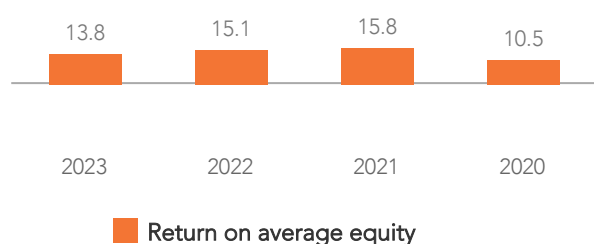




2023 ANNUAL REPORT



4 FINANCIAL INFORMATION 2023



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 Sepetiba* 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