

Half-year report 2022

Condensed Interim Consolidated Financial Information

BW OFFSHORE

Highlights

- EBITDA of USD 160.4 million and operating cashflow of USD 283.7 million for the first half year
- Barossa project progressing as planned
- Awarded limited notice to proceed for Shell's Gato do Mato development in Brazil
- BW Joko Tole sold for continued operation to an Indonesian consortium
- Contract extensions signed for ABO FPSO and Espoir Ivoirien
- Signed an agreement to divest FPSO Polvo to BW Energy
- Recycling of Umuroa and BW Cidade de São Vicente in compliance with Hong Kong Convention
- Annual dividend increased to include USD 20 million of BW Energy shares as in-kind distribution
- Equity ratio of 35.2% and USD 428.1 million in available liquidity

Half-year in brief

FINANCIALS

EBITDA for the period was USD 160.4 million (USD 201.9 million). The reduction was mainly related to end of contract for FPSO Polvo and the sale of BW Joko Tole. While the sales transaction was not closed until June 2022, the sales agreement stipulated that economic impact would be for the benefit of the buyer, and profit from BW Joko Tole in the period has been eliminated from the accounts.

Depreciation was USD 103.6 million (USD 131.0 million). The decrease of USD 27.4 million was mainly related to impairment recognised in December 2021 and sale of FPSOs.

Operating profit for the first half year was USD 56.2 million (USD 64.6 million).

Net financial expense was positive by USD 11.6 million (loss USD 9.0 million). During the first-half 2022, mark-to-market values for interest rate swaps increased significantly due to higher USD swap rates.

The net contribution from BW Offshore Limited's (hereafter 'BW Offshore' or 'the Company') in BW Energy was USD 4.5 million (USD 12.8 million).

Tax expense was USD 13.9 million (tax benefit USD 33.9 million). In the first half of 2021, BW Offshore had a tax income of USD 33.9 million. This was mainly related to tax losses carried forward in Australia being recognised as a deferred tax asset after the signing of the Barossa contract.

Net profit for the period was USD 58.6 million (USD 103.1 million).

Total equity on 30 June 2022 was USD 1 077.8 million (USD 1 103.7 million) and the equity ratio was 35.2% (39.9%) at the end of the first half year. At 30 June 2022, net interest-bearing debt was USD 528.3 million (USD 854.4 million). Total available liquidity amounted to USD 428.1 million (excluding any liquidity in BW Ideol).

Net cash inflow from operating activities was USD 283.7 million (USD 204.9 million) in the

first half year. Net cash outflow on investment activities was USD 302.7 million (USD 111.4 million), mainly related to capital expenditures for the Barossa project and proceeds from disposal of FPSOs. Net cash outflow from financing activities was USD 3.7 million (USD 30.5 million).

FPSO OPERATIONS

The FPSO fleet of 9 operating units continued to deliver stable operations for the six-month period with an average commercial uptime of 95%. Commercial uptime was largely impacted by the shutdown on Sendje Berge. The unit restarted production on 26 June 2022.

In January, the contract for Abo FPSO was extended until the end of 2022, and in May, the contract for Espoir Ivoirien was extended until end of March 2023.

In February and March, BW Offshore signed agreements to recycle BW Cidade de São Vicente at Priya Blue Industries Pvt Ltd and Umuroa at

Bajjnath Melaram in India. Both FPSOs are to be recycled in compliance with the Hong Kong International Convention. A third party has been nominated at both yards to monitor progress, compliance with environmental and safety regulations as well as proper application of the ship recycling plan.

In April, BW Offshore signed an agreement for the sale of FPSO Polvo to BW Energy Limited. The sale will be completed no later than 24 July 2023.

FPSO BW Joko Tole was sold in January to PT Bahari Inti Tanker and PT Cahaya Haluan Pasifik in consortium with PT Buana Lintas Lautan Tbk. The transaction was completed in June.

Following 15 years of operations by BW Offshore, Yuum K'ak' Náab was handed over to Pemex on 24 July 2022 for continued production in accordance with the terms of the financial lease contract.

FPSO PROJECTS

In the first half of 2022, BW Offshore continued to execute the Barossa FPSO project according to plan. As of July, the gas and condensate FPSO project was approximately 40% completed in line with schedule. In the second quarter, the project achieved 3 million manhours without injuries. This milestone reflects the Company's and the project partners' commitment to safeguard people and operations.

In May 2022, BW Offshore was awarded a limited notice to proceed (LNTP) by Shell Petróleo Ltda and its partners for early-stage engineering and supplier reservations for the supply of an FPSO for the Gato do Mato oil and gas field offshore Brazil. The LNTP is valued up to USD 50 million. Upon completion of the LNTP, Shell and its partners target to award a lease and operate contract to a consortium comprising BW Offshore and Saipem S.p.A., which will be jointly responsible for the engineering, procurement, construction, and installation (EPCI) of the FPSO with expected delivery in 2026. The award is subject to the parties finalising the commercial and pricing terms of the contract in view of the current inflationary supply chain situation, and a final investment decision to proceed by Shell and its partners. The FPSO lease

and operate contract will have a firm period of 18 years with seven years of options.

OFFSHORE FLOATING WIND

BW Offshore is actively pursuing opportunities in the energy transition. The Company's primary investment is in offshore floating wind through the 53.2% ownership of BW Ideol, a global market leader with more than ten years of experience from design, execution and development of floating wind projects based on proprietary and patented Damping Pool® technology and engineering capabilities.

In January 2022, BW Ideol secured the rights to develop the approximately 1 GW Buchan Offshore Wind project off the northeast coast of Scotland in the ScotWind leasing round, as part of the Floating Energy Alliance (FEA) partnership. FEA signed the formal option agreement for the development in April and is progressing site investigations and environmental studies in preparation for the consent application.

In May, the EolMed partnership comprising Qair, TotalEnergies and BW Ideol (5% ownership), made the final investment decision (FID) for its 30 MW offshore floating wind development with

EUR 170.0 million of non-recourse financing from the European Investment Bank (EIB) and several leading French banks. The Mediterranean Sea pilot wind farm will have three 10 MW wind turbines, each mounted on BW Ideol's patented floating steel foundations, and is expected to be commissioned in mid-2024.

Also in May, BW Ideol signed an agreement with EDF Renewables and Maple Power to cooperate on the design of floating foundations for the AO6 floating offshore wind tender in the Mediterranean Sea covering two 250 MW sites. The agreement builds on the existing collaboration with EDF Renewables and Maple Power established for the South Brittany (AO5) development.

CORPORATE MATTERS

The Board of Directors has declared a quarterly cash dividend of USD 0.035 per share and USD 5 million of BW Energy Limited shares as in-kind distribution. Shares will trade ex-dividend from 31 August 2022. Shareholders recorded in VPS following the close of trading on Oslo Børs on 1 September 2022 will be entitled to the distribution payable on or about 8 September 2022.

RISK

BW Offshore is exposed to operational and financial risks (including currency risk, interest rate risk, credit risk and liquidity risk). The most important operational risk factors relate to FPSO operations and project execution, which could lead to accidents and oil spills to the environment if not managed properly. The overall financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on BW Offshore's financial performance. More information can be found in the Annual Report for 2021.

For the second half of the year, BW Offshore maintains its focus on mitigating potential impact from ongoing global supply chain disruptions and commodity inflation with special emphasis on the Barossa project. BW Offshore also continues to proactively take measures to safeguard people and operations and to minimise risk of business interruptions due the lingering COVID-19 pandemic.

OUTLOOK

BW Offshore expects the core FPSO fleet to generate significant cash flow in the time ahead. The firm contract backlog at the end of June

2022 amounted to USD 6.2 billion, including the Barossa contract. Including probable options, the backlog was USD 7.4 billion at the end of the period.

The war in Ukraine and the COVID-19 pandemic continue to affect global markets through supply chain disruptions and inflation across a wide range of commodities. The direct impact on operations from the pandemic continue to ease. Energy prices remain high following normalisation of activity levels in the wake of COVID-19 and

continued supply concerns due to the war in Ukraine. These effects are however tempered by inflation and rising interest rates, which are having a cooling effect on the global economy.

Oil and gas companies have become more active in progressing new field development projects in response to higher energy prices. BW Offshore expects continued focus on large field development initiatives with low break-even costs and low carbon emissions. The company maintains a selective approach to such opportunities,

progressing discussions on only a few high-end projects which can be developed in partnership with global infrastructure investors. Activity tied to potential re-deployment projects continues with a particular focus on BW Opportunity.

BW Ideol is BW Offshore's vehicle for investment in floating offshore wind. The company is progressing multiple projects supported by the funding from the private placement in 2021.

BW Offshore seeks to optimise the asset portfolio

and overall cost base. This may include further divestments or recycling of FPSOs without contracts if redeployment opportunities do not materialise. The recent asset divestments have strengthened BW Offshore's financial position and support growth into accretive offshore energy projects and long-term value creation.

Bermuda, 28 August 2022

Sign

Mr Andreas Sohmen-Pao
Chairman

Sign

Ms Rebekka Glasser Herlofsen
Director

Sign

Mr Maarten R Scholten
Director

Sign

Mr René Kofod-Olsen
Director

Sign

Mr Carl K. Arnet
Director

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 2022 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of BW Offshore 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 2022, 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 parties’ transactions.

Bermuda, 28 August 2022

Sign
Mr Andreas Sohmen-Pao
Chairman

Sign
Ms Rebekka Glasser Herlofsen
Director

Sign
Mr Maarten R Scholten
Director

Sign
Mr René Kofod-Olsen
Director

Sign
Mr Carl K. Arnet
Director

Condensed Interim Consolidated Financial Statements

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Condensed Consolidated Statement of Income

(Unaudited figures in USD million)

	Note	1H 2022	1H 2021	FY 2021
Revenue	2	386.4	426.7	829.3
Operating expenses		(226.0)	(224.8)	(428.0)
Operating profit before depreciation, amortisation, impairment and sale of assets		160.4	201.9	401.3
Depreciation	5	(103.6)	(131.0)	(264.7)
Amortisation	6	(3.1)	(2.2)	(5.3)
Impairment vessels and other assets	5	–	(4.2)	(90.5)
Net gain/(loss) on sale of tangible fixed assets		2.5	0.1	1.2
Operating profit/(loss)		56.2	64.6	42.0
Interest income		0.3	0.1	0.3
Interest expense		(22.1)	(24.8)	(48.4)
Fair value gain/(loss) on financial instruments	4	24.2	13.1	16.0
Other financial items		9.2	2.6	3.5
Net financial items		11.6	(9.0)	(28.6)
Share of profit/(loss) of equity-accounted investees		4.7	13.6	33.5
Profit/(loss) before tax		72.5	69.2	46.9
Income tax benefit/(expense)		(13.9)	33.9	15.3
Net profit/(loss) for the period		58.6	103.1	62.2

	Note	1H 2022	1H 2021	FY 2021
Net profit/(loss) for the period attributable to				
Shareholders of the parent		59.6	102.7	62.6
Non-controlling interests		(1.0)	0.4	(0.4)
Net profit/(loss) for the period		58.6	103.1	62.2
Earnings per share				
Basic earnings/(loss) per share in USD net		0.33	0.57	0.35
Diluted earnings/(loss) per share (USD) net		0.30	0.50	0.33

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD million)

	Note	1H 2022	1H 2021	FY 2021
Profit/(loss) for the period		58.6	103.1	62.2
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability (asset)		0.2	-	(0.2)
		0.2	-	(0.2)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences		(9.3)	1.0	(6.1)
Equity-accounted investees – share of OCI		56.3	-	(7.8)
Cash flow hedges – effective portion of changes in fair value		(14.4)	-	(0.4)
		32.6	1.0	(14.3)
Other comprehensive income for the period, net of tax		32.8	1.0	(14.5)
Total comprehensive income for the period		91.4	104.1	47.7
Total comprehensive income attributable to				
Shareholders of the parent		98.7	102.7	50.3
Non-controlling interests		(7.3)	1.4	(2.6)
Total comprehensive income for the period		91.4	104.1	47.7

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD million)

	Note	30.06.2022	30.06.2021	31.12.2021
ASSETS				
Vessels	5	2 034.9	1 813.4	1 836.0
Other property, plant & equipment	5	11.9	19.1	17.3
Right-of-use assets	5	16.9	15.4	19.2
Intangible assets and goodwill	6	89.8	106.9	99.7
Equity-accounted investees		287.1	245.1	210.3
Finance lease receivables		47.1	-	-
Deferred tax assets		62.2	65.9	62.9
Derivatives		29.1	4.4	3.2
Other non-current assets		18.4	1.5	5.0
Non-current assets		2 597.4	2 271.7	2 253.6
Inventories		19.3	31.8	25.7
Trade and other current assets		192.4	256.4	309.7
Derivatives		0.6	1.9	3.4
Cash and cash equivalents		251.5	202.6	274.2
Assets held for sale		-	-	143.1
Current assets		463.8	492.7	756.1
Total assets		3 061.2	2 764.4	3 009.7

	Note	30.06.2022	30.06.2021	31.12.2021
EQUITY				
Shareholders' equity	8	855.3	836.7	773.5
Non-controlling interests	8	222.5	267.0	247.9
Total equity		1 077.8	1 103.7	1 021.4
LIABILITIES				
Interest-bearing long-term debt	9	663.0	937.5	807.4
Finance liability related to Barossa lease		400.0	-	198.1
Pension obligations		4.6	6.2	5.2
Other non-current liabilities	10	479.8	270.3	380.7
Long-term lease liabilities		7.4	10.5	8.0
Derivatives		7.4	31.1	17.6
Deferred tax liabilities		20.7	26.8	24.2
Non-current liabilities		1 582.9	1 282.4	1 441.2
Current tax liabilities		15.8	23.2	21.8
Interest-bearing short-term debt	9	116.8	119.5	120.2
Trade and other payables		242.6	227.9	359.2
Derivatives		19.9	1.7	5.4
Short-term lease liabilities		5.4	6.0	6.2
Liabilities directly associated with the assets held for sale		-	-	34.3
Current liabilities		400.5	378.3	547.1
Total equity and liabilities		3 061.2	2 764.4	3 009.7

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD million)

	Share capital	Share premium	Treasury share reserve	Currency translation reserve	Hedging reserve	Equity component of convertible notes	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2022	92.5	1 095.5	(10.1)	(25.2)	(0.4)	50.1	(428.9)	773.5	247.9	1 021.4
Profit/(loss) for the period	-	-	-	-	-	-	59.6	59.6	(1.0)	58.6
Other comprehensive income, net of tax	-	-	-	(4.2)	(13.2)	-	56.5	39.1	(6.3)	32.8
Dividends	-	-	-	-	-	-	(17.1)	(17.1)	-	(17.1)
Share-based payment	-	-	-	-	-	-	1.4	1.4	0.3	1.7
Other items	-	-	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Sale to NCI without a change in control	-	-	-	-	0.2	-	0.1	0.3	(0.3)	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(4.7)	(4.7)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(13.4)	(13.4)
Total equity at 30 June 2022	92.5	1 095.5	(10.1)	(29.4)	(13.4)	48.6	(328.4)	855.3	222.5	1 077.8
Equity at 1 January 2021	92.5	1 095.5	(10.2)	(21.2)	-	50.1	(460.2)	746.5	198.5	945.0
Profit/(loss) for the period	-	-	-	-	-	-	102.7	102.7	0.4	103.1
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	1.0	1.0
Dividends	-	-	-	-	-	-	(12.6)	(12.6)	-	(12.6)
Share-based payment	-	-	0.1	-	-	-	1.5	1.6	0.4	2.0
BW Ideol private placement	-	-	-	-	-	-	-	-	80.6	80.6
BW Ideol transaction fees	-	-	-	-	-	-	(1.5)	(1.5)	(1.2)	(2.7)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(3.6)	(3.6)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(9.1)	(9.1)
Total equity at 30 June 2021	92.5	1 095.5	(10.1)	(21.2)	-	50.1	(370.1)	836.7	267.0	1 103.7

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD million)

	1H 2022	1H 2021	FY 2021
Cash flows from operating activities			
Profit/(loss) before taxes	72.5	69.2	46.9
<i>Adjustments for:</i>			
Depreciation and amortisation	106.7	133.2	270.0
Impairment	-	4.2	90.5
Change in fair value of derivatives	(24.2)	(13.1)	(16.0)
Unrealised currency exchange loss/(gain)	(9.4)	(0.8)	(4.0)
Add back of net interest expense	21.8	24.7	48.1
Share of loss/(profit) of equity-accounted investees	(4.7)	(13.6)	(33.5)
Loss/(gain) on disposal of property, plant & equipment	(2.5)	(0.1)	(1.2)
Share-based payment expense	1.7	1.9	4.5
<i>Change in:</i>			
Instalment on financial lease	12.3	11.5	23.3
Inventories	6.4	2.7	8.8
Trade and other receivables	105.0	(27.9)	(93.4)
Trade and other payables	(65.8)	(33.8)	18.4
Other balance sheet items and items related to operating activities	(8.1)	(0.2)	33.6
Deferred revenues	96.1	59.3	139.1
Cash generated from operating activities	307.8	217.2	535.1
Taxes paid	(24.1)	(12.3)	(24.9)
Net cash from operating activities	283.7	204.9	510.2

	1H 2022	1H 2021	FY 2021
Cash flows from investing activities			
Interest received	0.3	0.1	0.3
Proceeds from disposal of property, plant & equipment	27.4	16.1	17.6
Proceeds from sale of investments	52.2	-	65.7
Effect of cashflows from loss of control	-	-	(28.7)
Investment in associated companies	(20.4)	-	(7.7)
Acquisition of subsidiary, net of cash acquired	-	(71.6)	(71.6)
Acquisition of other investments	(14.2)	-	(3.2)
Investment in property, plant & equipment and intangible assets	(348.0)	(56.0)	(295.4)
Net cash used in investing activities	(302.7)	(111.4)	(323.0)
Cash flows from financing activities			
Proceeds from loans and borrowings	193.7	110.0	312.9
Proceeds from share issue in subsidiary	-	61.6	61.6
Paid dividend and redemption	(18.0)	(12.7)	(28.4)
Interest paid	(21.8)	(24.7)	(52.3)
Transaction costs related to share issue	-	(2.7)	(2.7)
Repayment of loans and borrowings	(141.6)	(146.1)	(305.0)
Payment of lease liabilities	(3.3)	(3.3)	(13.4)
Dividends paid	(12.7)	(12.6)	(25.3)
Net cash used in financing activities	(3.7)	(30.5)	(52.6)
Net change in cash and cash equivalents	(22.7)	63.0	134.6
Cash and cash equivalents at beginning of period	274.2	139.6	139.6
Cash and cash equivalents at end of period	251.5	202.6	274.2

Notes to the Condensed Interim Consolidated Financial Statements

(Figures in brackets refer to corresponding figures for 2021)

NOTE 1 Organisation and basis of preparation

REPORTING ENTITY

BW Offshore Limited (hereafter 'BW Offshore' or 'the Company') is incorporated and domiciled in Bermuda. The Company is listed on Oslo Børs (Norway). These condensed interim consolidated financial statements ('interim financial statements') as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group builds, owns and operates FPSOs (Floating, Production, Storage and Offloading vessels). The Group also do strategic investments to capture energy transition opportunities.

BASIS OF ACCOUNTING

These interim financial statements for the six months

ended 30 June 2022 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 2021 ('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.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 August 2022.

The interim financial statements are unaudited.

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

USE OF JUDGEMENTS AND 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.

CHANGE IN ACCOUNTING POLICY

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of BW Offshore's annual consolidated financial statements for the year ended 31 December 2021.

NOTE 2 Operating segments

Following the establishment of BW Ideal AS in March 2021, the Group's activities are construction, lease and operation of FPSOs as well as offshore floating wind.

The Group identifies segments on the basis of those components of the Group that are regularly reviewed by the chief-operating decision-maker ('CODM'). The Group identifies its Top Management as the CODM. The reported measure of segment profit is net operating profit (EBIT). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. Operating segment disclosures are consistent with the information reviewed by the CODM.

Segment performance for the first half-year 2022 and 2021 is presented below:

1H 2022				
USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	380.6	2.9	-	383.5
Other revenue	1.7	1.2	-	2.9
Revenues inter-segment	-	-	-	-
Total revenues	382.3	4.1	-	386.4
Operating expenses	(206.3)	(6.8)	-	(213.1)
General and administrative expenses	(12.9)	-	-	(12.9)
Operating profit /(loss) before depreciation/amortisation	163.1	(2.7)	-	160.4
Depreciation, amortisation and impairment	(99.1)	(7.6)	-	(106.7)
Profit/(loss) sale of fixed assets	2.5	-	-	2.5
Operating profit/(loss)	66.5	(10.3)	-	56.2
Capital expenditure	305.0	2.7	-	307.7
Balance sheet information				
Equity accounted investments	287.1	-	-	287.1
Non-current segment assets	2 112.1	114.6	-	2 226.7
Non-current assets, not allocated to segments				83.6
Total non-current assets				2 597.4

1H 2021				
USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	388.9	0.8	-	389.7
Other revenue	36.4	0.6	-	37.0
Revenues inter-segment	0.1	-	(0.1)	-
Total revenues	425.4	1.4	(0.1)	426.7
Operating expenses	(207.1)	(6.6)	0.1	(213.6)
General and administrative expenses	(11.2)	-	-	(11.2)
Operating profit /(loss) before depreciation/amortisation	207.1	(5.2)	-	201.9
Depreciation, amortisation and impairment	(133.8)	(3.6)	-	(137.4)
Profit/(loss) sale of fixed assets	0.1	-	-	0.1
Operating profit/(loss)	73.4	(8.8)	-	64.6
Capital expenditure	65.6	0.7	-	66.3
Balance sheet information				
Equity accounted investments	245.2	-	-	245.2
Non-current segment assets	1 818.8	119.7	-	1 938.5
Non-current assets, not allocated to segments				88.0
Total non-current assets				2 271.7

Non-current assets by region

USD MILLION	30.06.2022	30.06.2021	31.12.2021
Americas	326.9	410.1	340.5
Europe/Africa	1 166.2	1 355.5	1 240.2
Asia and the Pacific	660.5	189.1	391.5
Total non-current assets ¹	2 153.6	1 954.7	1 972.2

¹ Excluding deferred tax assets, pension assets, finance lease receivables, derivatives equity accounted investments and other non-current assets

Revenues by geographic areas²

USD MILLION	1H 2022	1H 2021	FY 2021
Americas	82.4	99.5	177.2
Europe/Africa	265.5	254.4	531.8
Asia and the Pacific	38.5	72.8	120.3
Total revenues from continuing operations	386.4	426.7	829.3

² The classification of revenue per region is determined by the final destination of the FPSO

NOTE 3 Acquisitions and disposals**DISPOSALS****PT BW Offshore TSB Invest**

In January 2022, BW Offshore signed an agreement for the sale of PT BW Offshore TSB Invest, the owner of BW Joko Tole, to PT Bahari Inti Tanker and PT Cahaya Haluan Pasifik, both of which are Indonesian companies, in consortium with PT Buana Lintas Lautan Tbk, a company publicly listed in Indonesia. The consortium will continue to operate the FPSO under the lease contract with Kangean Energy Indonesia.

BW Offshore will provide transition services for a period of up to four months after closing to ensure safe and uninterrupted transfer of operations including the local organisation operating the FPSO to the new buyer. BW Joko Tole is a gas producing FPSO operating on the TSB field offshore Indonesia.

The transaction was closed on 3 June 2022. Cash consideration was USD 52.2 million.

BW Cidade de São Vicente

In February 2022, the Group completed the sale of BW Cidade de São Vicente for environmentally safe demolition and recycling in compliance with the Hong Kong International Convention at Priya Blue Industries Pvt Ltd ('the Yard') in India. The vessel was sold for a cash consideration of USD 12.8 million.

Umuroa

In March 2022, the Group completed the sale of Umuroa for environmentally safe demolition and recycling in compliance with the Hong Kong International Convention at Baijnath Melaram ('the Yard') in India. The vessel was sold for a cash consideration of USD 14.5 million.

ACQUISITIONS

On 17 January 2022, Ideol SAS, as a partner of the Floating Energy Alliance (FEA) consortium, obtained the development rights for a floating offshore wind farm with a capacity of 960 MW off the northeast coast of Scotland by winning the ScotWind tender organised by Crown Estate Scotland. FEA finalised the development rights contract with CES in April 2022. The consortium partners paid the GBP 33.0 million option lease fee related to the development rights contract in April 2022. Consequently as BW Ideol has 1/3 ownership in the FEA consortium, the Group recorded its GBP 11.0 million part of the financing of FEA in 'Other non-current Assets'.

NOTE 4 Gain/ (loss) on financial instruments

USD MILLION	1H 2022	1H 2021	FY 2021
Gain/(loss) on interest rate swaps	46.0	19.2	33.4
Gain/(loss) on forward exchange contracts	(4.2)	(0.4)	(3.1)
Gain/(loss) on cross-currency swaps	(8.2)	0.9	(0.9)
Gain/(loss) on other financial instruments	(9.4)	(6.6)	(13.4)
Net gain/(loss) on financial instruments	24.2	13.1	16.0

NOTE 5 Property, plant and equipment

USD MILLION	Vessels in operation	Vessels under construction	Vessels available for projects	Other property, plant & equipment	Right-of-use assets	Total
Balance at 1 January 2022	1 372.9	374.7	88.4	17.3	19.2	1 872.5
Additions	7.9	286.0	11.0	0.7	2.5	308.1
Disposals	-	-	(11.3)	(0.4)	-	(11.7)
Exchange differences	-	-	-	(0.9)	(0.7)	(1.6)
Current year depreciation	(93.4)	-	(1.3)	(4.8)	(4.1)	(103.6)
Balance at 30 June 2022	1 287.4	660.7	86.8	11.9	16.9	2 063.7

USD MILLION	Vessels in operation	Vessels under construction	Vessels available for projects	Other property, plant & equipment	Right-of-use assets	Total
Balance at 1 January 2021	1 763.3	9.0	120.8	4.1	18.5	1 915.7
Additions	6.3	56.1	2.7	0.8	0.1	66.0
Adjustments Right-of-use-assets	-	-	-	-	(0.2)	(0.2)
Additions from business combinations	-	-	-	16.9	-	16.9
Disposals	-	-	(15.3)	-	-	(15.3)
Current year depreciation	(122.4)	-	(2.9)	(2.7)	(3.0)	(131.0)
Impairment	-	-	(4.2)	-	-	(4.2)
Balance at 30 June 2021	1 647.2	65.1	101.1	19.1	15.4	1 847.9

Capital expenditures for the first half-year 2022 are mainly related to investments in the Barossa FPSO as well as ongoing life extension activities on the existing fleet.

The level of depreciation depends on the estimated useful life of the different components of the vessels and the residual value at the end of useful life. The estimated useful life used for depreciations are based on experience and knowledge of the vessels owned by the Group.

No impairment triggers were identified for the first-half year of 2022.

The sale of BW Cidade de São Vicente, Umuroa and BW Joko Tole is disclosed in [Note 3](#) Acquisitions and disposals.

NOTE 6 Intangible assets and goodwill

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets
Balance at 1 January 2022	2.1	4.5	64.4	28.7	99.7
Additions	–	0.3	–	0.4	0.7
Exchange differences	–	(0.3)	(4.9)	(2.3)	(7.5)
Current year amortisation	(0.7)	(0.2)	(2.2)	–	(3.1)
Balance at 30 June 2022	1.4	4.3	57.3	26.8	89.8

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets
Balance at 1 January 2021	3.3	–	–	–	3.3
Additions	0.1	0.3	–	–	0.4
Additions from business combinations	0.1	4.5	71.2	30.0	105.8
Exchanges differences	–	–	(0.4)	–	(0.4)
Current year amortisation	(0.8)	–	(1.4)	–	(2.2)
Balance at 30 June 2021	2.7	4.8	69.4	30.0	106.9

NOTE 7 Leases

FINANCE LEASE

BW Offshore has signed an agreement for the sale of FPSO Polvo to BW Energy 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 sale will be completed no later than July 24, 2023. BW Energy has the option to complete the transaction before that date.

If the transaction is completed early, BW Energy will pay USD 30 million upon the vessel transfer date, with the remaining USD 20 million provided as a seller's credit by BW Offshore until settlement on July 24, 2023, at the latest. An independent third-party valuation of the FPSO concluded that the sales price is within a fair market value range.

FPSO Polvo vessel recently ended its charter on the Polvo field in Brazil and is currently in lay-up in Dubai. BW Energy plans to redeploy the FPSO on the Maromba field offshore Brazil. The decision to divest the FPSO, instead of entering a traditional lease and operate contract with BW Energy, is due to regulatory challenges under Brazilian related- and associated-party legislation. The contract is classified as a financial lease at the end of the first half year of 2022.

OPERATING LEASE

BW Athena and BW Opportunity are not on contract as of 30 June 2022. All other FPSOs owned at the end of the reporting period are on firm operating lease contracts.

Future minimum payments receivable under non-cancellable operating lease contracts are as follows:

USD MILLION	1H 2022	1H 2021	FY 2021
Not later than one year	151.2	179.8	313.7
Later than one year and not later than five years	922.9	1 012.2	896.4
Later than five years	2 308.8	2 507.0	2 301.4
Total amount	3 382.9	3 699.0	3 511.5

NOTE 8 Capital and reserves

The number of issued shares was 184 956 320 at 30 June 2022 (184 956 320). There were 214 000 000 authorised shares at 30 June 2022 (214 000 000).

The Company held a total of 4 141 437 treasury shares at 30 June 2022.

Cash dividend for Q4 2021 was paid in March 2022 with USD 0.035 per share.

The Board of Directors of BW Offshore has decided to increase the annual dividend to include USD 20 million in-kind distribution of BW Energy shares in addition to the annual USD 25 million cash dividend, both to be paid on quarterly basis.

Cash dividend for Q1 2022 was paid in June 2022 with USD 0.035 per share in addition to in-kind distribution of BW Energy shares equal to USD 4.5 million at the date of distribution.

NON-CONTROLLING INTERESTS

BW Offshore Limited has through BW Catcher Limited issued preference shares with a preferential dividend right to ICBC Financial Leasing Co., Ltd. (ICBCL) for an aggregate subscription price of USD 275 000 000. The company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25–30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL is presented as a non-controlling interest in the statement of financial position of BW Offshore.

On 12 March 2021, BW Ideol AS was listed at Euronext Growth Oslo. Following the IPO, BW Offshore's ownership in BW Ideol AS was reduced from 100% to 53.9%. As a result of the stabilisation period ended at 16 April 2021, BW Offshore's ownership was further reduced to 53.2%. The remaining 46.8% of the investment is presented as non-controlling interests in the consolidated statement of financial position of BW Offshore.

NOTE 9 Interest-bearing debt

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

USD MILLION	30.06.2022	30.06.2021	31.12.2021
USD 672.5 million Corporate facility	120.6	249.0	178.1
Convertible bonds	246.5	259.5	264.5
Catcher USD 800 million facility	199.6	313.2	256.4
Petróleo Nautipa USD 80 million facility	–	4.0	–
BWO05 – NOK 900 million bond	91.2	104.0	102.0
BW Ideol facilities	5.1	7.8	6.4
Total long-term debt	663.0	937.5	807.4

The Group had the following short-term interest-bearing debt:

USD MILLION	30.06.2022	30.06.2021	31.12.2021
USD 672.5 million Corporate facility	(1.6)	(2.1)	(1.8)
Convertible bonds	(0.6)	(0.6)	(0.6)
Catcher USD 800 million facility	113.6	113.3	113.4
Petróleo Nautipa USD 80 million facility	4.0	8.0	8.0
BWO05 – NOK 900 million bond	(0.4)	(0.4)	(0.4)
BW Ideol facilities	1.8	1.3	1.6
Total short-term debt	116.8	119.5	120.2

INSTALMENT OVERVIEW

The following table sets out the maturity profile of the Group's interest-bearing debt based on contractual undiscounted payments.

Maturity profile – financial liabilities, Year ended 2022

USD MILLION	Q3 22	Q4 22	Q1 23	Q2 23	2022	2023	2024-2026	Total
USD 672.5 million Corporate facility	–	–	–	–	–	–	121.9	121.9
Convertible bonds	–	–	–	–	–	–	272.6	272.6
BWO05 – NOK 900 million bond ¹	–	–	–	–	–	–	99.0	99.0
Catcher USD 800 million facility	28.6	28.6	28.6	28.6	57.2	114.3	142.9	314.4
Petroleo Nautipa USD 80 million facility	–	–	–	–	4.0	–	–	4.0
BW Ideol facilities	0.5	0.4	0.4	0.4	0.9	1.7	4.2	6.8
Total	29.1	29.0	29.0	29.0	62.1	116.0	640.6	818.7

¹ Bond loan illustrated at swapped USD/NOK rate

COVENANTS

The USD 672.5 Corporate facility is subject to certain covenants, including minimum book equity of at least 25% of total assets, debt to EBITDA of maximum 5.5, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

The Catcher USD 800 million facility and the Petrleo Nautipa USD 80 million facility are subject to certain covenants, including minimum book equity of at least 25% of total assets, debt to EBITDA of maximum 5.5, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

The bond loan is subject to certain covenants, including minimum book equity of at least 25% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Company.

As per end of first half-year 2022, the Company is in compliance with all covenants.

NOTE 10 Other non-current liabilities

Other long-term liabilities comprise upfront payments related to charter contracts. Payments received under operating leases are recognised as operating revenue on a straight-line basis over the lease term. This implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease. The Group will receive approximately USD 1 billion in total advance lease payments during the construction period of the Barossa project.

NOTE 11 Capital commitments

Total unrecognised contractual capital commitments at 30 June 2022 amounted to USD 858.0 million (corresponding figure for 30 June 2021 was USD 500.7 million including discontinued operation). This is mainly related to the Barossa project and ongoing life extension activities and operation.

NOTE 12 Related parties

On the 8 March 2022, under the fourth annual award under the Long-Term Incentive Programme (LTIP), BW Offshore awarded 303 780 options to CEO Marco Beenen, 99 810 options to CCO Rune Bjorbekk, 99 810 options to CFO Ståle Andreassen, 99 810 options to COO Kei Ikeda and 99 810 options to General Counsel Magda Vakil.

The total number of options awarded under the LTIP for 2022 is 1 849 600 where each option will give the holder the right to acquire one BW Offshore share. A total of 60 BW Offshore employees have been invited to participate in the programme.

The strike price is NOK 33.78 and is calculated based on the volume weighted average share price five trading days prior to grant date, plus a premium of 15.76% (corresponding to 5% increase annually over 3 years). The options will have a vesting period of three years, followed by a three-year exercise period. The options will expire 6 years after the award date.

NOTE 13 Subsequent events

With effect from July 22, 2022, Pemex has assumed the ownership and operation of the Yuum K'ak' Náab in accordance with the terms of the 15-year FPSO financial lease contract that commenced in 2007. Following the transfer, BW Offshore Limited has no obligation to provide further operational services to Pemex.

Key figures

		1H 2022	1H 2021	FY 2021
EBITDA-margin	1	41.5%	47.3%	48.4%
Equity ratio	2	35.2%	39.9%	33.9%
Return on equity	3	7.8%	25.1%	5.1%
Return on capital employed	4	5.2%	5.9%	1.9%
Net interest-bearing debt (USD million)	5	528.3	854.4	653.4
Cash flow per share (USD)	6	1.53	1.11	2.76
EPS – basic (USD)	7	0.33	0.57	0.35
EPS – diluted (USD)	7	0.30	0.50	0.33
Shares – end of period (million)		180.8	180.8	180.8
Share price (NOK)		26.6	30.8	26.6
Market cap (NOKm)		4 810	5 565	4 810
Market cap (USDm)		489	647	547

NOTES TO KEY FIGURES AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues

2 Equity / Total assets

3 Annualised net profit / Equity previous period (adjusted for preference shares)

4 EBIT (annualised) / Capital employed previous period

5 Interest bearing debt – cash and cash equivalents

6 Net cash flow from operating activities / Number of shares (weighted average)

7 Parent net profit / Number of shares end of period (adjusted for treasury shares)

BW Offshore discloses alternative performance measures in addition to those required by IFRS, as we believe these provide useful information regarding our historical financial performance.

Alternative Performance Measures (APMs)

The 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 the Group, means earnings before interest and tax.

EBITDA

EBITDA, as defined by the 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.

USD MILLION	1H 2022	1H 2021	FY 2021
Revenue	386.4	426.1	829.3
Operating expenses	(226.0)	(224.8)	(428.0)
Operating profit before depreciation, amortisation, impairment and sale of assets (EBITDA)	160.4	201.3	401.3
Depreciation	(103.6)	(131.0)	(264.7)
Amortisation	(3.1)	(2.2)	(5.3)
Impairment	-	(4.2)	(90.5)
Net gain/(loss) on sale of tangible fixed assets	2.5	0.1	1.2
Operating profit/(loss) (EBIT)	56.2	64.0	42.0

CAPITAL EXPENDITURES

Capital expenditures means investments in vessels, intangible assets and property and other equipment, including capitalised interest and asset retirement obligations. Capital expenditure may differ from investment in operating fixed assets and intangible assets presented in the consolidated statement of cash flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	1H 2022	1H 2021	FY 2021
Vessels and other property, plant & equipment	305.6	65.9	420.1
Intangible assets	0.7	0.4	0.5
Total capital expenditures	306.3	66.3	420.6
Change in working capital and asset retirement obligation	41.7	(10.4)	(125.2)
Investment in operating fixed assets and intangible assets	348.0	55.9	295.4

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined as short-term and long-term interest-bearing debt less cash and cash equivalents.

USD MILLION	1H 2022	1H 2021	FY 2021
Long-term interest-bearing debt	663.0	937.5	807.4
Short-term interest-bearing debt	116.8	119.5	120.2
Cash and cash equivalents	(251.5)	(202.6)	(274.2)
Net interest-bearing debt	528.3	854.4	653.4

ORDER BACKLOG

Order backlog is defined as the aggregated revenue backlog from firm contracts and probable options.

EQUITY RATIO

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

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