



Brooge Energy Limited
Unaudited Interim Condensed Consolidated
Financial Statements
Six-Month Period Ended June 30, 2023

AFFINIAX A A S AUDITORS

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Brooge Energy Limited

Result of Review of Interim Condensed Consolidated Financial Statements

We have reviewed the accompanying interim condensed consolidated financial statements of Brooge Energy Limited and its Subsidiaries, ("the Group"), which comprise of the interim consolidated statement of financial position as at June 30, 2023, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the period then ended and notes to the interim condensed consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

Based on our review, with the exception of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with International Financial Reporting Standards.

We draw your attention to Note 15 wherein the Group has allocated funds received in prior years from M/s Brooge International Advisory LLC under other payables. Since the Group could not obtain the confirmation from subject party to identify the purpose and repayment terms, if any; before signing date of this report, the amount has been continued to be classified as Other payable in the interim condensed consolidated financial statements for the period ended June 30, 2023.

Basis for Review Results

These interim condensed consolidated financial statements are the responsibility of the Company's management. We conducted our review in accordance with the standards of the PCAOB. A review of interim condensed consolidated financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Affiniax A A S Auditors



Abbeer Altaf Syed
Registration Number: 1148
Dubai, United Arab Emirates
September 28, 2023



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Brooge Energy Limited

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

Period Ended June 30, 2023

(Figures in USD)

	Note	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Revenue	5	62,912,327	28,399,372
Direct costs	6	<u>(11,142,519)</u>	<u>(10,634,706)</u>
Gross profit		51,769,808	17,764,666
Other income		122,516	23,154
General and administration expenses	7	(11,984,485)	(5,690,986)
Finance costs	8	(10,604,446)	(14,577,131)
Changes in fair value of derivative financial instruments		4,236,668	1,916,269
Change in estimated fair value of derivative warrant liability		<u>3,827,570</u>	<u>4,458,069</u>
Profit for the period		37,367,631	3,894,041
Other comprehensive income		<u>Nil</u>	<u>Nil</u>
Total comprehensive income for the period		<u>37,367,631</u>	<u>3,894,041</u>
Basic and diluted earnings per share	22	<u>0.42</u>	<u>0.04</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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Brooge Energy Limited

Unaudited Interim Condensed Consolidated Statement of Financial Position

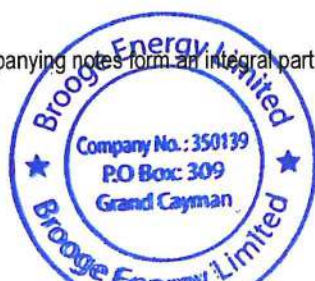
As at June 30, 2023

(Figures in USD)

	Note	June 30, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,702,332	940,925
Restricted bank balance	9	7,166,795	7,319,056
Trade accounts receivable	10	17,299,953	5,275,047
Inventories		340,271	315,576
Other receivable and prepayments		1,791,122	724,093
Total Current Assets		<u>30,300,473</u>	<u>14,574,697</u>
Non-Current Assets			
Restricted bank balance	9	8,500,000	8,500,000
Property, plant and equipment	11	439,379,303	426,040,639
Derivative financial instrument	12	13,499,964	9,263,296
Advances to contractor	13	15,006,262	15,223,215
Total Non-Current Assets		<u>476,385,529</u>	<u>459,027,150</u>
Total Assets		<u>506,686,002</u>	<u>473,601,847</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and accounts payable	14	19,293,465	17,242,748
Contract liabilities		6,494,933	6,222,055
Other payable	15	74,253,965	74,253,965
Derivative warrant liability	16	418,210	4,245,780
Borrowings	17	166,096,134	171,696,134
Lease liabilities	18	6,696,445	6,316,342
Total Current Liabilities		<u>273,253,152</u>	<u>279,977,024</u>
Non-Current Liabilities			
Borrowings	17	1,584,536	1,782,603
Lease liabilities	18	87,011,275	84,557,069
Employees' end of service benefits		284,438	134,200
Asset retirement obligation		2,090,278	2,056,259
Total Non-Current Liabilities		<u>90,970,527</u>	<u>88,530,131</u>
Equity			
Share capital	19	8,804	8,804
Share premium	19	101,777,058	101,777,058
Statutory reserve		680,643	680,643
Retained earnings		(30,395,969)	(67,763,600)
Shareholder's account		70,391,787	70,391,787
Total Equity Attributable to the Shareholders		<u>142,462,323</u>	<u>105,094,692</u>
Total Liabilities and Equity		<u>506,686,002</u>	<u>473,601,847</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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Brooge Energy Limited

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

As at June 30, 2023

(Figures in USD)

	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Shareholder's Account	Total
As at January 01, 2022	8,804	101,777,058	680,643	(94,992,885)	71,017,816	78,491,436
Profit for the period	Nil	Nil	Nil	3,894,041	Nil	3,894,041
Movements during the period	Nil	Nil	Nil	Nil	(574,868)	(574,868)
As at June 30, 2022	8,804	101,777,058	680,643	(91,098,844)	70,442,948	81,810,609
Profit for the period	Nil	Nil	Nil	23,335,244	Nil	23,335,244
Movements during the period	Nil	Nil	Nil	Nil	(51,161)	(51,161)
As at December 31, 2022	8,804	101,777,058	680,643	(67,763,600)	70,391,787	105,094,692
Profit for the period	Nil	Nil	Nil	37,367,631	Nil	37,367,631
As at June 30, 2023	8,804	101,777,058	680,643	(30,395,969)	70,391,787	142,462,323



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Brooge Energy Limited

Unaudited Interim Condensed Consolidated Statement of Cash Flows

Period Ended June 30, 2023

(Figures in USD)

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Cash Flow from Operating Activities		
Profit for the period	37,367,631	3,894,041
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	6,325,285	6,244,880
Interest on borrowings	8,952,688	9,225,972
Interest on lease liabilities	1,543,341	1,515,936
Provision for employees' end of services benefits	180,867	108,179
Change in estimated fair value of derivative warrant liability	(3,827,570)	(4,458,069)
Changes in fair value of derivative financial instruments	(4,236,668)	(1,916,269)
Asset retirement obligation - accretion expense	34,019	32,930
Expected credit losses of trade accounts receivables	3,313,538	Nil
Write-off of trade accounts receivables	927,519	Nil
<u>Changes in operating assets and liabilities</u>		
Increase in trade accounts and other receivable and prepayments	(17,332,992)	(5,640,482)
Increase in inventories	(24,695)	(27,006)
(Decrease) / Increase in trade accounts and other payable	(5,920,283)	17,004,529
Increase in contract liabilities	272,878	2,458,296
Payment of employees' end of services benefits	<u>(30,629)</u>	<u>Nil</u>
Net cash flows generated from operating activities	27,544,929	28,442,937
Cash Flow from Investing Activities		
Amount withdrawn from restricted bank account	152,261	3,106,502
Purchase and capitalization of property, plant and equipment	<u>(7,530,827)</u>	<u>(15,489,367)</u>
Net cash flows used in investing activities	(7,378,566)	(12,382,865)
Cash Flow from Financing Activities		
Proceeds from borrowings	Nil	3,105,092
Repayment of borrowings	(7,198,067)	(7,728,288)
Payment of lease liabilities	(2,503,822)	(3,056,444)
Interest paid on borrowings	(7,703,067)	(8,241,981)
Movement in shareholder's account	<u>Nil</u>	<u>(574,868)</u>
Net cash flows used in financing activities	(17,404,956)	(16,496,489)
Net change in cash and cash equivalents	2,761,407	(436,417)
Cash and cash equivalents at beginning of the period	<u>940,925</u>	<u>1,452,316</u>
Cash and cash equivalents at end of the period (Note 9)	<u>3,702,332</u>	<u>1,015,899</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

1 Legal Status, Shareholders, Management and Business Activity

The unaudited interim condensed consolidated financial statements comprise of the interim condensed financial statements of Brooge Energy Limited (the "Company", "BEL") and its subsidiaries on a line-by-line basis. The Company and its subsidiaries are collectively referred to as the "Group". The details of the Group are as follows:

Brooge Energy Limited ("Company")

The Company (formerly known as Brooge Holdings Limited), is a Company with limited liability registered as an exempt company in the Cayman Islands.

The registered office of the Company is at P.O Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal executive office is located at P.O Box 50170, Al-Sodah, Khorr Fakkan Road, Fujairah, United Arab Emirates ("UAE").

The Company changed its name from Brooge Holdings Limited to Brooge Energy Limited on April 07, 2020.

The subsidiaries of the Company are as follows:

i. Brooge Petroleum and Gas Investment Company FZE ("BPGIC FZE")

BPGIC FZE is a Free Zone Establishment formed and registered in the Fujairah Free Zone Authority under registration number 13-FZE-1117.

ii. BPGIC FZE is a 100% subsidiary of the Company. ii. Brooge Petroleum and Gas Investment Company FZE - Branch of Abu Dhabi 1 ("BPGIC AUH")

BPGIC AUH is registered under Industrial license CN-2516295 issued by the Industrial Development Bureau, Department of Economic Development, Abu Dhabi, United Arab Emirates. BPGIC AUH is a branch of BPGIC FZE.

iii. Brooge Petroleum and Gas Management Company Limited ("BPGMC Limited")

BPGMC Limited was a company with limited liability registered in Dubai International Financial Centre with commercial license number CL3852. BPGMC Limited was a 100% subsidiary of BPGIC FZE.

As of December 21, 2022 BPGMC Limited has been officially dissolved (voluntary winding up) and has ceased to exist as a DIFC entity. There were no operations in the company since the inception of the license and liquidation expenses has been absorbed by BPGIC FZE.

iv. Brooge Petroleum and Gas Investment Company Phase III FZE ("BPGIC Phase III FZE")

BPGIC FZE is a Free Zone Establishment formed and registered in the Fujairah Free Zone Authority under registration number 20-FZE-1972.

BPGIC Phase III FZE is a 100% subsidiary of the Company.

v. BPGIC Phase 3 Limited ("BPGIC Phase III Ltd")

BPGIC Phase III Limited is a Free Zone Company with limited liability formed in accordance with the provisions of Jebel Ali Free Zone Authority Offshore Companies Regulations 2018. The registration number of BPGIC Phase III Limited is 226933.

BPGIC Phase III Limited is a 100% subsidiary of BPGIC Phase III FZE.



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

1 Legal Status, Shareholders, Management and Business Activity (Continued)

vi. Brooge Renewable Energy Limited ("BREL")

BREL, is a company with limited liability registered as an exempted company in the Cayman Islands and registered on July 1, 2021. The registration number of BREL is KY1-1104 and is a 100% subsidiary of the Company.

vii. BPGIC International

BPGIC International, formerly known as Twelve Seas Investment Company ("Twelve Seas"), is a company with limited liability registered as an exempted company in the Cayman Islands with registration number KY1-1104. BPGIC International 100% subsidiary of the Company.

The Group is currently engaged in clean petroleum products and biofuels and crude oil storage and related services. The Company through its subsidiary BPGIC FZE provides oil storage and related services at the Port of Fujairah in the Emirate of Fujairah in the UAE. BPGIC FZE owns and operates 22 tanks with a total capacity of 1,001,388 cubic meters ("cbm"), fully operational for provision of storage and other ancillary processes of crude and clean oil. The Group intends to construct additional storage and refinery facility as part of phase 3.

BEL was incorporated on April 12, 2019, for the sole purpose of consummating the business combination described further below.

On 15 April 2019, BPGIC FZE entered into a business combination agreement with Twelve Seas Investment Company ("Twelve Seas"), a company listed on National Association of Securities Dealers Automated Quotations ("NASDAQ"), the Company and BPGIC FZE's shareholders. On May 10, 2019, BPGIC PLC became party to the business combination agreement by execution of a joinder thereto.

The business combination was accounted for as a reverse acquisition in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Under this method of accounting, Brooge Energy and Twelve Seas are treated as the "acquired" company. This determination was primarily based on BPGIC FZE comprising the ongoing operations of the combined company, BPGIC FZE's senior management comprising the senior management of the combined company, and BPGIC FZE's stockholders having a majority of the voting power of the combined company. For accounting purposes, BPGIC FZE is deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of BPGIC FZE. Accordingly, the consolidated assets, liabilities and results of operations of BPGIC FZE are the historical financial statements of the combined company, and Brooge Energy and Twelve Sea's assets, liabilities and results of operations are consolidated with BPGIC FZE beginning on the acquisition date.

As a result of the above transaction, the Company became the ultimate parent of BPGIC FZE and Twelve Seas on December 20, 2019, being the acquisition date. The Company's common stock and warrants are traded on the NASDAQ Capital Market under the ticker symbols BROG and BROGW, respectively. Upon the closing of business combination, Twelve Seas changed its name to 'BPGIC International'.

The consolidated financial statements for the year ended December 31, 2019 were prepared as a continuation of the financial statements of BPGIC FZE, the acquirer, and retroactively adjusted to reflect the legal capital of the legal parent/acquiree (Brooge Energy Limited).



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

2 Basis of Preparation of Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements for the six-month period ended June 30, 2023, have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" and do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

These unaudited interim condensed consolidated financial statements are presented in United States dollars ("USD") which is the functional and presentation currency of the Group.

All financial information presented in USD has been rounded to the whole numbers, unless otherwise stated.

The financial statements are prepared under the historical cost convention, except for re-measurement at fair value of derivative financial instruments and re-measurement at fair value of warrant liability.

Going Concern

During the period ended June 30, 2023, the Group earned a profit of USD 37.37 million and generated positive operating cash flows of USD 27.54 million.

As of June 30, 2023, the Group was in breach with certain financial covenant requirements as per the Bond Terms and these breaches do not constitute payment defaults as the Company has always met the coupon and instalment payments as per the Bond Terms. Even though the lender did not declare an event of default under the bond agreement, these breaches constituted events of default and could have resulted in the lender requiring immediate repayment of the bonds. Accordingly, the Group has classified its debt balance of USD 165,700,000 as a current liability. As of June 30, 2023, the Group's current liabilities exceeded its current assets by USD 242,952,679, All of the above represents uncertainty that casts doubt upon the Company's ability to continue as a going concern, however if the Company is able to obtain a waiver for its noncompliance under the Bond Terms and a waiver for other payables in current liabilities the Company is expected to have a significant reduction in its current liabilities which would mitigate the doubt on the Company's ability to continue as a going concern.

These interim condensed consolidated financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards issued by International Accounting Standards Board (IASB). The validity of this assumption depends upon the continued financial support to the Group by its Shareholders. The financial statements do not include any adjustment that should result from a failure to obtain such combined financial support. The Management has no intention to discontinue the operations of the Group. The assets and liabilities are recorded on the basis that the Group will be able to realise its assets and discharge its liabilities in the normal course of business. This position does not impair the financial position of the Group.

3 Changes In Accounting Policies And Disclosures

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2022. The Company has adopted the new and amended IFRS's in these interim condensed consolidated financial statements. Below summary of the new and amended IFRS's that are effective for the first time for periods commencing on or after January 1, 2023:

- IFRS 17 'Insurance Contracts'
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice statement 2 - Disclosure of Accounting Policies



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

3 Changes In Accounting Policies And Disclosures (Continued)

- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

Adoption of the above standards and amendments did not have any significant impact on the unaudited interim condensed consolidated financial statements of the Company.

4 Significant Accounting Estimates And Judgements

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the preparation of the Company's consolidated financial statements as at and for the year ended December 31, 2022.

Change in classification affecting comparative information

The Company changed the presentation of its consolidated financial statements as new presentation provides information that is more relevant to users of the consolidated financial statements.

Effect on the consolidated statement of financial position as at December 31, 2022

	As previously	Reclassifications	As reclassified
• Trade and accounts payable	23,464,803	(6,222,055)	17,242,748
• Contract liabilities	Nil	6,222,055	6,222,055

The above mentioned reclassifications did not have any impact on the consolidated financial statements of the Company. The management believes that such presentation is more transparent as they reflect the nature of such instruments.



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

5 Revenue

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Storage rental income	61,397,939	27,405,640
Miscellaneous income (Note 5.1)	867,360	473,092
Ancillary services	<u>647,028</u>	<u>520,640</u>
	<u>62,912,327</u>	<u>28,399,372</u>

The Company has only one segment at the reporting date. Revenue generation from leasing of storage capacity of tanks and other ancillary services started in December 2017.

The commercial contracts with customers have been assigned as security against the borrowings obtained in 2020.

The revenues of the Company mainly comprise of fixed fees for storage and related services and variable fees for ancillary services provided under a contract with its customers. Accordingly, there is no cyclicity in the Company's operations.

Note 5.1

Miscellaneous income includes port charges of USD 867,360 (2022: USD 473,092) that are paid by the Company to the port authority and recharged to the customers.

6 Direct Costs

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Depreciation on property, plant and equipment	6,325,285	6,244,880
Employees' costs	2,184,107	2,118,745
Reimbursable port charges	867,360	473,092
Insurance charges	522,638	477,632
Spare parts and consumables used	507,562	630,939
Others	<u>735,567</u>	<u>689,418</u>
	<u>11,142,519</u>	<u>10,634,706</u>

7 General and administration expenses

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Expected credit loss on trade accounts receivables	3,313,538	Nil
Legal and professional	2,864,447	3,027,521
Sales and marketing	2,742,897	255,211
Employees' cost	1,398,613	1,551,141
Write-off of trade accounts receivables	927,519	Nil
Insurance	400,122	477,784
Board fees and expenses	211,714	172,291
Office expenses	123,627	202,408
Travelling expenses	<u>2,008</u>	<u>4,630</u>
	<u>11,984,485</u>	<u>5,690,986</u>



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

8 Finance costs

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Interest on borrowings	8,952,688	9,225,972
Interest on lease liabilities	1,543,341	1,515,936
Bank charges	64,653	76,490
Asset retirement obligation - accretion expenses	34,019	32,930
Exchange loss	9,745	5,803
Bond terms amendment / waiver fee	Nil	3,720,000
	<u>10,604,446</u>	<u>14,577,131</u>

9 Restricted Bank Balance, Cash and Cash Equivalents

	Jun 30, 2023	Dec 31, 2022
Cash in hand	8,929	18,839
Balances in current accounts	<u>19,360,198</u>	<u>16,741,142</u>
	<u>19,369,127</u>	<u>16,759,981</u>
The above consist of the following:		
<u>Non-current</u>		
Restricted bank balance	<u>8,500,000</u>	<u>8,500,000</u>
	<u>8,500,000</u>	<u>8,500,000</u>
<u>Current</u>		
Cash and Cash Equivalents	<u>3,702,332</u>	<u>940,925</u>
Restricted bank balance	<u>7,166,795</u>	<u>7,319,056</u>

10 Trade Accounts Receivable

	Jun 30, 2023	Dec 31, 2022
Trade account receivables	20,613,491	5,275,047
Expected credit losses	<u>(3,313,538)</u>	<u>Nil</u>
	<u>17,299,953</u>	<u>5,275,047</u>

a) A significant percentage (70%) of the accounts receivable for the period is derived from sales to a single international customer. In order to ascertain an event of potential credit loss from this customer, the Management performed an assessment of any circumstances of which the Company are aware regarding this customer's inability to meet its financial obligations including:

- prevailing economic conditions in the industry and their potential impact on this customer.
- ongoing negotiations with the customer and the expected recoverability. and
- the Company's right of lien and retention over the products stored in the terminal which is approximately equal to the accounts receivable balance for the period end.



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

10 Trade Accounts Receivable (Continued)

Based on the above-mentioned assessment, the management expects to recover all the outstanding amounts from this customer. Furthermore, as of the date of approval of these unaudited interim condensed consolidated financial statements, the Company has subsequently realised USD 10,000,000 out of the total outstanding balance of USD 14,422,459 due from this customer.

b) Impairment

The age analysis of trade receivables as at the end of the reporting period was as follows:

	Jun 30, 2023	Dec 31, 2022
Considered not impaired (0-150 days)	17,296,975	627,710
Past-due:		
- 151 –365 days*	2,978	4,647,337
- Over 365 days*	<u>3,313,538</u>	<u>Nil</u>
	<u>20,613,491</u>	<u>5,275,047</u>

* Past- of over 365 days includes an amount of USD 3,313,538 due from a UAE based customer against which the management has filed court case and received verdict in its favour. Based on the court verdict dated February 04, 2022 in favour of the Group the management expects to recover all the outstanding amounts from this customer.

During the period the management decided to write-off trade accounts receivables amounting USD 927,519 and provisioned an expected credit loss on trade accounts receivables amounting to USD 3,313,538 and expensed to the Statement of Comprehensive Income (Note 7).

As of the date of approval of these unaudited interim condensed consolidated financial statements, the Company has subsequently realised amounts aggregating to USD 12,877,493 from the trade receivables.

11 Property, Plant and Equipment

The movement schedule is set out on page 26.

12 Derivative financial instruments

	Jun 30, 2023	Dec 31, 2022
Call option	<u>13,499,964</u>	<u>9,263,296</u>
	<u>13,499,964</u>	<u>9,263,296</u>

On 24 September 2020, the Company issued long term fixed interest rate senior secured bonds of USD 200,000,000 to private investors with a face value of USD 1 at an issue price of USD 0.95. The Company has the option to redeem the bonds in full or in part any time after 24 September 2023 (the "call option"). The call option represents an embedded derivative that has been separated from the host contract and separately valued.

At 30 June 2023 management assessed the value of the call option of USD 13,499,964 (2022: USD 9,263,296) and classified as change in fair value of derivative financial instrument in the interim condensed consolidated statement of comprehensive income.

13 Advances to Contractor

	June 30, 2023	Dec 31, 2022
Advances to contractor	<u>15,006,262</u>	<u>15,223,215</u>
	<u>15,006,262</u>	<u>15,223,215</u>

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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

13 Advances to Contractor (Continued)

The above amount represents payments made to Audex Fujairah LL FZE and Audex Pte Ltd, Singapore (together "Audex") and allocated for the design, procurement and construction of interconnection pipelines between the Group's existing facilities and the expansion project in Fujairah. The Company has obtained balance confirmation from Audex pertaining to these amounts and also in discussions with them. Furthermore, it should be noted that subsequent to the current period end, the Group has received invoices pertaining to early preparation work and approximately USD 9.5 million is due for payments (Refer note 21).

14 Trade and Accounts Payable

	June 30, 2023	Dec 31, 2022
Accrued expenses	8,653,829	3,076,957
Trade accounts payable	6,480,874	9,853,157
Interest payable on borrowings	3,665,172	3,815,551
VAT payable	493,590	497,083
	<u>19,293,465</u>	<u>17,242,748</u>

15 Other Payable

	June 30, 2023	Dec 31, 2022
Brooge International Advisory LLC	<u>74,253,965</u>	<u>74,253,965</u>
	<u>74,253,965</u>	<u>74,253,965</u>

On April 26, 2023, the Group filed the Super Form 20-F for the financial years 2018 to 2022 and regained compliance with Nasdaq rules and regulations. However, as disclosed on May 27, 2022, the Group had not been able to file the 2021 Form 20-F due to an ongoing nonpublic examination being conducted by the U.S Securities and Exchange Commission (the "SEC") regarding the consolidated financial statements of the Company. Subsequently, the Audit Committee of the Board of Directors (the "Audit Committee"), engaged independent counsel to conduct under its supervision, an internal examination into the Company's revenue recognition practices and related matters. As a result of the findings from this internal examination, on August 12, 2022, the Audit Committee, in consultation with the Group's management, concluded that the previously issued audited consolidated financial statements as of and for the periods ending December 31, 2020, 2019 and 2018 and the previously issued unaudited consolidated financial statements for interim periods therein and the six months ended June 30, 2021 should no longer be relied upon.

In connection with the internal examination, the Group conducted a comprehensive review of the accounting policies, procedures, and internal controls related to revenue recognition. All available customer contracts were assessed based on International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. This review identified that the funds received from a related party viz. Al Brooge International Advisory LLC ("BIA") do not qualify to be recognised as revenue. Due to the qualitative nature of the matters identified in the Company's internal examination, including the number of years over which the nonqualified revenue was recognized the Company determined that it would be appropriate to rectify the misstatements in the previously issued consolidated financial statements by restating such consolidated financial statements. Accordingly, an amount of USD 74,253,965 which represents funds received from BIA, was reversed from revenue and re-classified as Other payable under Liabilities for the financial years from 2018 to 2020.

The Management do not expect to settle these amounts using any of its current assets or any existing resources in the foreseeable future. Pending its potential receipt of confirmation or adequate supporting documentation from the party, the Company has taken a conservative approach to recognise this as a liability.



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

15 Other Payable (Continued)

The Company continues to assess this liability and will evaluate whether there arises any obligation or it is discharged or cancelled or expires or is swapped out for one with significantly different terms or when the terms of are significantly modified, such an exchange or modification is recognized as a derecognition of the old liability and the recognition of a new liability or as equity contribution, as applicable and the difference in the respective carrying amounts will be recorded in the consolidated statement of either other comprehensive income or directly as equity as applicable.

The above changes pertaining to reversal of Revenue and recognition of such amount under Other payable were accounted retrospectively in accordance with IAS 8.

16 Derivative warrant liability

	June 30, 2023	Dec 31, 2022
Issuance of 21,228,900 warrants in connection with merger	4,245,780	11,675,815
Fair value remeasurement of derivative warrant liability	<u>(3,827,570)</u>	<u>(7,430,035)</u>
	<u>418,210</u>	<u>4,245,780</u>

In accordance with IAS 32, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the interim consolidated statement of comprehensive income at each reporting date. The derivative liabilities will ultimately be converted into the Group's equity (ordinary shares) when the warrants are exercised or will be extinguished on the expiry of the outstanding warrants and will not result in the outlay of any cash by the Group.

In connection with the completion of the business combination on 20 December 2019, each of Twelve Sea's 21,229,000 outstanding warrants were converted into the Group's warrants at 1:1 ratio. The warrants allow the holder to subscribe for the ordinary shares of the Company at 1:1 basis at an exercise price of USD 11.50. The warrants shall lapse and expire after five years from the closing of the business combination. The holders of the warrants issued pursuant to the business combination may elect, if the Group does not have an effective registration statement or the prospectus contained therein is not available for the issuance of the warrant shares to the holder, in lieu of exercising the warrants for cash, a cashless exercise option to receive a variable number of common shares.

At initial recognition on 20 December 2019, the Group recorded a derivative warrant liability of USD 16,983,200 based on the quoted price on 20 December 2019 of USD 0.8 per warrant and then revalued at USD 0.74 at 31 December 2019 resulting in a fair value gain of USD 1,273,740 and a warrant derivative liability of USD 15,709,460. These warrants were accounted for as part of the consideration transferred under IFRS 2.

On 14 May 2020, holders of 100 warrants have exercised their rights through cash exercise and converted the warrants into ordinary shares.

At 30 June 2023, the Group recorded a derivative warrant liability of USD 418,210 (31 December 2022: USD 4,245,780) which resulted in a gain on revaluation of derivative warrant liability for the year ended 30 June 2023 of USD 3,827,570 (31 December 2021: USD 7,430,035).



Brooge Energy Limited

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June 30, 2023

(Figures in USD)

17 Borrowings

	June 30, 2023	Dec 31, 2022
Term loan	1,980,670	2,178,737
Bonds	<u>165,700,000</u>	<u>171,300,000</u>
	<u>167,680,670</u>	<u>173,478,737</u>

The current and non-current break up as below:

Non- Current	Maturity		
Term loan	2028	<u>1,584,536</u>	<u>1,782,603</u>
		<u>1,584,536</u>	<u>1,782,603</u>

Current

Term loan	396,134	396,134
Bonds*	<u>165,700,000</u>	<u>171,300,000</u>
	<u>166,096,134</u>	<u>171,696,134</u>

*The bonds are classified as current as the Company is in technical breach of certain covenants under the bond terms. These breaches do not constitute payment defaults as the Company has always met the coupon and instalment payments as per the Bond Terms.

Bonds

	Coupon rate %	Effective interest rate %	Maturity date	June 30, 2023	Dec 31, 2022
USD 200,000,000 bond net of transaction costs	8.50%	10.57%	Refer note below	165,700,000	171,300,000

On 24 September 2020, the Company issued long term fixed interest rate senior secured bonds of USD 200,000,000 to private investors with a face value of USD 1 at an issue price of USD 0.95. The Company can issue further bonds of up to USD 50,000,000 under identical terms except issue price that can be above or below the nominal amount, subject to certain conditions. The proceeds of the bonds of USD 186,000,000 net of USD 4,000,000 of transaction costs were drawn down during November 2020. In accordance with the terms of the bonds, the proceeds were used to settle the existing term loans and promissory notes. An amount of USD 85,000,000 were transferred to a Construction account to be used solely to fund the remaining phase 2 construction costs. The balance proceeds were used for general corporate purposes.

The bonds will be repaid in semi-annual payments of USD 7,000,000 starting September 2021 until March 2025, and one bullet repayment of USD 144,000,000 in September 2025. Interest will accrue at a coupon rate of 8.5% and will be payable semi-annually in March and September each year. The Company has the option to redeem the bonds in full or in part any time after 24 September 2023 (the "call option"). The call option represents an embedded derivative that has been separated from the host contract and separately valued. At 30 June 2023, management has assessed the value of the call option of USD 13,499,964 (31 December 2022: USD 9,263,296) and classified as change in fair value of derivative financial instrument.

The bonds are secured by:

- (i) Pledge over all the existing and future shares of BPGIC FZE;
- (ii) Assignment of rights and pledge over the balance in the Earnings account;



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

17 Borrowings (Continued)

- (iii) Pledge over the balance in the Liquidity account, the Debt Service Retention account and the Construction Funding account;
- (iv) Pledge over moveable assets of BPGIC FZE and its subsidiaries;
- (v) Security assignment of commercial contracts related to phase I and phase II, land lease agreement, port facilities agreement and EPC construction contract;
- (vi) Security assignment over insurance contracts for phase I terminal, phase II terminal and admin building;
- (vii) Security assignment over group and intercompany loans; and
- (viii) Corporate guarantee from Brooge Energy Limited.

The bond agreement also restricts BPGIC FZE from making any distributions other than in the form of an inter company loan for phase III construction.

Under the bond agreement, BPGIC FZE is subject to the following financial covenants during the term of the bonds:

- (i) Minimum Liquidity: BPGIC to maintain \$8.5 million in the Liquidity account;
- (ii) Leverage Ratio: BPGIC and its subsidiaries' leverage ratio not to exceed: (A) 5.5x at 31 December 2020; (B) 3.5x at 31 December 2021; and (C) 3.0x anytime thereafter; and
- (iii) Working Capital: BPGIC and its subsidiaries to maintain a positive working capital.

The bond agreement requires Brooge Energy Limited to comply with the following financial covenant:

- (i) Maintain a minimum equity ratio of 25%.

As of 30 June 2023, the Company was in technical breach of the requirements to comply with certain covenants as per Bond terms. Even though the lenders did not declare an event of default under the bond agreement, these breaches constituted events of default and could have resulted in the lender requiring immediate repayment of the bonds. Accordingly, the Company has classified the respective bonds as a current liability at the end of 30 June 2023. The Company is in ongoing discussions with certain significant bondholders for waiver of these certain breaches as per the bond terms.

Bond Waiver letter

On April 27, 2022, the Company entered into an agreement with the Bondholders to implement following amendments to the Bond Financing Facility, effective immediately:

- (a) Waiver of the Events of Defaults that are triggered by the technical breaches of the Leverage Ratio and positive Working Capital covenants until December 31, 2022.
- (b) The requirement to maintain a Leverage Ratio to not exceed certain thresholds is suspended (waived) for the results period from December 31, 2021 to and including December 30, 2022, and shall be tested again for the 12 months results period from (and including) January 1, 2022 to December 31, 2022 (inclusive) at 3.5x, stepping down to 3.0x anytime thereafter (as per the original terms of the Bond Financing Facility). For the avoidance of doubt, the costs associated with the amendments shall not be taken into consideration in EBITDA when calculating Leverage Ratio.
- (c) The requirement to maintain a positive Working Capital is suspended (waived) for the period from December 31, 2021 to and including December 30, 2022, and shall be tested again starting from and including December 31, 2022.



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

17 Borrowings (Continued)

Bonds (Continued)

(d) Permitted Distribution:

- (i) No Permitted Distribution shall be made before BPGIC is in compliance with financial covenant requirements under the original terms of the Bond Facility Financing.
- (ii) Furthermore, BPGIC shall provide to the Bond Trustee a written statement signed by its chief executive officer and chief financial officer within three business days prior to any permitted distribution under the terms of the Bond Financing Facility that (A) states the amount being distributed as a permitted distribution, (B) confirms the conditions with respect to such distribution are satisfied, and (C) declares such distribution will not lead to an Event of Default on the next testing date.

Term loan

During the year 2021, the Group obtained a new term loan facility from a commercial bank in the UAE amounting to USD 2,395,862 (AED 8,800,000) to partially finance the purchase of corporate office for the Group in Dubai. The new facility carries interest at 3 months EIBOR + 4% margin (minimum 6.5% per annum) and is repayable in 24 quarterly instalments commencing 6 months after the date of disbursement. On 28 February 2022, the Group has made a drawdown of USD 2,376,804 (AED 8,730,000) from the term loan facility. The term loan is secured over the following:

- (i) Corporate Guarantee of Brooge Energy Limited;
- (ii) BPGIC Phase III FZE grants in favor of the commercial bank a First Rank Degree Mortgage for a total mortgage of AED 13,000,000 of the corporate office;
- (iii) Rental Income generated by the corporate office to be automatically assigned to the commercial bank unless the parties agree otherwise in writing;
- (iv) Authority to debit the bank account of BPGIC FZE;
- (v) Promissory note for the secured loan;
- (vi) Security cheque covering the total facility limit drawn by the Group.

18 Lease liabilities

Balance at the beginning of the year	90,873,411	89,781,180
Interest on lease liabilities	5,338,131	10,398,008
Payment of lease liabilities	<u>(2,503,822)</u>	<u>(9,305,777)</u>
Balance at the end of the period / year	<u>93,707,720</u>	<u>90,873,411</u>



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

18 Lease liabilities (Continued)

The analysis of lease liabilities are as follows:

Current portion of lease liabilities	<u>6,696,445</u>	<u>6,316,342</u>
Non-current portion of lease liabilities	<u>87,011,275</u>	<u>84,557,069</u>

During 2013, the Group entered into a land lease agreement with the Municipality of Fujairah for a period of 30 years, extendable for another 30 years at the option of the Group. The Group has concluded that they have the right-to-use of the asset and accordingly, recorded lease liabilities as per the requirements of IFRS 16. Given the use of the land, it is reasonably certain that the Group will continue to lease the land till the end of the lease period (i.e. 60 years) and accordingly the below lease rentals cover a period up to 60 years discounted at the rate of 9.5% as an incremental borrowing rate for the Group. Annual lease rental is increased by 2% on an annual basis as per the agreement.

During 2020, the Group entered into another land lease agreement in respect of its Phase III expansion project with the Fujairah Oil Industry Zone for a period of 30 years, extendable for another 30 years. Given the use of the land, it is reasonably certain that the Group will continue to lease the land till the end of the lease period (i.e. 60 years) and accordingly the below lease rentals cover a period up to 60 years discounted at the rate of 13% as an incremental borrowing rate for the Group. Annual lease rental is increased by 2% on an annual basis and there is an initial rent-free period of 18 months from the contract date.

19 Share Capital and Share Premium

Share Capital

Authorized	<u>No. of Shares</u>	<u>USD</u>
Ordinary shares	450,000,000	45,000
Preferred shares	50,000,000	<u>5,000</u>
		<u>50,000</u>
Issued		
<u>Ordinary shares</u>		
As at 31 December 2022	<u>88,035,353</u>	<u>8,804</u>
As at 30 June 2023	<u>88,035,353</u>	<u>8,804</u>

Ordinary shares held in escrow (20,000,000 shares held by BPGIC and 1,552,500 shares held by the original founders of Twelve Seas) have been excluded from the share capital in the table above. These shares will be released upon the satisfaction of certain financial milestones and share price targets below the release or forfeiture of these shares in the future will not have an effect on the equity of the Group.

One-half (½) of the Escrow Property shall become vested and no longer subject to forfeiture, and be released to the seller, in the event that either: (a) the Annualized EBITDA (as defined in the Escrow Agreement) for any full fiscal quarter during the Escrow Period (beginning with the first full fiscal quarter beginning after the Closing) (an "Escrow Quarter") equals or exceeds USD 175,000,000 or (b) at any time during the Escrow Period, the closing price of the Brooge Energy Limited ordinary shares equals or exceeds \$12.50 per share (subject to equitable adjustment) for any ten (10) Trading Days (as defined in the Escrow Agreement) within any twenty (20) Trading Day period during the Escrow Period.



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Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

19 Share Capital and Share Premium (Continued)

All Escrow Property remaining in the Escrow Account shall become vested and no longer subject to forfeiture, and be released to the seller, in the event that either: (a) the Annualized EBITDA for any Escrow Quarter equals or exceeds \$250,000,000 or (b) at any time during the Escrow Period, the closing price of the Brooge Energy Limited ordinary shares equals or exceeds \$14.00 per share (subject to equitable adjustment) for any ten (10) Trading Days within any twenty (20) Trading Day period during the Escrow Period. The Escrow Period represents the period commencing from the closing until the end of the twentieth (20th) fiscal quarter after the commencement date of the first full fiscal quarter beginning after the closing.

Share Premium

	June 30, 2023	Dec 31, 2022
As at January 01	<u>101,777,058</u>	<u>101,777,058</u>
As at June 30 / December 31	<u>101,777,058</u>	<u>101,777,058</u>

20 Transactions with Related Parties

The Group, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in the International Financial Reporting Standards. Significant transactions with related parties are as under:

Transactions in shareholders' account:

	June 30, 2023	Dec 31, 2022
Expenses incurred on behalf of the shareholder	Nil	626,029

Changes in shareholder's account is as follows:

	June 30, 2023	Dec 31, 2022
At January 01	70,391,787	71,017,816
Net movements during the period/year	<u>Nil</u>	<u>(626,029)</u>
At June 30 / December 31	<u>70,391,787</u>	<u>70,391,787</u>

These amounts are repayable at the discretion of the Board of Directors of the Group and are interest free, therefore classified as part of equity.

Transactions with related parties

	June 30, 2023	Jun 30, 2022
Key management remuneration	427,021	574,408
End of service benefits expense for key management	181,956	50,242



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

20 Transactions with Related Parties (Continued)

Related party balances as at the period / year end are classified as under:

Related Party	Classification	June 30, 2023	Dec 31, 2022
Shareholder (BPGIC Holdings)	Shareholder's account (Equity)	70,391,787	70,391,787
BPGIC Holdings	Other receivable and prepayments	85,989	34,136
HBS Investments LP	Other receivable and prepayments	11,154	10,381
H Capital International LP	Other receivable and prepayments	10,757	9,983
O2 Investments Limited as GP	Other receivable and prepayments	10,575	9,272
SBD International LP	Other receivable and prepayments	50,787	50,014
SD Holding Limited as GP	Other receivable and prepayments	21,842	21,842
Gyan Investments Ltd	Other receivable and prepayments	10,216	9,010
End of service benefits for key management	Employees' end of service benefits	224,160	42,204

21 Commitments and Contingencies

	June 30, 2023	Dec 31, 2022
Bond waiver fees*	4,300,000	Nil
SEC civil settlement amounts**	5,000,000	Nil
Capital commitments within one year***	Nil	53,500,000
	<u>9,300,000</u>	<u>53,500,000</u>

* As explained in note 17, the Group is in technical breach of certain covenants under the bond terms and is in discussion with certain significant bondholders for a waiver and expects to incur waiver fees. Further it should be noted that these Breaches do not constitute payment defaults as the Group has always met the Coupon and Instalment payments as per the Bond Terms.

** The Group on May 27, 2022 had announced an ongoing non-public examination being conducted by the SEC regarding the financial statements. This amount pertains to the expected cash outflows upon settlement with the SEC.

*** Capital commitments relate to construction projects (i) interconnection of pipelines between the Group's existing facilities and the expansion project in Fujairah and (ii) Phase III early preparation works. In September 2023, after the period end, the management changed the short-term strategy in the best interest of the Company and placed these projects on hold temporarily. Steps will be initiated to renegotiate the Project delivery as soon as practicable.

At the time of issuing these financial statements, work done pertaining to early preparation work is approximately 71% complete based on the Company's internal and external evaluations. Subsequent to the current period end, the Group is expecting to receive invoices pertaining to this construction work amounting to approximately USD 9.5 million.



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June 30, 2023

(Figures in USD)

22 Earnings Per Share

Basic EPS is calculated by dividing the profit for the period / year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period / year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Profit attributable to ordinary equity holders of the parent	37,367,631	3,894,041
Weighted average number of ordinary shares	88,035,353	88,035,353

As part of the business combination warrants and ordinary shares subjected to escrow have been issued. In the calculation of diluted earnings per shares, the warrants have been excluded as the average market price of ordinary shares during the period exceeded the exercise price of the warrants i.e. they are not in the money.

The number of contingently issuable shares (21,552,500 escrow shares) to be included in the diluted earnings per shares calculation is based on the number of shares that would be issuable if the end of the period were the end of the Escrow Period. No ordinary shares would have been issuable on 30 June 2023 as the conditions attached to the escrow shares have not been met at reporting date. As a result, the escrow shares have been excluded from the calculation of diluted earnings per share for 30 June 2023 and the weighted average number of ordinary shares for basic earnings per share and diluted earnings per shares are the same.

23 Fair Value of Financial Instruments

Management considers that the fair value of financial assets and financial liabilities in the interim consolidated financial statements approximate their carrying amounts at the reporting date.

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is as follows:

Financial instruments measured at fair value:	Level 1	Level 2	Level 3	Total Fair Value
<u>June 30, 2023</u>				
Derivative warrant liability	418,210	Nil	Nil	418,210
Borrowings	Nil	167,680,670	Nil	167,680,670
Derivative financial instruments	<u>Nil</u>	<u>13,499,964</u>	<u>Nil</u>	<u>13,499,964</u>
<u>December 31, 2022</u>				
Derivative warrant liability	4,245,780	Nil	Nil	4,245,780
Borrowings	Nil	173,478,737	Nil	173,478,737
Derivative financial instruments	<u>Nil</u>	<u>9,263,296</u>	<u>Nil</u>	<u>9,263,296</u>

P. D. B. L.



Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

24 Subsequent Events After The Reporting Date

- On Aug. 11, 2023, the Group announced that the Board of Directors (the "Board") has commenced a search for a permanent CEO after Ms. Lina Saheb has resigned from her positions as interim CEO and a member of the Board of Directors of M/s Brooge Energy Limited and all its subsidiary companies, effective August 8, 2023.

Ms. Saheb will remain with the Group as a consultant to provide transition services and to support the delivery of Group's ongoing strategic projects for a period of four months following her resignation. The Board has established an Office of the Chief Executive Officer to temporarily fill the position of Chief Executive Officer until a permanent CEO is appointed.

The Office of the Chief Executive Officer consists of Paul Ditchburn, the current Chief Financial Officer of the Company, Saleh Yammout, a current member of the Board, and Saif Alhazaimeh, the current Research and Acquisition Manager of BPGIC FZE. Paul Ditchburn in his capacity as the CFO of the Company serves as the Chair to the Office of the Chief Executive Officer.

- On August 19, 2023 the Company announced on stamdata that it has been in discussions with certain Bondholders under a Non-Disclosure Agreement with a Cleansing Longstop date of 19 August 2023, concerning a request by the Company for a waiver of certain Breaches as per the Compliance Certificate dated 30 April 2023. Further details can be obtained from:

https://stamdataapi.azurewebsites.net/api/v1/marketnews/pdf/b347ebb9-2144-477a-8fad-46fd7639cca9/NO0010893076_IB_01_20230821.pdf



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Brooge Energy Limited

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2023

(Figures in USD)

Groupings of Property, Plant and Equipment

	Buildings	Installations	Other Equipments	Tanks	Capital Work in Progress	Right of use Assets	Total
Cost:							
As at January 01, 2023	30,813,692	179,367,406	1,223,691	154,532,494	17,209,735	84,989,427	468,136,445
Reclassified during the period	Nil	Nil	304,898	(304,898)	Nil	Nil	Nil
Additions during the period	Nil	21,454	6,524	868,031	19,230,984	Nil	20,126,993
Transfers during the period	128,723	148,000	Nil	Nil	(276,723)	Nil	Nil
As at June 30, 2023	<u>30,942,415</u>	<u>179,536,860</u>	<u>1,535,113</u>	<u>155,095,627</u>	<u>36,163,996</u>	<u>84,989,427</u>	<u>488,263,438</u>
Accumulated Depreciation:							
As at January 01, 2023	5,829,154	19,845,924	371,454	9,845,887	Nil	6,203,387	42,095,806
Reclassified during the period	Nil	Nil	249,026	(249,026)	Nil	Nil	Nil
Charge for the period	618,841	3,790,578	111,936	1,549,331	Nil	717,643	6,788,329
As at June 30, 2023	<u>6,447,995</u>	<u>23,636,502</u>	<u>732,416</u>	<u>11,146,192</u>	<u>Nil</u>	<u>6,921,030</u>	<u>48,884,135</u>
Net Carrying Value:							
As at June 30, 2023	<u>24,494,420</u>	<u>155,900,358</u>	<u>802,697</u>	<u>143,949,435</u>	<u>36,163,996</u>	<u>78,068,397</u>	<u>439,379,303</u>
As at December 31, 2022	<u>24,984,538</u>	<u>159,521,482</u>	<u>852,237</u>	<u>144,686,607</u>	<u>17,209,735</u>	<u>78,786,040</u>	<u>426,040,639</u>

Capital work in progress as at June 30, 2023 relates to the cost of constructing Terminal Connectivity and Early Preparation Works which are under development. The company has accrued USD 7.9 million against the outstanding works.

Buildings worth of USD 2,775,806 are mortgaged as security against loans obtained in 2022.

The depreciation charge for the year is allocated to the statement of comprehensive income (within profit and loss) and capital work in progress as follows:

	June 30, 2023	June 30, 2022
Direct costs	6,325,285	6,244,880
CWIP	463,044	491,042
	<u>6,788,329</u>	<u>6,735,922</u>

The amount of lease interest capitalized during the six months period ended June 30, 2023 was USD 3,794,790 (31 December 2022: USD 7,366,141).



P. Sub



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