Aurelia Energy N.V.

Quarterly report

For the period ended December 31, 2022

FPSO Haewene Brim

Results and main developments for year ended December 31, 2022

Fourth quarter results

The net result after tax for the year ended December 31, 2022 amounted to a profit of U.S.$32.1 million compared to a profit of U.S.$26.7 million for the year ended December 31, 2021. EBITDA for the year ended December 31, 2022 was U.S.$93.7 million compared to U.S.$91.7 million for the year ended December 31, 2021. The results for the year 2022 were mainly impacted by the following items:

The SPM division generated a U.S.$7.2 million EBITDA in the fourth quarter of 2022, resulting in U.S.$7.9 million EBITDA in the year ending December 31, 2022 compared to U.S.$4.1 million EBITDA for the year ending December 31, 2021. In the year 2022 as well as the year 2021 main contributors to the SPM EBITDA are two EPC projects. In year 2022 the progress on these projects was relatively high compared to the progress on the EPC projects in the year 2021. Although one additional EPC contract did not contribute a significant EBITDA for the SPM division, it did had a positive impact on the utilisation of the engineering and project management staff.

The EBITDA for the FPSO division in the fourth quarter of 2022 amounted to U.S.$19.7 million, resulting in U.S.$95.2 million EBITDA for the year 2022 compared to U.S.$97.3 million EBITDA for the year 2021. The U.S.$2.1 million decrease in EBITDA compared to the year 2021 was mainly driven by a U.S.$7.1 million decrease of EBITDA for FPSO Haewene Brim. In 2022 the FPSO Haewene Brim was in conversion for gas exports which resulted in lower OPEX performance related revenues. The tariff income of FPSO Bleo Holm decreased with U.S.$6.1 million as a result of the amendment to the existing Bareboat Charter, which is more tariff driven and positively influenced by an higher oil price but negatively influenced by lower oil production in 2022. The decreased EBITDA of the FPSO Haewene Brim and FPSO Bleo Holm was partly offset by an increase of U.S.$11.1 million in EBITDA of 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 year 2022 compared to the year 2021.

During the year 2022, unallocated expenses amounted to U.S.$9.4 million, compared to U.S.$9.7 million unallocated expenses for the year 2021. Overhead recovery increased as a result of increased project activity in 2022.

Depreciation and amortization expenditure in the year of 2022 amounted to U.S.$33.1 million compared to U.S.$37.6 million for the year 2021. The FPSO Haewene Brim reached its residual value in 2022, resulting in a decrease of U.S.$4.4 million depreciation expenditures compared with 2021. Depreciation expenditures of the other FPSO's remained on the same amount as in 2021. Amortization costs for the year 2022 slightly increased with U.S.$0.2 million. Furthermore the IFRS16 related lease depreciation decreased with U.S.$0.3 million.

Finance expenses were U.S.$3.6 million higher compared to the previous year, at U.S.$.35.3 million versus U.S.$31.7 million for the year 2021. The interest costs of the unsecured bond decreased with U.S.$0.6 million in the year 2022. Effective November 10, 2022 the Company issued a U.S.$240.0 million unsecured bond. On November 15, 2022 the existing bond was called and redemption took place on the same date. U.S.$4.6 million of outstanding debt arrangement fees in relation to the old bond were expensed. The outstanding amount under the unsecured bond is U.S.$240.0 million compared with U.S.$220.0 million in the year 2021. The RCF interest decreased with U.S.$0.4 million at U.S.$2.5 million in the year 2021 to U.S.$2.1 million in the year 2022. This decrease resulted from a reduction of the net debt amount under the facility. The amortization costs of the bond increased with U.S.$4.8 million as a result of the bond amendment in Q4, 2022. Finally, other interest costs decreased by U.S.$0.2 million in the year 2022 compared to the year 2021.

Currency exchange results were U.S.$4.9 million positive in the year 2022 compared to U.S.$2.6 million negative in the year 2021. The increase in the value of the U.S. Dollar against the Euro and the volatility of the Pound Sterling has led to positive exchange results in the year 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 1.07 and GBP/USD 1.21 at the end of the year 2022. Bluewater is exposed to fluctuations in foreign currency exchange rates, because a portion of its expenses and financial indebtedness is denominated in currencies that are different from Bluewater's revenues. The Company only hedges part of the currency exposure.

Income tax benefit for the year 2022 amounted to U.S.$1.5 million versus U.S.$6.9 million income tax benefit for the year 2021. The U.S.$1.5 million income tax benefit in the year 2022 mainly relates to an increase of the deferred tax assets. One of the reasons for the U.S.1.6 million increase in the deferred tax assets for the year 2022 is the tightened restrictions for “earning stripping” rules of the Bluewater Holding B.V. fiscal unity going forward.

Other developments

During the ramp up for the gas export of the FPSO Haewene Brim on the Pierce field in January a technical issue was discovered. This issue is current being remedied. Current expectation is that gas production will resume by the end of March.

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 December 31, 2022

In thousands of U.S.$	***Note***	**December 31, 2022**	**December 31, 2021**
Operating activities			
Revenues	*1*	507,755	354,753
Raw materials, consumables used and other operating costs		(348,801)	(198,506)
Employee benefits expense		(65,282)	(64,520)
EBITDA		93,672	91,727
Depreciation and amortization expense	*2*	(33,080)	(37,631)
Results from operating activities (EBIT)		60,592	54,096
Finance income		451	39
Finance expenses		(35,335)	(31,743)
Currency exchange results		4,902	(2,591)
Net finance expense		(29,982)	(34,295)
Profit/ (loss) before income tax		30,610	19,801
Income tax benefit		1,484	6,931
Profit/ (loss) for the period		32,094	26,732

The profit/ (loss) 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*	December 31, 2022	December 31, 2021
Assets			
Property, plant and equipment	*2*	342,373	371,593
Right-of-use assets	*3*	15,706	19,232
Intangible assets		1,264	1,643
Deferred tax assets		101,391	99,800
Total non-current assets		460,734	492,268
Inventories		1,445	2,215
Trade and other receivables		44,394	68,976
Contract assets		34,916	13,677
Prepayments for current assets		3,499	2,573
Cash and cash equivalents		41,008	53,667
Total current assets		125,262	141,108
Total assets		585,996	633,376
Equity			
Issued share capital		170,000	170,000
Share premium		198,568	198,568
Translation reserve		(14,251)	(10,641)
Other reserves		649	973
Employee benefits reserve		(17,538)	(21,021)
Accumulated deficit		(100,967)	(128,385)
Total equity attributable to equity holder of the Company		236,461	209,494
Liabilities			
Loans and borrowings	*4*	180,315	171,500
Lease liabilities	*3*	11,753	15,154
Employee benefits		13,646	23,108
Total non-current liabilities		205,714	209,762
Loans and borrowings	*4*	40,000	99,601
Lease liabilities	*3*	2,082	2,265
Trade and other payables, including derivatives		91,014	67,788
Contract liabilities		10,725	44,466
Total current liabilities		143,821	214,120
Total liabilities		349,535	423,882
Total equity and liabilities		585,996	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	-	-	-	-	-	32,094	32,094
Dividend paid						(5,000)	(5,000)
Addition to legal reserve	-	-	-	(324)	-	324	-
Movement employee benefits reserve net of tax (IAS 19)	-	-	-	-	3,483	-	3,483
Foreign currency translation differences	-	-	(3,610)	-	-	-	(3,610)
Total comprehensive income	-	-	(3,610)	(324)	3,483	27,418	26,967
Balance at December 31, 2022	**170,000**	**198,568**	**(14,251)**	**649**	**(17,538)**	**(100,967)**	**236,461**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**December 31, 2022**	**December 31, 2021**
Net cash from (used in) operating activities	61,049	63,436
Net cash from (used in) investing activities	(231)	(1,393)
Net cash from (used in) financing activities	(69,016)	(38,600)
Translation effect on cash	(4,461)	(1,511)
Net increase / (decrease) in available cash and cash equivalents	(12,659)	21,932
Cash and cash equivalents at the beginning of the period	53,667	31,735
Cash and cash equivalents at the end of the period	41,008	53,667

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 December 31, 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. 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.

Change in accounting policy

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is in line with amended parent accounting policy. Historical financial information has been restated to account for the impact of the change.

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**	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
In thousands of U.S.$						
Total segment revenue	176,068	185,596	331,687	169,157	507,755	354,753
Total cost of operations	(80,868)	(88,268)	(323,824)	(165,013)	(404,692)	(253,281)
Unallocated income/ (expenses)					(9,391)	(9,745)
EBITDA	95,200	97,328	7,863	4,144	93,672	91,727
Depreciation and amortization	(29,133)	(33,599)	(3,947)	(4,032)	(33,080)	(37,631)
Unallocated impairment	-	-	-	-	-	-
Results from operating activities (EBIT)	66,067	63,729	3.916	112	60,592	54,096
Net finance costs					(29,982)	(34,295)
Income tax benefit/ (expense)					1,484	6,931
Result for the period					32,094	26,732
Segment assets	400,538	436,166	82,803	95,767	483,341	531,933
Unallocated assets					102,655	101,443
Total assets					585,996	633,376
Segment liabilities	242,170	265,633	107,365	138,249	349,535	403,882
Capital expenditure	-	-	682	947	682	947

There are no unallocated capital expenditures in 2022 and 2021.

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	-	-	682	682
Translation result	-	-	(50)	(50)
As at December 31, 2022	1,482,118	552,563	11,995	2,046,676
Accumulated depreciation and impairment losses:				
As at January 1, 2022	1,288,845	379,716	5,890	1,674,451
Depreciation for the period	17,143	11,693	1,054	29,890
Translation result	-	-	(38)	(38)
As at December 31, 2022	1,305,988	391,409	6,906	1,704,303
Net book value	176,130	161,154	5,089	342,373

As of December 31, 2022, an amount of U.S.$101,481 (December 31, 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 December 31, 2022 and 2021 no interest was capitalized. Depreciation of right of use assets amounted U.S.$2,813 thousand and amortization of intangible assets amounted U.S.$377 thousand for the year 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	26,597	910	657	28,164
Additions	1,422	210	222	1,854
Disposals	-	(101)	-	(101)
Translation result	(1,995)	(15)	(118)	(2,128)
As at December 31, 2022	26,024	1,004	761	27,789

Accumulated depreciation

In thousands of U.S.$				
As at January 1, 2022	5,654	272	123	6,049
Charge for the year	2,750	249	153	3,152
Disposals	-	(101)	-	(101)
Translation result	(520)	(6)	(17)	(543)
As at December 31, 2022	7,884	414	259	8,557

Carrying amount

In thousands of U.S.$				
As at December 31, 2022	18,140	590	502	19,232

Lease liabilities

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

In thousands of U.S.$	**December 31, 2022**	**December 31, 2021**
Non-current liabilities		
Lease liabilities	11,753	15,154
Current liabilities		
Lease liabilities	2,082	2,265

4. Loans and borrowings

In thousands of U.S.$	December 31, 2022	December 31, 2021
Non-current liabilities		
Unsecured bond	180,315	171,500
	180,315	171,500
Current liabilities		
Current portion of bank loans	-	59,601
Current portion unsecured bond	40,000	40,000
	40,000	99,601

The amount of the Unsecured bond as per December 31, 2022 amounting to U.S.$180.3 million is the net balance of the U.S.$240.0 million unsecured bond loan, the current portion of U.S.$40.0 million and the balance of unamortized borrowing costs of U.S.$19.7 million. The current portion of the bank loans has been fully repaid in November 2023.