

2025 ANNUAL REPORT

SBM OFFSHORE

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Finance Lease Receivables

There was no payment default on any finance lease contract over the period. In addition, despite the current economic and geopolitical environment, the Company concluded that the counterparties of the finance lease receivables still have a strong capacity to meet their contractual cash flow obligations, based on existing contractual arrangements, which include parent company guarantees. Based on the available forward-looking information related to the oil price, it is also assumed that none of the assets leased under the Company's finance lease contracts would become uneconomical to operate for clients.

Therefore, the Company concludes that (i) the credit risk has not increased significantly since the initial recognition of the finance lease receivable, and (ii) the finance lease receivables still have a low credit-risk as of December 31, 2025. As a result, the Company recognizes a 12-month expected credit loss.

Contract assets and Trade Receivables

As for the finance leases, there was no payment default (including overdue of more than 90 days) on any significant trade receivables over the period. The Company performed, as usual, a detailed analysis of the credit risks associated with significant trade receivables balances as at the reporting date. This did not result in any specific significant increase in credit risks related to its outstanding contract assets and trade receivables.

Other Financial Assets

Overall, the reassessment of the expected credit losses of other financial assets resulted in a limited impact.

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

	2025	2024
Impairment losses		
- Movement in loss allowance for trade receivables	2	0
- Movement in loss allowance for contract assets	(0)	0
- Movement in loss allowance for finance lease receivables	0	0
(Impairment)/impairment reversal losses on financial lease receivables	-	3
- Movement in loss allowance for other assets	14	(2)
(Impairment)/impairment reversal losses on other financial assets	(1)	(7)
Net impairment gains/(losses) on financial and contract assets	**15**	**(6)**

During the year 2025, the Company recognized a US$15 million net impairment gain on financial and contract assets (2024: loss of US$(6) million) mainly attributable to the release of the accumulated impairment on the demobilization receivable for *Thunder Hawk* as a result of the sale of the asset completed during the period.

4.3.9 NET FINANCING COSTS

	2025	2024
Interest income on loans & receivables	0	2
Interest income on cash and short-term investments	41	24
Net foreign exchange gain	34	-
Net cash flow hedges ineffectiveness	5	-
Other financial income	2	1
Financial income	**83**	**26**
Interest expenses on financial liabilities at amortized cost	(740)	(832)
Interest income / (expenses) on hedging derivatives	105	167
Interest expenses on lease liabilities	(5)	(5)
Interest addition to provisions	(13)	(10)
Net cash flow hedges ineffectiveness	-	(3)
Net foreign exchange loss	(0)	(8)
Financial expenses	**(653)**	**(690)**
Net financing costs	**(571)**	**(663)**

The decrease in net financing costs is mainly due to (i) the full repayment of the project loans for FPSOs *Liza Destiny* and *Prosperity* in 2024 following the purchase of the units by the client, (ii) gains on forward currency contracts, (iii) higher interest income on cash and short-term investments, (iv) the scheduled amortization of project loans for the fleet under operations, and (v) lower interest expense on the Company's RCF. This was partially offset by (vi) the new construction financing for FPSO *Jaguar* in 2025, (vii) the sale and leaseback financing agreement for *FPSO Cidade de Paraty*, (viii) increased financing to fund the construction of *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA* during the period and (ix) the amortization of the *ONE GUYANA* project financing transaction costs up to the expected purchase of the unit in early 2026.

4.3.10 INCOME TAX EXPENSE

The relationship between the Company's income tax expense and profit before income tax (referred to as the 'effective tax rate') can vary significantly from period to period due to factors such as: (i) changes in the blend of income that is taxed based on revenues versus profit, (ii) the shift in operations of the Company where the different statutory tax rates are applied and (iii) the ability to recognize deferred tax assets on tax losses when sufficient future taxable profits are expected.

Some of the taxes are withholding taxes (paid on revenues). The assessment of whether the withholding tax is in scope of IAS 12 is judgmental; the Company has performed this assessment in the past and some of the withholding taxes that the Company pays in certain countries qualify as income taxes, as it creates an income tax credit or it is considered as deemed profit taxation.

Consequently, income tax expense does not change proportionally with profit before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense, noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the effective tax rate is impacted by the unrecognized tax loss.

The components of the Company's income taxes are:

Income tax recognized in the consolidated Income Statement

	Note	2025	2024
Corporation tax on profits for the year		(166)	(157)
Adjustments in respect of prior years		11	9
Movements in uncertain tax positions		(42)	5
Total current income tax		**(197)**	**(143)**
Deferred tax	4.3.17	80	71
Total		**(117)**	**(73)**

The Company's operational activities are subject to taxation at rates which range up to 36% (2024: 35%).