



2023 ANNUAL REPORT

BM
OFFSHORE



4 FINANCIAL INFORMATION 2023

4.3.2 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

OPERATING SEGMENTS

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:

- Lease and Operate;
- Turnkey;
- Other.

DIRECTIONAL REPORTING

Strictly for the purposes of this note, the operating segments are measured under Directional reporting, which in essence follows IFRS, but with two main exceptions:

- All lease contracts are classified and accounted for as if they were operating lease contracts under IFRS 16. Some lease and operate contracts may provide for defined invoicing ('upfront payments') to the client occurring during the construction phase or at first-oil (beginning of the lease phase), to cover specific construction work and/or services performed during the construction phase. These 'upfront payments' are recognized as revenues and the costs associated with the construction work and/or services are recognized as 'Cost of sales' with no margin during the construction. As a consequence, these costs are not capitalized in the gross value of the assets under construction.
- All investees related to Lease and Operate contracts are accounted for at the Company's share as if they were classified as joint operations under IFRS 11, whereby all lines of the income statement, statement of financial position and cash flow statement are consolidated, based on the Company's percentage of ownership (hereafter referred to as 'percentage of ownership consolidation'). All joint ventures and associates within the Turnkey segment (such as yards and installation vessel) remain equity accounted. Therefore, when the Company has partners in the lessor-related SPV owning the lease contract with the client, the Company recognizes revenue as well as margin associated with the EPC works to the extent of the partners' shares in the lessor SPV. In situations where the Company reduces its percentage of ownership after award date of the contract, due to a disposal of shares to a partner, the relevant portion of the assets and liabilities already accounted at transaction date are derecognized. This derecognition is accounted against (i) the recognition of the fair value of any consideration received and associated revenue and (ii) the recognition of cost of sales, from contract award to transaction date and to the extent of the ownership divested.
- All deferred tax impacts generated by intragroup elimination are not recognized.

In 2023, all other accounting principles remain unchanged compared with applicable IFRS standards.

The above differences to the consolidated financial statements between Directional reporting and IFRS are highlighted in the reconciliations provided in this note on revenue, gross margin, EBIT and EBITDA as required by IFRS 8 'Operating segments'. The Company also provides the reconciliation of the statement of financial position and cash flow statement under IFRS and Directional reporting. The statement of financial position and the cash flow statement under Directional reporting are evaluated regularly by the Management Board in assessing the financial position and cash generation of the Company. The Company believes that these disclosures should enable users of its financial statements to better evaluate the nature and financial effects of the business activities in which it engages, while facilitating the understanding of the Directional reporting by providing a straightforward reconciliation with IFRS for all key financial metrics.

SEGMENT HIGHLIGHTS

The Directional Lease and Operate Revenue and Directional EBITDA increased versus the year-ago period, mainly driven by (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter 2023 (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, now in the decommissioning phase).

The Directional Turnkey Revenue and Directional EBITDA increased versus the year-ago period. This increase was mainly driven by the sale of FPSO *Liza Unity* in 2023. Directional Turnkey revenue was additionally positively impacted by (i) the awarded limited scope for the FPSO 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 FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* in 2022, which allowed the Company to recognize revenue for all the EPCI related work performed on these projects up to divestment date, 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.

2023 operating segments (Directional)

| | Lease and Operate | Turnkey | Reported segments | Other | Total Directional reporting |
|--|-------------------|--------------|-------------------|--------------|-----------------------------|
| Directional revenue | 1,954 | 2,578 | 4,532 | - | 4,532 |
| Directional Cost of sales | (1,285) | (2,185) | (3,469) | - | (3,469) |
| Directional Gross margin | 669 | 394 | 1,063 | - | 1,062 |
| Directional Other operating income/expense | 0 | 0 | 0 | (11) | (11) |
| Directional Selling and marketing expenses | (0) | (22) | (22) | (0) | (22) |
| Directional General and administrative expenses | (30) | (62) | (92) | (91) | (183) |
| Directional Research and development expenses | (7) | (30) | (37) | (0) | (37) |
| Directional Net impairment gains/(losses) on financial and contract assets | 1 | (21) | (20) | (2) | (22) |
| Directional Operating profit/(loss) (EBIT) | 633 | 259 | 892 | (104) | 788 |
| Directional Net financing costs | | | | | (238) |
| Directional Share of profit of equity-accounted investees | | | | | 4 |
| Directional Income tax expense | | | | | (30) |
| Directional Profit/(Loss) | | | | | 524 |
| Directional Operating profit/(loss) (EBIT) | 633 | 259 | 892 | (104) | 788 |
| Directional Depreciation, amortization and impairment | 492 | 37 | 529 | 3 | 532 |
| Directional EBITDA | 1,124 | 296 | 1,421 | (101) | 1,319 |
| Other segment information : | | | | | |
| Directional Impairment charge/(reversal) | 6 | - | 6 | - | 6 |

4 FINANCIAL INFORMATION 2023

Reconciliation of 2023 operating segments (Directional to IFRS)

| | Reported segments under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|---|--|--|---------------------------------------|----------------------------|
| Revenue | | | | |
| Lease and Operate | 1,954 | (529) | 139 | 1,563 |
| Turnkey | 2,578 | 707 | 115 | 3,400 |
| Total revenue | 4,532 | 177 | 253 | 4,963 |
| Gross margin | | | | |
| Lease and Operate | 669 | (94) | 97 | 671 |
| Turnkey | 394 | 290 | 64 | 748 |
| Total gross margin | 1,063 | 196 | 161 | 1,420 |
| EBITDA | | | | |
| Lease and Operate | 1,124 | (527) | 98 | 695 |
| Turnkey | 296 | 284 | 65 | 646 |
| Other | (101) | - | (0) | (101) |
| Total EBITDA | 1,319 | (243) | 163 | 1,239 |
| EBIT | | | | |
| Lease and Operate | 633 | (91) | 96 | 638 |
| Turnkey | 259 | 287 | 66 | 612 |
| Other | (104) | - | 0 | (104) |
| Total EBIT | 788 | 196 | 162 | 1,145 |
| Net financing costs | (238) | (218) | (119) | (575) |
| Share of profit of equity-accounted investees | 4 | - | 15 | 19 |
| Income tax expense | (30) | (2) | 57 | 25 |
| Profit/(loss) | 524 | (24) | 114 | 614 |
| Impairment charge/(reversal) | 6 | 0 | 2 | 8 |

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed (i) from percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, and (ii) from percentage of ownership consolidation to the equity method for those Lease and Operate-related investees that are classified as joint ventures, in accordance with IFRS 11.

Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the main following impacts for the 2023 period:

- Revenue reduced by US\$(529) million. During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest, using the interest effective method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis. Directional Lease and Operate EBITDA is similarly impacted (reduction of US\$(527) million) for the same reasons.
- Gross margin is reduced by US\$(94) million. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, following the declining profile of the interest recognized using the effective interest method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue, less depreciation of the recognized property, plant and equipment, both accounted for on a straight-line basis over the lease period.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the 2023 period:

- Revenue and gross margin increased by US\$707 million and US\$290 million respectively. This primarily resulted from the two following opposite effects:
 - An increase, mainly due to the accounting treatment of the Company's FPSOs, which were under construction during the period (FPSO *Prosperity*, FPSO *Sepetiba*, FPSO *Almirante Tamandaré*, FPSO *Alexandre de Gusmão*, FPSO *ONE GUYANA*) and accounted for as finance leases under IFRS. Under IFRS, a finance lease is considered as if it were a sale of the asset, leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly not-yet-cash) revenue is recognized within the Turnkey segment.
 - Partially offset by the FPSO *Liza Unity* sale, where the consideration received in the amount of US\$1,259 million was recognized as Directional Revenue and the net book value in the amount of US\$902 million was derecognized as Directional cost of sales, generating a positive impact in Directional profit or loss in the amount of US\$357 million under Directional reporting. Under IFRS reporting, the consideration received was already included in the finance lease receivable and led to a derecognition of the finance lease receivable against the payment received by the Company, with no impact on the net result.
- The impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

Net financing costs increased by US\$(218) million. During construction, interest on project loans are expensed under IFRS while they are capitalized in the vessel under construction under Directional. As a result of the above elements, restatement from operating to finance lease accounting treatment results in an aggregate decrease of net profit of US\$(24) million under IFRS when compared with Directional reporting.

Impact of consolidation methods

The impact of consolidation methods in the above table describes the net impact from:

- Percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Percentage of ownership consolidation to the equity accounting method for those Lease and Operate-related investees that are classified as joint ventures, in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

For the Lease and Operate segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared with Directional reporting. This reflects the fact that the majority of the Company's FPSOs that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

For the Turnkey segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT and EBITDA. This reflects the fact that under IFRS reporting the Company recognizes the full revenue, gross margin, EBIT and EBITDA in the subsidiaries that are not totally owned by the Company, but over which the Company has the control.

As a result of the above elements, the restatement of the impact of consolidation methods results in an aggregate increase of net profit of US\$114 million under IFRS when compared with Directional reporting.

4 FINANCIAL INFORMATION 2023

2022 operating segments (Directional)

| | Lease and Operate | Turnkey | Reported segments | Other | Total Directional reporting |
|--|-------------------|--------------|-------------------|-------------|-----------------------------|
| Directional revenue | 1,763 | 1,525 | 3,288 | - | 3,288 |
| Directional Cost of sales | (1,272) | (1,452) | (2,723) | - | (2,724) |
| Directional Gross margin | 492 | 73 | 565 | - | 564 |
| Directional Other operating income/expense | 16 | 8 | 24 | (3) | 20 |
| Directional Selling and marketing expenses | 0 | (16) | (16) | (0) | (16) |
| Directional General and administrative expenses | (28) | (50) | (78) | (75) | (154) |
| Directional Research and development expenses | (5) | (30) | (35) | - | (35) |
| Directional Net impairment gains/(losses) on financial and contract assets | 11 | 2 | 13 | (1) | 12 |
| Directional Operating profit/(loss) (EBIT) | 484 | (12) | 471 | (80) | 392 |
| Directional Net financing costs | | | | | (188) |
| Directional Share of profit of equity-accounted investees | | | | | 0 |
| Directional Income tax expense | | | | | (88) |
| Directional Profit/(Loss) | | | | | 115 |
| Directional Operating profit/(loss) (EBIT) | 484 | (12) | 471 | (80) | 392 |
| Directional Depreciation, amortization and impairment | 596 | 19 | 615 | 3 | 618 |
| Directional EBITDA | 1,080 | 7 | 1,087 | (77) | 1,010 |
| Other segment information | | | | | |
| Directional Impairment charge/(reversal) | 109 | 1 | 110 | 0 | 110 |

Reconciliation of 2022 operating segments (Directional to IFRS)

| | Reported segments under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|---|--|--|---------------------------------------|----------------------------|
| Revenue | | | | |
| Lease and Operate | 1,763 | (482) | 133 | 1,414 |
| Turnkey | 1,525 | 1,854 | 120 | 3,499 |
| Total revenue | 3,288 | 1,372 | 253 | 4,913 |
| Gross margin | | | | |
| Lease and Operate | 492 | (52) | 111 | 551 |
| Turnkey | 73 | 500 | 59 | 632 |
| Total gross margin | 565 | 449 | 169 | 1,182 |
| EBITDA | | | | |
| Lease and Operate | 1,080 | (479) | 118 | 719 |
| Turnkey | 7 | 506 | 57 | 569 |
| Other | (77) | - | (2) | (80) |
| Total EBITDA | 1,010 | 26 | 173 | 1,209 |
| EBIT | | | | |
| Lease and Operate | 484 | (42) | 120 | 562 |
| Turnkey | (12) | 494 | 59 | 540 |
| Other | (80) | - | (2) | (82) |
| Total EBIT | 392 | 451 | 177 | 1,020 |
| Net financing costs | (188) | (91) | (93) | (373) |
| Share of profit of equity-accounted investees | 0 | (0) | 12 | 12 |
| Income tax expense | (88) | (14) | (2) | (104) |
| Profit/(loss) | 115 | 346 | 94 | 555 |
| Impairment charge/(reversal) | 110 | 12 | (3) | 119 |

4 FINANCIAL INFORMATION 2023

Reconciliation of 2023 statement of financial position (Directional to IFRS)

| | Reported under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|--|--------------------------------------|--------------------------------------|---------------------------------|-------------------------|
| ASSETS | | | | |
| Property, plant and equipment and Intangible assets ¹ | 8,515 ² | (7,977) | (0) | 538 |
| Investment in associates and joint ventures | 10 | - | 278 | 288 |
| Finance lease receivables | 0 | 5,373 | 1,428 | 6,801 |
| Other financial assets | 244 ³ | (167) | 18 | 95 |
| Contract assets | 282 | 4,706 | 2,146 | 7,134 |
| Trade receivables and other assets | 1,275 | 40 | 46 | 1,361 |
| Derivative financial instruments | 326 | - | 90 | 416 |
| Cash and cash equivalents | 563 | - | (20) | 543 |
| Assets held for sale | 0 | - | - | 0 |
| Total Assets | 11,214 | 1,975 | 3,986 | 17,176 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to parent company | 1,450 | 2,280 | 3 | 3,733 |
| Non-controlling interests | (2) | 13 | 1,786 | 1,797 |
| Equity | 1,448 | 2,293 | 1,790 | 5,530 |
| Borrowings and lease liabilities | 7,218 ⁴ | - | 2,072 | 9,290 |
| Provisions | 682 | (188) | 92 | 586 |
| Trade payable and other liabilities | 1,570 | 56 | 19 | 1,646 |
| Deferred income | 211 | (187) | 2 | 27 |
| Derivative financial instruments | 86 | - | 11 | 97 |
| Total Equity and Liabilities | 11,214 | 1,975 | 3,986 | 17,176 |

¹ Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

² Includes US\$4,346 million related to units under construction (i.e. FPSOs Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

³ Includes US\$220 million related to demobilization receivable

⁴ Includes US\$3.3 billion non-recourse debt and US\$85 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from percentage of ownership consolidation to either full consolidation or equity, accounting for investees related to Lease and Operate contracts.

Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of December 31, 2023 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, derecognition of property, plant and equipment recognized under Directional reporting (US\$(7,977) million) and subsequent recognition of (i) finance lease receivables (US\$5,373 million) and (ii) contract assets (US\$4,706 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues under Directional reporting. The part of the balance (US\$(187) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US\$(167) million) and provisions (US\$(188) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an aggregate increase of equity of US\$2,293 million under IFRS when compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS when compared with Directional reporting.

Impact of consolidation methods

The above table of statement of financial position also describes the net impact of moving from percentage of ownership consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset-specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity-accounted under IFRS, rolling up in the line item 'Investment in associates and joint ventures'.

As a result, the restatement of the impact of consolidation methods gives rise to an aggregate increase of equity of US\$1,790 million under IFRS when compared with Directional reporting.

Reconciliation of 2023 cash flow statement (Directional to IFRS)

| | Reported under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|--|--------------------------------------|--------------------------------------|---------------------------------|-------------------------|
| EBITDA | 1,319 | (243) | 163 | 1,239 |
| Adjustments for non-cash and investing items | 972 | (859) | 29 | 142 |
| Changes in operating assets and liabilities | (571) | (2,050) | (572) | (3,193) |
| Reimbursement finance lease assets | 0 | 1,718 | 24 | 1,743 |
| Income taxes paid | (104) | (0) | 4 | (101) |
| Net cash flows from (used in) operating activities | 1,616 | (1,433) | (352) | (169) |
| Capital expenditures | (1,658) | 1,486 | (1) | (173) |
| Other investing activities | 19 | 1 | 11 | 31 |
| Net cash flows from (used in) investing activities | (1,639) | 1,487 | 10 | (142) |
| Equity payment from/(repayment to) partners | - | - | 235 | 235 |
| Additions and repayments of borrowings and lease liabilities | 287 | 0 | 165 | 452 |
| Dividends paid to shareholders and non-controlling interests | (197) | - | (82) | (279) |
| Interest paid | (248) | (54) | (64) | (366) |
| Share repurchase program | (5) | - | - | (5) |
| Proceeds from settlement of interest rate swaps | 155 | - | 0 | 155 |
| Net cash flows from (used in) financing activities | (29) | (54) | 254 | 171 |
| Net cash and cash equivalents as at 1 January | 615 | - | 68 | 683 |
| Net increase/(decrease) in net cash and cash equivalents | (52) | (0) | (89) | (141) |
| Foreign currency variations | 0 | 0 | 0 | 1 |
| Net cash and cash equivalents as at 31 December | 563 | - | (20) | 543 |

Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash-flow activities.

Following the announcement that ExxonMobil Guyana Limited exercised the purchase option for FPSO *Liza Unity* (refer to note 4.3.1 Financial Highlights), the Company received the proceeds of the purchase in the amount of US\$1,259 million, which is presented under IFRS reporting as inflow within cash flows from operating activities in the line 'Reimbursement finance lease assets'. Under Directional, the proceeds are also presented within cash flows from operating activities under EBITDA which should be considered together with 'Adjustments for non-cash and investing items' where the net book value of the FPSO *Liza Unity* in the amount of US\$902 million recognized as cost of sales was cancelled.

A large part of the capital expenditures (US\$1,486 million) are reclassified from investing activities under Directional to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as

4 FINANCIAL INFORMATION 2023

part of asset under construction (and therefore presented in investing activities), are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related non-recourse project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

Reconciliation of 2022 statement of financial position (Directional to IFRS)

| | Reported under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|--|--|--|---------------------------------------|----------------------------|
| ASSETS | | | | |
| Property, plant and equipment and Intangible assets ¹ | 8,196 ² | (7,763) | (2) | 432 |
| Investment in associates and joint ventures | 6 | 0 | 284 | 289 |
| Finance lease receivables | 0 | 5,739 | 1,454 | 7,193 |
| Other financial assets | 294 ³ | (217) | 13 | 90 |
| Contract assets | 170 | 3,927 | 1,583 | 5,681 |
| Trade receivables and other assets | 964 | (1) | (52) | 912 |
| Derivative financial instruments | 524 | - | 86 | 610 |
| Cash and cash equivalents | 615 | - | 68 | 683 |
| Assets held for sale | 0 | 0 | (0) | 0 |
| Total Assets | 10,769 | 1,685 | 3,434 | 15,889 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to parent company | 1,080 | 2,313 | 4 | 3,397 |
| Non-controlling interests | (2) | 4 | 1,515 | 1,517 |
| Equity | 1,078 | 2,317 | 1,519 | 4,914 |
| Borrowings and lease liabilities | 6,697 ⁴ | - | 1,867 | 8,564 |
| Provisions | 644 | (219) | 62 | 487 |
| Trade payable and other liabilities | 1,868 | (155) | (11) | 1,703 |
| Deferred income | 265 | (258) | (3) | 4 |
| Derivative financial instruments | 217 | - | 0 | 217 |
| Total Equity and Liabilities | 10,769 | 1,685 | 3,434 | 15,889 |

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

2 Includes US\$3,650 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

3 Includes US\$254 million related to demobilization receivable

4 Includes US\$3,706 million non-recourse debt and US\$47 million lease liability.

Reconciliation of 2022 cash flow statement (Directional to IFRS)

| | Reported under Directional reporting | Impact of lease accounting treatment | Impact of consolidation methods | Total Consolidated IFRS |
|---|--------------------------------------|--------------------------------------|---------------------------------|-------------------------|
| EBITDA | 1,010 | 26 | 173 | 1,209 |
| Adjustments for non-cash and investing items | 54 | 67 | 43 | 163 |
| Changes in operating assets and liabilities | (164) | (1,755) | (846) | (2,764) |
| Reimbursement finance lease assets | (0) | 421 | 18 | 439 |
| Income taxes paid | (100) | 0 | 4 | (96) |
| Net cash flows from (used in) operating activities | 799 | (1,242) | (607) | (1,049) |
| Capital expenditures | (1,342) | 1,260 | (0) | (82) |
| Other investing activities | (257) | 1 | 406 | 149 |
| Net cash flows from (used in) investing activities | (1,600) | 1,261 | 406 | 67 |
| Equity payment from/repayment to partners | - | - | 358 | 358 |
| Additions and repayments of borrowings and lease liabilities | 717 | (0) | 40 | 757 |
| Dividends paid to shareholders and non-controlling interests | (178) | - | (39) | (217) |
| Interest paid | (181) | (20) | (52) | (252) |
| Share repurchase program | - | - | - | - |
| Payments to non-controlling interests for change in ownership | 0 | 0 | (1) | (0) |
| Net cash flows from (used in) financing activities | 359 | (20) | 306 | 646 |
| Net cash and cash equivalents as at 1 January | 1,059 | - | (38) | 1,021 |
| Net increase/(decrease) in net cash and cash equivalents | (441) | 0 | 106 | (335) |
| Foreign currency variations | (3) | (0) | 0 | (3) |
| Net cash and cash equivalents as at 31 December | 615 | - | 68 | 683 |

Deferred income (Directional)

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|------------------|------------------|
| Within one year | 52 | 61 |
| Between 1 and 2 years | 44 | 46 |
| Between 2 and 5 years | 59 | 87 |
| More than 5 years | 56 | 70 |
| Balance at 31 December | 211 | 265 |

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day-rate schedule. As revenue from lease contract with customers is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

4 FINANCIAL INFORMATION 2023

GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product for both revenues and non-current assets.

The revenue by country is analyzed as follows:

2023 geographical information (revenue by country and segment)

| | Directional | | | IFRS | | |
|------------------------------|-------------------|--------------|-------------------|-------------------|--------------|-------------------|
| | Lease and Operate | Turnkey | Reported segments | Lease and Operate | Turnkey | Reported segments |
| Brazil | 832 | 572 | 1,405 | 940 | 1,505 | 2,445 |
| Guyana | 688 | 1,826 | 2,514 | 485 | 1,694 | 2,179 |
| Angola | 247 | 19 | 266 | 4 | 38 | 43 |
| Equatorial Guinea | 108 | 1 | 109 | 104 | 0 | 104 |
| Malaysia | 49 | 3 | 51 | 0 | 5 | 6 |
| The United States of America | 28 | 2 | 30 | 28 | 2 | 30 |
| France | - | 43 | 43 | - | 43 | 43 |
| Nigeria | - | 22 | 22 | - | 22 | 22 |
| Norway | - | 25 | 25 | - | 25 | 25 |
| Other | 2 | 65 | 67 | 2 | 65 | 67 |
| Total revenue | 1,954 | 2,578 | 4,532 | 1,563 | 3,400 | 4,963 |

2022 geographical information (revenue by country and segment)

| | Directional | | | IFRS | | |
|------------------------------|-------------------|--------------|-------------------|-------------------|--------------|-------------------|
| | Lease and Operate | Turnkey | Reported segments | Lease and Operate | Turnkey | Reported segments |
| Brazil | 807 | 1,063 | 1,871 | 922 | 2,113 | 3,035 |
| Guyana | 541 | 338 | 878 | 360 | 1,256 | 1,615 |
| Angola | 230 | 6 | 236 | 3 | 9 | 12 |
| Equatorial Guinea | 101 | 1 | 101 | 92 | (0) | 92 |
| Malaysia | 47 | 3 | 50 | 0 | 5 | 5 |
| The United States of America | 33 | 1 | 34 | 33 | 1 | 34 |
| France | - | 25 | 25 | - | 25 | 25 |
| Mozambique | - | 19 | 19 | - | 19 | 19 |
| Nigeria | - | 14 | 14 | - | 14 | 14 |
| Norway | - | 18 | 18 | - | 18 | 18 |
| Other | 4 | 39 | 43 | 4 | 39 | 43 |
| Total revenue | 1,763 | 1,525 | 3,288 | 1,414 | 3,499 | 4,913 |

The non-current assets by country are analyzed as follows:

Geographical information (non-current assets by country)

| | 31 December 2023 | | 31 December 2022 | |
|------------------------------|------------------|--------------|------------------|--------------|
| | IFRS | DIR | IFRS | DIR |
| Brazil | 5,276 | 6,115 | 5,331 | 5,351 |
| Guyana | 1,753 | 2,468 | 628 | 2,857 |
| Angola | 252 | 132 | 242 | 178 |
| Switzerland | 93 | 93 | 264 | 270 |
| Monaco | 77 | 77 | 25 | 25 |
| Malaysia | 64 | 13 | 79 | 9 |
| Equatorial Guinea | 41 | 70 | 57 | 93 |
| The United States of America | 19 | 19 | 27 | 27 |
| France | 12 | 12 | 12 | 12 |
| Netherlands | 6 | 6 | 13 | 13 |
| Other | 163 | 138 | 140 | 115 |
| Total | 7,757 | 9,143 | 6,818 | 8,951 |

RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US\$3,979 million (US\$2,643 million and US\$1,335 million, respectively). In 2022, the revenue related to the two major customers was US\$2,825 million (US\$1,823 million and US\$1,002 million, respectively). In both 2023 and 2022, the revenue of these major customers were mainly related to the Lease and Operate segment.

Under IFRS, two customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US\$4,598 million (US\$2,213 million and US\$2,386 million respectively). In 2022, two customers accounted for more than 10% of the consolidated revenue (US\$4,635 million), US\$2,988 and US\$1,647 million respectively.

4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 46% of the Company's 2023 Lease and Operate revenue is made of charter rates related to lease contracts, while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. more than 97%) over time.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting.

The Company's construction contracts can last for several years, depending on the type of product, scope and complexity of the project, while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2023. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance leases that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The net amount of performance-related payments for 2023 increased to US\$132 million (2022: US\$(3) million). This increase is mostly related to the shutdown of *FPSO Cidade de Anchieta* in the year-ago period.