

BW OFFSHORE

Half-year report 2023

Condensed Interim Consolidated Financial Information



Highlights

- EBITDA of USD 139.9 million and operating cashflow of USD 212.4 million for the first half-year
- Barossa project progressing on schedule in a challenging inflationary environment
- Executing fleet divestment programme with BW Opportunity, BW Athena, Espoir Ivoirien and Sendje Berge sold, releasing USD 165 million of liquidity
- Multiple contract extensions for Abo FPSO amid ongoing divestment negotiations
- Completed refinancing of a new USD 295 million Revolving Credit Facility (RCF) and signed USD 200 million Catcher Loan Facility
- Equity ratio of 31.9% and USD 400.2 million in available liquidity

Half-year in brief

FINANCIALS

EBITDA for the period was USD 139.9 million (USD 160.4 million)¹. The decrease is mainly due to the contracts for Petróleo Nautipa and Yüum K'ak' Náab ending in the second half of 2022. Costs related to the demobilisation of Petróleo Nautipa and the sale of Sendje Berge in the first half of 2023 also impacted negatively. The Company expects to recognise additional costs in the magnitude of USD 10 million per quarter in Q3 and Q4, related to decommissioning of Petróleo Nautipa and related costs as part of the strategic rebalancing of the FPSO portfolio, as older units are leaving the fleet and organisational adjustments take place.

Depreciation was USD 91.9 million (USD 103.6 million).

Gain from sale of fixed assets was USD 15.1 million (USD 2.5 million) and relates to the sale of BW Opportunity, BW Athena and Espoir Ivoirien.

Operating profit for the first half-year was USD 55.4 million (USD 56.2 million).

Net financial expense was USD 20.9 million (positive USD 11.6 million). The variance is mainly explained by a significant positive impact from interest rate swaps during the first half-year of 2022 as long-term interest rates increased sharply.

The net contribution from BW Offshore's ownership in BW Energy was negative by USD 1.6 million (positive USD 4.5 million).

Tax expense was USD 6.1 million (USD 13.9 million). Tax expenses decreased mainly due to the sale of BW Joko Tole and the cessation of operation for Petróleo Nautipa.

Net profit for the period was USD 28.7 million (USD 58.6 million).

Total equity on 30 June 2023 was USD 1 150.3 million (USD 1 077.8 million) and the equity ratio was 31.9% (35.2%). On 30 June 2023, net interest-bearing debt was USD 347.6 million (USD 528.3 million). Available liquidity was USD 400.2 million, excluding consolidated cash

from BW Ideol and including USD 147.9 million available under the corporate loan facility.

Net cash inflow from operating activities was USD 212.4 million (USD 283.7 million) in the first half-year. Net cash outflow from investment activities was USD 278.1 million (USD 302.7 million), mainly related to capital expenditures for the Barossa project and proceeds from disposal of FPSOs. Net cash inflow from financing activities was USD 59.5 million (outflow USD 3.7 million).

In July, BW Offshore completed the refinancing of its Revolving Credit Facility into a new five-year senior secured USD 295 million RCF. The new facility is priced at a margin of 250 basis points above USD SOFR and is provided by a consortium of ten international banks.

In August 2023, BW Offshore signed the loan agreement for the refinancing of its Catcher Loan Facility into a new three-and-a-half-year senior secured USD 200 million loan facility, provided by a consortium of seven international

banks. The new facility is priced at a margin of 225 basis points above USD SOFR. Completion is subjected to conditions precedent.

FPSO OPERATIONS

The Company maintained high operational uptime across the core FPSO fleet and executed on its strategy of capturing value from the non-core assets. At the end of June 2023, the FPSO fleet comprised seven operating units. BW Offshore maintained a weighted average fleet uptime of 98.6% for the six-month period.

In March, BW Opportunity was sold for USD 125 million. The Company continues to explore a potential Engineering, Procurement, Construction and Commissioning (EPCC) contract for the redeployment of the FPSO, combined with a five-year Operations and Maintenance (O&M) services contract with the buyer.

In April, BW Athena was sold for USD 5 million.

In June, Espoir Ivoirien was sold for USD 20 million.

In July, Sendje Berge was sold for USD 15 million.

During the first half of 2023, several short-term contract extensions for Abo FPSO have been signed while negotiations for the sale of the FPSO are ongoing. The current firm contract period ends 31 August 2023.

FPSO PROJECTS

BW Offshore continues to progress the Barossa project according to schedule. As of end July, the project was approximately 73% complete, while maintaining an excellent health and safety (HSE) record with over 17.5 million hours of work executed without lost time injury. In June, the hull was floated and launched from the dry dock, representing an important project milestone. The hull is expected to start towage to Singapore in early October, where integration of topsides is set to commence upon arrival, as per schedule. Further, all gas turbine generators have been delivered and most mechanical equipment is either delivered at the fabrication yard or under shipment.

Persistent cost inflation is impacting the construction, commissioning and installation phases. The project plan through to completion confirms increased costs related to materials,

man-hours and third-party services, which are expected to consume the EPCI (Engineering, Procurement, Construction and Installation) buffers. The overall economics of the lease and operate contract currently remain intact.

OFFSHORE FLOATING WIND

The Company's main investment in renewable energy production is the 53.2% ownership in BW Ideol. BW Ideol is a global leader in offshore floating wind technology and co-development, with more than 12 years of experience in design, execution and development of floating wind projects, based on proprietary and patented Damping Pool® technology and engineering capabilities.

In July, BW Ideol and ADEME Investissement, a French state-owned financier of innovative infrastructure projects, announced an agreement for EUR 40 million of equity funding for BW Ideol's development activities. As part of the agreement, BW Ideol will transfer its co-development portfolio to a newly established jointly owned project development company. The initial payment of EUR 17.9 million is to be made upon first closing, expected in September. Subsequently, BW Ideol will own 75.8% of the project development company, representing a post-money valuation of the

project portfolio of approximately EUR 74 million. BW Ideol will retain full ownership of other assets and business activities, including the technology portfolio.

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 30 August 2023. Shareholders recorded in VPS following the close of trading on Oslo Børs on 31 August 2023, will be entitled to the distribution payable on or around 7 September 2023.

During the first half of 2023, BW Offshore repurchased bonds for cancellation, with an aggregate principal amount of USD 34.2 million, in its USD 297.4 million Senior Unsecured Convertible Bonds due 2024, at an average price of 93.1% of par value. The principal amount outstanding under the bond loan following cancellation was USD 202.6 million. In July, the Company further repurchased bonds for cancellation with a principal amount of USD 10.0 million. Following the cancellation, the principal amount outstanding under the bond loan is USD 192.6 million.

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 into 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 2022 Annual Report.

For the second half of the year, BW Offshore maintains a special focus on the continued safe and efficient execution of the Barossa project with emphasis on managing cost inflation, as well as safe decommissioning and recycling of *Petróleo Nautipa*.

OUTLOOK

BW Offshore expects that the core units in the existing fleet will continue to generate significant cash flows in the time ahead, supported by the USD 5.8 billion firm contract backlog at end of June 2023, including the Barossa contract.

Energy prices remain at historically high levels and the Company is experiencing continued

interest for infrastructure-type FPSO projects for field development initiatives with long-term production, low break-even costs and low carbon emissions. While global supply chain challenges have eased, the oil and gas value chain remains subject to inflationary pressure. Increased project complexity, combined with higher construction costs, necessitates financial structures with significant prepayments of the dayrate during the construction period for the new lease and

operate projects. Alternatively, oil and gas majors may finance and own FPSOs, relying on FPSO specialists for the EPCI scope and O&M services.

BW Offshore continues to actively evaluate FPSO opportunities, focusing on projects that meet the required return targets, offer a firm contract with no residual value risk, and a financeable structure with national or investment-grade companies.

The Company maintains focus on completing the non-core fleet divestment programme with talks ongoing for the remaining producing unit. The programme is expected to be completed by year-end, reducing the operational risks associated with the non-core units, freeing up liquidity and strengthening the balance sheet.

BW Offshore is actively engaged in the energy transition by developing clean energy production

solutions, applying the Company's offshore engineering and operational capabilities to drive future value creation. This includes maturing solutions for carbon capture and storage, gas-to-power, ammonia and hydrogen.

Bermuda, 27 August 2023

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 2023 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 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 parties’ transactions.

Bermuda, 27 August 2023

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 2023	1H 2022	FY 2022
Revenue	<u>2</u>	332.4	386.4	774.1
Operating expenses		(192.5)	(226.0)	(428.4)
Operating profit before depreciation, amortisation, impairment and sale of assets		139.9	160.4	345.7
Depreciation	<u>5</u>	(91.9)	(103.6)	(202.3)
Amortisation	<u>6</u>	(2.6)	(3.1)	(6.5)
Impairment vessels and other assets	<u>3</u>	(5.1)	-	(15.8)
Net gain/(loss) on sale of tangible fixed assets	<u>3</u>	15.1	2.5	2.5
Operating profit/(loss)		55.4	56.2	123.6
Interest income		4.0	0.3	1.9
Interest expense		(25.2)	(22.1)	(47.4)
Fair value gain/(loss) on financial instruments	<u>4</u>	(11.0)	24.2	54.3
Other financial items		11.3	9.2	7.4
Net financial items		(20.9)	11.6	16.2
Share of profit/(loss) of equity-accounted investees		0.3	4.7	9.9
Profit/(loss) before tax		34.8	72.5	149.7
Income tax benefit/(expense)		(6.1)	(13.9)	(20.2)
Net profit/(loss) for the period		28.7	58.6	129.5

	Note	1H 2023	1H 2022	FY 2022
Net profit/(loss) for the period attributable to				
Shareholders of the parent		30.5	59.6	129.7
Non-controlling interests		(1.8)	(1.0)	(0.2)
Net profit/(loss) for the period		28.7	58.6	129.5
Earnings per share				
Basic earnings/(loss) per share in USD net		0.17	0.33	0.72
Diluted earnings/(loss) per share (USD) net		0.17	0.30	0.66

Condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)

	1H 2023	1H 2022	FY 2022
Profit/(loss) for the period	28.7	58.6	129.5
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability (asset)	-	0.2	0.5
	-	0.2	0.5
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	2.3	(9.3)	(7.4)
Equity-accounted investees – share of OCI	1.5	56.3	77.5
Cash flow hedges – effective portion of changes in fair value	2.8	(14.4)	(4.0)
	6.6	32.6	66.1
Other comprehensive income for the period, net of tax	6.6	32.8	66.6
Total comprehensive income for the period	35.3	91.4	196.1
Total comprehensive income attributable to			
Shareholders of the parent	35.8	98.7	200.5
Non-controlling interests	(0.5)	(7.3)	(4.4)
Total comprehensive income for the period	35.3	91.4	196.1

Condensed consolidated statement of financial position

(Unaudited figures in USD million)

	Note	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Vessels	<u>5</u>	2 520.9	2 034.9	2 394.3
Other property, plant & equipment	<u>5</u>	4.8	11.9	8.5
Right-of-use assets	<u>5</u>	17.3	16.9	21.1
Intangible assets and goodwill	<u>6</u>	87.5	89.8	88.0
Equity-accounted investees		359.9	287.1	337.9
Finance lease receivables		-	47.1	-
Deferred tax assets		61.6	62.2	61.8
Derivatives		36.6	29.1	45.7
Other non-current assets		11.0	18.4	7.2
Non-current assets		3 099.6	2 597.4	2 964.5
Inventories		3.8	19.3	6.7
Trade and other current assets		207.8	192.4	232.6
Finance lease receivables	<u>7</u>	49.6	-	48.4
Derivatives		1.7	0.6	16.1
Cash and cash equivalents		224.1	251.5	230.3
Assets held for sale		15.0	-	-
Current assets		502.0	463.8	534.1
Total assets		3 601.6	3 061.2	3 498.6

	Note	30.06.2023	30.06.2022	31.12.2022
EQUITY				
Shareholders' equity	<u>8</u>	953.1	855.3	938.5
Non-controlling interests	<u>8</u>	197.2	222.5	212.6
Total equity		1 150.3	1 077.8	1 151.1
LIABILITIES				
Interest-bearing long-term debt	<u>9</u>	280.9	663.0	522.4
Finance liability related to Barossa lease		789.2	400.0	526.1
Pension obligations		4.0	4.6	4.3
Other non-current liabilities	<u>10</u>	766.0	479.8	661.3
Long-term lease liabilities		10.2	7.4	12.0
Derivatives		-	7.4	-
Deferred tax liabilities		18.5	20.7	20.9
Non-current liabilities		1 868.8	1 582.9	1 747.0
Current tax liabilities		10.5	15.8	11.7
Interest-bearing short-term debt	<u>9</u>	290.8	116.8	205.3
Trade and other payables		257.7	242.6	359.8
Derivatives		19.3	19.9	17.8
Short-term lease liabilities		4.2	5.4	5.9
Current liabilities		582.5	400.5	600.5
Total equity and liabilities		3 601.6	3 061.2	3 498.6

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 2023	92.5	1 095.5	(10.1)	(28.4)	(4.1)	50.7	(257.6)	938.5	212.6	1 151.1
Profit/(loss) for the period	-	-	-	-	-	-	30.5	30.5	(1.8)	28.7
Other comprehensive income	-	-	-	1.3	2.5	-	1.5	5.3	1.3	6.6
Dividends	-	-	-	-	-	-	(21.6)	(21.6)	-	(21.6)
Share-based payment	-	-	-	-	-	-	1.1	1.1	-	1.1
Other items	-	-	-	-	-	(0.7)	-	(0.7)	-	(0.7)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(3.4)	(3.4)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(11.5)	(11.5)
Total equity at 30 June 2023	92.5	1 095.5	(10.1)	(27.1)	(1.6)	50.0	(246.1)	953.1	197.2	1 150.3
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	-	-	-	(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

Condensed consolidated statement of cash flows

(Unaudited figures in USD million)

	1H 2023	1H 2022	FY 2022
Cash flows from operating activities			
Profit/(loss) before taxes	34.8	72.5	149.7
<i>Adjustments for:</i>			
Depreciation and amortisation	94.5	106.7	208.8
Impairment	5.1	-	15.8
Change in fair value of derivatives	11.0	(24.2)	(54.3)
Unrealised currency exchange loss/(gain)	(10.3)	(9.4)	(9.8)
Add back of net interest expense	21.2	21.8	45.5
Share of loss/(profit) of equity-accounted investees	(0.3)	(4.7)	(9.9)
Loss/(gain) on disposal of property, plant & equipment	(15.1)	(2.5)	(2.5)
Share-based payment expense	1.1	1.7	2.7
<i>Change in:</i>			
Instalment on financial lease	-	12.3	12.3
Inventories	2.9	6.4	18.9
Trade and other receivables	24.7	105.0	64.5
Trade and other payables	(25.6)	(65.8)	(8.3)
Other balance sheet items and items related to operating activities	(27.5)	(8.1)	(28.3)
Deferred revenues	105.4	96.1	279.2
Cash generated from operating activities	221.9	307.8	684.3
Taxes paid	(9.5)	(24.1)	(34.0)
Net cash from operating activities	212.4	283.7	650.3

	1H 2023	1H 2022	FY 2022
Cash flows from investing activities			
Interest received	4.0	0.3	1.9
Proceeds from disposal of property, plant & equipment	155.9	27.4	27.4
Proceeds from sale of investments	-	52.2	52.2
Investment in associated companies	(28.6)	(34.6)	(53.8)
Investment in property, plant & equipment and intangible assets	(409.4)	(348.0)	(729.5)
Net cash used in investing activities	(278.1)	(302.7)	(701.8)
Cash flows from financing activities			
Proceeds from loans and borrowings	274.7	193.7	344.2
Paid dividend and redemption	(15.0)	(18.0)	(30.8)
Interest paid	(5.4)	(21.8)	(38.5)
Repayment of loans and borrowings	(147.2)	(120.1)	(182.1)
Repurchase of convertible notes	(31.8)	(21.5)	(52.7)
Payment of lease liabilities	(3.1)	(3.3)	(7.2)
Dividends paid	(12.7)	(12.7)	(25.3)
Net cash from/(used in) financing activities	59.5	(3.7)	7.6
Net change in cash and cash equivalents	(6.2)	(22.7)	(43.9)
Cash and cash equivalents at beginning of period	230.3	274.2	274.2
Cash and cash equivalents at end of period	224.1	251.5	230.3

Notes to the condensed interim consolidated financial statements

(Figures in brackets refer to corresponding figures for 2022)

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 2023 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group builds owns and operates Floating, Production, Storage and Offloading (FPSO) vessels. The Group also does strategic investments to capture energy transition opportunities.

BASIS OF ACCOUNTING

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.

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 August 2023.

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 the 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 2022.

NOTE 2 Operating segments

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 Senior Management team. 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 Senior Management team.

Segment performance for the first half-year 2023 and 2022 is presented below:

1H 2023				
USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	329.7	2.1	-	331.8
Other revenue	(0.1)	0.7	-	0.6
Revenues inter-segment	-	-	-	-
Total revenues	329.6	2.8	-	332.4
Operating expenses	(167.6)	(8.2)	-	(175.8)
Administrative expenses	(16.7)	-	-	(16.7)
Operating profit/(loss) before depreciation/amortisation, impairment and sale of assets	145.3	(5.4)	-	139.9
Depreciation, amortisation and impairment	(91.9)	(7.7)	-	(99.6)
Profit/(loss) from sale of fixed assets	15.1	-	-	15.1
Operating profit/(loss)	68.5	(13.1)	-	55.4
Capital expenditure	359.5	0.5	-	360.0
Balance sheet information				
Equity accounted investees	339.1	20.8	-	359.9
Non-current segment assets	2 561.4	96.3	-	2 657.7
Non-current assets, not allocated to segments				82.0
Total non-current assets				3 099.6

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)
Administrative expenses	(12.9)	-	-	(12.9)
Operating profit/(loss) before depreciation/amortisation, impairment and sale of assets	163.1	(2.7)	-	160.4
Depreciation, amortisation and impairment	(99.1)	(7.6)	-	(106.7)
Profit/(loss) from 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 investees	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

Non-current assets by region

USD MILLION	30.06.2023	30.06.2022	31.12.2022
Americas	189.4	326.9	213.3
Europe/Africa	1 022.9	1 166.2	1 109.8
Asia and the Pacific	1 418.2	660.5	1 188.7
Total non-current assets ¹	2 630.5	2 153.6	2 511.8

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 2023	1H 2022	FY 2022
Americas	54.5	82.4	171.7
Europe/Africa	274.0	265.5	557.3
Asia and the Pacific	3.9	38.5	45.1
Total revenues from continuing operations	332.4	386.4	774.1

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

NOTE 3 Disposals

In March 2023, BW Opportunity was sold for USD 125.0 million. In April 2023, BW Athena was sold for 5.0 million. In June 2023, Espoir Ivoirien was sold for USD 20.0 million, including USD 3.0 million for inventory. The impact from the sale is included in Net gain/(loss) on the sale of tangible fixed assets.

In July 2023, Sendje Berge was sold for USD 15 million. The vessel was classified as held for sale at the end of the first half-year of 2023. As the consideration is lower than the current net book value, the Group has consequently recorded an impairment loss of USD 5.1 million.

NOTE 4 Gain/ (loss) on financial instruments

USD MILLION	1H 2023	1H 2022	FY 2022
Gain/(loss) on interest rate swaps	3.2	46.0	61.4
Gain/(loss) on forward exchange contracts	(5.8)	(4.2)	3.6
Gain/(loss) on cross-currency swaps	(8.9)	(8.2)	(6.6)
Gain/(loss) on other financial instruments	0.5	(9.4)	(4.1)
Net gain/(loss) on financial instruments	(11.0)	24.2	54.3

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 2023	1 208.7	1 097.0	88.6	8.5	21.1	2 423.9
Additions	12.3	319.4	27.3	0.6	-	359.6
Exchanges differences	-	-	-	-	0.1	0.1
Disposals	(13.2)	-	(115.4)	-	-	(128.6)
Reclassified to held-for-sale	(15.0)	-	-	-	-	(15.0)
Current year depreciation	(83.2)	-	(0.5)	(4.3)	(3.9)	(91.9)
Impairment	(5.1)	-	-	-	-	(5.1)
Balance at 30 June 2023	1 104.5	1 416.4	(0.0)	4.8	17.3	2 543.0

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

Capital expenditures for the first half-year of 2023 are mainly related to investments in the Barossa project, as well as the upgrade to BW Adolo, covered by the client, and the final milestone payment for the repair of BW Opportunity before the FPSO was sold.

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 the useful life. The estimated useful life used for depreciations is based on experience and knowledge of the vessels owned by the Group.

With the exception of the recognised impairment related to the sale of Sendje Berge (refer to [Note 3](#)), no other impairment triggers were identified for the first half-year of 2023.

NOTE 6 Intangible assets and goodwill

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets
Balance at 1 January 2023	0.2	4.1	56.3	27.4	88.0
Additions	–	0.4	–	–	0.4
Exchanges differences	–	0.1	1.1	0.5	1.7
Current year amortisation	–	(0.4)	(2.2)	–	(2.6)
Balance at 30 June 2023	0.2	4.2	55.2	27.9	87.5

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

Technology and Goodwill on the balance sheet relate to BW Ideol.

NOTE 7 Leases

THE GROUP AS A LESSOR

Finance lease

BW Offshore has signed an agreement for the sale of FPSO Polvo to BW Energy for USD 50 million, split by USD 5 million in one-year charter hire and USD 45 million for the purchase of the vessel. The sale will be completed no later than 30 April 2024. BW Energy will pay USD 30 million no later than 31 October 2023, and the remaining USD 20 million on 30 April 2024, at the latest. Interest on instalments will start to accrue from 24 July 2023. An independent third-party valuation of the FPSO concluded that the sales price is within a fair market value range.

Operating lease

The contract for Petróleo Nautipa reached the end of its term in October 2022 and is considered sold for recycling after the completion of demobilisation and decommissioning.

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 2023	1H 2022	FY 2022
Not later than one year	263.9	282.7	267.1
Later than one year and not later than five years	807.0	890.5	831.9
Later than five years	2 071.6	2 209.7	2 170.9
Total amount	3 142.5	3 382.9	3 269.9

NOTE 8 Capital and reserves

The number of issued shares was 184 956 320 on 30 June 2023 (184 956 320). There were 214 000 000 authorised shares at 30 June 2023 (214 000 000). The Company held a total of 4 141 437 treasury shares on 30 June 2023. Consequently, the number of outstanding shares was 180 814 883.

Cash dividend for Q4 2022 was paid in March 2023 with USD 0.035 per share in addition to in-kind distribution of BW Energy shares equal to USD 4.2 million at the date of distribution. Cash dividend for Q1 2023 was paid in June 2023 with USD 0.035 per share in addition to in-kind distribution of BW Energy Limited shares equal to USD 4.7 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 the financial position of BW Offshore.

BW Ideol AS is listed at Euronext Growth Oslo. BW Offshore's ownership is 53.2%. The remaining 46.8% of the investment is presented as non-controlling interests in the consolidated statement of the financial position of the Company.

NOTE 9 Interest-bearing debt

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

USD MILLION	30.06.2023	30.06.2022	31.12.2022
USD 672.5 million Corporate facility	–	120.6	156.5
Convertible bonds	190.8	246.5	218.7
Catcher facility	85.7	199.6	142.7
BWO05 – NOK 900 million bond	–	91.2	–
Other facilities	4.4	5.1	4.5
Total long-term debt	280.9	663.0	522.4

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

USD MILLION	30.06.2023	30.06.2022	31.12.2022
USD 672.5 million Corporate facility	92.0	(1.6)	(1.3)
Convertible bonds	(0.6)	(0.6)	(0.6)
Catcher facility	113.9	113.6	113.7
Petróleo Nautipa facility	–	4.0	0.0
BWO05 – NOK 900 million bond	83.7	(0.4)	91.7
Other facilities	1.8	1.8	1.8
Total short-term debt	290.8	116.8	205.3

BW Offshore Limited has during the first half of 2023 repurchased bonds for cancellation with an aggregate principal amount of USD 34.2 million in its Senior Unsecured Convertible Bonds due in 2024. Following the cancellation, the principal amount outstanding under the bond loan was USD 202.6 million.

INSTALMENT OVERVIEW

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

USD MILLION	Q3 23	Q4 23	Q1 24	Q2 24	2023	2024	2025-2027	Beyond 2028	Total
USD 672.5 million Corporate facility	-	-	-	93.0	-	93.0	-	-	93.0
Convertible bonds	-	-	-	-	-	202.6	-	-	202.6
BWO05 – NOK 900 million bond ¹	-	98.8	-	-	98.8	-	-	-	98.8
Catcher facility	28.6	28.6	28.6	28.6	57.2	142.8	-	-	200.0
Other facilities	0.5	0.5	0.5	0.5	0.9	1.8	3.7	-	6.4
Total	29.1	127.9	29.1	122.1	156.9	440.2	3.7	-	600.8

¹ Bond loan illustrated at swapped USD/NOK rate

COVENANTS

The USD 672.5 million Revolving Corporate Facility and the USD 800 million Catcher Loan Facility are subject to certain covenants, including minimum book equity of 25% of total assets, debt to EBITDA of maximum 5.5, minimum USD 75.0 million of available liquidity and interest coverage ratio of minimum 3.0.

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

As per end of the first half-year 2023, the Company is in compliance with all covenants.

NOTE 10 Other non-current liabilities

Other long-term liabilities comprise of 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 flows 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 2023 amounted to USD 791.5 million (USD 858.0 million). This is mainly related to the Barossa project and operation.

NOTE 12 Related parties

On 7 March 2023, under the fifth annual award of the Long-Term Incentive Programme (LTIP), BW Offshore awarded 293 842 options to CEO Marco Beenen, 96 545 options to CCO Rune Bjorbekk, 96 545 options to CFO Ståle Andreassen, 96 545 options to COO Kei Ikeda and 96 545 options to General Counsel Magda Vakil.

The total number of options awarded under the LTIP for 2023 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 33.04 and is calculated as the volume-weighted average share price five trading days prior to the grant date, plus a premium of 15.76% (corresponding to a 5% increase annually over three years). The options have a vesting period of three years, followed by a three-year exercise period. The options will expire six years after the award date.

NOTE 13 Subsequent events

On 10 July 2023, BW Offshore announced the successful refinancing of its existing Revolving Credit Facility into a new five-year senior secured USD 295 million Revolving Credit Facility. The new facility is priced at a margin of 250 basis points above USD SOFR and is provided by a consortium of 10 international banks.

On 3 July, the Group repurchased bonds for cancellation with a principal amount of USD 10.0 million in its USD Senior Unsecured Convertible Bond due in 2024. Following the cancellation, the principal amount outstanding under the bond loan is USD 192.6 million.

On 14 August 2023, a short-term extension was signed for Abo FPSO, until 31 August 2023 as negotiations for a sale of the FPSO are ongoing.

In August 2023, BW Offshore signed the refinancing of its Catcher Loan Facility into a new three-and-a-half-year senior secured USD 200 million loan facility. The new facility is priced at a margin of 225 basis points above USD SOFR and is provided by a consortium of seven international banks. Completion is subjected to conditions precedent.

Key figures

	Note	1H 2023	1H 2022	FY 2022
EBITDA-margin	<u>1</u>	42.1%	41.5%	44.7%
Equity ratio	<u>2</u>	31.9%	35.2%	32.9%
Return on equity	<u>3</u>	7.7%	7.8%	9.0%
Return on capital employed	<u>4</u>	5.8%	5.2%	5.7%
Net interest-bearing debt (USD million)	<u>5</u>	347.6	528.3	497.4
Cash flow per share (USD)	<u>6</u>	1.15	1.53	3.52
EPS – basic (USD)	<u>7</u>	0.17	0.33	0.72
EPS – diluted (USD)	<u>7</u>	0.17	0.30	0.66
Shares – end of period (million)		180.8	180.8	180.8
Share price (NOK)		26.2	26.6	24.9
Market cap (NOKm)		4 737	4 810	4 495
Market cap (USDm)		422	489	460

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 the sale of tangible fixed assets. EBITDA may differ from similarly titled measures from other companies.

USD MILLION	1H 2023	1H 2022	FY 2022
Revenue	332.4	386.4	774.1
Operating expenses	(192.5)	(226.0)	(428.4)
Operating profit before depreciation, amortisation, impairment and sale of assets (EBITDA)	139.9	160.4	345.7
Depreciation	(91.9)	(103.6)	(202.3)
Amortisation	(2.6)	(3.1)	(6.5)
Impairment	(5.1)	-	(15.8)
Net gain/(loss) on sale of tangible fixed assets	15.1	2.5	2.5
Operating profit/(loss) (EBIT)	55.4	56.2	123.6

CAPITAL EXPENDITURES

Capital expenditures mean investments in vessels, intangible assets and property and other equipment, including capitalised interest. 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 2023	1H 2022	FY 2022
Vessels and other property, plant & equipment	359.6	305.6	771.6
Intangible assets	0.4	0.7	0.7
Total capital expenditures	360.0	306.3	772.3
Change in working capital	49.4	41.7	(42.8)
Investment in operating fixed assets and intangible assets	409.4	348.0	729.5

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 2023	1H 2022	FY 2022
Long-term interest-bearing debt	280.9	663.0	522.4
Short-term interest-bearing debt	290.8	116.8	205.3
Cash and cash equivalents	(224.1)	(251.5)	(230.3)
Net interest-bearing debt	347.6	528.3	497.4

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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