



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

### 4.3.20 CONSTRUCTION WORK-IN-PROGRESS

The significant portion of the outstanding balance of construction work-in-progress as of December 31, 2021 (US\$ 4,140 million) relates to the *Liza Unity* (FPSO), *Prosperity* (FPSO), *FPSO Sepetiba*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and initial limited scope of the FPSO for the Yellowtail development project finance lease projects since the Company will receive most of the payments for the construction of these assets only during the lease period through bareboat charter payments. The increase compared with the previous period balance (2020: US\$2,248 million) in the construction work-in-progress is mainly driven by the progress made in 2021 on these projects.

Contract liabilities of US\$64 million comprises the amounts of those individual contracts for which the total instalments invoiced exceed the total revenue recognized. Contract liabilities are reclassified to other current liabilities (see note 4.3.26 Trade and Other Payables).

Regarding information about expected credit losses recognized for construction work-in-progress, refer to note 4.3.28 Financial Instruments – Fair Values and Risk Management.

### 4.3.21 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.28 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2021, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US\$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in note 4.3.24 Borrowings and Lease Liabilities.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

#### Derivative financial instruments

	31 December 2021			31 December 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	13	157	(144)	1	351	(351)
Forward currency contracts cash flow hedge	14	94	(80)	98	21	77
Forward currency contracts fair value through profit and loss	19	37	(18)	38	39	(1)
<b>Total</b>	<b>47</b>	<b>288</b>	<b>(242)</b>	<b>137</b>	<b>411</b>	<b>(274)</b>
Non-current portion	14	162	(148)	38	277	(240)
Current portion	32	126	(94)	99	134	(35)

The movement in the net balance of derivative assets and liabilities of US\$31 million over the period is mostly related to (i) the significant increased marked-to-market value of interest rate swaps, which mainly arises from increasing US market interest rates and the settlements of interest rate swaps related to the financing of *FPSO Cidade de Ilhabela* and *FPSO Sepetiba* and (ii) the decreased marked-to-market value of forward currency contracts, which is mainly driven by the appreciation of the US\$ exchange rate versus the hedged currencies (especially EUR).

No ineffective portion arising from cash flow hedges was recognized in the income statement in 2021 (2020: US\$3 million loss, refer to note 4.3.9 Net Financing Costs ). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.28 Financial Instruments – Fair Values and Risk Management.

## 4 FINANCIAL INFORMATION 2021

### 4.3.22 NET CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash and bank balances	662	78
Short-term investments	358	336
<b>Cash and cash equivalent</b>	<b>1,021</b>	<b>414</b>
<b>Net cash and cash equivalent</b>	<b>1,021</b>	<b>414</b>

The increase of the Cash and bank balances mainly relates to the significant residual proceeds from the aggregate US\$1,255 million bridge loans for the financing of the construction of *FPSO Alimarante Tamandaré* and *FPSO Alexandre de Gusmão* which were both fully drawn before year-end 2021. This generated a significant excess of financing cash flow compared with actual investments to date on these two units (approximately US\$800 million as of December 31, 2021).

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US\$152 million as per December 31, 2021 (2020: US\$215 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, Equatorial Guinea, Ghana and Nigeria) amounted to US\$23 million (2020: US\$28 million). These restrictions do not limit the liquidity of the cash balances.

Further disclosure about the fair value measurement is included in note 4.3.28 Financial Instruments – Fair Values and Risk Management.

### 4.3.23 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

#### ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five eurocents (EUR0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five euro cents (EUR0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2021	2020
<b>Outstanding at 1 January</b>	<b>188,671,305</b>	<b>198,671,305</b>
Treasury shares cancelled	(8,000,000)	(10,000,000)
<b>Outstanding 31 December</b>	<b>180,671,305</b>	<b>188,671,305</b>

All outstanding shares have been fully paid.

#### TREASURY SHARES

The Company completed its share repurchase program under authorization granted by the AGM of the Company held on April 7, 2021. In the period between August 5, 2021 and October 11, 2021 a total number of 9,958,318 shares totaling EUR150 million (US\$178 million) were repurchased. As a result, the Company decided to cancel 8,000,000 shares in 2021.

A total number of 4,016,908 treasury shares are still reported in the outstanding ordinary shares as at December 31, 2021 and are held predominantly for employee share programs. During 2021, a total of 1,329,813 shares were transferred to employee share programs.