2023 ANNUAL REPORT

SBM OFFSHORE

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

December 2023. The cash and cash equivalents aounted 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:

	Notes	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**

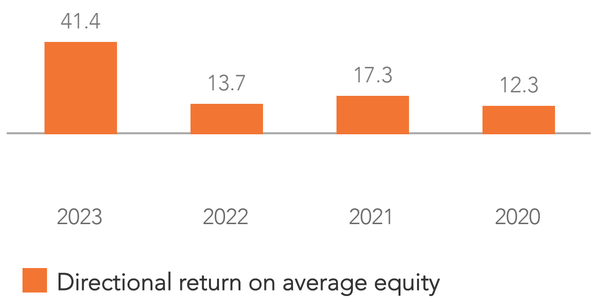
Directional total assets increased to US$11.2 billion as at December 31, 2023, compared with US$10.8 billion at year-end 2022. This resulted from the substantial investments in property, plant and equipment (mainly FPSO *Prosperity*, *FPSO Sepetiba*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão*, 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 convenants, 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 retun on average is 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.



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.*