BW ENERGY

HALF YEAR REPORT 2023

BW ENERGY FIRST HALF-YEAR RESULTS

HIGHLIGHTS

- H1 2023 EBITDA of USD 57.8 million and net profit of USD 0.3 million
- H1 2023 gross production of 2.0 million barrels with 1.5 million barrels net to the Company
- Operating cash flow of USD 71.3 million and cash position of USD 233 million at 30 June
- Executed USD 100 million accordion on the existing Reserve Based Lending (RBL) facility bringing the total to USD 300 million
- First Oil from the Hibiscus / Ruche development achieved in early April 2023
- New gas lift compressor (GLC) on the FPSO *BW Adolo* which is now fully operational following start-up in July.

FINANCIALS

Total revenues for the first half-year of 2023 amounted to USD 169.8 million, an increase of USD 46.6 million (USD 123.2 million)[1]. Net sold volumes in the period were 1,700,000 barrels compared to 950,000 barrels in the first half of 2022. Operating expenses were USD 112 million, an increase of USD 59.8 million (USD 52.2 million).

EBITDA for the period was USD 57.8 million (USD 71.0 million). The decrease in EBITDA was largely due to lower realised oil price compared to the same period in 2022, *MaBoMo* operations, and additional costs of approximately USD 15 million related to the *acquisition* of the Golfinho and Camarupim clusters.

Depreciation was USD 32.8 million (USD 28.2 million), mainly related to the producing assets in Dussafu Marine Block in Gabon. Operating profit for the first half-year was USD 25.0 million compared to USD 42.8 million in the same period of 2022.

Net financial expense increased to USD 8.9 million (USD 2.4 million), primarily due to the new RBL facility. Tax expense was USD 15.8 million (USD 21.2 million). A majority of the tax expenses relate to the operation of the Dussafu Production Sharing Contract (PSC) in Gabon.

Net profit was USD 0.3 million, compared to a profit of USD 19.2 million in the first half-year of 2022.

Total equity at 30 June 2023 was USD 616.2 million (USD 588.9 million) and equity ratio decreased to 45.0% (56.7%)[2] due to an increase in total assets.

Total available liquidity as of 30 June 2023 amounted to USD 233.5 million of which USD 43.5 million was reserved for debt service.

Net cash inflow from operating activities was USD 71.3 million (USD 84.9 million) in the first half of 2023. Net cash outflow on investment activities was USD 149 million (USD 96.7 million), mainly related to the Hibiscus / Ruche development. Net cash inflow from financing activities was USD 100.4 million (outflow USD 15.8 million). The cash inflow is related to proceeds from RBL facility.

[1] Figures presented are compared to previous half-year (first half-year of 2022 in brackets).
[2] Restated 2022 figure due to a policy change affecting ARO, see note 1 Changes in accounting policies and note 11 Provisions and contingent assets and liabilities.

E&P OPERATION

Dussafu

Dussafu uptime was 85% in the first half of 2023 with gross production averaging 11,200 barrels of oil per day, equal to 2.0 million barrels. Production was impacted by planned annual maintenance of FPSO *BW Adolo* in February, as well as field development activities in association with Hibiscus / Ruche first oil. In the first half of 2023, the Tortue field reached the milestone of 20 million barrels produced since first oil in 2018. The new gas lift compressor commissioning work continued through June with start-up in July.

The *MaBoMo* production facility received first hydrocarbons from the Hibiscus field in early April. Well performance has been in line with expectations. Dussafu combined production temporarily reached up to 30,000 barrels of oil per day after the third Hibiscus well was brought online in July. In August, DHIBM-4H experienced issues with electrical supply to the ESP (electrical submersible pump) meaning that the well is currently on natural flow at a rate of approximately 2,800 barrels per day. Investigations continue and the Company is considering alternatives for component replacement which may include a well intervention to retrieve the pump / motor.

First half production cost (excluding royalties) was approximately USD 43 per barrel. The higher production costs during the period were primarily due to planned shutdowns and the Hibiscus / Ruche development activities that resulted in lower production in the first quarter.

E&P DEVELOPMENT

Dussafu

The Hibiscus / Ruche development achieved first oil in early April 2023. The first two Hibiscus wells, DHIBM-3H and DHIBM-4H, were drilled from the Borr *Norve* jack-up rig and brought online early April and mid-June, respectively. The third well, DHIBM-5H, came online mid-July. Drilling and completion work is ongoing for the fourth well, DHIBM-6H.

A total of 12 wells are planned through a phased development. The wells target the largest discovery at Dussafu, the Hibiscus field, as well as the neighbouring Ruche field. All wells in the first development phase will target the Gamba reservoir.

The *MaBoMo* production facility was installed on location in October 2022. The oil produced at Hibiscus / Ruche is processed on the *BW Adolo* FPSO together with Tortue production before offloading to oil tankers.

Gross investments for the first phase of Hibiscus / Ruche development are currently estimated in the range of USD 500-520 million, which is within 10% of the original Final Investment Decision (FID) CAPEX in 2019. These adjusted estimates reflect current market conditions and updates from the ongoing drilling campaign and scope adjustments. Additional production from the first phase of Hibiscus / Ruche development is expected to be approximately 30,000 barrels of oil per day once all six planned wells are in production.

Maromba
In Brazil, the Company continues to progress the optimisation of the Maromba development plan, where the final concept selection is expected in the fourth quarter 2023. Total oil production at peak annual average is expected between 30-40,000 barrels of oil per day. The final investment decision is subject to completion of the project financing.

As part of the project rescheduling announced in February, BW Energy and BW Offshore have agreed to defer payments for the FPSO *Polvo*. The Company will pay an instalment of USD 30 million in the fourth quarter of 2023 and the remaining USD 20 million of the agreed price in second quarter of 2024. BW Energy will compensate BW Offshore with interest during the period. The FPSO is a strong candidate for upgrading and redeployment to the field. The unit is currently in layup in Dubai following completion of condition assessment.

Kudu
In Namibia, BW Energy is progressing a revised development plan for the gas-to-power project that will utilise a repurposed semi-submersible drilling rig as a Floating Production Unit. Repurposing this facility is expected to optimise the project timeline and reduce capital investments compared to previous development concepts. The re-use of existing facilities also supports a substantial reduction in field development related greenhouse gas emissions compared to the material and works required for a new build facility.

In October 2022, BW Energy entered into an agreement for the acquisition of ~5,000 sq. km of 3D seismic to further enhance the depositional model, additional reservoir presence, and identify potential upside targets in the Kudu PPL-003 licence. Acquisition was successfully completed in May 2023, and early-stage interpretations are expected in the second half of 2023. An initial review shows excellent seismic data quality. The final processed seismic results are expected to be available in the first half of 2024. The company expects to increase the Kudu licence reserve estimate based on the new seismic data and recent positive exploration drilling results from other nearby Orange Basin licences. The current proven reserve estimate is 1.3 billion cubic feet of gas.

CORPORATE MATTERS

In Brazil, BW Energy continued to prepare for the acquisition of a 100% operated working interest (WI) in the Golfinho and Camarupim Clusters and 65% WI in the BM-ES-23 block from Petrobras, as well as taking over the FPSO *Cidade de Vitória* from Saipem. This includes progressing relevant approvals from the Brazilian authorities, operational preparedness, field development planning and build-up of the local BW Energy organisation.

Closing the field transaction and FPSO takeover is subject to fulfilment or waiver of conditions precedent. The FPSO has restarted after upgrades required by ANP. The transactions are expected to add approximately 9,000 barrels of oil per day net to BW Energy as well as several proven low risk in-field development opportunities with short lead times and substantial potential long-term upside.

In August 2022, BW Energy signed a Reserve Based Lending Facility (RBL) of up to USD 300 million to finance the further development of the Dussafu licence offshore Gabon. The credit facility had an initial commitment of USD 200 million which, in the first half of 2023, was expanded to an additional USD 100 million. The secured long-term debt facility is provided by a syndicate of eight international banks and has a tenor of six years. The facility was fully drawn as of 30 June 2023.

RISK

Development of oil and gas fields is associated with various risks including, but not limited to, commodity price fluctuation, transportation risk, political risk, regulatory risk, credit risk, liquidity risk, cost overruns, and construction delays. BW Energy's risk exposure is regularly analysed, evaluated, and updated consistent with best industry practices and appropriate risk management tools and techniques. For more information see BW Energy's Annual Report.

COMMODITY HEDGES

BW Energy is trading derivatives for the explicit purpose of managing the risk to its revenue from commodity prices. The intent is to hedge against commodity price drops that could negatively impact BW Energy's development and growth initiatives.

The Company entered the year with a total volume of 1.29 million barrels of Dated Brent hedges in place for 2023 and 2024, of which 71% were for 2023. Over the period, the Company entered into additional hedges, resulting in a total volume hedged of 1.56 million barrels for 2023, 2024, and 2025, of which 46% were for 2023, and 47% were for 2024.

The hedges were a combination of swaps and options. BW Energy has recognised crude oil hedge gains in the amount of USD 6.8 million for the first half of 2023, of which approximately 11% (USD 0.7 million) were realised in the period. The Company will continue to hedge a portion of its expected production to assist in funding the planned capital expenditure program while complying with its obligations under the RBL facility.

OUTLOOK

BW Energy prioritises safety first with zero harm as an overriding objective for people and environment. The Company is substantially reducing the carbon footprint by developing discovered oil and gas resources through large-scale repurposing of existing production infrastructure.

The Company expects oil and gas to remain an important part of the global energy mix in decades to come and remains focused on realising long-term value creation via its phased development strategy and investments in high-return assets. The flexible investment strategy has proven robust for a range of market scenarios and positions the Company to address both short- and long-term opportunities to drive cash flows and earnings.

Energy prices remain at high levels despite a softening of macro-economic drivers as geopolitical conflicts, global supply change challenges, inflation and higher interest rates. Short-term, the focus is on bringing the Dussafu production up to 40,000 barrels of oil as well as taking over the assets in Brazil. Both are milestones which are expected to provide a substantial increase in oil production and create significant value for stakeholders. BW Energy has a solid capital base with the upsized RBL facility that will continue to fund accretive investments in the Dussafu licence offshore Gabon.

Bermuda, 23 August 2023

Andreas Sohmen-Pao Chairman	Marco Beenen	Tormod Vold
Hilde Drønen	Russell Scheirman	Ana Zambelli

DECLARATION OF THE BOARD

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the six months ending 30 June 2023 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of BW Energy Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge that the Financial Summary includes a fair review of important events that arose during the first six months of 2023, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year, as well as major related party transactions.

Bermuda, 23 August 2023

Andreas Sohmen-Pao Chairman	Marco Beenen	Tormod Vold
Hilde Drønen	Russell Scheirman	Ana Zambelli

CONDENSED CONSOLIDATED STATEMENT OF INCOME / (LOSS)

(Unaudited figures in USD million)

	Notes	1H 2023	1H 2022	2022
Total revenues	2	169.8	123.2	277.6
Operating expenses		(112.0)	(52.2)	(123.4)
Operating profit before depreciation, amortisation and sale of assets		57.8	71.0	154.2
Depreciation and amortisation	3,4,7	(32.8)	(28.2)	(60.1)
Operating profit		25.0	42.8	94.1
Interest income		3.6	0.2	1.7
Interest expense		(4.3)	-	(0.5)
Net currency gain/(loss)		1.0	(1.2)	(2.2)
Fair value gain/(loss) on financial instruments		0.2	4.9	7.3
Other financial items	7	(9.4)	(6.3)	(16.6)
Net financial items		(8.9)	(2.4)	(10.3)
Profit/(loss) before tax		16.1	40.4	83.8
Income tax expense		(15.8)	(21.2)	(38.8)
Net profit/(loss) for the period		0.3	19.2	45.0
EARNINGS PER SHARE				
Basic earnings/(loss) per share in USD net		0.00	0.07	0.17
Diluted earnings/(loss) per share (USD) net		0.00	0.07	0.17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(Unaudited figures in USD million)

	1H 2023	1H 2022	2022
Net profit/(loss) for the period	0.3	19.2	45.0
Total comprehensive income for the period	0.3	19.2	45.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2023	30.06.2022	31.12.2022
Property, plant and equipment[1)]	3,11	637.3	438.2	543.1
Right-of-use assets	7	200.8	219.2	209.9
Intangible assets	4	253.2	191.6	212.5
Derivatives		0.2	7.3	9.2
Other non-current assets		0.6	0.8	0.6
Total non-current assets		1,092.1	857.1	975.3
Inventories		8.1	25.1	11.5
Trade and other current assets		34.9	33.7	18.1
Derivatives		1.1	-	-
Cash and cash equivalents		233.5	123.3	210.8
Total current assets		277.6	182.1	240.4
TOTAL ASSETS		1,369.7	1,039.2	1,215.7

EQUITY AND LIABILITIES	Notes	30.06.2023	30.06.2022	31.12.2022
Share capital	5	2.6	2.6	2.6
Share premium		550.1	550.1	550.1
Other equity		63.5	36.2	62.6
Total equity		616.2	588.9	615.3
Interest-bearing long-term debt	8	292.0	-	164.9
Deferred tax liabilities		10.4	8.1	9.3
Long-term lease liabilities	7	178.6	245.5	187.2
Derivatives		-	4.5	1.4
Asset retirement obligations[1)]	11	25.1	27.1	23.8
Other non-current liabilities		33.6	50.3	33.6
Total non-current liabilities		539.7	335.5	420.2
Trade and other payables		144.4	88.3	106.3
Tax payables		1.0	0.8	0.9
Derivatives	7	-	10.8	4.2
Short-term lease liabilities		68.4	14.9	68.8
Total current liabilities		213.8	114.8	180.2
TOTAL EQUITY AND LIABILITIES		1,369.7	1,039.2	1,215.7

1) Restated 2022 figure due to a policy change affecting ARO, see note 1 Changes in accounting policies and note 11 Provisions and contingent assets and liabilities

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 30 June 2022	Share capital	Share premium	Retained earnings/ Net assets	Total equity
Equity at 1 January 2022	2.6	550.1	16.5	569.2
Profit/(loss) for the period	-	-	19.2	19.2
Share-based payments	-	-	0.5	0.5
Total equity at 30 June 2022	2.6	550.1	36.2	588.9

At 30 June 2023	Share capital	Share premium	Retained earnings/ Net assets	Total equity
Equity at 1 January 2023	2.6	550.1	62.6	615.3
Profit/(loss) for the period	-	-	0.3	0.3
Share-based payments	-	-	0.6	0.6
Total equity at 30 June 2023	2.6	550.1	63.5	616.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited figures in USD million)

	Notes	1H 2023	1H 2022	2022
Profit/(loss) before taxes		16.1	40.4	83.8
Adjustment for:				
Unrealised currency exchange loss/(gain)		(1.4)	1.3	2.1
Depreciation and amortisation	3,4,7	32.8	28.2	60.1
Share-based payment expense		0.6	0.5	1.1
Changes in ARO through income statement		1.5	0.4	1.5
Change in fair value of derivatives		2.3	10.1	(1.5)
Add back of net interest expense		0.7	(0.2)	(1.2)
Changes in net working capital		33.2	24.3	59.0
Taxes paid in kind		(14.5)	(20.1)	(36.4)
Net cash flow from operating activities		71.3	84.9	168.5
Investment in property, plant & equipment and intangible assets	3,4	(152.6)	(96.9)	(239.9)
Interest received		3.6	0.2	1.7
Net cash flow used in investing activities		(149.0)	(96.7)	(238.2)
Proceeds from interest-bearing debt	8	129.0	-	171.0
Transaction cost related to loans and borrowings	8	(2.5)	-	(6.3)
Interest paid	8	(9.7)	-	(3.5)
Payment of lease liabilities	7	(16.4)	(15.8)	(31.6)
Net cash flow used in financing activities		100.4	(15.8)	129.6
Net change in cash and cash equivalents		22.7	(27.6)	59.9
Cash and cash equivalents at beginning of period		210.8	150.9	150.9
Cash and cash equivalents at end of period		233.5	123.3	210.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Figures in brackets refer to corresponding figures for 2022)

Note 1 – Basis for preparation

Organisation and principal activities

BW Energy Limited (hereafter 'BW Energy' or 'the Company') is incorporated and domiciled in Bermuda. The Company is listed on Oslo Børs, part of Euronext in Norway. These condensed interim consolidated financial statements ('interim financial statements') as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group is engaged in oil and gas exploration and production activities.

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 August 2023.

Basis of preparation

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The interim financial statements are unaudited.

Changes in accounting policies

The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of BW Energy's annual consolidated financial statements for the year ended 31 December 2022 except for a change in calculation of Asset Retirement Obligation (ARO). With effect from 1 January 2023, The Group changed its discount rate used in calculation of ARO and no longer includes the Group's own credit risk. This voluntary change in accounting policy was adapted to better represent the risks specific to the ARO liability. The change increases the amounts of ARO liabilities and the ARO elements of property, plant and equipment materially, and prior periods' balance sheet amounts have been restated. The impact of the change in policy to the income statement are immaterial, hence no restatements have been performed. For more information see note 11.

As a result of rounding differences, numbers and or percentages may not add up to the total.

Use of estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 2 – Revenue

The BW Energy Group generates revenue primarily from sale of crude oil. BW Energy Group has two customers. All revenue originates in Africa. BW Energy Group does currently only have one segment.

Other revenues primarily comprise profit oil tax settled in kind and commodity-based derivatives gain/(loss) relates to changes in fair value of embedded derivatives in commodity contracts linked to oil prices.

USD MILLION	1H 2023	1H 2022	2022
Revenue from contracts with customers	143.9	124.4	252.1
Realised gain/(loss) on oil derivatives	0.7	(10.9)	(14.3)
Unrealised gain/(loss) on oil derivatives	6.1	(15.3)	(5.1)
Other revenue	19.1	25.0	44.9
Total revenues	169.8	123.2	277.6

Note 3 – Property plant and equipment

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2023[2)]	308.5	233.9	0.8	543.1
Additions and changes in asset retirement cost [1)]	106.1	8.9	0.1	115.0
Reclassification from assets under development	(331.6)	331.6	-	-
Current year depreciation	-	(20.7)	(0.1)	(20.8)
At 30 June 2023	83.0	553.7	0.8	637.3

1) Asset Retirement Cost has been adjusted due to change in field life estimate

2) Restated 2022 figure due to a policy change affecting ARO, see note 1 Changes in accounting policies and note 11 Provisions and contingent assets and liabilities

E&P additions in the first half-year 2023 mainly relates to development of the Dussafu oil field in Gabon.
No impairment triggers are identified for the first half-year 2023.

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2022[2)]	121.5	242.0	0.4	363.9
Additions and changes in asset retirement cost [1)]	80.4	7.8	0.5	88.7
Current year depreciation	-	(14.3)	(0.1)	(14.4)
At 30 June 2022	201.9	235.5	0.8	438.2

1) Asset Retirement Cost has been adjusted due to change in field life estimate

2) Restated 2022 figure due to a policy change affecting ARO, see note 1 Changes in accounting policies and note 11 Provisions and contingent assets and liabilities

E&P additions in the first half-year 2022 mainly relates to development of the Dussafu oil field in Gabon.

Note 4 – Intangible assets

USD MILLION	E&P exploration and evaluation expenditures	Other intangible assets	Total intangible assets
At 1 January 2023	149.4	63.1	212.5
Additions	42.2	0.5	42.7
Current year amortisation	-	(2.0)	(2.0)
At 30 June 2023	191.6	61.6	253.2

E&P additions in the first half-year 2023 mainly relates to development of the Kudu gas field in Namibia.
Other additions relate to Intellectual Property agreement described in Note 10.
No impairment triggers are identified for the first half-year 2023.

USD MILLION	E&P exploration and evaluation expenditures	Other intangible assets	Total intangible assets
At 1 January 2022	105.5	69.7	175.2
Additions	18.5	-	18.5
Current year amortisation	-	(2.1)	(2.1)
At 30 June 2022	124.0	67.6	191.6

Note 5 – Capital and reserves

The authorised share capital of BW Energy is USD 3,000,000 consisting of 300,000,000 shares with a par value of USD 0.01 each, of which 257,994,300 shares have been issued.

Note 6 – Acquisitions

Acquisition of Golfinho and Camarupim Clusters offshore Brazil

In June 2022, BW Energy Group signed an agreement to purchase the Golfinho and Camarupim Clusters offshore Brazil from Petrobras. As per agreement, BW Energy Group paid to Petrobras an amount of USD 3 million at signing.

After completion, BW Energy will hold 100% working interest (WI) in the Golfinho and Camarupim Clusters and 65% WI in the BM-ES-23 block. After the restart of the FPSO *Cidade de Vitória*, current production from the Golfinho field is stable at approximately 10,000 barrels of oil per day.

Agreement to acquire the FPSO *Cidade de Vitória*

In June 2022, BW Energy Group signed an agreement to acquire the FPSO *Cidade de Vitória* from Saipem for a cash consideration of USD 73 million. The transaction is subject to fulfilment or waiver of conditions precedents with an expected closing and takeover of the FPSO in the second half of 2023. The transaction has accelerated BW Energy Group's build-up of a local operating organisation in Brazil with increased stakeholder engagement ahead of the Maromba development.

The take-over of the FPSO from Saipem is expected to be completed in the fourth quarter when the current short-term lease and operate contract for the FPSO expires.

Note 7 – Leases

BW Energy Group leases office premises, apartments, warehouses and vessels. Leases of office premises, warehouse and apartments generally have lease terms between 1 and 3 years, while vessels have lease terms between 2 and 20 years.

BW Energy Group has leases of certain office equipment (i.e., personal computers, printing- and photocopying machines, coffee machines) that are considered of low value.
In April 2022, the BW Energy Group signed an agreement to purchase the FPSO *Polvo* from BW Offshore for a total consideration of USD 50 million, split by USD 5 million in one year charter hire and USD 45 million for purchase of the vessel. The transaction was initially expected to be completed no later than July 2023.

Due to previously announced project rescheduling, BW Energy and BW Offshore have agreed to defer payments for the purchase of FPSO *Polvo*. The Company will pay an instalment of USD 30 million no later than 31 October

2023 and the remaining USD 20 million on or before 30 April 2024. BW Energy will compensate BW Offshore with interest during the period. An independent third-party valuation of the FPSO concluded that the sales price is within a fair market value range.

The contract is classified as a lease liability as of 30 June 2023, where the related depreciation is capitalised as part of Maromba cash generating unit. Upon acquisition of the vessel, the asset will be reclassified to Tangible assets as part of the Maromba cash generating unit.

BW Energy Group has initially decided to proceed with the Maromba development project offshore Brazil and the FPSO will be upgraded and redeployed on the field. The final investment decision is subject to certain conditions precedent, including completion of the project financing.

Right-of-use assets and Lease liabilities

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2023	1.5	208.4	**209.9**	**256.0**
Additions	-	-	**-**	**-**
Adjustments	-	(0.2)	**(0.2)**	**(0.2)**
Depreciation expense	(0.5)	(8.5)	**(9.0)**	**n/a**
Interest expense	n/a	n/a	**n/a**	**7.4**
Foreign currency translation gain/(loss)	-	-	**0.1**	**0.1**
Lease payments	n/a	n/a	**n/a**	**(16.3)**
Balance at 30 June 2023	1.0	199.7	**200.8**	**247.0**

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2022	0.7	196.5	**197.2**	**233.2**
Additions	0.5	46.3	**46.8**	**46.8**
Adjustments	-	(10.6)	**(10.6)**	**(10.6)**
Depreciation expense	(0.3)	(13.9)	**(14.2)**	**n/a**
Interest expense	n/a	n/a	**n/a**	**6.9**
Foreign currency translation gain/(loss)	-	-	**-**	**(0.1)**
Lease payments	n/a	n/a	**n/a**	**(15.8)**
Balance at 30 June 2022	0.9	218.3	**219.2**	**260.4**

Additions in the first half-year of 2022 is mainly related to the agreement to purchase the FPSO *Polvo*.

Lease payments of USD 16.3 million (USD 15.8 million) consist of lease instalments of USD 8.9 million (USD 8.9 million) and interest expense of USD 7.4 million (USD 6.9 million).

Note 8 – Interest-bearing debt

The Group had the following long-term interest-bearing dept:

USD MILLION	1H 2023	1H 2022	2022
Reserve Based Lending (RBL) facility	300.0	-	171.0
Total long-term dept	300.0	-	171.0

In Q2 2023 the additional USD 100 million accordion was completed by three additional banks, bringing the total RBL facility for Dussafu up to USD 300 million, which was fully drawn as of 30 June 2023.

Covenant

Key financial covenants for the RBL are required to be tested 30 June and 31 December. These covenants, applicable at levels of the borrower group as defined in the loan documentation, include the following:

- Net Debt to EBITDAX not to exceed 3:1
- Field life cover ratio of 1.50x
- Loan life cover ratio of 1.30x

The Company is in compliance with all covenants as of 30 June 2023.

In addition, a portion of annual production is required to be hedged for up to 24 months.

Note 9 – Commitments

Total unrecognised contractual capital commitments on 30 June 2023 amounted to USD 164.3 million (corresponding figure for 30 June 2022 was USD 75.5 million). The commitment included committed contract values for the development of the Dussafu field, the Maromba development project and the Golfinho field.

For the bank debt relating to the USD 300 million international Reserve Based Lending (RBL) facility, as referred to in Note 8, a standard security package was granted to the Lenders, including share security and bank account, security over the borrowing base asset as well as assignments of material contracts and insurances. The highest guarantor of the facility is BW Energy Holdings Pte. Ltd.

Note 10 – Related party transactions

FPSO *BW Adolo*

Fees for bareboat charter and operational services amount to USD 36.6 million for the first half-year of 2023 (USD 37.2 million).

In addition, BW Energy also purchases other management services from BW Offshore Group.

IP agreement with Seaboard LLC

In October 2018, BW Energy Group finalised an agreement with Seaboard Production Partners, LLC (SPP) for the transfer of Intellectual Property, including but not limited to development plans, reservoir and geological analysis and economic modelling to be utilised in the development of the Dussafu field. The manager, also a shareholder of SPP, is now a part of the management of BW Energy Group.

The agreement is built on an earn out model with a defined set of performance targets primarily revolving around time weighted payback on equity for the original shareholders, which would entitle SPP further payments conditional upon these targets being met. Nominal payments under the original agreement amount to a maximum of USD 75 million.

As of 30 June 2023, a total of USD 29.1 million has been paid, of which USD 4.5 million was paid in 2023. Remaining payments are expected to be completed by 2025.

FPSO *Polvo*

BW Energy has decided to proceed with the Maromba development project offshore Brazil and signed an agreement to purchase the FPSO *Polvo* from BW Offshore, reference to Note 7.

Note 11 – Provisions and contingent assets and liabilities

The Group has made a provision for asset retirement obligations related to future demobilisation of FPSOs operating for BW Energy Group, removal and decommissioning umbilicals and other production assets, plugging and abandonment of production or exploration wells and removal of other subsurface equipment and facilities in Gabon. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements.

Restatement of ARO due to changes in the discount rate

With effect from 1 January 2023, the Group changed its basis of the ARO so that the discount rate used in calculation no longer includes the Group's own credit risk. The change in accounting policy was adapted to better represent the ARO liability. See Note 1.

The impact of this ARO calculation policy change on affected financial statement lines for 2022 is summarised in the table below. The changes affect the relevant balance sheet totals (Total non-current assets, Total assets, Total non-current liabilities, Total equity and liabilities) correspondingly.

USD MILLION	30.06.2022	31.12.2022
Asset retirement obligations before restatement	14.6	13.4
Impact of ARO policy change	12.5	10.4
Asset retirement obligations after restatement	27.1	23.8
PPE before restatement	425.7	532.7
Impact of ARO policy change	12.5	10.4
PPE after restatement	438.2	543.1

Note 12 – Subsequent events

Start-up of gas lift compressor on FPSO *BW Adolo*

18 July 2023 BW Energy announced the start-up of the new gas lift compressor (GLC) on the FPSO *BW Adolo* following commissioning and a gradual ramp up of gas lift capacity.

The compressor is the second GLC unit installed on the FPSO to support production from the six Tortue wells. The unit is now fully operational alongside the existing GLC and has added approximately 3,000 barrels per day of production.

BW Energy starts production from third well in the Hibiscus / Ruche development

20 July BW Energy announced that production has safely started from the third well of the Hibiscus / Ruche Phase 1 development in the Dussafu licence offshore Gabon. Well performance is in line with expectations with current production at approximately 6,000 barrels per day.

The DHIBM-5H well was drilled as a horizontal well from the *MaBoMo* production facility to a total depth of 4,245 metres into Gamba sandstone reservoir at the Hibiscus field. Following completion, the Borr *Norve* jack-up has commenced drilling operations on the fourth production well (DHIBM-6H).

ALTERNATIVE PERFORMANCE MEASURES (APMs)

BW Energy Group discloses alternative performance measures in addition to those required by IFRS, as we believe these provide useful information to management, investors and security analysts regarding our historical financial performance.

EBIT

EBIT, as defined by BW Energy Group, means earnings before interest and tax.

EBITDA

EBITDA, as defined by BW Energy Group, means EBIT excluding depreciation and amortisation, impairment and disposal and gain from sale of tangible fixed asset. EBITDA may differ from similarly titled measures from other companies.

EBITDAX

EBITDAX, as defined by BW Energy Group, means EBITDA excluding Exploration Expense.

USD MILLION	1H 2023	1H 2022	2022
Total revenues	169.8	123.2	277.6
Operating expenses	(112.0)	(52.2)	(123.4)
Operating profit before depreciation, amortisation, impairment and sale of asset (EBITDA)	57.8	71.0	154.2
Depreciation and amortisation	(32.8)	(28.2)	(60.1)
Operating profit (EBIT)	25.0	42.8	94.1

Capital expenditures

Capital expenditures means investments in E&P assets, intangible assets and property and other equipment, including asset retirement cost. Capital expenditure may differ from investment in property, plant and equipment and intangible assets presented in the Consolidated Statement of Cash Flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	1H 2023	1H 2022	2022
Property and other equipment	125.5	88.7	210.7
Intangible assets	42.7	18.5	41.5
Total capital expenditures	168.2	107.2	252.2
Change in working capital	(4.4)	(10.3)	(10.7)
Asset retirement cost	(11.2)	-	(1.6)
Investment in property, plant and equipment and intangible assets	152.6	96.9	239.9

Equity ratio

Equity ratio is an indicator of the relative proportion of equity used to finance BW Energy Group's assets, defined as total equity divided by total assets.