Aurelia Energy N.V.

Quarterly report

For the period ended June 30, 2024

FPSO Aoka Mizu

Results and main developments for the six months ended June 30, 2024

Second quarter results

The net result after tax for the six-month period ended June 30, 2024 amounted to a loss of U.S.$1.6 million compared to a profit of U.S.$5.1 million for the six-month period ended June 30, 2023. EBITDA for the six-month period ended June 30, 2024 was U.S.$30.1 million compared to U.S.$40.1 million for the six-month period ended June 30, 2023. The financial results for the first half-year of 2024 were mainly impacted by the following items:

The SPM division generated U.S.$0.2 million EBITDA in the second quarter of 2024, resulting in U.S.$1.1 million EBITDA for the six-month period ended June 30, 2024 compared to U.S.$4.4 million EBITDA for the six-month period ended June 30, 2023. Progress on EPC projects was relatively low in the first half year of 2024 as the EPC projects are in an early stage.

The EBITDA for the FPSO division in the second quarter of 2024 amounted to U.S.$21.4 million, resulting in U.S.$41.1 million EBITDA for the six-month period ended June 30, 2024 compared to U.S.$44.2 million EBITDA for the six-month period ended June 30, 2023. The U.S.$3.1 million decrease in EBITDA compared to the first six-months of 2023 was mainly driven by a U.S.$2.7 million decrease in EBITDA for the FPSO Bleo Holm as the result of anticipated declining production. EBITDA for the FPSO Aoka Mizu decreased with U.S.$1.1 million compared with the same period of 2023. The decreased EBITDA was mainly driven by a U.S.$0.8 million lower facility fee compared with the same period in 2023. In June 2024 the contract for the FPSO Aoka Mizu with the customer was amended to gradually reduce the facility fee as from June 2024. The contract for the FPSO Aoka Mizu still has an undefined end date with a 180 days cancellation period that can be invoked by both Bluewater and the customer. These decreases in EBITDA were partly offset by a U.S.$1.0 million increase in EBITDA for the FPSO Haewene Brim. Production is now back on anticipated levels. The scheduled repair of the last mooring line is in progress. Finally, the FPSO tender costs were U.S.$0.3 million higher in the first six-months of 2024 compared to the first six-months of 2023. Tender activities increased compared with the same period in 2024.

During the first half-year of 2024, unallocated expenses amounted to U.S.$12.2 million, compared to U.S.$8.3 million unallocated expenses for the first half-year of 2023. 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 half-year of 2024 amounted to U.S.$16.2 million compared to U.S.$16.3 million for the first half-year of 2023. There were no material changes in the first six-months of 2024 compared with the same period in 2023.

Finance expenses were U.S.$2.3 million lower compared to the previous year, at U.S.$15.8 million versus U.S.$18.1 million for the first half-year of 2023. Decreased finance costs are driven by the Unsecured Bond which was issued by the company, effective November 10, 2022. The interest costs of the unsecured bond decreased with U.S.$2.4 million in the first half-year of 2024. Amortized debt arrangement fees for the Bond decreased with U.S.$0.3 million, at U.S.$3.1 versus U.S.$2.8 million for the first six months of 2024. The RCF interest expense increased with U.S.$0.3 million, from nil in the first half-year of 2023 to U.S.$0.3 million in the first half-year of 2024. Amortization cost of the debt arrangement fees for the RCF decreased with U.S.$0.1 million and other finance expenses decreased with U.S.$0.2 million compared with the first half year of 2023.

Currency exchange results were U.S.$0.4 million positive in the first half-year of 2024 compared to U.S.$2.4million negative in the first half-year of 2023. The increase 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 first half-year 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 1.07 and GBP/USD 1.26 at the end of the first half-year 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 hedges part of the currency exposure.

Income tax for the first half-year of 2024 amounted to U.S.$0.2 million income tax expense versus U.S.$1.6 million income tax income for the first half-year of 2023. The U.S.$0.2 million income tax expense in the first half-year of 2024 relates to accrued foreign taxes. The U.S.$1.6 million tax income in 2023 mainly related to an increase of the deferred tax assets as the result of additional tax losses carry forward in combination with an increase related to “earning stripping” rules.

Other developments

Pre-FEED activities FPSO Aoka Mizu continuing for an undisclosed customer. This may be followed by a FEED study in the second half of this year.

In June 2024 the contract for the FPSO Bleo Holm with the customer was amended and extended till September 30, 2026 with an option for an extension into 2027. The floor and cap-remuneration has been substituted by fixed lease rate in combination with a tariff based on production and oil price.

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 June 30, 2024

In thousands of U.S.$	***Note***	**June 30, 2024**	**June 30, 2023**
Operating activities			
Revenues	*1*	127,668	142,267
Raw materials, consumables used and other operating costs		(72,374)	(75,233)
Employee benefits expense		(25,235)	(26,760)
EBITDA		30,059	40,274
Depreciation and amortization expense	*2*	(16,231)	(16,279)
Results from operating activities (EBIT)		13,828	23,995
Finance income		50	60
Finance expenses		(15,805)	(18,185)
Currency exchange results		448	(2,374)
Net finance expense		(15,307)	(20,499)
Profit / (loss) before income tax		(1,479)	3,496
Income tax (expense)/ benefit		(162)	1,587
Profit / (loss) for the period		(1,641)	5,083

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***	**June 30, 2024**	**December 31, 2023**
Assets				
	Property, plant and equipment	*2*	298,721	313,090
	Right-of-use assets	*3*	11,799	13,474
	Intangible assets		708	898
	Deferred tax assets		105,750	105,752
Total non-current assets			416,978	433,214
	Inventories		1,524	1,540
	Trade and other receivables		55,036	46,210
	Contract assets		6,547	10,291
	Prepayments for current assets		4,408	2,308
	Cash and cash equivalents		48,706	21,734
Total current assets			116,221	82,083
Total assets			533,199	515,297
Equity				
	Issued share capital		170,000	170,000
	Share premium		198,568	198,568
	Translation reserve		(12,663)	(12,474)
	Other reserves		454	454
	Employee benefits reserve		(20,277)	(19,504)
	Accumulated deficit		(89,352)	(87,711)
Total equity attributable to equity holder of the Company			246,730	249,333
Liabilities				
	Loans and borrowings	*4*	129,216	146,408
	Lease liabilities	*3*	8,026	9,457
	Employee benefits		14,409	14,044
Total non-current liabilities			151,651	169,909
	Loans and borrowings	*4*	40,000	44,697
	Lease liabilities	*3*	2,597	2,790
	Trade and other payables, including derivatives		63,020	43,175
	Contract liabilities		29,201	5,393
Total current liabilities			134,818	96,055
Total liabilities			286,469	265,964
Total equity and liabilities			533,199	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	-	-	-	-	-	(1,641)	(1,641)
Movement employee benefits reserve	-	-	-	-	(773)	-	(773)
Foreign currency translation differences	-	-	(189)	-	-	-	(189)
Total comprehensive income	-	-	(189)	-	(773)	(1,641)	(2,603)
Balance at June 30, 2024	**170,000**	**198,568**	**(12,663)**	**454**	**(20,277)**	**(89,352)**	**246,730**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**June 30, 2024**	**June 30, 2023**
Net cash from (used in) operating activities	50,188	46,410
Net cash from (used in) investing activities	(200)	46
Net cash from (used in) financing activities	(21,840)	(21,786)
Translation effect on cash	(1,176)	(1,760)
Net increase / (decrease) in available cash and cash equivalents	26,972	22,910
Cash and cash equivalents at the beginning of the period	21,734	41,008
Cash and cash equivalents at the end of the period	48,706	63,918

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 June 30, 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, 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	
In thousands of U.S.$	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Total segment revenue	109,527	96,082	18,141	46,186	127,668	142,268
Total cost of operations	(68,446)	(51,859)	(17,007)	(41,815)	(85,453)	(93,674)
Unallocated income/ (expenses)					(12,156)	(8,320)
EBITDA	41,081	44,223	1,134	4,371	30,059	40,274
Depreciation and amortization	(14,292)	(14,282)	(1,938)	(1,997)	(16,230)	(16,279)
Results from operating activities (EBIT)	26,789	29,941	(804)	2,374	13,829	23,995
Net finance costs					(15,307)	(20,499)
Income tax benefit/ (expense)					(162)	1,587
Result for the period					(1,640)	5,083
Segment assets	381,498	410,023	45,243	59,540	426,741	469,563
Unallocated assets					106,458	104,299
Total assets					533,199	573,862
Segment liabilities	217,029	229,804	69,440	101,662	286,469	331,466
Capital expenditure	-	-	250	14	250	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 equip-ment	Total
Cost:				
As at January 1, 2024	1,482,118	552,563	11,980	2,046,661
Additions	-	-	250	250
Translation result	-	-	(4)	(4)
As at June 30, 2024	1,482,118	552,563	12,226	2,046,907
Accumulated depreciation and impairment losses:				
As at January 1, 2024	1,322,548	403,102	7,921	1,733,571
Depreciation for the period	8,280	5,847	491	14,618
Translation result	-	-	(3)	(3)
As at June 30, 2024	1,330,828	408,949	8,409	1,748,186
Net book value	151,290	143,614	3,817	298,721

As of June 30, 2024, an amount of U.S.$101,481 (June 30, 2023: 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 June 30, 2024 and 2023 no interest was capitalized. Depreciation of right of use assets amounted U.S.$1,422 thousand and amortization of intangible assets amounted U.S.$191 thousand for the first half-year of 2024.

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, 2024	25,736	797	742	27,275
Additions	-	176	-	176
Disposals	-	(92)	-	(92)
Translation result	(778)	(50)	(24)	(852)
As at June 30, 2024	24,958	831	718	26,507

Accumulated depreciation

In thousands of U.S.$				
As at January 1, 2024	12,746	505	550	13,801
Charge for the year	1,247	102	73	1,422
Disposals	-	(65)	-	(65)
Translation result	(392)	(41)	(19)	(450)
As at June 30, 2024	13,601	503	604	14,707

Carrying amount

In thousands of U.S.$				
As at June 30, 2024	11,537	328	114	11,799

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

Lease liabilities

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

In thousands of U.S.$	June 30, 2024	December 31, 2023
Non-current liabilities		
Lease liabilities	8,026	10,652
Current liabilities		
Lease liabilities	2,597	2,839

4. Loans and borrowings

In thousands of U.S.$	June 30, 2024	December 31, 2023
Non-current liabilities		
Unsecured bond	129,216	146,408
	129,216	146,408
Current liabilities		
Current portion Unsecured bond	40,000	40,000
	40,000	40,000

The amount of the Unsecured bond as per June 30, 2024 amounting to U.S.$129.2 million is the net balance of the U.S.$180.0 million unsecured bond loan, the current portion of U.S.$40.0 million and the current balance of unamortized borrowing costs of U.S.$10.8 million. The outstanding bank loans as per June 30, 2024 amounting to nil as no part of the Revolving Credit Facility has been drawn.