ENERGY. COMMITTED.

ANNUAL REPORT 2020

4.6.2 INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the Supervisory Board of SBM Offshore N.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of SBM Offshore N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the Company financial statements of SBM Offshore N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of SBM Offshore N.V., Amsterdam, as included in sections 4.2 to 4.5. The financial statements include the consolidated financial statements of the Group and the Company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the Company balance sheet as at 31 December 2020;
- the Company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of SBM Offshore N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

SBM Offshore N.V. serves the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services. This includes the construction and the leasing and operating of large and complex offshore floating production, storage and offloading vessels (FPSOs). The Group is comprised of several components and, therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The COVID-19 pandemic and the related oil price volatility and global economic downturn characterized the year 2020. But due to its existing turnkey backlog, its portfolio of lease and operate assets and its continuing ability to obtain project financing (as demonstrated with the bridge loan on FPSO Sepetiba), the financial impact on the Group has been limited during the year as disclosed in section 4.3.1 of the financial statements.
Despite the challenges posed by the COVID-19 pandemic, the Group has continued the construction of its large projects in 2020, being the FPSOs Liza Unity, Sepetiba and Prosperity, and the Turret Mooring System for the Johan Castberg FPSO. In addition, the Group was awarded contracts for the next phase of the FPSO Prosperity construction, and was awarded its first Floating Offshore Wind project.

Due to the Group's large asset base, the valuation of the Group's assets remains an area of importance for the (consolidated) financial statements. Especially given the inherent uncertainties triggered by the COVID-19 pandemic and the potential effects of these on the profitability and valuation of these assets. We note however that the majority of the Group's assets are in fact backed with long-term lease and operate contracts with reputable oil and gas companies in the market.
Regardless, given the estimation uncertainty and the related higher risks in revenue recognition and valuation of construction work-in-progress, as well as the significant valuation uncertainty in property, plant and equipment, we considered these to be key audit matters as set out in the section 'Key audit matters' of this report.
Furthermore, we identified complex lease accounting as a key audit matter because the accounting treatment of two lease transactions during the year was considered to be very complex and judgemental. In December 2020, the Group has entered into a new contract, extending the lease for FPSO Espirito Santo, resulting in classifying the new contract as a finance lease, whereas the previous contract was an operating lease. In 2020, the Group also increased its ownership in OS Installer Limited (the entity holding the SBM Installer vessel) to full ownership, and applied IFRS3 guidance in respect of the definition of a business, determining that this was the purchase of an asset. Resulting in a lease arrangement ceasing to exist.
Other areas of focus, that were not considered to be key audit matters, were the lease classification of awarded contracts, valuation of finance lease receivables and other long-lived financial assets, segment reporting disclosures, accounting for uncertain tax, restructuring and other provisions. There were also internal control matters identified relating to the IT environment that required additional audit effort, but were these not considered key audit matters.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences that are needed for the audit of a Company providing floating production solutions to the offshore energy industry over the full product lifecycle. We included members with relevant industry-expertise and specialists in the areas of IT, corporate income tax, valuation and employee benefits, in our audit team. We also involved forensics specialists in our assessment of fraud risk factors.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: US$22 million.

Audit scope

- We conducted audit work in three locations on four components.
- Limited site visits were conducted due to COVID-19 related travel restrictions. We held virtual meetings instead and focused on Monaco and Switzerland.
- Audit coverage: 100% of consolidated revenue, 96% of consolidated total assets and 91% of consolidated profit before tax.

Key audit matters

- Estimates and judgements in construction contracts.
- Valuation of property, plant and equipment.
- Complex lease accounting.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	US$22 million (2019: US$27 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before income tax.
Rationale for benchmark applied	We used this benchmark and the rule of thumb (%), based on our analysis of the common information needs of users of the financial statements, including factors such as the headroom on covenants and the financial position of the Group. On this basis, we believe that profit before income tax is an important metric for the financial performance of the Group.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between US$15.5 million and US$18.5 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above US$10 million (2019: US$10 million) for balance sheet reclassifications and US$2.2 million for profit before tax impact (2019: US$2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

SBM Offshore N.V. is the parent company of a group of entities. The financial information of this Group is included in the consolidated financial statements of SBM Offshore N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

The group audit focused on two components in Monaco (Turnkey as well as Operations), the treasury shared service center in Marly, Switzerland and one other component (Group Corporate Departments) located in Amsterdam, the Netherlands. The Turnkey as well as Operations components in Monaco were subject to audits of their financial information as those components are individually significant to the Group.

The processes and financial statement line items managed by the treasury shared service center in Marly, Switzerland, were subject to specified audit procedures. For the Group Corporate Departments component in Amsterdam, the group engagement team performed audit work on specified balances to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	100%
Total assets	96%
Profit before tax	91%

None of the remaining components represented more than 1% of total group revenue or total group assets. For the remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.
For the components in Monaco and the treasury shared service center in Marly, Switzerland, we used component auditors who are familiar with the local laws and regulations to perform the audit work. The audit was largely performed remotely as a result of COVID-19, however for key meetings and procedures both the group and component engagement teams visited the client offices. For remote audit procedures we used video conferencing and digital sharing of screens and documents.

Where component auditors performed the work, we determined the level of involvement we needed to have to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included among others, our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

In prior years, the group engagement team visited the component teams and local management on a rotational basis. In 2020 the group audit team held virtual meetings instead of physical visits due to COVID-19 related travel restrictions. For these virtual meetings more time was taken and sufficient involvement was achieved. The group audit team met with both the Turnkey as well as Operations components in Monaco given the importance of these components to the consolidated financial statements as a whole and the judgements involved in the estimates in construction contracts (refer to the respective key audit matter). For the components in Monaco and the treasury shared service center in Marly, Switzerland, we remotely reviewed selected working papers of the respective component auditors.

In addition to the work on the Group Corporate Departments component, the group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex accounting matters at the head office. These included impairment assessments, accounting implication assessments of lease extensions and modifications as well as business combinations, share-based payments, taxes including deferred taxes and uncertain tax provisions and directional reporting as part of the segment reporting disclosures.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulations

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Management Board, with oversight by the Supervisory Board. We refer to section 1.4 of the annual report where the Management Board reflects on its response to fraud risk.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We, together with our forensics specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud. We considered COVID-19 and the resulting economic downturn and how this could result in increased pressures on management to achieve results, and how the new working from home could result in increased opportunity for employees. These new potential fraud risk factors were assessed by us during the year.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Company. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as the financial reporting framework, tax and pension laws and regulations as well as environmental regulations.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters 'Estimates and judgements in construction contracts' and 'Valuation of property, plant and equipment', and 'Complex lease accounting', that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

Our response to the risks identified

Besides the standard audit procedures required by the standards, we would like to highlight the following:

- On management's accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates. With respect to estimates in revenue recognition we refer to the key audit matter 'Estimates and judgements in construction contracts'. Further, we have performed audit procedures over the various other revenue streams of the Group, such as the lease and operate revenues.
- Due to COVID-19 we performed more testing around the effectiveness of internal control measures, as well as having multiple discussions with management around potentially impacted areas and obtaining and assessing an accounting paper on that topic.
- Assessment of matters reported on the (Group's) whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of bribery and corruption across various countries, we evaluated the Group's controls and procedures such as due diligence procedures on third parties. We considered the possibility of fraudulent or corrupt payments made through third parties including agents and conducted detailed testing on third-party vendors in high-risk jurisdictions.
- We evaluated the procedures in place regarding the follow-up of phishing attempts.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.
- As to the other laws and regulations, we inquired with the Management Board and/or the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Management Board made important judgements. We also considered significant accounting estimates that involved making assumptions and consideration of future events that are inherently uncertain. In section 4.2.7 subsection 'Use of estimates and judgement' of the financial statements, the Group describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

As a result of the magnitude of the current projects undertaken by the Group, the Group's significant asset base and inherent estimation uncertainty we continue to consider 'Estimates and judgements in construction contracts' and 'Valuation of property, plant and equipment' to be key audit matters. In addition, the Group entered into contracts that had a significant impact on its statement of financial position and income statement from a lease accounting perspective, for which the standards do not provide prescriptive authoritative guidance, which therefore requires judgment from management. We therefore consider 'Complex lease accounting' to be a key audit matter as well.

Key audit matter	*Our audit work and observations*
Estimates and judgements in construction contracts *Note* 4.2.7, 4.3.3 *and* 4.3.20 *to the consolidated financial statements* The accounting for contracts with customers under IFRS 15 'Revenue from contracts with customers' is complex and dependent on the specific arrangements between the Group and its clients as agreed upon in the contracts. Given the unique nature of each separate project and contract, management performed a contract analysis on a case-by-case basis to determine the applicable accounting and revenue recognition. Significant management judgement is applied in identifying the performance obligations and determining whether they are distinct, the method of revenue recognition as either point in time or over time, contract modifications and variable consideration, since these areas are complex and subjective. Based on our risk assessment the most critical and judgmental estimates to determine satisfaction of the performance obligations over time is the estimate of the cost to complete and the measurement of progress towards complete satisfaction of the performance obligation, including the subjectivity and estimation uncertainty in the assessment of remaining risks and contingencies that a project is or could be facing. Due to the COVID-19 pandemic, construction activities were impacted during 2020 for the Group's major projects. Nevertheless, the projects' progress was still achieved, although at a lower pace. Also, the Company incurred additional costs in order to satisfy its performance obligations on some of its Turnkey projects. Given the magnitude of the amounts involved (US$1,735 million of turnkey revenue and US$2,248 million of construction work-in-progress), the complex nature of the Group's construction contracts and the significant judgements and estimates, these areas were particularly subject to the risk of misstatement related to either error or fraud. Based on the above considerations we considered this area to be a key audit matter.	For every FPSO contract awarded, management prepares an accounting paper on how to account for it. We evaluate these papers and have read the relevant contracts. Based on our reading of the contracts, we considered whether the judgements made by management on the accounting treatment were appropriate. This includes the corresponding identification of performance obligations, including whether they are distinct. Furthermore, we assessed whether the satisfaction of the performance obligations to be recognized as revenue recognition should be as either point in time or over time. We performed look-back procedures as part of our risk assessment procedures by comparing the estimates included in the current projects with past projects of similar nature as this provides insight in the ability of management to provide reliable estimates. Based on the look-back procedures we have not identified any additional risks. We gained an understanding of process, evaluated and tested the relevant controls the Group designed and implemented within its process to record costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Group's internal project reviews. We found the controls to be designed, implemented and operating effectively for the purpose of our audit. With respect to the satisfaction of the performance obligations over time we examined project documentation on the status, progress and forecasts of projects under construction and discussed and challenged those with management, finance and technical staff of the Group. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts such as claims and variation orders between the Group, subcontractors and clients and responses thereto, performing procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues,

Key audit matter	*Our audit work and observations*
	evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, we evaluated indications of possible management bias. As part of our audit over 2020 we paid specific attention to the effects of COVID-19. Our audit procedures did not indicate material findings with respect to the estimates and judgements in construction contracts.
Valuation of property, plant and equipment *Notes* 4.2.7 *and* 4.3.13 *to the consolidated financial statements* Property, plant and equipment are subject to an impairment test when triggering events are identified, such as developments in the discount rates or market circumstances. Impairments are recognized when the carrying value is higher than the recoverable amounts. The recoverable amounts of the cash-generating units ('CGUs') have been determined based on value-in-use calculations based on expected future cash flows from those CGUs. Based on its triggering event analysis, management identified several triggering events for impairment. As a result, the Thunder Hawk semi-submersible production unit, right of use assets related to several office floors and the SBM Installer vessel were tested for impairment. Management prepared a value-in-use calculation for these assets. One calculation was prepared for the Thunder Hawk semi-submersible production unit, led to an impairment charge of US$10 million in the current year following an update of the unit's production lifetime and discount rate (Thunder Hawk is the only facility in the Group lease fleet portfolio for which revenues are linked to volumes produced). The impairment calculation management prepared for the SBM Installer vessel right of use asset, resulted in an impairment of US$57 million. Another calculation was also prepared by management related to the right of use assets for certain leased office floors, which resulted in an impairment of US$6 million. The estimate of value in use, is subject to high estimation uncertainty relating to significant assumptions on the discount rate and future expected cash flows. We determined the valuation of property, plant and equipment to be a key audit matter, due to the financial significance of these assets and because in case of a triggering event, management's determination of the recoverable amounts includes a variety of significant assumptions that are sensitive to management assumptions.The most significant assumptions are internal and external factors with respect to the future level and results of the business and the discount rates applied to the forecasted cash flows. Therefore, this area is particularly subject to the risk of misstatement either due to error or fraud. Based on the above considerations we considered this area to be a key audit matter.	We have discussed and challenged the triggering event analysis of management. We evaluated whether management's triggering event analysis identified all relevant CGUs and the appropriateness of factors included in the analysis. These included among others contractual arrangements, operational performance, financial performance and changes in discount rates. We challenged these factors and with the assistance of our valuation experts we independently calculated the discount rates. In calculating the discount rates, the key inputs used were independently sourced from market data and comparable companies. We compared the discount rates determined by management to our independently calculated rates. Based on the sensitivity analysis, we found the discount rates used by management to be within an acceptable range. We also focused on the impact of COVID-19 in identifying impairment triggers, for instance when indications exist that discount rates would have increased. In relation to the determination of the recoverable value of the impaired assets, we considered the prior year forecast to determine whether this forecast included assumptions that, with hindsight, had been too optimistic. We performed audit procedures on management's data and assumptions such as prospective financial information based on the approved budget, externally sourced production profile forecasts, contractually agreed rates and operating costs. We have re-performed calculations and compared the impairment models with generally accepted valuation techniques. We further evaluated the adequacy of the disclosure of the significant assumptions and sensitivities underlying the tests, as well as indications of potential management bias. Our audit procedures did not indicate material findings with respect to the valuation of PP&E.

Key audit matter	*Our audit work and observations*
Complex lease accounting *Note* 4.2.7, 4.3.3, *and* 4.3.15 *to the consolidated financial statements* The accounting for contracts with customers under IFRS 16 'Leases' is dependent on the specific arrangements between the Group and its clients as agreed upon in the contracts. The guidance provided by IFRS 16 however, is mainly from a lessee perspective, and provides less guidance from a lessor perspective, which is the majority of the Groups portfolio. In case of contract extensions or modifications the implications of these on the (lessor) lease accounting requires significant management judgement, to a large extent due to the absence of detailed lessor guidance. In 2020 transactions took place where lease accounting played an important role. For one, the lease extension on FPSO Espirito Santo, resulting in classifying the new contract as a finance lease, whereas the previous contract was an operating lease. And also, the acquisition of the 75% additional share in SBM Installer and how this impacted the lease that ceased to exist in the consolidated financial statements. The Group intends to sell the SBM Installer in 2021, after fulfilling existing contractual obligations related to services to be provided by the vessel. To enable the Group to do so the Group bought the remaining 75% of the Joint venture in which the asset was leased out to the Group. We considered this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of these transactions and the significant judgements in the application of lease accounting from a lessor perspective. Specifically, the accounting of the previously existing deferred income balance and effects of the lease modification in the consolidated income statement were examined. This results in US$95 million of Finance lease receivables and US$249 million Lease & Operate revenue, with US$123 million impact on Gross margin. With respect to the SBM Installer this results in US$25 million addition to property plant and equipment. Based on the above considerations we considered this area to be a key audit matter.	We focused our work on assessing whether the accounting treatment is in line with IFRS with support of our lease accounting specialists. For Espirito Santo we evaluated the lease modification resulting in a new finance lease. We also evaluated the accounting for the already built up deferred income related to the previous operating lease (US$154 million), this was accounted for as a day-1 payment on the Finance lease receivable. The last key element we evaluated was the presentation in the financial statements and specifically the accounting in the income statement in accordance with IAS 16 instead of IFRS16. In relation to the acquisition of additional share in SBM Installer we evaluated the accounting treatment of the total transaction in line with IAS 16 and IFRS 16. In addition, we paid specific attention to the valuation of the vessel, considering that the related right of use asset had already been fully impaired in the second quarter in 2020. The lease ceased to exist from a consolidated perspective since it became an intercompany lease due to the acquisition of the 75% additional share. Because of various possible interpretations of the specified standards, additional time was spent on determining the appropriate approach in reflecting the substance of this transaction. Our audit procedures did not indicate material findings with respect to the estimates and judgements made in the interpretation and accounting for these contract changes and modifications.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report comprising of chapters '1 Business Environment', '2 Performance Review & Impact', '3 Governance' (with the exception of section 3.4 Remuneration Report), '4.1 Financial Review', and '4.10 Non-Financial Indicators' of the annual report;
- the other information pursuant to article 392.1 Part 9 of Book 2 of the Dutch Civil Code as included in section 4.6.1 of the annual report;
- the remuneration report included in chapter '3.4 Remuneration Report';
- the sections '4.7' to 4.12 (with the exception of section 4.10 Non-Financial Indicators) and '5 Additional Information' of the annual report.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Report on the other information included in the annual report

The Management Board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were nominated as auditors of SBM Offshore N.V. on 13 November 2013 by the Supervisory Board and appointed through the passing of a resolution by the shareholders at the annual meeting held on 17 April 2014. Our appointment has been renewed on 11 April 2018 for a period of three years by the shareholders. Our appointment represents a total period of uninterrupted engagement of seven years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding the statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 4.3.34 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 10 February 2021
PricewaterhouseCoopers Accountants N.V.

M. de Ridder RA

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding the statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.