

Aurelia Energy N.V.

Quarterly report

For the period ended March 31, 2023



FPSO Haewene Brim – Gas export project

Results and main developments for the three months ended March 31, 2023

First quarter results

The net result after tax for the first quarter of 2023 amounted to a loss of U.S.\$1.2 million compared to a profit of U.S.\$7.4 million for the first quarter of 2022. EBITDA for the first quarter of 2023 was U.S.\$17.4 million compared to U.S.\$24.5 million for the first quarter of 2022. The financial results for the first quarter of 2022 were mainly impacted by the following items:

The SPM division generated U.S.\$1.6 million EBITDA in the first quarter of 2023 compared to U.S.\$1.4 million EBITDA for the first quarter of 2022. In the first quarter of 2023 as well as the first three months of 2022, two EPC projects contribute to SPM EBITDA. Although one additional EPC contract did not contribute a significant EBITDA for the SPM division, it did have a positive impact on the utilisation of the engineering and project management staff. This EPC contract was completed during the first quarter of 2023.

The EBITDA for the FPSO division in the first quarter of 2023 amounted to U.S.\$20.5 million compared to U.S.\$23.6 million EBITDA for the first quarter of 2022. The U.S.\$3.1 million decrease in EBITDA compared to the first quarter of 2022 was driven by a U.S.\$3.3 million decrease in EBITDA for the FPSO Haewene Brim. EBITDA for FPSO Haewene Brim decreased as a result of a decrease in the facility fee which is related to the new POSA and a lack of tariff income in the first quarter of 2023. During the ramp up of the gas export on the Pierce field in January, a technical issue was discovered. This issue was remedied on March 31, 2023. EBITDA for the FPSO Aoka Mizu decreased with U.S.\$2.8 million compared with the first three months of 2022. This was mainly driven by declining production levels in combination with lower Brent oil price compared with the first quarter of 2022. These decreases in EBITDA were offset by a U.S.\$3.1 million increase in EBITDA for the FPSO Bleo Holm as a result of higher tariff income compared with the first three months of 2022. This was mainly driven by downtime of the FPSO Bleo Holm caused by repair and maintenance of the vessel in the first quarter of 2022. Finally the FPSO tender costs were U.S.\$0.2 million higher in the first quarter of 2023 compared to the first quarter of 2022, due to the increase in the number of potential prospects in the year 2023.

Unallocated expenses amounted to U.S.\$4.7 million in the first quarter of 2023, compared to U.S.\$0.5 million unallocated expenses for the first quarter of 2022. Main contributor to the decreased overhead recovery was the decreased project activity and lower utilisation of engineering and project management staff.

Depreciation and amortization expenditure in the first quarter of 2023 amounted to U.S.\$8.1 million compared to U.S.\$8.7 million for the first quarter of 2022. This U.S.\$0.6 million decrease was driven by a U.S.\$0.6 million decrease in depreciation costs of FPSO Haewene Brim, being now fully depreciated to residual value. Amortization costs for the first quarter of 2023 were U.S.\$0.1 million which is same as in the first quarter of 2022.

Finance expenses were U.S.\$2.0 million higher compared to the previous year, at U.S.\$9.4 million versus U.S.\$7.4 million for the first quarter of 2022. The interest costs of the unsecured bond increased with U.S.\$2.0 million in the first quarter of 2023. Effective November 10, 2022 the Company issued a new U.S.\$240.0 million unsecured bond. The RCF interest decreased with U.S.\$0.5 million at U.S.\$0.5 million in the first quarter of 2022 to nil in the first three months of 2023. Nothing of the Revolving Credit Facility has been drawn in 2023. The amortization costs of the bond increased with U.S.\$0.4 million as a result of the refinancing of the bond. Finally other finance expenses increased with U.S.\$0.1 million in the first quarter of 2023 compared with the first three months of 2022.

Currency exchange results were U.S.\$2.1 million negative in the first quarter of 2023 compared to U.S.\$1.0 million negative in the first quarter of 2022. The decrease in the value of the U.S. Dollar against the Euro and the volatility of the Pound Sterling has led to negative exchange results in the first quarter of 2023. The currency exchange rate moved from EUR/USD 1.07 and GBP/USD 1.20 at the beginning of the year to EUR/USD 1.09 and GBP/USD 1.24 at the end of the first quarter of 2023. 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 income for the first quarter of 2023 amounted to U.S.\$1.0 million versus U.S.\$17 thousand income tax expense for the first quarter of 2022. The U.S.\$1.0 million income tax benefit in the first quarter of 2023 mainly relates to the increase of the deferred tax assets with U.S.\$1,2 million. This increase in the deferred tax assets in the first quarter of 2023 is the result of “earning stripping” rules of the Bluewater Holding B.V. fiscal unity as a result of increased finance expenses. The U.S.\$0.2 million income tax expense in the first quarter of 2023 relates to foreign taxes.

Other developments

In recent times the company have seen a strong increase in interest in its FPSO's. This has led to a paid pre-FEED for an oil field near Ivory Coast and a pre-FEED for an oil field in Malaysia.

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 March 31, 2023

<i>In thousands of U.S.\$</i>	<i>Note</i>	March 31, 2023	March 31, 2022
Operating activities			
Revenues	1	67,404	137,091
Raw materials, consumables used and other operating costs		(36,390)	(94,510)
Employee benefits expense		(13,576)	(18,076)
EBITDA		17,438	24,505
Depreciation and amortization expense	2	(8,131)	(8,714)
Results from operating activities (EBIT)		9,307	15,791
Finance income		24	10
Finance expenses		(9,383)	(7,354)
Currency exchange results		(2,118)	(1,006)
Net finance expense		(11,477)	(8,350)
Profit before income tax		(2,170)	7,441
Income tax benefit/ (expense)		1,017	(17)
Profit for the period		(1,153)	7,424

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

<i>In thousands of U.S.\$</i>			March 31, 2023	December 31, 2022
	Note			
Assets				
Property, plant and equipment	2		335,062	342,373
Right-of-use assets	3		15,326	15,706
Intangible assets			1,168	1,264
Deferred tax assets			102,564	101,391
Total non-current assets			454,120	460,734
Inventories			1,445	1,445
Trade and other receivables			54,960	44,405
Contract assets			21,453	34,916
Prepayments for current assets			4,841	3,499
Cash and cash equivalents			67,201	41,008
Total current assets			149,900	125,273
Total assets			604,020	586,007
Equity				
Issued share capital			170,000	170,000
Share premium			198,568	198,568
Translation reserve			(13,725)	(14,251)
Other reserves			649	649
Employee benefits reserve			(17,538)	(17,538)
Accumulated deficit			(102,120)	(100,967)
Total equity attributable to equity holder of the Company			235,834	236,461
Liabilities				
Loans and borrowings	4		181,909	180,315
Lease liabilities	3		11,327	11,753
Employee benefits			13,663	13,646
Total non-current liabilities			206,899	205,714
Loans and borrowings	4		40,000	40,000
Lease liabilities	3		2,845	2,082
Trade and other payables, including derivatives			108,283	91,025
Contract liabilities			10,159	10,725
Total current liabilities			161,287	143,832
Total liabilities			368,186	349,546
Total equity and liabilities			604,020	586,007

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, 2023	170,000	198,568	(14,251)	649	(17,538)	(100,967)	236,461
Profit /(loss) for the period	-	-	-	-	-	(1,153)	(1,153)
Foreign currency translation differences	-	-	526	-	-	-	526
Total comprehensive income	-	-	526	-	-	(1,153)	(627)
Balance at March 31, 2023	170,000	198,568	(13,725)	649	(17,538)	(102,120)	235,834

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

<i>In thousands of U.S.\$</i>	March 31, 2023	March 31, 2022
Net cash from (used in) operating activities	28,414	28,299
Net cash from (used in) investing activities	10	(13)
Net cash from (used in) financing activities	(1,063)	(30,895)
Translation effect on cash	(1,168)	(495)
Net increase / (decrease) in available cash and cash equivalents	26,193	(3,104)
Cash and cash equivalents at the beginning of the period	41,008	53,667
Cash and cash equivalents at the end of the period	67,201	50,563

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 March 31, 2023 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, 2022.

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	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<i>In thousands of U.S.\$</i>						
Total segment revenue	42,718	42,050	24,686	95,041	67,404	137,091
Total cost of operations	(22,202)	(18,459)	(23,040)	(93,606)	(45,242)	(112,065)
Unallocated income/ (expenses)					(4,724)	(521)
EBITDA	20,516	23,591	1,646	1,435	17,438	24,505
Depreciation and amortization	(7,139)	(7,727)	(991)	(987)	(8,130)	(8,714)
Results from operating activities (EBIT)	13,377	15,864	655	448	9,308	15,791
Net finance costs					(11,477)	(8,350)
Income tax benefit/ (expense)					1,017	(17)
Result for the period					(1,152)	7,424
Segment assets	421,535	427,191	78,753	126,275	500,288	553,466
Unallocated assets					103,732	101,331
Total assets					604,020	654,797
Segment liabilities	254,918	263,434	113,268	175,404	368,186	438,838
Capital expenditure	-	-	14	25	14	25

There are no unallocated capital expenditures in 2022 and 2023.

2. Property, plant and equipment

In thousands of U.S.\$

	FPSOs	FPSOs held for conversion	Office equipment	Total
Cost:				
As at January 1, 2023	1,482,118	552,563	11,995	2,046,676
Additions	-	-	14	14
Translation result	-	-	13	13
As at March 31, 2023	1,482,118	552,563	12,022	2,046,703
Accumulated depreciation and impairment losses:				
As at January 1, 2023	1,305,988	391,409	6,906	1,704,303
Depreciation for the period	4,140	2,923	266	7,329
Translation result	-	-	9	9
As at March 31, 2023	1,310,128	394,332	7,181	1,711,641
Net book value	171,990	158,231	4,841	335,062

As of March 31, 2023, an amount of U.S.\$101,481 (March 31, 2022: U.S.\$101,481) relating to capitalized interest is included in the historical cost value of the FPSOs and FPSOs held for conversion. During the periods ended March 31, 2023 and 2022 no interest was capitalized. Depreciation of right of use assets amounted U.S.\$706 thousand and amortization of intangible assets amounted U.S.\$96 thousand for the first quarter of 2023.

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

<i>In thousands of U.S.\$</i>	Property	Vehicles	Office equipment	Total
As at January 1, 2023	24,802	943	716	26,461
Translation result	538	20	15	573
As at March 31, 2023	25,340	963	731	27,034

Accumulated depreciation

<i>In thousands of U.S.\$</i>				
As at January 1, 2023	9,833	535	387	10,755
Charge for the year	615	57	36	708
Translation result	225	12	8	245
As at March 31, 2023	10,673	604	431	11,708

Carrying amount

<i>In thousands of U.S.\$</i>				
As at March 31, 2023	14,667	359	300	15,326

There were no material additions to the right-of-use assets during the first quarter of 2023.

Lease liabilities

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

<i>In thousands of U.S.\$</i>	March 31, 2023	December 31, 2022
Non-current liabilities		
Lease liabilities	11,327	11,753
Current liabilities		
Lease liabilities	2,845	2,082

4. Loans and borrowings

In thousands of U.S.\$

Non-current liabilities

Long-term bank loans

Unsecured bond

March 31, December 31,
2023 2022

- -

181,909 180,315

181,909 180,315

Current liabilities

Current portion of bank loans

Current portion Unsecured bond

- -

40,000 40,000

40,000 40,000

The amount of the Unsecured bond as per March 31, 2023 amounting to U.S.\$181.9 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 current balance of unamortized borrowing costs of U.S.\$18.1 million. The outstanding bank loans as per March 31, 2023 amounting to nil as no part of the Revolving Credit Facility has been drawn.