



**Brooge Petroleum and Gas  
Investment Company FZE**  
Unaudited Interim Condensed  
Financial Statements  
Six-Month Period Ended June 30, 2023

# AFFINIAX A A S AUDITORS

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N I A X

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## Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Directors of Brooge Petroleum and Gas Investment Company FZE

### Result of Review of Interim Condensed Financial Statements

We have reviewed the accompanying interim condensed financial statements of Brooge Petroleum and Gas Investment Company FZE, ("the Company"), which comprise of the interim statement of financial position as at June 30, 2023, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the period then ended and notes to the interim 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 financial statements for them to be in conformity with International Financial Reporting Standards.

We draw your attention to Note 15 wherein the Company has allocated funds received in prior years from M/s Brooge International Advisory LLC under other payables. Since the Company 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 financial statements for the period ended June 30, 2023.

### Basis for Review Results

These interim condensed 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 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**



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



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## Brooge Petroleum and Gas Investment Company FZE

Unaudited Interim Condensed 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>(11,087,003)</u>	<u>(10,597,695)</u>
<b>Gross profit</b>		<b>51,825,324</b>	<b>17,801,677</b>
Other income		54,452	23,154
General and administration expenses	7	(10,755,207)	(4,530,879)
Finance costs	8	(10,503,288)	(14,491,417)
Changes in fair value of derivative financial instruments		<u>4,236,668</u>	<u>1,941,912</u>
<b>Profit for the period</b>		<b>34,857,949</b>	<b>744,447</b>
Other comprehensive income		<u>Nil</u>	<u>Nil</u>
<b>Total comprehensive income for the period</b>		<b><u>34,857,949</u></b>	<b><u>744,447</u></b>



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



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## Brooge Petroleum and Gas Investment Company FZE

### Unaudited Interim Condensed Statement of Financial Position

As at June 30, 2023

(Figures in USD)

	Note	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	3,074,975	432,326
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		1,104,492	419,944
<b>Total Current Assets</b>		<b>28,986,486</b>	<b>13,761,949</b>
<b>Non-Current Assets</b>			
Restricted bank balance	9	8,500,000	8,500,000
Property, plant and equipment	11	353,509,401	352,711,938
Derivative financial instrument	12	13,499,964	9,263,296
Advances to contractor	13	15,006,262	15,223,215
<b>Total Non-Current Assets</b>		<b>390,515,627</b>	<b>385,698,449</b>
<b>Total Assets</b>		<b>419,502,113</b>	<b>399,460,398</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and accounts payable	14	10,901,731	16,440,330
Contract liabilities		6,494,933	6,222,056
Other payable	15	74,253,965	74,253,965
Borrowings	16	165,700,000	171,300,000
Lease liabilities	17	789,573	582,665
<b>Total Current Liabilities</b>		<b>258,140,202</b>	<b>268,799,016</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	16	30,741,966	31,909,355
Employees' end of service benefits		284,438	134,200
Asset retirement obligation		2,090,278	2,056,259
<b>Total Non-Current Liabilities</b>		<b>33,116,682</b>	<b>34,099,814</b>
<b>Equity</b>			
Share capital	18	1,361,285	1,361,285
Statutory reserve		680,643	680,643
Retained earnings		59,467,202	24,609,253
Shareholder's account		66,736,099	69,910,387
<b>Total Equity Attributable to the Shareholders</b>		<b>128,245,229</b>	<b>96,561,568</b>
<b>Total Liabilities and Equity</b>		<b>419,502,113</b>	<b>399,460,398</b>

These unaudited interim condensed financial statements were approved by the Management on September 28, 2023 and signed by:

*P. D. Al*

Authorized Signatory



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



**Brooge Petroleum and Gas Investment Company FZE**  
**Unaudited Interim Condensed Statement of Changes in Equity**  
**As at June 30, 2023**  
**(Figures in USD)**

	Share Capital	Statutory Reserve	Retained Earnings	Shareholder's Account	Total
As at January 01, 2022	1,361,285	680,643	2,701,335	78,256,829	83,000,092
Profit for the period	Nil	Nil	744,447	Nil	744,447
Movements during the period	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>274,334</u>	<u>274,334</u>
<b>As at June 30, 2022</b>	<b>1,361,285</b>	<b>680,643</b>	<b>3,445,782</b>	<b>78,531,163</b>	<b>84,018,873</b>
Profit for the period	Nil	Nil	21,163,471	Nil	21,163,471
Movements during the period	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>(8,620,776)</u>	<u>(8,620,776)</u>
<b>As at December 31, 2022</b>	<b>1,361,285</b>	<b>680,643</b>	<b>24,609,253</b>	<b>69,910,387</b>	<b>96,561,568</b>
Profit for the period	Nil	Nil	34,857,949	Nil	34,857,949
Movements during the period	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>(3,174,288)</u>	<u>(3,174,288)</u>
<b>As at June 30, 2023</b>	<b>1,361,285</b>	<b>680,643</b>	<b>59,467,202</b>	<b>66,736,099</b>	<b>128,245,229</b>



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

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## Brooge Petroleum and Gas Investment Company FZE

### Unaudited Interim Condensed Statement of Cash Flows Period Ended June 30, 2023 (Figures in USD)

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
<b>Cash Flow from Operating Activities</b>		
Profit for the period	34,857,949	744,447
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	6,269,769	6,235,751
Interest on borrowings	8,858,750	9,172,133
Interest on lease liabilities	1,543,341	1,515,936
Provision for employees' end of services benefits	180,867	108,179
Net changes in fair value of derivative financial instruments	(4,236,668)	(1,941,912)
Asset retirement obligation - accretion expense	34,020	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	(16,950,511)	(4,955,602)
Increase in inventories	(24,695)	(27,006)
(Decrease) / Increase in trade and accounts payable	(5,538,599)	16,855,829
Increase in contract liabilities	272,877	2,458,296
Payment of employees' end of services benefits	(30,629)	Nil
Net cash flows from operating activities	<u>29,477,528</u>	<u>30,198,981</u>
<b>Cash Flow from Investing Activities</b>		
Amount withdrawn from restricted bank account	152,261	3,103,780
Purchase of property, plant and equipment	(6,696,769)	(16,132,117)
Net cash flows used in investing activities	<u>(6,544,508)</u>	<u>(13,028,337)</u>
<b>Cash Flow from Financing Activities</b>		
Repayment of borrowings	(7,000,000)	(7,000,000)
Payment of lease liabilities	(2,503,822)	(3,056,444)
Interest paid on borrowings	(7,612,261)	(8,202,500)
Movement in shareholder's account	(3,174,288)	274,334
Net cash used in financing activities	<u>(20,290,371)</u>	<u>(17,984,610)</u>
Net change in cash and cash equivalents	2,642,649	(813,966)
Cash and cash equivalents at beginning of the period	432,326	1,452,370
<b>Cash and cash equivalents at end of the period (Note 9)</b>	<u><b>3,074,975</b></u>	<u><b>638,404</b></u>



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

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements June 30, 2023

#### 1 Legal Status, Shareholders, Management and Business Activity

Brooge Petroleum and Gas Investment Company FZC (the "Company" and together with its subsidiary and Shareholder, the "Group"), is a free zone company registered and incorporated on February 10, 2013 in Fujairah, United Arab Emirates ("UAE"). The free zone is income tax free without a set time limit. The Company provides oil storage and related services at the Port of Fujairah in the Emirate of Fujairah in the UAE and currently operates bulk liquid storage facilities, comprising 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.

On February 25, 2019 the shareholders of Brooge Petroleum and Gas Investment Company FZC transferred their ownership in the Company to Brooge Petroleum and Gas Investment Company plc ("BPGIC plc"), a company incorporated under the laws of England and Wales and owned by the same shareholders that previously owned Brooge Petroleum and Gas Investment Company FZC and in the same ownership proportion. Upon the change of ownership, Brooge Petroleum and Gas Investment Company FZC changed its name to Brooge Petroleum and Gas Investment Company FZE. As a result of the above, BPGIC plc became the parent of the Company.

On April 15, 2019, the Company entered into a business combination agreement with Twelve Seas Investment Company ("Twelve Seas"), Brooge Energy Limited (Formerly known as Brooge Holdings Limited), Brooge Merger Sub Limited, a subsidiary of Brooge Energy Limited, and the Company's shareholders. On May 10, 2019, BPGIC plc became party to the business combination agreement by execution of a joinder thereto. Pursuant to the business combination agreement, subject to the terms and conditions set forth therein, at the closing of the transactions contemplated by the business combination agreement, Twelve Seas merged with Brooge Merger Sub Limited, with Twelve Seas continuing as the surviving entity and with holders of Twelve Seas securities receiving securities of Brooge Energy Limited. Brooge Energy Limited acquired all of the issued and outstanding ordinary shares of the Company from BPGIC plc in exchange for ordinary shares of Brooge Energy Limited, with the Brooge Petroleum and Gas Investment Company FZE becoming a wholly-owned subsidiary of Brooge Energy Limited and BPGIC plc becoming the ultimate parent Company of Brooge Energy Limited. Brooge Energy Limited is listed on NASDAQ in the United States of America.

The registered office is at P.O Box 50170, Al-Sodah, Khorr Fakkan Road, Fujairah, United Arab Emirates.

The ownership details of the Company are as follows:

Name of Owner/Shareholder	Number of Shares	% of Shares	Value in USD
Brooge Energy Limited	100	100%	1,361,285

The Company has a branch in Abu Dhabi as follows:

#### **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.

The subsidiary of the Company is as follows:

#### **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 the Company.

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

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements June 30, 2023

#### **2 Basis of Preparation of the Interim Condensed Financial Statements**

The unaudited interim condensed 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'.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual 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 financial statements are presented in United States dollars ("USD") which is the functional and presentation currency of the Company.

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.

#### **Going Concern**

During the period ended June 30, 2023, the Company earned a profit of USD 34.86 million and generated positive operating cash flows of USD 29.48 million.

As of June 30, 2023, the Company was in breach of 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 Company has classified its debt balance of USD 165,700,000 as a current liability. Further, as of the period end the Company's current liabilities exceeded its current assets by USD 229,153,716. 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 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 Company 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 Company. The assets and liabilities are recorded on the basis that the Company 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 Company.

#### **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 unaudited interim condensed 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 unaudited interim condensed 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

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed 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 interim condensed financial statements of the Company.

#### 4 Significant Accounting Estimates And Judgements

The preparation of the unaudited interim condensed financial statements require 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 unaudited interim condensed 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 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 financial statements as new presentation provides information that is more relevant to users of the financial statements.

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

	As previously	Reclassifications	As reclassified
• Trade and accounts payable	22,662,386	(6,222,056)	16,440,330
• Contract liabilities	Nil	6,222,056	6,222,056

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



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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed 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	6,269,769	6,235,751
Employees' costs	2,184,107	2,118,745
Reimbursable port charges (Note 5.1)	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>661,536</u>
	<u>11,087,003</u>	<u>10,597,695</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
Sales and marketing	2,742,569	468,570
Legal and professional	1,858,851	2,251,517
Employees' cost	1,398,613	1,403,212
Write-off of trade accounts receivables	927,519	Nil
Rent	408,386	284,146
Office expenses	103,722	118,808
Travelling expenses	<u>2,009</u>	<u>4,626</u>
	<u>10,755,207</u>	<u>4,530,879</u>

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 8 Finance costs

	June 30, 2023 (6 Months)	June 30, 2022 (6 Months)
Interest on borrowings	8,858,750	9,172,133
Interest on lease liabilities	1,543,341	1,515,936
Bank charges	60,964	39,041
Asset retirement obligation - accretion expenses	34,020	32,930
Exchange loss	6,213	11,377
Bond terms amendment/waiver fee	Nil	3,720,000
	<u>10,503,288</u>	<u>14,491,417</u>

#### 9 Restricted Bank Balance, Cash and Cash Equivalents

	June 30, 2023	Dec 31, 2022
Cash in hand	8,929	18,839
Balances in current accounts	<u>18,732,841</u>	<u>16,232,543</u>
	<u>18,741,770</u>	<u>16,251,382</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>3,074,975</u>	<u>432,326</u>
Restricted bank balance	<u>7,166,795</u>	<u>7,319,056</u>

#### 10 Trade Accounts Receivable

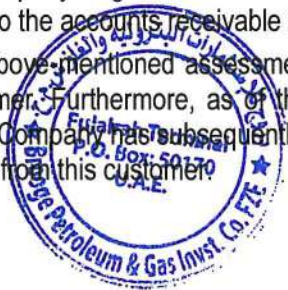
	June 30, 2023	Dec 31, 2022
Trade accounts receivables	20,613,491	5,275,047
Expected credit losses	<u>(3,313,538)</u>	<u>Nil</u>
	<u>17,299,953</u>	<u>5,275,047</u>

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.

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 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.

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 10 Trade Accounts Receivable (Continued)

##### 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*	3,313,538	Nil
	<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 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 22.

#### 12 Derivative financial instruments

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

On September 24, 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 June 30, 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 statement of comprehensive income.

#### 13 Advances to Contractor

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

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 Company's existing facilities and the Group's expansion project in Fujairah. The Company has obtained balance confirmation from Audex pertaining to these amounts. (Refer note 21).

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## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 14 Trade and Accounts Payable

	Jun 30, 2023	Dec 31, 2022
Trade accounts payable	6,123,141	9,854,209
Interest payable on borrowings	3,650,239	3,803,750
Accrued expenses	566,697	2,285,288
VAT payable	493,590	497,083
Due to related parties	68,064	Nil
	<u>10,901,731</u>	<u>16,440,330</u>

#### 15 Other Payable

	Jun 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 Company 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 Company's shareholder 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 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 Company's management, concluded that the previously issued audited financial statements as of and for the periods ending December 31, 2020, 2019 and 2018, and the previously issued unaudited 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 Company 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. M/s 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 financial statements by restating such financial statements. Accordingly, an amount of USD 74,253,965 which represents funds received from BIA, was reversed from revenue and reclassified 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. 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 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.

P. D. B. L.





## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 16 Borrowings

	Jun 30, 2023	Dec 31, 2022
Bonds	<u>165,700,000</u>	<u>171,300,000</u>
	<u>165,700,000</u>	<u>171,300,000</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	Jun 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 September 24, 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 September 24, 2023 (the "call option"). The call option represents an embedded derivative that has been separated from the host contract and separately valued. At June 30, 2023, management assessed the value of the call option of USD 13,499,964 (December 31, 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;
- (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.

P. D. B. L.





## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 16 Borrowings (Continued)

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 June 30, 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 June 30, 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.
- (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.



## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 17 Lease Liabilities

	Jun 30, 2023	Dec 31, 2022
Balance at the beginning of the year	32,492,020	32,516,594
Interest on lease liabilities	1,543,341	3,031,870
Payment of lease liabilities	<u>(2,503,822)</u>	<u>(3,056,444)</u>
Balance at the period/year end	<u>31,531,539</u>	<u>32,492,020</u>

The analysis of lease liability is as follows:

Current portion of lease liabilities	<u>789,573</u>	<u>582,665</u>
Non-current portion of lease liabilities	<u>30,741,966</u>	<u>31,909,355</u>

During 2013, the Company 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 Company. The Company has concluded that they have the right-to-use of the asset and accordingly, recorded a lease liability as per the requirements of IFRS 16. Given the use of the land, it is reasonably certain that the Company 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 Company. Annual lease rental is increased by 2% on an annual basis as per the agreement.

#### 18 Share Capital

	Jun 30, 2023	Dec 31, 2022
100 ordinary shares of USD 13,612.85 each	<u>1,361,285</u>	<u>1,361,285</u>
	<u>1,361,285</u>	<u>1,361,285</u>

#### 19 Transactions with Related Parties

Related parties represent associated companies, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Chief Executive Officer/Office of the Chief Executive Officer.

##### Transactions in shareholder's account

	Jun 30, 2023	Dec 31, 2022
Expenses incurred on behalf of the shareholder	<u>3,174,288</u>	<u>8,346,442</u>
	<u>3,174,288</u>	<u>8,346,442</u>

Changes in shareholders' account is as follows:

At January 01	69,910,387	78,256,829
Net movements during the year	<u>(3,174,288)</u>	<u>(8,346,442)</u>
At June 30 / December 31	<u>66,736,099</u>	<u>69,910,387</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.

P. Datt





## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 19 Transactions with Related Parties (Continued)

##### Transactions with related parties

	Jun 30, 2023	Jun 30, 2022
Rent expenses	408,386	284,146
Key management remuneration	427,021	574,408
End of service benefits expense for key management	181,956	50,242

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

Related Party	Classification	Jun 30, 2023	Dec 31, 2022
Brooge Energy Limited	Shareholder's account (Equity)	66,736,099	69,910,387
BPGIC Phase 3 Ltd	Due to related party (Note 14)	68,064	Nil
End of service benefits for key management	Employees' end of service benefits	224,160	42,204

#### 20 Commitments and Contingencies

	Jun 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	28,300,000
	<u>9,300,000</u>	<u>28,300,000</u>

\* As explained in note 16, the Company 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 Company has always met the Coupon and Instalment payments as per the Bond Terms.

\*\* The Company's shareholder 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 project relating to interconnection of pipelines between the Group's existing facilities and the expansion project in Fujairah. 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.



P. Datta



## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2023

(Figures in USD)

#### 21 Fair Value of Financial Instruments

Management considers that the fair value of financial assets and financial liabilities in the interim condensed 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 observable.

Liabilities measured at fair value:	Level 1	Level 2	Level 3	Total Fair Value
<u>June 30, 2023</u>				
Borrowings	Nil	165,700,000	Nil	165,700,000
Derivative financial instruments	Nil	13,499,964	Nil	13,499,964
<u>December 31, 2022</u>				
Borrowings	Nil	171,300,000	Nil	171,300,000
Derivative financial instruments	Nil	9,263,296	Nil	9,263,296

#### 22 Subsequent Events After The Reporting Date

- On August 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 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 Alhazaimah, 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](https://stamdataapi.azurewebsites.net/api/v1/marketnews/pdf/b347ebb9-2144-477a-8fad-46fd7639cca9/NO0010893076_IB_01_20230821.pdf)

#### 23 Comparative Figures

Certain of the prior year figures have been regrouped to conform with the presentation of the current period. The prior year figures include both the parent company and its subsidiary balances, while the current year exclusively pertains to the Company's balance.

These interim condensed financial statements were approved by the Management on September 28, 2023 and signed by:

*P. Saheb*

Authorized Signatory





## Brooge Petroleum and Gas Investment Company FZE

### Notes to the Unaudited Interim Condensed 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
<b>Cost:</b>							
As at January 01, 2023	28,037,886	179,367,406	1,223,689	154,532,494	185,352	29,423,560	392,770,387
Additions during the period	Nil	21,454	6,524	868,033	6,171,221	Nil	7,067,232
Reclassified during the period	Nil	Nil	304,898	(304,898)	Nil	Nil	Nil
Transfer from WIP to Assets	128,723	148,000	Nil	Nil	(276,723)	Nil	Nil
As at June 30, 2023	<u>28,166,609</u>	<u>179,536,860</u>	<u>1,535,111</u>	<u>155,095,629</u>	<u>6,079,850</u>	<u>29,423,560</u>	<u>399,837,619</u>
<b>Accumulated Depreciation:</b>							
As at January 01, 2023	5,736,626	19,855,869	371,454	9,845,886	Nil	4,248,614	40,058,449
Reclassified during the period	Nil	Nil	249,026	(249,026)	Nil	Nil	Nil
Charge for the period	563,324	3,798,310	111,936	1,549,330	Nil	246,869	6,269,769
As at June 30, 2023	<u>6,299,950</u>	<u>23,654,179</u>	<u>732,416</u>	<u>11,146,190</u>	<u>Nil</u>	<u>4,495,483</u>	<u>46,328,218</u>
<b>Net Carrying Value:</b>							
As at June 30, 2023	<u>21,866,659</u>	<u>155,882,681</u>	<u>802,695</u>	<u>143,949,439</u>	<u>6,079,850</u>	<u>24,928,077</u>	<u>353,509,401</u>
As at December 31, 2022	<u>22,301,260</u>	<u>159,511,537</u>	<u>852,235</u>	<u>144,686,608</u>	<u>185,352</u>	<u>25,174,946</u>	<u>352,711,938</u>

Capital work in progress as at June 30, 2023 relates to Company's share in the cost pertaining to the Terminal Connectivity and Early Preparation Works under development.

P. Sultan



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