



**2023** ANNUAL REPORT



## BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2023	2022
Non-current portion	6,839	5,891
Add: current portion	1,678	1,754
<b>Remaining principal at 1 January</b>	<b>8,517</b>	<b>7,645</b>
Additions	3,943	1,642
Redemptions	(2,999)	(759)
Transaction and amortized costs	(255)	(10)
<b>Total movements</b>	<b>688</b>	<b>872</b>
<b>Remaining principal at 31 December</b>	<b>9,206</b>	<b>8,517</b>
Less: Current portion	(1,093)	(1,678)
<b>Non-current portion</b>	<b>8,112</b>	<b>6,839</b>
Transaction and amortized costs	472	216
<b>Remaining principal at 31 December (excluding transaction and amortized costs)</b>	<b>9,677</b>	<b>8,734</b>
Less: Current portion	(1,142)	(1,710)
<b>Non-current portion</b>	<b>8,535</b>	<b>7,023</b>

The additions in borrowings of US\$3,943 million relate mainly to drawdowns on (i) project finance facilities for FPSO *ONE GUYANA*, FPSO *Prosperity*, and FPSO *Sepetiba*, (ii) the new loans achieved for FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão*, (iii) the Company's RCF and SCF, (iv) a funding loan of US\$125 million from CMFL in relation to FPSO *Cidade de Ilhabela* and the new Revolving Credit Facility for MPF hull financing of US\$210 million.

In the context of FPSO *Cidade de Ilhabela*, during 2023, the Company has created a new entity, Guara Norte Swiss Holding SA, and subsequently transferred 15% non-voting shares to CMFL which, in turn, granted the US\$125 million funding loan. The terms of the agreement set out a call and put options that can be exercised at nominal amount of the non-voting shares. Therefore the Company assessed that IAS 32 takes precedence over IFRS 10 and will therefore not recognize a non-controlling interest but rather recognize the liability. This transaction is in line with the Company's aim to diversify its sources of debt funding and to accelerate equity cashflow from the backlog.

As announced on March 31, 2023, the Company has secured the project financing of FPSO *Almirante Tamandaré* for a total of US\$1.63 billion. As of December 31, 2023, the Company has drawdown US\$1,053 million from the project financing and fully repaid the bridge loan of US\$635 million.

As announced on June 20, 2023, the Company has secured the project financing of FPSO *Alexandre de Gusmão* for a total of US\$1.615 billion. As of December 31, 2023, the Company has drawdown US\$1,165 million from the project financing and fully repaid the bridge loan of US\$620 million.

As announced on December 15, 2023, the Company has secured the new Revolving Credit Facility for MPF hull financing for a total of US\$210 million. As of December 31, 2023, the Company has fully drawn down this financing.

The redemptions are mostly related to (i) the repayment of the bridge loan facility of FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* following the completion of the project financings, the repayment of the FPSO *Liza Unity* loan of US\$1,140 million following the sale of the unit to the client (ii) the non-recourse debt repayment schedules.

For further disclosures about fair value measurement, we refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

## 4 FINANCIAL INFORMATION 2023

The borrowings, excluding the amount of transaction and amortized costs, have the following forecast repayment schedule:

	31 December 2023	31 December 2022
Within one year	1,142	1,710
Between 1 and 2 years	1,877	1,657
Between 2 and 5 years	3,237	3,010
More than 5 years	3,421	2,357
<b>Balance at 31 December</b>	<b>9,677</b>	<b>8,734</b>

The borrowings by entity are as follows:

## Loans and borrowings per entity

Entity name	Project name or nature of loan	% Ownership	% Interest <sup>1</sup>	Maturity	Net book value at 31 December 2023			Net book value at 31 December 2022		
					Non-current	Current	Total	Non-current	Current	Total
<b>Project Finance facilities drawn</b>										
Tupi Nordeste Sarl	<i>FPSO Cidade de Paraty</i>	63.13	5.50%	15-Jun-23	-	-	-	-	72	72
SBM Baleia Azul Sarl	<i>FPSO Cidade de Anchieta</i>	100.00	5.50%	15-Sep-27	122	41	163	163	39	202
Alfa Lula Alto Sarl	<i>FPSO Cidade de Marica</i>	61.00	5.60%	17-Dec-29	544	128	672	672	121	793
Beta Lula Central Sarl	<i>FPSO Cidade de Saquarema</i>	61.00	4.20%	15-Jun-30	712	108	820	820	102	922
Guyana Deep Water UK Limited	<i>FPSO Liza Destiny</i>	100.00	SOFR + 1.91%	18-Dec-29	405	70	474	474	67	541
Guyana Deep Water II UK Limited	<i>FPSO Liza Unity</i>	100.00	SOFR + 1.76%	09-Nov-23	-	-	-	1,140	(4)	1,136
Guyana Deep Water III UK Limited	<i>FPSO Prosperity</i>	100.00	SOFR + 1.86%	29-Aug-25	951	87	1,038	965	(4)	960
<b>Senior secured notes</b>										
Guara Norte Sarl	<i>FPSO Cidade de Ilhabela</i>	75.00	5.20%	15-Jun-34	672	48	720	720	44	764
<b>Guaranteed project finance facilities drawn</b>										
Mero 2 Owning B.V.	<i>FPSO Sepetiba</i>	64.50	4.30%	15-Jun-38	1,370	56	1,425	1,410	(14)	1,397
Guyana Deep Water IV UK Limited	<i>FPSO ONE GUYANA</i>	100.00	5.20%	31-Jul-27	1,077	(4)	1,073	426	-	426
Tamandare Owning B.V.	<i>FPSO Almirante Tamandaré</i>	55.00	5.90%	15-Dec-38	920	(10)	911	(3)	635	632
Mero 4 Owning B.V.	<i>FPSO Alexandre de Gusmão</i>	55.00	6.40%	15-May-39	1,022	(5)	1,017	(2)	620	618
<b>Bridge loan facility</b>										
Tamandare Owning B.V.	<i>FPSO Almirante Tamandaré</i>	55.00	Libor + 0.6%	26-May-23	-	-	-	(3)	635	632
Mero 4 Owning B.V.	<i>FPSO Alexandre de Gusmão</i>	55.00	Libor + 0.75%	20-Jul-23	-	-	-	(2)	620	618
<b>Revolving credit facility</b>										
SBM Holding Inc	<i>Corporate Facility</i>	100.00	Variable	13-Feb-26	-	550	550	(0)	(1)	(1)
SBM Holding Inc	<i>Fast4Ward@ hull financing</i>	100.00	SOFR + 1.9%	20-Jun-25	209	(1)	208	(0)	(1)	(1)
<b>Other</b>										
Guara Norte Swiss Holding SA	<i>FPSO Cidade de Ilhabela</i>	100.00	7.90%	31-Dec-27	75	25	100	-	-	-
Brazilian Deepwater Production B.V.	<i>FPSO Espirito Santo</i>	51.00	SOFR + 1.05%	31-Jan-29	25	-	25	47	-	47
Brazilian Deepwater Production Contractors Ltd.	<i>FPSO Espirito Santo</i>	51.00	3.00%	31-Dec-28	8	-	8	5	-	5
Other		100.00			0	-	0	2	-	2
<b>Net book value of loans and borrowings</b>					<b>8,112</b>	<b>1,093</b>	<b>9,206</b>	<b>6,839</b>	<b>1,678</b>	<b>8,517</b>

<sup>1</sup> % interest per annum on the remaining loan balance.

## 4 FINANCIAL INFORMATION 2023

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.

The Company has available facilities resulting from (i) the undrawn RCF, (ii) the undrawn portion of FPSO *ONE GUYANA*, FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* project facilities, and (iii) short-term credit lines.

### Expiry date of the undrawn facilities and unused credit lines

	2023	2022
Expiring within one year	274	274
Expiring beyond one year	2,174	2,452
<b>Total</b>	<b>2,448</b>	<b>2,726</b>

### REVOLVING CREDIT FACILITY (RCF)

The RCF in place as of December 31, 2023, has a maturity date of February 13, 2026. The US\$1 billion facility was secured with a selected group of 12 core relationship banks and has an uncommitted option to increase the RCF by an additional US\$500 million. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities/working capital, bridge any long-term financing needs, and/or finance general corporate purposes. On December 23, 2021, the RCF was amended by means of an amendment and restatement agreement to reflect a dedicated green funding tranche. By creating this green tranche, US\$50 million of the RCF may only be used to fund activities that comply with the Green Loan Principles (primarily activities related to renewable energy projects) and the remaining US\$950 million can be used in the following proportions:

- EPC activities/working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months.

The pricing of the RCF is currently based on SOFR. The margin is adjusted in accordance with the applicable leverage ratio, ranging from a minimum level of 0.50% p.a. (0.40% for the green tranche) to a maximum of 1.50% p.a. (1.40% for the green tranche). The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics<sup>5</sup>. The Company's Sustainability performance in 2023 allows the 0.05% margin decrease to remain applicable for 2023.

### REVOLVING CREDIT FACILITY FOR MPF HULL FINANCING

The Company has secured a US\$210 million revolving credit facility for the financing of the construction of Fast4Ward® Multi-Purpose Floater (MPF) hulls, as announced on December 15, 2023. The tenor of the MPF facility is eighteen months, with an uncommitted extension option for another six months. Repayment is expected to take place upon sale of the MPF hulls or upon drawdown of the relevant project loan. The pricing is based on SOFR and a margin, which is 1.90% per annum for the first 12 months and thereafter 2.10% per annum. The Company has fully drawn this facility as of December 31, 2023.

### COVENANTS

The following key financial covenants apply to the RCF, as agreed with the respective lenders on February 13, 2019, and to the new Revolving Credit Facility for MPF hull financing, and, unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency:** Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio:** Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2023 additional headroom above the US\$1 billion capacity under the RCF exceeded US\$870 million.

<sup>5</sup> Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.