



**HALF-YEAR  
RESULT  
2021**

## BW ENERGY FIRST HALF-YEAR RESULTS

### HIGHLIGHTS

- Safeguarding people, operations and assets amid continued COVID-19 pandemic
- H1 2021 EBITDA of USD 80.2 million and net profit of USD 23.5 million
- Strong balance sheet with cash position of USD 216.5 million at 30 June and no debt
- Completed a private placement raising gross proceeds of USD 75 million in January
- Drilled and completed DTM-7H on time and below budget, with first oil expected from DTM-6H and DTM-7H in early Q4 2021
- Drilling operations on Hibiscus North exploration well ongoing
- On track with the Hibiscus-Ruche development including the jack-up rig re-purposing
- H1 2021 gross production of 2.2 million barrels with 1.3 million barrels net to the Company
- Sold 1.6 million barrels of net oil in H1 2021 compared to 1 million barrels in H1 2020

### FINANCIALS

Operating revenues for the first half-year of 2021 amounted to USD 143.9 million, an increase of USD 89.7 million (USD 54.2 million)<sup>1</sup>. Operating expenses were USD 63.7 million, an increase of USD 46.0 million (USD 17.7 million).

EBITDA for the period was USD 80.2 million (USD 36.5 million). The increase in EBITDA was largely due to higher oil price and more liftings in first-half 2021 compared to the same period in 2020.

Depreciation was USD 34.6 million (USD 32.2 million), mainly related to depreciation of the Tortue oil field. Operating profit for the first half-year was USD 45.6 million compared to a loss of USD 7.6 million in first half-year of 2020.

Net financial expense was USD 3.4 million (USD 9.1 million). Tax expense was USD 18.7 million (USD 12.5 million). A majority of the tax expenses relates to the operation of the Dussafu Production Sharing Contract (PSC) arrangement in Gabon.

Net profit for the first half-year was USD 23.5 million, compared to a loss USD 29.2 million in the first half-year of 2020.

Total equity at 30 June 2021 was USD 540.3 million, an increase of USD 85.0 million (USD 455.3 million), mainly reflecting USD 73.6 million of net new equity raised the January 2021. The equity ratio was 60.7% (58.7%).

Total available liquidity as of 30 June 2021 amounted to USD 216.5 million of which USD 20.2 million are JV funds.

Net cash inflow from operating activities was USD 74.5 million (USD 26.3 million) in the first half-year. Net cash outflow on investment activities was USD 36.3 million (USD 58.6 million), mainly related to the Tortue and Hibiscus-Ruche development. Net cash inflow from financing activities was USD 57.7 million (inflow USD 78.9 million).

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<sup>1</sup> Figures presented are compared to previous half-year (first half-year of 2020 in brackets)

## **E&P OPERATION**

### **Dussafu**

Operations in the first half of 2021 remained impacted by the COVID-19 pandemic, and as a result production averaged approximately 12,000 bopd gross and 7,300 bopd net to the company. BW Energy and partners lifted three cargos in the first half of 2021 for a total of 1,970,405 barrels of oil.

BW Energy's net entitlement was 1,328,152 bbls of oil in the first half of 2021. Net sold volumes, which are the basis for revenue recognition in the financial statement, were approximately 1,790,000 bbls which includes 195,000 barrels of Domestic Market Obligation (DMO) and is excluding State Profit Oil. This resulted for the company an over-lift position of 300,000 bbls at the end of the period. In January, one lifting was executed by JV partner Gabon Oil Company on behalf of itself and the State of Gabon.

Dussafu production continues to perform in line with expectations with four wells (DTM-2H, DTM-3H, DTM-4H and DTM-5H) producing at a current rate of approximately 11,000 bbls/day (gross) of oil to the FPSO BW Adolo.

## **E&P DEVELOPMENT**

### **Dussafu**

The Hibiscus Extension appraisal well (DHIBM-2) was drilled in Q2. The primary objective of the well was to test the northern extension of the Gamba Sandstone reservoir of the Hibiscus field, discovered in 2019. The findings indicated that the reservoir was water-bearing and the well was subsequently plugged and abandoned. The cost for the well has been capitalised, as it provided valuable information to better define the structure, stratigraphy and extent of the hydrocarbon resource in that portion of the Ruche AEE.

The existing Hibiscus 2P gross recoverable reserves of 46.1 million barrels established by the DHIBM-1 well, and its appraisal side-track drilled in 2019, are not affected and remain the basis for the ongoing Hibiscus/Ruche development project.

Drilling of the final horizontal production well, DTM-7H, on the Tortue field, was successfully completed according to plan in July. High-quality oil-bearing sands were encountered in line with prognosis. The completion and tie-in of the two wells (DTM-6H and DTM-7H) is underway with first oil expected in early Q4 2021. The Hibiscus North exploration well (DHBNM-1) was spudded in late July and drilling activities are ongoing. The well has a geological analogue to the Ruche Field, where the Gamba structure is the primary target.

### **Maromba**

Following the success at Dussafu, BW Energy plans a similar phased development of the Maromba licence in Brazil, thereby minimising up-front capital expenditure, accelerating time to first oil, and allowing the production and the supporting organisation to grow organically. Phasing of the Maromba project will provide reservoir performance data which will be used to optimise future development stages. The project continues to progress towards the environmental approval with focus on optimisation of the field development with respect to investment, operational costs and schedule. The Field Development Plan was approved by the regulator (ANP) in August 2020 and final investment decision is planned by the first quarter of 2022.

## **Kudu**

In 2017, BW Energy entered into a farm-in agreement for a 56% operated interest the Kudu licence offshore Namibia. In July 2021, BW Kudu Limited, a wholly owned subsidiary of BW Energy and the National Petroleum Corporation of Namibia (NAMCOR) completed a Farm-In and Carry Agreement, which increased BW Kudu's working interest in the license to 95%. NAMCOR will retains the remaining 5% working interest which will be carried by BW Kudu until first gas.

BW Kudu paid USD 4 million at completion of the transaction in early July 2021. BW Energy is continuing its efforts to develop this resource commercially.

## **CORPORATE MATTERS**

On 20 January 2021, BW Energy successfully completed private placement of 23,690,000 new shares, raising gross proceeds of approximately USD 75 million. Together with the positive cash flow from operations, the company is well capitalised with a robust balance sheet, no external debt, and strong cash balance at period end of USD 216.5 million. This positions BW Energy to capture significant value creation by continued investment in the Dussafu license in Gabon, development of the Maromba discovery in Brazil, and other potential new ventures.

## **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 of by developing discovered oil and gas resources through large-scale repurposing of existing production infrastructure.

Key macro drivers have developed positively during 2020 and into 2021 as societies have started vaccination programs and gain increased control of the COVID-19 pandemic. Disciplined OPEC production cuts has supported the oil price in the short-term, while oil demand is recovering with improvements in the global economy. The exact degree of demand growth will rely on the pace of global vaccine rollouts, easing of lockdowns and government economic stimuli through 2021.

BW Energy expects to generate significant positive cash flow at current oil price levels. With no debt, a solid capital base following the 2020 IPO and the January 2021 capital raise, and access to a number of accretive investment projects, the Company expects to create significant value for its stakeholders going forward.

BW Energy remains focused on realising long-term value creation via its phased development strategy targeting 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 flow and earnings.

Bermuda, 19 August 2021

Andreas Sohmen-Pao  
Chairman

Hilde Drønen

Tormod Vold

Russell Scheirman

Marco Beenen

## **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 2021 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 2021, 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, 19 August 2021

Andreas Sohmen-Pao  
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## CONDENSED CONSOLIDATED STATEMENT OF INCOME / (LOSS)

(Unaudited figures in USD million)

	Notes	1H 2021	1H 2020	2020
Total revenues	2	143.9	54.2	160.3
Operating expenses		(63.7)	(17.7)	(73.3)
<b>Operating profit before depreciation, amortisation and sale of assets (EBITDA)</b>		<b>80.2</b>	<b>36.5</b>	<b>87.0</b>
Depreciation and amortisation	3,4,7	(34.6)	(32.2)	(70.9)
Impairment		-	(10.7)	(13.2)
Net gain/(loss) on sale of tangible fixed assets		-	(1.2)	(1.2)
<b>Operating profit/(loss) (EBIT)</b>		<b>45.6</b>	<b>(7.6)</b>	<b>1.7</b>
Interest income		0.4	0.6	0.9
Interest expense		-	-	-
Net currency gain/(loss)		0.9	(1.2)	(0.9)
Other financial items	7	(4.7)	(8.5)	(13.9)
<b>Net financial items</b>		<b>(3.4)</b>	<b>(9.1)</b>	<b>(13.9)</b>
<b>Profit/(loss) before tax</b>		<b>42.2</b>	<b>(16.7)</b>	<b>(12.2)</b>
Income tax expense		(18.7)	(12.5)	(28.9)
<b>Net profit/(loss) for the period</b>		<b>23.5</b>	<b>(29.2)</b>	<b>(41.1)</b>
<b>EARNINGS PER SHARE</b>				
Basic earnings/(loss) per share in USD net		0.09	(0.13)	(0.18)
Diluted earnings/(loss) per share (USD) net		0.09	(0.13)	(0.18)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(Unaudited figures in USD million)

	1H 2021	1H 2020	2020
<b>Net profit/(loss) for the period</b>	<b>23.5</b>	<b>(29.2)</b>	<b>(41.1)</b>
<b>Total comprehensive income for the period</b>	<b>23.5</b>	<b>(29.2)</b>	<b>(41.1)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2021	30.06.2020	31.12.2020
Property, plant and equipment	3	246.5	252.4	239.5
Right-of-use assets	7	211.1	234.6	226.5
Intangible assets	4	134.4	100.7	110.2
Derivatives		1.5	-	-
Other non-current assets		2.3	6.8	3.3
<b>Total non-current assets</b>		<b>595.8</b>	<b>594.5</b>	<b>579.5</b>
Inventories		13.6	8.6	8.4
Trade and other current assets		64.1	45.6	54.6
Cash and cash equivalents		216.5	127.6	120.6
<b>Total current assets</b>		<b>294.2</b>	<b>181.8</b>	<b>183.6</b>
<b>TOTAL ASSETS</b>		<b>890.0</b>	<b>776.3</b>	<b>763.1</b>
EQUITY AND LIABILITIES	Notes	30.06.2021	30.06.2020	31.12.2020
Share capital	5	2.6	2.3	2.3
Share premium		550.1	475.4	475.4
Other equity		(12.4)	(22.4)	(34.5)
<b>Total equity</b>		<b>540.3</b>	<b>455.3</b>	<b>443.2</b>
Deferred tax liabilities		5.9	4.0	4.9
Long-term lease liabilities	7	223.1	235.4	233.1
Derivatives		-	2.0	0.4
Asset retirement obligations		14.7	12.7	13.0
<b>Total non-current liabilities</b>		<b>243.7</b>	<b>254.1</b>	<b>251.4</b>
Trade and other payables		86.2	51.0	49.4
Tax payables		0.3	0.1	-
Short-term lease liabilities	7	19.5	15.8	19.1
<b>Total current liabilities</b>		<b>106.0</b>	<b>66.9</b>	<b>68.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>890.0</b>	<b>776.3</b>	<b>763.1</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 30 June 2020	Share capital	Share premium	Retained earnings/ Net assets	Total equity
Equity at 1 January 2020	1.9	349.3	11.9	363.1
Profit/(loss) for the period	-	-	(29.2)	(29.2)
Proceeds from share issue	0.4	122.4	-	122.8
Transaction costs on issue of shares	-	-	(5.1)	(5.1)
Gain from stabilisation shares	-	3.7	-	3.7
<b>Total equity at 30 June 2020</b>	<b>2.3</b>	<b>475.4</b>	<b>(22.4)</b>	<b>455.3</b>

At 30 June 2021	Share capital	Share premium	Retained earnings/ Net assets	Total equity
Equity at 1 January 2021	2.3	475.4	(34.5)	443.2
Profit/(loss) for the period	-	-	23.5	23.5
Proceeds from share issue	0.3	74.7	-	75.0
Transaction costs on issue of shares	-	-	(1.4)	(1.4)
<b>Total equity at 30 June 2021</b>	<b>2.6</b>	<b>550.1</b>	<b>(12.4)</b>	<b>540.3</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited figures in USD million)

	Notes	1H 2021	1H 2020	2020
Profit/(loss) before taxes		42.2	(16.7)	(12.2)
<i>Adjustment for:</i>				
Unrealised currency exchange loss/(gain)		(0.6)	1.1	0.6
Depreciation and amortisation	3,4,7	34.6	32.2	70.9
Impairment		-	10.7	13.2
Loss/ (gain) on sale of property, plant and equipment		-	1.2	1.2
Changes in ARO through income statement		0.3	0.3	0.5
Change in fair value of derivatives		(1.9)	2.0	0.4
Add back of net interest expense		(0.4)	(0.6)	(0.9)
Changes in trade and other current assets		(9.4)	51.5	42.6
Changes in trade and other current liabilities		37.3	(39.5)	(41.6)
Changes in inventory		(5.2)	0.7	0.9
Changes in other balance sheet items and items related to operating activities		(4.3)	(5.0)	0.6
Taxes paid in kind		(18.1)	(11.6)	(26.7)
<b>Net cash flow from operating activities</b>		<b>74.5</b>	<b>26.3</b>	<b>49.5</b>
Investment in property, plant & equipment and intangible assets	3,4	(36.7)	(59.2)	(74.5)
Interest received		0.4	0.6	0.9
<b>Net cash flow used in investing activities</b>		<b>(36.3)</b>	<b>(58.6)</b>	<b>(73.6)</b>
Repayment of interest-bearing debt		-	(27.5)	(27.5)
Proceeds from share issue	5	75.0	122.8	122.8
Transaction costs on issue of shares	5	(1.4)	(5.1)	(5.3)
Proceeds from stabilisation shares			3.7	3.7
Payment of lease liabilities	7	(15.9)	(15.0)	(30.0)
<b>Net cash flow used in financing activities</b>		<b>57.7</b>	<b>78.9</b>	<b>63.7</b>
<b>Net change in cash and cash equivalents</b>		<b>95.9</b>	<b>46.6</b>	<b>39.6</b>
Cash and cash equivalents at beginning of period		120.6	81.0	81.0
<b>Cash and cash equivalents at end of period</b>		<b>216.5</b>	<b>127.6</b>	<b>120.6</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Figures in brackets refer to corresponding figures for 2020)

### 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 in Norway. These condensed interim consolidated financial statements ('interim financial statements') as at and for the six months ended 30 June 2021 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 19 August 2021.

#### Basis of preparation

These interim financial statements for the six months ended 30 June 2021 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 2020 ('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 2020.

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.

	1H 2021	1H 2020	2020
Revenue from contracts with customers	122.0	38.8	126.1
Other revenue	21.9	15.4	34.2
<b>Total revenue</b>	<b>143.9</b>	<b>54.2</b>	<b>160.3</b>

### Note 3 – Property plant and equipment

	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2021	40.0	199.0	0.5	239.5
Additions and changes in asset retirement cost *)	25.9	-	-	25.9
Reclassification from assets under development	-	-	-	-
Current year depreciation	-	(18.8)	(0.1)	(18.9)
Reclassification from intangible assets	-	-	-	-
<b>At 30 June 2021</b>	<b>65.9</b>	<b>180.2</b>	<b>0.4</b>	<b>246.5</b>

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

E&P additions and reclassification in the first half-year 2021 mainly relates to development of the Dussafu oil field in Gabon.

No impairment triggers are identified for the first half-year 2021.

	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2020	90.7	125.5	0.3	216.5
Additions and changes in asset retirement cost *)	19.4	29.9	0.3	49.6
Reclassification from assets under development	(65.8)	65.8	-	-
Current year depreciation	-	(13.6)	(0.1)	(13.7)
<b>At 30 June 2020</b>	<b>44.3</b>	<b>207.6</b>	<b>0.5</b>	<b>252.4</b>

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

Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using unit of production. Since the assets are used in the production process, the variance is considered to be a part of the crude oil inventory and crude oil underlift value. As of 30 June 2020, USD 0.2 million of depreciation was included in inventory in the condensed consolidated statement of financial position.

### Note 4 – Intangible assets

	Other intangible assets	E&P exploration and evaluation expenditures	Total intangible assets
At 1 January 2021	6.1	104.1	110.2
Additions	-	24.5	24.5
Reclassification to tangible assets	-	-	-
Current year amortisation	(0.3)	-	(0.3)
<b>At 30 June 2021</b>	<b>5.8</b>	<b>128.6</b>	<b>134.4</b>

E&P additions and reclassification in the first half-year 2021 mainly relates to development of the Dussafu oil field in Gabon.

No impairment triggers are identified for the first half-year 2021.

	Other intangible assets	E&P exploration and evaluation expenditures	Total intangible assets
At 1 January 2020	6.7	90.0	96.7
Additions	-	15.0	15.0
Current year amortisation	(0.3)	-	(0.3)
Impairment	-	(10.7)	(10.7)
<b>At 30 June 2020</b>	<b>6.4</b>	<b>94.3</b>	<b>100.7</b>

## Note 5 – Capital and reserves

On 20 January, BW Energy Limited successfully completed USD 75 million private placement, issuing 23,690,000 new shares at a subscription price of NOK 27 per share. Transactions costs on the share issue was USD 1.4 million.

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 following the issuance of the new shares.

Share capital: issued and fully paid	USD THOUSAND
At 31 December 2020	2 343
Share issue 2021	237
At 30 June 2021	2 580

## Note 6 – Acquisitions and disposals

### Tullow back-in

In December 2019, Tullow exercised its 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC), reducing BW Energy's ownership of the Dussafu license to 73.5%. The exercise of the back-in right was subject to Tullow reimbursing the other parties for its share of historic costs related to the Dussafu development. The total amount has been disputed by the parties. However, the parties reached an agreement for the undisputed share of the costs, representing a total of USD 40.9 million as at 31 December 2019. The net amount paid by Tullow to the existing parties was USD 19.8 million. BW Energy Group's share of USD 15.9 million was received in December 2019.

On 9 June 2021, the parties successfully completed the settlement in respect of the outstanding disputed amounts and its collection, in accordance with BW Energy's previous expectations and recognized receivable.

### Kudu

On July 2, 2021 BW Kudu Limited, a wholly owned subsidiary of BW Energy Limited and the National Petroleum Corporation of Namibia (NAMCOR) completed a Farm-In and Carry Agreement (FICA). The FICA increased BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95%. NAMCOR will retain the remaining 5% working interest which will be carried by BW Kudu until first gas.

The FICA gives NAMCOR the opportunity to acquire an additional 5% working interest post first gas. BW Kudu paid USD 4 million at completion of the transaction.

## 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.

### Right-of-use assets and Lease liabilities

	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
<b>Balance at 1 January 2021</b>	<b>1.1</b>	<b>225.4</b>	<b>226.5</b>	<b>252.2</b>
Depreciation expense	(0.4)	(15.0)	(15.4)	n/a
Interest expense	n/a	n/a	n/a	6.3
Lease payments	n/a	n/a	n/a	(15.9)
<b>Balance at 30 June 2021</b>	<b>0.7</b>	<b>210.4</b>	<b>211.1</b>	<b>242.6</b>

	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
<b>Balance at 1 January 2020</b>	<b>0.6</b>	<b>236.5</b>	<b>237.1</b>	<b>244.6</b>
Additions	0.5	-	0.5	0.5
Adjustments	0.2	15.0	15.2	15.2
Depreciation expense	(0.4)	(17.8)	(18.2)	n/a
Interest expense	n/a	n/a	n/a	5.9
Lease payments	n/a	n/a	n/a	(15.0)
<b>Balance at 30 June 2020</b>	<b>0.9</b>	<b>233.7</b>	<b>234.6</b>	<b>251.2</b>

Lease payments of USD 15.9 million (USD 15.0 million) consist of lease instalments of USD 9.6 million (USD 9.1 million) and interest expense of USD 6.3 million (USD 5.9 million).

### Note 8 – Commitments

Total unrecognised contractual capital commitments on 30 June 2021 amounted to USD 67.2 million (corresponding figure for 30 June 2020 was USD 41.3 million). The commitment included committed contract values for the development of the Dussafu field.

### Note 9 – Related party transactions

On 20 January, BW Energy Limited completed a private placement of 23,690,000 new shares. BW Group Limited is represented at the Board of Directors of the Company and was allocated 8,322,192 new shares at NOK 27 per share in the Private Placement. Following completion of the Private Placement BW Group Limited will own 90,632,259 shares in the Company, equal to 35.13% following the issuance of the new shares.

CEO of BW Energy Carl Arnet was allocated 243,294 new shares at NOK 27 per share in the Private Placement. Following completion of the Private Placement Carl Arnet will own 2,649,582 shares in the Company, equal to 1.03% following the issuance of the new shares. In addition, close associates of Carl Arnet own 16,324 shares in the Company.

CFO of BW Energy Knut Sæthre was allocated 18,518 shares and will following completion of the Private Placement hold 125,991 shares in the Company, corresponding to approximately 0.05% of the total number of shares in the Company.

In May 2018, BW Energy entered into a bareboat charter agreement (operating lease) with BW Adolo Pte. Ltd.), and an agreement with Tinworth Gabon S.A. for the operations and maintenance of FPSO BW ADOLO during the Charter. Both companies are subsidiaries of BW Offshore Limited. The FPSO BW Adolo commenced operation on the Dussafu field in September 2018. Fees for bareboat charter and operational services amount to USD 32.8 million for the first half-year of 2021 (USD 31.3 million).

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

## Note 10 – Subsequent events

On 7 July, a Long-Term Incentive Program (LTIP) was initiated. The LTIP is discretionary, and participants are invited on an annual basis.

The total number of shares awarded under the LTIP for 2021 are 1,547,966, where 1,289,972 are allocated to options that will give the holder the right to acquire one BW Energy shares and 257,994 are allocated to Restricted Share Units (“RSUs”) providing the holder shares at each vesting event. A total of 16 BW Energy employees have been invited to participate in the program. The strike price of the options 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 a 5% increase annually over 3 years). The strike price for the options awarded on 7 July 2021 is NOK 30.73.

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. The RSUs are settled in shares immediately following vesting schedule. At time of vesting the shares will be settled at the Fair Market Value. The RSUs will vest 1/3 annually over three years.

The following primary insiders of the Group have been awarded options and RSUs under the LTIP for 2021:

- Carl K. Arnet (CEO): Options awarded: 400,000, Restricted Stock Units: 129,500
- Knut R. Sæthre (CFO), Options awarded: 133,000, Restricted Stock Units: 42,831
- Thomas Kolanski (CCO), Options awarded: 133,000, Restricted Stock Units: 42,831
- Thomas M. Young (CSO), Options awarded: 133,000, Restricted Stock Units: 42,831

## 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. Reference to Condensed Consolidated Statement of Income in the Financial Statements for calculation of EBIT.

### 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. Reference to Condensed Consolidated Statement of Income in the Financial Statements for calculation of EBITDA.

### 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 2021	1H 2020	2020
Property and other equipment	25.9	49.6	57.7
Intangible assets	24.5	15.0	27.4
<b>Total capital expenditures</b>	<b>50.4</b>	<b>64.6</b>	<b>85.1</b>
Adjustment between periods	(12.3)	(1.8)	(7.0)
Asset retirement cost	(1.4)	(3.6)	(3.6)
<b>Investment in property, plant and equipment and intangible assets</b>	<b>36.7</b>	<b>59.2</b>	<b>74.5</b>

### 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.