BW ENERGY

HALF-YEAR RESULT

2022

BW ENERGY FIRST HALF-YEAR RESULTS

HIGHLIGHTS

- H1 2022 EBITDA of USD 71.0 million and net profit of USD 19.2 million
- H1 2022 gross production of 2.0 million barrels with 1.5 million barrels net to the Company
- Strong operating cash flow of USD 84.9 million and cash position of USD 123 million at 30 June
- Decision to proceed with Maromba development and agreement to purchase FPSO *Polvo*
- Hibiscus / Ruche development on track for first oil in Q1 2023 with the production unit *BW MaBoMo* (former *Hibiscus Alpha*) under mobilisation to Gabon
- Agreement to acquire Golfinho and Camarupim Clusters from Petrobras to add net production of ~9,000 barrels of oil per day from early 2023, with several additional low-risk development opportunities
- Agreement to acquire the FPSO *Cidade de Vitoria*, currently producing on the Golfinho field approved by Saipem and Petrobras
- Signed inaugural Reserve Based Lending facility of up to USD 300 million in August

FINANCIALS

Operating revenues for the first half-year of 2022 amounted to USD 123.2 million, a decrease of USD 20.7 million (USD 143.9 million)[1]. Net sold volumes in the first half of 2022 were 950,000 barrels compared to 1,088,000 barrels in the first half of 2021. Operating expenses were USD 52.2 million, a decrease of USD 11.5 million (USD 63.7 million).

EBITDA for the period was USD 71.0 million (USD 80.2 million). The decrease in EBITDA was largely due to lower sales volumes partly offset by a higher realised oil price compared to the same period in 2021.

Depreciation was USD 28.2 million (USD 34.6 million), mainly related to depreciation of the Tortue oil field. Operating profit for the first half-year was USD 42.8 million compared to USD 45.6 million in first half-year of 2021.

Net financial expense was USD 2.4 million (USD 3.4 million). Tax expense was USD 21.2 million (USD 18.7 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 19.2 million, compared to a profit of USD 23.5 million in the first half-year of 2021.

Total equity at 30 June 2022 was USD 588.9 million, an increase of USD 48.6 million (USD 540.3 million), mainly reflecting profit for the period. The equity ratio was 57.4% (60.7%).

Total available liquidity as of 30 June 2022 amounted to USD 123.3 million of which USD 12.7 million were JV funds.

Net cash inflow from operating activities was USD 84.9 million (USD 74.5 million) in the first half-year. Net cash outflow on investment activities was USD 96.7 million (USD 36.3 million), mainly related to the

[1] Figures presented are compared to previous half-year (first half-year of 2021 in brackets)

Hibiscus / Ruche development. Net cash outflow from financing activities was USD 15.8 million (inflow USD 57.7 million). The cash outflow is related to the payment of lease liabilities.

E&P OPERATION

Dussafu

Gross production from the Tortue field averaged approximately 11,100 barrels of oil per day (12,000) in the first half of 2022, equal to a total gross production of approximately 2 million barrels of oil for the period. The reduction in production compared to the same period last year was mainly due to natural decline, increased downtime for maintenance and limitations to gas lift capacity. These factors more than offset the impact of a full period of production from the two final Tortue phase 2 wells from late 2021.

The shortage of gas lift capacity will continue to impact operations until a new compressor is installed. Installation is expected towards the end of the first quarter of 2023 due to delays in delivery of third-party services. The oil and gas industry supply chain remains impacted by COVID-19 and the war in Ukraine which affects project execution. The Company is focused on managing industry-wide supply chain disruptions and related inflationary pressure on services and materials.

First half production cost (excluding royalties) was approximately USD 35 per barrel. The overall production cost includes approximately USD 2.0 million of costs related to COVID-19 in the period.

E&P DEVELOPMENT

Dussafu

The Hibiscus / Ruche development is progressing towards first oil at the end of the first quarter of 2023. This reflects a delay to the delivery of the *Borr Norve* jack-up rig due to the expected exercise of the final remaining well-options by a third-party and a change out the drilling rig's blow-out-preventer (BOP). BW Energy expects to receive the rig at year-end.

The *BW MaBoMo* (former H*ibiscus Alpha*) conversion was completed in August with the unit currently under mobilisation on a heavy-lift vessel to Gabon. The project was executed at the Lamprell yard in Dubai with approximately 1.9 million manhours and zero loss of time incidents (LTIs), reflecting a strong HSE performance. *BW MaBoMo* is expected to arrive in Gabon at the end of September. The new name of the production unit means "We've found fortune" in local Gabonese dialect.

The gross Hibiscus / Ruche CAPEX expectation is unchanged at approximately USD 425 million. Additional production from the Hibiscus and Ruche fields is expected at approximately 30,000 barrels of oil per day once all six planned wells are in production.

Maromba

In April, the Company decided to proceed with the Maromba development project offshore Brazil. This included the signing of an agreement to purchase the FPSO *Polvo* from BW Offshore for a total consideration of USD 50 million, effective no later than July 2023. The FPSO will be upgraded and redeployed to the field. The unit is currently in layup in Dubai following completion of condition assessment, awaiting yard selection.

The Maromba development plan is based on an initial drilling campaign of three wells, with planned first oil in 2025, and a second campaign for an additional three wells in 2027. The staged development enables improved reservoir monitoring and optimisation of the second drilling campaign. Total oil production at peak annual average is expected between 30-40,000 barrels of oil per day. The final investment decision is subject to completion of the project financing.

Kudu

In Namibia, BW Energy continues to work to optimise the revised plan for the Kudu field development and gas-to-power project based on repurposing a semi-submersible drilling rig as a Floating Production Unit. The rig acquisition was completed in the first quarter of 2022 at USD 14 million. The Company notes that major energy companies have announced significant oil and gas discoveries in neighbouring licenses, confirming the high potential offshore Namibia. In light of these developments, BW Energy has acquired additional 2D seismic data and is currently reviewing all geophysical and well data from previous exploration activities to further develop the Kudu reservoir model and identify potential exploration targets.

CORPORATE MATTERS

In June 2022, BW Energy signed an agreement to acquire 100% operated working interest (WI) in the Golfinho and Camarupim Clusters and 65% WI in the BM-ES-23 block offshore Brazil from Petrobras. The initial cash consideration of USD 3 million was paid at signing with USD 12 million due at closing. Additionally, the Company has agreed contingent payments after closing of up to USD 60 million tied to oil price and production volumes. BW Energy will be the operator in all the concessions. The Company also agreed to acquire the FPSO *Cidade de Vitoria*, producing on the Golfinho field, from Saipem for a cash consideration of USD 73 million paid in instalments. Both transactions are subject to fulfilment or waiver of conditions precedent with an expected closing and effective date in the first quarter of 2023.

The transactions are expected to add approximately 9,000 barrels of oil per day net to BW Energy from early 2023. The Golfinho Cluster has several proven low risk in-field development opportunities with short lead times and substantial potential long-term upside from proven gas accumulations. In addition to increased production and cash generation, the acquisitions are expected to facilitate a solid working relationship with Brazilian regulators and to unlock significant synergies ahead of the Maromba development with the build-up of a local Brazilian operating organisation.

In August, BW Energy signed an international Reserve Based Lending Facility of up to USD 300 million. The funds will initially be used to finance the further development of the Dussafu license offshore Gabon. The facility has an initial commitment of USD 200 million which can be expanded up to an additional USD 100 million. The secured long-term debt facility is provided by a syndicate of five international banks and has a tenor of six years.

RISK

BW Energy’s risk exposure is analysed and evaluated to ensure sound internal control and appropriate risk management based on internal values, policies and code of ethics. The Company is exposed to market risk (including commodity price risk), political risk, credit risk, and liquidity risk. Development of oil and gas fields is associated with risks not limited to, the price of crude oil, cost overruns, production disruptions as well as delays compared to initial plans. Some of the most important risk factors are related to the estimation and recoverability of reserves. Changes to energy prices might influence the economic viability of planned developments and anticipated revenues from the production of such developments.

The overall risk management program focuses on addressing these risks and seeks to minimise potential adverse effects on the Company's financial performance. The most important operational risk factors are related to the operation of Dussafu and the execution of projects, which could lead to accidents and oil spills to the environment if not managed properly. The safe, cost efficient and timely execution of the Hibiscus / Ruche development project is a special focus for the second half of 2022 in light of inflationary pressures and supply chain challenges affecting the global oil and gas value chain.

COMMODITY HEDGES

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

At the beginning of the year, the Company entered into commodity price hedges for a total volume of 1.6 million barrels for 2022 and 2023, of which 59% were for 2022. This is equivalent to approximately 40% of the 2022 forecasted production. The hedges were a combination of swaps and zero-cost collars that will allow for future cash flow stability for ongoing development projects. BW Energy has recognised crude oil hedge losses in the amount of USD 26.2 million for the first half of 2022, of which approximately 42% (USD 10.9 million) were realised in the period. The Company will continue to hedge a portion of its expected production to lock in strong cash flow generation and to assist in funding the planned capital expenditure program.

OUTLOOK

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

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

Energy prices remain at historically high levels despite a softening of macro-economic drivers during 2022 as geopolitical conflict, global supply change challenges, inflation and higher interest global dampen economic growth. This is due to strong underlying global demand combined with the war in Ukraine and sanctions imposed on Russia which have reduced regional energy supply in Europe and created concerns for shortages going into the winter season.

BW Energy expects to create significant value for its stakeholders going forward. Short-term, the focus is on bringing Hibiscus / Ruche to first oil and closing the asset transactions in Brazil. Both are milestones which are expected to provide a substantial increase in oil production from the end of the first quarter of 2023 and onwards. This should further support significant positive cash flow at current oil price levels. The Company's has a solid capital base with the RBL providing additional funding for accretive investment projects.

Bermuda, 24 August 2022

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 2022 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 2022, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year, as well as major related party transactions.

Bermuda, 24 August 2022

Andreas Sohmen-Pao
Chairman

Hilde Drønen

Tormod Vold

Russell Scheirman

Marco Beenen

CONDENSED CONSOLIDATED STATEMENT OF INCOME / (LOSS)

(Unaudited figures in USD million)

	Notes	1H 2022	1H 2021	2021
Total revenues	2	123.2	143.9	271.5
Operating expenses		(52.2)	(63.7)	(124.3)
Operating profit before depreciation, amortisation and sale of assets		**71.0**	**80.2**	**147.2**
Depreciation and amortisation	3,4,7	(28.2)	(34.6)	(62.1)
Impairment		-	-	13.3
Operating profit		**42.8**	**45.6**	**98.4**
Interest income		0.2	0.4	0.7
Net currency gain/(loss)		(1.2)	0.9	0.1
Fair value gain/(loss) on financial instruments		4.9	1.7	2.3
Other financial items	7	(6.3)	(6.4)	(12.7)
Net financial items		**(2.4)**	**(3.4)**	**(9.6)**
Profit/(loss) before tax		**40.4**	**42.2**	**88.8**
Income tax expense		(21.2)	(18.7)	(36.8)
Net profit/(loss) for the period		**19.2**	**23.5**	**52.0**
EARNINGS PER SHARE				
Basic earnings/(loss) per share in USD net		0.07	0.09	(0.04)
Dilluted earnings/(loss) per share (USD) net		0.07	0.09	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(Unaudited figures in USD million)

	1H 2022	1H 2021	2021
Net profit/(loss) for the period	19.2	23.5	52.0
Total comprehensive income for the period	19.2	**23.5**	**52.0**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	6/30/2022	6/30/2021	12/31/2021
Property, plant and equipment	3	425.7	246.5	351.3
Right-of-use assets	7	219.2	211.1	197.2
Intangible assets	4	191.6	134.4	175.2
Derivatives		7.3	1.5	2.1
Other non-current assets		0.8	2.3	1.6
Total non-current assets		**844.6**	**595.8**	**727.4**
Inventories		25.1	13.6	7.4
Trade and other current assets		33.7	64.1	71.8
Cash and cash equivalents		123.3	216.5	150.9
Total current assets		**182.1**	**294.2**	**230.1**
TOTAL ASSETS		**1,026.7**	**890.0**	**957.5**

EQUITY AND LIABILITIES	Notes	6/30/2022	6/30/2021	12/31/2021
Share capital	5	2.6	2.6	2.6
Share premium		550.1	550.1	550.1
Other equity		36.2	(12.4)	16.5
Total equity		**588.9**	**540.3**	**569.2**
Deferred tax liabilities		8.1	5.9	6.9
Long-term lease liabilities	7	245.5	223.1	213.6
Derivatives		4.5	-	-
Asset retirement obligations		14.6	14.7	14.2
Other non-current liabilities		50.3	-	50.3
Total non-current liabilities		**323.0**	**243.7**	**285.0**
Trade and other payables		88.3	86.2	83.7
Tax payables		0.8	0.3	-
Derivatives		10.8	-	-
Short-term lease liabilities	7	14.9	19.5	19.6
Total current liabilities		**114.8**	**106.0**	**103.3**
TOTAL EQUITY AND LIABILITIES		**1,026.7**	**890.0**	**957.5**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited figures in USD million)

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)
Total equity at 30 June 2021	**2.6**	**550.1**	**(12.4)**	**540.3**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited figures in USD million)

	Notes	1H 2022	1H 2021	2021
Profit/(loss) before taxes		40.4	42.2	88.8
Adjustment for:				
Unrealised currency exchange loss/(gain)		1.3	(0.6)	0.5
Depreciation and amortisation	3,4,7	28.2	34.6	62.1
Impairment/(reversal) charges		-	-	(13.3)
Share-based payment expense		0.5	-	0.4
Changes in ARO through income statement		0.4	0.3	0.7
Change in fair value of derivatives		10.1	(1.9)	(2.5)
Add back of net interest expense		(0.2)	(0.4)	(0.7)
Changes in net working capital		24.3	18.4	7.5
Taxes paid in kind		(20.1)	(18.1)	(34.6)
Net cash flow from operating activities		**84.9**	**74.5**	**108.9**
Investment in property, plant & equipment and intangible assets	3,4	(96.9)	(36.7)	(121.2)
Interest received		0.2	0.4	0.7
Net cash flow used in investing activities		**(96.7)**	**(36.3)**	**(120.5)**
Proceeds from share issue	5	-	75.0	75.0
Transaction costs on issue of shares	5	-	(1.4)	(1.4)
Payment of lease liabilities	7	(15.8)	(15.9)	(31.7)
Net cash flow used in financing activities		**(15.8)**	**57.7**	**41.9**
Net change in cash and cash equivalents		**(27.6)**	**95.9**	**30.3**
Cash and cash equivalents at beginning of period		150.9	120.6	120.6
Cash and cash equivalents at end of period		**123.3**	**216.5**	**150.9**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Figures in brackets refer to corresponding figures for 2021)

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 2022 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 24 August 2022.

Basis of preparation

These interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021 (‘last annual financial statements’). They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

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 2021.

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 plus crude oil hedge counterparts. Revenue from contracts below is net of Gain/(Loss) from crude oil hedges. All revenue originates in Africa. BW Energy Group does currently only have one segment.

	1H 2022	1H 2021	2021
Revenue from contracts with customers	98.2	122.0	228.4
Other revenue	25.0	21.9	43.1
Total revenue	**123.2**	**143.9**	**271.5**

Note 3 – Property plant and equipment

	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2022	121.5	229.5	0.4	351.4
Additions and changes in asset retirement cost *)	80.4	7.8	0.5	88.7
Current year depreciation	-	(14.3)	(0.1)	(14.4)
At 30 June 2022	**201.9**	**223.0**	**0.8**	**425.7**

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

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

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

	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
Current year depreciation	-	(18.8)	(0.1)	(18.9)
At 30 June 2021	**65.9**	**180.2**	**0.4**	**246.5**

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

Note 4 – Intangible assets

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

E&P additions in the first half-year 2022 mainly relates to development of the Dussafu oil field in Gabon. Other additions relate to Intellectual Property agreement described in note 9.

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

	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
Current year amortisation	(0.3)	-	(0.3)
At 30 June 2021	**5.8**	**128.6**	**134.4**

Note 5 – Capital and reserves

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

Note 6 – Acquisitions and disposals

Proceeds with phased Maromba development and agreement to purchase FPSO

BW Energy has decided to proceed with the Maromba development project offshore Brazil and signed an agreement to purchase the FPSO Polvo from BW Offshore. The FPSO will be upgraded and redeployed on the field. The development plan is based on an initial drilling campaign of three wells with planned first oil in 2025 and a second campaign with a further three wells in 2027. The investment decision is subject to certain conditions precedent, including completion of the project financing.

Acquisition of Golfinho and Camarupim Clusters offshore Brazil

BW Energy has signed an agreement to purchase the Golfinho and Camarupim Clusters offshore Brazil from Petrobras. The acquisition is expected to add approximately 9,000 barrels of oil per day of oil production from early 2023. The Golfinho Cluster has several proven low risk in-field development opportunities with short lead times and substantial potential long-term upside from proven gas accumulations. The transaction is subject to fulfilment or waiver of conditions precedent with an expected closing and effective date in the first quarter of 2023.

Agreement to acquire the FPSO Cidade de Vitoria

BW Energy has signed an agreement to acquire the FPSO Cidade de Vitoria from Saipem for a cash consideration of USD 73 million. The transaction is subject to fulfilment or waiver of conditions precedents with an expected closing and takeover of the FPSO in the first quarter of 2023. The transaction will accelerate BW Energy's build-up of a local operating organisation in Brazil and increase stakeholder engagement ahead of the Maromba development.

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. Additions in the first half-year of 2022 is mainly related to the agreement to purchase the FPSO Polvo (reference to note 6).

Right-of-use assets and Lease liabilities

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

	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2021	**1.1**	**225.4**	**226.5**	**252.2**
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)**
Balance at 30 June 2021	**0.7**	**210.4**	**211.1**	**242.6**

Lease payments of USD 15.8 million (USD 15.9 million) consist of lease instalments of USD 8.9 million (USD 9.6 million) and interest expense of USD 6.9 million (USD 6.3 million).

Note 8 – Commitments

Total unrecognised contractual capital commitments on 30 June 2022 amounted to USD 75.5 million (corresponding figure for 30 June 2021 was USD 67.2 million). The commitment included committed contract values for the development of the Dussafu field.

Note 9 – Related party transactions

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 37.2 million for the first half-year of 2022 (USD 32.8 million).

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

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

The agreement is built on an earn out model with a defined set of performance targets primarily revolving around time weighted payback on equity for the original shareholders, which would entitle SPP further payments conditional upon these targets being met. Nominal payments under the original agreement amount to a maximum of USD 75 million of which USD 7.5 million was paid in 2018 and USD 5 million was paid in first half 2022.

BW Energy has decided to proceed with the Maromba development project offshore Brazil and signed an agreement to purchase the FPSO Polvo from BW Offshore, reference to note 6.

Note 10 – Subsequent events

On 9 August 2022 the Company signed an Inaugural Reserve Based Lending Facility of up to USD 300 million. The funds will initially be used to finance the further development of the Dussafu license offshore Gabon. The facility has an initial commitment of USD 200 million which can be expanded up to an additional USD 100 million. The secured long-term debt facility has been provided by a syndicate of five international banks and has a tenor of six years.

On 23 August 2022 the Company announced the sail away of the BW MaBoMo (formerly Hibiscus Alpha) offshore production facility. The production facility is currently onboard a heavy-lift vessel in transit to the Dussafu license offshore Gabon where it will be installed to produce oil from the Hibiscus and Ruche fields.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

EBIT

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

EBITDA

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

USD MILLION	1H 2022	1H 2021	2021
Total revenues	123.2	143.9	271.5
Operating expenses	(52.2)	(63.7)	(124.3)
Operating profit before depreciation, amortisation, impairment and sale of asset (EBITDA)	71.0	80.2	147.2
Depreciation and amortisation	(28.2)	(34.6)	(62.1)
Impairment	-	-	13.3
Net gain/(loss) on sale of tangible fixed assets			-
Operating profit (EBIT)	42.8	45.6	98.4

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 2022	1H 2021	2021
Property and other equipment	88.7	25.9	44.1
Intangible assets	18.5	24.5	151.9
Total capital expenditures	107.2	50.4	196.0
Change in working capital	10.3	(12.3)	(74.3)
Asset retirement cost	-	(1.4)	(0.5)
Investment in property, plant and equipment and intangible assets	96.9	36.7	121.2

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.