



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

The reconciliation of the net cash and cash equivalents as at 31 December with the corresponding amounts in the statement of financial position is as follows:

Reconciliation of net cash and cash equivalents as at 31 December

in millions of US\$	31 December 2020	31 December 2019
Cash and cash equivalents	414	506
Net cash and cash equivalents	414	506

4.2.6 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands and is located at Evert van de Beekstraat 1-77, 1118 CL in Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally serves the offshore energy industry by supplying engineered products, vessels and systems, as well as offshore energy production services.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements for the year ended December 31, 2020 comprise the financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The consolidated financial statements were authorized for issue by the Supervisory Board on February 10, 2021.

4.2.7 ACCOUNTING PRINCIPLES

A. ACCOUNTING FRAMEWORK

The consolidated financial statements of the Company have been prepared in accordance with, and comply with International Financial Reporting Standards ('IFRS') and interpretations adopted by the European Union, where effective, for financial years beginning January 1, 2020 and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company financial statements included in section 4.4 are part of the 2020 financial statements of SBM Offshore N.V.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS OF JANUARY 1, 2020

The Company has adopted the following new standards as of January 1, 2020:

- Amendments to IFRS 3 – 'Definition of a Business';
- Amendments to IFRS 7, IFRS 9 and IAS 39 – 'Interest Rate Benchmark Reform';
- Amendments to IAS 1 and IAS 8 – 'Definition of Material';
- Amendment to IFRS 16 Leases – 'COVID-19-Related Rent Concessions'; and
- Revised Conceptual Framework for Financial Reporting.

IFRS 3 – Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

The amendments had no impact on the consolidated financial statements of the Company for the year ended December 31, 2020.

IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform

The amendments to IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments and IAS 39 – Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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The adoption of the amendments had no accounting impact on the financial statements for the year ended December 31, 2020.

IAS 1 and IAS 8 – Definition of Material

The amendments provide a new definition of material that states 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements for the year ended December 31, 2020.

IFRS 16 - COVID-19-Related Rent Concessions

The amendment to IFRS 16 permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

This amendment had no impact on the consolidated financial statements for the year ended December 31, 2020.

Revised Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board ('IASB') in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company for the year ended December 31, 2020.

STANDARDS AND INTERPRETATIONS NOT MANDATORILY APPLICABLE TO THE COMPANY AS OF JANUARY 1, 2020

The following standards and amendments published by the IASB and endorsed by the European Union are not mandatorily applicable as of January 1, 2020:

- Amendments to IAS 1 – 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current';
- Amendments to IFRS 3 – 'Reference to the Conceptual Framework for Financial Reporting';
- Amendments to IAS 16 – 'Property, Plant and Equipment - Proceeds before Intended Use';
- Amendments to IAS 37 – 'Onerous Contracts - Cost of Fulfilling a Contract';
- Annual Improvements to IFRS Standards 2018-2020.

The Company does not expect a significant effect on the financial statements due to adoption of these amendments. Other standards and amendments are not relevant to the Company.

B. CRITICAL ACCOUNTING POLICIES

Critical accounting policies involving a high degree of judgement or complexity, or areas where assumptions and estimates are material, are disclosed in the paragraphs below.

(a) Use of estimates and judgement

When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and assumptions, due to changes in facts and circumstances. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.