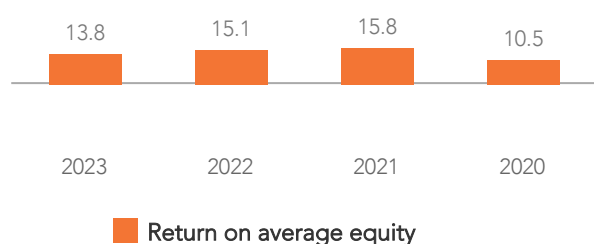




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2023 ROAE stood at 13.8%, in line with the past three-year average of 13.8%.

4.1.4 FINANCIAL REVIEW DIRECTIONAL

in US\$ million	Directional	
	FY 2023	FY 2022
Directional Revenue	4,532	3,288
Directional Lease and Operate revenue	1,954	1,763
Directional Turnkey revenue	2,578	1,525
Directional EBITDA	1,319	1,010
Directional Lease and Operate EBITDA	1,124	1,080
Directional Turnkey EBITDA	296	7
Other	(101)	(77)
Directional Profit/(loss) attributable to shareholders	524	115

in US\$ billion	Directional	
	FY 2023	FY 2022
Pro-forma Directional backlog	30.3	30.5

BACKLOG – DIRECTIONAL

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog at the end of 2023 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Prosperity* and *ONE GUYANA* contracts covers a maximum period of lease of two years, within which the FPSO ownership will transfer to the client.
- 10 years of operations and maintenance is considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following signature of the Operations and Maintenance Enabling Agreement ('OMEA') in 2023.
- The impact of the subsequent sale of FPSOs *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two-year period.
- With respect to FPSO for the Whiptail development project, for which the full construction, installation and operations contracts award is subject to necessary government approvals and final work order to be received from the client, the amount included in the pro-forma backlog is limited to the value of the initial limited release of funds to the Company to begin FEED activities and secure a Fast4Ward® hull.
- The 13.5% equity divestment in FPSO *Sepeitiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog at the end of December 2023 slightly decreased by US\$0.2 billion to a total of US\$30.3 billion. This was mainly the result of (i) the signed 10-year OMEA for the Guyana FPSO fleet and (ii) the awarded initial scope to begin FEED activities and secure a Fast4Ward® hull for the FPSO for the Whiptail development project, offset by turnover for the period which consumed approximately US\$4.5 billion of backlog (including the sale of FPSO *Liza Unity* completed in

November 2023, a few months ahead of the end of the maximum lease term in February 2024). The Company's backlog provides cash flow visibility up to 2050.

in billions of US\$	Turnkey	Lease & Operate	Total
2024	0.5	2.2	2.7
2025	1.3	2.5	3.8
2026	0.1	2.6	2.7
Beyond 2026	2.1	19.0	21.1
Total pro-forma Directional backlog	4.0	26.3	30.3

Pro-forma Directional backlog (in billions of US\$)



PROFITABILITY – DIRECTIONAL

Accounting treatment of projects under construction

It should be noted that the ongoing EPC works on the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Prosperity* did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2023 and are classified as operating leases as per Directional accounting principles.

The Company has determined that it is optimal from an operational and financial perspective to retain full ownership of the FPSO-owning entity as opposed to partnering on these projects. Therefore, under the Company's Directional accounting policy, the revenue and margin recognition on these two FPSO projects is as follows:

- The Company does not recognize any revenue and margin during the Turnkey phase of the project unless defined invoicing (if any) to the client occurred during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. The upfront payments and variation orders directly paid by the clients are recognized as revenues and the cost of sales associated with the related construction work and/or services are recognized as costs with no margin during construction.
- The Company will book all revenue and margin associated with the lease and operate contracts related to its 100% share during the lease phase, in line with the cash flows.
- Upon transfer of the FPSO to the client, after reaching the end of the lease period or upon an early exercise of the purchase option by the client, the Company will book all revenue and margin associated with the transfer in the Turnkey segment.

Therefore, the contribution of the FPSO *ONE GUYANA* project to the Directional profit and loss will largely materialize in the coming years following start of production, in line with the operating cash flows. This has been the case for FPSO *Liza Unity* and FPSO *Prosperity*, which started contributing to Directional net income under the Lease and Operate segment following

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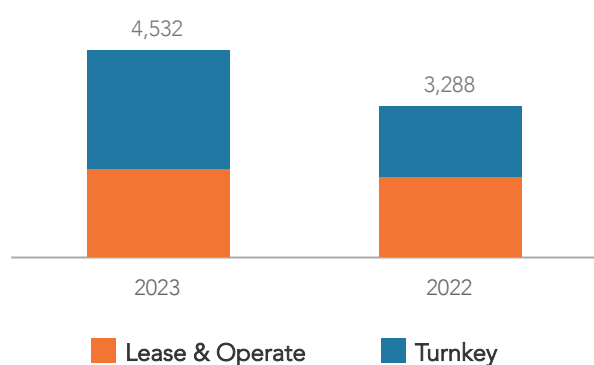
their start of production in 2022 and November 14, 2023 respectively. With regards to the sale of FPSO *Liza Unity*, completed in November 2023, all associated revenue and margin was recognized over the period under the Turnkey segment.

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), the full revenue and margin will be recognized during the construction period. Contrary to other FPSOs in Guyana, the contracts will not be classified as operating leases as per Directional accounting principles 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.

Directional Revenue

Total Directional revenue increased by 38% to US\$4,532 million compared with US\$3,288 million in 2022, with the increase primarily attributable to the Turnkey segment.

Directional Revenue (in millions of US\$)



This variance of the Directional revenue is further detailed by segment as follows:

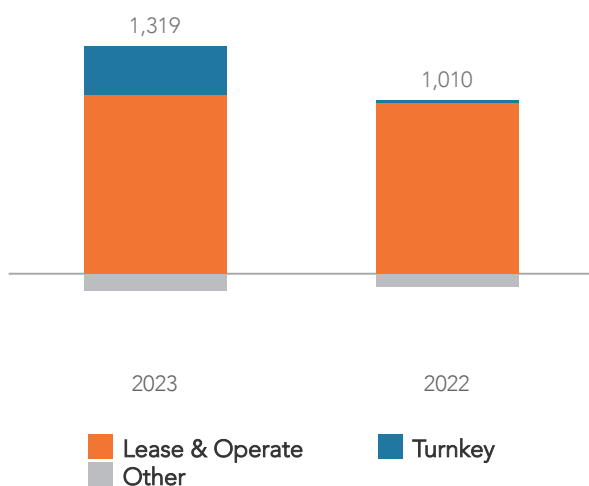
Directional Lease and Operate revenue came in at US\$1,954 million, an increase versus US\$1,763 million in the prior period. This reflects mainly the following items: (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter 2023 and (ii) an increase in reimbursable scopes and an improved performance of the fleet, partially offset by (iii) FPSO *Capixaba*, which finished production in 2022 (no contribution to Directional revenue in 2023, vessel now in the decommissioning phase).

Directional Turnkey revenue increased to US\$2,578 million, representing 57% of total 2023 Directional revenue. This compares with US\$1,525 million, or 46% of total Directional revenue in 2022. This increase was mainly driven by the sale of FPSO *Liza Unity*, completed in November 2023. Turnkey revenue was additionally positively impacted by (i) the start of FPSO FEED work for the Whiptail development project and (ii) additional variation orders on FPSO *Prosperity* (including the variation orders for the compensation of costs incurred by the Company after topside readiness, before the commencement of the charter at first-oil). The increase in Directional turnkey revenue was partially offset by (i) the partial divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*), which allowed the Company to recognize revenue for all the EPCI related work performed on these projects up to divestment date in the year 2022 to the extent of the partners' ownership in lessor related SPVs, (ii) the completion of FPSO *Liza Unity* project in February 2022 and (iii) a reduced level of progress during the period compared with the year-ago period on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, consistent with the commencement of topsides' integration.

Directional EBITDA

Directional EBITDA amounted to US\$1,319 million, representing a 31% increase compared with US\$1,010 million in 2022 with the increase mostly attributable to the Turnkey segment.

Directional EBITDA (in millions of US\$)



The variance of Directional EBITDA is further detailed by segment as follows:

- Directional Turnkey EBITDA increased from US\$7 million in the year-ago period to US\$296 million in the current year, mainly driven by the sale of FPSO *Liza Unity* (completed in November 2023 with recognition of associated margin on the asset sale). This increase was partially offset by:
 - (i) some prior-period positive one-off impacts, including a US\$9 million gain recognized in the year-ago period from the disposal of the SBM Installer;
 - (ii) the completion of FPSO *Liza Unity* project in February 2022;
 - (iii) A reduced level of progress on FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* during the current year, consistent with the commencement of topsides' integration; and
 - (iv) impacts linked to pressure on the global supply chain and the consequences of the pandemic.

It should be noted that, although the Company recorded a significant decrease in revenue linked to the partial divestment of a 45% interest in FPSO *Alexandre de Gusmão* and FPSO *Almirante Tamandaré* in 2022, there was no comparative impact on Directional EBITDA related to the divestment. This is because the projects had not reached the requisite 'stage of completion' to allow margin to be booked at the time of divestment. With respect to the awarded limited scope for the FPSO for the Whiptail development project that contributed to the revenue during the period, no contribution to Directional EBITDA was recognized as the projects had not reached the requisite 'stage of completion' to allow margin to be recognized at the end of the current year.

Finally, FPSO *Prosperity* and FPSO *ONE GUYANA* are 100% owned by the Company. Despite the increase of activity it has a limited impact on the Directional EBITDA performance on those projects as, during the current period, the direct payments received during construction and before first oil of these units are recognized as revenue but without contribution to gross margin, in accordance with the Company policy for Directional reporting.

- Directional Lease and Operate EBITDA moved from US\$1,080 million in the year-ago period to US\$1,124 million in the current year period. This increase resulted from the same drivers as for the Lease and Operate revenue, partially offset by additional non-recurring maintenance costs on the fleet under operation and some prior-period positive one-off impacts including some insurance recoveries. In relation to FPSO *Cidade de Anchieta*, repair costs of the asset incurred in 2023 did not impact the Directional Lease and Operate EBITDA as they met the criteria for capitalization under IAS 16 and therefore have been recognized as an increase in the Property, Plant and equipment value of the FPSO *Cidade de Anchieta*.

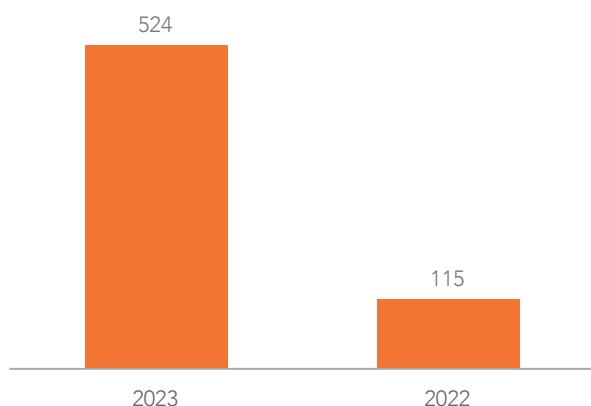
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- Regarding the FPSO *Liza Unity* sale, whereas the sale of the asset has ended the associated charter agreement contribution to Directional EBITDA, the vessel will continue to be operated and to contribute to Directional L&O EBITDA in the future through the OMEA signed with ExxonMobil Guyana in 2023.

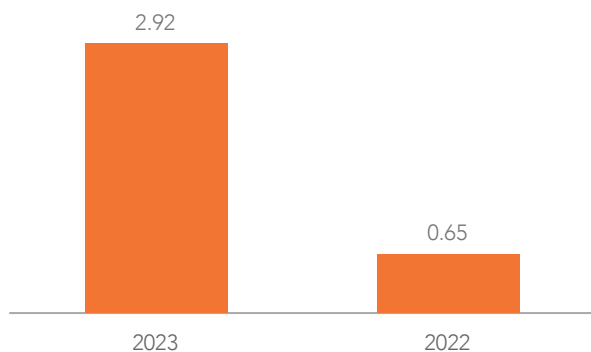
The other non-allocated costs charged to Directional EBITDA amounted to US\$(101) million in 2023, a US\$(24) million increase compared with the US\$(77) million in the year-ago period, which is mainly explained by the implementation of an optimization plan related to the Company's support functions' activities (including US\$11 million of restructuring costs), and continuing investment in the Company's digital initiatives.

Directional Net income

Directional Net income (in millions of US\$)



Weighted Average Earnings Per Share Directional (in US\$)



Directional depreciation, amortization and impairment decreased by US\$(96) million year-on-year. This primarily resulted from (i) US\$92 million *FPSO Cidade de Anchieta* impairment booked in the prior year following the shutdown of the vessel and the capitalization of associated tank repair costs (refer to section 4.3.13 Property Plant and equipment), (ii) *FPSO Capixaba*, which finished production in 2022, partially offset by (iii) *FPSO Prosperity* joining the operating fleet in the last quarter of 2023, which marked the beginning of the depreciation of the unit.

Directional net financing costs totaled US\$(238) million in 2023, compared with US\$(188) million in the year-ago period, an increase of 27% compared with the prior year period, mainly reflecting (i) additional interest expense on *FPSO Liza Destiny* and *FPSO Liza Unity* project loans, (ii) interest expense on *FPSO Prosperity* joining the operating fleet in November 2023 and (iii) interest expense on the US\$125 million funding loan agreement secured in 2023 with China Merchant Financial Leasing Ltd ('CMFL') in relation to *FPSO Cidade de Ilhabela*, in line with the Company aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, partially offset by (iv) the scheduled amortization of project loans.

The Directional effective tax rate decreased to 5% versus 45% in the year-ago period, primarily driven in 2023 by the recognition of a deferred tax asset on a tax goodwill in Switzerland (absent this deferred tax asset, the effective tax rate would stand at 22%).

As a result, the Company recorded a Directional net profit of US\$524 million, or US\$2.92 per share, a 355% and 351% increase respectively when compared with the Directional net profit of US\$115 million, or US\$0.65 per share, in the year-ago period.

STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US\$	2023	2022
Directional total equity	1,448	1,078
Directional net debt ¹	6,654	6,082
Directional cash and cash equivalents	563	615
Directional total assets	11,214	10,769
Solvency ratio ²	29.9	29.6

¹ Directional net debt is calculated as Directional total borrowings (including lease liabilities) less Directional cash and cash equivalents.

² Solvency ratio is calculated in accordance with the definition provided in section 4.3.23 Borrowings and lease liabilities - Covenants

Directional shareholders' equity increased by US\$370 million from US\$1,078 million at year-end 2022 to US\$1,448 million at year-end 2023, mostly due to the following items:

- A positive Directional net income of US\$524 million in 2023;
- An increase of the hedging reserve net of deferred tax of US\$23 million; and
- Partially offset by dividends distributed to the shareholders, decreasing equity by US\$197 million.

The movement in the hedging reserve is mainly caused by (i) the increase in marked-to-market value of forward currency contracts, mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR and BRL), partially offset by (ii) the decrease in marked-to-market value of the interest rate swaps, due to decreasing US\$ market interest rates during the year.

It should be noted that, under Directional policy, given the Company's substantial aggregate ownership share in the FPSOs under construction, the contribution to profit and equity from these will largely materialize in the coming years at the Company's ownership share in lessor-related SPVs, subject to project execution performance, in line with the generation of associated operating cash flows.

Directional net debt increased by US\$572 million to US\$6,654 million at year-end 2023. While the Company's net debt was positively impacted by (i) the amount of net cash proceeds from the sale of FPSO *Liza Unity* (with a cash consideration of US\$1,259 million received primarily used for the full repayment of the US\$1,140 million project financing), (ii) the settlements of interest rate swaps related to the financing of FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* of US\$154 million and (iii) the Lease and Operate segment's strong operating cash flow, as, in order to fund continued investment growth, the Company drew on project finance facilities for FPSO *Prosperity*, FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão*, the Revolving Credit Facility (RCF) and the new Revolving Credit Facility for MPF hull financing.

In line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, in 2023, the Company finalized the funding loan agreement and received US\$125 million from CMFL in relation to FPSO *Cidade de Ilhabela*.

Almost half of the Company's debt, as at December 31, 2023, consisted of non-recourse project financing (US\$3.3 billion) in special purpose investees. The remainder of the Company's debt (US\$3.8 billion) comprised (i) borrowings to support the ongoing construction of FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão*, which will become non-recourse following project execution finalization and release of the related parent company guarantee, (ii) project loan on FPSO *Sepetiba* (the Company is currently going through the process of releasing the corporate guarantee, after which this project loan will become non-recourse), (iii) the Company's RCF, which was drawn for US\$550 million as at December 31, 2023, and (iv) the new US\$210 million Revolving Credit Facility for MPF hull financing, completed and fully drawn in

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December 2023. The cash and cash equivalents amounted to US\$563 million (December 31, 2022: US\$615 million) and lease liabilities totaled US\$85 million (December 31, 2022: US\$47 million).

Directional net debt is reconciled to IFRS figures as follows:

	<i>Notes</i>	31 December 2023	31 December 2022
Total borrowings and lease liabilities	4.3.23	9,291	8,564
Less: Cash and cash equivalents	4.3.21	(543)	(683)
Net debt	4.3.27	8,748	7,881
Impact of lease accounting treatment	4.3.2	-	-
Impact of consolidation methods	4.3.2	(2,094)	(1,799)
Directional net debt		6,654	6,082

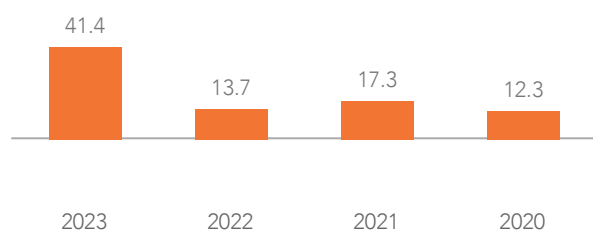
Directional total assets increased to US\$11.2 billion as at December 31, 2023, compared with US\$10.8 billion at year-end 2022. This resulted from the substantial investments in property, plant and equipment (mainly FPSO *Prosperity*, FPSO *Sepeitiba*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão*, FPSO *ONE GUYANA* and awarded limited scope for the FPSO for the Whiptail development project).

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, drawn for c.US\$550 million as at year-end 2023, and the new Revolving Credit Facility for MPF hull financing, drawn for c. US\$210 million as at year-end 2023, were all met at December 31, 2023. For more detailed information on covenants, please refer to section 4.3.23 Borrowings and Lease Liabilities. In line with previous years, the Company had no off-balance sheet financing.

The Company's Directional financial position has remained strong as a result of the cash flow generated by the fleet, as well as the positive contribution of the turnkey activities.

Directional Return On Average Equity

Directional return on average equity measures the performance of the Company based on the average directional equity attributable to the shareholders of the parent company. Directional return on average equity is calculated as directional (underlying) profit attributable to shareholders divided by the annual average of directional equity attributable to shareholders of the parent company.



■ Directional return on average equity

2023 Directional return on average equity stood at 41.4%, above the past three-year average of 14.4%. This is mainly the result of the sale of FPSO *Liza Unity*.

CASH FLOW / LIQUIDITIES – DIRECTIONAL

Directional cash and undrawn committed credit facilities amount to US\$2,276 million at December 31, 2023, of which US\$1,208 million is considered as pledged to specific project debt servicing related to FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, or otherwise restricted in its utilization.

The consolidated cash flow statement under Directional reporting is as follows:

in millions of US\$	2023	2022
Directional EBITDA	1,319	1,010
Adjustments for non-cash and investing items		
Directional Addition/(release) provision	51	46
Directional Effect of disposal of property, plant and equipment	902	(9)
Directional (Gain) / loss on acquisition of shares in investees	(0)	(2)
Directional Share-based payments	20	19
Changes in operating assets and liabilities		
Directional (Increase)/Decrease in operating receivables	(211)	(156)
Directional Movement in contract assets	(153)	(115)
Directional (Increase)/Decrease in inventories	(124)	(10)
Directional Increase/(Decrease) in operating liabilities	(84)	117
Directional Income taxes paid	(104)	(100)
Directional Net cash flows from (used in) operating activities	1,616	799
Directional Capital expenditures	(1,658)	(1,342)
Directional (Addition) / repayments of funding loans	(4)	6
Directional Cash flows from changes in interests of subsidiaries	0	(307)
Directional Cash receipts from sale of investments in joint ventures	(0)	0
Directional Other investing activities	23	44
Directional Net cash flows from (used in) investing activities	(1,639)	(1,600)
Directional Additions and repayments of borrowings and lease liabilities	287	717
Directional Dividends paid to shareholders	(197)	(178)
Directional Share repurchase program	(5)	-
Directional Payments from/to non-controlling interests for change in ownership	(21)	-
Directional Proceeds from settlement of interest rate swaps	154	-
Directional Interest paid	(248)	(181)
Directional Net cash flows from (used in) financing activities	(29)	359
Directional Foreign currency variations	0	(3)
Directional Net increase/(decrease) in cash and cash equivalents	(52)	(444)

The Company generated strong Directional operating cash flows mainly as a result of the cash flow from the fleet under operations and the proceeds received from FPSO *Liza Unity* sale.

Cash generated from the strong Directional operating cash flows, drawdowns on project financings, the RCF, the Revolving Credit Facility for MPF hull financing, the settlements of interest rate swaps related to the financing of FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* of US\$154 million, the US\$125 million funding loan agreement received from CMFL in relation to FPSO *Cidade de Ilhabela*, together with some of the Company's existing cash was primarily used to:

- Invest in the five FPSOs under construction over the period, and some initial scope for the FPSO for the Whiptail development project and the two Fast4Ward® new build multi-purpose hulls.
- Repayment of the project loan following the FPSO *Liza Unity* sale;
- Pay dividends to shareholders; and
- Service the Company's non-recourse debt and interest in accordance with the respective repayment schedules.

As a result, Directional cash and cash equivalents decreased from US\$615 million at year-end 2022 to US\$563 million at year-end 2023.