



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

Accruals regarding delivered orders decreased in 2020 compared to 2019 mainly in relation to the finalization of *Liza Destiny* (FPSO) following project completion in December 2019.

Increase of the contract liability is mainly due to the timing of invoicing in relation to Renewables EPC projects.

Current portion of deferred income is mainly related to the revenue of operating lease contracts which includes a decreasing day-rate schedule. As income is shown in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral is released through the income statement over the remaining duration of the relevant operating lease contract. The decrease in deferred income of US\$51 million as per December 31, 2020 compared to prior year is mainly due to the sale of the *FPSO Espirito Santo*. Please refer to note 4.3.15 Finance Lease Receivables.

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

The contractual maturity of the trade payables is as follows:

Trade and other payables (contractual maturity of the trade payables)

	31 December 2020	31 December 2019
Within 1 month	131	136
Between 1 and 3 months	1	6
Between 3 months and 1 year	0	0
More than one year	(0)	0
Total	131	142

4.3.28 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, 2020 relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform and *FPSO Saxi Batuque*, and have all been signed prior to 2010.

BANK GUARANTEES

As of December 31, 2020, the Company has provided bank guarantees to unrelated third parties for an amount of US\$570 million (2019: US\$572 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US\$640 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

COMMITMENTS

As at December 31, 2020, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US\$990 million (December 31, 2019: US\$639 million). Investment commitments have increased principally due to the progress made on the construction of the *Liza Unity* (FPSO), *Prosperity* (FPSO) and *FPSO Sepetiba*.