

2025 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

Payables related to 'Taxation and social security costs' includes uncertain tax positions related mainly to various taxes other than corporate income tax.

'Other non-trade payables' include an interest payable and the short-term portion of the outstanding payments related to the Leniency Agreement and the settlement with the Brazilian Federal Prosecutor's Office (Ministério Público Federal). 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 consolidated statement of financial position includes non-current contract liabilities of US$30 million, as detailed in note 4.3.3 Revenue.

The contractual maturity of the trade payables is analyzed in the liquidity risk section in 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.26 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.

During 2025, the parent company acceded as a guarantor to the new US$1.1 billion RCF.

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, 2025, relate to the *Thunder Hawk* semi-submersible platform (signed prior to 2010) and *FPSO Mondo* and *FPSO Saxi Batuque* (signed prior to 2010 and extended as a result of the lease extension).

BANK GUARANTEES

As of December 31, 2025, the Company has provided bank guarantees to unrelated third parties for an amount of US$567million (2024: US$541 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US$827 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

COMMITMENTS

As at December 31, 2025, the significant remaining contractual commitments contracted but not yet recognized, for the acquisition of goods and services from suppliers for FPSO projects under construction FPSO *GranMorgu,* FPSO *Jaguar* and FSO *Chalchi*, MPFs hulls and related equipment for use in future FPSO projects, amounted to US$1,242 million (December 31, 2024: US$1,563 million).

CONTINGENT LIABILITY

As at December 31, 2025, the Company did not identify any contingent liabilities.

4.3.27 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).

4 FINANCIAL INFORMATION 2025

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 2025		31 December 2024	
	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	13,124	14,412	6,657	7,249
Loans to joint ventures and associates	4.3.16	3	6	6	6	6
Total			**13,130**	**14,419**	**6,663**	**7,255**
Financial liabilities measured at amortized cost						
US$ project finance facilities drawn	4.3.23	2	9,349	9,443	9,173	9,228
Lease liabilities		3	115	115	93	93
Other debt	4.3.23	2	50	50	111	110
Total			**9,515**	**9,609**	**9,377**	**9,431**

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.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps and options, forward currency contracts and commodity swaps, 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 December 31, 2025.
- 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 December 31, 2025, and December 31, 2024.

The effects of the foreign currency-related hedging instruments on the Company's financial position and performance including related information are included in the table below:

Effect of the foreign currency, interest swaps, commodity contracts and related hedging instruments

	2025	2024
Foreign currency forwards		
Carrying amount	102	(179)
Notional amount	(3,813)	(4,252)
Maturity date	2-8-2026	26-10-2025
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	281	(247)
Change in value hedged rate for the year (including forward points)	(281)	247
Interest rate swaps		
Carrying amount	213	369
Notional amount	5,717	7,867
Maturity date	21-10-2036	7-5-2033
Hedge ratio	95%	97%
Change in discounted spot value of outstanding hedging instruments since 1 January	(157)	121
Change in value hedged rate for the year (including forward points)	157	(121)
Interest rate options		
Carrying amount	8	7
Notional amount	178	178
Maturity date	15-10-2041	15-10-2041
Hedge ratio	61%	61%
Change in discounted spot value of outstanding hedging instruments since 1 January	1	7
Change in value hedged rate for the year (including forward points)	(1)	(7)
Commodity contracts		
Carrying amount	7	(1)
Notional amount	9	20
Maturity date	20-3-2027	23-3-2026
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	9	1
Change in value hedged rate for the year (including forward points)	(9)	(1)

MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

	Level 2 and level 3 instruments		Level 3 instruments
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value			
Interest rate swaps	Income approach – Present value technique	Not applicable	Not applicable
Commodity swaps	Income approach – Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach – Present value technique	Not applicable	Not applicable
Financial instrument not measured at fair value			
Loans to joint ventures and associates	Income approach – Present value technique	• Forecast revenues • Risk-adjusted discount rate (4%-5%)	The estimated fair value would increase (decrease) if: • the revenue was higher (lower) • the risk-adjusted discount rate was lower (higher)
Finance lease receivables	Income approach – Present value technique	• Forecast revenues • Risk-adjusted discount rate (4%-8%)	The estimated fair value would increase (decrease) if: • the revenue was higher (lower) • the risk-adjusted discount rate was lower (higher)
Loans and borrowings	Income approach – Present value technique	Not applicable	Not applicable
Other long-term debt	Income approach – Present value technique	Not applicable	Not applicable

DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the period in which the cash flows associated with the cash-flow hedges are expected to occur and the carrying amounts of the related hedging instruments. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for interest rate swaps are estimated using the forward rates as at the reporting date.

Cash flows

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2025					
Interest rate swaps (SOFR)	213	29	145	51	225
Interest rate options (SOFR)	8	-	-	13	13
Forward currency contracts	102	92	21	-	113
Commodity contracts	(1)	(0)	(1)	-	(1)
31 December 2024					
Interest rate swaps (SOFR)	369	77	148	163	389
Interest rate options (SOFR)	7	-	-	12	12
Forward currency contracts	(179)	(135)	(65)	-	(200)
Commodity contracts	(1)	(1)	-	-	(1)

The following table indicates the period in which the cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

Expected profit or loss impact

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2025					
Interest rate swaps (SOFR)	213	29	145	51	225
Interest rate options (SOFR)	8	-	-	13	13
Forward currency contracts	102	92	21	-	113
Commodity contracts	(1)	(0)	(1)	-	(1)
31 December 2024					
Interest rate swaps (SOFR)	369	77	148	163	389
Interest rate options (SOFR)	7	-	-	12	12
Forward currency contracts	(179)	(135)	(65)	-	(200)
Commodity contracts	(1)	(1)	-	-	(1)

Interest rate swaps

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.22 Equity Attributable to Shareholders).

Interest rate options

Gains and losses recognized in the hedging reserve in equity on interest rate option contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.22 Equity Attributable to Shareholders).

Forward currency contracts

Gains and losses recognized in the hedging reserve on forward currency contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. This is mainly within 12 months of the statement of financial position date, unless the gain or loss is included in the initial amount recognized in the carrying amount of fixed assets, in which case recognition is over the lifetime of the asset. If the gain or loss is included in the initial amount recognized in the carrying amount of the cost incurred on construction contracts, the recognition is over time.

Commodities

Gains and losses recognized in the hedging reserve on commodity contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. If the hedged transaction subsequently results in the recognition of non-financial assets (such as inventories or assets under construction) or non-financial liability, the gain or loss is included in the initial cost or other carrying amount of the asset. In such case, this amount is recognized in profit or loss at the same time as the hedged item affects profit or loss.

LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The movement of loss allowance during the year 2025 is summarized as follows:

	Finance lease receivable		Contract assets		Trade receivables		Other financial assets	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Opening loss allowance as at 1 January	**(0)**	**(0)**	**(0)**	**(1)**	**(4)**	**(5)**	**(128)**	**(123)**
Increase in loss allowance recognized in profit or loss during the year	(0)	(0)	(1)	(2)	(1)	(1)	(0)	(5)
Receivables written off during the year as uncollectible	-	-	-	-	-	-	-	-
Unused amount reversed	**0**	**0**	**1**	**2**	**4**	**1**	**12**	**0**
At 31 December	**(0)**	**(0)**	**(0)**	**(0)**	**(2)**	**(4)**	**(115)**	**(128)**

The reversal of US$12 million in 'Other financial assets' mainly arises from 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. Refer to note 4.3.8 Net Impairment Gains/(Losses on Financial and Contract Assets.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company buys and sells derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set in the Company policy. Generally, the Company seeks to apply hedge accounting in order to manage volatility in the income statement and statement of comprehensive income. The purpose is to manage the interest rate, currency and commodity price risk arising from the Company's operations and its sources of finance. Derivatives are only used to hedge closely correlated underlying business transactions.

The Company's principal financial instruments, other than derivatives, comprise trade debtors and creditors, bank loans, bonds, notes, short-term facilities and overdrafts, cash and cash equivalents (including short-term deposits) and financial guarantees. The main purpose of these financial instruments is to finance the Company's operations. Trade debtors and creditors result directly from the business operations of the Company.

Financial risk management is carried out by a central treasury department under policies approved by the Management Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries and the Chief Financial Officer (CFO) during the quarterly Asset and Liability Committee. The Management Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. It is, and has been throughout the current year, the Company's policy that no speculation in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from transactional currency exposures, primarily with respect to the euro, Singapore dollar, Chinese yuan and Brazilian real. The exposure arises from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the currency exposure once the Company has entered into a firm commitment of a project contract.

For foreign currency risk, the principal terms of the forward currency contract (notional and settlement date) and the future expense or revenue (notional and expected cash flow date) are identical. The Company has established a hedge ratio of 1:1 for all its hedging relationships.

The main Company's exposure to foreign currency risk is as follows based on notional amounts:

Foreign exchange risk (summary)

	31 December 2025				31 December 2024			
in millions of local currency	EUR	SGD	BRL	CNY	EUR	SGD	BRL	CNY
Fixed assets	204	2	463	30	213	-	851	32
Current assets	128	5	522	25	145	5	1,304	37
Long-term liabilities	(181)	(1)	(456)	(22)	(190)	(0)	(1,063)	(22)
Current liabilities	(220)	(12)	(1,100)	(164)	(235)	(16)	(1,622)	(140)
Gross balance sheet exposure	**(70)**	**(7)**	**(570)**	**(132)**	**(68)**	**(12)**	**(530)**	**(93)**
Estimated forecast sales	18	-	-	-	-	-	-	-
Estimated forecast purchases	(1,370)	(473)	(3,008)	(3,481)	(1,688)	(764)	(3,053)	(4,836)
Gross exposure	**(1,423)**	**(479)**	**(3,578)**	**(3,613)**	**(1,755)**	**(776)**	**(3,583)**	**(4,929)**
Forward exchange contracts	1,461	473	3,621	3,657	1,808	775	3,609	4,937
Net exposure	**38**	**(7)**	**43**	**44**	**53**	**(1)**	**25**	**8**
Net exposure in USD	**45**	**(5)**	**8**	**6**	**55**	**(1)**	**4**	**1**

Overall, currency gross exposure decreased due to progress in the construction of FPSO *Jaguar* and FPSO *GranMorgu*, as well as the completion of the three FPSOs delivered in 2025: *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*. Future BRL requirements remain almost stable, as the construction costs in BRL are offset by the operational needs of the Company's two new vessels operating in Brazil.

The estimated forecast purchases relate to project expenditure and overhead expenses for up to three years. The main currency exposures of overhead expenses and Brazilian operations are hedged at 100% for the coming year, between 66% and 100% for the year after, and between 33% and 100% for the subsequent year, depending on internal review of the foreign exchange market conditions.

Foreign exchange risk (exchange rates applied)

	2025	2024	2025	2024
	Average rate		Closing rate	
EUR 1	1.1298	1.0824	1.1750	1.0389
SGD 1	0.7654	0.7487	0.7779	0.7335
BRL 1	0.1791	0.1865	0.1826	0.1617
CNY 1	0.1391	0.1390	0.1428	0.1370

The sensitivity on equity and the income statement resulting from a change of 10% of the US dollar's value against the following currencies at December 31, would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2024.

Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
31 December 2025				
EUR	(1)	1	(162)	162
SGD	1	(1)	(37)	37
BRL	(0)	0	(56)	56
CNY	(0)	0	(50)	50
31 December 2024				
EUR	1	(1)	(182)	182
SGD	0	(0)	(56)	56
BRL	(1)	1	(49)	49
CNY	0	(0)	(67)	67

As set out above, by managing foreign currency risk, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in foreign currency rates would have an impact on consolidated earnings.

Interest rate risk

The Company's exposure to risk from changes in market interest rates relates primarily to the Company's long-term debt obligations with a floating interest rate. In respect of controlling interest rate risk, the floating interest rates of long-term loans are hedged by fixed rate swaps and options for the entire maturity period. The revolving credit facility is intended for the fluctuating needs of construction financing and bears interest at floating rates, which is also swapped for fixed rates when exposure is significant.

For interest rate risk, the principal terms of the interest rate swap or option (notional amortization, rate-set periods) and the financing (repayment schedule, rate-set periods) are identical. The Company has established a hedge ratio of 1:1, as the hedging layer component matches the nominal amount of the interest rate swap for all its hedging relationships.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments (excluding transaction costs) was:

Interest rate risk (summary)

	2025	2024
Fixed rate instruments		
Financial assets	13,173	6,728
Financial liabilities	(620)	(802)
Total	**12,553**	**5,926**
Variable rate instruments (SOFR)		
Financial assets	-	-
Financial liabilities (SOFR)	(8,773)	(8,474)
Financial liabilities (future) (SOFR)	(505)	(1,652)
Total	**(9,278)**	**(10,126)**

Interest rate risk (exposure)

	2025	2024
Variable rate instruments (SOFR)	(9,278)	(10,126)
Less: Reimbursable items (SOFR)	3,240	1,500
Less: IRS contracts (SOFR)	5,717	7,867
Exposure	**(321)**	**(859)**

Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2025				
Variable rate instruments (SOFR)	(5)	5	-	-
Interest rate swap (SOFR)	-	-	317	(317)
Sensitivity (net)	**(5)**	**5**	**317**	**(317)**
31 December 2024				
Variable rate instruments (SOFR)	(9)	9	-	-
Interest rate swap (SOFR)	-	-	356	(356)
Sensitivity (net)	**(9)**	**9**	**356**	**(356)**

The exposure of US$321 million is primarily arising from the residual exposure on the unhedged portion of project loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, and sale and leaseback financing agreement for *FPSO Cidade de Paraty*. The interest rate exposure arising from these loans is mainly offset by interest income from the Cash and Cash Equivalents at December 31, 2025.

The sensitivity on equity and the income statement resulting from a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2024.

At December 31, 2025, it is estimated that a general increase of 100 basis points in interest rates would decrease the Company's profit before tax for the year by approximately US$5 million (2024: decrease of US$9 million), mainly related to the residual interest rate exposure.

As set out above, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long term, however, permanent changes in interest rates could have an impact on consolidated earnings.

Commodity risk

Commodity exposure is defined by the Company as the risk of realizing adverse effects on operating cash flows and future earnings resulting from movement in commodity prices. The Company establishes hedge strategies in order to limit their commodity risk exposure to the following commodities:

- Oil exposure is mostly associated with transportation fuels connected with the Company's prospective contract awards, construction contracts and future decommissioning.
- Aluminum, steel, copper and iron ore exposures arise from the construction, refurbishment, repair of the products embedded in the Company's prospective contract awards, construction contracts and operation contracts.

Incoming lease payments following the Company's contractual arrangements with its clients are not impacted by the oil price.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's lease receivables, contract assets, other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.

Credit risk

	2025		2024	
Rating	Assets	Liabilities	Assets	Liabilities
AA	32	(5)	18	(23)
AA-	76	(10)	101	(99)
A+	227	(9)	262	(127)
A	30	-	48	-
BBB	-	-	-	-
Non-investment grade	3	(0)	-	(17)
Derivative financial instruments	**368**	**(24)**	**429**	**(266)**
AAA	100	-	278	-
AA	4	-	-	-
AA-	530	-	460	-
A+	411	-	44	-
A	7	-	6	-
Non-investment grade	34	-	18	-
Cash and cash equivalents and bank overdrafts	**1,086**	**-**	**806**	**-**

The Company maintains and reviews its policy on cash investments and limits per individual counterparty are set to:

- BBB- to BBB+ rating: US$25 million or 10% of cash available.
- A- to A+ rating: US$75 million or 20% of cash available.
- AA- to AA+ rating: US$100 million or 20% of cash available.
- Above AA+ rating: no limit.

As per December 31, 2025, and December 31, 2024, cash investments below AA- rating do not exceed US$100 million per individual counterparty.

Cash held in banks rated AA- is mainly linked to cash pledged to loan reimbursements to those same banks. Cash held in banks rated A+ is mainly related to the Company's project-related activities and additional investments with various banks to optimize and diversified surplus of cash at year end. Cash held in banks rated below A- is mainly related to the Company's activities in Brazil (US$13 million) and countries with restrictions on currency flow.

Financial assets held by the Company other than derivatives and cash and cash equivalents are mostly related to debtors in the oil and gas industry.

For trade debtors and contract assets, the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Bank or parent company guarantees are negotiated with customers. Individual risk limits are set based on internal or external ratings, in accordance with limits set by the Management Board. At December 31, 2025, there are three major customers in three countries that have an outstanding balance with a percentage over 10% each of the total of trade and other receivables (December 31, 2024: three major customers). Reference is made to note 4.3.19 Trade and Other Receivables for information on the distribution of the trade debtor balances by country and an analysis of the ageing of those amounts. At December 31, 2025, three major customers in three countries account for over 10% each of total recognized contract assets (December 31, 2024: three major customers in three countries).

For lease receivables and other financial assets, the credit quality of each counterpart is assessed, taking into account its credit agency rating when available or a comparable proxy. At December 31, 2025, there are two major customers in two countries that have an outstanding balance with a percentage over 10% each of the total of finance lease receivables (December 31, 2024: two major customers in two countries). The Company has concluded that these balances have low credit risk, as explained in 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets. Outstanding finance lease receivables are mostly graded at the equivalent between S&P ratings AAA and A (December 31, 2024: between AAA and A). Furthermore, limited recourse project financing removes a significant portion of the credit risk on finance lease receivables.

Regarding loans to joint ventures and associates, the maximum exposure to credit risk is the carrying amount of these instruments. As the counterparties of these instruments are joint ventures, the Company has visibility over the expected cash flows and can monitor and manage credit risk that mainly arises from the joint venture's final client.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In 2025, the Company again conducted various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion remained that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients, the Company has considerable time under charters in which to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves, based on expected cash flows. Flexibility is secured by maintaining availability under committed credit lines.

The table below analyses the Company's non-derivative financial liabilities, derivative financial liabilities and derivative financial assets in relevant maturity groupings, based on the remaining period at the statement of financial position date until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for borrowings and derivative financial instruments are based on the SOFR 3-month rates as at the reporting date.

Liquidity risk 2025

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2025					
Borrowings	4.3.23	3,624	6,671	4,409	14,704
Lease liabilities	4.3.23	20	52	62	135
Derivative financial liabilities	4.3.20	31	23	3	57
Derivative financial assets	4.3.20	(206)	(226)	(160)	(592)
Trade and other payables	4.3.25	1,266	-	-	1,266
Total		**4,735**	**6,520**	**4,314**	**15,570**

Liquidity risk 2024

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2024					
Borrowings	4.3.23	1,112	8,096	5,048	14,256
Lease liabilities	4.3.23	10	30	31	71
Derivative financial liabilities	4.3.20	215	74	-	289
Derivative financial assets	4.3.20	(186)	(313)	(321)	(820)
Trade and other payables	4.3.25	1,088	-	-	1,088
Total		**2,239**	**7,886**	**4,759**	**14,884**

Capital risk management

The Company's objectives when managing its capital structure are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to optimize the Company's cost of capital while ensuring diversification of sources of external funds.

The Company mainly uses its corporate revolving credit facility (RCF, US$1.1 billion) and supply-chain financing (SCF, US$260 million) to bridge financing requirements on projects under construction.

As per December 31, 2025, all the debt associated with operating FPSOs is non-recourse.

The Company does not maintain a target net leverage ratio and continuously monitors prepayment and refinancing opportunities in its project finance facilities to optimize its capital structure. As such, from time to time, it may decide to refinance existing facilities based on the project specific circumstances and financial market conditions.

The gearing ratios at December 31, 2025, and December 31, 2024, were as follows:

Capital risk management

	2025	2024
Total borrowings and lease liabilities	9,155	8,943
Less: net cash and cash equivalents	1,086	806
Net debt	**8,068**	**8,137**
Total equity	6,482	5,844
Total capital	**14,550**	**13,981**
Gearing ratio	55.5%	58.2%

Climate related risks

The Company has adopted two climate change scenarios to future-proof current strategy and take appropriate action. The scenarios are based on the latest global climate model data (CMIP6) that inform the Intergovernmental Panel on Climate Change's Sixth Assessment Reports (IPCC AR6) as explained in section 3.2.1 Climate change impact, risk and opportunity:

- The SSP5 8.5 scenario, a climate change scenario which assumes a fossil-intensive development path resulting in high GHG emissions and serves as a very high–emissions stress test applied across 2030, 2040, and 2050;
- The SSP1-2.6 scenario, a climate action scenario that emphasizes clean energy technologies and the preservation of the natural environment, resulting in a lower-emissions pathway, complemented by the IEA Net-Zero Emissions (NZE) by 2050 scenario which serves as a benchmark for the energy sector aligned with a 1.5°C global temperature increase.

Through its strategy process the Company tests the resilience of its portfolio and business model against each of these scenarios. Financial and non-financial information are aligned in order to ensure that the financial impact of climate related risks is identified. The Company assessed the physical and transitional risks disclosed in section 3.2.1 Climate change impact, risk and opportunity from a consolidated financial statement perspective. Based on the reasonable and supportable information available to date and the outcome of risk assessments, the Company did not identify any circumstances which had an impact on impairment of non-financial assets, provisions nor contingent liabilities and assets in the 2025 consolidated financial statements.

Although climate-related risks are key drivers of the Company strategy, budgeting exercise, capital allocation and prospects selection, the Company did not experience any significant impact on the financial statements of the reporting period.

The identified risks will however remain key points of attention, namely in the areas of impairment testing, estimation of remaining useful life, expected credit losses and provisions for future periods.

Other risks

With respect to controlling political risk, the Company has a policy of thoroughly reviewing risks associated with contracts, whether Turnkey or long-term leases. Where political risk cover is deemed necessary and available in the market, insurance is obtained.

4.3.28 LIST OF GROUP COMPANIES

In accordance with legal requirements, a list of the Company's entities that are included in the consolidated financial statements of SBM Offshore N.V. has been deposited at the Chamber of Commerce in Amsterdam.