



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

4.3.26 TRADE AND OTHER PAYABLES

Trade and other payables (summary)

| | Notes | 31 December 2021 | 31 December 2020 |
|-------------------------------------|---------------|------------------|------------------|
| Trade payables | | 151 | 131 |
| Accruals on projects | | 593 | 468 |
| Accruals regarding delivered orders | | 27 | 53 |
| Other payables | | 91 | 109 |
| Contract liability | 4.3.20 | 64 | 69 |
| Pension taxation | | 8 | 7 |
| Taxation and social security costs | | 76 | 110 |
| Current portion of deferred income | | 6 | 6 |
| Other non-trade payables | | 95 | 80 |
| Total | 4.3.28 | 1,111 | 1,033 |

The 'trade payables' and 'accruals on projects' together increased due to the higher Turnkey projects activities during 2021 following award of *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and the awarded initial limited scope for the FPSO for the Yellowtail development project.

'Accruals regarding delivered orders' decreased in 2021 mainly due to successful finalization of discussion with the client regarding long-term outstanding position on a delivered FPSO.

The 'Contract liability' relates mainly to one of the Company's renewable projects and other minor construction projects. The Company recognized revenue of US\$53 million during the period, which was included in the contract liability as per December 31, 2020.

Payables related to 'Taxation and social security' concerns uncertain tax positions related mainly to various taxes other than corporate income tax. The decrease in the balance relates mainly to (i) the release of the positions for which the statute of limitations has been reached, and (ii) the reassessment of other positions based on the discussions with tax authority and tax experts engaged by the Company.

'Other non-trade payables' include mostly interest payable and the short-term portion of the outstanding payments related to the Leniency Agreement and the settlement with Brazilian Federal Prosecutor's Office (Ministério Público Federal – 'MPF'). The long-term portion of the outstanding payments related to these agreements is presented in the line item 'Other non-current liabilities' in the Company's statement of financial position.

The line item 'Other non-current liabilities' in the Company's statement of financial position also includes a prepayment of US\$52 million relating to the future potential participation of partners to charter contracts.

The contractual maturity of the trade payables is analyzed in the liquidity risk section in 4.3.28 Financial Instruments – Fair Values and Risk Management.

4.3.27 COMMITMENTS AND CONTINGENCIES

PARENT COMPANY GUARANTEES

SBM Offshore N.V., as the parent company, is committed to fulfill 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 December 31, 2021 relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform and *FPSO Saxi Batuque*. These have been signed prior to 2010.

4 FINANCIAL INFORMATION 2021

BANK GUARANTEES

As of December 31, 2021, the Company has provided bank guarantees to unrelated third parties for an amount of US\$348million (2020: US\$570 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US\$599 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

COMMITMENTS

As at December 31, 2021, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US\$1,600 million (December 31, 2020: US\$990million). Investment commitments have increased principally due to the progress made on the construction of the *Liza Unity* (FPSO), *Prosperity* (FPSO), *FPSO Sepetiba*, *FPSO Alexandre de Gusmão*, *FPSO Almirante Tamandaré* and limited scope award of the FPSO for the Yellowtail development project.

CONTINGENT LIABILITY

Following the close out of the legacy issue in Switzerland, there are no remaining identified contingent liabilities. Refer to section 4.3.1 Financial highlights for further information on the close out of the legacy issue in Switzerland.

4.3.28 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

This note presents information about the Company's exposure to risk resulting from its use of financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classification and fair values

| | | | 31 December 2021 | | 31 December 2020 | |
|---|--------|------------------|------------------|------------------|------------------|------------------|
| | Notes | Fair value level | Total book value | Total fair value | Total book value | Total fair value |
| Financial assets measured at amortized cost | | | | | | |
| Finance lease receivables | 4.3.15 | 3 | 6,182 | 6,586 | 6,488 | 7,223 |
| Demobilization receivables | 4.3.16 | 3 | - | - | - | - |
| Loans to joint ventures and associates | 4.3.16 | 3 | 51 | 49 | 46 | 43 |
| Total | | | 6,233 | 6,635 | 6,534 | 7,265 |
| Financial liabilities measured at amortized cost | | | | | | |
| US\$ project finance facilities drawn | 4.3.24 | 2 | 7,850 | 7,825 | 5,620 | 5,669 |
| Revolving credit facility/Bilateral credit facilities | 4.3.24 | 2 | - | - | - | - |
| Lease liabilities | | 3 | 56 | 56 | 71 | 71 |
| Other debt | 4.3.24 | 2 | 2 | 2 | 1 | 1 |
| Total | | | 7,908 | 7,883 | 5,692 | 5,741 |