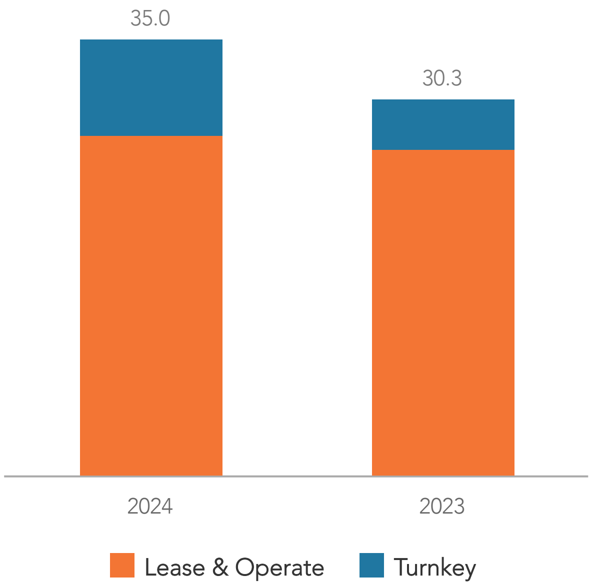
2024 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

Pro-forma Directional backlog (in billions of US$)



PROFITABILITY – DIRECTIONAL

Accounting treatment of projects under construction

Under IFRS, the construction of FPSO *ONE GUYANA* contributed to both Turnkey revenue and gross margin over the period. This is because the contract is classified as a finance lease under IFRS 16 and is therefore accounted for as a direct sale. Under Directional Reporting however, FPSO *ONE GUYANA* is qualified as an operating lease, with the lessor-related entities being 100% owned by the Company. Therefore, its contribution to the Directional Turnkey revenue is limited to those upfront payments and variation orders directly paid by the client before or at the commencement of the lease. FPSO *ONE GUYANA*'s contribution to the Directional profit and loss will largely materialize in the coming years, in line with the operating cash flows of FPSO *Prosperity*, which started contributing to the Directional Lease and Operate segment over the period following its start of production in 2023 and up to its sale, completed in November 2024.

The same treatment applied to the construction of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, which fully contributed under IFRS to both Turnkey revenue and gross margin over the period, given these contracts are classified as finance leases. Under Directional reporting, the contribution to Turnkey Directional revenue and Directional gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (45% for each).

With regards to the early exercise of purchase options by the client for FPSOs *Prosperity* and *Liza Destiny*, completed in November and December 2024 respectively, those transactions did not contribute to revenue and margin under IFRS in the current year as finance lease arrangements are treated as direct sales under IFRS and therefore revenue and margin were recognized over time during the construction period for the present value of the future lease payments, which include the contractual sale price. However, under Directional reporting those FPSOs were treated as operating leases. Accordingly, the impacts of the sale of the units were booked as Directional revenue and Directional margin within the Turnkey segment during the period.

With regards to the awarded Sale and Operate contracts for the *FPSO Jaguar* and *GranMorgu FPSO* projects, the full construction revenue and margin will be recognized during the construction period in the same way under IFRS and Directional reporting. These contracts are qualified as a construction contract falling in the scope of IFRS 15 and the FPSO's full ownership is expected to be transferred to the client at the end of the construction period and before start of operations. The operating part of the contracts will be recognized separately during the operation phase.

Under IFRS, the FSO Trion contract is classified as a finance lease, as per IFRS 16, and is therefore accounted for as a direct sale. Therefore, the FSO Trion project will contribute to both Turnkey revenue and gross margin during construction, following the contract award in August 2024. However, under Directional reporting, the FSO Trion is classified as an operating lease where lessor-related entities are 100% owned by the Company. Therefore, under the Company's Directional accounting policy, revenue recognition on this project is as follows:

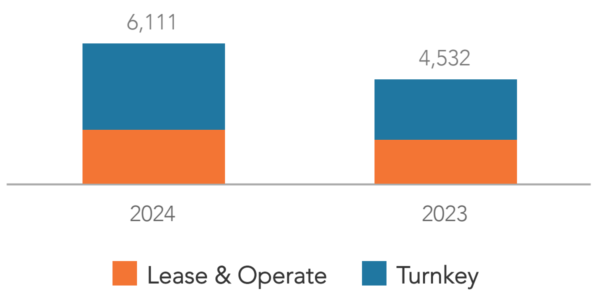
- The Company does not recognize any Directional revenue and Directional margin unless defined invoicing (if any) to the client occurs during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. These upfront payments are recognized as revenues and the costs associated with the related construction work and/or services are recognized as cost of sales with no margin.
- Upon any partial divestment to partners, the Company will book Directional revenue and (once the 'stage of completion' is reached) Directional margin associated with the EPC works to the extent of the portion of the sale to partners in the special purpose entities.

Finally, in October 2024, the Company completed the divestment of a 13.5% ownership interest in the special purpose companies of *FPSO Sepetiba* to CMFL. Under IFRS, the Company will continue to have control over the entities that own *FPSO Sepetiba* after the transaction, through its ownership interest of 51% (64.5% before the transaction). Therefore, under IFRS, this divestment has been accounted for as an equity transaction with no impact on revenue and EBITDA. Under Directional reporting this transaction, which was initiated in 2021 during the construction period of the FPSO, has been recognized in the Turnkey segment during the period, both impacting Directional revenue and EBITDA. At transaction date, the relevant portion of the assets, liabilities and OCI already accounted were derecognized against the recognition of the fair value of the consideration received and the Company recognized revenue and margin associated with the EPC works to the extent of the portion of the sale to partners accordingly. The remaining Directional net gain on sale was recognized in Other Operating income.

Directional Revenue

Total Directional revenue increased by 35% to US$6,111 million compared with US$4,532 million in 2023. This increase is further detailed by segment as follows:

Directional Revenue (in millions of US$)



Directional Turnkey revenue increased to US$3,743 million, representing 61% of total Directional revenue in 2024. This compares with US$2,578 million, or 57% of total Directional revenue in 2023. This increase was mainly driven by:

- (i) the sale of FPSOs *Prosperity* and *Liza Destiny*, completed respectively in November and December 2024;
- (ii) the progress on awarded contracts for the *FPSO Jaguar* and the *GranMorgu FPSO* projects;
- (iii) the 13.5% divestment to CMFL completed in October 2024; and
- (iv) the increased support to the fleet through brownfield projects;

Partially offset by:

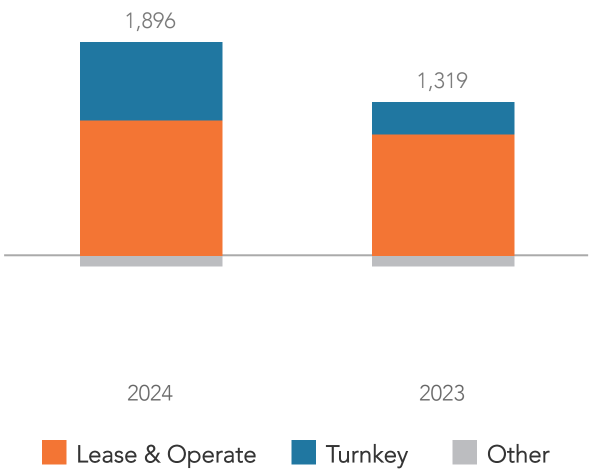
- (v) the sale of FPSO *Liza Unity* which occurred in November 2023;
- (vi) the completion of FPSO *Prosperity* during the last quarter of 2023 and of *FPSO Sepetiba* early January 2024; and
- (vii) a reduced level of progress during 2024 compared with 2023 on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* as those projects approached completion during the period.

Directional Lease and Operate revenue came in at US$2,369 million, an increase versus US$1,954 million in the year-ago period. This mainly reflects the following events: (i) FPSO *Prosperity* and *FPSO Sepetiba* joining the fleet upon successful delivery during the last quarter of 2023 and early January 2024 respectively, (ii) the acquisition of interests held by Sonangol related to FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* in June 2024, leading to an increased contribution to Revenue, and (iii) an increase in reimbursable scope on the fleet, partially offset by (iv) reduced revenue on FPSO *Liza Unity* only contributing in 2024 as an operating contract following the purchase of the unit by the client at the end of 2023 (no contribution to lease revenue in 2024).

Directional EBITDA

Directional EBITDA amounted to US$1,896 million, representing a 44% increase compared with US$1,319 million in 2023. The variance of Directional EBITDA is further detailed by segment as follows:

Directional EBITDA (in millions of US$)



Directional Turnkey EBITDA increased from US$296 million in the year-ago period to US$724 million in the current year. The key factors impacting Directional Turnkey EBITDA are:

- (i) the sale of FPSOs *Prosperity* and *Liza Destiny* (completed in November and December 2024 respectively with recognition of associated margin on the sale of the assets);
- (ii) the 13.5% divestment to CMFL completed in October 2024. The Company recognized revenue and margin associated with the EPC works to the extent of the portion of the sale to partners. The remaining net gain on sale was recognised in Other operating income;
- (iii) the increased support to the fleet through brownfield projects;
- (iv) an improved performance in some projects in the portfolio affected in prior years by the historical consequences of the pandemic and pressure on the global supply chain; and
- (v) a reduced investment on Floating Offshore Wind projects following the implementation of Ekwil Joint Venture in partnership with Technip Energies.

Partially offset by:

- (vi) the sale of FPSO *Liza Unity* which occurred in November 2023;
- (vii) the completion of FPSO *Prosperity* during last quarter of 2023 and *FPSO Sepetiba* early January 2024; and
- (viii) a reduced level of progress on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* during 2024 as those projects approached completion during the period.

It should be noted that, with respect to the awarded contract for the *GranMorgu FPSO* project which contributed to the Directional revenue during the period, no contribution to Directional EBITDA was recognized as the project had not reached the requisite 'stage of completion' to allow margin to be recognized at the end of the current period. With regards to *FPSO Jaguar*, the contribution to Directional EBITDA is limited over the period as the project just reached the requisite 'stage of completion' during the last quarter of 2024. Regarding FSO Trion*,* which is 100% by the Company at year end, despite the increase in activity, a limited contribution to the Directional EBITDA was recognized during the period as the direct payments received during construction and before first oil are recognized as revenue but without contribution to gross margin, in accordance with the Company policy for Directional reporting.

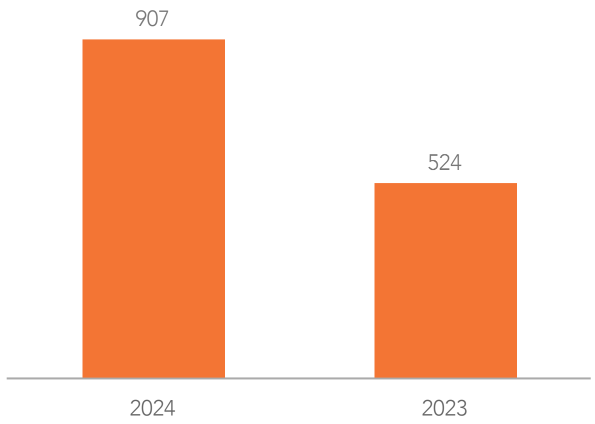
Directional Lease and Operate EBITDA increased from US$1,124 million in the year-ago period to US$1,261 million in the current period. This increase resulted from (i) the same drivers as for the Directional Lease and Operate revenue, (ii) the net gain arising from the acquisition of interests held by Sonangol related to FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* and the divestment in the parent company of the Paenal shipyard in Angola recognized in Other operating income (both impacting the Lease and Operate segment due their strategic and commercial link for a total amount of US$30 million), and (iii) the *N'Goma* dividends, partially offset by (iv) additional non-recurring maintenance costs for the fleet under operation.

Regarding the FPSO *Prosperity* and FPSO *Liza Destiny* sale, where the sale of the assets has ended the associated charter agreement contribution to Directional EBITDA, those vessels will continue to be operated and contribute to Directional Lease and Operate EBITDA in the future, following the OMEA signed with ExxonMobil Guyana in 2023.

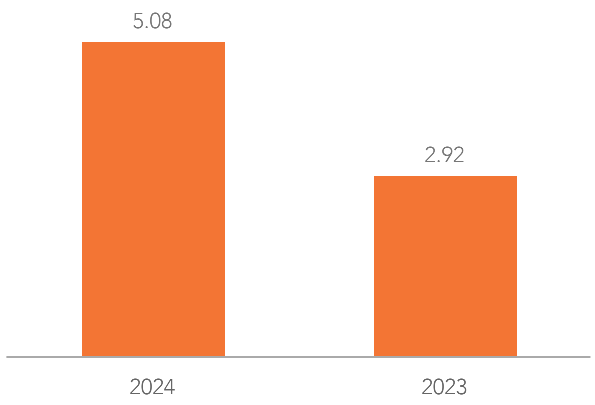
The other non-allocated costs charged to Directional EBITDA amounted to US$(89) million in 2024, a US$(13) million decrease compared with the US$(101) million in the year-ago period, which is mainly explained by the one-off impact of US$11 million of restructuring costs following the implementation of an optimization plan related to the Company's support functions' activities in the year-ago period.

Directional Net income

Directional Net income (in millions of US$)



Weighted Average Earnings Per Share Directional (in US$)



Directional depreciation, amortization and impairment increased by US$(44) million year-on-year. This primarily resulted from (i) FPSO *Prosperity* and *FPSO Sepetiba* contributing to depreciation for the year of 2024 upon successful delivery during the last quarter of 2023 and early January 2024 respectively, and (ii) a US$39 million impairment on *FPSO Cidade de Anchieta* (refer to note 4.3.13 Property Plant and equipment), partially offset by (iii) FPSO *Liza Unity* no longer contributing to depreciation following purchase of the Unit by the client end of 2023, and (iv) an impairment of a funding loan provided to some equity accounted entities which was recognized in the year-ago period.

Directional net financing costs totaled US$(314) million in 2024, compared with US$(238) million in the year-ago period. This increase of 32% mainly comprised additional interest expense from (i) FPSO *Prosperity* joining the fleet during the last 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.