	-	15	15	-	15
Re-issuance treasury shares on the share based scheme	0	-	21	(2)	(16)	4	-	4
Cash dividend	-	-	-	(197)	-	(197)	(34)	(231)
Equity repayment	-	-	-	0	-	0	(57)	(56)
Equity funding	-	-	-	2	-	2	249	251
Transaction with non-controlling interests	-	-	-	4	-	4	(4)	0
<b>At 30 June 2023</b>	<b>49</b>	<b>1,007</b>	<b>(21)</b>	<b>2,165</b>	<b>297</b>	<b>3,497</b>	<b>1,739</b>	<b>5,237</b>

in millions of US\$	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
<b>At 1 January 2022</b>	<b>51</b>	<b>1,034</b>	<b>(69)</b>	<b>1,910</b>	<b>(347)</b>	<b>2,579</b>	<b>957</b>	<b>3,537</b>
Profit/(loss) for the period	-	-	-	296	-	296	30	326
Foreign currency translation	(4)	-	5	-	(3)	(2)	(0)	(2)
Remeasurements of defined benefit provisions	-	-	-	-	7	7	-	7
Cash flow hedges	-	-	-	-	201	201	100	301
<b>Comprehensive income for the period</b>	<b>(4)</b>	<b>-</b>	<b>5</b>	<b>296</b>	<b>205</b>	<b>502</b>	<b>129</b>	<b>632</b>
IFRS 2 Vesting cost of share based payments	-	-	-	-	15	15	-	15
Re-issuance treasury shares on the share based scheme	-	-	22	1	(19)	4	-	4
Cash dividend	-	-	-	(178)	-	(178)	(16)	(194)
Equity funding	-	-	-	2	-	2	199	200
Equity repayment	-	-	-	-	-	-	0	0
Transaction with non-controlling interests	-	-	-	1	-	1	(1)	0
<b>At 30 June 2022</b>	<b>47</b>	<b>1,034</b>	<b>(41)</b>	<b>2,033</b>	<b>(146)</b>	<b>2,926</b>	<b>1,270</b>	<b>4,196</b>



## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended June 30, figures are expressed in millions of US\$

Notes

		2023	2022
<b>Cash flow from operating activities</b>			
<b>Profit/(loss) before income tax</b>		<b>304</b>	<b>383</b>
<b>Adjustments to reconcile profit before taxation to net cash flows:</b>			
Depreciation and amortization		33	48
Impairment/(impairment reversal)	10	8	(3)
Net financing costs	11	258	158
Share net income of associates and joint ventures		(12)	0
Share based compensation		15	18
Net gain on sale of Property, Plant and Equipment		(0)	(9)
(Increase)/Decrease in working capital:			
- (Increase)/Decrease Trade and other receivables		86	173
- (Increase)/Decrease Contract assets		(1,536)	(1,545)
- (Increase)/Decrease Inventories	18	(63)	(1)
- Increase/(Decrease) Trade and other payables		(267)	329
Increase/(Decrease) Other provisions	23	76	57
Reimbursement finance lease assets		234	208
Income taxes paid		(54)	(48)
<b>Net cash flows from (used in) operating activities</b>		<b>(918)</b>	<b>(233)</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment	14	(84)	(15)
Investment in intangible assets		(20)	(20)
Investments in JVs and associates		-	(0)
Proceeds from disposal of assets		(1)	33
Dividends received from equity-accounted investees		4	83
Other investing activities		6	11
<b>Net cash flows from (used in) investing activities</b>		<b>(94)</b>	<b>93</b>
<b>Cash flow from financing activities</b>			
Equity funding from / (repayment to) partners		192	200
Additions to borrowings and loans	20	1,719	381
Repayments of borrowings and lease liabilities	20	(934)	(531)
Dividends paid to shareholders and non-controlling interests		(232)	(194)
Payments to non-controlling interests for change in ownership		(21)	0
Proceeds from settlement of interest rate swaps		154	-
Interest paid		(155)	(130)
<b>Net cash flows from (used in) financing activities</b>		<b>724</b>	<b>(275)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(288)</b>	<b>(414)</b>
Net cash and cash equivalents as at 1 January		683	1,021
Net increase/(decrease) in net cash and cash equivalents		(288)	(414)
Foreign currency variations		1	(2)
<b>Net cash and cash equivalents end of period</b>		<b>396</b>	<b>605</b>

# SBM OFFSHORE N.V. - CONDENSED CONSOLIDATED HALF YEAR IFRS FINANCIAL STATEMENTS (UNAUDITED)

## NOTES

### 1 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands and is located at Evert van de Beekstraat 1-77, 1118 CL in Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally provides services in the field of the offshore oil and gas industry and new energy sources.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The condensed consolidated half-year financial statements as of and for the six months ended June 30, 2023 comprise the half-year financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The condensed consolidated half-year financial statements were authorized for issue by the Supervisory Board on August 9, 2023, and have not been audited.

### 2 BASIS FOR PREPARATION

The condensed consolidated half-year financial statements as at and for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 'Interim financial reporting'. The half-year financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, as the same policies apply except for the new IFRS standards and interpretations adopted by the European Union as at June 30, 2023, where effective, for the financial year beginning January 1, 2023.

The consolidated financial statements of the Company for the year ended December 31, 2022 are available upon request or can be downloaded on the Company's website.

The condensed consolidated half-year financial statements are not materially impacted by seasonality.

### 3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

#### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS OF JANUARY 1, 2023

The Company has adopted the following new standards with a date of initial application of January 1, 2023:

- IFRS 17 – 'Insurance Contracts'
- Amendments to IAS 8 – 'Definition of Accounting Estimates'
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies'
- Amendments to IAS 12 – 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

#### IFRS 17 Insurance Contracts

IFRS 17 is the new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. This standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

This standard had no impact on the condensed consolidated half-year financial statements of the Company as there were no transactions that fall within the scope of IFRS 17.

#### Definition of Accounting Estimates – Amendments to IAS 8

This amendment clarifies the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors in IAS 8. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendment had no impact on the condensed consolidated half-year financial statements of the Company.

#### **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**

These amendments provide guidance and examples to help entities applying materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the condensed consolidated half-year financial statements of the Company, but may affect the accounting policy disclosures in the Company's annual financial statements.

#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

This amendment aims to narrow the scope of the initial recognition exception ('IRE') provided in IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

As already discussed in the 2022 consolidated annual financial statements of the Company, the impact of the application of this amendment to IAS 12 relates to lease transactions in which the Company is the lessee, and for which the Company applied the initial recognition exemption.

This amendment resulted in the recognition of additional deferred tax assets and deferred tax liabilities on the balance sheet at January 1, 2023, of US\$11 million and US\$10 million respectively, with an insignificant net impact of less than US\$1 million. Considering the materiality the Company has recognized the impact fully in 2023.

### **STANDARDS AND INTERPRETATIONS NOT MANDATORILY APPLICABLE TO THE COMPANY AS OF JANUARY 1, 2023**

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 16 – 'Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 – 'Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants'
- Amendments to IAS 7 and IFRS 7 – 'Disclosures: Supplier Finance Arrangements'
- Amendments to IAS 12 – 'International Tax Reform – Pillar Two Model Rules'

The Company is currently assessing the impact of amendments issued. In particular, amendments to IAS 1 and IAS 12 are of relevance for the Company.

#### **Amendments to IAS 12 – 'International Tax Reform – Pillar Two Model Rules'**

With regards to the amendments to IAS 12 on International Tax Reform – Pillar Two Model Rules the amendments:

- Provide a mandatory temporary exception to the requirements in IAS 12 to recognize and disclose information about deferred tax assets and liabilities arising from Pillar Two Model Rules.

The Company has been monitoring the accounting discussion around the recognition of deferred taxes arising from Pillar Two Model Rules and has made the decision to follow the amendment and therefore not recognize any deferred taxes in its financial statements 2023 related to potential impacts of top-up taxes arising from such legislation. Despite the fact that it is not expected the amendment will be endorsed by EU before the end of 2023, the European Financial Reporting Advisory Group's (EFRAG) suggested in its endorsement status report that entities may choose to apply the temporary exception for the 2023 financial statements, in which case this should be stated accordingly in the financial statements.

- Introduce new disclosure requirements, which are only applicable to annual financial statements commencing on or after January 1, 2023.

As the Company is within scope of the Pillar Two legislation, the Company is in the process of assessing the applicable regulations and understanding the requirements. The EU has published the Directive (EU) 2022/2523, in the Official Journal of the EU, on December 22, 2022, aiming to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU, based on a system of two interlocked rules, together referred to also as the

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'GloBE rules', through which an additional amount of tax (so-called 'Top-up Tax') should be collected when the effective tax rate in a given jurisdiction is below 15%. The Directive requires Member States to transpose the rules into domestic law by December 31, 2023. The main rule of the Directive (so-called Income Inclusion Rule or IIR) will become effective on or after December 31, 2023 with the backstop rule (so-called Undertaxed Profits Rule or UTPR) becoming effective on or after December 31, 2024. The jurisdictions that will implement an IIR are generally expected to also implement a Qualifying Domestic Minimum Top-up Tax or QDMTT.

As the Company may be impacted by the GloBE rules, it continues to assess their potential financial impact. It should be noted that the impact can only be finally determined when legislation is enacted in the relevant jurisdictions. Once the final legislation is enacted and a full assessment of the impact is completed, the Company will be able to conclude on the implications of GloBE rules. The Company acknowledges the additional disclosure requirements for annual financial statements commencing on or after January 1, 2023 based on the issued IAS 12 amendment.

## **4 USE OF ESTIMATES AND JUDGMENT**

When preparing the condensed consolidated half-year financial statements, it is necessary for the Management Board 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 continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The significant areas of estimation and judgment made by the management in applying the Company's accounting policies, and the key sources of estimation and assumptions were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2022 and disclosed in section 4.2.7 Accounting Principles of the Company's 2022 Annual Report.

## **5 FAIR VALUE MEASUREMENT**

The Company measures some financial instruments, such as derivatives, at fair value at each balance sheet date. Also fair values of financial instruments measured at amortized cost are disclosed in note 21 Accounting Classifications and Fair Values of Financial Instruments.

The valuation methods and inputs used in valuation of financial instruments are disclosed in note 4.3.27 Financial Instruments - Fair Values and Risk Management in the 2022 Annual Report.

## **6 FINANCIAL RISK MANAGEMENT**

The Company's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. As per the information disclosed in the Company's 2022 Annual Report, the following financial risks are identified and monitored by the Company: Market (including foreign exchange, interest rate and commodity), credit, liquidity and climate related risks. For the description, exposure and policies related to these risks, please refer to note 4.3.27 Financial instruments - fair values and risk management of the Company's 2022 Annual Report.

As mentioned in the 2022 Annual Report, the COVID-19 pandemic, the Russia-Ukraine war and the macroeconomic environment led the Company to perform analyses on its financial risk management program, thereby concluding that the existing procedures adequately addressed this challenging situation. During the first half of 2023 the same procedures were applied, with no material impact to report on any of the risks monitored.

## 7 FINANCIAL HIGHLIGHTS

### Impact of COVID-19 pandemic, Russia-Ukraine war and current economic environment

During the first half of 2023 construction activities for the Company's major projects have continued to be impacted by the effects of the pandemic and in particular response measures in China during the first months of 2023.

Even though the Company does not have any significant business activity in Ukraine or Russia, the current war between these two nations also added pressure on price inflation and the global supply chain, notably from (i) rising prices and/or shortage of certain materials, and services, and (ii) delays in logistics.

Project teams are working closely with both client teams and suppliers to mitigate the impacts on projects' execution. The degree to which these challenges can be mitigated varies from project to project. As at the date of the condensed consolidated financial statement, the ultimate delivery of major projects is not considered at risk, based on currently known circumstances.

Regarding the operation of the fleet, challenges brought by the pandemic have been properly handled thanks to specific measures implemented over the last 3 years which demonstrated their efficacy so far. The Company achieved a solid performance and the fleet uptime (excluding planned maintenance for *FPSO Mondo*) stood at 99.5% for the first six months of 2023.

Due to the COVID-19 pandemic, the Russia Ukraine war and the current economic environment, the Company incurred additional costs in order to satisfy its performance obligations on some of its Turnkey projects. This was mainly due to the overall pressure on the global supply chain, delay in projects following lockdown periods in China, subsequent acceleration programs negotiated with sub-contractors, international travel restrictions and remote working and a general increase in commodity prices. The costs contributed to the progress of transfer of control of the construction asset to the client over the construction period. When the costs are partially recharged to the Company's clients, it is considered as part of the total consideration for the project which is recognized as revenue over time.

For the operational costs, incremental costs from the implementation of specific measures linked to the safe management of the impacts from the COVID-19 pandemic have been minimal during the first half year 2023. The Company, to a certain extent, has inflation adjustment clauses which additionally mitigate the costs linked to overall cost inflation.

### Completion of US\$1.63 billion financing of FPSO *Almirante Tamandaré*

On March 31<sup>st</sup>, 2023, the Company announced the completion of the project financing of *FPSO Almirante Tamandaré* for a total of US\$1.63 billion.

The project financing is provided by a consortium of 13 international banks with insurance cover from 4 international Export Credit Agencies (ECA). The financing is composed of five separate facilities with a ca. 6.3% weighted average cost of debt and a 14-year post-completion maturity for both the ECA covered facilities and the uncovered facility.

The FPSO's design incorporates SBM Offshore's industry leading Fast4Ward® new build, multi-purpose hull. It will be the largest producing oil unit in Brazil with a processing capacity of 225,000 barrels of oil and 12 million m<sup>3</sup> of gas per day. The FPSO will have an estimated greenhouse gas (GHG) emission intensity below 10 kgCO<sub>2</sub>e/boe and will benefit from emission reduction technologies such as the closed flare technology which increases gas utilization, preventing it from being burnt into the atmosphere.

*FPSO Almirante Tamandaré* is owned and operated by a special purpose company owned by affiliated companies of SBM Offshore (55%) and its partners (45%). The FPSO will be deployed at the Búzios field in the Santos Basin approximately 180 kilometers offshore Rio de Janeiro in Brazil, under a 26.25-year lease and operate contract with *Petróleo Brasileiro S.A.* (Petrobras). Petrobras is operating the Búzios field in partnership with CNODC and CNOOC.

### Signing of 10-year Operations and Maintenance Enabling Agreement for its Guyana FPSO fleet with ExxonMobil Guyana

On May 2<sup>nd</sup>, 2023, the Company announced it has signed a 10-year Operations and Maintenance Enabling Agreement with Esso Exploration & Production Guyana Ltd ("*ExxonMobil Guyana*") for the Operations and Maintenance of FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA*. This framework agreement establishes new terms related to the

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operations of the Guyana FPSO fleet for a period of 10 years up to 2033. The lease terms and durations remain the same for all units, with 10 years lease for FPSO *Liza Destiny* and up to 2 years lease for FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* after which the FPSOs' ownership will transfer to the client. This contract supports SBM Offshore's long-term business vision in Guyana, enabling the Company to perform local and sustainable investments in people and infrastructure as well as to deploy its digital and operational technologies to the Guyana fleet. The estimated impact on the revenue backlog is around US\$3 billion based on various operating and maintenance assumptions.

SBM Offshore will operate the units through an Integrated Operation Model, which encompasses an organization model including seconding ExxonMobil Guyana employees in some key onshore and offshore positions. This model will combine SBM Offshore and ExxonMobil Guyana's experience and resources to increase team efficiency and foster synergies between the two companies.

### Completion of US\$1.615 billion financing of FPSO Alexandre de Gusmão

On June 20<sup>th</sup>, 2023, the Company announced the completion of the project financing of FPSO *Alexandre de Gusmão* for a total of US\$1.615 billion.

The project financing is provided by a consortium of 12 international banks with insurance cover from 3 international Export Credit Agencies (ECA). The financing is composed of four separate facilities with a c. 6.6% weighted average cost of debt and a 14-year post-completion maturity for both the ECA covered facilities and the uncovered facility.

The FPSO's design incorporates SBM Offshore's industry leading Fast4Ward® new build, multi-purpose hull. It will have a processing capacity of 180,000 barrels of oil and 12 million m<sup>3</sup> of gas per day. The FPSO will have an estimated greenhouse gas (GHG) emission intensity within the range of 8-12 kgCO<sub>2</sub>e/boe for the Company's new build FPSOs, benefiting from proprietary emission reduction technologies.

FPSO *Alexandre de Gusmão* is owned and operated by special purpose companies owned by affiliated companies of SBM Offshore (55%) and its partners (45%). The FPSO will be deployed at the Mero unitized field located in the Santos Basin approximately 160 kilometers offshore Rio de Janeiro in Brazil, under a 22.5-year lease and operate contract with Petróleo Brasileiro S.A. (Petrobras). The Mero unitized field is operated by Petrobras (38.6%), in partnership with Shell Brasil (19.3%), TotalEnergies (19.3%), CNPC (9.65%), CNOOC (9.65%) and Pré-sal Petróleo S.A. – PPSA (3.5%), representing the Government in the non-contracted area.

## 8 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:

- Lease and Operate;
- Turnkey;
- Other

For the purposes of this note, the operating segments are measured under Directional reporting accounting principles, as described under the section 4.3.2 Operating Segments and Directional Reporting of the Company's 2022 Annual Report. A reconciliation of the Directional operating segments to IFRS is then provided for each applicable reporting period.

The Management Board of the Company, as chief operating decision maker, uses the Earnings Before Interest, Taxes, Depreciation and Amortization, 'EBITDA' (prepared in accordance with Directional reporting principles), as a measure to assess the performance of the segments.

Net financing costs and income tax expenses are not allocated to segments as these are corporate level expenses which are managed by the central treasury and tax functions.

### SEGMENT HIGHLIGHTS

As a result of the activities in the first half-year 2023, the Turnkey revenue has decreased from US\$909 million to US\$558 million. Although the Company recorded a significant decrease in revenue linked to the partial divestment of a 45% interest in FPSO *Alexandre de Gusmão* and FPSO *Almirante Tamandaré* in 2022, there was no comparative impact on EBITDA related to the divestment. This is because the projects had not reached the requisite "stage of completion" to allow margin to be booked at the time of divestment. The key factors impacting Turnkey EBITDA performance are:

- On SBM Offshore's overall project portfolio, strategic mitigation measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, for certain projects it has been harder to fully mitigate impacts from the pressure on the global supply chain and the pandemic.
- A reduced level of activity on *FPSO Almirante Tamandaré* during the first half of 2023 consistent with the commencement of topsides' integration and;
- A number of prior period one-off impacts including a US\$9 million gain were recognized in the year-ago period from the disposal of the SBM Installer.

Finally, it should be noted that *FPSO Prosperity* and *FPSO ONE GUYANA* are 100% owned by the Company. Despite the increase of activity on those projects during the first half of 2023 the direct payments received during construction for these units are recognized as revenue but without contribution to gross margin in accordance with the Company policy for Directional reporting.

The Lease and Operate revenue for the first half-year of 2023 increased to US\$933 million from US\$854 million in the year ago. This reflects mainly the following events: (i) *FPSO Liza Unity* fully contributing to Lease and Operate revenue for the first half-year of 2023 compared with a partial contribution over the first half-year 2022, (ii) an increased in reimbursable scopes partially offset by (iii) *FPSO Capixaba* which finished production in the first half year of 2022 (no contribution to revenue in 2023, now under decommissioning).

The increase of the Lease and Operate EBITDA year on year is largely driven by the same items.

The other non-allocated costs charged to EBITDA amounted to US\$52 million in the first half-year of 2023, a US\$9 million increase comparing with the US\$43 million in the year-ago period, which is mainly explained by US\$11 million of restructuring costs following the implementation of an optimization plan related to the Company's support functions' activities.

## 2023 operating segments

For the six months ended June 30	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
<b>Third party revenue</b>	<b>933</b>	<b>558</b>	<b>1,491</b>	-	<b>1,491</b>
Cost of sales	(619)	(554)	(1,173)	0	(1,173)
<b>Gross margin</b>	<b>315</b>	<b>4</b>	<b>318</b>	<b>0</b>	<b>318</b>
Other operating income/expense	0	1	1	(11)	(10)
Selling and marketing expenses	-	(12)	(12)	(0)	(12)
General and administrative expenses	(15)	(25)	(41)	(41)	(82)
Research and development expenses	(3)	(14)	(17)	(0)	(17)
Net impairment gain/(losses) on financial and contract assets	1	(0)	0	1	1
<b>Operating profit/(loss) (EBIT)</b>	<b>297</b>	<b>(46)</b>	<b>250</b>	<b>(52)</b>	<b>199</b>
Net financing costs					(125)
Share of profit of equity-accounted investees					2
Income tax expense					(40)
<b>Profit/(loss)</b>					<b>36</b>
Operating profit/(loss) (EBIT)	297	(46)	250	(52)	199
Depreciation, amortization and impairment	249	9	258	(0)	258
<b>EBITDA</b>	<b>546</b>	<b>(37)</b>	<b>508</b>	<b>(52)</b>	<b>457</b>
<b>Other segment information</b>					
Impairment (charge)/reversal of property, plant and equipment	(6)	-	(6)	-	(6)

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## Reconciliation of 2023 operating segments (Directional to IFRS)

For the six months ended June 30	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>Revenue</b>				
Lease and Operate	933	(251)	78	760
Turnkey	558	1,075	56	1,689
<b>Total revenue</b>	<b>1,491</b>	<b>825</b>	<b>134</b>	<b>2,450</b>
<b>Gross margin</b>				
Lease and Operate	315	(31)	58	341
Turnkey	4	300	33	336
<b>Total gross margin</b>	<b>318</b>	<b>269</b>	<b>90</b>	<b>677</b>
<b>EBITDA</b>				
Lease and Operate	546	(248)	57	355
Turnkey	(37)	296	33	292
Other	(52)	-	-	(52)
<b>Total EBITDA</b>	<b>457</b>	<b>48</b>	<b>90</b>	<b>595</b>
<b>EBIT</b>				
Lease and Operate	297	(27)	56	325
Turnkey	(46)	296	33	283
Other	(52)	0	(1)	(53)
<b>Total EBIT</b>	<b>199</b>	<b>269</b>	<b>88</b>	<b>556</b>
Net financing costs	(125)	(85)	(53)	(264)
Share of profit of equity-accounted investees	2	(0)	10	12
Income tax expense	(40)	5	(36)	(70)
<b>Profit/(loss)</b>	<b>36</b>	<b>189</b>	<b>9</b>	<b>234</b>

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed i) from percentage of ownership consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control and ii) from percentage of ownership consolidation to the equity method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11.

### Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the following main impacts for the period:

- Revenue is reduced by US\$(251) million. During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest using the effective interest method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis. Lease and Operate EBITDA is similarly impacted (reduction of US\$(248) million) for the same reasons.
- Gross margin is reduced by US\$(31) million. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, following the declining profile of the interest recognized using the effective interest method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue less depreciation of the recognized property, plant and equipment, both accounted for on a straight-line basis over the lease period.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the period:



- Revenue and gross margin increased by US\$1,075 million and US\$300 million respectively, mainly due to the accounting treatment of the Company's FPSO's which are currently under construction (FPSO *Prosperity*, FPSO *Sepetiba*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão* and FPSO *ONE GUYANA*) and accounted for as finance leases under IFRS. Under IFRS, a finance lease is considered as if it was a sale of the asset leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly not-yet-cash) revenue is recognized within the Turnkey segment.
- The impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

As a result, the restatement from operating to finance lease accounting treatment results in an increase of net profit of US\$189 million under IFRS when compared with Directional reporting.

#### **Impact of consolidation methods**

The impact of the consolidation methods, as shown in the above table, describes the net impact from:

- Percentage of ownership consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Percentage of ownership consolidation to the equity accounting method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

For the Lease and Operate segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared with Directional reporting. This reflects the fact that the majority of the Company's FPSOs, that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

For the Turnkey segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT and EBITDA. This reflects the fact that under IFRS reporting the Company recognizes the full revenue, gross margin, EBIT and EBITDA in the subsidiaries which are not totally owned by the Company but over which the Company has the control.

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## 2022 operating segments

For the six months ended June 30	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
<b>Third party revenue</b>	<b>854</b>	<b>909</b>	<b>1,763</b>	-	<b>1,763</b>
Cost of sales	(568)	(865)	(1,432)	0	(1,432)
<b>Gross margin</b>	<b>286</b>	<b>44</b>	<b>330</b>	-	<b>330</b>
Other operating income/expense	(0)	9	9	(3)	7
Selling and marketing expenses	0	(5)	(5)	(0)	(5)
General and administrative expenses	(11)	(26)	(37)	(41)	(78)
Research and development expenses	(2)	(17)	(19)	-	(19)
Net impairment gain/(losses) on financial and contract assets	12	1	13	0	13
<b>Operating profit/(loss) (EBIT)</b>	<b>285</b>	<b>7</b>	<b>292</b>	<b>(44)</b>	<b>248</b>
Net financing costs					(85)
Share of profit of equity-accounted investees					3
Income tax expense					(62)
<b>Profit/(loss)</b>					<b>104</b>
Operating profit/(loss) (EBIT)	285	7	292	(44)	248
Depreciation, amortization and impairment	242	9	251	1	252
<b>EBITDA</b>	<b>527</b>	<b>16</b>	<b>543</b>	<b>(43)</b>	<b>500</b>
Other segment information:					
Impairment (charge)/reversal of property, plant and equipment	(7)	-	(7)	-	(7)

## Reconciliation of 2022 operating segments (Directional to IFRS)

For the six months ended June 30	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>Revenue</b>				
Lease and Operate	854	(229)	69	694
Turnkey	909	746	57	1,712
<b>Total revenue</b>	<b>1,763</b>	<b>517</b>	<b>126</b>	<b>2,406</b>
<b>Gross margin</b>				
Lease and Operate	286	(21)	45	310
Turnkey	44	250	18	312
<b>Total gross margin</b>	<b>330</b>	<b>228</b>	<b>63</b>	<b>622</b>
<b>EBITDA</b>				
Lease and Operate	527	(229)	44	342
Turnkey	16	248	19	283
Other	(43)	-	-	(43)
<b>Total EBITDA</b>	<b>500</b>	<b>20</b>	<b>62</b>	<b>581</b>
<b>EBIT</b>				
Lease and Operate	285	(20)	44	310
Turnkey	7	248	19	274
Other	(44)	0	(0)	(44)
<b>Total EBIT</b>	<b>248</b>	<b>228</b>	<b>63</b>	<b>539</b>
Net financing costs	(85)	(33)	(37)	(156)
Share of profit of equity-accounted investees	3	-	(3)	(0)
Income tax expense	(62)	(4)	8	(57)
<b>Profit/(loss)</b>	<b>104</b>	<b>191</b>	<b>31</b>	<b>326</b>

# SBM OFFSHORE N.V. - CONDENSED CONSOLIDATED HALF YEAR IFRS FINANCIAL STATEMENTS (UNAUDITED)

## Reconciliation of statement of financial position as at June 30, 2023 (Directional to IFRS)

	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>ASSETS</b>				
Property, plant and equipment and intangible assets <sup>1</sup>	8,909 <sup>2</sup>	(8,406)	(1)	502
Investment in associates and joint ventures	7	0	289	296
Finance lease receivables	0	5,515	1,443	6,958
Other financial assets	301 <sup>3</sup>	(220)	16	97
Contract assets	206	5,103	1,926	7,234
Trade receivables and other assets	1,021	(1)	(23)	997
Derivative financial instruments	403	-	102	504
Cash and cash equivalents	381	-	15	396
<b>Total Assets</b>	<b>11,228</b>	<b>1,991</b>	<b>3,767</b>	<b>16,985</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company	1,038	2,494	(35)	3,497
Non-controlling interests	(4)	11	1,732	1,739
<b>Equity</b>	<b>1,034</b>	<b>2,506</b>	<b>1,697</b>	<b>5,237</b>
Borrowings and lease liabilities	7,573 <sup>4</sup>	-	1,939	9,512
Provisions	681	(224)	84	542
Trade payable and other liabilities	1,524	(61)	44	1,506
Deferred income	241	(230)	(3)	8
Derivative financial instruments	175	-	5	181
<b>Total Equity and Liabilities</b>	<b>11,228</b>	<b>1,991</b>	<b>3,767</b>	<b>16,985</b>

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement.

2 Includes US\$4,517 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

3 Includes US\$259 million related to demobilization receivable.

4 Includes US\$3,618 million non-recourse debt and US\$89 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from percentage of ownership consolidation to either full consolidation or equity accounting for investees related to Lease and Operate contracts.

### Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of June 30, 2023 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, derecognition of property, plant and equipment recognized under Directional reporting (US\$(8,406) million) and subsequent recognition of (i) finance lease receivables (US\$5,515 million) and (ii) contract assets (US\$5,103 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income is recognized to show linear revenues under Directional reporting. This balance (US\$(230) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US\$(220) million) and provisions (US\$(224) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an increase of equity of US\$2,506 million under IFRS compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS compared with Directional reporting.

### Impact of consolidation methods

The reconciliation table of statement of financial position also describes the net impact of moving from percentage of ownership consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity accounted under IFRS, rolling up into the line item 'Investment in associates and joint ventures'.

### Reconciliation of 2023 cash flow statement (Directional to IFRS)

For the six months ended June 30	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>EBITDA</b>	<b>457</b>	48	90	<b>595</b>
Adjustments for non-cash and investing items	44	29	22	95
Changes in operating assets and liabilities	(361)	(1,075)	(352)	(1,788)
Reimbursement finance lease assets	0	223	11	234
Income taxes paid	(55)	(0)	1	(54)
<b>Net cash flows from (used in) operating activities</b>	<b>85</b>	<b>(775)</b>	<b>(228)</b>	<b>(918)</b>
Capital expenditures	(881)	777	(0)	(104)
Other investing activities	11	1	(1)	10
<b>Net cash flows from (used in) investing activities</b>	<b>(871)</b>	<b>778</b>	<b>(1)</b>	<b>(94)</b>
Equity funding from / (repayment to) partners	-	-	192	192
Addition and repayments of borrowings and lease liabilities	740	-	45	785
Dividends paid to shareholders and non-controlling interests	(197)	-	(35)	(232)
Payments to non-controlling interests for change in ownership	(21)	-	(0)	(21)
Proceeds from settlement of pre-hedging instrument on interest paid	154	-	-	154
Interest paid	(125)	(3)	(27)	(155)
<b>Net cash flows from (used in) financing activities</b>	<b>551</b>	<b>(3)</b>	<b>176</b>	<b>724</b>
Net cash and cash equivalents as at 1 January	615	-	68	683
Net increase/(decrease) in net cash and cash equivalents	(234)	-	(53)	(288)
Foreign currency variations	0	-	1	1
<b>Net cash and cash equivalents as at 30 June</b>	<b>381</b>	<b>-</b>	<b>15</b>	<b>396</b>

### Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash flow activities.

A large part of the capital expenditures (US\$777 million) are reclassified from investing activities under Directional to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as part of asset under construction (and therefore presented in investing activities) are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

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## Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

The impact in net cash flows from operating activities (US\$(228) million) mainly includes the effect of changing consolidation method from percentage of ownership consolidation under Directional to full consolidation or equity method under IFRS. This effect is partially compensated (US\$176 million) in the cash flows from financing activities, mostly driven by the recognition (under IFRS) of cash flows from/to equity partners which has arisen from recognition of partners' percentage of ownership which are recognized against non-controlling interest where the full consolidation method is applied.

## Reconciliation of statement of financial position as at December 31, 2022 (Directional to IFRS)

	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>ASSETS</b>				
Property, plant and equipment; Intangible assets and Other assets <sup>1</sup>	8,196 <sup>2</sup>	(7,763)	(2)	432
Investment in associates and joint ventures	6	0	284	289
Finance lease receivables	0	5,739	1,454	7,193
Other financial assets	294 <sup>3</sup>	(217)	13	90
Contract assets	170	3,927	1,583	5,681
Trade receivables and other assets	964	(1)	(52)	912
Derivative financial instruments	524	-	86	610
Cash and cash equivalents	615	-	68	683
Assets held for sale	0	0	(0)	0
<b>Total Assets</b>	<b>10,769</b>	<b>1,685</b>	<b>3,434</b>	<b>15,889</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company	1,080	2,313	4	3,397
Non-controlling interests	(2)	4	1,515	1,517
<b>Equity</b>	<b>1,078</b>	<b>2,317</b>	<b>1,519</b>	<b>4,914</b>
Borrowings and lease liabilities	6,697 <sup>4</sup>	-	1,867	8,564
Provisions	644	(219)	62	487
Trade payable and other liabilities	1,868	(155)	(11)	1,703
Deferred income	265	(258)	(3)	4
Derivative financial instruments	217	-	0	217
<b>Total Equity and Liabilities</b>	<b>10,769</b>	<b>1,685</b>	<b>3,434</b>	<b>15,889</b>

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement.

2 Includes US\$3,650 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

3 Includes US\$254 million related to demobilization receivable.

4 Includes US\$3,706 million non-recourse debt and US\$47 million lease liability.

## Reconciliation of 2022 cash flow statement (Directional to IFRS)

For the six months ended June 30	Total Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
<b>EBITDA</b>	<b>500</b>	20	62	<b>581</b>
Adjustments for non-cash and investing items	31	18	19	68
Changes in operating assets and liabilities	18	(636)	(424)	(1,042)
Reimbursement finance lease assets	0	199	9	208
Income taxes paid	(49)	-	1	(48)
<b>Net cash flows from (used in) operating activities</b>	<b>501</b>	<b>(400)</b>	<b>(334)</b>	<b>(233)</b>
Capital expenditures	(471)	441	(5)	(35)
Other investing activities	(271)	(6)	404	127
<b>Net cash flows from (used in) investing activities</b>	<b>(741)</b>	<b>434</b>	<b>400</b>	<b>93</b>
Equity repayment to partners	-	-	200	200
Addition and repayments of borrowings and lease liabilities	(89)	(3)	(57)	(149)
Dividends paid to shareholders and non-controlling interests	(178)	-	(16)	(194)
Interest paid	-	-	-	-
Payments to non-controlling interests for change in ownership	(69)	(33)	(28)	(130)
<b>Net cash flows from (used in) financing activities</b>	<b>(338)</b>	<b>(36)</b>	<b>99</b>	<b>(275)</b>
Net cash and cash equivalents as at 1 January	1,059	-	(38)	1,021
Net increase/(decrease) in net cash and cash equivalents	(579)	-	165	(414)
Foreign currency variations	(2)	-	0	(2)
<b>Net cash and cash equivalents as at 30 June</b>	<b>478</b>	<b>-</b>	<b>127</b>	<b>605</b>

## Deferred income (Directional)

	30 June 2023	31 December 2022
Within one year	61	61
Between 1 and 2 years	44	46
Between 2 and 5 years	97	87
More than 5 years	38	70
<b>Total</b>	<b>241</b>	<b>265</b>

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day rate schedule. As revenue from lease contracts with customers is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is recognized as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

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## GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product.

### 2023 geographical information (revenue by country and segment)

For the six months ended June 30	Directional			IFRS		
	Lease and Operate	Turnkey	Reported segments	Lease and Operate	Turnkey	Reported segments
Brazil	396	349	744	458	915	1,373
Guyana	334	154	488	235	715	950
Angola	111	2	113	2	4	6
Equatorial Guinea	53	0	53	51	0	51
Malaysia	25	1	26	0	2	2
The United States of America	15	1	15	15	1	15
Other	0	51	52	1	51	52
<b>Total revenue</b>	<b>933</b>	<b>558</b>	<b>1,491</b>	<b>761</b>	<b>1,689</b>	<b>2,450</b>

### 2022 geographical information (revenue by country and segment)

For the six months ended June 30	Directional			IFRS		
	Lease and Operate	Turnkey	Reported segments	Lease and Operate	Turnkey	Reported segments
Brazil	414	686	1,100	467	1,105	1,573
Guyana	246	166	412	164	548	712
Angola	104	2	106	0	3	3
Equatorial Guinea	50	0	50	46	(0)	46
Malaysia	23	1	24	0	2	2
The United States of America	17	0	17	17	0	17
Mozambique	-	19	19	-	19	19
Other	0	35	35	0	35	35
<b>Total revenue</b>	<b>854</b>	<b>909</b>	<b>1,763</b>	<b>694</b>	<b>1,712</b>	<b>2,406</b>

## 9 REVENUE INFORMATION

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 46% of the Company's half year 2023 lease and operate revenue (half-year 2022: 47%) is made of charter rates related to lease contracts while the remaining amount originates from operating contracts.

For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 8 Operating Segments and Directional Reporting.

### Contract assets

During the half-year ended June 30, 2023 the contract asset balance increased to US\$7,234 million compared with US\$5,681 million at December 31, 2022. This is related to progress made during the period on the construction of *FPSO Sepetiba*, *FPSO Prosperity*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and *FPSO ONE GUYANA*.

### Contract liability

The contract liabilities balance has increased by US\$18 million compared with December 31, 2022, related to contracts for which the total installments invoiced exceed the revenue recognized over time.

## 10 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS

As part of the regular update of 'Impairment gains/(losses) on financial and contract assets' performed as at June 30, 2023, the Company has recognized an overall net impairment loss of US\$(1) million (June 30, 2022: gain of US\$12 million). This



decrease is mainly attributable to the reversal of the impairment which was recognized as of June 30, 2022 relating to funding loans provided to the equity accounted entities.

The Company has not identified any specific significant increase in credit risks related to its outstanding financial assets and contract assets as at June 30, 2023.

During the period, the following gains/(losses) related to credit risks were recognized:

	2023	2022
Impairment losses		
- Movement in loss allowance for trade receivables	(0)	(0)
- Movement in loss allowance for contract assets	1	2
- Movement in loss allowance for finance lease receivables	0	0
(Impairment)/impairment reversal losses on financial lease receivables	(1)	12
- Movement in loss allowance for other assets	(0)	(1)
<b>Net impairment gains/(losses) on financial and contract assets</b>	<b>(1)</b>	<b>12</b>

## 11 NET FINANCING COSTS

For the six months ended June 30	2023	2022
Interest income on loans & receivables	2	0
Interest income on investments	12	2
Net foreign exchange gain	-	5
Other financial income	0	1
<b>Financial income</b>	<b>14</b>	<b>8</b>
Interest expenses on financial liabilities at amortized cost	(331)	(126)
Interest expenses on hedging derivatives	59	(34)
Interest expenses on lease liabilities	(2)	(1)
Interest addition to provisions	(1)	(0)
Net loss on financial instruments at fair value through profit and loss	-	(1)
Net foreign exchange loss	(5)	0
Other financial expenses	2	(2)
<b>Financial expenses</b>	<b>(277)</b>	<b>(164)</b>
<b>Net financing costs</b>	<b>(264)</b>	<b>(156)</b>

The increase in net financing costs is mainly explained by increased project financing to fund continued investment in growth on the five FPSOs under construction and additional interest generated by FPSO *Liza Destiny* and FPSO *Liza Unity* variable rate project loans.

## 12 INCOME TAXES

The effective tax rate, excluding the share of profit, or loss, of equity-accounted investees, is 24% in the first half-year of 2023, compared with 16% for the full year 2022. The increase in the effective tax rate of 2023 compared with 2022 is mainly explained by additional tax on the Guyana projects including a new unit in operation in 2023 and a relative decrease of profits recognized during construction with limited tax effects compared to 2022.

Deferred tax assets and liabilities increased during the first half-year of 2023 to US\$34 million and US\$71 million, respectively, mainly due to the adoption of the IAS 12 Amendment on *Deferred Tax related to Assets and liabilities arising from a Single Transaction* and the associated recognition of deferred tax assets and liabilities in respect of right-of-use assets and lease liabilities. The impact from the initial application of the amendment, effective on January, 1 2023, is disclosed in note 3 New standards, amendments and interpretations.

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## 13 EARNINGS / (LOSS) PER SHARE

The basic earnings per share for the period amounted to US\$ 0.99 (for the six months ended June 30, 2022: US\$1.67). The fully diluted earnings per share amounted to US\$ 0.98 (for the six months ended June 30, 2022: US\$1.65).

Basic earnings / (loss) per share amounts are calculated by dividing net profit/(loss) for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings / (loss) per share amounts are calculated by dividing the net profit/(loss) attributable to shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following table reflects the share data used in the basic and diluted earnings per share computations:

### Earnings per share

	30 June 2023	30 June 2022
Earnings attributable to shareholders (in thousands of US\$)	178,596	296,295
Number of shares outstanding at January 1 (excluding treasury shares)	178,022,815	176,622,557
Average number of new shares repurchased	-	-
Average number of treasury shares transferred to employee share programs	1,136,838	1,185,943
<b>Weighted average number of shares outstanding</b>	<b>179,159,653</b>	<b>177,808,500</b>
Impact of shares to be issued	-	-
<b>Weighted average number of shares (for basic earnings per share calculation)</b>	<b>179,159,653</b>	<b>177,808,500</b>
Potential dilutive shares from stock option scheme and other share-based payments	2,361,428	1,753,806
<b>Weighted average number of shares (diluted)</b>	<b>181,521,080</b>	<b>179,562,306</b>
Basic earnings per share	US\$ 0.99	US\$ 1.67
Fully diluted earnings per share	US\$ 0.98	US\$ 1.65

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of publication of these half-year financial statements.

## 14 PROPERTY, PLANT AND EQUIPMENT

The line item 'Property, plant and equipment' consists of property, plant and equipment owned by the Company and right-of-use assets:

### Property, plant and equipment (summary)

	30 June 2023	31 December 2022
Property, plant, equipment excluding leases	288	274
Right of use of assets	81	40
<b>Total</b>	<b>369</b>	<b>314</b>

### PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the property, plant and equipment excluding right-of-use assets is summarized as follows:

## Property, plant and equipment (movements)

	30 June 2023	31 December 2022
Cost	1,967	1,891
Accumulated depreciation and impairment	(1,693)	(1,540)
<b>Book value at 1 January</b>	<b>274</b>	<b>351</b>
Additions	40	97
Disposals	(0)	(0)
Depreciation	(21)	(63)
(Impairment)/impairment reversal	(6)	(108)
Foreign currency variations	1	(2)
Other movements	1	(0)
<b>Movements during the period</b>	<b>14</b>	<b>(77)</b>
<b>Cost</b>	<b>2,008</b>	<b>1,967</b>
Accumulated depreciation and impairment	(1,720)	(1,693)
<b>Book value at end of period</b>	<b>288</b>	<b>274</b>

During the half-year 2023 the following main events occurred regarding owned property, plant and equipment:

- US\$40 million additions mainly related to capitalized major overhaul costs related to repair work performed on *FPSO Cidade de Anchieta*;
- US\$(21) million of depreciation charges, following the normal depreciation schedules;
- US\$(6) million impairment of *FPSO Capixaba* residual value due to the reassessment of the expected towing and green recycling costs of the unit following the final selection of a scrapping Yard in Denmark.

### Purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible Thunder Hawk includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as of June 30, 2023.

### RIGHT-OF-USE ASSETS

During the half-year 2023, the main movements regarding right-of-use assets related to US\$48 million of capitalization of lease extensions and US\$7 million of depreciation charges.

In March 2023 the Company extended the lease agreement of one of its office buildings until 2037. This resulted in an increase of US\$43 million to right of use assets and a similar increase in lease liabilities (refer to note 20 Borrowings and Lease Liabilities).

## 15 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

### Finance lease receivables (reconciliation gross / net investment)

	30 June 2023	31 December 2022
Gross receivable	9,838	10,330
Less: Unearned finance income	(2,879)	(3,137)
<b>Total</b>	<b>6,958</b>	<b>7,193</b>
Of which		
Current portion	1,684	1,725
Non-current portion	5,275	5,468

As of June 30, 2023, finance lease receivables relate to the finance lease of:

- *FPSO Liza Unity*, which started production in February 2022 for a charter of up to 2 years;
- *FPSO Liza Destiny*, which started production in December 2019 for a charter of 10 years;
- *FPSO Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- *FPSO Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;

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- *FPSO Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- *FPSO Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- *FPSO Aseng*, which started production in November 2011 for a charter of 15 years;
- *FPSO Espirito Santo*, which started production in January 2009 for a charter of 15 years until December 2023, and which was extended in December 2020 until December 2028.

The decrease in finance lease receivable is driven by redemptions as per the payment schedules.

### Purchase and termination options

The finance lease contracts of *FPSO Aseng*, *FPSO Liza Destiny* and *FPSO Liza Unity*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. If the client had exercised the purchase option for *FPSO Aseng* as of June 30, 2023 this would have resulted in a gain for the Company. The exercise of the early termination option, under which the Company would retain the vessel, would have resulted in a near breakeven result. If the client had exercised the purchase option for *FPSO Liza Destiny* as of June 30, 2023 this would have resulted in a near breakeven result for the Company while the exercise of the early termination option under which the Company would retain the vessels would have resulted in a gain. If the client had exercised the purchase option or early termination option for *FPSO Liza Unity* as of June 30, 2023 this would have resulted in a gain for the Company.

The finance lease contract of *FPSO Espirito Santo* includes a call option for the client to terminate the contract early without obtaining the underlying asset. The exercise of the early termination option would have resulted in a loss for the Company as of June 30, 2023.

The finance lease contracts of *FPSO Prosperity* and *FPSO ONE GUYANA* (all under construction as per June 30, 2023) contain options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

## 16 TRADE RECEIVABLES AND PAYABLES

The decrease of 'Trade and other receivables' during the period of first half-year 2023 is mainly due to the collection of upfront payments for *FPSO Prosperity* partially offset by advance payments to yards related to new multipurpose floater hulls ('MPF') and prepayments for insurances.

The 'Trade and other payables' decreased as a result of lower accrued expenses on ongoing projects and increased payments to suppliers. There are still five FPSOs under construction at the end of the first half-year of 2023.

During the six months period ended June 30, 2023, the Company acquired an additional stake of 49%, through the exercise of a put option, in SBM Nauvata Engineering Private Limited (SBM Nauvata), thereby increasing its ownership to 100%. The put option over the interests held by non-controlling shareholders was initially recognized in 2019, when the Company acquired control of SBM Nauvata, as a financial liability. In accordance with IFRS 10 Consolidated Financial Statements, the acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction, with any excess or deficit of consideration paid over the carrying amount of the non-controlling interests being recognized in equity. As of December 31, 2022, the 'Trade and Other Payables' included an amount of US\$22.8 million related to the put option, which was derecognized following the exercise of the put option and the cash consideration of US\$21 million paid to the non-controlling shareholders. The carrying value of the net assets of SBM Nauvata attributable to non-controlling interests was US\$4.3 million, which has been reattributed to retained earnings.

## 17 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	30 June 2023	31 December 2022
Non-current portion of other receivables	104	106
Non-current portion of loans to joint ventures and associates	58	45
<b>Total</b>	<b>161</b>	<b>151</b>

The current portion of (i) other receivables, (ii) sublease and (iii) loans to joint ventures and associates is included within the 'Trade and other receivables' in the statement of financial position.

The maximum exposure to credit risk at the reporting date is the carrying amount of the interest-bearing loans taking into account the risk of recoverability. The Company does not hold any collateral as security.

The breakdown of loans to joint ventures and associates is presented below.

## LOANS TO JOINT VENTURES AND ASSOCIATES

	30 June 2023	31 December 2022
Current portion of loans to joint ventures and associates	(0)	7
Non-current portion of loans to joint ventures and associates	58	45
<b>Total</b>	<b>58</b>	<b>52</b>

## 18 INVENTORIES

	30 June 2023	31 December 2022
Materials and consumables	9	9
Goods for resale	4	4
Multi-purpose hulls under construction	76	13
<b>Total</b>	<b>88</b>	<b>26</b>

As per June 30, 2023, the Company maintains mainly its inventory of materials and consumables used in the normal course of business.

Inventories include Multi-purpose floaters ('MPFs') under construction relate to the ongoing EPC phase of any Fast4Ward® new-build hulls. Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract.

The increase in inventory balance during the half-year period ended in June 30, 2023 mainly relates to multi-purpose hulls for use in future FPSO projects. As per June 30, 2023, the Company has two MPF under construction (as per December 31, 2022, one MPF was under construction).

## 19 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

The authorized share capital of the Company is two hundred million euro (€200,000,000). This share capital is divided into four hundred million (400,000,000) Ordinary Shares with a nominal value of twenty-five eurocents (€0.25) each and four hundred million (400,000,000) Protective Preference Shares, with a nominal value of twenty-five eurocents (€0.25) each.

The total number of ordinary shares outstanding at June 30, 2023 was 180,671,305 (December 31, 2022: 180,671,305).

### DIVIDENDS PAID

The Company paid dividends of US\$197 million on May 11, 2023, which represents an increase of 10% compared with last year. It resulted in a pay-out of US\$1.10 or €0.9959 per ordinary share.

### TREASURY SHARES

A total number of 1,308,809<sup>1</sup> treasury shares are reported in the outstanding ordinary shares as at June 30, 2023. During the six months ending June 30, 2023, 1,307,841 shares were transferred to management and employee share programs.

### CASH FLOW HEDGE RESERVE

The equity attributable to shareholders includes the cash flow hedge reserve for a positive balance of US\$342 million as of June 30, 2023. The cash flow hedge reserve relates to the net position of forward currency contracts, interest rate swaps and commodity swaps for which fair value movement is explained further in note 21 Accounting Classifications and Fair Values of Financial Instruments.

<sup>1</sup> As per the Dutch Act on Conversion of bearer shares, all bearer shares still outstanding at December 31, 2020 have been converted into registered shares held by the Company as per January 1, 2021 and accordingly the aforementioned shares are currently reported as part of the Treasury shares. Until January 1, 2026 and upon request of a holder of a certificate of a bearer share, the Company will provide the holder of such a valid certificate of a bearer share, with a registered share as a replacement of the bearer share.

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## SHARE PURCHASE TRANSACTION WITHIN EQUITY

During the first half-year of 2023, the Company acquired the remaining shareholding in SBM Nauvata Private Limited. The Company already exercised control over the investees and now has full ownership over the entity. The transaction was directly booked within equity with a reattribution from non-controlling interests to equity attributable to shareholders. For more information, refer to note 16 Trade Receivables and Payables.

## 20 BORROWINGS AND LEASE LIABILITIES

The breakdown of line item 'Borrowings and lease liabilities' is presented below:

### Borrowings and lease liabilities (summary)

	30 June 2023	31 December 2022
Borrowings	6,958	6,839
Lease liabilities	77	33
<b>Total Non-current portion of Borrowings and lease liabilities</b>	<b>7,035</b>	<b>6,873</b>
Borrowings	2,466	1,678
Lease liabilities	11	13
<b>Total Current portion of Borrowings and lease liabilities</b>	<b>2,477</b>	<b>1,691</b>

### BANK INTEREST-BEARING BORROWINGS

The movement in the bank interest bearing borrowings is as follows:

### Borrowings (movement)

	30 June 2023	31 December 2022
Non-current portion	6,839	5,891
Add: current portion	1,678	1,754
<b>Remaining principal at the beginning of period</b>	<b>8,517</b>	<b>7,645</b>
Additions	1,956	1,642
Redemptions	(927)	(759)
Transaction and amortized costs	(123)	(10)
<b>Movements during the period</b>	<b>907</b>	<b>872</b>
<b>Remaining principal at end of period</b>	<b>9,424</b>	<b>8,517</b>
Less: Current portion	(2,466)	(1,678)
<b>Non-current portion</b>	<b>6,958</b>	<b>6,839</b>
Transaction and amortized costs	339	216
<b>Remaining principal at end of period (excluding transaction and amortized costs)</b>	<b>9,763</b>	<b>8,734</b>
Less: Current portion	(2,503)	(1,710)
<b>Non-current portion</b>	<b>7,260</b>	<b>7,023</b>

The additions of the total borrowings of US\$1,956 million relates mainly to (i) drawdowns on project finance facility for FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré*, FPSO *Prosperity* and FPSO *Sepeitiba*, (ii) US\$200 million drawdowns on the Company's RCF and SCF (supply chain financing for US\$25 million) and (iii) the Company receiving a funding loan of US\$125 million from a new funding partner in relation to FPSO *Cidade de Ilhabela*.

In the context of FPSO *Cidade de Ilhabela*, during the half-year ended June 30, 2023, the Company has created a new entity, Guara Norte Swiss Holding, and subsequently transferred 15% non-voting shares to the funding partner in exchange of 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 and equity funding and to accelerate equity cashflow from the backlog.

The redemptions are mostly related to (i) the repayment of the bridge loan facility of *FPSO Almirante Tamandaré* following the completion of the project financing during the first half year of 2023 and (ii) the non-recourse debt repayment schedules.

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.

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 June 30, 2023, the Company has drawdown US\$1,004 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. The first drawdown on the project financing occurred in July 2023 only.

### Revolving Credit Facility

The Company has available short-term credit lines and borrowing facilities resulting from the undrawn part of the RCF.

The RCF in place as of June 30, 2023 has a maturity date of February 13, 2026. The US\$1 billion facility was closed with a selected group of 11 core relationship banks and includes an uncommitted option to increase the RCF by an additional US\$500 million.

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 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>2</sup>.

### Supply chain financing

As from April 2023, the Company has secured short-term funds in 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 reference rate depending on the tenor and currency of the individual utilizations, and it includes provisions for the replacement of LIBOR with Term SOFR. 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 with outstanding balance of US\$25 million as of June 30, 2023.

### Covenants

The following key financial covenants apply to the RCF as agreed with the respective lenders, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency Ratio:** Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio:** Consolidated Directional 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 the 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 June 30, 2023 significant additional headroom above the US\$1 billion RCF facility was available.

<sup>2</sup> Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

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The **Leverage ratio** based on reported Directional figures, is used to determine the pricing only.

None of the loans and borrowings in the statement of financial position were in default as at the reporting date.

### 21 ACCOUNTING CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the financial instruments carried at amortized cost with a significant difference between the book value and fair value, stating the classification of the instruments, the fair value, and the applicable level within the fair value hierarchy.

#### Accounting classification and fair values as at June 30, 2023

	Notes	Fair value level	30 June 2023		31 December 2022	
			Total book value	Total fair value	Total book value	Total fair value
<b>Financial assets measured at amortized cost</b>						
Finance lease receivables	15	3	6,958	7,037	7,193	7,219
Loans to joint ventures and associates	17	3	58	58	52	51
<b>Total</b>			<b>7,016</b>	<b>7,095</b>	<b>7,244</b>	<b>7,270</b>
<b>Financial liabilities measured at amortized cost</b>						
US\$ project finance facilities drawn	20	2	9,571	9,597	8,679	8,678
Lease liabilities			88	88	46	46
Other debt	20	2	192	191	54	54
<b>Total</b>			<b>9,851</b>	<b>9,876</b>	<b>8,780</b>	<b>8,778</b>

#### Additional information

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities for which the book value is different than fair value in a way that permits the information to be compared with the carrying amounts. For all other classes of financial assets and financial liabilities the book value approximates the fair value.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps and forward currency contracts which are classified at a Level 2 on the fair value hierarchy. Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The carrying amount for these financial assets and liabilities approximates the fair value as at June 30, 2023.
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is insignificant.
- Classes of financial instruments that are not used are not disclosed.
- No instruments were transferred between Level 1 and Level 2.
- No instruments were transferred between Level 2 and Level 3.
- None of the instruments of the Level 3 hierarchy are carried at fair value in the statement of financial position.
- No financial instruments were subject to offsetting as of June 30, 2023 and December 31, 2022.

#### Derivative Financial Instruments

The derivative financial instruments relate to the forward currency contracts, interest rate swaps and commodity contracts. The decrease in the net balance of derivative assets and liabilities of US\$69 million over the period is due to the decreased marked-to-market value of interest rate swaps comparing with year-end 2022, which mainly arose from the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, offset by the increased marked-to-market value of forward currency contracts caused by the depreciation of the US\$ exchange rate versus the hedged currencies (especially for BRL and EUR forward contracts).

Less than half of the Company's debt consist of non-recourse project loans. The hedged interest rate of these project loans has been incorporated in the pricing of the contracts with the clients. Therefore the hedged interest rates are in line with the targeted profitability of the Company's contracts.



	30 June 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	334	12	322	490	28	463
Forward currency contracts cash flow hedge	96	79	18	50	103	(53)
Forward currency contracts fair value through profit and loss	73	83	(10)	69	85	(15)
Commodity contracts cash flow hedge	1	6	(6)	-	2	(2)
<b>Total</b>	<b>504</b>	<b>181</b>	<b>324</b>	<b>610</b>	<b>217</b>	<b>393</b>
Non-current portion	307	24	284	465	25	440
Current portion	197	157	40	145	192	(47)

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## 22 PROVISIONS

The current and non-current portion of provisions consist of the following types of provisions:

### Provisions (summary)

	30 June 2023	31 December 2022
Demobilization	116	119
Onerous contracts	0	0
Warranty	92	86
Restructuring	11	-
Employee benefits	17	15
Other	306	266
<b>Total</b>	<b>542</b>	<b>487</b>
of which :		
Non-current portion	350	309
Current portion	192	178

### 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 financial expenses (refer to note 11 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* partially offset by the reassessment of the expected decommissioning and green recycling costs of *FPSO Capixaba* following the final selection of a scrapping Yard in Denmark.

Expected outflow of the demobilization provision within one year is US\$37 million and amounts to US\$53 million between one and five years, and US\$26 million after five years.

### Warranty

For most Turnkey sales, the Company gives warranties to its clients. Under the terms of the contracts, the Company undertakes to make good, by repair or replacement, defective items that become apparent within an agreed period starting from the final acceptance by the client.

The increase of the warranty provision consists of new provisions accrued on projects under construction over the period or still under warranty period which was partially offset by the regular consumption of existing warranty provisions over the applicable warranty period.

### Restructuring

During the first half-year of 2023, the Company has announced the implementation of an optimization plan for its support functions activities aiming to improve the global performance and cost efficiency. As a result, the Company has recognized a provision in the amount of US\$11 million against cost in the income statement (amount included in line 'Other operating income/(expense)'. The restructuring of the Company will impact approximately 110 employees.

### Other

The remaining provisions mainly relate to claims, regulatory fines related to operations and planned local content penalties on construction projects. The latter was the main driver of the increase in other provisions over the period.

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US\$1 million. On August 1, 2022 the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven, CBB) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023, SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the

Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal). A hearing before the CBB will be scheduled: It is expected not earlier than end of the year.

## 23 OTHER INFORMATION

### 23.1 FINANCIAL INFORMATION RELATED TO EQUITY-ACCOUNTED INVESTEEES

The total revenue of the joint ventures and associates accounted for under the equity method (at 100%) represents US\$190 million for the six months ended June 30, 2023 (US\$162 million for the six months ended June 30, 2022).

### 23.2 COMMITMENTS AND CONTINGENCIES

#### Parent Company Guarantees

SBM Offshore N.V., as the parent company, is committed to fulfil various types of obligations arising from customer contracts, such as full performance and warranty obligations.

In the past, the parent company has issued guarantees for contractual obligations in respect of several Group companies, including equity-accounted joint ventures, with respect to long-term Lease and Operate contracts. The few remaining guarantees still active as of June 30, 2023 relate to the Deep Panuke MOPU, *Thunder Hawk* semi-submersible platform, *FPSO Mondo* and *FPSO Saxi Batuque*, and have all been signed prior to 2010.

#### Commitments

As at June 30, 2023, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US\$1.5 billion (December 31, 2022: US\$2.2 billion). Investment commitments mainly relate to ongoing activities on the construction of *FPSO Prosperity*, *FPSO Sepetiba*, *FPSO Alexandre de Gusmão*, *FPSO Almirante Tamandaré* and *FPSO ONE GUYANA*.

#### Contingent Liabilities

As at June 30, 2023 the Company did not identify any contingent liabilities.

### 23.3 RELATED PARTY TRANSACTIONS

During the first half-year of 2023, the Company made equity contributions towards investees related to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* (combined US\$235 million) projects. There were no other major related party transactions requiring additional disclosure in the condensed consolidated half-year financial statements.

The Company has transactions with joint ventures and associates recognized as follows in the Company's condensed consolidated half-year financial statements:

	Note	2023	2022
Revenue		9	16
Cost of sales		(7)	(17)
Loans to joint ventures and associates	17	58	52
Trade receivables		84	70
Trade payables		13	12

For the avoidance of doubt, revenue and cost of sales are presented for the six months ended June 30 whereas financial positions are presented as of June 30, 2023 and December 31, 2022.

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.

## 24 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events impacting the Company's financial position have been observed after the statement of financial position date.



