Aurelia Energy N.V.

Quarterly report

For the period ended December 31, 2023

FPSO Aoka Mizu

Results and main developments for year ended December 31, 2023

Fourth quarter results

The net result after tax for the year ended December 31, 2023 amounted to a profit of U.S.$13.1 million compared to a profit of U.S.$32.1 million for the year ended December 31, 2022. EBITDA for the year ended December 31, 2023 was U.S.$79.6 million compared to U.S.$93.7 million for the year ended December 31, 2022. The results for the year 2023 were mainly impacted by the following items:

The SPM division generated a U.S.$5.8 million EBITDA in the fourth quarter of 2023, resulting in U.S.$9.9 million EBITDA in the year ending December 31, 2023 compared to U.S.$7.9 million EBITDA for the year ending December 31, 2022. In year 2023 the progress on these projects was relatively low compared to the progress on EPC projects in the year 2022 as most projects reached final completion. In 2022 one project did not contribute a significant EBITDA for the SPM division but it did have a positive impact on the utilisation of the engineering and project management staff. This EPC contract also had a significant impact on the revenue increase of the Group.

The EBITDA for the FPSO division in the fourth quarter of 2023 amounted to U.S.$23.4 million, resulting in U.S.$89.5 million EBITDA for the year 2023 compared to U.S.$95.2 million EBITDA for the year 2022. The U.S.$5.7 million decrease in EBITDA compared to the year 2022 was mainly driven by a U.S.$8.5 million decrease of EBITDA for FPSO Aoka Mizu. In 2023 the tariff income of FPSO Aoka Mizu decreased as a result of declining oil production in combination with a slightly lower average oil price in 2023 compared to the year 2022. This decrease was partly offset against a U.S.$3.0 million increase of EBITDA of the FPSO Bleo Holm. Oil tariffs were higher compared with 2022 due to shut downs in relation to maintenance and repairs in 2022. EBITDA of the FPSO Haewene Brim increased with U.S.$1.1 million compared to the year 2022. In 2022 the FPSO Haewene Brim was in conversion for gas exports. Although OPEX related revenues were low in 2023, the lease income increased compared with 2022. This was the result of a reassessed position regarding remuneration invoiced and received in 2022, which were previously not taken into account as settlement with the client was uncertain. The lay-up cost of the 2 FPSO's held for conversion increased with U.S.$0.3 million in 2023. Finally, the net tender costs increased with U.S.$0.8 million in 2023 compared to the year 2022. This was the result of significant increased tender activities. The tender cost and pre-FEED studies have been partly paid by several clients.

During the year 2023, unallocated expenses amounted to U.S.$19.7 million, compared to U.S.$9.4 million unallocated expenses for the year 2022. Overhead recovery decreased due to lower project activity in 2023.

Depreciation and amortization expenditure in the year of 2023 amounted to U.S.$32.5 million compared to U.S.$33.1 million in the year 2022. Depreciation expenditures of the FPSO's decreased with U.S.$0.5 million. Amortization costs and the IFRS16 related lease depreciation remained on the same amount as in 2022.

Finance expenses were U.S.$0.4 million lower compared to the previous year, at U.S.$34.9 million in the year 2023 versus U.S.$35.3 million in the year 2022. The interest costs of the unsecured bond increased with U.S.$5.3 million in the year 2023. Effective November 10, 2022 the Company issued a new 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.$200.0 million compared to U.S.$240.0 million at the end of the year 2022. The RCF interest decreased with U.S.$1.9 million from U.S.$2.1 million in the year 2022 to U.S.$0.2 million in the year 2023. This decrease was mainly the result of a full redemption of the outstanding net debt amount under the facility in November 2022. The amortization costs of the bond decreased with U.S.$3.2 million as a result of the expensed debt arrangement fees of the called bond in Q4, 2022. The amortization costs of the RCF decreased with U.S.$0.8 million compared to the year 2022 as one-off amendment costs have been expensed in 2022. Unutilized ongoing fees of the RCF increased with U.S.$0.4 million at U.S.$0.1 million in the year 2022 to U.S.$0.5 million in the year 2023 as the RCF mainly remained undrawn during the year. Finally, other interest costs decreased by U.S.$0.2 million in the year 2023 compared to the year 2022.

Currency exchange results were U.S.$3.4 million negative in the year 2023 compared to U.S.$4.9 million positive in the year 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 year 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 1.11 and GBP/USD 1.27 at the end of the year 2023. 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 2023 amounted to U.S.$4.2 million versus U.S.$1.5 million income tax benefit for the year 2022. The U.S.$2.7 million increase consists a release of the direct corporate income tax liability of U.S.$0.8 and an increase of the deferred tax asset of U.S.$3.7 million in 2023. The release in 2023 of the in 2022 accrued corporate income tax is related to a reassessed tax position. The deferred tax asset increased mainly due to higher fiscal depreciation which resulted in a taxable loss.

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 in the first quarter of 2023.

In the second quarter of 2023 Bluewater has been rewarded with a pre-FEED study contract with a value of GBP 1.4 million from a client for the FPSO Aoka Mizu.

In the second quarter of 2023 Bluewater has been rewarded with a pre-FEED study contract with a value of USD 1.4 million from a client for the FPSO Glas Dowr. Recently we were informed by the client that they decided not to enter in a FEED contract. Other parties have expressed their interest for the FPSO Glas Dowr which may result in a pre-FEED and FEED contract.

In the second quarter of 2023 Bluewater has been rewarded with three study contracts with a value of USD 0.7 million from clients for a Turret Mooring System, a Single Point Mooring system and a FPSO relocation study.

In the third quarter, Bluewater has been rewarded with a contract with a client for the engineering, procurement and construction a Calm Buoy. The contract value is U.S.$13.6 million and delivery will take place in the last quarter of 2024.

On October 15, 2023 a Memorandum of Understanding (MoU) has been signed with a client for the possible charter of the FPSO Aoka Mizu. The MoU comprise a Definition Study and FEED. Furthermore it sets out the conditions under which a contract can be concluded.

On January 29, 2024, Bluewater has signed a contract with a client for the engineering, procurement and construction for two Buoys, which only becomes effective upon approval from the EU authorities. The contract value is EUR 81.3 million and delivery will take place in the last quarter of 2025.

As from end of August 2023 the production of the FPSO Haewene Brim on the Pierce field ceased due to issues with its mooring lines connections to the buoy. Mid February one of its mooring lines was successfully repaired, allowing reversing of disconnect activities. Restart of production is expected end of March subject to the approval of the governing authorities. One more mooring line, not critical to the integrity of the mooring system, is expected to be fixed later this year.

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, 2023

In thousands of U.S.$	***Note***	**December 31, 2023**	**December 31, 2022**
Operating activities			
Revenues	*1*	292,386	507,755
Raw materials, consumables used and other operating costs		(159,042)	(348,801)
Employee benefits expense		(53,716)	(65,282)
EBITDA		79,628	93,672
Depreciation and amortization expense	*2*	(32,541)	(33,080)
Results from operating activities (EBIT)		47,087	60,592
Finance income		158	451
Finance expenses		(34,948)	(35,335)
Currency exchange results		(3,446)	4,902
Net finance expense		(38,236)	(29,982)
Profit/ (loss) before income tax		8,851	30,610
Income tax benefit		4,210	1,484
Profit/ (loss) for the period		13,061	32,094

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, 2023	December 31, 2022
Assets			
Property, plant and equipment	*2*	313,090	342,373
Right-of-use assets	*3*	13,474	15,706
Intangible assets		898	1,264
Deferred tax assets		105,752	101,391
Total non-current assets		433,214	460,734
Inventories		1,540	1,445
Trade and other receivables		46,210	44,405
Contract assets		10,291	34,916
Prepayments for current assets		2,308	3,499
Cash and cash equivalents		21,734	41,008
Total current assets		82,083	125,273
Total assets		515,297	586,007
Equity			
Issued share capital		170,000	170,000
Share premium		198,568	198,568
Translation reserve		(12,474)	(10,251)
Other reserves		454	649
Employee benefits reserve		(19,504)	(17,538)
Accumulated deficit		(87,711)	(100,967)
Total equity attributable to equity holder of the Company		249,333	236,461
Liabilities			
Loans and borrowings	*4*	146,408	180,315
Lease liabilities	*3*	9,457	11,753
Employee benefits		14,044	13,646
Total non-current liabilities		169,909	205,714
Loans and borrowings	*4*	44,697	40,000
Lease liabilities	*3*	2,790	2,082
Trade and other payables, including derivatives		43,175	91,025
Contract liabilities		5,393	10,725
Total current liabilities		96,055	143,832
Total liabilities		265,964	349,546
Total equity and liabilities		515,297	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 for the period	-	-	-	-	-	13,061	13,061
Movement in legal reserve	-	-	-	(195)	-	195	-
Movement employee benefits reserve net of tax (IAS 19)	-	-	-	-	(1,966)	-	(1,966)
Foreign currency translation differences	-	-	1,777	-	-	-	1,777
Total comprehensive income	-	-	1,777	(195)	(1,966)	13,256	12,872
Balance at December 31, 2023	**170,000**	**198,568**	**(12,474)**	**454**	**(19,504)**	**(87,711)**	**249,333**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**December 31, 2023**	**December 31, 2022**
Net cash from (used in) operating activities	19,990	61,049
Net cash from (used in) investing activities	115	(231)
Net cash from (used in) financing activities	(38,796)	(69,016)
Translation effect on cash	(583)	(4,461)
Net increase / (decrease) in available cash and cash equivalents	(19,274)	(12,659)
Cash and cash equivalents at the beginning of the period	41,008	53,667
Cash and cash equivalents at the end of the period	21,734	41,008

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, 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.

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	
In thousands of U.S.$	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Total segment revenue	219,384	176,068	73,002	331,687	292,386	507,755
Total cost of operations	(129,887)	(80,868)	(63,135)	(323,823)	(193,022)	(404,691)
Unallocated income/ (expenses)					(19,736)	(9,392)
EBITDA	89,497	95,200	9,867	7,864	79,628	93,672
Depreciation and amortization	(28,566)	(29,133)	(3,975)	(3,947)	(32,541)	(33,080)
Unallocated impairment	-	-	-	-	-	-
Results from operating activities (EBIT)	60,931	66,067	5.892	3.917	47,087	60,592
Net finance costs					(38,236)	(29,982)
Income tax benefit/ (expense)					4,210	1,484
Result for the period					13,061	32,094
Segment assets	369,642	400,549	39,005	82,803	408,647	483,352
Unallocated assets					106,650	102,655
Total assets					515,297	586,007
Segment liabilities	218,620	242,181	47,344	107,365	265,964	349,546
Capital expenditure	-	-	27	682	27	682

There are no unallocated capital expenditures in 2023 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, 2023	1,482,118	552,563	11,995	2,046,676
Additions	-	-	27	27
Disposals	-	-	(69)	(69)
Translation result	-	-	27	27
As at December 31, 2023	1,482,118	552,563	11,980	2,046,661
Accumulated depreciation and impairment losses:				
As at January 1, 2023	1,305,988	391,409	6,906	1,704,303
Depreciation for the period	16,560	11,693	1,064	29,317
Disposals	-	-	(69)	(69)
Translation result	-	-	20	20
As at December 31, 2023	1,322,548	403,102	7,921	1,733,571
Net book value	159,570	149,461	4,059	313,090

As of December 31, 2023, an amount of U.S.$101,481 (December 31, 2022: 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, 2023 and 2022 no interest was capitalized. Depreciation of right of use assets amounted U.S.$2,842 thousand and amortization of intangible assets amounted U.S.$382 thousand for the year 2023.

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

In thousands of U.S.$	Property	Vehicles	Office equipment	Total
Cost				
As at January 1, 2023	24,802	943	716	26,461
Additions	-	125	-	125
Disposals	-	(300)	-	(300)
Translation result	934	29	26	989
As at December 31, 2023	25,736	797	742	27,275
Accumulated depreciation				
As at January 1, 2023	9,833	535	387	10,755
Charge for the year	2,479	218	145	2,842
Disposals	-	(265)	-	(265)
Translation result	434	17	18	469
As at December 31, 2023	12,746	505	550	13,801
Carrying amount				
As at December 31, 2023	12,990	292	192	13,474

Lease liabilities

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

In thousands of U.S.$	December 31, 2023	December 31, 2022
Non-current liabilities		
Lease liabilities	9,457	11,753
Current liabilities		
Lease liabilities	2,790	2,082

4. Loans and borrowings

In thousands of U.S.$	December 31, 2023	December 31, 2022
Non-current liabilities		
Unsecured bond	146,408	180,315
	146,408	180,315
Current liabilities		
Current portion of bank loans	4,697	-
Current portion unsecured bond	40,000	40,000
	44,697	40,000

The amount of the Unsecured bond as per December 31, 2023 amounting to U.S.$186.4 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 balance of unamortized borrowing costs of U.S.$13.6 million. The current portion of the bank loans as per December 31, 2023 is the net balance of the outstanding U.S.$5.0 million revolving credit facility and the balance of unamortized borrowing costs of U.S.$303 thousand. The outstanding balance of U.S.$5.0 million has been repaid on January 3, 2024.