2024 ANNUAL REPORT

OFFSHORE

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quarter of 2023 up to full repayment of the project loan in November 2024, (ii) *FPSO Sepetiba* joining the fleet in early January 2024, and (iii) the new FPSO construction financing facility for *FPSO Jaguar*, partially offset by (v) lower interest expense on FPSO *Liza Unity* and *Liza Destiny*, following purchase of the units by the client and the full repayment of the project loans at the end of 2023 and end of 2024 respectively, and (vi) the scheduled amortization of project loans for the fleet under operation.

The Directional effective tax rate increased to 10.3% versus 5% in the year-ago period. The increase is primarily driven by the initial recognition of a deferred tax asset on a tax goodwill in Switzerland in prior year.

As a result, the Company recorded a Directional net profit of US$907 million, or US$5.08 per share, a 73% and 74% increase respectively when compared with the Directional net profit of US$524 million, or US$2.92 per share, in the year-ago period.

STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US$	2024	2023
Directional total equity	2,002	1,448
Directional net debt[1]	5,719	6,654
Directional cash and cash equivalents	606	563
Directional total assets	10,815	11,214
Solvency ratio[2]	31.9	29.9

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$554 million from US$1,448 million at year-end 2023 to US$2,002 million at year-end 2024, notwithstanding the dividend distributed to the shareholders of US$150 million and the Company's cumulative share repurchase amount of US$102 million in relation to:

- The share repurchase program (the 'Structural Buyback') effective from March 1, 2024, which has been fully completed end of 2024 for a total amount of c. US$70 million. The objective of this program was to reduce the Company's share capital. Therefore, all shares purchased have been cancelled end of 2024;
- The additional share repurchase program (the 'Incremental Buyback') effective from August 8, 2024, which is expected to be completed by end of April 2025 for a total amount of c. US$70 million. The objective of this program is to reduce share capital and, in addition, provide shares for regular management and employee share programs.

The increase mainly resulted from (i) the positive result over the current period, and (ii) the positive impact of the Sonangol transaction on foreign currency translation reserves, partially offset by (v) the decrease of the hedging reserves.

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

It should be noted that under Directional policy, historically the contribution to profit and equity of the FPSOs program under construction has mainly materialized in the operating phase at the Company's share of ownership in lessor-related SPVs, in line with the generation of associated operating cash flows. With regards to the *FPSO Jaguar* and *GranMorgu FPSO* which, contrary to the other FPSOs under construction, are classified as construction contracts falling solely in the scope of IFRS 15, their contribution to profit and equity will largely materialize in the coming years during the construction period.

Directional net debt decreased by US$(936) million to US$5,719 million at year-end 2024. The Company's Directional net debt was positively impacted by (i) the amount of the net cash proceeds of the sale of FPSO *Liza Destiny* and FPSO *Prosperity* (with a cash consideration of US$1,760 million received, primarily used for the full repayment of the US$1,384 million project financing), and (ii) the Lease and Operate segment's strong operating cash flow. Offsetting this, the Company (i) drew on project finance facilities for FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* in order to fund continued investment growth and (ii) on the construction financing for *FPSO Jaguar*, completed in November 2024.

More than a third of the Company's Directional debt, as of December 31, 2024, consisted of non-recourse project financing (US$2.2 billion) in special purpose investees. The remainder (US$4 billion) comprised (i) borrowings to support the on-going construction of *FPSO Almirante Tamandaré*, FPSO *ONE GUYANA* and *FPSO Alexandre de Gusmão* which will become non-recourse following project execution finalization and release of the related parent company guarantee, (ii) the project loan for FPSO *Jaguar* which will be repaid following completion of construction, (iii) the Company's RCF, which was drawn for US$500 million as at December 31, 2024, and (iii) the US$89 million Revolving Credit Facility for MPF hull financing. Directional cash and cash equivalents amounted to US$606 million (December 31, 2023: US$563 million) and lease liabilities totaled US$93 million (December 31, 2023: US$85 million).

Directional net debt is reconciled to IFRS figures as follows:

	Notes	31 December 2024	31 December 2023
Total borrowings and lease liabilities	4.3.23	8,943	9,291
Less: Cash and cash equivalents	4.3.21	(806)	(543)
Net debt	4.3.27	**8,137**	**8,748**
Impact of lease accounting treatment	4.3.2	-	-
Impact of consolidation methods	4.3.2	(2,418)	(2,094)
Directional net debt		**5,719**	**6,654**

Directional total assets decreased to US$10.8 billion as at December 31, 2024, compared with US$11.2 billion at year-end 2023, following (i) investments in property, plant and equipment for FPSOs under construction, (ii) the recognition of additional shares in assets from the lease and operating entities in Angola, following the acquisition of shares of Sonangol EP, and (iii) increase of contract assets and receivables related to the FPSO projects under construction at the end of the year, more than offset by (iv) the derecognition of investments in property, plant and equipment for FPSO *Liza Destiny* and FPSO *Prosperity*, following their sale to the client and recognition of associated net cash proceeds.

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, drawn for c. US$500 million as at year-end 2024, and the Revolving Credit Facility for MPF hull financing, drawn for c. US$89 million as at year-end 2024, were all met at December 31, 2024. 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.