

Aurelia Energy N.V.

Quarterly report

For the period ended March 31, 2024



Bluewater – Turret Buoy

Results and main developments for the three months ended March 31, 2024

First quarter results

The net result after tax for the first quarter of 2024 amounted to a loss of U.S.\$1.0 million compared to a loss of U.S.\$1.2 million for the first quarter of 2023. EBITDA for the first quarter of 2024 was U.S.\$15.1 million compared to U.S.\$17.4 million for the first quarter of 2023. The financial results for the first quarter of 2024 were mainly impacted by the following items:

The SPM division generated U.S.\$1.0 million EBITDA in the first quarter of 2024 compared to U.S.\$1.6 million EBITDA for the first quarter of 2023. In the first quarter of 2024 as well as the first three months of 2023, EPC projects contribute to SPM EBITDA.

The EBITDA for the FPSO division in the first quarter of 2024 amounted to U.S.\$19.7 million compared to U.S.\$20.5 million EBITDA for the first quarter of 2023. The U.S.\$0.8 million decrease in EBITDA compared to the first quarter of 2023 was driven by a U.S.\$1.1 million decrease in EBITDA for the FPSO Bleo Holm. The tariff income decreased compared with the first three months of 2023 as a result of anticipated declining production levels. EBITDA for the FPSO Aoka Mizu slightly increased with U.S.\$0.2 million compared with the first three months of 2023. Although the production levels slightly declined over time, the tariff income remained more or less the same, supported by increased Brent oil prices compared with the first quarter of 2023. EBITDA for the FPSO Haewene Brim increased with U.S.\$ 0.1 million. The facility fee increased with U.S.\$ 0.8 million mainly by a reassessed position regarding remuneration invoiced and received in 2022, which were previously not taken into account as settlement with the client was uncertain. This increase was partly offset by a decreased result of U.S.\$ 0.7 million on the POSA due to higher operational costs. Finally the FPSO tender costs were U.S.\$0.2 million lower in the first quarter of 2024 compared to the first quarter of 2023. The increased tender- and study activities could be partially charged to clients.

Unallocated expenses amounted to U.S.\$5.6 million in the first quarter of 2024, compared to U.S.\$4.7 million unallocated expenses for the first quarter of 2023. Main contributor to the increased unallocated expenses was the decreased overhead recovery. This is the result of lower project activity compared to the first three months of 2023.

Depreciation and amortization expenditure in the first quarter of 2024 amounted to U.S.\$8.1 million which was equal for the first quarter of 2023. There were no material changes in the first three months of 2024 compared with the same period in 2023.

Finance expenses were U.S.\$1.5 million lower compared to the previous year, at U.S.\$7.9 million versus U.S.\$9.4 million for the first quarter of 2023. The interest costs of the unsecured bond decreased with U.S.\$1.2 million in the first quarter of 2024. The outstanding amount under the unsecured bond is U.S.\$200.0 million compared with U.S.\$240.0 million in the first quarter of 2023. The amortization costs of the bond decreased with U.S.\$0.1 million. Finally other finance expenses decreased with U.S.\$0.2 million in the first quarter of 2024 compared with the first three months of 2023.

Currency exchange results were U.S.\$0.1 million positive in the first quarter of 2024 compared to U.S.\$2.1 million negative in the first quarter of 2023. Volatility 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 first quarter of 2024. The currency exchange rate moved from EUR/USD 1.11 and GBP/USD 1.27 at the beginning of the year to EUR/USD 1.08 and GBP/USD 1.26 at the end of the first quarter of 2024. 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 first quarter of 2024 amounted to U.S.\$0.1 million versus U.S.\$1.0 million income tax income for the first quarter of 2023. 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 was the result of "earning stripping" rules of the Bluewater Holding B.V. fiscal unity as a result of increased finance

expenses. The U.S.\$0.1 million income tax expense in the first quarter of 2024 relates to accrued foreign taxes.

Other developments

On March 31, 2024 the Dutch competent authorities have decided to grant a permit, on an annual basis to be renewed as is the standard practice, for project execution for the engineering, procurement and construction for two Buoys for a client in Kazakhstan. The contract value is EUR 80 million and delivery will take place in the last quarter of 2025.

On April 6, 2024 production resumed at the FPSO Haewene Brim after successful repair of the mooring system. Currently ramp-up is finished and the FPSO is fully producing from the available wells. Later this summer a further repair of one non-critical mooring leg is envisaged.

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, 2024

<i>In thousands of U.S.\$</i>	<i>Note</i>	March 31, 2024	March 31, 2023
Operating activities			
Revenues	1	64,294	67,404
Raw materials, consumables used and other operating costs		(37,619)	(36,390)
Employee benefits expense		(11,617)	(13,576)
EBITDA		15,058	17,438
Depreciation and amortization expense	2	(8,120)	(8,131)
Results from operating activities (EBIT)		6,938	9,307
Finance income		26	24
Finance expenses		(7,924)	(9,383)
Currency exchange results		130	(2,118)
Net finance expense		(7,768)	(11,477)
Loss before income tax		(830)	(2,170)
Income tax benefit/ (expense)		(130)	1,017
Loss for the period		(960)	(1,153)

The 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

<i>In thousands of U.S.\$</i>			March 31, 2024	December 31, 2023
	Note			
Assets				
Property, plant and equipment	2		305,890	313,090
Right-of-use assets	3		12,499	13,474
Intangible assets			803	898
Deferred tax assets			105,749	105,752
Total non-current assets			424,941	433,214
Inventories			1,529	1,540
Trade and other receivables			54,657	46,210
Contract assets			5,049	10,291
Prepayments for current assets			4,483	2,308
Cash and cash equivalents			26,528	21,734
Total current assets			92,246	82,083
Total assets			517,187	515,297
Equity				
Issued share capital			170,000	170,000
Share premium			198,568	198,568
Translation reserve			(12,718)	(12,474)
Other reserves			454	454
Employee benefits reserve			(19,893)	(19,504)
Accumulated deficit			(88,671)	(87,711)
Total equity attributable to equity holder of the Company			247,740	249,333
Liabilities				
Loans and borrowings	4		147,867	146,408
Lease liabilities	3		8,643	9,457
Employee benefits			14,118	14,044
Total non-current liabilities			170,628	169,909
Loans and borrowings	4		40,000	44,697
Lease liabilities	3		2,663	2,790
Trade and other payables, including derivatives			49,119	43,175
Contract liabilities			7,037	5,393
Total current liabilities			98,819	96,055
Total liabilities			269,447	265,964
Total equity and liabilities			517,187	515,297

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, 2024	170,000	198,568	(12,474)	454	(19,504)	(87,711)	249,333
Profit /(loss) for the period	-	-	-	-	-	(960)	(960)
Movement employee benefits re- serve	-	-	-	-	(389)	-	(389)
Foreign currency translation differ- ences	-	-	(244)	-	-	-	(244)
Total comprehensive income	-	-	(244)	-	(389)	(960)	(1,593)
Balance at March 31, 2024	170,000	198,568	(12,718)	454	(19,893)	(88,671)	247,740

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

<i>In thousands of U.S.\$</i>	March 31, 2024	March 31, 2023
Net cash from (used in) operating activities	11,627	28,414
Net cash from (used in) investing activities	(84)	10
Net cash from (used in) financing activities	(5,920)	(1,063)
Translation effect on cash	(829)	(1,168)
Net increase / (decrease) in available cash and cash equivalents	4,794	26,193
Cash and cash equivalents at the beginning of the period	21,734	41,008
Cash and cash equivalents at the end of the period	26,528	67,201

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, 2024 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, 2023.

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, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<i>In thousands of U.S.\$</i>						
Total segment revenue	55,299	42,718	8,995	24,686	64,294	67,404
Total cost of operations	(35,631)	(22,202)	(8,011)	(23,040)	(43,642)	(45,242)
Unallocated income/ (expenses)					(5,594)	(4,724)
EBITDA	19,668	20,516	984	1,646	15,058	17,438
Depreciation and amortization	(7,145)	(7,139)	(975)	(991)	(8,120)	(8,130)
Results from operating activities (EBIT)	12,523	13,377	9	655	6,938	9,308
Net finance costs					(7,768)	(11,477)
Income tax benefit/ (expense)					(130)	1,017
Result for the period					(960)	(1,152)
Segment assets	368,772	421,535	41,863	78,753	410,635	500,288
Unallocated assets					106,552	103,732
Total assets					517,187	604,020
Segment liabilities	221,505	254,918	47,942	113,268	269,447	368,186
Capital expenditure	-	-	110	14	110	14

There are no unallocated capital expenditures in 2023 and 2024.

2. Property, plant and equipment

In thousands of U.S.\$

	FPSOs	FPSOs held for conversion	Office equipment	Total
Cost:				
As at January 1, 2024	1,482,118	552,563	11,980	2,046,661
Additions	-	-	110	110
Translation result	-	-	(4)	(4)
As at March 31, 2024	1,482,118	552,563	12,086	2,046,767
Accumulated depreciation and impairment losses:				
As at January 1, 2024	1,322,548	403,102	7,921	1,733,571
Depreciation for the period	4,140	2,923	247	7,310
Translation result	-	-	(4)	(4)
As at March 31, 2024	1,326,688	406,025	8,164	1,740,887
Net book value	155,430	146,538	3,922	305,890

As of March 31, 2024, an amount of U.S.\$101,481 (March 31, 2023: 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, 2024 and 2023 no interest was capitalized. Depreciation of right of use assets amounted U.S.\$716 thousand and amortization of intangible assets amounted U.S.\$94 thousand for the first quarter of 2024.

3. Right-of-use assets

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, 2024	25,736	797	742	27,275
Additions	-	75	-	75
Disposals	-	(38)	-	(38)
Translation result	(611)	(20)	(18)	(649)
As at March 31, 2024	25,125	814	724	26,663

Accumulated depreciation

<i>In thousands of U.S.\$</i>				
As at January 1, 2024	12,746	505	550	13,801
Charge for the year	627	52	37	716
Disposals	-	(11)	-	(11)
Translation result	(316)	(12)	(14)	(342)
As at March 31, 2024	13,057	534	573	14,164

Carrying amount

<i>In thousands of U.S.\$</i>				
As at March 31, 2024	12,068	280	151	12,499

There were no material additions to the right-of-use assets during the first quarter of 2024.

Lease liabilities

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

<i>In thousands of U.S.\$</i>	March 31, 2024	December 31, 2023
Non-current liabilities		
Lease liabilities	8,643	9,457
Current liabilities		
Lease liabilities	2,663	2,790

4. Loans and borrowings

<i>In thousands of U.S.\$</i>	March 31, 2024	December 31, 2023
Non-current liabilities		
Long-term bank loans	-	-
Unsecured bond	147,867	146,408
	<u>147,867</u>	<u>146,408</u>
Current liabilities		
Current portion of bank loans	-	4,697
Current portion Unsecured bond	40,000	40,000
	<u>40,000</u>	<u>44,697</u>

The amount of the Unsecured bond as per March 31, 2024 amounting to U.S.\$147.9 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.\$12.1 million. The outstanding bank loans as per March 31, 2024 amounting to nil as no part of the Revolving Credit Facility has been drawn.