



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

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
Cash and cash equivalent	1,021	414
Net cash and cash equivalent	1,021	414

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
Outstanding at 1 January	188,671,305	198,671,305
Treasury shares cancelled	(8,000,000)	(10,000,000)
Outstanding 31 December	180,671,305	188,671,305

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.

Within equity, an amount of US\$1,211 million (2020: US\$1,304 million) should be treated as legal reserve (refer to note 4.5.5 Shareholders' Equity).

ORDINARY SHARES

In terms of ordinary shares, 1,993,978 shares were held by members of Management Board, in office as at December 31, 2021 (December 31, 2020: 1,931,952) as detailed below:

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2021	Total shares at 31 December 2020
Bruno Chabas	366,605	824,465	1,191,070	1,127,604
Philippe Barril	263,184	54,778	317,962	387,826
Erik Legendijk	179,081	77,549	256,630	222,418
Douglas Wood	181,460	46,856	228,316	194,104
Total	990,330	1,003,648	1,993,978	1,931,952

Only one member of the Supervisory Board (Sietze Hepkema) holds shares in the Company (256,333 shares as at December 31, 2021), resulting from his previous position as member of the Management Board.

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OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Total other reserves
Balance at 1 January 2020	(38)	(119)	3	(101)	17	(238)
Cash flow hedges						
Change in fair value	53	(161)	-	-	-	(107)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	3	-	-	-	-	3
Transfer to operating profit and loss	41	-	-	-	-	41
IFRS 2 share-based payments						
IFRS 2 vesting costs for the year	-	-	-	-	27	27
IFRS 2 vested share-based payments	-	-	-	-	(16)	(16)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(3)	-	-	(3)
Foreign currency variations						
Foreign currency variations	-	-	-	(5)	-	(5)
Mergers and acquisitions	-	-	-	-	-	-
Balance at 31 December 2020	62	(276)	-	(105)	25	(296)
Cash flow hedges						
Change in fair value	(173)	101	-	-	-	(72)
Transfer to financial income and expenses	(0)	9	-	-	-	8
Transfer to construction contracts and property, plant and equipment	(8)	-	-	-	-	(8)
Transfer to operating profit and loss	15	-	-	-	-	15
IFRS 2 share-based payments						
IFRS 2 vesting costs for the year	-	-	-	-	20	20
IFRS 2 vested share-based payments	-	-	-	-	(20)	(20)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	7
Foreign currency variations						
Foreign currency variations	-	-	-	(2)	(3)	(5)
Mergers and acquisitions	-	-	-	3	-	3
Balance at 31 December 2021	(104)	(167)	7	(105)	22	(347)

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The increased fair value of interest rate swaps mainly arises from increasing market interest rates whereas the decreased fair value of forward currency contracts is mainly driven by the variation of the US\$ exchange rate versus the hedged currencies.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2021	31 December 2020
Borrowings	5,891	4,335
Lease liabilities	37	51
Total Non-current portion of Borrowings and lease liabilities	5,928	4,386
Borrowings	1,754	1,216
Lease liabilities	19	20
Total Current portion of Borrowings and lease liabilities	1,773	1,236

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2021	2020
Non-current portion	4,335	4,168
Add: current portion	1,216	580
Remaining principal at 1 January	5,551	4,749
Additions	3,941	1,379
Redemptions	(1,711)	(589)
Transaction and amortized costs	(137)	12
Total movements	2,094	802
Remaining principal at 31 December	7,645	5,551
Less: Current portion	(1,754)	(1,216)
Non-current portion	5,891	4,335
Transaction and amortized costs	207	69
Remaining principal at 31 December (excluding transaction and amortized costs)	7,851	5,621
Less: Current portion	(1,790)	(1,230)
Non-current portion	6,061	4,390

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The additions of US\$3,941 million relates mainly to drawdowns on (i) project finance facilities for *Liza Unity* (FPSO), *Prosperity* (FPSO) and *FPSO Sepetiba*, (ii) the senior secured notes issuance on *FPSO Cidade de Ilhabela*, and (iii) the bridge loan facility for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*.

The increase in redemptions is mainly due the full repayment of the outstanding debt related to *FPSO Cidade de Ilhabela* of US\$535 million following the issuance of senior secured notes.

On February 11, 2021 the Company issued senior secured notes for the amount of US\$850 million. The notes are traded on the Singapore Stock Exchange and are priced at 99.995% of par value with a 5.198% coupon rate which is paid semi-annually. The funding obtained through the issuance was partially used to settle the outstanding project loan which amounted to US\$535 million at settlement date.