Aurelia Energy N.V.

Quarterly report

For the period ended September 30, 2022

FPSO Bleo Holm

Results and main developments nine-month period ended September 30, 2022

Third quarter results

The net result after tax for the nine-month period ended September 30, 2022 amounted to a profit of U.S.$27.0 million compared to a profit of U.S.$18.5 million for the nine-month period ended September 30, 2021. EBITDA for the nine-month period ended September 30, 2022 was U.S.$70.6 million compared to U.S.$70.1 million for the nine-month period ended September 30, 2021. The financial results for the nine months of 2022 were mainly impacted by the following items:

The SPM division generated a loss of U.S.$2.8 million EBITDA in the third quarter of 2022, resulting in U.S.$0.6 million EBITDA for the nine-month period ended September 30, 2022 compared to U.S.$4.5 million EBITDA for the nine-month period ended September 30, 2021. The main impact on the EBITDA in the nine-months of 2022 was caused by unforeseen increase of project expenses, such as transport costs and man-hours spend. A portion of the increased costs could be recovered through pending Variation Orders, still to be agreed with the respective clients. In the nine-months of 2022 the progress on new acquired projects was relatively high compared to the progress achieved on the EPC projects in the nine-months of 2021. The largest EPC contract in the portfolio did not contribute significant to EBITDA for the SPM division, but has a positive impact on the utilisation of the engineering and project management staff during the period.

The EBITDA for the FPSO division in the third quarter of 2022 amounted to U.S.$25.4 million, resulting in U.S.$75.5 million EBITDA for the nine-month period ended September 30, 2022 compared to U.S.$70.1 million EBITDA for the nine-month period ended September 30, 2021. The U.S.$5.4 million increase in EBITDA compared to the nine-months of 2021 was mainly driven by a U.S.$11.4 million increase in EBITDA for the FPSO Aoka Mizu. As from June 2021 the hire rate for FPSO Aoka Mizu increased. Furthermore the tariff income of FPSO Aoka Mizu increased as a result of a higher average oil price in the nine-months of 2022 compared to the nine-months of 2021.
This increase in EBITDA was offset by a U.S.$5.8 million decrease in EBITDA for the FPSO Bleo Holm as a result of lower tariff income due to repair and maintenance of the vessel in the nine-months of 2022 in combination with the new contract which is to a larger extent tariff driven and has a slightly lower base rate during maintenance periods, compared to the nine-months of 2021. Production of FPSO Bleo Holm was resumed on May 13, 2022.
EBITDA for FPSO Haewene Brim decreased with U.S.$0.6 million as a result of a decrease in the facility fee and lower production incentives as the FPSO Haewene Brim was in the yard for the Pierce depressurisation project as well as maintenance and lifetime extension. On June 19, 2022 FPSO Haewene Brim left the yard. The vessel is currently being prepared for reintroduction of hydrocarbons.
Finally the FPSO tender costs were U.S.$0.4 million lower in in the nine-months of 2022 compared to the nine-months of 2021, despite the increase in the number of potential prospects.

During the nine-month period ended September 30, 2022, unallocated expenses amounted to U.S.$5.5 million, compared to U.S.$4.6 million unallocated expenses for the nine-month period ended September 30, 2021. This resulted from lower project activity and lower utilisation of engineering and project management staff in in the nine-months of 2022 compared to the nine-months of 2021.

Depreciation and amortization expenditure in the nine-month period ended September 30, 2022 amounted to U.S.$24.9 million compared to U.S.$28.6 million for the nine-month period ended September 30, 2021. This U.S.$3.7 million decrease was mainly driven by a U.S.$3.2 million decrease in depreciation costs of FPSO Haewene Brim, being now fully depreciated to residual value. Amortization costs for the nine-month period ended September 30, 2022 were U.S.$0.5 million lower compared to the nine-month period ended September 30, 2021.

Finance expenses were U.S.$1.9 million lower compared to the previous year, at U.S.$22.0 million versus U.S.$23.9 million for the nine-month period ended September 30, 2021. The interest costs of the unsecured bond decreased with U.S.$1.5 million in the nine-month period ended September 30, 2022 as a result of a repayment of U.S.$20.0 million in January 2022. The outstanding amount under the unsecured bond is U.S.$200.0 million compared with U.S.$220.0 million in the nine-month period ended September 30, 2021. Amortization of bond debt arrangement fees increased with U.S.$0.3 million in the nine-month period ended September 30, 2022. The RCF interest decreased with U.S.$0.3 million at U.S.$2.0 million in the nine-month period ended September 30, 2021 to U.S.$1.7 million in the nine-month period ended September 30, 2022. This is mainly a result of the repayment of the facility. The RCF facility decreased from U.S.$75.0 million to U.S.$60.0 million as per September 30, 2021 to U.S.$45.0 million as per September 30, 2022. Furthermore refinancing costs decreased with U.S.$0.4 million in the nine-month period ended September 30, 2022.

Currency exchange results were U.S.$5.4 million positive in the nine-month period ended September 30, 2022 compared to U.S.$0.8 million negative in the nine-month period ended September 30, 2021. The decrease in the value of the Euro against the U.S. Dollar and the volatility of the Pound Sterling has led to positive exchange results in the nine-month period ended September 30, 2022. The currency exchange rate moved from EUR/USD 1.13 and GBP/USD 1.35 at the beginning of the year to EUR/USD 0.98 and GBP/USD 1.12 at the end of the nine-month period ended September 30, 2022. Because the Company's revenues are primarily denominated in U.S. dollar and a part of the expenses are in EUR and GBP, the Company is exposed to fluctuations in foreign currency exchange rates. The Company only hedges part of the currency exposure.

Income tax expense for the nine-month period ended September 30, 2022 amounted to U.S.$2.2 million income tax expense versus U.S.$1.7 million income tax benefit for the nine-month period ended September 30, 2021. The U.S.$2.2 million income tax expense in the nine-month period ended September 30, 2022 mainly relates to a decrease of the deferred tax assets of U.S.$0.6 million plus accrued Dutch corporate tax of U.S.$1.4 million and for U.S.$0.2 million income tax expense in relation to provisions for foreign tax. The U.S.$1.4 accrued Dutch corporate tax is the result of a change in tax regime with respect to losses carry forward with effect from January 1, 2022.

Other developments

Refinancing:
On October 28, 2022 the Company priced its U.S.$240.0 million senior unsecured bond issue. With this new bond issue the Company has secured the refinancing of (i) U.S.$200.0 million outstanding under the existing bond BLH03PRO and (ii) portion of the U.S.$45.0 million Revolving Credit Facility. The settlement will be on November 10, 2022. The new bond issue has a duration of four years and is priced at 12% with a discount on the issue price of 6%. The bond will amortize with 7 semi-annual instalments of U.S.$20.0 million each, starting May 10, 2023 with a remaining bullet payable at maturity date on November 10, 2026.

General information

Aurelia Energy N.V. ("the Company") is the holding company of the Bluewater group (Bluewater), a specialized service provider to, and operator in, the offshore oil industry. Bluewater designs, develops, owns and operates floating production storage and offloading units ("FPSOs"), provides auxiliary equipment and services to FPSOs and designs, develops, performs project management and constructs single point mooring systems ("SPMs").

An FPSO is a type of floating production unit used by oil companies to produce, process, store and offload hydrocarbons from offshore fields. FPSOs are either newly built or converted tankers upon which production equipment is mounted. The fluids (oil, gas and water) are processed on board the FPSO vessel, and the treated crude oil is stored before being exported to an off take system utilizing shuttle tankers. Bluewater's fleet of FPSOs is involved in the production, rather than the exploration or drilling phase of oil field development. The FPSOs are leased to oil companies under medium- and long-term service contracts or bareboat contracts.

SPMs are used to transfer fluids to and from a floating production unit, an offshore storage vessel or shuttle tanker while securing the unit, vessel or tanker to the ocean floor. Most SPMs consist of an anchoring system that is connected to the ocean floor and a fluid transfer system that permits the transfer of fluids between fixed and rotating parts of the mooring system. SPMs are generally developed and constructed for oil companies and contractors.

Revenues are earned from day rates consisting of a fixed facility fee and a compensation for operating the FPSO pursuant to leases with oil companies, supplemented from time to time with fees based on volumes of produced barrels of oil. Additionally, revenues are earned on a lump-sum or reimbursable basis from the design, engineering, procurement and management services that are provided in the various FPSO and SPM projects being managed.

FPSO and SPM projects are being managed from the initial design and engineering phase to final installation. Further, Bluewater engages subcontractors in the fabrication of FPSOs, SPMs and auxiliary equipment.

Condensed consolidated interim income statement

For the period ended September 30, 2022

In thousands of U.S.$	***Note***	**September 30, 2022**	**September 30, 2021**
Operating activities			
Revenues	*1*	423,284	239,123
Raw materials, consumables used and other operating costs		(301,944)	(123,365)
Employee benefits expense		(50,768)	(45,677)
EBITDA		70,572	70,081
Depreciation and amortization expense	*2*	(24,909)	(28,624)
Results from operating activities (EBIT)		45,663	41,457
Finance income		94	21
Finance expenses		(22,001)	(23,945)
Currency exchange results		5,413	(756)
Net finance expense		(16,494)	(24,680)
Profit before income tax		29,169	16,777
Income tax (expense)/ benefit		(2,197)	1,691
Profit for the period		26,972	18,468

The profit for the period is fully attributable to the shareholder.

The interim financial statements have not been audited

Condensed consolidated interim statement of financial position

In thousands of U.S.$	*Note*	September 30, 2022	December 31, 2021
Assets			
Property, plant and equipment	*2*	349,273	371,593
Right-of-use assets	*3*	14,761	19,232
Intangible assets		1,430	1,643
Deferred tax assets		99,250	99,800
Total non-current assets		464,714	492,268
Inventories		1,763	2,215
Trade and other receivables		38,058	68,976
Contract assets		23,917	13,677
Prepayments for current assets		3,606	2,573
Cash and cash equivalents		69,573	53,667
Total current assets		136,917	141,108
Total assets		601,631	633,376
Equity			
Issued share capital		170,000	170,000
Share premium		198,568	198,568
Translation reserve		(16,440)	(10,641)
Other reserves		973	973
Employee benefits reserve		(21,021)	(21,021)
Accumulated deficit		(101,413)	(128,385)
Total equity attributable to equity holder of the Company		230,667	209,494
Liabilities			
Loans and borrowings	*4*	155,062	171,500
Lease liabilities	*3*	11,188	15,154
Employee benefits		18,683	23,108
Total non-current liabilities		184,933	209,762
Loans and borrowings	*4*	85,000	99,601
Lease liabilities	*3*	2,563	2,265
Trade and other payables, including derivatives		74,466	67,788
Contract liabilities		24,002	44,466
Total current liabilities		186,031	214,120
Total liabilities		370,964	423,882
Total equity and liabilities		601,631	633,376

The interim financial statements have not been audited

Condensed consolidated interim statement of changes in equity

In thousands of U.S.$

	Issued Share Capital	Share Premium	Translation reserve	Other reserves	Employee benefits reserve (IAS 19)	Accumulated deficit	Total equity
Balance at January 1, 2022	**170,000**	**198,568**	**(10,641)**	**973**	**(21,021)**	**(128,385)**	**209,494**
Profit for the period	-	-	-	-	-	26,972	26,972
Foreign currency translation differences	-	-	(5,799)	-	-	-	(5,799)
Total comprehensive income	-	-	(5,799)	-	-	26,972	21,173
Balance at September 30, 2022	**170,000**	**198,568**	**(16,440)**	**973**	**(21,021)**	**(101,413)**	**230,667**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**September 30, 2022**	**September 30, 2021**
Net cash from (used in) operating activities	62,177	41,319
Net cash from (used in) investing activities	(221)	(1,879)
Net cash from (used in) financing activities	(38,162)	(40,262)
Translation effect on cash	(7,889)	(634)
Net increase / (decrease) in available cash and cash equivalents	15,906	(1,456)
Cash and cash equivalents at the beginning of the period	53,667	31,735
Cash and cash equivalents at the end of the period	69,573	30,279

The interim financial statements have not been audited

Notes to the unaudited condensed consolidated interim financial statements

Reporting entity

Aurelia Energy N.V. ("the Company") has its legal seat in Willemstad (Curaçao). The unaudited condensed consolidated interim financial statements of the Company as at and for the period ended September 30, 2022 comprise the Company and its subsidiaries (together referred to as "the Group" or "Bluewater" and individually as "Group entities") and the Group's interest in jointly controlled entities.

Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as applied in the most recent annual financial statements.

Basis of preparation

These unaudited condensed consolidated interim financial statements are presented in thousands of US dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) as applied in the most recent annual financial statements. As of January 1, 2019 the Company implemented IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Details can be found in note 3. The information furnished in the unaudited condensed consolidated interim financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for fair presentation of such financial statements. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these unaudited condensed consolidated interim financial statements be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2021.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited condensed consolidated interim financial statements are:

- Revenue recognition on construction contracts based on the percentage of completion method;
- Estimation of the anticipated useful life and future revenues earned with the FPSOs, which along with the discount rate, is the basis for the recoverable amounts of FPSOs;
- Estimation of the realizable amount of tax losses carried forward;
- Potential impact of claims and litigation.

1. Segment information

The disclosure of segment information is consistent with the internal reports in order to assess each segment's performance and to allocate resources to them. Internal reporting is primarily based on business segments since the Company's risks and rates of return are affected primarily by differences in services and products produced.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly employee benefits expense, head office expenses, investments and related revenue and income tax assets and liabilities. For both presented periods there are no inter segment revenues.

	FPSO		**SPM**		**Consolidated**	
In thousands of U.S.$	**September 30, 2022**	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
Total segment revenue	136,808	137,570	286,476	101,553	423,284	239,123
Total cost of operations	(61,334)	(67,437)	(285,853)	(97,019)	(347,187)	(164,456)
Unallocated income/ (expenses)					(5,525)	(4,586)
EBITDA	75,474	70,133	623	4,534	70,572	70,081
Depreciation and amortization	(21,999)	(24,843)	(2,910)	(3,781)	(24,909)	(28,624)
Results from operating activities (EBIT)	53,475	45,290	(2,287)	753	45,663	41,457
Net finance costs					(16,494)	(24,680)
Income tax benefit/ (expense)					(2,197)	1,691
Result for the period					26,972	18,468
Segment assets	436,156	427,000	64,795	75,299	500,951	502,299
Unallocated assets					100,680	98,861
Total assets					601,631	601,160
Segment liabilities	262,519	292,807	108,445	96,634	370,964	389,441
Capital expenditure	-	-	247	598	247	598

There are no unallocated capital expenditures in 2021 and 2022.

2. Property, plant and equipment

In thousands of U.S.$	FPSOs	FPSOs held for conversion	Office equip-ment	Total
Cost:				
As at January 1, 2022	1,482,118	552,563	11,363	2,046,044
Additions	-	-	247	247
Translation result	-	-	(76)	(76)
As at September 30, 2022	1,482,118	552,563	11,534	2,046,215
Accumulated depreciation and impairment losses:				
As at January 1, 2022	1,288,845	379,716	5,890	1,674,451
Depreciation for the period	13,002	8,772	780	22,554
Translation result	-	-	(63)	(63)
As at September 30, 2022	1,301,847	388,488	6,607	1,696,942
Net book value	180,271	164,075	4,927	349,273

As of September 30, 2022, an amount of U.S.$101,481 (September 30, 2021: U.S.$101,481) relating to capitalized interest is included in the historical cost value of the FPSOs, FPSOs held for conversion and FPSO under construction. During the periods ended September 30, 2022 and 2021 no interest was capitalized. Depreciation of right of use assets amounted U.S.$2,051 thousand and amortization of intangible assets amounted U.S.$304 thousand for the nine-month period ended September 30, 2022.

3. Leases

The Company leases assets including buildings, vehicles and office equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Cost

In thousands of U.S.$	Property	Vehicles	Office equipment	Total
As at January 1, 2022	26,024	1,004	761	27,789
Additions	-	27	-	27
Disposals	-	(17)	-	(17)
Translation result	(3,572)	(137)	(102)	(3,811)
As at September 30, 2022	22,452	877	659	23,988

Accumulated depreciation

In thousands of U.S.$	Property	Vehicles	Office equipment	Total
As at January 1, 2022	7,884	414	259	8,557
Charge for the year	1,769	174	108	2,051
Disposals	-	(17)	-	(17)
Translation result	(1,229)	(91)	(44)	(1,364)
As at September 30, 2022	8,424	480	323	9,227

Carrying amount

In thousands of U.S.$	Property	Vehicles	Office equipment	Total
As at September 30, 2022	14,028	397	336	14,761

Lease liabilities

Lease liabilities included in the consolidated interim statement of financial position:

In thousands of U.S.$	September 30, 2022	December 31, 2021
Non-current liabilities		
Lease liabilities	11,188	15,154
Current liabilities		
Lease liabilities	2,563	2,265

4. Loans and borrowings

In thousands of U.S.$	September 30, 2022	December 31, 2021
Non-current liabilities		
Unsecured bond	155,062	171,500
	155,062	171,500
Current liabilities		
Current portion of bank loans	45,000	59,601
Current portion Unsecured bond	40,000	40,000
	85,000	99,601

The amount of the Unsecured bond as per September 30, 2022 amounting to U.S.$155.1 million is the net balance of the U.S.$200.0 million unsecured bond loan, the current portion of U.S.$40.0 million and the current balance of unamortized borrowing costs of U.S.$4.9 million. The current portion of the bank loans as per September 30, 2022 is the balance of the outstanding U.S.$45.0 million revolving credit facility, due November 15, 2022.