Executing our strategy, delivering superior returns

February 7, 2024
2023 Results & 2024 Objectives
Executing our strategy, delivering superior returns

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Safety moment
Learning and improving from fatal accidents

Netherlands  February 3, 2023
Torsten  55 years old
Was removing spent catalyst from the walls inside a reactor, under nitrogen (industry practice).
Became trapped by the collapse of a pile of catalyst.

Immediate action plan

→ Stop all similar operations in the Company
→ Review alternative intervention mode with Contractors, HSE and technical experts
→ Decision to ban human intervention for catalyst change operations
  • Water flooding method selected
  • Despite impact on cost (loss of catalyzer, wastewater disposal)

Implementation at every site

→ 2023: executed first catalyst changes using the new method
  • 21 replacements performed
→ 2024+: further improve the process
  • 14 replacements planned in first half 2024
  • Vessel modifications
  • Robots (first tests performed in 2023)
Safety: core value
Objective zero fatality

Total recordable injury rate versus peers
per million man-hours

Primary losses of containment*
number of incidents

* Tier 1+2, as defined in IOGP 456 (Upstream) & API 754 (Downstream)

Peers: BP, Chevron, Exxon, Shell

-50%
Since 2018
2023
Consistent energy transition strategy delivering results
Two pillars to support our energy transition strategy

**Oil & Gas**
- Low cost, low emission
- Rich upstream projects portfolio

**Integrated Power**
- Top 3 global LNG integrated portfolio
- Strong LNG project pipeline
- Driving value from integration
- Positive net cash flow by 2028

Celebrating **100 years** in 2024: from oil exploration in Iraq to becoming a global leader in the energy transition.
Strong cash flow underpins increased returns

2023 CFFO and cash flow allocation
B$

- Downstream: 36 B$
- Integrated Power: 16.5 B$
- Integrated LNG: 16.8 B$
- Exploration & Production: 16.5 B$

Debt reduction: 9 B$
- 1.5 B$ from Canada divestment
- 7.5 B$ Dividend

Capital investment: 23 B$

- Adj. net income, TotalEnergies share:
  - 19% ROACE
  - 20% Return on Equity

- 21 B$ IFRS net income

- 5% gearing at end-23
- 46% payout in 2023 vs 37% in 2022

* Includes ~2 BS of exceptional fiscal debt variations related to the change of the gas and power price cap compensation system in France and the disposal of our German retail network to Alimentation Couche Tard
## Delivering on objectives

### 2023 objectives

<table>
<thead>
<tr>
<th>More energy</th>
<th>Realizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream production</td>
<td>~2.5 Mboe/d</td>
</tr>
<tr>
<td>→ Production growth</td>
<td>+2%</td>
</tr>
<tr>
<td>LNG production growth</td>
<td>+9%</td>
</tr>
<tr>
<td>Refining utilization rate</td>
<td>80%</td>
</tr>
<tr>
<td>Renewables gross installed capacity</td>
<td>&gt; 22 GW</td>
</tr>
<tr>
<td>Electricity net renewables production</td>
<td>~20 TWh</td>
</tr>
</tbody>
</table>

### Less emissions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1+2 from operated facilities</td>
<td>39.6 MtCO₂e</td>
</tr>
<tr>
<td>Methane from operated facilities vs 2020</td>
<td>-30%</td>
</tr>
<tr>
<td>Lifecycle carbon intensity vs 2015</td>
<td>-12%</td>
</tr>
</tbody>
</table>

### Growing cash flow

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CFFO</td>
<td>~35 B$</td>
</tr>
<tr>
<td>Net investments</td>
<td>16–17 B$</td>
</tr>
<tr>
<td>→ of which Integrated Power + low-carbon molecules</td>
<td>~33%</td>
</tr>
<tr>
<td>CFFO Payout</td>
<td>&gt; 40%</td>
</tr>
</tbody>
</table>

1. Excluding Novatek
2. CFFO guidance (February 2023) of ~35 B$ at 80 $/b, 20 $/Mbtu TTF and 45 $/t VCM, restated at 2023 price deck
3. February 2023 guidance of 16-18 B$ (Net investments) and 35-40% (CFFO payout) revised in September 2023
Disciplined Capex within guidance

Capex = 18.1 B$ organic investments + 6.4 B$ acquisitions – 7.7 B$ divestments

- **Oil**
- **Integrated Power**
- **LNG & Gas**
- **Low-carbon molecules**
- **Maintenance Gas**
- **New projects**: 34% of 16.8 B$ in 2023
- **Low-carbon energies**: 35% of 16.8 B$ in 2023

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*Myrtle solar and BESS, USA*
2023: Strong performance from all segments

**Upstream**
- Start-up of Block 10 (Oman), Absheron (Azerbaijan)
- Entry into GGIP (Iraq) and SARB Umm Lulu (UAE)
- Canada divestment

**Downstream**
- Capture high refining margins
- Amiral FID (KSA)
- Retail networks divestment in Europe

**LNG**
- Rio Grande LNG (Texas) entry and FID
- Start-up of 2 FSRU in Europe
- Extension of Oman LNG partnership

**2023 achievements**
- 2.48 Mboe/d production
- 8 B$ Downstream CFFO
- 44 Mt LNG sales
- 2.2 B$ Integrated Power CFFO

**Integrated Power**
- ~ +6 GW renewables
- Total Eren integration
- Texas: 1.5 GW flexible CCGT acquisition
- Deploying Germany integrated power strategy
Sustainable low-cost portfolio

**Upstream production costs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Shell</th>
<th>Exxon</th>
<th>BP</th>
<th>Chevron</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>15</td>
<td>10</td>
<td>7.5</td>
<td>12.1</td>
</tr>
<tr>
<td>2019</td>
<td>10</td>
<td>8</td>
<td>7.5</td>
<td>11.2</td>
</tr>
<tr>
<td>2020</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>9.5</td>
</tr>
<tr>
<td>2021</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10.5</td>
</tr>
<tr>
<td>2022</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15.5</td>
</tr>
<tr>
<td>2023</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15.5</td>
</tr>
</tbody>
</table>

**Proved reserves life index**

- Shell: 12 years
- Exxon: 15 years
- BP: 10 years
- Chevron: 10 years

→ **Permanent focus on costs**

→ **2024 objective < 5 $/boe**
  - Impact of divestment of high-cost Canadian assets: achieved 5.1 $/boe in 4Q23

→ **141% reserves replacement in 2023**
  - 12 years proved reserves (55% gas)
  - 18 years proved + probable reserves

* ASC 932
2023 results supported by growth segments

### Integrated LNG

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Mt</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td>CFFO B$</td>
<td>5.4</td>
<td>7.3</td>
</tr>
<tr>
<td>NOI B$</td>
<td>5.6</td>
<td>6.2</td>
</tr>
<tr>
<td>Average LNG Price ($/Mbtu)</td>
<td>8.8</td>
<td>10.8</td>
</tr>
</tbody>
</table>

18% ROACE in 2023

### Integrated Power

- **Renewables**
- **CCGT**
- **Flexible generation**
- **Power trading**
- **Power & Gas marketing**

### Comparison

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production TWh</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>o/w Renewables TWh</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>CFFO B$</td>
<td>0.7</td>
<td>2.2</td>
</tr>
<tr>
<td>NOI B$</td>
<td>0.7</td>
<td>1.9</td>
</tr>
</tbody>
</table>

10% ROACE in 2023
Ranking on par with US majors

ROACE full-year 2023

<table>
<thead>
<tr>
<th>Company</th>
<th>ROACE full-year 2023 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon</td>
<td>19%</td>
</tr>
<tr>
<td>BP</td>
<td>5%</td>
</tr>
<tr>
<td>Chevron</td>
<td>10%</td>
</tr>
<tr>
<td>Shell</td>
<td>0%</td>
</tr>
</tbody>
</table>

5-year Total shareholder return (TSR) CAGR, 2019–2023

<table>
<thead>
<tr>
<th>Company</th>
<th>TSR CAGR (2019–2023) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon</td>
<td>12.6%</td>
</tr>
<tr>
<td>Chevron</td>
<td>10%</td>
</tr>
<tr>
<td>Shell</td>
<td>6%</td>
</tr>
<tr>
<td>BP</td>
<td>5%</td>
</tr>
</tbody>
</table>

Proved reserves life index*

<table>
<thead>
<tr>
<th>Company</th>
<th>Proved reserves life index (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon</td>
<td>12</td>
</tr>
<tr>
<td>Chevron</td>
<td>10</td>
</tr>
<tr>
<td>Shell</td>
<td>9</td>
</tr>
<tr>
<td>BP</td>
<td>7</td>
</tr>
</tbody>
</table>

Sustainalytics rating

<table>
<thead>
<tr>
<th>Company</th>
<th>Sustainalytics rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon</td>
<td>27.3</td>
</tr>
<tr>
<td>Shell</td>
<td>24</td>
</tr>
<tr>
<td>BP</td>
<td>20</td>
</tr>
<tr>
<td>Chevron</td>
<td>18</td>
</tr>
</tbody>
</table>

* TotalEnergies, Chevron, Shell: at end-23; Exxon, BP: at end-22
2024
Advancing the strategy, positioned for continued success
TotalEnergies in a new era:
stronger cash flow, low breakeven, low debt

CFFO vs Brent
B$

Breakeven(1)
$/boe

Net debt(2)
B$

1. Pre-dividend organic cash breakeven
2. At year-end, excluding leases
2024 oil and LNG key market drivers

- +1.2 Mb/d global demand in 2024 according to IEA, in line with average oil growth 2000-2023 (+1.2%/y*)
- Non-OPEC supply growth balanced by OPEC+
- Impact of worldwide macroeconomic environment and geopolitical tensions in Middle East

Oil

Brent $/b

2019 2020 2021 2022 2023

20 40 60 80 100 120

LNG

Global LNG demand Mt/y


200 300 400

+6% CAGR 2019-23

Source: S&P Global Bilateral LNG Trade data – January 2024

- **China**, LNG growth engine: #1 importer in 2023 with +11% vs 2022 (71 Mt)
- **Europe**: stable demand in 2023 (113 Mt, +70% vs 2021)
- **Limited additional LNG capacity** (+2%) on stream in 2024: market in tension in case of any disruption

* Source: IEA January 2024 Oil Market Report
Advancing our strategy in 2024

**2024 objectives**

### More energy

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream production</td>
<td>2.4–2.5% ex. Canada</td>
</tr>
<tr>
<td>Upstream production costs (ASC 932)</td>
<td>5 $/boe</td>
</tr>
<tr>
<td>LNG Sales</td>
<td>&gt; 40 Mt</td>
</tr>
<tr>
<td>Refining utilization rate</td>
<td>85%</td>
</tr>
<tr>
<td>Renewables gross installed capacity</td>
<td>28 GW</td>
</tr>
<tr>
<td>Electricity net production</td>
<td>&gt; 45 TWh*</td>
</tr>
</tbody>
</table>

### Less emissions

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1+2 from operated facilities</td>
<td>&lt; 38.8 MtCO₂e</td>
</tr>
<tr>
<td>Methane from operated facilities vs 2020</td>
<td>-50%</td>
</tr>
<tr>
<td>Lifecycle carbon intensity vs 2015</td>
<td>-14%</td>
</tr>
</tbody>
</table>

### Growing cash flow

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFFO</td>
<td>~34 B$**</td>
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<tr>
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<td>of which Integrated Power + low-carbon molecules</td>
<td>~33 %</td>
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<td>CFFO Payout</td>
<td>&gt; 40%</td>
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</tbody>
</table>

* Assuming 40% flexible capacity utilization rate
** At 80 $/b Brent, 10 $/Mbtu TTF, 50 $/t ERM

Tyra, Denmark
Disciplined capital investment supporting transition

Capex = organic investments + acquisitions - divestments

2024 Objectives

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Focus on project delivery to fuel mid-term growth

### Planned FIDs for 2024

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sépia 2</td>
<td>Brazil</td>
</tr>
<tr>
<td>Atapu 2</td>
<td>Brazil</td>
</tr>
<tr>
<td>Kaminho (Block 20), op.</td>
<td>Angola</td>
</tr>
<tr>
<td>Block 58, op.</td>
<td>Suriname</td>
</tr>
</tbody>
</table>

### Executing safely, on time, within budget

**Major projects**

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Progress</th>
<th>First oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mero 3</td>
<td>Brazil</td>
<td>100%</td>
<td>end-24</td>
</tr>
<tr>
<td>Mero 4</td>
<td>Brazil</td>
<td>0%</td>
<td>2025</td>
</tr>
<tr>
<td>Ballymore</td>
<td>US</td>
<td>0%</td>
<td>2025</td>
</tr>
<tr>
<td>Tilenga - EACOP, op.</td>
<td>Uganda</td>
<td>0%</td>
<td>end-25</td>
</tr>
<tr>
<td>Ratawi Ph. 1, op.</td>
<td>Iraq</td>
<td>0%</td>
<td>end-25</td>
</tr>
</tbody>
</table>

**Short cycle and tie-backs**

- **1.5 B$** Capex in 2024 on high-return infills and tie-backs supporting production base

### Strict decision criteria

- **Profitability assessment**
  - 50 $/b environment,
  - 100 $/t carbon price

- **Investment criteria**
  - < 20 $/boe Capex + Opex, or
  - < 30 $/b after-tax breakeven
  - GHG emission intensity
  - < portfolio average (18 kg/boe)

### Acting on drilling capex

**Innovative solution to control costs**

Hedging drilling costs through 75% ownership of a deep offshore drillship, operated by an experienced company.
New Oil & Gas projects accretive on cash margin

**2024 additions**
- **Mero 2** Brazil
  - Producing
- **Tyra** Denmark
  - Start-up end-March
- **Anchor** US
  - Start-up Q2
- **SapuraOMV** Malaysia
  - Start-up Q2

**Increasing cash margin**

**Upstream CFFO/boe**
- at 80 $/b Brent and 10 $/Mbtu TTF

<table>
<thead>
<tr>
<th>Year</th>
<th>CFFO/boe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 excl. Novatek</td>
<td>22</td>
</tr>
<tr>
<td>acquisitions &amp; divestments 2022-23</td>
<td>23</td>
</tr>
<tr>
<td>organic (incl. 2022-24 start-ups)</td>
<td>23</td>
</tr>
<tr>
<td>2024</td>
<td>23</td>
</tr>
</tbody>
</table>

* Subject to closing (expected by end 1H)
Progressing development of exploration successes

Sapakara South + Krabdagu: targeting FID end-24
- 200 kb/d development under study
  - FEED in progress
  - Competitive Call for Tenders started 4Q-23
- First oil expected in 2028

Pursuing 2-rig program
- 2023 positive results: Venus-1A appraisal + 2 flow tests
- In progress: Venus-2A appraisal, Mangetti exploration
- Increased participating interest to consolidate partnership and strengthen financing
- Seismic acquisition in progress in Southern area

Maintaining ~1 B$ Exploration & Appraisal budget in 2024
Strong LNG cash flow, focus on growth projects

2024 Objectives

- Mozambique LNG ~3 Mt/y equity
  Relaunching detailed engineering, remobilizing project financing

- Papua LNG ~2 Mt/y equity
  Progressing on project marketing, financing and EPC

Integrated LNG CFFO

<table>
<thead>
<tr>
<th>Year</th>
<th>Brent ($/b)</th>
<th>TTF ($/Mbtu)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>83</td>
<td>13</td>
</tr>
<tr>
<td>2024</td>
<td>80</td>
<td>10</td>
</tr>
</tbody>
</table>

Focus on project delivery

- Energia Costa Azul, Mexico: 100% COD 2025
- North Field East, Qatar: 100% COD 2026
- Rio Grande LNG, US: 100% COD 2027
- North Field South, Qatar: 100% COD 2028

* Impact from exceptional hedges in 2023 linked to 2022 forward prices
Pursuing profitable expansion of Integrated Power

<table>
<thead>
<tr>
<th>Renewable Gross Capacity (GW)</th>
<th>Electricity Generation (Company share, TWh)</th>
<th>CFFO (B$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>40</td>
<td>3</td>
</tr>
<tr>
<td>2024</td>
<td>&gt; 45*</td>
<td>2.5-3</td>
</tr>
</tbody>
</table>

- Assuming 40% flexible capacity utilization rate

2023 2024

±6

> 25

Flexible generation

Renewables

~10% ROACE in 2024
Scaling up our integrated position in Texas

Maximize value from power price volatility

Growing and volatile market
- Strong population and power demand growth
- Infrastructure bottlenecks
- Significant seasonality in demand and prices

Main assets
- Solar
- Onshore wind
- Storage BESS
- Flexible generation
- LNG/upstream gas
- Trading hub

Electricity generation
Company share, TWh

Renewables
Flexible generation
Storage
Trading
Customers

ERCOT Power price*
$/MWh

2023
2024

200
100

Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4
2023 | 2024

* Forward price as of mid January 2024

2024 Objectives

- ~4 GW installed benefiting from strong IRA uplift
- 1.5 GW installed gas-fired capacity acquisition
- ~30% merchant on ERCOT grid
- ~700 MWac CPPA with merchant upside-sharing mechanism
Downstream: cash and transition

Mixed downstream environment
- Refining supported by consequences of ban on Russian crude and products and by geopolitical tensions
- Petrochemicals impacted by a weak polymer demand

Upgrade assets
Donges refinery modernization - Start-up mid-2024
Deliver energy efficiency program

Delivering value
Refining utilization rate
- No major turnaround
- 85% in 2024

Transitioning profitably
SAF production
- 20 kt/y in 2023
- x2 in 2024

Growing EV in Europe
- Advancing EV hubs development in scarce prime locations in Europe
  - End 2024: > 600 Hubs
- Focusing on HPC on highways and hubs
  - End 2024: > 3,000 HPC

Focus on project delivery
- Projects in La Mède & Normandie
- Progress Grandpuits conversion (210 kt/y in 2025)
- Targeting projects in Asia
  - Feedstock > 85% waste and residues

~7 B$* Downstream CFFO in 2024

2024 Objectives
* At 50 $/t ERM

February 2024 – Results and Objectives
Strong free cash flow and shareholder returns

On track to deliver > 100 B$ FCF over 2023-28 at 80 $/b

2024 CFFO and cash flow allocation

- **Free cash flow**: 17 B$
- **Dividend**
- **Buybacks**: 17–18 B$
- **Net investment**: 17–18 B$

- **> 40% CFFO payout** supported by strong balance sheet
- **2023 dividend growth +7%**: 3.01 vs 2.81 €/share
- **Buybacks for 1Q-24**: maintaining 2 B$/qtr

2024 CFFO sensitivities
- +2.8 B$/y for +10 $/b Brent
- +0.4 B$/y for +2 $/Mbtu TTF/NBP
- +0.5 B$/y for +10 $/t ERM

2024 Objectives
Growing steadily shareholder distributions while deleveraging

**Quarterly dividend**
€/share

- 2019: 0.5
- 2020: 0.5
- 2021: 0.5
- 2022: 0.79
- 2023: 0.79
- 2024: 0.79

**Gearing ratio**
Excluding leases, at year-end

- 2019: 20%
- 2020: 20%
- 2021: 5%
- 2022: 5%
- 2023: 5%

**Buybacks**
B$

- Q1 2022: 1 B$
- Q2 2022: 1 B$
- Q3 2022: 1 B$
- Q4 2022: 1 B$
- Q1 2023: 1.5 B$
- Q2 2023: 2 B$
- Q3 2023: 2 B$
- Q4 2023: 2 B$
- Q1 2024: 2 B$

**2024 Objectives**
Leading performance while transitioning

Total shareholder return (TSR)
base 100 on 1-Jan-19

Source: Bloomberg
Pioneers for 100 years
2024 Objectives

Cash flow allocation

1. **Dividend**
   - A sustainable ordinary dividend through the cycles (no dividend cut in 2020)
   - Dividend increase supported by share buybacks and underlying cash flow growth

2. **Capex**
   - Capex supporting balanced multi-energy strategy
   - 14–18 B$/y through cycles

3. **Balance sheet**
   - Grade A credit rating through the cycles
   - Flexibility to capture counter-cyclical opportunities
   - Targeting AA credit rating

4. **Surplus cash flow**
   - Sharing surplus cash flow from high oil and gas prices through buybacks + special dividends in case of very high prices

2024 Objectives

- **+7%** for 2023 final dividend and 2024 interim dividends: 0.79 €/sh
- **17–18 B$** ~33% in Low-carbon Energies
- **5%** Gearing at end 2023
- **2 B$** in 1st quarter 2024

> 40% payout through the cycles
Disclaimer

The terms “TotalEnergies”, “TotalEnergies company” and “Company” in this document are used to designate TotalEnergies SE and the consolidated entities directly or indirectly controlled by TotalEnergies SE. Likewise, the words “we”, “us” and “our” may also be used to refer to these entities or their employees. The entities in which TotalEnergies SE directly or indirectly owns a shareholding are separate and independent legal entities.

This document may contain forward-looking statements (including forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995), notably with respect to the financial condition, results of operations, business activities and industrial strategy of TotalEnergies. This document may contain statements regarding the perspectives, objectives, areas of improvement and goals of TotalEnergies, including with respect to climate change and carbon neutrality (net zero emissions). An expression contains an opinion, projection or expectation that the future may or may not be consistent with the current or historical levels of TotalEnergies. These forward-looking statements may generally be identified by the use of the future or conditional tense or forward-looking words such as “envisions”, “intends”, “anticipates”, “believes”, “considers”, “plans”, “expects”, “thinks”, “targets”, “aims” or similar terminology. Such forward-looking statements included in this document are based on economic data, estimates and assumptions prepared in a given economic, competitive and regulatory environment and considered to be reasonable by TotalEnergies as of the date of this document. These forward-looking statements are not historical data and should not be interpreted as assurances that the perspectives, objectives or goals announced will be achieved. They may prove to be inaccurate in the future, and may evolve or be modified with a significant difference between the actual results and those initially estimated, due to the uncertainties notably related to the economic, financial, competitive and regulatory environment, or due to the occurrence of risk factors, such as, notably, the price fluctuations in crude oil and natural gas, the evolution of the demand and price of petroleum products, the changes in production results and reserves estimates, the ability to achieve cost reductions and operating efficiencies without unduly disrupting business operations, changes in laws and regulations including those related to the environment and climate, currency fluctuations, as well as economic and political developments, changes in market conditions, loss of market share and changes in consumer preferences, or pandemics such as the COVID-19 pandemic. Additionally, certain financial information is based on estimates particularly in the assessment of the recoverable value of assets and potential impairments of assets relating thereto. Neither TotalEnergies SE nor any of its subsidiaries assumes any obligation to update publicly any forward-looking information or statement, objectives or trends contained in this document whether as a result of new information, future events or otherwise. The information on risk factors that could have a significant adverse effect on TotalEnergies’ business, financial condition, including its operating income and cash flow, reputation, outlook, or the value of financial instruments issued by TotalEnergies is provided in the most recent version of the Universal Registration Document which is filed by TotalEnergies SE with the French Autorité des Marchés Financiers and the annual report on Form 20-F filed with the United States Securities and Exchange Commission (“SEC”).

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TotalEnergies. In addition, a small number of alternative performance indicators are presented, such as performance indicators excluding the adjustment items described below (adjusted operating income, adjusted net operating income, adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, operating cash flow before working capital changes, the shareholder rate of return. These indicators are meant to facilitate the analysis of the financial performance of TotalEnergies and the comparison of income between periods. They allow investors to track the measures used internally to manage and measure the performance of TotalEnergies.

These adjustment items include:

1. Special items

Due to their unusual nature or particular significance, certain transactions qualifying as “special items” are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may qualify as special items although they may have occurred in prior years or are likely to occur in following years.

2. Inventory valuation effect

In accordance with IAS 2, TotalEnergies values inventories of petroleum products in its financial statements according to the First-In, First-Out (FIFO) method and other inventories using the weighted-average cost method. Under the FIFO method, the cost of inventory is based on the historic cost of acquisition or manufacture rather than the current replacement cost. In volatile energy markets, this can have a significant distorting effect on the reported income. Accordingly, the adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the lower of the current replacement or estimated selling price (as calculated in accordance with IFRS). This approach allows for a better assessment of the segment’s performance with those of its main competitors.

In the replacement cost method, which compares the inventories values at the statement of income, is depending on the nature of the inventory, determined using either the month-end prices differential between one period and another or the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results under the FIFO and the replacement cost methods.

3. Effect of changes in fair value

The effect of changes in fair value presented as an adjustment item reflects, for trading inventories and storage contracts, differences between internal measures of performance used by TotalEnergies’ Executive Committee and the accounting for these transactions under IFRS. IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

TotalEnergies, in its trading activities, enters into storage contracts, whose future effects are recorded at fair value in TotalEnergies’ internal economic performance. IFRS precludes recognition of this fair value effect.

Furthermore, TotalEnergies enters into derivative instruments to risk manage certain operational contracts or assets. Under IFRS, these derivatives are recorded at fair value while the underlying operational transactions are recorded as they occur. Internal indicators defer the fair value on derivatives to match with the transaction occurrence.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, excluding the effect of changes in fair value.

Euro amounts presented for the fully adjusted-diluted earnings per share represent dollar amounts converted at the average euro-dollar (€/$) exchange rate for the applicable period and are not the result of financial statements prepared in euros.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to separately disclose, probable and possible reserves that a company has determined in accordance with SEC rules. We may use certain terms in this document, such as “potential reserves”, “future reserves” or “reserves”, that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in the Form 20-F of TotalEnergies SE, File N° 1-10888, available from us at 2, place Jean Miller – Arche Nord Cotelle/Rebault – 92078 Paris-La Defense Cedex, France, or at our website totalenergies.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or on the SEC’s website sec.gov.