



2023 ANNUAL REPORT



4.1.2 FINANCIAL HIGHLIGHTS

The main financial highlights of the year and their associated financial impact are reported in note 4.3.1 Financial Highlights.

4.1.3 FINANCIAL REVIEW IFRS

in US\$ million	IFRS	
	FY 2023	FY 2022
Revenue	4,963	4,913
Lease and Operate	1,563	1,414
Turnkey	3,400	3,499
EBITDA	1,239	1,209
Lease and Operate	695	719
Turnkey	646	569
Other	(101)	(80)
Profit/(loss) attributable to shareholders	491	450

PROFITABILITY

Accounting treatment of projects under construction

As stated, Directional reporting differs from IFRS. Under IFRS, the construction of FPSO *ONE GUYANA* and finalized EPC works on FPSO *Prosperity* contributed to both Turnkey revenue and gross margin over the period. This is because these contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão* and FPSO *Sepetiba*, which fully contributed to both Turnkey revenue and gross margin over the period, given these contracts are classified as finance leases. Under Directional, the contribution to Turnkey revenue and gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (i.e. respectively 35.5%, 45% and 45%).

With regards to the FPSO for the Whiptail development project and expected award of construction and installation agreements (subject to necessary government approvals and final work order to be received from the client), these align with Directional. As such, the full revenue and margin will be recognized during the construction period as the FPSO's ownership is expected to be transferred to the client at the end of the construction period and before start of operations in Guyana. It will be recognized as a construction contract falling in the scope of IFRS 15.

Finally, contrary to Directional, the FPSO *Liza Unity* sale did not contribute to revenue and margin in the current year as finance lease arrangements are treated as direct sales under IFRS and therefore revenue and margin are recognized over time during the construction period for the present value of the future lease payments, which include the contractual sale price.

Revenue

Total revenue increased by 1% to US\$4,963 million compared with US\$4,913 million in 2022.

This increase has driven the Lease and Operate segment. Lease and Operate revenue increased by 11% to US\$1,563 million, compared with US\$1,414 million in the year-ago period. This reflects mainly the following events: (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter of 2023 and (ii) an increase in reimbursable scopes and an improved performance of the fleet, partially offset by (iii) FPSO *Capixaba*, which finished production in 2022 (no contribution to revenue in 2023, in the decommissioning phase), (iv) the remeasurement of future demobilization costs in finance lease contracts leading to the recognition of a reduction of revenue, for the present value of the change and (v) a regular declining profile of interest revenue from finance leases.

Turnkey revenue decreased by 3% to US\$3,400 million, compared with US\$3,499 million in the year-ago period, mainly explained by (i) the completion of the FPSO *Liza Unity* project during the first quarter of 2022, (ii) a reduced level of progress on FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* during 2023 compared to the prior-year period, consistent with the commencement of topsides integration, and (iii) reduced level of activity on FPSO *Prosperity*, which was in a