



HALF-YEAR  
RESULTS

**2020**

## BW ENERGY FIRST HALF-YEAR RESULTS

### HIGHLIGHTS

- EBITDA of USD 36.5 million with cash position of USD 127.6 million
- Safeguarding people, operations and assets amid COVID-19 pandemic
- Successfully completed Initial Public Offering, raising net USD 121 million
- First oil from the Tortue Phase 2 wells, DTM-4H and DTM-5H
- Deferred completion of Tortue Phase 2 wells DTM-6H and DTM-7H due to covid-19 restrictions to performance of work
- H1 2020 gross production of 2.5 million barrels with 1.5 million barrels net to the Company
- Sold 1 million barrels of net oil in H1 2020 compared to 1.8 million barrels in H1 2019
- Non-cash impairment of USD 10.7 million for Kudu asset

### FINANCIALS

Operating revenues for the first half-year of 2020 amounted to USD 54.2 million, a reduction of USD 86.0 million (USD 140.2 million)<sup>1</sup>.

Operating expenses were USD 17.7 million, a reduction of USD 23.2 million (USD 40.9 million).

EBITDA for the period was USD 36.5 million (USD 99.3 million). The reduction in EBITDA was largely due to lower oil price and fewer liftings in first-half 2020 compared to the same period in 2019.

Depreciation was USD 32.2 million (USD 39.7 million), mainly related to depreciation of the Dussafu oil field. Due to lower energy prices, the company recognised a USD 10.7 million non-cash impairment reflecting the full value of the Kudu asset.

Operating loss for the first half-year was USD 7.6 million compared to a profit of USD 59.9 million in first half-year of 2019.

Net financial expense was USD 9.1 million (USD 4.6 million).

Tax expense was USD 12.5 million (USD 19.0 million). A majority of the tax expenses relates to the operation of the Dussafu PSC arrangement in Gabon.

Net loss for the first half-year was USD 29.2 million, compared to a profit USD 36.3 million in the first half-year of 2019.

Total equity at 30 June 2020 was USD 455.3 million, an increase of USD 165.9 million (USD 289.4 million), mainly reflecting USD 121.2 of net new equity raised in the February 2020 IPO. The equity ratio was 58.7% (51.5%) at the end of the first half-year.

Total available liquidity as of 30 June 2020 amounted to USD 127.6 million of which USD 4.9 million are JV funds.

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<sup>1</sup> Figures presented are compared to previous half-year (first half-year of 2019 in brackets)

Net cash inflow from operating activities was USD 26.3 million (USD 116.4 million) in the first half-year. Net cash outflow on investment activities was USD 58.6 million (USD 3.2 million), mainly related to the Tortue Phase 2 development. Net cash inflow from financing activities was USD 78.9 million (outflow USD 24.2 million). The increase mainly reflects net proceeds from the IPO.

## **E&P OPERATION**

### **Dussafu**

Production in the first half of 2020 was modestly affected by COVID-19 and averaged 13,730 bopd gross and 8,380 bopd net to the company. BW Energy and partners lifted two cargos in the first half of 2020 for a total of 1,339,984 barrels of oil.

Dussafu daily operations continue to perform in line with expectations with four wells (DTM-2H, DTM-3H, DTM-4H and DTM-5H) producing at a current rate of approximately 18,000 bbls/day (gross) of oil to the FPSO BW Adolo.

Gross production from Tortue averaged 15,991 bbls/day for the second quarter of 2020 and total gross production was 1,455,230 bbls of oil. One lifting was completed by BW Energy in the quarter realising an average price of about USD 41 per barrel. Production cost (excluding royalty) was USD 17 per barrel.

BW Energy's net entitlement was 1,526,337 bbls of oil in the first half of 2020. Net sold volumes, which are the basis for revenue recognition in the financial statement, were 1,025,004 bbls (excluding State Profit Oil), reflecting an overlift position of 19,885 bbls at the end of the period. The only lifting to BW Energy in the second quarter took place in June at a higher average realised oil price compared to the first quarter. In July, one lifting was executed by JV partner Gabon Oil Company on behalf of itself and the State of Gabon. The next lifting for BW Energy is scheduled to take place by end of August.

Contingency plans and procedures are in place to minimise the impact on COVID-19 on people and operations. In late June, nine persons onboard the BW Adolo tested positive for the coronavirus and were evacuated onshore. The FPSO was shut down for four days for deep cleaning before a new crew was brought aboard and production resumed. All those who tested positive for COVID-19 received medical attention and recovered without any complications.

## **E&P DEVELOPMENT**

### **Dussafu**

Drilling of the DTM-6H well was completed in March and final installation program was scheduled for June this year. However, the COVID-19 situation and restrictions in international travel have limited movement of essential personnel, subcontractors and equipment, thus the Company has deferred the tie-in of DTM-6H well and suspended drilling of DTM-7H and the planned exploration well. It is still uncertain when restrictions will be lifted and DTM-6H can be hooked up to the FPSO BW Adolo and the drilling program resumed. The Company has entered into a Letter of Intent with Borr Drilling for the resumption of drilling activities as soon as restrictions are lifted.

### **Maromba**

BW Energy holds a 100% operated working interest in the Maromba license since September 2019. Following the success at Dussafu, BW Energy plans to develop the license in phases, thereby minimising up-front capital expenditure, accelerating time to first oil, and allowing production and the supporting organisation to grow organically. Phasing will provide reservoir performance data which will be used to

optimise future development phases. The company continues to progress the development towards approval by the Brazilian regulator. The Company's development plan for Maromba has been submitted by ANP Management to their Board for approval.

#### **Kudu**

BW Energy entered into a farm-in agreement for a 56% operated interest in early 2017, with NAMCOR holding a 44% joint venture interest. BW Energy has signed a Heads of Term agreement with NAMCOR to acquire up to 95% interest in the licence. BW Energy is continuing its efforts to develop this resource commercially.

#### **CORPORATE MATTERS**

On 19 February 2020, BW Energy was listed on the Oslo Stock Exchange. Through the IPO, the company raised net USD 121 million in new equity. Free float after completion of the offering is approximately 25%. Following the offering, BW Offshore holds 38.8% and BW Group Limited 35.1% of BW Energy, respectively. The listing of BW Energy and related capital raise ensures that the E&P business is financed on a stand-alone basis, enabling BW Energy to deploy capital towards accretive projects. This positions BW Energy to capture significant value creation going forward.

#### **OUTLOOK**

COVID-19 pandemic and the significant decrease in oil prices have created challenges for the industry. BW Energy's imperatives have been to safeguard people and operations, and to ensure the company's financial robustness and -flexibility. BW Energy has decided to defer the Ruche Phase 1 development due to the effect of the COVID-19 restrictions on project operations. BW Energy's revised capital spending program for 2020 now amounts to approximately USD 110 million. The company maintains a robust balance sheet with no bank debt and a cash balance of USD 127.6 million end June.

BW Energy has continued the process to establish a reserve-based lending (RBL) facility with a syndicate of leading banks. The RBL facility will have a six-year term, with an initial amount of USD 200 million plus an accordion of USD 100 million. The facility will be concluded as soon as conditions allow project activities to resume.

Total Dussafu production for 2020 is projected to be 15,000 – 16,000 barrels per day (gross) based on four producing wells, compared to 11,800 barrels per day on average in 2019. OPEX per barrel is expected to decrease to approximately USD 17-18 per barrel, compared to USD 21 per barrel on average for 2019. The connection and completion of the last two Tortue wells (DTM-6H and DTM-7H) have been deferred to early 2021 with first oil expected in Q2 2021. The Ruche project will be reactivated as current COVID-19 restrictions are lifted.

Bermuda, 25 August 2020

Andreas Sohmen-Pao  
Chairman

Marco Beenen

Hilde Drønen

Russell Scheirman

Tormod Vold

## **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 2020 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 2020, 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, 25 August 2020

Andreas Sohmen-Pao  
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## CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited figures in USD million)

	Notes	1H 2020	1H 2019	2019
Total revenues	2	54.2	140.2	282.4
Operating expenses		(17.7)	(40.9)	(90.7)
<b>Operating profit before depreciation, amortisation and sale of assets (EBITDA)</b>		<b>36.5</b>	<b>99.3</b>	<b>191.7</b>
Depreciation and amortisation	3,4,7	(32.2)	(39.7)	(74.7)
Impairment	4	(10.7)	-	-
Net gain/(loss) on sale of tangible fixed assets		(1.2)	0.3	0.3
<b>Operating profit/(loss) (EBIT)</b>		<b>(7.6)</b>	<b>59.9</b>	<b>117.3</b>
Interest income		0.6	1.0	2.0
Interest expense		-	(0.2)	(0.7)
Net currency gain/(loss)		(1.2)	(0.2)	2.1
Other financial items	7	(8.5)	(5.2)	(9.4)
<b>Net financial items</b>		<b>(9.1)</b>	<b>(4.6)</b>	<b>(6.0)</b>
<b>Profit/(loss) before tax</b>		<b>(16.7)</b>	<b>55.3</b>	<b>111.3</b>
Income tax expense		(12.5)	(19.0)	(38.8)
<b>Net profit/(loss) for the period</b>		<b>(29.2)</b>	<b>36.3</b>	<b>72.5</b>
Attributable to shareholders of the parent		(29.2)	24.6	58.0
Attributable to non-controlling interests		-	11.7	14.5
<b>Net profit/(loss) for the period</b>		<b>(29.2)</b>	<b>36.3</b>	<b>72.5</b>
<b>EARNINGS PER SHARE *)</b>				
Basic earnings/(loss) per share in USD net		(0.13)	0.13	0.31
Diluted earnings/(loss) per share (USD) net		(0.13)	0.13	0.31

\*) Prior to the legal reorganisation on 11 October 2019, BW Energy Group was not a legal group for consolidated financial reporting purposes in accordance with IFRS 10. Earnings per share in 2019 is based on as if BW Energy Group was a legal group from 1 January 2019.

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

(Unaudited figures in USD million)

	1H 2020	1H 2019	2019
<b>Net profit/(loss) for the period</b>	(29.2)	36.3	72.5
Items to be reclassified to profit or loss:			
Currency translation differences	-	0.3	0.4
<b>Net items to be reclassified to profit or loss:</b>	<b>-</b>	<b>0.3</b>	<b>0.4</b>
<b>Total comprehensive income for the period</b>	<b>(29.2)</b>	<b>36.6</b>	<b>72.9</b>
Attributable to shareholders of the parent	(29.2)	24.9	58.4
Attributable to non-controlling interests	-	11.7	14.5
<b>Total comprehensive income for the period</b>	<b>(29.2)</b>	<b>36.6</b>	<b>72.9</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2020	30.06.2019	31.12.2019
Property, plant and equipment	3	252.4	184.2	216.5
Right-of-use assets	7	234.6	177.6	237.1
Intangible assets	4	100.7	37.1	96.7
Other non-current assets		6.8	3.0	-
<b>Total non-current assets</b>		<b>594.5</b>	<b>401.9</b>	<b>550.3</b>
Inventories		8.6	6.9	9.4
Trade and other current assets	9	45.6	30.5	97.1
Cash and cash equivalents		127.6	97.3	81.0
Assets held for sale	6	-	25.1	-
<b>Total current assets</b>		<b>181.8</b>	<b>159.8</b>	<b>187.5</b>
<b>TOTAL ASSETS</b>		<b>776.3</b>	<b>561.7</b>	<b>737.8</b>
<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>31.12.2019</b>
Share capital	5	2.3	-	1.9
Share premium		475.4	-	349.3
Other equity		(22.4)	198.0	11.9
<b>Total equity attributable to shareholders of the parent</b>		<b>455.3</b>	<b>198.0</b>	<b>363.1</b>
Non-controlling interests		-	91.4	-
<b>Total equity</b>		<b>455.3</b>	<b>289.4</b>	<b>363.1</b>
Deferred tax liabilities		4.0	0.9	3.1
Long-term related parties payables	9	-	10.2	27.6
Long-term lease liabilities	7	235.4	162.6	228.0
Derivatives		2.0	-	-
Asset retirement obligations		12.7	15.3	8.9
<b>Total non-current liabilities</b>		<b>254.1</b>	<b>189.0</b>	<b>267.6</b>
Trade and other payables	9	51.0	64.3	90.5
Tax payables		0.1	-	-
Short-term lease liabilities	7	15.8	19.0	16.6
<b>Total current liabilities</b>		<b>66.9</b>	<b>83.3</b>	<b>107.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>776.3</b>	<b>561.7</b>	<b>737.8</b>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 30 June 2019	Owners net investment	Share capital	Share premium	Currency translation reserve	Retained earnings/ Net assets	Share-holders equity	Non-controlling interests	Total equity
Equity at 1 January 2019	152.5	-	-	(0.4)	-	152.1	77.4	229.5
Profit/(loss) for the period	-	-	-	-	24.6	24.6	11.7	36.3
Additional contributed capital	21.0	-	-	-	-	21.0	-	21.0
Other comprehensive income/(loss)	-	-	-	0.3	-	0.3	-	0.3
Transactions with non-controlling interests	-	-	-	-	-	-	2.3	2.3
<b>Total equity at 30 June 2019</b>	<b>173.5</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>24.6</b>	<b>198.0</b>	<b>91.4</b>	<b>289.4</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited figures in USD million)

	Notes	1H 2020	1H 2019	2019
Profit/(loss) before taxes		(16.7)	55.3	111.3
<i>Adjustment for:</i>				
Unrealised currency exchange loss/(gain)		1.1	0.2	(2.0)
Depreciation and amortisation	3,4,7	32.2	39.7	74.7
Impairment	4	10.7	-	-
Loss/ (gain) on sale of property, plant and equipment		1.2	(0.3)	(0.3)
Changes in ARO through income statement		0.3	0.4	0.2
Change in fair value of derivatives		2.0	-	-
Add back of net interest expense		(0.6)	(1.0)	(2.0)
Changes in trade and other current assets		51.5	9.1	(57.7)
Changes in trade and other current liabilities		(39.5)	13.5	82.2
Changes in inventory		0.7	11.6	9.2
Changes in other balance sheet items and items related to operating activities		(5.0)	6.9	24.1
Taxes paid in kind		(11.6)	(19.0)	(36.5)
<b>Net cash flow from operating activities</b>		<b>26.3</b>	<b>116.4</b>	<b>203.2</b>
Investment in property, plant & equipment and intangible assets	3,4	(59.2)	(32.8)	(152.5)
Proceeds from disposal of property, plant & equipment	6	-	28.6	44.5
Interest received		0.6	1.0	2.0
<b>Net cash flow used in investing activities</b>		<b>(58.6)</b>	<b>(3.2)</b>	<b>(106.0)</b>
Proceeds from interest-bearing debt	9	-	16.7	30.2
Repayment of interest-bearing debt	9	(27.5)	(28.6)	(28.6)
Proceeds from share issue	5	122.8	-	-
Net transaction costs on issue of shares	5	(1.4)	-	-
Proceeds from transactions with non-controlling interests		-	1.3	1.3
Payment of lease liabilities	7	(15.0)	(13.6)	(27.4)
<b>Net cash flow used in financing activities</b>		<b>78.9</b>	<b>(24.2)</b>	<b>(24.5)</b>
<b>Net change in cash and cash equivalents</b>		<b>46.6</b>	<b>89.0</b>	<b>72.7</b>
Cash and cash equivalents at beginning of period		81.0	8.3	8.3
<b>Cash and cash equivalents at end of period</b>		<b>127.6</b>	<b>97.3</b>	<b>81.0</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Figures in brackets refer to corresponding figures for 2019)

### 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 (Norway). These condensed interim consolidated financial statements ('interim financial statements') as at and for the six months ended 30 June 2020 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 25 August 2020.

#### Basis of preparation

These interim financial statements for the six months ended 30 June 2020 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 2019 ('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 2019.

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. The ongoing COVID-19 pandemic and the oil price decline in the first half of 2020 create additional estimation uncertainties and impact key assumptions applied in the valuation of assets and the measurement of liabilities and related sensitivities. Reference to Note 10 Impact of the COVID-19 pandemic and the oil price decline for further information.

### Note 2 – Revenue

The BW Energy Group generates revenue primarily from sale of crude oil. BW Energy Group has two customers. All revenue originates in Africa. BW Energy Group does currently only have one segment.

	1H 2020	1H 2019	2019
Revenue from contracts with customers	38.8	118.8	241.1
Other revenue	15.4	21.4	41.3
<b>Total revenue</b>	<b>54.2</b>	<b>140.2</b>	<b>282.4</b>

### Note 3 – Property plant and equipment

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

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

E&P additions and reclassification in the first half-year 2020 mainly relates to development of the Dussafu oil field in Gabon.

	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2019	5.2	176.9	0.3	182.4
Additions	25.9	(0.5)	-	25.4
Reclassification from intangible assets	1.6	-	-	1.6
Current year depreciation	-	(21.7)	-	(21.7)
Reclassification to assets held for sale	-	(3.4)	(0.1)	(3.5)
<b>At 30 June 2019</b>	<b>32.7</b>	<b>151.3</b>	<b>0.2</b>	<b>184.2</b>

Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using unit of production. Since the assets are used in the production process, the variance is considered to be a part of the crude oil inventory and crude oil underlift value. As of 30 June 2019, USD 0.2 million of depreciation was included in inventory in the condensed consolidated statement of financial position.

#### Impairment

An impairment trigger assessment was performed due to the significant drop in oil price following considerable demand side effect related to COVID-19. Dussafu assets were tested at various oil prices reflective of the market and taking into account current expectations of investment restart. Impairment assessment concluded that Dussafu did not require any impairment of current book values. The Dussafu asset being in production carries a low per barrel cost break-even.

### Note 4 – Intangible assets

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

## Impairment

During the first half-year, an impairment trigger assessment was performed due to significant drop in oil price following considerable demand side effect related to COVID-19. Both Dussafu and Maromba assets were tested at various oil prices reflective of the market, and taking into account current expectations of investment restart. Impairment assessment concluded that neither Dussafu nor Maromba required any impairments of current book values. The Dussafu asset being in production carries a low per barrel cost break-even and Maromba has yet to see material investments. Management has no immediate plans to develop the Kudu asset in the foreseeable future and therefore impaired the asset in full amounting to USD 10.7 million.

	Other intangible assets	E&P exploration and evaluation expenditures	Total intangible assets
At 1 January 2019	7.3	28.3	35.6
Additions	-	5.5	5.5
Reclassification to tangible assets	-	(1.6)	(1.6)
Current year amortisation	(0.3)	-	(0.3)
Reclassification to assets held for sale	-	(2.1)	(2.1)
<b>At 30 June 2019</b>	<b>7.0</b>	<b>30.1</b>	<b>37.1</b>

## Note 5 - Equity

On 19 February 2020, BW Energy Limited was publicly listed on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "Oslo Stock Exchange"). The Group raised USD 122.8 million in equity capital through the share issue.

BW Energy issued 46,904,200 new common shares, each with a par value of USD 0.01. The authorised share capital of BW Energy is USD 3,000,000 consisting of 300,000,000 shares with a par value of USD 0.1 each, of which 234,304,300 shares have been issued following the issuance of the new shares.

Share capital: issued and fully paid	USD THOUSAND
At 31 December 2019	1,874
Share issue 2020	469
At 30 June 2020	2,343

Transactions costs on the share issue was USD 5.1 million. In connection with the Offering, a total of 7,035,630 shares were borrowed from BW Offshore Limited. During a stabilisation period from 19 February to 19 March a total of 7,035,630 shares were purchased at an average price of NOK 18.6059 per share, resulting in a gain of USD 3.7 million, included in share premium. Following the stabilisation period, the shares were redelivered to BW Offshore Limited.

## Note 6 – Acquisitions and disposals

### Maromba

In March 2019, the BW Energy Group entered into agreements to acquire 100% of the Maromba license in Brazil field offshore Brazil for a total acquisition cost of USD 115 million from Petrobras (70%) and Chevron (30%). On 17 August 2019, the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) granted BW Energy status as operator in Brazil and approved the transfer of Chevron and Petrobras' participating interest in the Maromba field to BW Energy. This approval as operator satisfies the main condition precedent for the closing of the Maromba field acquisition, resulting in the payment of the first milestone of USD 30 million to Chevron and Petrobras. The total acquisition price for the Maromba field is USD 115 million, which will be paid over three

milestones as the development progresses towards first oil. The second milestone (USD 25 million) is due at start of drilling activities and the third milestone (USD 60 million) is due at first oil or 3 years after the start of drilling activities, whichever comes first. These considerations will be recognised when it becomes probable that the conditions will be satisfied.

### Tullow back-in

In December 2019, Tullow exercised its 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC), reducing BW Energy's ownership of the Dussafu license to 73.5%. The exercise of the back-in right was subject to Tullow reimbursing the other Parties for its share of historic costs related to the Dussafu development. The total amount has been disputed by the Parties. However, the Parties reached an agreement for the undisputed share of the costs, representing a total of USD 40.9 million as at the end of 2019. The net amount paid by Tullow to the existing partners was USD 19.8 million, of which BW Energy's share was USD 15.9 million. Negotiations are ongoing to resolve the disputed costs, which amount to an additional USD 18.7 million in which BW Energy Group's share amounts to USD 15.3 million. A receivable is recognised in the consolidated statement of financial position based on management's best estimate. If an agreement is not reached, then the dispute will be submitted to a simplified arbitration. BW Energy Group's share of the disputed costs is 81.67%.

### Note 7 – Leases

BW Energy Group leases office premises, apartments, warehouses and vessels. Leases of office premises, warehouse and apartments generally have lease terms between 1 and 3 years, while vessels have lease terms between 2 and 20 years.

BW Energy Group has leases of certain office equipment (i.e., personal computers, printing- and photocopying machines, coffee machines) that are considered of low value.

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

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

	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
<b>Balance at 1 January 2019</b>	<b>0.7</b>	<b>189.5</b>	<b>190.2</b>	<b>190.2</b>
Additions	0.5	-	0.5	0.5
Depreciation expense	(0.3)	(12.8)	(13.1)	n/a
Interest expense	n/a	n/a	n/a	4.5
Lease payments	n/a	n/a	n/a	(13.6)
<b>Balance at 30 June 2019</b>	<b>0.9</b>	<b>176.7</b>	<b>177.6</b>	<b>181.6</b>

Lease payments of USD 15.0 million (USD 13.6 million) consist of lease instalments of USD 9.1 million (USD 9.1 million) and interest expense of USD 5.9 million (USD 4.5 million).

## Note 8 – Commitments

Total unrecognised contractual capital commitments at 30 June 2020 amounted to USD 41.3 million (corresponding figure for 30 June 2019 was USD 161.7 million). The commitment included committed contract values for the development of the Dussafu field.

## Note 9 – Related party transactions

On 19 February 2020, BW Energy Limited was publicly listed on Oslo Børs, and BW Group Limited was allocated 6,378,971 Offer Shares, which is equivalent to NOK 156 million (approximately USD 17 million). BW Offshore Limited resolved to distribute approximately 37,741,000 shares in BW Energy (the “Dividend Shares”) to the eligible BW Offshore shareholders (the “BW Offshore Dividend Distribution”). The total value of the Dividend Shares is approximately NOK 921 million (approximately USD 100 million).

The following primary insiders of BW Energy have been allocated shares in the Company (“Shares”) in the Offering in accordance with the terms set out in the prospectus dated 29 January 2020 and the supplementary prospectus dated 13 February 2020:

- Carl K. Arnet, BWE CEO, has been allocated 204,918 Shares in the Offering and 471,369 Shares as dividends from BW Offshore, increasing his holding of Shares at the time of Listing to a total of 2,406,288 Shares. In addition, close associates of Carl K. Arnet received 16,324 Shares as dividend from BW Offshore.
- Knut R. Sæthre, BWE CFO, has been allocated 81,967 Shares in the Offering and 25,507 Shares as dividends from BW Offshore, and his holding at the time of listing was 107,474 Shares.
- Lin G. Espey, BWE COO, has been allocated 20,491 Shares.
- BW Offshore Limited, a major shareholder represented on the board of BW Energy, holds approximately 90,839,066 Shares (38.77%) following the Offering and distribution of dividends

During the first half-year of 2020, BW Energy Group repaid short-term loans of USD 27.5 million to BW Offshore Singapore Pte. Ltd. In the same period, BW Offshore Singapore Pte. Ltd. repaid a loan to BW Energy Group of USD 20.9 million.

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 31.3 million for the first half-year of 2020 (USD 30.1 million).

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

## Note 10 - COVID-19

BW Energy completed first half of 2020 with outstanding performance and financial stability. The company raised USD 121 million through its successful listing on Oslo Stock Exchange in February 2020 and completed two additional producing wells from its Tortue field in Dussafu Block. These achievements placed BW Energy in a strong operational and financial position to survive through global pandemic of COVID-19, and the significant drop in price of crude oil.

In order to maintain strong financial strength, ensure well-being of its people, and to secure its assets during these unprecedented times caused by COVID-19, BW Energy made significant changes to its investment strategy and operational outlook.

2020 CAPEX has been reduced from USD 250 million to USD 110 million. This reflects postponing installation for DTM-6H drilled in Q1, drilling of DTM-7H and the subsequent exploration well. As a result, the Dussafu

production projection for 2020 has been lowered to 15,000 - 16,000 bbls/day (gross) based on four producing wells. The Ruche project was also deferred until efficient project execution can be assured.

The Maromba project activities have also been limited and refocused to progress on government approvals and optimisation of the field development plan with respect to investment, operational costs, and schedule.

To further manage strong financial position, BW Energy has successfully reduced operational costs, by negotiated cost reductions with suppliers, cost sharing with other operators, and controlled G&A.

Several months into the COVID-19 pandemic, BW Energy's financial and operational position continues to be steady, and the company remains well positioned for growth and value generation for its shareholders.

## ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

### EBIT

EBIT, as defined by BW Energy Group, means earnings before interest and tax. Reference to Condensed Consolidated Statement of Income in the Financial Statements for calculation of EBIT.

### EBITDA

EBITDA, as defined by BW Energy Group, means EBIT excluding depreciation and amortisation, impairment and disposal and gain from sale of tangible fixed asset. EBITDA may differ from similarly titled measures from other companies. Reference to Condensed Consolidated Statement of Income in the Financial Statements for calculation of EBITDA.

### Capital expenditures

Capital expenditures means investments in E&P assets, intangible assets and property and other equipment, including asset retirement cost. Capital expenditure may differ from investment in property, plant and equipment and intangible assets presented in the Consolidated Statement of Cash Flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	1H 2020	1H 2019	2019
Property and other equipment	49.6	25.4	76.1
Intangible assets	15.0	5.5	68.5
<b>Total capital expenditures</b>	<b>64.6</b>	<b>30.9</b>	<b>144.6</b>
Adjustment between periods	(1.8)	-	-
Asset retirement cost	(3.6)	1.9	7.9
<b>Investment in property, plant and equipment and intangible assets</b>	<b>59.2</b>	<b>32.8</b>	<b>152.5</b>

### Equity ratio

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