



First half-year report 2021

Condensed Interim Consolidated Financial Information



BW IDEOL FIRST HALF-YEAR RESULTS

HIGHLIGHTS

- | Creation of BW Ideol AS and listing on Euronext Growth Oslo as an offshore floating wind champion (March)
- | Signed EoIMed 30 MW pilot project engineering contract and license agreement (April)
- | Signed partnership agreement with leading utility for South Brittany tender in France (April)
- | Signed collaboration agreement with Hitachi ABB Power Grids on developing industry-first floating substation solution (June)
- | Signed Joint Development Agreement with Eneos Corporation for a commercial scale floating wind farm in Japan (July)
- | Submitted applications for ScotWind tender with joint venture partners for a total of 2.1 GW (July)
- | Signed design and engineering Services contract with undisclosed leading party for a commercial scale floating wind farm in Taiwan (July)
- | Signed HoT of Partnership Agreement with an undisclosed leading party for a commercial scale floating offshore wind farm in Italy (August)
- | Cash position of EUR 46.2 million at end of June supporting our growth ambitions

BW Ideol's mission is to create a sustainable future by using floating technology to unlock the vast potential of offshore wind. The Company was established as a global pure player in floating offshore wind technology on 15 March 2021 following the acquisition of Ideol SA and a private placement raising gross NOK 519.6 million of growth capital and subsequent listing on Euronext Growth Oslo on 18 March.

FINANCIALS

Revenue for the period was EUR 1.3 million of which EUR 0.67 million from design and engineering activities for projects in France and in Japan.

Operating loss before depreciation and amortisation for the period was EUR 3.9 million. Operating expenses included EUR 3.4 million of headcount-related costs and EUR 1.5 million of other expenses, including one-off transaction expenses related to the BW Ideol AS – Ideol SA combination.

Depreciation and amortisation were EUR 3.0 million, of which EUR 1.7 million of depreciation mostly related to the depreciation of the Floatgen demonstrator and EUR 1.2 million related to the amortisation of the technology intangible asset recognized as a result of the purchase price allocation analysis. As a result, operating loss for the period was EUR 6.9 million.

Net financial expense was EUR 0.6 million, of which EUR 0.5 million related to unrealised exchange loss. Net loss for the period was EUR 7.3 million.

As of 30 June 2021, total equity was EUR 122.0 million and the equity ratio was 80.6%. Total cash was EUR 46.2 million. Interest-bearing debt was EUR 7.7 million. During the period, the Group proceeded with the repayment of a bond held by Siem Offshore for a total amount of EUR 0.85 million including principal and capitalised interests.

As a result of the Purchase Price Allocation analysis conducted under IFRS3, the Company recognised a technology intangible asset of EUR 59,7 million and a goodwill of EUR 25.2 million, of which EUR 13.1 million as a deferred tax liability and EUR 12.1 million as residual goodwill

Net cash outflow from operating activities was negative EUR 3.9 million during the period. Net cash outflow on investment activities including the cash consideration of the acquisition of Ideol SA was EUR 52.5 million. Net cash inflow from financing activities was EUR 100.0 million, including EUR 52.2 million from BW Offshore to finance the cash portion of Ideol SA acquisition and EUR 51.1 million of IPO proceeds.

OPERATIONS

BW Ideal continues to execute its dual-track strategy as a co-developer of offshore floating wind projects and as EPCI (engineering, procurement, construction and installation) contractor of floating offshore wind technology. Progress is reflected in several recent cooperation agreements and participation in tenders for commercial scale floating offshore wind projects.

This includes the partnership with an undisclosed leading utility for joint bidding for the South of Brittany wind farm with a capacity of up to 270 MW (megawatts). The tender is part of France's national multiannual energy programme (Programmation Pluriannuelle de l'Énergie), which is in the process of tendering for 8.75 GW (gigawatts) of offshore wind capacity by 2028. The tender process was formally launched on 29 April this year.

The Company signed an engineering contract and licence agreement for the EoIMed project with a combined value of over EUR 4 million. The project, consisting of three wind turbines with a total capacity of 30 MW was fully consented in February 2021.

In June, BW Ideal signed a memorandum of understanding (MoU) with Hitachi ABB Power Grids for a collaboration on developing industry-first scalable floating substations for commercial-scale floating offshore wind farms. Substations are an essential part of offshore wind farm infrastructure, connecting the power cables from each wind turbine and stepping up the power to a higher voltage for safe and reliable transfer to the onshore electricity grid. Hitachi ABB Power Grids will provide modular, scalable, compact substation packages for installation on BW Ideal's shallow-draft floating platforms. Both companies have worked closely together for several years to co-create a standardized and modular solution that addresses market requirements and the unique demands of operating in the most challenging environmental and seabed conditions.

BW Ideal established jointly with BW Offshore a Renewable Power Services task force targeting floating substation and power-to-platform solutions.

In July, the Scottish Government completed the application period for leases in the current ScotWind offshore wind tender. BW Ideal submitted bids for a total of 2.1 GW of installed capacity together with the joint development partners Elicio NV and BayWa.r.e.. The Crown Estate Scotland targets making the initial offers for the first option agreements to successful applicants in January 2022.

Also, in July, BW Ideal signed a joint development agreement with Eneos Corporation, Japan's largest oil refiner and distributor, to develop a site-specific commercial scale floating offshore wind farm off Japan based on the patented Damping Pool® technology. The two companies will collaborate on the early commercialization of cost-competitive floating offshore wind power in Japan.

And in July, BW Ideal signed a design and engineering service agreement with an undisclosed party related to a commercial-scale project under development in Taiwan.

In August, BW Ideal signed HoT of Partnership Agreement with an undisclosed leading party for a commercial scale floating offshore wind farm in Italy.

Since commissioning in September 2018, the Floatgen demonstrator installed offshore western France produced 16.44 GWh of electricity and recorded 92.8% availability, reflecting the seakeeping performance of BW Ideal's proprietary damping pool design.

CORPORATE MATTERS

The Company completed a listing on Euronext Growth Oslo on 18 March 2021, after raising a total of EUR 51.5 million in growth capital through a private placement of new shares.

The general meeting of BW Idol AS on 6 April, elected Jean Huby and Yasuhiro Matsui as new members to the Board of Directors. In addition, the Board consist of Marco Beenen (Chairperson), Yngvil Asheim and Julian Brown. Please see www.bw-ideol.com for more information.

RISK AND UNCERTAINTY

As described in the Information Document in relation to the Company's admission to trading of its shares on Euronext Growth Oslo dated 17 March 2021, the company has identified three major groups of risks. These are tied to the business and industry in which the Company operates, to legal and regulatory factors and to the Company's financial situation. Some of these risks are outside of BW Ideol's control, including certain industry and market risks.

OUTLOOK

BW Ideol continues progress and expand its pipeline of offshore floating wind projects. The Company's vision is to be a leading long-term owner of floating wind assets in key offshore wind markets across the globe. The goal for 2030 is to have engaged in approximately 10 GW gross portfolio of floating offshore wind projects by building on our existing pipeline and strong JV partnerships, scaling and optimising our technology, developing globally our organisation and leveraging the partnership with BW Offshore, including on the power to oil and gas platform market.

DECLARATION OF THE BOARD

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the period for 01 January 2021 to 30 June 2021 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of BW Ideol AS’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 this period, 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.

Oslo and La Ciotat, 19 August 2021

Marco Beenen
Chairman

Yngvil Asheim
Director

Julian Brown
Director

Yasuhiro Matsui
Director

Jean Huby
Director

Condensed Interim Consolidated Financial Information

The reported condensed interim consolidated financial figures for the BW Ideal Group presented below relate to the period from 01 January to 30 June 2021 and notably include the combination between BW Ideal AS (Norway) and Ideol SA (France) from 15 March to 30 June 2021. There are no prior-year comparable figures as BW Ideal AS, while created in 2020, had no business activities prior the combination date. The figures are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited figures in EUR)

	Consolidated 30 June 2021
CONTINUING OPERATIONS	
Operating revenue	1 174 871
Operating expenses	-5 106 797
Operating profit /(loss) before depreciation/amortisation	-3 931 926
Depreciation	-1 812 070
Amortisation	-1 172 361
Operating profit/(loss)	-6 916 357
Net interest expense	-147 162
Other financial items	-487 744
Net financial income/(expense)	-634 906
Profit/(loss) before tax	-7 551 263
Income tax expense	252 361
Profit/(loss) from continuing operations	-7 298 902
Profit/(loss) from discontinued operation	0
Net profit/(loss) for the period	-7 298 902
Attributable to shareholders of the parent	-7 298 902
Attributable to non-controlling interests	0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in EUR)

ASSETS	Consolidated 30 June 2021	Consolidated 31 December 2020
Property, plant & equipment	124 878	
Right-of-use assets	104 940	
Technical Installation tangible assets	12 666 562	
Intangible assets	62 675 170	
Goodwill	25 268 392	
Other non-current assets	417 130	
Total non-current assets	101 257 071	
Trade receivables and other current assets	3 886 545	
Cash and cash equivalents	46 240 519	3 652
Total current assets	50 127 064	3 652
TOTAL ASSETS	151 384 135	3 652
EQUITY AND LIABILITIES	Consolidated 30 June 2021	Consolidated 31 December 2020
Shareholders' equity	121 994 327	3 652
Total equity	121 994 327	3 652
Interest-bearing long-term debt	6 564 110	
Pension obligations	189 748	
Asset retirement obligations	1 217 441	
Other long-term liabilities	3 756 778	
Long-term lease liabilities	46 547	
Deferred Tax Liability	12 891 055	
Total non-current liabilities	24 665 679	
Trade payables and other short-term liabilities	3 525 098	
Interest-bearing short-term debt	1 125 257	
Short-term lease liabilities	61 163	
Income tax liabilities	12 610	
Total current liabilities	4 724 128	
Total liabilities	29 389 807	
TOTAL EQUITY AND LIABILITIES	151 384 135	3 652

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in EUR)

	Share Capital	Share Premium	Other elements	Shareholder's equity	Total equity
Equity on 01 January 2021	2 744	908	0	3 652	3 652
Capital reduction pre-transaction	(2 744)	1 836	0	(908)	(908)
Share-issuance - acquisition	202 849	79 120 818	0	79 323 667	79 323 667
Share-issuance - IPO	109 739	51 467 391	0	51 577 130	51 577 130
Profit/loss for the period	0	0	(7 298 902)	(7 298 902)	(7 298 902)
Other equity (including transaction costs)	0	0	(2 269 641)	(2 269 641)	(2 269 641)
Share-based expense	0	0	661 609	661 609	661 609
Exchange differences	0	0	(2 280)	(2 280)	(2 280)
Total equity on 30 June 2021	312 588	130 590 953	(8 909 214)	121 994 327	121 994 327

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited figures in EUR)

	Consolidated 30 June 2021
Profit/(loss) before taxes	-7 551 263
Unrealised currency exchange loss/(gain)	-11 785
Depreciation and amortisation	2 966 699
Share-based payment expense	661 609
Add back of net interest expense	147 162
Changes in trade and other current assets	294 682
Changes in trade payables	-240 667
Changes in other balance sheet items and items related to operating activities	-190 304
Net cash flow from operating activities	-3 923 867
Investment in property, plant & equipment and intangible assets	-249 289
Investment in subsidiaries	-52 219 175
Net cash flow from investing activities	-52 468 464
Proceeds from Share Issue: Parent Company	52 219 175
Proceeds from Share Issue: Parent Company share of issuance on Oslo Stock Market	9 916 896
Proceeds from Share Issue: Oslo Stock Market	39 683 104
Proceeds from Share Issue: Greenshoe Oslo Stock Market	1 977 128
Transaction Costs Relating to the Share Issuance	-2 129 365
Repayment of other liabilities	-267 500
Repayment of interest-bearing debt	-1 071 795
Interest paid	-341 027
Net cash flow from financing activities	99 986 617
Net change in cash and cash equivalents	43 594 286
Cash and cash equivalents at beginning of period	3 960
Cash and cash equivalents acquired at beginning of period	2 642 273
Cash and cash equivalents at end of period	46 240 519

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Note 1 – Basis for preparation****Organisation and principal activities**

BW Ideal AS (hereafter 'BW Ideal or 'the Company') was incorporated on 22 October 2020 and is domiciled in Norway. The Company is listed on Euronext Growth Oslo (Norway). These condensed interim consolidated financial statements ('interim financial statements') as at and for the period starting from 01 January 2021 and ending 30 June 2021 comprise the Company and its subsidiaries (together referred to as 'the Group'). It is noted that BW Ideal AS acquired 100% of the outstanding shares in Ideal SA as of 15 March 2021, prior to this transaction, BW Ideal AS had no business activities.

The Group activities include the development, construction, financing and operations of floating wind farms as well as the engineering, procurement, construction and installation of floating wind foundations using its patented Damping Pool® technology. 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 ending 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. As it is the first report issued by the Company, they notably include the accounting policies that have been adopted by the Group which are presented in Note 14, however, they do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Standards. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the Group's financial position and performance.

The condensed interim financial statements are unaudited.

The financial tables below show figures in Euro unless otherwise stated. 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 expenses. Actual results may differ from these estimates. The judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were significant.

Note 2 – Non-current Assets

	Technical installation tangible asset	PP&E Furniture and fixtures	PP&E Hardware	Total
Balance on 01 January 2021	0	0	0	0
Additions through business combination	14 350 099	32 938	63 055	14 446 092
Other additions	0	27 509	16 182	43 691
Current year depreciation	-1 683 537	-3 935	-10 871	-1 698 343
Impairment	0	0	0	0
Discontinued operation	0	0	0	0
Balance on 30 June 2021	12 666 562	56 512	68 366	12 791 439

Technical installation tangible asset comprises the Floatgen demonstrator, owned by the Company and operating off the Brittany coast in France since September 2018, and the related decommissioning costs. The demonstrator is being amortized over a 5-year period.

Note 3 – Intangible assets

	Technology (as part of PPA)	R&D in progress	R&D	Software intangible assets	Total Intangible assets
Balance on 01 January 2021	0	0	0	0	0
Additions through business combination	59 757 661	2 446 685	1 353 520	53 281	63 611 146
Other additions	0	332 378	0	0	332 378
Current year depreciation	-1 161 955	0	-100 999	-5 401	-1 268 355
Balance on 30 June 2021	58 595 706	2 779 063	1 252 521	47 880	62 675 170

R&D in progress intangible assets represent the accumulated capitalized expenses related to ongoing R&D projects. BW Ideol is pursuing a number of initiatives around its Damping Pool® patented foundation technology including research and development of innovative building materials, mooring systems and construction methods.

R&D intangible assets represent passed R&D projects that have entered into service and therefore being amortized.

Note 4 – Purchase Price Allocation

The table below presents the results of the Purchase Price Allocation analysis that has been conducted following the acquisition of Ideol SA (France) by BW Ideol AS (Norway) and the subsequent listing of BW Ideol AS. In March 2021, BW Ideol AS acquired 71.6% of the shares of Ideol SA in cash for an amount of EUR 52.2 million. The remaining 28.4% of Ideol SA were acquired and paid in BW Ideol AS shares, giving the Company a 100% ownership of Ideol SA. Subsequently, BW Ideol AS completed a private placement (including partial greenshoe exercise) of 11,655,625 shares at a price of NOK 47.00 per share and got listed on Euronext Growth Oslo. The value of the share retained for the valuation of the portion of Ideol SA acquisition paid in shares has been considered equal to the listing price of NOK 47.00.

Consideration/Acquisition price	
Purchase of shares of Ideol SA	52 219 175
Contribution in kind (5,815,240 shares @ NOK 47)	27 104 492
Total consideration	79 323 667

Included in the identifiable assets and liabilities acquired at the date of acquisition of Ideol SA are inputs (primarily technology), processes and an organized workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business. The acquisition related costs, including legal fees and due diligence fees, amounted to approximately EUR 1.4 million.

Taking control of Ideol SA enables the Group to establish itself as a leading global player in floating offshore wind. The combination of Ideol technology, operational track record and engineering capabilities and pipeline of projects with the execution capabilities focused on large-scale offshore projects within BW Offshore offers a unique combination. Through this acquisition and subsequent listing, BW Offshore owns 53.2% of BW Ideol AS.

The Purchase Price Allocation analysis has led to the recognition of a Technology intangible asset. As of the acquisition date, it would be valued at EUR 59.8 million. It will be amortized on a straight-line basis over the remaining useful life of the asset estimated at 15 years. The fair value of the Technology has been measured provisionally, based on the present value of net cash flows it is expected to generate, pending completion of an independent valuation. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Purchase Price Allocation	Acquisition date	Current year depreciation	On 30 June
Acquisition Price (100%)	79 323 667	0	79 323 667
(-) Equity 100% - Net book value	-7 534 355	0	-7 534 355
(+) Stock option post IPO	90 055	0	90 055
Unallocated goodwill [A]	71 879 367	0	71 879 367
Technology	59 757 661	-1 161 955	58 595 706
Fair Value adjustment [B]	59 757 661	-1 161 955	58 595 706
Residual full goodwill (before DTL) [C = A-B]	12 121 707	0	12 121 707
Deferred Tax Liability [D]	13 146 685	0	13 146 685
Total Goodwill [C+D]	25 268 392	0	25 268 392

Note 5 – Leases

Right-of-use assets and Lease liabilities

BW Ideol leases mainly office premises in La Ciotat, France (HQ).

	Office Premises	Right-of-use assets	Lease liabilities
Balance on 01 January 2021	0	0	0
Addition through business combination	122 671	122 671	122 671
Interest adjustments	0	0	0
Depreciation expense	-17 732	-17 732	0
Interest expense	0	0	618
Lease payments	0	0	-15 580
Discontinued operation	0	0	0
Foreign currency translation gain / (loss)	0	0	0
Balance on 30 June 2021	104 940	104 940	107 710

Note 6 - Equity

The number of issued shares was 31,510,525 on 30 June 2021.

	Number of issued shares
On 01 January 2021	1 000
Capital reduction pre-transaction	-1 000
Share-issuance - cash portion of IDEOL SA acquisition	14 639 660
Share-issuance - share portion of IDEOL SA acquisition	5 815 240
Share-issuance - Private Placement Euronext Growth Oslo	10 638 298
Share-issuance - Greenshoe	417 327
TOTAL issued shares on 30 June 2021	31 510 525

The Board of Directors has been granted an authorization to issue up to 2,000,000 shares (NOK 200,000 of share capital) to employees. As of 30 June 2021, 1,695,073 shares have been awarded under the Continuation Plan and the Long-Term Incentive Plan and subject to various vesting period.

Note 7 – Interest-bearing debt

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

	Balance through business combination	Balance 30/06	Short-term (<1y)	Long-term (>1y)
Bond - SIEM Offshore	666 667	0	0	0
Loans CERA	1 809 145	1 722 408	222 408	1 500 000
Loans BNP Paribas	1 810 053	1 754 851	222 000	1 532 851
Loans BPI	4 050 000	4 000 000	500 000	3 500 000
Loan HSBC	120 055	97 808	90 000	7 808
Loan SMC	135 907	90 849	90 849	0
Accrued interests	0	23 450	0	23 450
Total	8 591 828	7 689 367	1 125 257	6 564 110

Note 8 – Other liabilities

The following table sets out the maturity profile of the Company's other liabilities based on contractual undiscounted payments.

	Balance through business combination	Balance 30/06	Short-term (<1y)	Long-term (>1y)
Financing PACA region	670 000	502 500	335 000	167 500
Financing Pays de la Loire	200 000	100 000	100 000	0
Repayable Advance ADEME	3 289 278	3 289 278	0	3 289 278
Zero-interest loan BPI	425 000	400 000	100 000	300 000
Total	4 584 278	4 291 778	535 000	3 756 778

Note 10 – Revenue

During the period, The Company generated EUR 672,362 of design and engineering revenues related to projects in France and Japan. French R&D tax credit of EUR 492,276 was recorded as Other Revenue under IFRS.

Note 11 – Related party transactions

All related party transactions below were disclosed in the Information Document for the admission to trading of shares on Euronext Growth Oslo.

Continuation Plan - Options

On 18 March 2021, under the one-time award under the Continuation Program, BW Ideol awarded 578,910 options to CEO Paul de la Guérivière, 300,490 options to CCO Bruno Geschier, 156,971 options to CFO Nicolas de Kerangal and 19,621 options to Engineering Director Stéphane Toumit.

Under the Continuation Program for 2021, the total number of options awarded is 1,476,282. Each option will give the holder the right to acquire one BW Ideol share. A total of 30 BW Ideol employees have been invited to participate in the programme.

The strike price of the option under the Continuation Plan is NOK 47.00 and is equal to the listing price. The options have a vesting period of one year, followed by a three-year exercise period. The options will expire four years after the award date.

LTIP - Options

On 18 March 2021, under the first annual award under the Long-term Incentive Program (LTIP), BW Ideol awarded 60,000 options to CEO Paul de la Guérvivière, 12,000 options to CTO Thomas Choynet, 20,000 options to CCO Bruno Geschier, 16,000 options to CFO Nicolas de Kerangal, 16,000 options to COO Ghislain Dufay and 11,200 options to Engineering Director Stéphane Toumit.

Under the LTIP for 2021, the total number of options awarded is 204,549. Each option will give the holder the right to acquire one BW Ideol share. A total of 23 BW Ideol employees have been invited to participate in the programme.

The strike price of the option under the LTIP is NOK 47.00 and is equal to the listing price. The options have a vesting period of three years with annual instalment, followed by a three-year exercise period. The options will expire six years after the award date.

LTIP – Restricted Stock Units (“RSUs”)

On 18 March 2021, under the first annual award under the Long-term Incentive Programme (LTIP), BW Ideol awarded 1,182 RSUs to CTO Thomas Choynet, 1,971 RSUs to CCO Bruno Geschier, 1,576 RSUs to CFO Nicolas de Kerangal, 1,576 RSUs to COO Ghislain Dufay and 1,104 RSUs to Engineering Director Stéphane Toumit.

Under the LTIP for 2021, the total number of restricted stock units awarded is 14,242. Each RSU will give the holder the right to acquire one BW Ideol share. A total of 22 BW Ideol employees have been invited to participate in the programme.

The RSUs will be vested after a period of three years.

Note 12 – Impact of the Covid-19 pandemic

The Coronavirus epidemic that reached the French territory in March 2020 has had a relatively limited impact on BW Ideol's operations in 2021. The Company has maintained a wide range of measures implemented in 2020 to minimize the risk to people and operations including social distancing and working from home. Main projects such as progressing the engineering phase of EolMed experienced no impact as a result. The medium-term impact is not estimable at the moment, it may imply delays in upcoming calls for tenders. BW Ideol remains vigilant and mobilized to adapt to any change that may impact its prospects in the short and medium term.

Note 13 - Subsequent events

In July, the Scottish Government completed the application period for leases in the current ScotWind offshore wind tender. BW Ideol submitted bids for a total of 2.1 GW of installed capacity together with the joint development partners Elicio NV and BayWa.r.e.. The Crown Estate Scotland targets making the initial offers for the first option agreements to successful applicants in January 2022.

Also, in July, BW Ideol signed a joint development agreement with Eneos Corporation, Japan's largest oil refiner and distributor, to develop a site-specific commercial scale floating offshore wind farm off Japan based on the patented Damping Pool® technology. The two companies will collaborate on the early commercialization of cost-competitive floating offshore wind power in Japan.

And in July, BW Ideol signed a design and engineering service agreement with an undisclosed party related to a commercial-scale project under development in Taiwan.

In August, BW Ideol signed HoT of Partnership Agreement with an undisclosed leading party for a commercial scale floating offshore wind farm in Italy.

Note 14 – Accounting Policies

Accounting for subsidiaries and associates

The subsidiaries are entities (including special purpose entities) over which the Company has control. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with a company in which it has invested and has the ability to use its power to affect its returns from this company. Investments in subsidiaries are stated at cost less any impairment. Associates are entities in which the Company has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are stated at cost less any impairment.

Currency translation

Functional and presentation currency

The Company's presentation currency is Euro ("EUR"). This is also the functional currency of the Company and most of its subsidiaries.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of services in each such contract. A performance obligation is satisfied when or as the customer obtains the goods or services delivered. It is recognised at an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes.

Interest income

Interest income is recognised on a time proportion basis applying the effective interest method.

Capitalization of expenses

Capitalized expenses are deducted from operating expenses and recorded as R&D in progress. Upon entry into service, they are amortized over a maximum period of 5 years.

Investment grants

The recognition of investment grants intended to finance non-current assets is recorded in exceptional income as soon as the granting of the grant is certain, that is to say when the corresponding expenditure has been made.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are trade- and intercompany receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. As of now the Company measures its financial assets at amortised costs.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade- and intercompany receivables and cash and cash equivalents.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

For intercompany receivables, the Company applies a simplified approach in calculating Estimated Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date, based on its historical credit loss experience.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised and measured at amortised cost. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and short-term deposits with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other equity as a deduction, net of tax, from the proceeds. Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable

incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

Provisions for other liabilities and charges

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Accordingly, a provision based on the costs related to the decommissioning of the Floatgen demonstrator is included in the Asset Retirement Obligation category. This provision gave rise to a decommissioning asset that is being amortized over the same 5-year period as the Floatgen demonstrator.

Classification of assets and liabilities

Assets for long-term ownership or use, including technical installations and property, plant and equipment are classified as non-current assets. Other assets are classified as current assets.

Interest-bearing liabilities which fall due more than one year after being incurred are classified as long-term, and the following year's instalments are classified as short term.

Other liabilities which fall due more than one year after being incurred are classified as long-term, and the following year's instalments are classified as short-term.

Subsidiaries

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Identifiable assets are recognized separately from goodwill and are assets for which it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and the fair value of the asset can be measured reliably. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

KEY FIGURES

(EUR Million)

	1H-2021
Revenue from design and engineering activities	0.7
Total Equity	122.0
Cash and cash equivalents	46.2
Shares - end of period (million)	33.5
Share price (NOK)	40.0
Market cap (NOKm)	1 340.4
Market cap (EURm)	132.7



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