



**ANNUAL
REPORT**

2020

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2020 in brief

BW Energy is an exploration and production (E&P) company involved in the acquisition, development and production of proven oil and natural gas fields, and currently holds majority interests in three hydrocarbon licenses in Gabon, Brazil and Namibia. The Company concentrates on proven hydrocarbon fields with significant upside potential to leverage in-house technical, operational and basin expertise with repurposed infrastructure. BW Energy's team of highly skilled E&P professionals in all disciplines have demonstrated success in major basins around the world.

BW Energy is a Bermuda registered company which listed on the Oslo Stock Exchange on 19 February 2020. It has technical, financial and operational offices located in Norway, Singapore, Gabon, Brazil, Namibia and the United States. BW Energy is committed to conducting its business safely and in an environmentally, socially and ethically responsible manner.

Key events

- BW Energy established as an independent E&P company listed on the Oslo Stock Exchange
- Raised USD 121 million net proceeds of growth capital in the February 2020 Initial Public Offering (IPO)
- Maintained good uptime of the FPSO BW Adolo and robust production from the Tortue field in Gabon during the COVID-19 pandemic
- Tortue Phase 2 wells DTM-4H and DTM-5H began production in March 2020
- In March 2020, BW Energy paused its development plans due to safety and logistical challenges resulting from COVID-19
- Pivoted Hibiscus/Ruche development project, saving an estimated USD 100 million gross with conversion of a jack-up drilling rig to a production facility
- Purchased two jack-up drilling rigs, one for use on Ruche/Hibiscus development project, the other for a future development
- Brazil's ANP Board (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis) approved the Maromba Field Development Plan in August 2020
- Farm-up agreement to increase BW Energy ownership to 95% in the Kudu gas field offshore Namibia was signed and is awaiting government approval
- Raised USD 74 million net proceeds of growth capital in January 2021 private placement

Key figures 2020

Certified net Reserves and Resources	mmbbls	243
Field Production	mmbbls	5.2
Field Uptime		86%
Lost time injuries (LTIs including contractors)		5
Operating Revenue	USD million	160.3
EBITDA	USD million	87.0
EBIT (non-GAAP)	USD million	1.7
Net profit/(loss)	USD million	(41.1)
Total Assets	USD million	763.1
Equity	USD million	443.2
Equity Ratio		58.1%
Market capitalisation	NOK million	6,466

Strategy

In its short history, BW Energy has evolved into a full-cycle independent oil and gas E&P company.

BW Energy believes the world will require continued safe and efficient supply of oil and gas for transportation and production of food, chemicals and other products required in modern societies for a growing world population. The company recognises the ongoing energy transition and the need to decarbonize societies over time to mitigate long-term climate change.

By employing an infrastructure-led development strategy, BW Energy is uniquely positioned to unlock already existing, undeveloped discoveries. The development philosophy enables organic growth combined with short cycle returns, reduced capital exposure and lower risk project delivery, while yielding world class returns at the forward price of oil and gas.

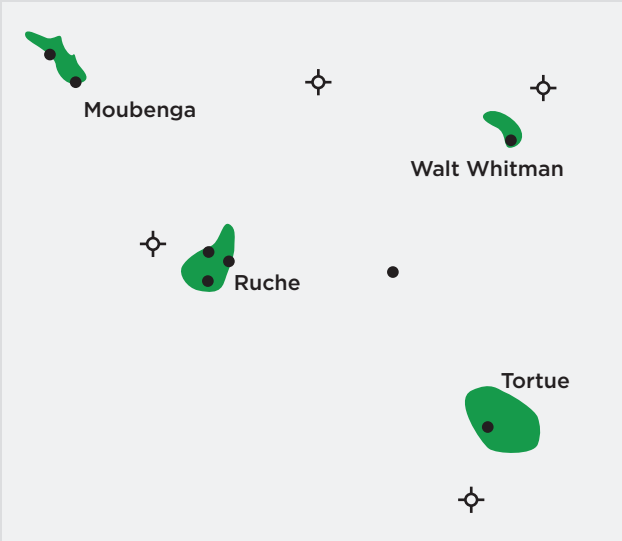
BW Energy strives to be a good corporate citizen through the re-use of existing energy production infrastructure on discovered but not yet developed oil and gas deposits, thereby minimising the carbon footprint in field developments.

The business model

BW Energy's proven business model is designed to deliver superior returns and growth at modest investment levels, using proven and tested development concepts and existing infrastructure. Once an asset has been de-risked through the initial phase of production, the asset can be further advanced and monetized through phased developments. The differentiated business model has proven efficient in gaining access to opportunities deemed non-commercial and relinquished by other oil companies. This allows for lower entry costs.

The Company's objectives can be summarized in five key points: (1) maximize the long term value of BW Energy producing assets; (2) progress discovered resources toward project sanction at very conservative estimates of reserves, (3) short development cycle to begin production (4) cash flow funding further developments; and (5) add new resources through low per barrel acquisitions and active exploration around established infrastructure. BW Energy has proven its ability to create value where others may struggle to define enough reserves for a full field development, with a right-sized organization to move quickly and opportunistically to pursue value.

Dussafu pre-BWE acquisition



No path to FID

USD ~800 million
Field investment

USD ~500 million
FPSO commitment

BWE creating the opportunity

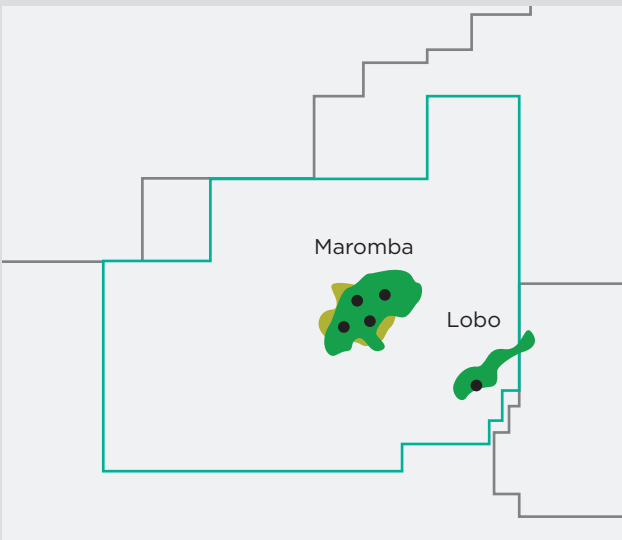


15 mmbbl
1P reserves at sanctioning

USD ~175 million
Development capex

USD ~85 million
FPSO investment

Maromba pre-BWE acquisition ¹⁾



No path to FID

USD ~1,400 million
Field investment

USD ~850 million
FPSO commitment

BWE creating the opportunity



~55 mmbbl
Phase 1 resource

USD ~325 million
Phase 1 development capex

USD ~400 million
Phase 1 FPSO investment

Fastest-ever
FPSO development

18 months
to first oil

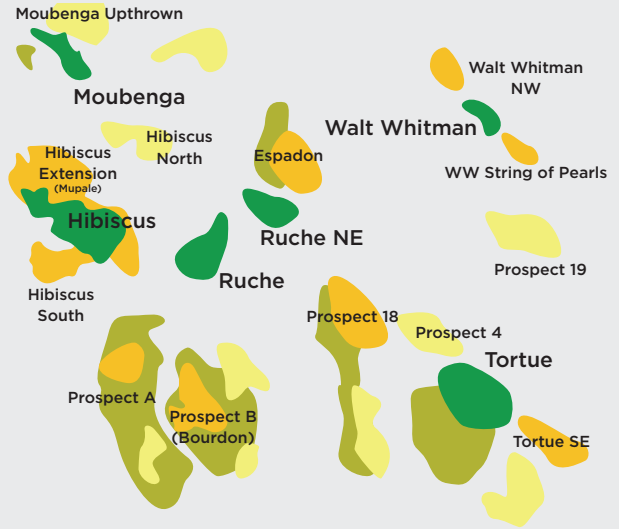
Three successful
exploration and
appraisal wells

7 x increase

1/5 field CAPEX

1/5 asset commitment

Dussafu current status (gross)

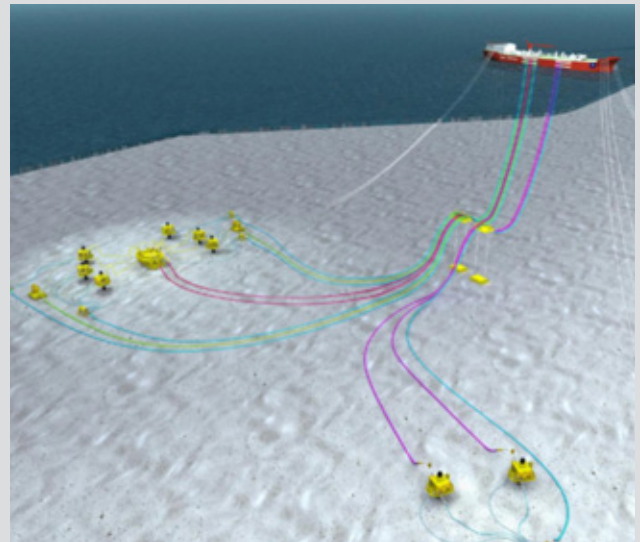


105 mmbbl
Current 2P reserves

11 mmbbl
Produced to date

Self-funding

Maromba current status (gross)



-100 mmbbl
Phase 1 and 2 target

> 15% IRR
at USD 40/bbl Brent in phase 1

Dec 2024
Expected first oil date

FID expected 30 months
post acquisition including ~12
months for
governmental approvals

24 months to first
oil from FID

60% lower reserve threshold

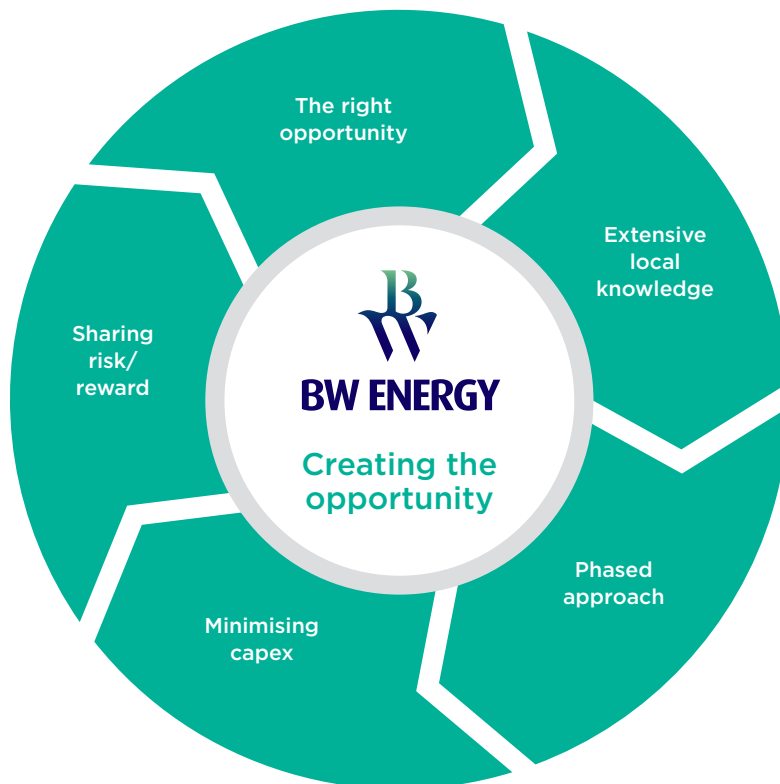
1/5 field CAPEX

1/2 asset commitment



Strengths and capabilities

We continue to deliver and execute against our defined strategy



#1 Differentiated strategy provides low cost of entry

BW Energy can access attractive development opportunities that have not been prioritized by established E&P companies due to the challenge of meeting return requirements under

a traditional full field development model. This positions BW Energy in a landscape with a lower entry cost and less competition.

#2 Scalable business model

A scalable approach optimizes the infrastructure required for a full field development. It facilitates refinement of the development plans based on experience gained in initial phases of production and leverages existing infrastructure as subsequent developments are implemented. This reduces the overall commercial risk. On Dussafu, the initial two-well development has funded the second phase of Tortue as well as exploration activity. If commodity prices are sustained at reasonable levels, the Company expects this to remain the case for the Hibiscus/Ruche development project.

The Maromba development offshore Brazil will be developed consistent with the business strategy. The Maromba development asset has proven resources to sustain a six well development, however our differentiated development strategy allows us to initiate the first phase with a three well program, reducing time to first oil and minimizing initial capital outlay whilst maintaining the economic hurdle rate. The initial development is expected to provide enough cash flow to concurrently fund further in-fill wells that target proven reserves, exploration and potential future cash distributions.

#3 Availability of FPSOs enables BW Energy’s strategy

Availability of existing FPSOs and FPSO contracts with a balanced risk-reward commercial structure enables longer contract durations and phased developments. Although BW Energy believes that the differentiated commercial FPSO

contracting is key part of the strategy, it always ensures competitive and arm’s length contracting standards to meet various stakeholder requirements.

Parameters	BWE approach	Conventional oil company approach
Minimum case	P50-P90 reserves with good upside potential	P50 reserves + prove up total field
Costs	At a minimum to sanction P90	Escalating to capture all reserves
FPSO contract	Reflecting minimum capex	Hell-and-high-water: Reflecting high capex
FPSO termination fee	Limited	Yes, supported by guarantees
Reservoir risk	Shared	None
Upside FPSO contractor	Long-term contract supported by phased development and upgrade work	None
Upside Oil Co.	More reserves	More reserves
Alignment of interest	Yes	Limited

#4 Financial flexibility

BW Energy maintains a strong funding position based on the cash flow from producing assets, the IPO and the most recent equity issue. This foundation allows the Company to actively assess new business opportunities and respond rapidly in a volatile market. A strict capital discipline is supported by

the flexibility provided with the strategy. This strategy enabled BW Energy to rapidly pause capital spending programs planned for our Dussafu and Maromba developments as the COVID-19 pandemic and oil price decrease occurred in early 2020.

#5 Active exploration

BW Energy's exploration strategy is based on leveraging existing infrastructure to open potential new growth areas providing high incremental margin production and increased economics. Current exploration plans on Dussafu serves as an example of infrastructure led exploration. The next

exploration well planned for the third quarter of 2021 is in the Hibiscus area of the license, which will allow for low marginal CAPEX costs to tie any discovered resources directly to the FPSO through the planned converted jack-up to production facility which will be located in the Hibiscus area.

#6 Experienced workforce

As a full-cycle independent oil and gas E&P company, BW Energy has a highly competent team with world-wide exploration and production experience in all disciplines and major basins. The team also benefits from its unique FPSO heritage and experience. BW Energy's entrepreneurial culture fosters innovation and fuels the Company's exploration and development programs. The employees are critical to BW Energy's

execution of its business strategy, and the Company has created an environment that focuses their capabilities in finding, developing and optimizing production. BW Energy has an open, team-oriented work environment. BW Energy strives to ensure that employees, contractors and suppliers have the right training, tools and knowledge in order to support safe execution of the Company's strategy.



Our process



Identify

Identify opportunities with proven reserves “left behind” that will benefit from existing infrastructure to commercially unlock a phase 1 standalone development that carries hurdle rate economics 15% IRR at Brent USD 40 flat



Develop

Develop and execute an accelerated minimum development case to reduce “cash at risk” whilst ensuring that cash flows can fund production growth



Produce

Production is the cash engine of our business. Based on experience gained in initial phases of production and by leveraging existing infrastructure, further production is monetized



Explore

Infrastructure-led exploration funded through field proceeds, providing organic growth within a license

Our goals

BW Energy aims to continue developing its portfolio of field assets that carries a low cost of entry and development. Reducing cash at risk on any new field development before production allows further development funded by cash from operations resulting in superior return on equity

for stakeholders. BW Energy targets to build reserves and resources to underpin a production of 50,000 bbls/day in 2024. The Company then expects to be positioned to continue green and brownfield developments and to provide good shareholder returns.

Our Strategic priorities



Integrate a zero-harm philosophy in all endeavours

BW Energy is committed to efficient, reliable and compliant operations with zero harm to people, the environment and the communities in which it operates. The Company applies best-in-class as a benchmark for monitoring, assurance and improvement of operational performance and compliance.



Optimize development plans for the next phase of development

In 2020, BW Energy paused its development plans due to safety and logistical challenges created by COVID-19. The time was spent redesigning the next phases of Dussafu and Maromba. The Company recognized and seized the opportunity to take advantage of extremely depressed pricing of jack-up drilling rigs and acquired two units. By pivoting the Hibiscus/Ruche development project from using a newbuild wellhead platform to installing a converted jack-up rig, BW Energy expects to realise USD 100 million gross reduction in investments. The second and sister jack-up drilling rig enables replication of this concept for other satellite fields on Dussafu.

The highly delineated Maromba development asset continues to progress towards final investment decision. At a low entry cost of close to USD 1 per barrel for proven reserves, it remains an attractive greenfield development opportunity. Currently, BW Energy has identified potential savings to phase 1 and 2 capital expenditure of approximately USD 150 million, resulting in significantly improved economics compared to the project's economic hurdle rate.



Pursuing other compatible growth opportunities

With a strong financial foundation, BW Energy remains agile to act when opportunities arise, either:

- Further brownfield asset acquisitions
- Further greenfield asset acquisitions



Our people and culture

BW Energy has put in place COVID-19 mitigation plans at all operations and corporate sites, including protocols regarding hygiene, social distancing, case management, quarantine and work from home procedures. Working across continents, BW Energy had already invested in a world class IT infrastructure to support efficient operations. This allowed a very efficient transition to work-from-home schemes and has facilitated business continuity.



Maintain financial strength

- Net cash position at 31 December 2020 of USD 120 million
- Listed and raised USD 121 million of net proceeds in February 2020
- Raised another USD 74 million of net proceeds in January 2021
- No debt allows flexibility in accessing credit markets including reserve-based lending, bonds and infrastructure-based financing
- The development strategy provides a demonstrated high degree of discretion in capex programs

The energy transition

Today there is global movement towards decarbonizing of societies and the world economy. Although BW Energy's field development strategy supports the ongoing shift, the Company also sees the applicability of its approach to other segments of energy transition.

BW Energy does not consider itself as a traditional oil and gas company, but rather a company that sees and can unlock value where others might not. In a disciplined and selective manner, BW Energy is evaluating various technologies and their applicability for use in combination with existing upstream infrastructure to enable low-cost solutions for renewable energy generation.

Building on its experience, BW Energy believes that truly cost-efficient solutions are required in developing countries where the energy transition cannot be funded through subsidies and grants. Several countries where BW Energy sees undeveloped opportunities have significant underutilized or abandoned infrastructure that, by repurposing, could reduce the capital investment and carbon emissions.

BW Energy has demonstrated this by the planned repurposing of the jack-up rigs. Changing the development concept from a newbuild wellhead platform to a repurposed jack-up rig reduced capital expenditure of the Hibiscus/Ruche development project by close to 30% and is estimated to reduce GHG emissions by 60-70% relative to a newbuild concept.

History

BW Energy has its origins as the E&P arm of Oslo listed BW Offshore, a company with four decades of oil and gas production experience and a fleet of 15 FPSOs. BW Energy is an affiliate of the BW Group, a global maritime energy transportation and floating gas infrastructure company with an 80-year history. BW Group employs more than 7,000 people including seafarers, and has offices in countries such as Singapore, Norway, Denmark, USA, China, Bermuda, India, the Philippines and Cyprus.

The BW Group includes significant shareholdings in BW Offshore, BW LPG, BW LNG, BW Energy, Hafnia, Epic Gas, DHT and BW Dry Cargo.





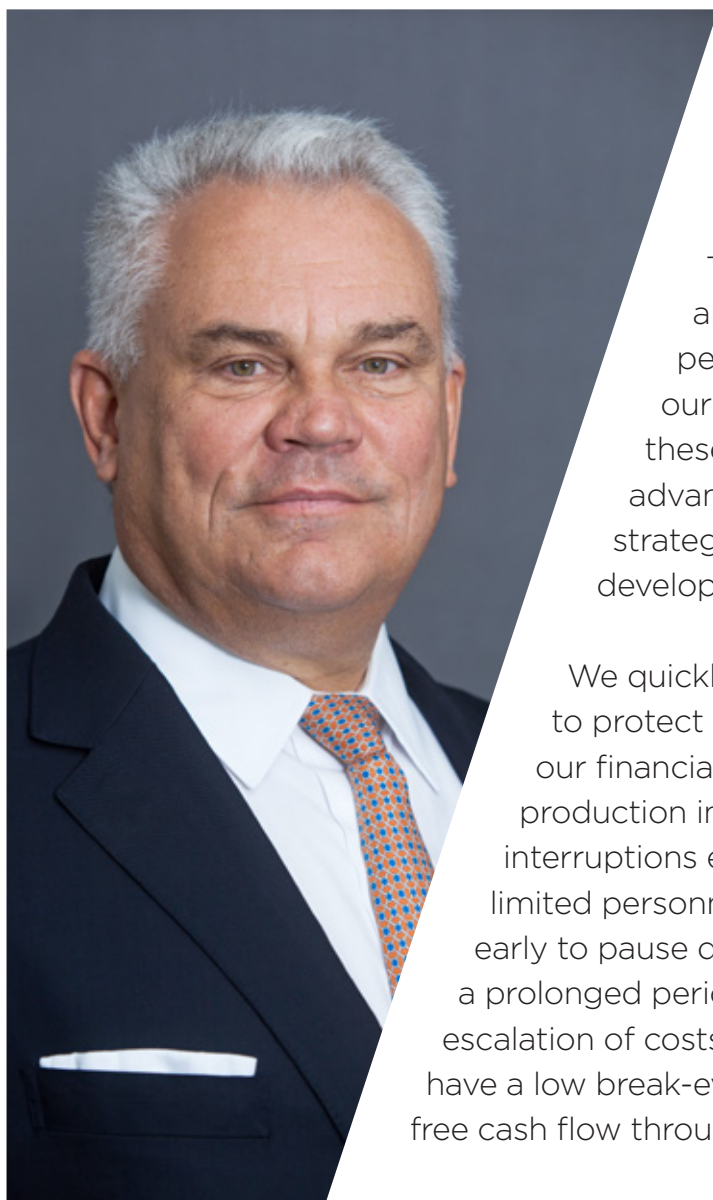


Global footprint



CEO's report 2020

Positioned to unlock significant value



2020 presented the oil and gas industry and BW Energy with significant operational challenges as the COVID-19 pandemic unfolded. The impact on oil demand and oil prices led to a financial performance that fell short of our own expectations. Still, amid these challenges, we proved the advantages of our differentiated strategy of low-risk, phased developments.

We quickly responded to the situation to protect people and assets, preserved our financial flexibility, and maintained production in Gabon with minimal interruptions even as border restrictions limited personnel movements. We decided early to pause development activities to avoid a prolonged period of reduced productivity and escalation of costs. Despite our short history, we have a low break-even threshold and generated free cash flow throughout the year.

Executing on our strategy

With COVID-19 restrictions delaying planned production increases, and OPEC curtailing output from Gabon, we missed our production targets for 2020. Nonetheless, we progressed field development planning and optimisation and maintained good operational performance at the Dussafu licence in Gabon with zero environmental incidents. We registered five lost time incidents (LTIs) in 2020.

Full-year production was 5.2 million barrels of oil (gross) from the Tortue field in the Dussafu license, reflecting good reservoir performance and field uptime of 86%. This equals an average production of approximately 14,100 bbl/day gross at an average gross operating cost (OPEX) of USD 20/bbl in 2020.

Seismic reprocessing and our successful exploration well in the Hibiscus area in August 2019 indicate a significant upside potential in the Hibiscus Extension, which may result in a potential increase in Hibiscus recoverable volumes to 155 million barrels recoverable (based on management estimates). We plan to confirm the Hibiscus Extension potential with a new well as soon as drilling activities can be resumed in 2021.

We started 2020 with a revised plan for the Ruche area. Due to the identified upside potential, we have shifted the development focus to Hibiscus. We are still planning to install a production facility, now a converted jack-up rig, with 12 dry-tree well slots. Depending on the outcome of the planned Hibiscus Extension Prospect test well scheduled for the 2021 drilling campaign, the Hibiscus Alpha production facility may produce the Hibiscus field alone in the event of a successful test well. A second facility would then produce oil from the Ruche cluster. First oil from the Hibiscus area is expected in early 2023.

Upon completion of the development planning and optimization work in late 2020, BW Energy agreed to acquire two sister jack-up rigs for USD 14.5 million gross (one transaction closed in Nov 2020, the other in Feb 2021), taking advantage of attractive asset prices. One of these will be converted and serve as the Hibiscus Alpha production facility. The conversion reduces planned Hibiscus development costs by USD 100 million gross and also reduces the project CO₂ emissions and environmental footprint through reuse of existing energy infrastructure.

On track for 50,000 barrels per day net production

We plan to restart drilling operations on the Dussafu license in April 2021 with the Hibiscus Extension exploration well and completion of the Tortue phase 2 project which was suspended in March 2020. Completion of the two remaining Tortue wells is estimated to increase production for 2021. The Company also holds an option for a second exploration well in 2021.

In August, Brazil's ANP ¹⁾ approved a revised development plan for the Maromba field in the Campos Basin. Maromba is a highly delineated field with proven reserves in excess

of 100 million barrels of oil. Work continues on the environmental approval with soil surveys planned for Q1 2021.

Maromba is a phased subsea development based on the redeployment of an FPSO. First oil is expected in the second half of 2024. Our revised development plan provides robust returns at Brent oil prices below USD 40 per barrel for the full field development.

Our combined plans for Dussafu and Maromba are estimated to lift net production to BW Energy to more than 50,000 barrels per day in 2024, from a very solid reserve base.

Funded for growth

Our IPO in February 2020 raised USD 121 million of net proceeds. Combined with positive cash flow from operations and proactive management of operational costs and investments as a response to the COVID-19 pandemic, this enabled us to maintain a solid liquidity situation throughout the year. In early 2021, we raised an additional USD 75 million in an oversubscribed private placement to further strengthen our growth capacity. Our reserve-based lending (RBL) process continues in preparation for restart of investment activities. The facility with a consortium of leading banks will be used to finance the investments in Gabon and Brazil.

With Maromba in production, we expect cash flow from operations to finance future growth and enable us to return value to shareholders through dividends of up to 50% of net profit even in a continued low oil price scenario.

Focused on long-term value creation

Our business model is to develop proven, smaller, offshore oil discoveries by using existing facilities, to unlock value that traditional oil and gas companies are not addressing. Our performance during the COVID-19 pandemic and the oil price downturn shows the robustness of this model.

There are many discovered oil fields with no clear path to production, and we see several M&A and brownfield opportunities emerging from overleveraged competitors. Combining proven reserves with existing facilities and phased developments reduces risk, investment cost and time to first oil, and enables viable offshore developments even at low oil prices.

Despite our young age as company, we have successfully navigated a challenging 2020 and are in position to resume our accretive development activities in 2021. The Dussafu development has already proven the viability and the resilience of our business model. Maromba will show that the business case is repeatable and confirm the long-term prospects of the model.



Carl K. Arnet
CEO BW Energy

1) Agência Nacional do Petróleo, Gás Natural e Biocombustíveis - ANP



Hydrocarbon Discoveries in Dussafu, Maromba and Kudu

BW Energy holds a 73.5% operated working interest in the Dussafu marine block offshore Gabon, a 100% operated working interest (95% after future farm-out) of the Maromba field in the Campos Basin offshore Brazil, and a 56% operated working interest of the Kudu field offshore Namibia (awaiting Namibian government approval to increase operated working interest to 95%). Targeting robust business opportunities based on discovered reserves with significant growth potential, BW Energy aims to unlock significant value that traditional, larger E&P companies are not addressing. This strategy was successfully employed to develop Dussafu, with first oil achieved 18 months after acquisition.

Dussafu: performance beyond expectation

The Dussafu licence is situated within the Ruche Exclusive Exploitation Area (Ruche EEA), which covers 850 km² and includes six discovered oil fields and numerous leads and prospects. The average water depth is 116 metres. The Production Sharing Contract allows for production of hydrocarbons from the Ruche EEA for up to 20 years from first production.

The crude oil produced from the Dussafu block is offloaded from the BW Adolo FPSO to a crude tanker and transported by sea. The typical lifting parcel is about 650,000 barrels and lifting frequency will increase with additional wells.

Phased development

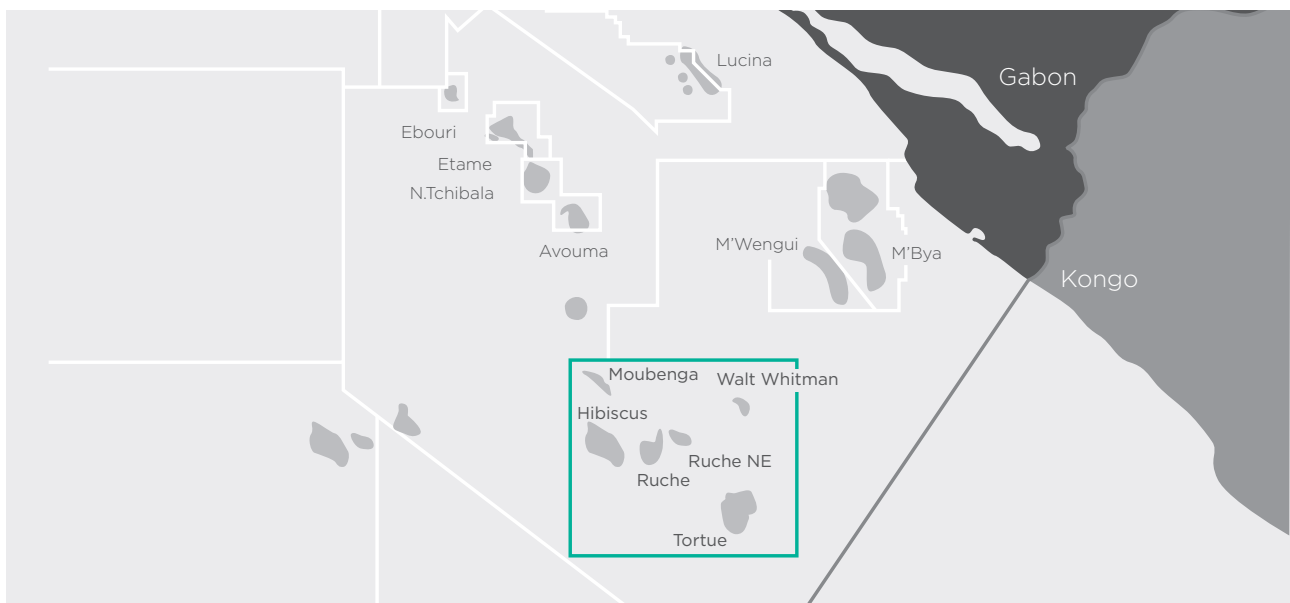
Fields on the Dussafu block produce to the BW Adolo FPSO, which has an oil production capacity of 40,000 bopd. Phase 1 of the Dussafu development included two horizontal production wells with subsea trees at the Tortue Field. Production is aided by gas lift as the artificial lift mechanism. Tortue Phase 2 planned for four additional subsea production wells to be drilled at the Tortue Field as part of continued Dussafu development. The Hibiscus/Ruche development project in the Hibiscus and Ruche Fields is planned to initially drill up to six horizontal production wells, all targeting the Gamba reservoir.

Current production

In 2020, the Tortue field averaged a gross rate of approximately 14,100 barrels per day from four wells. Approximately 5.2 million barrels gross were produced during the year, and field uptime was 86%. BW Energy recorded five lost time incidents (LTIs) in 2020. BW Energy is committed to prioritizing safety for all our employees and vendors.

Development Drilling

Phase 2 development of Tortue consists of four production wells, three targeting the Gamba reservoir and one in the Dentale 6 reservoir. All the wells will be tied back to the BW Adolo FPSO. Drilling began in late 2019 and continued into 2020. The DTM-4H and DTM-5H wells were drilled in the Gamba reservoir and started producing in the first quarter of 2020. DTM-6H was also drilled and completed, however the installation program was not finalized and the well was not brought online as a result of the drilling campaign suspension in March 2020 due to COVID-19 and oil market volatility. Drilling of DTM-7H will commence in 2021 and will be brought into production along with DTM-6H. Estimates project an increase in production from the Tortue Field to around 20,000 bopd once these wells are online. The gross investment for Phase 2 is approximately USD 250 million.



Exploration

Recommencement of the Tortue Phase 2 drilling campaign in 2021 will include drilling the DHIBM-2 appraisal well to further evaluate the Hibiscus structure. Depending on various outcomes, appraisal side-tracks may be drilled to further evaluate different areas of the reservoir.

Future strategy and plans

BW Energy is currently executing a third development phase, the Hibiscus/Ruche development project, in the Hibiscus and Ruche Fields, approximately 20 kilometres northwest of the Tortue Field. The current plan is to initially drill up to six horizontal production wells, in a 12 well phased program, that will be connected to a fixed production facility with four wells in Hibiscus Field and two wells in the Ruche Field, all targeting the Gamba reservoir.

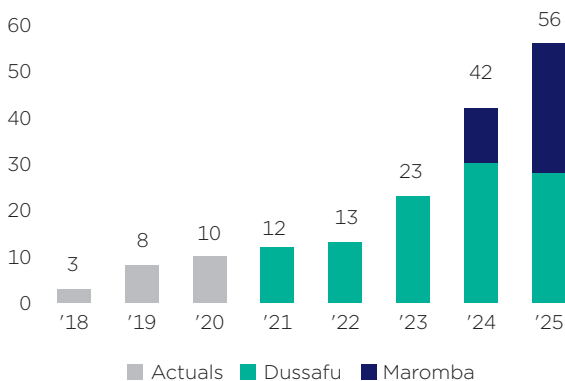
In response to depressed crude oil prices and the economic downturn to due COVID-19, the development concept was re-evaluated to identify lower cost options. Several scenarios were considered and converting a jack-up drilling rig to a production facility was determined to be a viable and economic solution. Several jack-up rigs were available at very attractive prices and BW Energy acquired the Borr Atla for the Hibiscus/Ruche development concept. Once converted, the offshore production facility, renamed Hibiscus Alpha, will have 12 dry-tree well slots, and will be installed at the Hibiscus Field and tied back approximately 20 kilometres to the BW Adolo FPSO at the Tortue Field.

BW Adolo FPSO will continue to serve as the hub for production in the Dussafu licence. First oil from Hibiscus/Ruche development project is expected in early 2023 adding up to 30,000 bopd to gross production from the Dussafu block. The development is expected to recover gross reserves of approximately 47.9 million barrels based on third party estimates. Gross investments for the Hibiscus/Ruche development project are currently estimated at approximately USD 393 million, which is expected to be funded largely from operating cash flow generated by production at Tortue.

Ownership

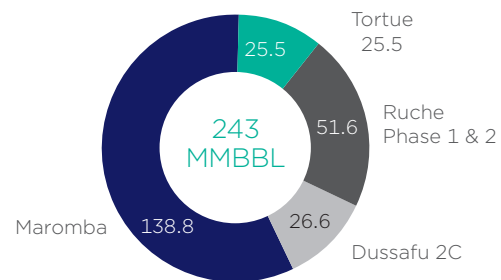
BW Energy Gabon SA’s operated ownership interest in the Dussafu licence is 73.5%, Tullow Oil ownership is 10%, Gabon Oil Company’s ownership interest is 9% and Panoro Energy holds a 7.5% ownership interest.

NET PRODUCTION (KBOPD) ¹⁾



1) Management estimate

CERTIFIED NET RESERVES AND RESOURCES ²⁾



2) Netherland, Sewell & Associated, Inc. (NASI) certified net 2P reserves and 2C resources (Dussafu per 31.12.20), based on 73.5% working interest in Dussafu and 95% in Maromba

Maromba, exciting next steps

The Maromba discovery is in the southern part of the Campos Basin offshore Brazil, approximately 100 kilometres southeast of the city of Cabo Frio. The water depth in the area is approximately 160 metres. Maromba lies within a 375 square kilometre "ring-fence" carved out of the former BC-20 exploration block, called the BC-20A concession. Nine wells were drilled in the licence between 1980 and 2006, and oil was found in eight of these across various reservoirs including in the Eocene, Maastrichtian, Albian, Aptian and Barremian levels.

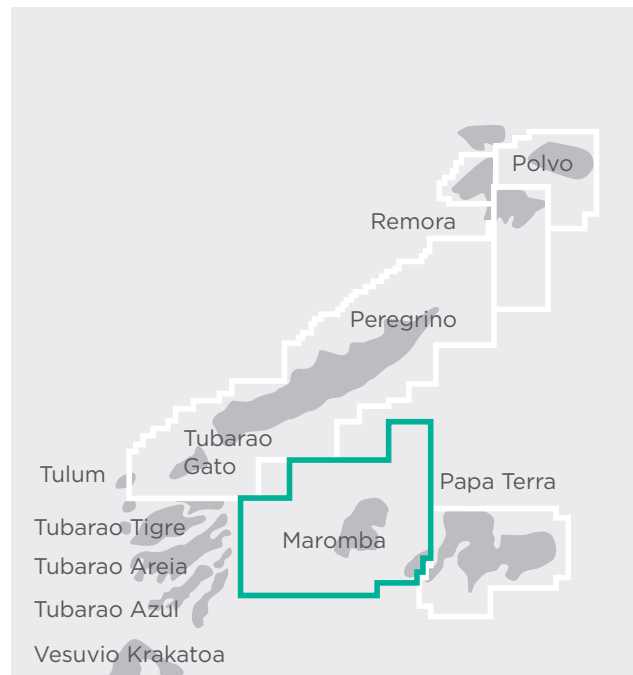
Following the success at Dussafu, BW Energy plans to develop the Maromba licence in phases, thereby minimising up-front capital expenditure, accelerating time to first oil, and allowing the production and the supporting organisation to grow organically. Phasing will provide reservoir performance data which will be used to optimise future development phases.

Phase 1 will target heavy crude oil at API gravity of 16° but with low relative viscosity and sulphur content in the Maastrichtian reservoir. It will consist of three horizontal subsea wells that will be tied back to an FPSO. The wells will be completed with electric submersible pumps (ESPs). Work is ongoing to identify the most cost-effective production infrastructure for this development. Several FPSOs have been identified as promising candidates. Based on Final Investment Decision (FID) being made in the first quarter of 2022, Phase 1 is expected to begin production in the second half of 2024 and will require gross investments of approximately USD 325 million, based on preliminary estimates.

The Maromba Field Development Plan was submitted to ANP in December 2019 and was approved in August 2020. The Environmental Baseline Survey will be conducted in the first half of 2021 and the Environmental Impact Assessment

will be submitted to IBAMA in the second half of 2021.

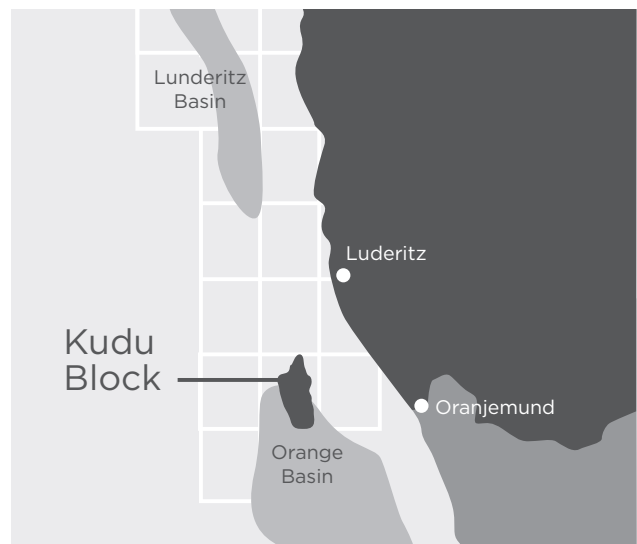
BW Energy Maromba do Brasil Ltda currently holds 100% operated working interest. Magma Oil holds a 5% back-in right in the Maromba license which they are expected to execute upon first oil.



Kudu, a long-term option

The Kudu gas discovery is in the northern Orange sub-basin approximately 130 km off the south-west coast of Namibia. It is situated in Production Licence 003 ("PL003") which has an area of 4,567 square kilometres and the field water depth is approximately 170 metres. The field was discovered in 1974 with Kudu-1 and is delineated by eight subsequent wells.

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 recently signed a Farm-up agreement with NAMCOR to acquire up to 95% interest in the licence; Namibian government approval of the agreement is expected in 2021. BW Energy remains committed to finding a viable commercial development solution for Kudu.





Directors' report

BW Energy is well positioned to realise the potential of previously discovered oil assets. The Company's strategy is to combine existing discoveries and production assets with phased developments where it has control of the timing of capital expenditures and capital at risk. The strategy offers attractive risk-reward in the current market environment and has proven robust in a low oil price environment.

The COVID-19 pandemic in early 2020 impacted all countries where BW Energy operates and led to increased volatility in the capital markets and negatively impacted the oil price and the E&P industry. BW Energy has complied with local public health regulations and recommendations across all locations while at the same time maintaining production activities in Gabon.

The Company suspended investment projects to reduce execution risk and preserve cash. This included postponing completion of two production wells in the Tortue phase 2 development which was to add a total of four new production wells in 2020. The strict capital discipline was maintained until oil markets improved in the second half of the year. A relatively low break-even oil price for the Dussafu operations ensured that the Company had positive operating cash flow throughout the year.

BW Energy aims to restart the Tortue phase 2 development and its exploration program during the first half of 2021. The Company has also progressed the plan for the third phase of the Dussafu development in the Hibiscus area by acquiring jack-up drilling rigs that will be converted to production facilities. The first will be used on the Hibiscus/Ruche development with targeted first oil date in 2023.

The Company plans to repeat the development strategy which has unlocked significant value at Dussafu for the Maromba license in Brazil. BW Energy holds a 100% operated working interest in the license since September 2019 and plans a phased development, minimising up-front capital expenditure, accelerating time to first oil, and allowing production and the supporting organisation to grow organically.

Phasing of the Maromba project will provide reservoir performance data which will be used to optimise future development stages. The project continues to progress towards

the environmental approval and optimisation of the field development plan with respect to investment, operational costs, and schedule. The Field Development Plan was approved by the regulator (ANP) in August 2020 and final investment decision is planned by the first quarter of 2022.

In Namibia, BW Energy entered into a farm-in agreement for a 56% operated interest in the Kudu license in early 2017, with the National Petroleum Corporation of Namibia (NAMCOR) holding a 44% joint venture interest. BW Energy has signed an agreement with NAMCOR to acquire 95% interest in the licence, is awaiting government approval, and is continuing its efforts to develop this resource commercially.

Health, safety, security, environment, quality

BW Energy prioritises safety and has a "zero harm" objective for personnel and the environment in all its operations.

The Company has established policies for safety, security, occupational health and environmental management. The primary objective is to ensure that the Company manages and achieves zero harm to personnel, effective management of major accident hazard risks, effective mitigation of impact to the environment, while maintaining a sustainable business and taking proper care of Company property.

BW Energy registered five LTIs (Lost Time Injuries) in 2020. There were zero LTIs recorded in 2018 and 2019.

For more information, please see the Sustainability section of this Annual Report.

Operations

The Dussafu field uptime was 86% in 2020 with gross production averaging 14,100 bopd as the field continued to perform as expected.

The first two production wells of the Tortue Phase 2 development were tied back to the BW Adolo FPSO in March 2020. The second cluster, also consisting of two wells, is expected to be in production by fourth quarter 2021. Following completion of the two remaining production wells, the drilling rig will mobilise to a new location and drill one or two exploration wells. The location of these wells will be determined based on the reprocessed seismic for the licence.

Financial performance

Income statement

Revenue was USD 160.3 million in 2020 compared to USD 282.4 million in 2019. Total operating expenses were USD 73.3 million compared to USD 90.7 million in 2019.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for 2020 were USD 87.0 million compared to USD 191.7 million in 2019.

Due to lower energy prices in 2020, the company recognised a USD 13.2 million non-cash impairment reflecting the full value of the Kudu asset.

Operating profit was USD 1.7 million, compared to USD 117.3 million in 2019.

The decrease in revenue and operating profit was mainly due to a lower realised oil price in 2020.

Net financial expenses were 13.9 USD million compared to USD 6.0 million in 2019.

Tax expense amounted to USD 28.9 million compared to USD 38.8 million in 2019. The decrease was related to the lower oil price realised at Dussafu in 2020.

Net loss for 2020 was USD 41.1 million compared to a net profit of USD 72.5 million in 2019.

Financial position

At 31 December 2020, the Company had a total equity of USD 443.2 million compared to USD 363.1 million at 31 December 2019. The year-end equity ratio was 58.3%, compared to 49.2% at the end of 2019.

At 31 December 2020, the Company had no interest-bearing debt.

Cash flow

Net cash inflow from operating activities was USD 49.5 million compared to USD 203.2 million in 2019. The decrease was mainly due to the lower realised oil price from the Dussafu field.

Net cash outflow from investment activities amounted to

USD 73.6 million, compared to USD 106.0 million in 2019. The investments were related to the Dussafu and Maromba projects.

Net cash inflow from financing activities amounted to USD 63.7 million, reflecting mainly IPO proceeds, compared to cash outflow of USD 24.5 million in 2019, mainly related to payment of lease liabilities.

Total available liquidity at 31 December 2020 amounted to USD 120.6 million, compared to 81.0 million at year-end 2019.

BW Energy plans to establish a reserved based lending facility (RBL) to further strengthen its liquidity position. The six-year RBL facility will be in the amount of USD 200 million plus an accordion of USD 100 million.

Parent company accounts

BW Energy Limited is a holding company incorporated in 2018. The Company reported a net loss of USD 3.5 million for 2020 compared to a net loss of 3.0 million in 2019. The costs were mainly related to legal and audit fees.

Total assets were USD 390.3 million at 31 December 2020.

Total shareholders' equity in BW Energy Limited at 31 December 2020 was USD 386.7 million, corresponding to an equity ratio of 99%.

Going concern

Based on the Company's overall position at the end of the year, as well as the current outlook, the Board believes BW Energy has a good foundation for continued operations. The accounts have been prepared on a going concern basis.

Organisation

BW Energy is represented in three major oil and gas regions: offshore Gabon, Brazil and Namibia supported by local onshore teams and has a global presence.

Work environment and culture in BW Energy are considered positive and strong, and there is continuous focus on improvement. Surveys and appraisal interviews are performed regularly to assess the strength of the working culture.

BW Energy strives to be an attractive place to work that offers challenging and motivating jobs and equal development opportunities for all. There is no discrimination due to gender, nationality, culture or religion with respect to remuneration, promotion or recruitment.

Corporate Governance

The Board of Directors of the Company has adopted a Corporate Governance policy to reflect BW Energy's commitment to good corporate governance. This policy is based on the latest update to the 'Norwegian Guidelines on Corporate Governance', prepared by the Norwegian Corporate Governance Board. BW Energy's Corporate Governance policy complies with the Norwegian Guidelines, with certain deviations, as outlined and explained in the chapter named Corporate Governance in this annual report.

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 oil price might influence the economic viability of planned developments and anticipated revenues from the production of such developments. The overall risk management programme 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 Company has a broad insurance program to protect its personnel and subcontractors, the environment – both in operations and development – and the Company's assets/investments and property, onshore and offshore. The programme is placed with rated underwriters, is subject to permanent risk management review and is in compliance with local legislation. BW Energy's operational activities are subject to tax in various jurisdictions. As assets and

production sharing contracts are long-term in nature, the Company's results could be exposed to risk of changes to tax legislation.

Events after the balance sheet date

On 20 January 2021, BW Energy Limited (the "Company") completed a private placement of new shares in the Company and allocated and issued 23,690,000 new shares at a subscription price of NOK 27 per share, raising gross proceeds of NOK 639,640,000 (approximately USD 75 million).

The share capital increase pertaining to the issuance of the new shares was resolved by the Board within the Company's current authorised share capital. The Company has now an issued share capital of USD 2,579,943, divided into 257,994,300 shares, each with a par value of USD 0.01.

In January 2021 the company announced that BW Kudu Limited, a wholly owned subsidiary of BW Energy, and the National Petroleum Corporation of Namibia (NAMCOR) signed a Farm-In and Carry Agreement. The agreement increases BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95% in line with previously disclosed intentions. NAMCOR will retain the remaining 5% working interest.

The agreement is subject to the approvals of BW Kudu's and NAMCOR's Boards as well as Namibian regulatory authorities. The agreement gives NAMCOR the opportunity to acquire an additional 5% working interest post first gas, while BW Kudu will pay USD 4 million at completion of the transaction and carry NAMCOR's share of development costs until first gas.

Outlook

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

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

BW Energy remains focused on realising long-term value creation via its phased development strategy targeting investments in high-return assets. The flexible investment strategy has proven robust for a range of market scenarios and positions the Company to address both short- and long-term opportunities to drive cash flow and earnings.

18 February 2021



Mr. Andreas Sohmen-Pao
Chairman



Ms. Hilde Drønen
Director



Mr. William Russell Scheirman
Director



Mr. Tormod Vold
Director



Mr. Marco Beenen
Director

Board of Directors



Mr. Andreas Sohmen-Pao - Chairman

- Chairman of BW Group, BW Offshore, BW LPG, Epic Gas, Hafnia and Singapore Maritime Foundation
- BA (Hons) from Oxford University, UK and MBA from Harvard Business School, USA



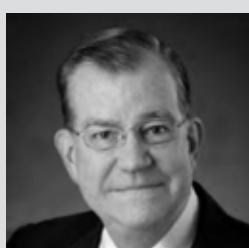
Marco Beenen - Director

- CEO of BW Offshore
- Prior to BWO, held position as President of GustoMSC Inc. and Vice President Engineering with SBM Offshore
- M.Sc. from Delft University of Technology, Netherlands



Ms. Hilde Drønen - Director (Independent)

- CFO of DOF ASA, an oilfield services group listed on the Oslo Stock Exchange
- Has several directorships of various energy companies
- Master's Degree from BI Oslo and MBA from NHH, Bergen



Russell Scheirman - Director (Independent)

- More than 35 years in oil & gas industry
- Has held senior positions at McKinsey, ExxonMobil and VAALCO Energy, Inc. (1991-2015)
- B.S. & M.S. in Mechanical Eng. from Duke University, MBA from California Lutheran University, USA



Tormod Vold - Director (Independent)

- More than 34 years' experience from Royal Dutch Shell's international operations
- Former Technical Director for Shell Gabon (2010-2014)
- M.Sc. from NTNU, Norway
- Shell's Leadership Development Programs & Business Leadership INSEAD

Audit Committee	Gender	Technical & Commercial committee	Gender	Remuneration committee	Gender
Hilde Drønen	F	Russell Scheirman	M	Marco Beenen	M
Russell Scheirman	M	Tormod Vold	M	Tormod Vold	M

Management



Carl K. Arnet, CEO

- Former CEO of BWO and APL
- Director of BWO
- Senior operating positions at Norsk Hydro (E&P division)
- M.Sc. from NTNU, and MBA from NSM, Norway



Knut R. Sæthre, CFO

- Former CFO of BWO and GM of BWO Norway
- Finance Director of APL Plc and President of APL Norway
- More than 20 years of experience from Aker Kværner and ABB
- Lic.rer.pol. degree from the University of Fribourg, Switzerland and an MBA from NHH, Norway



Lin Espey, COO

- Former Head of E&P BWO
- 28 years of E&P experience from British Gas, BP, VAALCO and Memorial Resource Development
- Member of the University of Texas System Chancellor's Council
- B.Sc. in Petroleum Engineering from The University of Texas at Austin



Thomas Kolanski, CCO

- Former SVP of Business Development and GM of BWO USA
- Joined BWO in 2013, more than 15 years prior experience from SBM, Technip and Wellstream
- Doctor of Law from South Texas College of Law
- Bachelor in Mechanical Engineering from University of Texas



Thomas Young, CSO

- Former SVP of Commercial Strategy & Analysis of BWO
- Joined BWO in 2012, developing E&P strategic initiative
- Bachelor of Commerce from Griffith University Australia
- Double major in Finance and Economics



Corporate governance

BW Energy Limited is a Bermuda limited liability company listed on Oslo Børs (the Oslo Stock Exchange).

BW Energy Limited (hereinafter 'BW Energy' or 'Company') and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Byelaws. Certain aspects of the Company's activities are governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the Company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

1. Implementation and reporting on corporate governance

The Board of Directors (the 'Board') is of the opinion that the interests of the Company, and its shareholders taken as a whole, are best served by the adoption of business policies and practices which are legal, compliant, ethical and open in relation to all dealings with customers, potential customers and other third parties. These policies are fair and in accordance with best market practice in relationships with employees and are also sensitive to reasonable expectations of public interest.

The Board therefore commits the Company to good corporate governance and has adopted the most current version dated October 17, 2018, of the Norwegian Code of Practice for Corporate Governance (the 'Code'), prepared by the Norwegian Corporate Governance Board.

The Board provides an overall overview of the Company's corporate governance practices in the Company's annual report. The review addresses each individual point of the Code and provides an explanation and description of the chosen alternative approach if the Company does not fully comply with the Code. As at December 31, 2020, the Company did not comply with the following recommendations of the Code:

- Section 2 (Business): The Company's objectives are wider and more extensive.

- Section 3 (Equity and Dividends): Board's powers to issue and purchase shares are neither limited to specific purposes nor to a specified period.
- Section 5 (Shares and negotiability): The Board may decline to register the transfer of any share if the transfer results in the Company being deemed a "Controlled Foreign Company" in Norway.
- Section 7 (Nomination Committee): Any member of the Board of Directors who is also a member of the Nomination Committee may offer himself for re-election to the Board of Directors.
- Section 8: The composition of the Board does not meet the recommended gender guidelines of the Code
- Section 12 (Remuneration of the Executive Personnel): The Annual General Meeting ¹⁾ has not voted over the Guidelines of the Executive Personnel. Performance-related remuneration to Executive Personnel are not subject to an absolute limit.

2. The Business

In accordance with common practice for Bermuda incorporated companies, the Company's objectives as set out in the Company's Memorandum of Association are wider and more extensive than recommended by the Code.

The Board is responsible for and shall take the lead on the Company's strategic planning, and should define clear objectives, strategies and risk profile for the Company's business activities such that the company creates value for the shareholders. The Company's objectives, main strategies and risk profile are subject to annual review and described in the annual report.

BW Energy has implemented corporate values, ethical guidelines and guidelines for corporate social responsibility. These values and guidelines are described in BW Energy's Code of Ethics and Business Conduct and internal policies, as well as in the sustainability report included in the annual report.

1) To be included once such policy is approved by AGM.

3. Equity and Dividends

At 31 December 2020, the Company's consolidated equity was USD 443.2 million, which is equivalent to 58.3% of total assets. The Board continuously evaluates the Company's capital requirements to ensure that the Company's capital structure is at a level which is suitable considering the Company's objectives, strategy and risk profile.

Pursuant to the Company's Bye-laws, the Board is authorised to declare dividend to the shareholders. The Company has communicated a future ambition to return value to shareholders through dividends of up to 50% of net profit in its Prospectus approved by the Norwegian Financial Supervisory Authority on 30 January 2020. [The Board will draw up a clear and predictable dividend policy to be approved at the Annual General Meeting on 14 May 2021. Full details of the dividend policy will be published on BW Energy's website.]

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board has wide powers to issue any authorised unissued shares in the Company on such terms and conditions as it may decide, and may exercise all powers of the Company to purchase the Company's own shares.

The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code.

4. Equitable treatment of shareholders and transactions with close associates

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. Any decision to issue shares without pre-emption rights for existing shareholders shall be justified. In the event that BW Energy waives the pre-emption rights of existing shareholders, the Board of Directors will explain the justification in the stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or with reference to prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. There were no transactions in own shares in 2020.

In case of material transactions between the Company and a shareholder, a shareholder's parent company, director, officer, or persons closely related to any of these, the Board will obtain a valuation from an independent third party. Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders. For more information regarding related party transactions, see Note 22 of the consolidated financial statements.

5. Shares and negotiability

The Company's constituting documents do not impose any restrictions on the ability to own, trade or vote for shares in the Company and the shares in the Company are freely transferable. However, the Bye-laws include a right for the Board to decline to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any interest in a share held through Verdipapirsentralen (VPS), where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding share capital of the Company, or shares of the Company to which are attached 50% or more of the votes attached to all issued and outstanding shares of the Company, being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation. The purpose of this provision is to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules.

6. General meetings

The annual general meeting normally takes place on or before 31 May each year. The 2020 annual general meeting was held on 19 May 2020. The Board seeks to ensure that as many shareholders can participate in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board. In order to facilitate this:

- the notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 calendar days prior to the date of the general meeting;
- the resolutions and supporting documentation, if any, shall be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the meeting;
- the registration deadline, if any, for shareholders to participate at the general meeting shall be set as closely to the date of the general meeting as practically possible and permissible under the provision in the Bye-laws;
- the members of the board of directors and the chairman of the nomination committee are present at the general meeting; and

- the shareholders shall have the opportunity to vote separately on each individual matter, including on each individual candidate nominated for election to the Company's Board and committees (if applicable)

Registration is made in writing or by e-mail. Shareholders who cannot be present at the general meeting must be given the opportunity to vote by proxy or to participate by using electronic means. The Company shall in this respect:

- provide information on the procedure for attending by proxy;
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form, which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

Pursuant to common practice for Bermuda incorporated companies, the Company's Bye-laws states that the general meeting shall be chaired by the chairman of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

The minutes of general meetings will be published immediately to the stock exchange and made available on the Company's website no later than 15 days after the date of the meeting.

7. Nomination Committee

The Nomination Committee composition is determined by the Company's general meeting from time to time and the members are appointed by a general meeting resolution, including the chairman of the committee. The general meeting determines the remuneration of the Nomination Committee and stipulates guidelines for the duties of the Nomination Committee. The current guidelines were approved by the 2020 annual general meeting and are available at www.bwenergy.no.

The composition of the Nomination Committee should reflect a broad range of shareholder interests. The majority of the committee shall be independent of the Board and the executive personnel of the Company. No more than one member of the Nomination Committee shall be a member of the Board of Directors. The Nomination Committee shall not include the Company's chief executive officer or any other executive personnel.

The Nomination Committee's primary duty is to propose candidates for election as members of the Board of Directors and to propose the remuneration to be paid to the members of the Board of Directors. The Nomination Committee justifies its recommendations for each candidate separately.

Any member of the Board of Directors who is also a member of the Nomination Committee may offer himself for re-election to the Board of Directors. This deviation from the Code has been implemented to facilitate cooperation between the Nomination Committee and the Board, and continuity in the Board.

The Company provides information on the Nomination Committee and any deadlines for submitting proposals to the committee by shareholders.

As at 31 December 2020, the Nomination committee consisted of Andreas Sohlen-Pao (Chair), Bjarte Bøe and Elaine Yew Wen Suen. The committee members were appointed at the 2020 AGM and held a meeting in January 2021.

8. The composition and independence of the Board

The Board composition is governed by the Company's Bye-laws. The Board shall consist of between five to eight directors. The directors are elected for a period of two years unless otherwise determined by the general meeting. Members of the Board may be re-elected. Only a minority of the directors participating in any decision can be domiciled or living in Norway. The same shall be reflected in the composition of the Board. The Board appoints the chairman amongst the elected Board members.

The composition of the Board ensures that it can act independently of any special interests. A majority of the shareholder-elected members of the Board are independent of the Company's executive personnel and material business connections of the Company. In addition, at least three of the members of the Board are independent of the Company's major shareholder(s). A major shareholder is defined as owning 10% or more of the Company's shares or votes, and independence entails that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question. The Board does not include the Company's chief executive officer or any other executive personnel.

Given the diverse qualifications, experience, background and profile of the Directors, the composition of the Board meets BW Energy's need for expertise, capacity and diversity and

Name	Role	Considered independent of the main share-holder and management	Served since	Shares in BW Energy (direct/indirect)
Andreas Sohlen-Pao	Chair	No, Chairman of the Board	2020	82,310,067
Bjarte Bøe	Member	Yes	2020	0
Elaine Yew Wen Suen	Member	Yes	2020	0

the Board comprises a female director in recognition of the value of gender diversity. A short description of the directors and their respective areas of expertise are presented in the annual report and on the Company's website www.bwenergy.no.

A general meeting on January 26, 2020 elected Ms. Hilde Drønen as a new director to the Board of directors with effect from listing on February 19, 2020, and until the AGM in 2021.

Members of the Board are welcome to own shares in the Company.

9. The work of the Board

The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The duties and tasks of the Board are detailed in the Company's Bye-laws.

The Board produces an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The Board issues instructions for its own work, as well as for the executive personnel, with particular emphasis on clear internal allocation of responsibilities and duties.

The Board shall ensure that members of the Board and the management make the Company aware of any material interests that they may have in items to be considered by the Board. Members of the Board and executive personnel are required to notify the Board if they directly or indirectly have a significant interest in an agreement to be entered into by the Company. In addition, a member of the Board who is directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of such interest as required by the Bermuda Companies Act.

The terms of reference for the Audit Committee and the Technical and Commercial Committee set out specific procedures for handling transactions between the Company or any of its subsidiaries on one side and companies within the BW Offshore group on the other side. These procedures are in place to ensure that related party transactions are carried out on arms' length terms.

In order to conduct its work, the Board each year fixes in advance a number of regular scheduled meetings of the Board for the following calendar year, although additional meetings may be called by the chairman. The Board held six meetings in 2020. The directors normally meet in person,

but if so allowed by the chairman, directors may participate in any meeting of the Board by means of video conference. Minutes in respect of the meetings of the Board of Directors are kept by the Company in Bermuda.

The Board provides details in the annual report of any Board committees appointed.

Audit committee

The Audit Committee acts as a preparatory and advisory committee for the Board. The Audit Committee is responsible for approving the Board's annual review of the Company's most important areas of exposure to risk and its internal control arrangements, as well as an annual supervisory plan for internal audit work. The Audit Committee follows up on internal controls in connection with quarterly reviews of the Group's financial reporting, in addition to two meetings in which internal control issues are addressed specifically. The chief financial officer, the Company's other relevant senior staff and representatives of the external auditor, attend the meetings of the Audit Committee. At least once a year, the Board and the Audit Committee review the Company's internal control procedures relating to its financial reporting process. As at 31 December 2020, the Audit committee consisted of Hilde Drønen (Chair) and Russell Scheirman, both of whom are also members of the Board.

Technical and commercial committee

The Technical and Commercial Committee (TCC) assists the Board in fulfilling its responsibility with regard to the management of the Company's business, which include advising the Board on commercial and technical matters of the Company's operations, including potential investments or divestments by the Group, overall exploration and field development plans (including any significant changes or updates thereto) and any material procurements and commitments. The TCC reviews, at least annually, the systems utilized by the Company for identifying areas of material business risk, for measuring their possible impact on the Group and the procedures in place to mitigate the impact of such risks and it shall report to the Board accordingly. As at 31 December 2020, the Technical and Commercial committee consisted of Russell Scheirman (Chair) and Tormod Vold, both of whom are also members of the Board.

Remuneration Committee

The Remuneration Committee acts as a preparatory and advisory committee for the Board in order to ensure thorough and independent preparation of matters relating to compensation to the executive personnel. As at 31

Name	Role	Considered independent of the main shareholders and management	Served since	Term expires	Participation in board meetings in 2020	Shares in BW Energy (direct/indirect)	Nationality
Mr. Andreas Sohmen-Pao	Chairman	No	2019	2022	100%	82,310,067	Austrian
Mr. Marco Beenen	Director	No	2019	2022	100%	28,950	Dutch
Ms. Hilde Drønen	Director	Yes	2020	2021	80%	0	Norwegian
Mr. Russell Scheirman	Director	Yes	2019	2022	80%	0	United States
Mr. Tormod Vold	Director	Yes	2019	2021	100%	0	Norwegian

December 2020, the Remuneration committee consisted of Marco Beenen (Chair) and Tormod Vold, both of whom are also members of the Board.

The Board carries out an annual evaluation of its performance and expertise.

10. Risk management and internal control

The Board ensures that the Company has sound internal control procedures and systems to manage its exposure to risks related to the conduct of the Company's business, to support the quality of its financial reporting and to ensure compliance with laws and regulations. Such procedures and systems contribute to securing shareholders' investment and the Company's assets.

Management and internal control are based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, HSE, Project Management, Operation, Technical and Business Development, in addition to implementation and follow-up of a risk assessment process. The management system is central to BW Energy's internal control and ensures that the Company's vision, policies, goals and procedures are known and adhered to.

The Board annually reviews the Company's most important areas of exposure to risk and its internal control arrangements and an annual supervisory plan for internal audit work is approved by the CEO, based on HSSEQ recommendations and risk assessments carried out.

The internal auditor position is independent from the line management and reports directly to the CEO.

The Board's Audit Committee follows up internal control in connection with quarterly reviews of the Group's financial reporting in addition to two meetings in which internal control issues are addressed specifically. The chief financial officer, the Company's other relevant senior staff and representatives of the external auditor, attend the meetings of the Audit Committee.

The systems for risk management and internal control also encompass the Company's guidelines regarding how the Company integrates considerations related to stakeholders into its creation of value. Please see separate sustainability report included in the annual report for further information.

BW Energy has established a Code of Conduct for the Company and its employees providing guidance to employees on how they can communicate with the Board to report matters relating to illegal or unethical conduct by the Company.

11. Remuneration of the Board of Directors

The general meeting decides the remuneration of the Board based on a proposal from the Nomination Committee. The remuneration of the Board and its individual directors shall reflect the Board's responsibility, competence, use of resources and the complexity of the business activities. The remuneration of the directors shall not be linked to the Company's performance and the directors do not receive

profit related remuneration or share options or retirement benefits from the Company. Any remuneration in addition to normal fees to the directors is specifically stated in the annual report. Detailed information of Board remuneration can be found in Note 7 of the consolidated financial statements.

12. Remuneration of the executive personnel

Bermuda law does not require a vote by the annual general meeting regarding the guidelines for remuneration of the executive personnel. The Company will communicate the executive remuneration guidelines to the annual general meeting, but the guidelines will not be subject to a vote by the shareholders.

Remuneration of the executive personnel is reviewed annually by the Remuneration Committee, which generally considers the executive personnel's performance and also gathers information from comparable companies before making its recommendation to the Board for approval. Such recommendation aims to ensure convergence of the financial interests of the executive personnel and the shareholders.

Any performance-related remuneration to executive personnel is subject to an absolute limit. The limit is approved by the Board of Directors based on a recommendation from the Remuneration Committee.

Any share-based incentive programme in the Company available to the employees of the Company and subsidiaries requires the approval of the Board. Detailed information of remuneration, loans, shareholding of the management and any share option programmes can be found in Note 7 of the consolidated financial statements.

13. Information and communications

BBW Energy is committed to provide information in a manner that contributes to establishing and maintaining confidence with important interest groups and stakeholders. The information is based upon transparency, openness and equal treatment of all shareholders. A precondition for the share value to reflect the underlying values in the Company is that all relevant information is disclosed to the market. Based on this, BW Energy will endeavour to keep the shareholders informed about profit developments, prospects and other relevant factors for their analysis of the Company's position and value. It is emphasised that the information is uniform and simultaneous.

A financial calendar with dates for important events, such as general meeting, publishing of interim annual reports, dates for payment of potential dividend etc. shall be accessible for the shareholders on www.oslobors.no and on the Company's website www.bwenergy.no.

Public investor presentations are arranged in connection with submission of annual and quarterly results for the BW Energy. The presentations are also accessible on the Company's website. Furthermore, continuous dialogue is held with, and presentations are given to, analysts and investors.

14. Take-overs

In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the BW Energy's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall abide by the principles of the Code, and also ensure that the following take place:

- the Board shall ensure that the offer is made to all shareholders, and on the same terms;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall strive to be completely open about the take-over situation;
- the Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of the particular duty the Board carries for ensuring that the values and interests of the shareholders are safeguarded.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the shareholders in general meeting in accordance with applicable law.

If an offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to obtain a valuation from an independent expert. If any member of the Board, or close

associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall obtain an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in section 8 above). Any such valuation should either be enclosed with the Board's statement or reproduced or referred to in the statement.

15. Auditor

BW Energy's external auditor is KPMG AS. The auditor is appointed by the general meeting and is independent of BW Energy Ltd and shall annually confirm its independence in writing to the Audit Committee.

The auditor holds office for the term resolved by the general meeting or until a successor is appointed and is responsible for the audit of the consolidated financial statements of the Company. The Board of Directors ensures that the auditor annually presents an audit plan to the Audit Committee and/or the Board.

The Audit Committee invites the auditor to participate in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts. In these meetings, the Audit Committee is informed of the annual and quarterly accounts and issues of special interest to the auditor. Further, the auditor participates in meeting(s) of the Board that deal with the annual accounts. At these meetings the auditor reviews any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the management of the Company and/or the Audit Committee.

At least once a year, the Audit Committee reviews the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The Board has established guidelines specifying the right of the Company's executive management to use the auditor for purposes other than auditing.

The general meeting authorises the Board to determine the remuneration of the auditor. For more information about remuneration of the auditor, see Note 7 in the consolidated financial statements.



Shareholder information

Investor relations policy

This investor relations policy (the “IR Policy”) for BW Energy Limited (the “Company”) is based on the Oslo Stock Exchange’s rules, regulations and recommendations for listed companies, in particular the Oslo Stock Exchange Code of Practice for IR, as of 1 July 2019 (the “Code of Practice for IR”).

1. Purpose

This IR Policy shall help the Company build trust and awareness in the investor community by ensuring that Investor Relations is conducted in compliance with relevant rules, regulations and recommended practices.

This policy shall help ensure that shareholders, potential investors and other stakeholders shall gain simultaneous access to accurate, clear, relevant, comprehensive and up-to-date information about the Company.

Good relations and an open, active dialogue with shareholders, potential investors, analysts and other participants of the capital markets, shall build trust and contribute to reduced costs of capital for the Company.

This IR Policy shall also contribute to the Company’s management (the “Management”) and board of directors (the “Board of Directors”) obtaining information about the market’s views and opinion on the Company.

The CFO is responsible for the Company’s Investor Relations function.

2. Shareholder contact and communication with the financial market

All communication with shareholders shall be on an equal treatment basis and in compliance with the provisions of applicable laws and regulation. The Company shall continuously provide its shareholders, the Oslo Stock Exchange and the financial markets in general with timely and precise information about the Company and its operations.

The CFO is responsible for all day-to-day contact with the Company’s shareholders on behalf of the company.

Inside information shall be dealt with in compliance with the Company’s Insider Trading Policy. The IR team may continuously communicate with shareholders for the purposes of developing an understanding of matters affecting the Company from time to time are of particular importance to

its shareholders. The IR team will in such cases ensure that communication with shareholders is in compliance with the provisions of applicable laws and regulations and consistent with the principle of equal treatment of shareholders.

Relevant information about the Company shall be given in the form of annual reports, half-year reports, quarterly reports, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed appropriate from time to time. All such information shall be published on the Company’s website, www.bwenergy.no.

The Company shall offer subscription service for stock exchange announcements and press releases.

3. Policy

The Company complies with the Code of Practice for IR. Any future deviations from the Code of Practice for IR will be explained as required by the code.

Disclosure and reporting to the financial markets and contact with shareholders, investors and analysts shall be based on the following main principles:

- Compliance with laws and regulations: All disclosure, communication and reporting shall be in compliance with the applicable laws and regulations from time to time, in particular the Norwegian Securities Trading Act and the Oslo Stock Exchange’s continuing obligations for listed companies. The Company shall also comply with the relevant recommendations and market practices for reporting financial and other IR information.
- Inside information: Unless exceptions apply and are invoked, the Company shall promptly disclose all inside information (as defined by the Norwegian Securities Trading Act).
- Language: All financial and other IR information shall be published in English.
- Information on value drivers: The Company shall publish accurate, clear, comprehensive and relevant information about its historical earnings, operations, long-term potential, strategies, risk factors, outlook and any other information that the Company has defined as significant and relevant value drivers for the shares. Such information shall be consistent over time, giving equal weight to positive and negative factors, thus enabling shareholders and

the financial markets to draw conclusions about the value of the Company.

- **Guiding:** The Company shall not publish specific guidance on the Company’s future financial results. The Company operates in accordance with a set of financial and non-financial strategic targets, established by the Board of Directors. These targets govern the Company’s operations within a defined strategic period. The targets are communicated at least every year in connection with the annual report or as soon as they are approved by the Board of Directors and shall not be disclosed elsewhere.
- **Quiet period:** Investor and analyst meetings shall not be held in the last four weeks prior to the presentation of results. In the same period, no comments shall be made to the media or other external parties regarding the Company’s earnings and outlook.
- **Information the Company’s website:** The Company shall comply with the principles of the Code of Practice for IR in respect of disclosing information for investors and the market on the Company’s website as further set forth therein. The Company shall follow the Norwegian

Code of Practice for Corporate Governance, including the code’s principles regarding transparency, equal treatment of shareholders and disclosure of relevant information. Information shall therefore be available on www.bwenergy.no and other places where it is relevant.

Please see the Investor Relations Policy available on www.bwenergy.no.

4. IR events and arenas

In addition to making information easily available on a timely basis to shareholders and the financial markets, the IR team prioritises raising awareness of, and interest in, the Company and its shares among various market participants - both nationally and internationally.

To help promote this goal, the meetings and presentations described below shall be held.

5. Information available on the Company’s website

The Company will make information available on its website www.bwenergy.no in accordance with the recommendations set out in the Oslo Stock Exchange’s Code of Practice for IR.

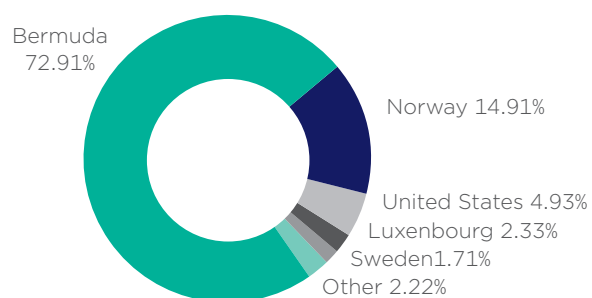
Event	Description
Annual report	Annual reports and presentations shall be available on www.bwenergy.com . The annual report for the current as well as the preceding three years shall be made available on the Company’s website. Annual reports shall be published within three months after the end of the financial year. The Company shall ensure that the annual report remains available and public for the following five years, as a minimum. It is recommended by the IR Code that the annual reports are published no later than three months after the end of the accounting period, unless the Company has published an interim report for the fourth quarter within this deadline.
Quarterly reporting	Quarterly reports (i.e. interim reports for the first and third quarter and half year reports for the first and the last half of the year) shall be published as soon as possible, and within the second month after the end of the said financial period. The Company shall ensure that the quarterly report remains available and public for the following five years, as a minimum. Half-year and interim reports for the current as well as the preceding three years shall be made available on the Company’s website.
Presentations	Open results presentations shall be held for investors, analysts and other stakeholders. The presentations shall be available on www.bwenergy.no .
Financial calendar	The reporting dates for annual, half-year and quarterly reports shall be stated in the financial calendar, which also shall include the date of the ordinary general shareholders’ meeting. The financial calendar shall be published on www.bwenergy.no .
Investor and analyst meetings	The Company shall hold regular meetings with investors and analysts. The Company’s ability to provide information about to individual market participants, including investors and analysts, is limited by regulations applicable to listed companies, including the rules on good stock exchange practices, and the general requirement of equal treatment. All presentations used in the meetings will be available on www.bwenergy.no .
Capital Markets Day	The Company will consider holding a capital markets day when appropriate to keep the market up to date on development, strategy and outlook. capital market days will be open to all who wish to attend, and the presentations will be made available on www.bwenergy.no .
Conferences, seminars, symposia, etc.	Representatives from the Company’s management will participate in various conferences and seminars where relevant. All relevant presentations held by the Company’s management will be published on www.bwenergy.no .

20 LARGEST SHAREHOLDERS

Rank	Holding	Stake %	Name	Type of account
1	90,840,553	38.78	BW Offshore Limited	Ordinary
2	82,310,067	35.13	BW GROUP LIMITED	Ordinary
3	6,788,400	2.90	The Northern Trust Comp, London Br	Nominee
4	4,109,526	1.75	Brown Brothers Harriman (Lux.) SCA	Nominee
5	2,963,123	1.26	VERDIPAPIRFONDET DNB SMB	Ordinary
6	2,840,293	1.21	VERDIPAPIRFONDET NORGE SELEKTIV	Ordinary
7	2,474,444	1.06	STOREBRAND NORGE I VERDIPAPIRFOND	Ordinary
8	2,406,288	1.03	Carl K. Arnet	Ordinary
9	1,906,922	0.81	VERDIPAPIRFONDET FIRST GENERATOR	Ordinary
10	1,478,074	0.63	SEB CMU/SECFIN POOLED ACCOUNT	Ordinary
11	1,211,872	0.52	Danske Invest Norge Vekst	Ordinary
12	1,209,826	0.52	BNP PARIBAS	Nominee
13	1,119,174	0.48	Morgan Stanley & Co. LLC	Ordinary
14	1,033,759	0.44	VERDIPAPIRFONDET DELPHI NORGE	Ordinary
15	957,187	0.41	State Street Bank and Trust Comp	Nominee
16	945,971	0.40	MP PENSJON PK	Ordinary
17	825,480	0.35	SOBER AS	Ordinary
18	813,704	0.35	Nordnet Bank AB	Nominee
19	805,292	0.34	AS CLIPPER	Ordinary
20	742,819	0.32	VERDIPAPIRFONDET FIRST GLOBALT	Ordinary

Date: 31 December 2020

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS







Sustainability report

Guided by its vision, purpose and principles, BW Energy aspires to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability and corporate responsibility. BW Energy will inform stakeholders about objectives, priorities and achievements that are relevant to their interests, expectations and concerns from a sustainability perspective.

The Company has adopted sustainability and corporate social responsibility policies which have been endorsed by the Board of Directors. The Company has an ethics and business conduct policy which provides the guiding principles governing the culture within BW Energy operations and activities.

BW Energy is an independent E&P company focusing on value creation through leverage of existing infrastructure that provides value to the developing economies where it operates by assisting these economies to access safe and affordable energy from their natural resources. The Company has an established framework for risk management to ensure, safe and effective operations, maximise the economic recovery of natural resources and minimise environmental and social impacts. As a responsible and inclusive employer, BW Energy aims to create local employment and be a catalyst for social and economic development.

BW Energy is, as part of the due diligence process for a loan application, reviewed its environmental and social management in Gabon and is developing an Environmental and Social Action Plan (ESAP), the implementation of which will result in BWE's ESG systems and performance complying with the Equator Principles, World Bank Group EHS Guidelines and the International Finance Corporation Environmental and Social Performance Standards.

Material ESG factors

BW Energy has chosen to develop its framework for providing information about the Company's corporate responsibility as a part of the annual report rather than as a stand-alone document. This reflects a continuous commitment to integrate corporate responsibility in all processes and daily operations and in line with the UN Sustainable Development Goal (SDG)

target of adopting sustainable practices and to integrate sustainability information the reporting cycle (SDG target 12.6).

Satisfactory financial performance over time is considered a pre-requisite for creating stakeholder value.

BW Energy has defined the following as the most important factors for long-term value creation for all stakeholders:

- Safe and secure operations
- Environmentally and socially conscious operations
- A strong governance framework
- Being a non-discriminatory and fair employer

These factors are based on a materiality analysis conducted by BW Offshore in 2020 pre the IPO of BW Energy as a stand-alone company. The analysis sought to identify stakeholders' expectations and the risk factors and opportunities they perceive as important to the Company's long-term value creation. It is based on feedback from external and internal stakeholders who have responded to and provided comments on a questionnaire based on relevant topics (inspired by Global Reporting Initiative (GRI) standards), either electronically or through interviews. External stakeholders included customers, partners, regulators, supply chain, investors and lenders.

BW Energy has not performed its own separate materiality analysis following the IPO. However, the factors outlined above are aligned with those identified by the Sustainability Accounting Standards Board's Materiality Map, "SASB Materiality Map"¹⁾, as sustainability issues that are likely to materially affect the financial condition or operating performance of companies within a) the Extractives & Minerals Processing sector and b) the Oil & Gas Exploration and Production sub-industries, summed up as;

Environment	Social capital	Human capital	Business model and innovation	Leadership and govern-ance
<ul style="list-style-type: none"> • GHG emissions • Air quality • Waste & Wastewater management 	<ul style="list-style-type: none"> • Human rights and community relations 	<ul style="list-style-type: none"> • Employee health and safety 	<ul style="list-style-type: none"> • Business model resilience 	<ul style="list-style-type: none"> • Business ethics • Management of legal and regulatory environment • Critical incident risk management

The selected factors also resonate well with the material issues highlighted by MSCI ESG Ratings²⁾ in their materiality overview for the energy sector, and oil and gas explorations and production sub-category. The guidelines focus on three material themes with sub sections:

Environment	Social	Governance
<ul style="list-style-type: none"> • Carbon emissions • Biodiversity and land use • Toxic emissions and waste 	<ul style="list-style-type: none"> • Community relations • Health and safety 	<ul style="list-style-type: none"> • Governance

The factors defined by BW Energy through the materiality analysis are aligned with relevant industry specific external independent materiality frameworks. It ties in with the Company's commitment to Operational Integrity and safety and its 'zero harm' objective for personnel and the environment at large. The factors are also reflected in the Company's support for the United Nations Sustainable Development Goals (SDGs).

1) <https://materiality.sasb.org/>

2) <https://www.msci.com/our-solutions/esg-investing/esg-ratings/materiality-map>

Contribution to UN Sustainable Development Goals

BW Energy is committed to providing safe, efficient and affordable energy and investment to support economic growth in developing countries in which the Company operates. The SDGs described below are those considered to be the most material for BW Energy and where the Company can have the greatest impact.

UN Goal	UN definition	Relevant SDG sub target	BW Energy's contribution
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all.	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<p>Developing targeted recruitment and development programmes in all location's BW Energy operates.</p> <p>Investing in local communities and people where we operate through safe jobs and by promoting education and innovation</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<p>BW Energy's field development strategy is founded on re-use of existing energy infrastructure, allowing for both increased economic value creation while minimizing field development GHG emissions and waste generation</p> <p>Targeting development of proven oil and gas reservoirs, thereby minimising GHG emissions seabed activity related to exploration drilling.</p> <p>Minimising emissions and waste from offshore assets to align with global efforts to combat climate change and its impacts.</p> <p>Eliminating the use of harmful CFC's wherever practicable</p>
 <p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.1: By 2025, pre-vent and significant-ly reduce marine pollution of all kinds	<p>Conducting regular oil spill response drill on the FPSO BW Adolo to test responsiveness and preparedness for unplanned oil pollution events.</p> <p>Ensuring that produced water processed via production facilities meet and exceed minimum water quality standards prior to discharging to sea.</p> <p>Working with local environmental and conservation organisations to monitor the impact of production operations on biodiversity and protected species.</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5 Substantially reduce corruption and bribery in all their form	BE Energy works to ensure zero tolerance for corruption throughout the organisation, via implementation of anti-bribery compliance programme measures.

BW Energy prioritises safety first with "zero harm" as an overriding objective for people and environment

Safety first – zero harm objective for people and environment



Environment

- Committed to minimising environmental impact
- Business model utilising sunk exploration and newbuild green house gas (GHG) emissions by developing proven reservoirs with existing FPSOs
- 11kg CO₂e/boe Dussafu GHG intensity in 2020 compared to global average of 21 kg CO₂e/boe
- Participating in sea turtle conservation project in Gabon



Social

- Provider of safe and secure jobs
- Local employer in underdeveloped areas
- Supporting local communities by training and job creation
- Providing solar-powered streetlights improves safety and accessibility in Mayumba, Gabon
- Supporting COVID-19 health initiatives



Sound governance

- Policies in place for responsible and ethical business conduct
- Dedicated risk management and operational integrity functions
- Fair compensation structures
- Significant local tax contributor in Gabon

Safe and secure energy production

BW Energy is committed to efficient, reliable and compliant operations with zero harm to people, the environment and the communities in which it operates. The Company applies best-in-class as a benchmark for monitoring, assurance and improvement of operational performance and compliance.



BW Energy's Health, Safety, Security, Environmental & Quality (HSSEQ) department is an organisational department that supports BW Energy operations and manages HSSEQ protocols that enable the Company to meet and exceed mandatory requirements and industry standards.

BW Energy targets being an industry leader, with the lowest reasonably possible frequencies for lost time injuries, high-risk incidents -including spills to the environment and unplanned emissions- and occupational illnesses. The Company monitors trends and takes prompt action to prevent or reverse any unwanted developments. BW Energy gives all employees the explicit authority to stop all actions that they think are unsafe and/or are unsure of, and to initiate a process to define and clarify without any repercussions or questions.

The Company has established processes and tools to demonstrate operational performance and compliance in a transparent manner. The process (illustrated below) is based on BW Energy's operational objectives and how the HSSEQ function supports the organisation in meeting and exceeding these targets through a continuous improvement cycle.

HSSEQ Framework

The HSSEQ framework promotes repeatable operational excellence and provides a platform for continuous improvement. It is based on the three core elements: people, process and plant. This framework is defined within the Company Management System, with the desired outcome of efficient, reliable and compliant operations delivered with zero harm through a comprehensive assurance programme. This assurance programme then allows for opportunities for improvement to be identified and realised.

HSSEQ Performance

BW Energy monitors Process Safety, Occupational Safety, Environmental and Asset Integrity, that are leading indicators to anticipate future performance issues and take proactive action to improve. The Company follows the International Association of Oil and Gas Producers (IOGP) guidelines for incident reporting, thus allowing for benchmarking with the wider industry.

A Lost Time Injury (LTI) is an injury in the workplace that means the injured person is unable to resume normal duties in their next shift or subsequent shifts. Total Recordable Injuries (TRI) are the sum of lost time injuries, restricted work cases and medical treatment cases. A High Potential

Incident (HPI) is an incident not causing harm or damage but that, under slightly different circumstances, could have realistically resulted in one or more fatalities or major damage.

In 2020, BW Energy registered five LTIs and one HPI. There were zero LTIs or HPis recorded in 2018 and 2019.

HSSEQ Compliance

The FPSO BW Adolo that produces for BW Energy on the Dussafu license is certified in accordance with the requirements of the International Ship and Port Facility Security (IPSS) code. The security policy of the Company, related assets and premises is to prevent unauthorised access and the introduction of weapons and other dangerous devices or substances. The security policy underpins the commitment to ensure zero harm to personnel and prevent damage to the Company's assets. The Company had no material security incidents in 2020.

Continuous Improvement

BW Energy considers failures as an opportunity to learn and improve. An effective process has been established to identify root causes of deviations and transform these into real improvements, which allows the Company to progressively build on experience and strengthen its performance.

BW Energy's actions for continuous improvement involves:

- Regularly monitoring leading and lagging health and safety indicators
- Periodic review of risk assessments and control measures
- Conducting incident investigations to identify improvement actions
- Circulating safety alerts to the wider organisation
- Implementing health and safety initiatives
- Audits, verifications and inspections
- Facilitating senior management oversight

Future priorities

BW Energy priorities for 2021 include developing additional HSSEQ awareness campaigns and actively engaging with BW Energy contractors with the clear objective of improving LTI performance. In addition, the BW Energy Environmental Management System will be enhanced to ensure compliance with the Equator Principles requirements, a financial industry benchmark for determining, assessing and managing environmental and social risk in projects.



Environmentally conscious operations

BW Energy is committed to contributing to a sustainable environment. The Company recognises that its operations may have wide-ranging impacts on the environment and therefore applies risk management to identify, assess and mitigate actual or potential environmental impacts. BW Energy integrates environmental management within the overarching BW Energy HSEQ management system to ensure environmental risks are appropriately planned for, controlled and monitored. In unplanned circumstances, the risk management system ensures measures are in place to effectively respond to and mitigate the impacts. Continuous improvement is achieved via feedback cycles within the management system framework.



BW Energy operates in a highly regulated industry with a growing body of environmental legislation and emerging industry best practice. The Company engages with industry and regulatory bodies to ensure that all significant environmental aspects are identified and appropriately managed. The environmental management system identifies and integrates all relevant regulatory compliance requirements and industry best practice. BW Energy monitors emerging environmental issues, technologies and practices to ensure it remains compliant, relevant and positioned to operate sustainably in the future. Environmental management is led by the Company's senior management and cascades down throughout all business operations and activities.

Environmental performance

BW Energy environmental impact is determined by assessing the operational performance of its exploration and

production activities against key performance indicators. The key environmental aspects of all operating assets are digitally recorded through the daily reporting process and these aspects are continuously reported and monitored. Field development asset operators ensure that their facilities are effectively operated in accordance with the corporate environmental management system and performance standards. Refer to the table on page XX for data that quantifies the environmental performance of the BW Adolo FPSO.

Air emissions and climate action

BW Energy recognises the threats and challenges climate change poses to society and the environment. BW Energy shares the global commitment towards cleaner, affordable energy sources for all and is committed to reducing greenhouse gas emissions.

Case Study: Reducing GHG emissions and improving operational resilience

BW Energy recognises air travel as a contributor to global GHG emissions. In recent years, the Company has invested in enhancing digital communications systems to reduce business related travel. Digitalisation systems have enabled the performance of remote audit surveys and

technical support to operating assets. Complementing the environmental benefits, the success of these systems has concurrently improved operational resilience to travel restrictions arising from the COVID-19 pandemic.

Consumption, wastes and materials management

In 2020, BW Energy and the FPSO operator continued to measure and monitor wastes generated offshore and shipped to shore. Plastic wastes are considered harmful to the environment particularly in countries where waste management challenges may lead to excessive use of landfill, reduced local air quality through from waste-burning or direct pollution to land or water resources through dumping. Poor waste management impacts the wellbeing and livelihoods of local communities and ecosystems. From 2021, BW Energy will implement a programme with the goal of eliminating single-use plastics across all operations by 2025.

Emissions to sea

The most significant, short-term threat posed to the marine environment and coastal biodiversity by BW Energy's offshore oil and gas operations is a potential significant oil spill event. In 2020, BW Energy as field operator and BW Offshore as FPSO owner and operator, jointly conducted an annual oil spill response drill on the FPSO BW Adolo to test responsiveness and preparedness for unplanned oil pollution events.

Produced water is a by-product of the offshore oil production process. Onboard the Adolo FPSO, produced water is processed via the production facility to an acceptable water quality standard prior to discharging to sea. In 2020, the average oil in water content for produced water discharged to sea was 9.9 parts per million (2019: 12.3). This is well within permit levels which permit a discharge quality of up to 30 parts per million. Since commencing production at the Dussafu Field, produced water discharges to sea have been well within permit limits.

Management of marine environmental impacts

BW Energy is committed to play its part towards protecting and conserving the local habitats and wildlife in the areas where it operates. BW Energy continues to work with local environmental and conservation organisations within Gabon to monitor migratory patterns and the impacts of production operations on biodiversity and protected species. BW Energy is responsible for the environmental licence for the Dussafu field Development, which requires environmental management and monitoring plans to be implemented.

Field development strategy

BW Energy has a strategy for long-term value creation for all stakeholders by developing already proven offshore oil and gas reserves by re-using existing energy infrastructure. The strategy allows for low risk phased offshore developments with a relatively short time span from investment decision to first oil, which increase the potential for financial returns.

The strategy also offers inherent environmental benefits by 1) utilising already "sunk" CO₂ emissions as it minimises the need for exploration drilling, 2) supporting a circular economy by re-using and extending the useful life of existing offshore production infrastructure and 3) thereby significantly reducing field development GHG emissions tied to construction of new production facilities. A study based on the FPSO BW Adolo, factoring in CO₂ emission tied to steel consumption and operations, identified an estimated 70%-80% of GHG emission-savings realised by upgrading an existing FPSO for redeployment compared to constructing and new production unit.

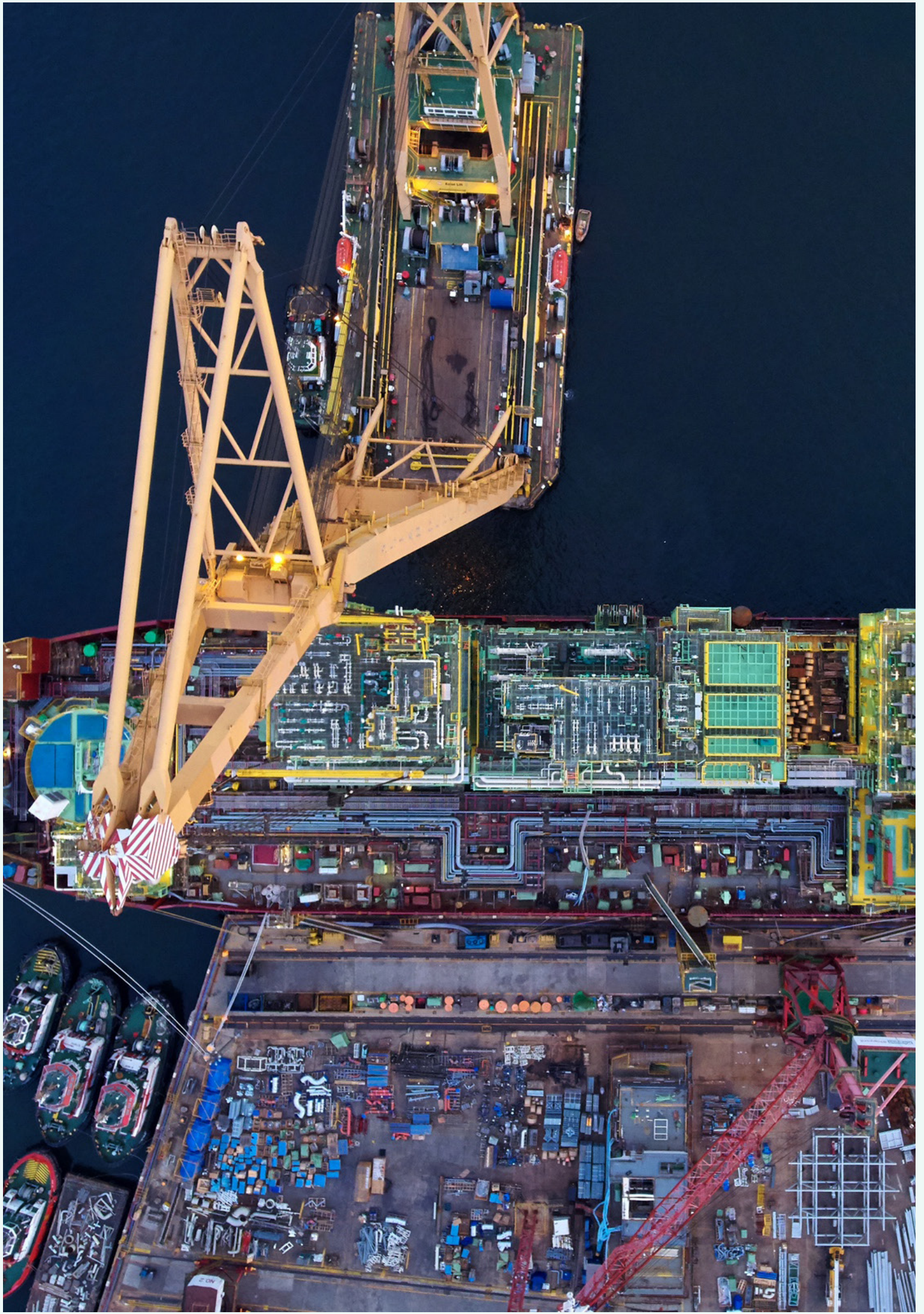
Case Study: Jack-up conversion

In November 2020, BW Energy concluded on an alternative development plan for the Hibiscus/Ruche satellite field, utilising a converted jack-up as the offshore wellhead installation. The approach offers significant financial and environmental benefits with an expected reduction to gross capital investments of around USD 100 million compared to installing a newbuild wellhead platform.

Converting and re-using existing infrastructure reduces field-development related GHG emissions. The cost and environmental impact of installation is also lower as a jack-up rig can "self-install" with less need for external support vessels and the process is less seabed invasive as a jack-up does not require piling for stability.

Future priorities

BW Energy continues to participate in various initiatives to study sea creature habitats and migrations in addition to exploring new ventures and opportunities to re-use existing equipment and facilities and other means of reducing emissions.





A strong governance framework

BW Energy seeks to comply with applicable laws, rules and regulations in every country in which it operates. Business Conduct and Anti-Corruption compliance is of great importance to the Company's stakeholders and it is actively engaged with local authorities and follows international laws and standards for its operations. BW Energy is also a fair and non-discriminating local employer and its activities generate substantial local revenue in terms of salaries and tax income.



Ethics and Business Conduct Compliance

The Company has developed policies for ethics and business conduct, which provide a basis for the attitudes and principles that should govern the culture in BW Energy. These policies include the Code of Ethics and Business Conduct ('the Code'), which applies to all employees in BW Energy and companies in which BW Energy has a majority interest (including joint ventures), and to all BW Energy Board members, officers, temporary employees and legal agents, consultants, intermediaries and others who act on behalf of BW Energy.

BW Energy has mandatory e-learning modules for all employees that must be completed on a regular basis to ensure that the workforce knows and understands the Company's expectations and commitment to compliance. The Company also provides job-role or geography-specific compliance training on-site, as dictated by the Ethics and Business Conduct risk assessment.

Anti-Corruption

BW Energy opposes any and all forms of corruption and is, together with the other Companies related to the BW Group, committed to an industry free of corruption that enables fair trade to the benefit of society at large.

Corruption can often be hidden in common forms of disguise, such as through gifts and entertainment, donations, sponsorship or political contributions. The exchange of corporate gifts and entertainment in a business context can help build goodwill and is a legitimate and valuable component of how the Company conducts its business, provided that any giving or receipt complies with the relevant laws and locally accepted good practice. Instances that are excessive or could be seen to influence decision-making or judgements are not acceptable, and BW Energy adopted corporate reporting and approval mechanisms to review and monitor the giving or receipt of gifts or hospitality.

The Company does not make political contributions, nor does it authorise any personnel or representatives to do so on its behalf. However, BW Energy respects its personnel's right to voluntarily participate in political and democratic processes with their own time and resources.

BW Energy is open to providing responsible and ethical community support: sponsorship, charitable contributions and donations, be it in-kind, services, knowledge, or direct financial contributions, aimed at improving the lives and welfare of the local communities in which it operates. The Company is careful to ensure that charitable contributions and sponsorships are not used as a cover for and do not constitute bribery. Appropriate compliance and corporate authorisation review and approval mechanisms are in place for this purpose.

Report on payments to governments

To provide for enhanced transparency on payments made to governments, BW Energy prepares a separate report disclosing material payments made to governments in the countries in which the Company operates. The report is made on an annual basis at field and country level including additional contextual information, consisting of certain legal, monetary, numerical and production volume information. The report is available on the Company's website www.bwenergy.no.

The report meets the requirements of the Norwegian Security Trading Act §5-5 and of the Norwegian Accounting Act §3-3d for entities which are active in extractive industries with regards to disclosure of direct payments to governments, including payments made by subsidiaries, joint operations and joint ventures, or on behalf of such entities involved in extractive activities.



Governance structure

BW Energy has developed a corporate governance structure and adheres to the Norwegian Corporate Governance Board (NUES) Code of Practice, in force as of 1 October 2018. Please refer to the Corporate Governance section of the Annual Report for more details.



It is the expectation of BW Energy that all applicable business partners, suppliers, agents or other third parties (collectively referred to as 'suppliers') will also observe equivalent anti-corruption principles when conducting businesses with BW Energy. BW Energy has adopted a 'Supplier Code of Ethics and Business Conduct' in cooperation with BW Offshore, in which it expresses the expectations the Company holds for its suppliers.

During the 2020 financial year, BW Energy was not made aware of any confirmed cases of corruption.

Conflicts of Interest

BW Energy requires its personnel and representatives to be loyal to BW Energy, and to refrain from actions or from having interests that make it difficult to perform their work objectively and effectively. They must behave impartially in all business dealings and not give other companies, organisations or individuals improper advantages.

BW Energy requires annual Conflict of Interest declarations to be made by all Personnel and in addition requires supplemental declarations to be made during the year, if a new conflict presents itself. The declaration includes questions on personal interests and any relationship to public officials or politically exposed personnel. Key personnel within BW Energy, such as the Board, Management, subsidiary Company directors or officers and functional leaders, are required to complete an extended declaration of their interests.

Compliance Assessment of Business Partners

A key focus of the Ethics and Business Conduct compliance management programme at BW Energy is the assessment of external related parties who work for the various business units or are part of their value chain. All business partners (including country partners, agents acting on behalf of the Company, and suppliers who provide goods and services) are assessed for: compliance with relevant laws and regulations; compliance with the principles and spirit of the BW Energy Code of Ethics and Business Conduct (and the Guidelines); and any red flags that might indicate that use of the external party might have an adverse effect on BW Energy's reputation, as part of the Company's 'Supplier Qualification' processes.

The Company's commitment to 'Respect for the Individual, Human Rights and Ethical Employment Practices' is also reflected in the Qualification compliance assessment work. The Supplier Code of Ethics and Business Conduct and 'Modern Slavery Statement' detail the risk assessments and the activities that aim to eradicate the risk of modern slavery, human trafficking and forced or child labour within the Company's business and supply chain.

The Corporate Integrity department performs the assessment of the vendors as part of the Qualification process, and may also request further information, perform in-person audits or mandate specific activities (such as certifications or trainings) to be completed by the supplier, as deemed necessary to manage the compliance risk the party might pose to BW Energy. The Company will not engage an external party if the compliance risk is deemed too high.

Reporting concerns, asking questions and raising grievances

BW Energy encourages open discussions about responsible conduct and if any relevant party discovers any unethical or illegal practice or finds themselves in an ethical dilemma, they are obliged to seek advice.

BW Energy has adopted routines and an externally available reporting channel (the BW Energy 'Speak Up Channel') allowing employees, business partners and relevant stakeholders to report a concern in respect to breach of laws, regulations or BW Energy's expectations in the Code and Guidelines. The 'Speak Up Channel' enables anonymous reporting via web and telephone.

BW Energy commits that no retaliation will be taken against any personnel for raising any concern, question, grievance or complaint in good faith. All reports will be treated confidentially and will be investigated promptly, thoroughly and fairly. Reports received and questions asked through the 'Speak Up Channel' function are communicated to the BW Energy Board of Directors on a quarterly basis— with as much detail as is practical based on the Company's commitments to confidentiality and carrying out a fair and thorough investigation.

Breaches of BW Energy's Code or relevant statutory provisions may result in disciplinary action, or dismissal with or without notice, and may also be reported to the relevant authorities. BW Energy is committed to making necessary corrections and taking remedial action to prevent recurrence, should improper practice occur.

The Expressions of Concern policy elaborates several routes for BW Energy Personnel to raise concerns, grievances or make reports. In 2020, there were no BW Energy related reports registered.

Future priorities

The Company will continue to monitor and address any Compliance issues that arise.

Being a non-discriminating and fair employer

BW Energy focuses on its employees and organisation, and the opportunities it can provide for the wider community. The Company is deeply aware of the importance of its people and their contribution to meeting operational and financial objectives. Ensuring the safety and wellbeing of its employees is BW Energy's greatest responsibility and is reflected in its zero-harm principle. Therefore, all processes seek to leverage human performance and a strong culture of care.



Human rights, anti-discrimination and fair employment

The Code of Ethics and Business Conduct represents the commitment to respect for the individual, upholding human rights and instituting fair and ethical employment practices. BW Energy's human capital policies with routines and procedures are aligned with ethical and compliant business practices, such as rules for transparent recruitment and provision of employment agreements establishing its personnel's rights and entitlements.

The Company is committed to treating all persons with dignity and respect in the conducting of their duties and responsibilities. BW Energy prohibits unlawful discrimination based on ethnic or national origin (including protection for indigenous peoples), age, gender identity or expression, sexual orientation, marital status or family structure, religion or disability. Inappropriate workplace conduct, such as harassment, violence or discrimination is not tolerated.

BW Energy supports the United Nations Universal Declaration of Human Rights and the standards advised by the International Labour Organisation. Slavery, forced labour, child labour, torture and other violations of human rights are totally unacceptable.

Third parties providing goods and services to BW Energy are expected to comply with human rights and relevant employment practices. Contractor due diligence is conducted as part of efforts to ensure that the various supply chains operate in an ethical and responsible manner to prevent slavery, human trafficking, forced or child labour and any other violations of human rights and labour standards.

Working for BW Energy

The headcount in BW Energy reflects a highly efficient corporate structure based on a core team supported by specialist competence and capacity, partially subcontracted from BW Offshore. As at 31 December 2020, BW Energy had approximately 100 employees, including contractors and consultants.

Workforce diversity and equal opportunity

BW Energy consists of people with a wide range of experiences, backgrounds and characteristics. The Company continues to build a diverse workforce by attracting, recruiting, developing and retaining people of regardless of gender identity, sexual orientation, nationality, religion and age, across all types of positions.

BW Energy believes that diversity promotes healthy collaboration and positive development of the Company's capabilities and operates with multinational teams at all offshore and onshore locations.

The Company's strategy is to deliver local content to meet and exceed local requirements. Developing local content and competencies strengthens the Company's position and operational abilities. A strong local connection provides knowledge, widens the available competence base and supports the development of a joint company culture.

BW Energy continuously invests in employee training and competency in cooperation with BW Offshore. This includes the BW Academy, which is an internal e-learning platform, currently offers over 166 courses, which are available for all employees. In addition to e-learning, the Company supports personal development and training by internal or external courses, within the categories of Leadership development, induction training, young talent programmes, professional and technical training. The Company is in process to start measuring reporting training hours for internal and external courses.

Performance Management

BW Energy holds Performance Dialogues (formerly Performance Appraisals) with all employees to formalise the performance management process as an important element of leadership and people development for both managers and employees. The process ensures open discussion on expectations, feedback on achievements, and positive and constructive feedback between managers and employees, as well as setting objectives for the coming period. Future focus is to continue the training of managers to ensure the best value of the performance management process.

Fair compensation structures

BW Energy applies a meritocratic approach to ensure that the compensation framework supports the Company's long-term business strategy and delivers a total compensation that fairly reflects each Employee's contribution and performance. The salaries and benefits offered by the Company and by subcontractors on the operated fields operated are significantly higher than local minimum wages.

BW Energy established a Remuneration Committee appointed by the Board of Directors that is responsible for assisting and facilitating decision-making by the Board of Directors regarding executive remuneration. Executive remuneration and variable compensation schemes (VCS) will be subject to annual review and the discretion of the Board of Directors in accordance with the Company's governance.

BW Energy takes a holistic view of various factors to determine and ensure that total employee compensation is fair and above the minimum legal requirements in the various locations in which the Company operates. Factors included when determining compensation are position, competence and results and performance. The compensation

model consists of a base salary and cash compensation that is aligned and competitive in the markets in which the Company operates. Additional compensation may be paid through:

- Variable Compensation Schemes based on the annual performance related to the Company (financial and HSEQ results) and the Employee's individual performance contribution
- Long-term incentive (LTI) programmes with stock-based compensation to incentivise long-term value creation for the Company, and to align the interests of the participating employees with the interests of the shareholders over a long period of time. Awards and participants are on an annual basis
- Benefits, representing pension plans and insurance schemes to all employees in all locations aligned with or above local legislations and markets

Collective bargaining agreement

BW Energy is committed to supporting Freedom of Association and Collective Bargaining. This is clearly stated in the Code of Ethics and Business Conduct. Collective Bargaining is a negotiation process between the Employers and unionised Employees to regulate the terms and conditions, which include wages, working conditions, benefits and other aspects of workers' compensation and rights for workers. Currently, BW Energy has no employees covered under Collective Bargaining agreement.

Supporting local communities

As a prudent and responsible operator, BW Energy is committed to develop safe and long-term stable production from the Dussafu license while maximising recovery for the Gabonese state and partners. As a socially responsible corporation, BW Energy supports the region by contributing to the Gabonese Hydrocarbon Support Fund as well as to local training and social programmes.

For 2020, BW Energy completed a local initiatives project in Mayumba, a village located nearby the Dussafu field. A BW Energy task force solicited input from Mayumba leadership and local citizens, planned and oversaw the installation of solar-powered street-lights to improve lighting in the village. In addition, 20 navigation GPS will be issued to local fishermen to help safeguard navigation, and tutors will be appointed to support education at local schools. These activities are part of a long-term licence commitment to further support the development of Mayumba. In addition, BW Energy supported improvements and renovations to Gabonese universities through government sponsored programs.

During the 2020 COVID-19 pandemic, BW Energy contributed funds in Brazil to Fundação Coppetec, a non-profit organization that funded purchases of patient beds to increase hospital capacity and provide medical workers with protective equipment and supplies; purchased and donated 12,000 litres of ethanol to the Namibian Ministry of Health and Social Services for the production of sanitizing fluid; procured masks and other medical supplies for health services in Libreville and Port Gentil Gabon and provided transportation to members of the Steering Committee for the Coronavirus Outbreak Monitoring and Response Plan task force for their work during the COVID-19 pandemic in Gabon.

Future priorities

BW Energy continue to support nationalisation programmes to increase the percentage of local workforce offshore and onshore as well as health initiative in the communities where we work and live.

Summary of ESG KPIs

		2020	2019
Health and Safety			
Lost Time Injuries		5	0
Fatalities		0	0
Environmental Performance per BW Adolo			
Energy			
Energy consumption offshore	GJ	520,875	500,627
Greenhouse Gas			
CO ₂ equivalent	Te	56,673	56,928
N ₂ O	Te	3	3
CH ₄ (Methane)	Te	168	301
CO ₂	Te	51,108	47,789
CO ₂ equivalent per barrel produced	Kg/bbl	10.9	13.3
Non-Greenhouse Gas Emissions and Discharges			
CO	Te	109	115
NO _x	Te	457	514
SO ₂	Te	12	38.4
nmVOC	Te	154	129
Flaring			
Flared Gas	mmscf	346	337
Number of significant oil spills		0	0
People			
Gender split (female/male)			
Management		0% / 100%	0% / 100%
Board of Directors		20% / 80%	N/A



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Consolidated Statement of Income

USD MILLION (Year ended 31 December)	Note	2020	2019
Total revenues	4	160.3	282.4
Operating expenses	5,7	(73.3)	(90.7)
Operating profit before depreciation, amortisation and sale of assets (EBITDA)		87.0	191.7
Depreciation and amortisation	12,13,20	(70.9)	(74.7)
Impairment	13	(13.2)	-
Net gain/(loss) on sale of tangible fixed assets		(1.2)	0.3
Operating profit (EBIT)		1.7	117.3
Interest income		0.9	2.0
Interest expense		-	(0.7)
Net currency gain/ (loss)		(0.9)	2.1
Other financial items		(13.9)	(9.4)
Net financial items		(13.9)	(6.0)
Profit/(loss) before tax		(12.2)	111.3
Income tax expense	8	(28.9)	(38.8)
Net profit/(loss) for the year		(41.1)	72.5
Net profit/(loss) for the year attributable to			
Shareholders of the parent		(41.1)	58.0
Non-controlling interests		-	14.5
Net profit/(loss) for the year		(41.1)	72.5

The notes on pages 64-85 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	2020	2019
Net profit/(loss) for the year	(41.1)	72.5
Other comprehensive income		
Items to be reclassified to profit or loss:		
Currency translation differences	-	0.4
Net items to be reclassified to income or loss	-	0.4
Total comprehensive income for the year	(41.1)	72.9
Total comprehensive income/(loss) for the year attributable to		
Shareholders of the parent	(41.1)	58.4
Non-controlling interests	-	14.5
Total comprehensive income for the year	(41.1)	72.9

The notes on pages 64-85 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

USD MILLION (As at 31 December)	Notes	2020	2019
ASSETS			
Property, plant and equipment	12	239.5	216.5
Intangible assets	13	110.2	96.7
Right-of-use-assets	20	226.5	237.1
Other non-current assets		3.3	-
Total non-current assets		579.5	550.3
Inventories	9	8.4	9.4
Trade and other current assets	10,22	54.6	97.1
Cash and cash equivalents	11	120.6	81.0
Total current assets		183.6	187.5
Total assets		763.1	737.8
EQUITY AND LIABILITIES			
Share capital	14	2.3	1.9
Share premium		475.4	349.3
Other equity		(34.5)	11.9
Total equity		443.2	363.1
Deferred tax liabilities	8	4.9	3.1
Derivatives	17	0.4	-
Asset retirement obligations	16	13.0	8.9
Long-term lease liabilities	20	233.1	228.0
Long-term related parties payables	22	-	27.6
Total non-current liabilities		251.4	267.6
Trade and other payables	15,22	49.4	90.5
Short-term lease liabilities	20	19.1	16.6
Total current liabilities		68.5	107.1
Total equity and liabilities		763.1	737.8

The notes on pages 64-85 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

USD MILLION	Owners net investment	Share capital	Share premium	Currency translation reserve	Retained earnings/ Net assets	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2019	152.5	-	-	(0.4)	-	152.1	77.4	229.5
Profit for the period	31.8	-	-	-	26.2	58.0	14.5	72.5
Other comprehensive income/ (loss)	-	-	-	0.4	-	0.4	-	0.4
Effects from legal reorganisation	(184.3)	1.9	308.0	-	(34.0)	91.6	(91.9)	(0.3)
Conversion of debt to equity	-	-	41.3	-	19.7	61.0	-	61.0
Total equity at 31 December 2019	-	1.9	349.3	-	11.9	363.1	-	363.1
Equity at 1 January 2020	-	1.9	349.3	-	11.9	363.1	-	363.1
Loss for the period	-	-	-	-	(41.1)	(41.1)	-	(41.1)
New shares issued as part of IPO	-	0.4	122.4	-	-	122.8	-	122.8
Transaction costs on issue of shares	-	-	-	-	(5.3)	(5.3)	-	(5.3)
Gain from stabilisation shares	-	-	3.7	-	-	3.7	-	3.7
Total equity at 31 December 2020	-	2.3	475.4	-	(34.5)	443.2	-	443.2

The notes on pages 64-85 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

USD MILLION (Year ended 31 December)	Note	2020	2019
Operating activities			
Profit/(loss) before tax		(12.2)	111.3
<i>Adjustment for:</i>			
Currency exchange differences		0.6	(2.0)
Fair value change on financial instruments	17	0.4	-
Depreciation and amortisation	12,13,20	70.9	74.7
Impairment	13	13.2	-
Gain on sale of property, plant and equipment		1.2	(0.3)
Changes in asset retirement obligations through income statement	16	0.5	0.2
Add back of interest income		(0.9)	(2.0)
Changes in net working capital		2.5	57.8
Taxes paid in kind	8	(26.7)	(36.5)
Net cash flows from operating activities		49.5	203.2
Investing activities			
Investment in property, plant and equipment	12	(49.6)	(84.0)
Investment in intangible assets	13	(24.9)	(68.5)
Proceeds from disposal of property, plant and equipment	19	-	44.5
Interest received		0.9	2.0
Net cash flows used in investing activities		(73.6)	(106.0)
Financing activities			
Proceeds from interest-bearing debt	22	-	30.2
Repayment of interest-bearing debt	22	(27.5)	(28.6)
Proceeds from transactions with non-controlling interests	22	-	1.3
Proceeds from share issue	14	122.8	-
Proceeds from stabilisation shares	14	3.7	-
Transaction costs on issue of shares	14	(5.3)	-
Payment of lease liabilities	20	(30.0)	(27.4)
Net cash flows from/(used in) financing activities		63.7	(24.5)
Net change in cash and cash equivalents		39.6	72.7
Cash and cash equivalents at 1 January		81.0	8.3
Cash and cash equivalents at 31 December	11	120.6	81.0

The notes on pages 64-85 are an integral part of these consolidated financial statements.

Notes

Note 1 General

BW Energy Limited, was incorporated on 22 May 2019 as an exempted company limited by shares under the laws of Bermuda and in accordance with the Bermuda Companies Act. BW Energy Limited registered office is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. BW Energy Limited (hereafter the "Company") is the parent company of the Company and its consolidated subsidiaries (hereafter the "BW Energy Group").

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").

BW Energy Group is engaged in oil and gas exploration and production activities.

The consolidated financial statements were approved by the Board of Directors on 18 February 2021.

Note 2 Significant accounting policies

Basis of preparation

The consolidated financial statements of BW Energy Group have been prepared pursuant to International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The consolidated financial statements have been prepared in accordance with the historical cost convention with some exceptions, as detailed in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of complying with BW Energy Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

As a result of rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2019.

Functional currency and presentation

Functional currency

The functional currency is determined in each entity in the BW Energy Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognised continuously in the accounting period.

Presentation currency

The BW Energy Group's presentation currency is United States Dollars ('USD'). This is also the functional currency of most of the legal entities of which the financial information is included in these consolidated financial statements.

The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognised in other comprehensive income/(loss) (OCI).

Changes in significant accounting policies

Various new standards are effective from 1 January 2020, none of these changes have a significant impact on BW Energy Group's financial statements.

Amendments to standards and interpretations with a future effective date

Various new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, BW Energy Group has not early adopted the new and amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on BW Energy Group's consolidated financial statements.

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts

Basis for consolidation

Subsidiaries

The subsidiaries are legal entities over which BW Energy group has control. Control is achieved when BW Energy Group 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. Subsidiaries are fully consolidated as of the date on which control is transferred to BW Energy Group. They are de-consolidated as of the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by BW Energy group.

The purchase method of accounting is applied to account for the acquisition of subsidiaries by BW Energy Group. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value as of the date of acquisition, irrespective of the extent of any non-controlling interests.

Non-controlling interests represent the portion of the statement of income and net assets in the subsidiaries not held by BW Energy Group, and the amount attributable to the non-controlling interests is shown beneath the statement of income and is included in equity in the statement of financial position. Profit and loss and each component of OCI are attributed to the equity holders of the parent of BW Energy Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The cost of acquisition exceeding the fair value of BW Energy group's share of identifiable net assets acquired, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired; the difference is recognised directly in the statement of income.

Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

BW Energy Group has classified its E&P licenses as joint operations and recognizes investments in its E&P licenses

by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the consolidated financial statements of BW Energy Group.

Classification of assets and liabilities

Assets for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Liabilities which fall due more than one year after being incurred are classified as non-current liabilities, except for next year's instalment on long-term debt. This is presented as current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

Revenue

The BW Energy Group's revenues derive from production of crude oil.

Revenue from contracts with customers

Revenue from the sale of crude oil is recognised when a customer obtains control (sales method), normally this is when title passes at point of delivery. Revenues from production of oil properties are recognised based on actual volumes lifted and sold to customers during the period.

Where the BW Energy Group has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where the BW Energy Group has lifted and sold less than the ownership interest, costs are deferred for the underlift. Overlift and underlift on the consolidated statement of financial position date are valued at production cost. Lifting imbalances are a part of the operating cycle and as such classified as other current liabilities/assets.

Other revenues

Profit oil tax

BW Energy Group is obligated to pay profit oil tax on the production of crude oil. Payment of profit oil tax can either be settled in cash or in kind (crude oil). In kind payment of profit oil tax is separately lifted by the government for its entitled share of crude oil. Profit oil tax settled in kind is presented in the consolidated statement of profit and loss as income tax expense with a corresponding increase in other revenues.

Royalty

In accordance with the provisions of the Dussafu PSC, BW Energy Group has the obligation to make certain royalty payments to the government of Gabon with a variable percentage based on gross daily production levels. Under the PSC, the Government of Gabon may elect to receive payment for royalties either in cash or in kind (crude oil). Royalty expense incurred in cash is recognised in operating expenses in the consolidated statement of profit and loss. Royalty settled in kind is presented net of revenues. Unpaid royalty expense in cash is accounted for in the consolidated statement of financial position as trade and other payables, unpaid royalty expense in kind is reflected in the over-underlift position.

Borrowing costs

Borrowing costs directly attributable to development of oil and gas field, which take a substantial period to get ready

for their intended use, are added to the cost of the asset until the assets are ready for their intended use. Borrowing cost consists of interest expense, which BW Energy Group incurs in connection with the borrowing of funds.

Taxes

The BW Energy Group may be subject to income tax in the countries in which it operates. The BW Energy Group provides for tax on profit based on the profit for financial reporting purposes, adjusted for non-taxable revenue and expenses.

Income tax expense represents the sum of tax currently payable, changes in deferred tax liabilities and deferred tax assets.

Deferred tax liabilities / assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. Previously unrecognised deferred tax assets are recognised to the extent it has become probable that the deferred tax asset can be utilised. Similarly, the deferred tax asset is reduced to the extent that it is no longer regarded as probable that the deferred tax asset can be utilised.

Deferred tax liabilities and deferred tax assets are measured on the basis of the enacted or substantially enacted tax rates applicable to the respective entity in the BW Energy Group where temporary differences have arisen. Deferred tax liabilities and deferred tax assets are recognised at their nominal value. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income becomes taxable.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Production sharing contracts (PSCs)

The PSCs provide that the income tax to which the contractor is subject is deemed to have been paid to the government as part of the payment of profit oil as regulated by the PSC. The BW Energy Group present this as an income tax expense with a corresponding increase classified as other revenues. This accounting presentation does not have a net impact on the statement of comprehensive income.

Intangible assets

Exploration and evaluation assets

IFRS 6 'Exploration for and Evaluation of Mineral Resources' requires exploration and evaluation assets to be classified as tangible or intangible assets according to the nature of the assets. The BW Energy Group uses the 'successful efforts'-method of accounting for exploration and evaluation costs. Exploration and evaluation expenditure are capitalised when it is considered probable that future economic benefits will be generated. Expenditure that fail to meet this criterion are generally expensed in the period they are incurred.

License acquisition costs, exploration costs, geological expenses and other directly attributable expenses are classified as intangible assets. Exploration assets classified as intangible assets are assessed for impairment at regular intervals.

Once commercial reserves have been discovered, and a development plan has been approved, the carrying value of the relevant assets are transferred to tangible assets. Further expenditure for development of a field, such as drilling production wells, installation of platforms and other structure is capitalised as tangible assets.

No amortisation or depreciation is charged during the development and until production commences.

Property, plant and equipment (PP&E)

Measurement

PP&E are measured at cost less accumulated depreciation and impairment charges. This includes costs of material, direct labour and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including financial costs paid during construction, attributable overheads and estimate of costs of demobilising the asset. PP&E include capital expenditure incurred under terms of PSC qualifying for recognition as assets.

Subsequent costs are included in the asset's carrying amount, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BW Energy Group and the cost of the item can be measured reliably.

Depreciation

Depreciation will start when an item of PP&E is ready for use as intended by management.

The estimated useful lives of the categories of PP&E are as follows:

Crude oil production assets are depreciated using the unit-of-production method. Unit-of-production rates are based on proved and probable reserves (2P) estimated to be recovered from the area during the concession period. Oil volumes are considered produced once they have been measured onboard the storage tank on the FPSO.

Other PP&Es, like IT equipment, office equipment and cars: 3-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Impairment

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount that the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less cost of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the

lowest levels for which there are separate identifiable cash flows (cash-generating units). Each exploration and exploitation licence are considered a separate cash-generating unit as long as it is connected to its own production facility.

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 BW Energy Group's financial assets are trade 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 BW Energy Group's business model for managing them. Except for trade receivables that do not contain a significant financing component, the BW Energy Group initially measures a financial asset at its fair value plus, (in the case of a financial asset not at fair value through profit or loss), transaction costs. The BW Energy Group classifies its financial assets at amortised cost.

Financial assets at amortised cost

The BW Energy Group 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 BW Energy Group's financial assets at amortised cost includes trade and other receivables and other non-current assets. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Impairment of financial assets

For trade and other receivables and other non-current assets, the BW Energy Group applies a simplified approach in calculating ECLs. Therefore, the BW Energy Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime Estimated Credit Losses (ECLs) at each reporting date, based on its historical credit loss experience.

The BW Energy Group considers a financial asset in default when internal or external information indicates that the BW Energy Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the BW Energy Group. A financial asset is written off when the BW Energy Group has no reasonable expectations of recovering the contractual cash flows. The BW Energy Group individually makes an

assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. This assessment is based on historical experience of recoveries of similar assets. The BW Energy Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the BW Energy Group's procedures for recovery of amounts due.

Financial liabilities

Financial liabilities are classified as measured at amortised cost except for financial liabilities at fair value through profit or loss (FVTPL). Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income, as well as any gain or loss on derecognition.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Inventories

Inventories, other than inventories of crude oil, are valued at the lower of cost or net realisable value. Cost of materials and other consumables is determined by the weighted average cost method and cost on fuel oil is determined by 'first-in-first-out' (FIFO) method. The cost of inventories comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

Crude oil inventory is valued at production cost including depreciation. Production cost is the weighted average production cost for the period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term, highly liquid investments 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. Restricted cash related to withholding tax from employees is included as cash and cash equivalents.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction, net of tax, from the proceeds.

Provisions and contingent assets and liabilities

Provisions are recognised when the BW Energy Group has a legal or constructive obligation resulting from 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 BW Energy Group 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.

Contingent liabilities are not recognised in the consolidated financial statements. Contingent liabilities are disclosed, unless the likelihood of the contingent loss is assessed as remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed if there is a certain probability that the benefit will be added to the BW Energy Group.

Asset retirement obligations (ARO)

Provisions for ARO are recognised when the BW Energy Group has a legal or constructive obligation to cover expenses associated with dismantling and removal of assets, and when a reliable estimate of this liability can be made.

The ARO is recognised based on the present value of the estimated cash outflows to be incurred to conduct abandonment activities, considering relevant risks and uncertainties. The corresponding amount is recognised to the related PP&E in the Consolidated Statement of Financial Position and depreciated using the same depreciation method used for the asset.

The ARO will be assessed annually to incorporate the annual revisions to the estimated retirement costs, discount rate and retirement date estimates. Changes in estimates will be recognised as an adjustment to the provision and the corresponding PP&E.

In the event of decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of depreciation, amortisation and net impairment losses in the Consolidated Statement of Income.

When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised when they occur in operating expenses in the Consolidated Statement of Income.

Leases

BW Energy group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, BW Energy group uses the definition of a lease in IFRS 16.

The Group as a lessee

BW Energy group applies a single recognition and measurement approach for all leases except for short-term leases and leases of low value. BW Energy group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

BW Energy group recognises a right-of-use asset and a lease liability at the commencement date of the lease. This is the date the underlying asset is available for use.

Right-of-use assets are measured at cost and depreciated using the straight-line method from the commencement date to the end of the lease term. Right-of-use assets used in BW Energy's oil production is depreciated using the unit-of-production method. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value, BW Energy group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if BW Energy group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the Consolidated Statement of Income if the carrying amount of the right-of-use asset has been reduced to zero.

BW Energy group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Short-term leases and leases of low value

BW Energy group applies the short-term lease recognition exemption to its short-term leases. A short-term lease is a lease that have a lease term of 12 months or less from the commencement date. It also applies the low-value exemption to leases of office equipment that are considered to be low value. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term. BW Energy group has elected to not separate non-lease components and account for the lease and the non-lease components as a single lease component.

Note 3 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires use of estimates and assumptions. The following is a summary of the assessments, estimates and assumptions made that could have a material effect on the consolidated financial statements. Actual results may differ from these estimates.

Reserves and resources estimate

Hydrocarbon reserves are estimates of the number of hydrocarbons that can be economically and legally extracted from the BW Energy Group's oil properties. The BW Energy Group estimates its commercial reserves and resources with support from an independent third party. Commercial reserves are determined using estimates of oil in place, recovery factors and commodity prices. Forecasted oil prices are based on available market data. BW Energy Group has used oil prices based on price deck from an external industry consultant. Future development costs are estimated using assumptions as to the infrastructure required to produce the commercial reserves, whether a platform is needed, number of wells, the cost of such wells and other capital costs. The proven and probable reserves (2P) are used for calculation of depreciation of E&P assets by applying the unit of production method. Changes to the reserve estimate might have an impact on depreciation and can indicate a possible trigger for impairment.

Asset retirement obligations

Asset retirement costs will be incurred by the BW Energy Group at the end of the operating life of some of the BW Energy Group's facilities and properties. The BW Energy Group assesses its retirement obligations at each reporting date. The ultimate asset retirement costs are uncertain and cost estimates can vary in response to many factors,

including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions, including estimated retirement costs, discount rates, and estimated retirement dates, are made in determining the provision for asset retirement obligations. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents management's best estimate of the present value of the future asset retirement costs required.

Impairment of non-current assets

Management must determine whether there are circumstances indicating a possible impairment of the BW Energy Group's non-current assets. The estimation of the recoverable amount for the E&P assets includes assumptions of expected future cash flows and future market conditions, including entitlement production, future oil and gas prices, asset specific risk factors, expected reserves and the date of expiration of the licenses.

All impairment assessment calculations demand a high degree of estimation. Management must make complex assessments of the expected cash flows arising from such assets and the selection of discount rates. Changes to these estimates could have significant impact on the impairments recognised and future changes may lead to additional impairments or to reversals of previously recognised impairments.

Note 4 Revenue

Revenue streams

The BW Energy Group generates revenue primarily from sale of crude oil. BW Energy Group currently has two customers (three customers in 2019). All revenue originates in Africa. BW Energy Group does currently only have one segment.

Other revenue primarily comprise profit oil tax settled in kind. The majority of BW Energy Group's tax expense is related to the operation of the Dussafu PSC arrangement in Gabon. Taxation under this PSC arrangement is based on the government of Gabon's entitled share of profit oil production paid in kind. Under this arrangement taxation is based on a set percentage of average daily production volumes.

USD MILLION	2020	2019
Revenue from contracts with customers	126.1	241.1
Other revenue	34.2	41.3
Total revenue	160.3	282.4

Note 5 Specification of operating expenses

USD MILLION	2020	2019
Employee benefit expenses	8.7	3.4
Operating expenses	64.6	87.3
Total operating expenses	73.3	90.7

Royalty expense incurred for 2020 amount to USD 5.7 million (USD 11.4 million).

Note 6 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net result attributable to the shareholders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted

The company had no instrument outstanding during the reporting period with a potentially dilutive effect.

USD MILLION	2020	2019 ¹⁾
Profit attributable to ordinary shareholders	(41.1)	72.5
Weighted-average number of ordinary shares (in '000)	228,025	187,400
Basic and diluted earnings per share net	(0.18)	0.39

1) 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. Weighted-average number of ordinary shares is based on as if BW Energy Group was a legal group from 1 January 2019.

There are no differences between basic and diluted earnings per share at 31 December 2020 and 2019.

Note 7 Employee benefit expenses, remuneration to directors and auditors

USD MILLION	2020	2019
Wages, administrative personnel	7.9	3.4
Social security contributions	0.7	-
Pension	0.1	-
Total employee benefit expenses	8.7	3.4

USD MILLION	2020	2019
Average number of employees	32	14

Top Management ¹⁾ Remuneration

USD	Salary	Bonus	Pension	Share options	Other benefits	Total	Number of shares ¹⁾
2020	1,804,707	720,015	52,714	-	26,722	2,604,158	2,553,810
2019	564,576	75,188	10,981	-	15,723	666,468	-

1) 2.406.288 shares in 2020 are held by Arnet Energy

In 2020 Top Management comprises of the followings:

Full Year - Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO). Chief Commercial Officer (CCO) with effect from 1 August 2020 and Chief Strategy Officer (CSO) with effect from 1 December 2020.

In 2019 Top Management comprises Chief Executive Officer and Chief Financial Officer from 1 July 2019 to 31 December 2019.

In 2019, expenses related to management, project, operational services and other support functions were allocated from BW Offshore Limited to BW Energy Group and included as operating expenses or capitalised as E&P assets during exploration and development phase.

Board of Directors' remuneration

USD	Directors fee	Number of shares	Share options
2020	302,500	82,339,017	-
2019	-	-	-

Auditors' remuneration

USD THOUSAND	2020	2019
Audit	255.7	782.3
Other assurance	98.0	10.9
Total fees	353.7	793.2

KPMG is the appointed auditor of BW Energy Group. Audit fees for 2019 included fees related to audit services provided in light of the IPO of BW Energy Limited.

Note 8 Income tax expense

The income tax expense for the period comprise corporate income tax, profit oil tax and deferred tax.

The majority of BW Energy Group's tax expense is related to the operation of the Dussafu PSC arrangement in Gabon. Taxation under this PSC arrangement is based on the government of Gabon's entitled share of profit oil production paid in kind. Under this arrangement profit oil taxation is

based on a set percentage of average daily production volumes. As BW Energy Group's taxation is primarily driven by the PSC profit oil taxation, income tax expenses will not necessarily change proportionally with changes in the overall net profit before tax. As a consequence of the PSC taxation arrangement there is no direct correlation between profit before tax and taxation and therefore the effective tax rate may differ significantly between comparable periods.

Tax expense for the year

USD MILLION	2020	2019
Changes in deferred tax	1.8	2.2
Profit oil tax	26.4	36.2
Tax expense including withholding tax current year	0.7	0.4
Total tax expense recognised in statement of income	28.9	38.8

In 2020, USD 26.4 million (USD 36.2 million) of income tax expense is related to Dussafu (State Profit Oil).

Deferred tax liabilities

Deferred tax liabilities are specified as follows:

USD MILLION	2020	2019
Other	4.9	3.1
Deferred tax liabilities - gross	4.9	3.1
Net recognised deferred tax liabilities/ deferred tax assets	4.9	3.1

Note 9 Inventories

USD MILLION	2020	2019
Fuel oil	-	0.7
Materials and consumables	8.4	8.7
Inventory	8.4	9.4

The BW Energy Group did not hold any crude oil inventory as of year-end 2020 or 2019 considering the BW Energy Group was in an overlift position.

Note 10 Trade and other current assets

USD MILLION	2020	2019
Trade receivables	34.3	52.3
Other receivables	15.0	22.5
Related parties receivables	-	21.1
Tax receivables	0.1	-
Prepayments	5.2	1.2
Trade and other current assets	54.6	97.1

Prepayments of USD 3 million relates to prepayment of a drilling rig for which the ownership is not yet transferred.

The fair value of trade and other current assets is the same as the carrying amount.

As of 31 December 2020 and 2019, there were no overdue balances and the expected credit loss for BW Energy Group is immaterial. The carrying amount of BW Energy Group's trade and other receivables are mainly denominated in USD.

USD 11.5 million (USD 12.1 million) of other receivables at 31 December 2020 relates to a receivable from JV partners on the Dussafu field. The long-term portion of the receivable from JV partners of USD 3.3 million at 31 December 2020 is included in non-current assets in the statement of financial position.

Reference to note 19 for further information on Tullow back-in right and related receivable.

BW Energy Group sells crude oil volumes for Panoro Energy and funds certain JV cash calls. BW Energy Group acts as an agent on behalf of Panoro Energy and revenues, trade receivables, crude oil inventory, and operating expenses are presented net of Panoro Energy's share in the JV. BW Energy Group only recognises its share of the JV in the consolidated financial statements.

Credit risk and foreign exchange risk regarding trade receivables are described in Note 17.

Note 11 Cash and cash equivalents

Cash and cash equivalents are denominated primarily in USD, XAF, BRL, SGD and EUR. There is no restricted cash at 31 December 2020 and at 31 December 2019.

Note 12 Property, plant and equipment

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
Cost at 1 January 2020	90.7	181.3	0.5	272.5
Additions and changes in asset retirement cost ¹⁾	27.5	29.9	0.3	57.7
Reclassifications	(78.2)	78.2	-	-
Cost at 31 December 2020	40.0	289.4	0.8	330.2
Accumulated depreciation at 1 January 2020	-	(55.8)	(0.2)	(56.0)
Current year depreciation	-	(34.6)	(0.1)	(34.7)
Accumulated depreciation at 31 December 2020	-	(90.4)	(0.3)	(90.7)
Book value at 31 December 2020	40.0	199.0	0.5	239.5

Useful life UoP ²⁾ 3-5 years

1) Asset Retirement Cost has increased due to change in field life estimate

2) UoP = Unit of Production.

In March 2020, an impairment trigger on Dussafu was identified due to the significant drop in oil price following considerable demand side effect related to COVID-19. E&P tangible assets were tested for impairment assuming a continued low commodity price environment and taking into account current expectations of investment restart.

Each exploration and exploitation licence are considered a separate cash-generating unit in its entirety including tangible and intangible assets for the purpose of testing for impairment. The impairment testing did not identify any required impairments.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount, being the higher of an asset's net selling price or its value in use. The Group has performed the impairment testing using a value in use model based on discounted cash flows. The impairment testing is based on assumptions made, some specifically listed below:

Cash flows were discounted at a rate of 10.0% on a post-tax basis. A discount rate of 10% in line with the Company's WACC is applied to the Proven Developed Producing (PDP) and Proven Undeveloped (PUD) resources.

WACC assumptions:

A discount rate of 10.0% on a post-tax basis is applied in impairment testing. The discount rate is based on the Weighted Average Cost of Capital (WACC) for the Group. The cost of equity is derived from the expected return on investment by the Group's investors, using peer group data for listed oil companies. The cost of debt is based on the

expected debt margin for the Group considering current market outlook and company risk profile.

An increase of the WACC for the Group by 1% would not require an impairment.

Future oil price might have a significant impact on the net present value. Forecasted oil prices are based on available market data as per Q1 2020 in real terms. The Group has used oil prices for impairment calculation with relevant oil price differentials for the specific assets:

Year	USD per boe
2021	46.5
2022	46.0
2023	52.1
2024 ¹⁾	54.1

1) Price applied to all years thereafter

A reduction in oil prices of 10 %, will not require an impairment.

Future cash flows are estimated based on expected production profiles from 2P reserves. The recoverable amount is sensitive to changes in the reserves. Reference to Note 25 for further information about reserves. A reduction of 5 % in the reserves will not require an impairment.

Future investments and abandonment obligation expenses are estimated based on expected production and reflect Management's best estimate.

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
Cost at 1 January 2019	5.2	189.2	0.4	194.8
Additions and changes in asset retirement cost ¹⁾	83.9	(7.9)	0.1	76.1
Reclassifications from intangible assets	1.6	-	-	1.6
Cost at 31 December 2019	90.7	181.3	0.5	272.5
Accumulated depreciation at 1 January 2019	-	(12.3)	(0.1)	(12.4)
Current year depreciation	-	(43.5)	(0.1)	(43.6)
Accumulated depreciation at 31 December 2019	-	(55.8)	(0.2)	(56.0)
Book value at 31 December 2019	90.7	125.5	0.3	216.5
Useful life		UoP ²⁾	3-5 years	

1) Asset Retirement Cost has increased due to change in field life estimate
 2) UoP = Unit of Production.

The Dussafu licence expires in 10 years from commencement of production. At the end of this term, BW Energy Group can file for additional two 5-year extensions. Dussafu assets

are being depreciated based on 2P reserves over a 20 year license period. We consider it probable that the license extensions will be granted.

Note 13 Intangible assets

USD MILLION	E&P exploration and evaluation expenditures	Other intangible assets	Total Intangible assets
Cost			
At 1 January 2020	90.0	7.5	97.5
Additions	27.4	-	27.4
Carrying amount, 31 December 2020	117.4	7.5	124.9
Amortisation and impairment			
At 1 January 2020	-	(0.8)	(0.8)
Amortisation and impairment	(13.3)	(0.6)	(13.9)
At 31 December 2020	(13.3)	(1.4)	(14.7)
Net book value			
At 31 December 2020	104.1	6.1	110.2

E&P additions in the 2020 relate mainly to development of the Ruche field within the Dussafu license in Gabon.

Following a re-prioritisation of E&P projects and future development plans, management has concluded not to develop the Kudu asset in the foreseeable future based on the current development plan. As a result, the Kudu asset is fully impaired in 2020 resulting in an impairment charge of USD 13.3 million.

USD MILLION	E&P exploration and evaluation expenditures	Other intangible assets	Total intangible assets
Cost			
At 1 January 2019	28.3	7.5	35.8
Additions	68.5	-	68.5
Reclassification to assets held for sale	(5.2)	-	(5.2)
Reclassification to tangible assets	(1.6)	-	(1.6)
Carrying amount, 31 December 2019	90.0	7.5	97.5
Amortisation and impairment			
At 1 January 2019	-	(0.2)	(0.2)
Amortisation and impairment	-	(0.6)	(0.6)
At 31 December 2019	-	(0.8)	(0.8)
Net book value			
At 31 December 2019	90.0	6.7	96.7

Additions in E&P exploration and evaluation expenditures in 2019, includes the first milestone payment related to the acquisition of the Maromba oil field in Brazil (USD 30 million). Reference is made to Note 19 for further information regarding the acquisition of Maromba.

The Group also holds a 56% stake of the Kudu production licence, PL-003, offshore Namibia. National Petroleum Corporation of Namibia (NAMCOR), the Namibian state-owned oil company, holds the remaining 44% of the licence. The licence expires in November 2036.

In January 2021 BW Energy Limited announced that BW Kudu Limited, a wholly owned subsidiary of BW Energy, and the National Petroleum Corporation of Namibia (NAMCOR)

signed a Farm-In and Carry Agreement. The agreement increases BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95%. NAMCOR will retain the remaining 5% working interest. The agreement is subject to the approvals of BW Kudu's and NAMCOR's Boards as well as Namibian regulatory authorities. The agreement gives NAMCOR the opportunity to acquire an additional 5% working interest post first gas, while BW Kudu will pay USD 4 million at completion of the transaction and carry NAMCOR's share of development costs until first gas.

E&P intangible assets that are under the exploration and evaluation phase are not amortised except for the Intellectual Property agreement described in Note 22, which is amortised over 12 years.

Note 14 Share capital

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"). Proceeds from the share issuance amounted to USD 122.8 million in equity capital.

Issued and fully paid

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 0.01 each, of which 234,304,300 shares have been issued following the issuance of the new shares.

	USD THOUSAND
At 31 December 2019	1,874
Share issue 2020	469
At 31 December 2020	2,343

Transactions costs on the share issue amounted to USD 5.3 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.

Reference to "Shareholder information" section for information of the 20 largest shareholders at 31 December 2020.

Note 15 Trade and other payables

USD MILLION	2020	2019
Trade payables	11.6	16.5
Payables to related parties	-	17.8
Accrued other expenses	37.2	56.0
Tax payable	0.5	-
Public duties payables	0.1	0.2
Total trade and other payables	49.4	90.5

Note 16 Provisions and contingent assets and liabilities

The BW Energy Group has made a provision for asset retirement obligations (ARO) related to future demobilisation of FPSOs operating for the BW Energy Group, removal and decommissioning umbilicals and other production assets, plugging and abandonment of production or exploration wells and removal of other subsurface equipment and

facilities in Gabon. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. The applied discount rate is 5.3 % (6%), calculated based on risk free rate, adjusted for credit risk of the BW Energy Group.

USD MILLION	Asset retirement obligations
Provision at 1 January 2019	16.7
Change in estimate during 2019	(7.9)
Accretion expense	0.1
Provision at 31 December 2019	8.9
Change in estimate during 2020	3.6
Accretion expense	0.5
Provision at 31 December 2020	13.0

The total acquisition price for the Maromba field is USD 115 million, of which USD 85 million is contingent. Reference is made to note 19 for further information regarding the acquisition of Maromba.

Note 17 Financial risk management

The Group's central finance division has the responsibility for financing, treasury management and financial risk management.

Financial risk factors

Activities expose BW Energy Group to a variety of financial risks: market risk (including currency risk, commodity risk and interest rate risk), credit risk, and liquidity risk.

BW Energy Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. A finance management team led by the Chief Financial Officer identifies and evaluates financial risks in close co-operation with operating units. The finance management team's activities are governed by policies approved by the Board of Directors for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity. The finance management team will report to Top Management, the Audit Committee and the Board of Directors on the status on activities on a regular basis.

In order to maintain financial strength, ensure well-being of its employees, and to secure its assets during the Covid-19 pandemic, BW Energy have made significant changes to its investment strategy and operational outlook.

The BW Energy Group does not use financial instruments, including financial derivatives, for trading purposes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments.

Foreign currency risk

The functional currency of the combining companies is mainly USD. In general, operating revenues and a significant portion of operating expenses are denominated in USD. BW Energy Group is exposed to expenses and investments incurred in currencies other than USD ('foreign currencies'); the major currencies being Central Africa CFA Franc ('XAF'), Euro ('EUR') and Brazilian Reals ('BRL'). Operating expenses denominated in XAF and EUR constitute a part of total operating expenses. Consequently, fluctuations in the exchange rate on XAF, BRL, and EUR may have impact on the financial statements. BW Energy Group has no financial instruments for currency hedging per 31 December 2020 that manages risk actively. To a certain extent, BW Energy Group has a natural hedge on local currencies where income is being used to settle expenses.

Interest rate risk

Except for the amount due to and from related parties, BW Energy Group's operating cash flows are not affected by changes in market interest rates.

BW Energy Group holds an interest rate swap with a nominal value of USD 50 million with maturity in 2030. The interest swap rate is 0.99% and is on remote to hedge future debt. The market value of the interest rate swap was negative by USD 0.4 million at 31. December 2020.

Commodity price risk

BW Energy Group revenues are derived from the sale of petroleum products related to the Dussafu license. Revenue is, and will continue to be, exposed to fluctuations in oil prices.

BW Energy Group assess the benefits of forward hedging monthly sales contracts on a continuous basis and oil price hedging will be performed in accordance with instructions from the Board of Directors. Due to the relatively low break-even oil price in the Dussafu field and deferred start-up of investment activities, the Group has not entered into oil price hedging contracts per 31 December 2020.

Credit risk

Credit risk is the risk of financial losses if a customer or counterparty to financial receivables and financial instruments fails to meet contractual obligations.

Financial guarantees, derivatives and cash deposits are only conducted with approved counterparties and predominantly with investment grade financial institutions and are governed by standard agreements (ISDA and LMA documentation). BW Energy Group has policies that limit the amount of exposure against any financial institution.

The risk of counterparties being financially incapable of fulfilling their obligations is regarded as minor as there have not historically been any losses on accounts receivable. BW Energy Group's customer and licence partners are credit worthy oil companies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet obligations of finance liabilities when they become due.

BW Energy Group monitors the liquidity through cash flow forecasting of operational and investment activities in the short-, medium- and long-term.

BW Energy Groups' primary source of liquidity is cashflows from production of oil in the Dussafu licence. To manage its strong financial position, BW Energy has reduced operational costs by negotiating cost reductions with suppliers, cost sharing with other operators and controlled general and administrative expenses.

Note 18 List of subsidiaries

Subsidiaries	Country of incorporation	Ownership 2020	Ownership 2019
BW Energy Dussafu B.V.	Netherlands	100%	100%
BW Energy Production Pte Ltd ¹⁾	Singapore	100%	100%
BW Energy Gabon SA	Gabon	100%	100%
BW Energy Holdings Pte Ltd	Singapore	100%	100%
BW Kudu Holding Pte Ltd	Singapore	100%	100%
BW Kudu Limited	United Kingdom	100%	100%
BW Energy Maromba do Brasil Ltda	Brazil	100%	100%
BW Energy Maromba B.V.	Netherlands	100%	100%
BW Maromba Holdings Pte Ltd	Singapore	100%	100%
BW Energy USA Management Inc. ²⁾	USA	100%	0%
BW Energy OI Ltd ³⁾	Bermuda	100%	0%

1) Former BW Energy Gabon Pte Ltd

2) BW Energy USA Management Inc. was incorporated 20 May 2020

3) BW Energy OI Ltd was incorporated 10 November 2020

Note 19 Acquisitions and disposals

Dussafu

On 19 March 2019, BW Energy Gabon SA ("BWE"), entered into an agreement with Gabon Oil Company (GOC) for the disposal of a 10% interest in the Dussafu production sharing contract. The transaction price was USD 28.6 million, representing a reimbursement equivalent to 10% of development and production costs from April 2017 and to-date. An USD 0.3 million gain relating to this transaction is included in Net gain/(loss) on sale of tangible fixed assets in the Consolidated Statement of Profit/(Loss). Following this transaction BW Energy Group's interest was reduced to 81.67%.

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

In December 2020, the parties successfully concluded negotiations and signed the necessary agreements to settle the disputed amounts in accordance with BW Energy's previous expectations, which resulted in a loss on the sale of USD 1.2 million that was recognised in Q1 2020. Under the terms of the settlement, the approval of the Gabonese government is required as a condition to completion and is expected to be received in the first quarter of 2021. BW Energy Group has recognised a receivable in its consolidated statement of financial position based on the settlement agreement.

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%). Subsequent to the agreements, BW Energy Group signed a Memorandum of Understanding ("MOU") with Magma Oil & Gas Ltda ("Magma") granting an option to Magma for the acquisition of 5% of the BW Energy Group's participating interest in the Maromba Field upon occurrence of the first oil. In July 2019, BW Energy Group appointed a shareholder in Magma as country manager for BW Energy in Brazil.

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 satisfied the main condition precedent for the closing of the Maromba field acquisition, which resulted in the payment of the first milestone of USD 30 million to Chevron and Petrobras. The acquisition was treated as an asset acquisition considering the asset is in a pre-development phase.

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.

Kudu

In January 2021, the Company announced BW Kudu Limited, a wholly owned subsidiary of BW Energy Limited and the National Petroleum Corporation of Namibia (NAMCOR) have signed a Farm-In and Carry Agreement. The agreement increases BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95%. NAMCOR will retain the remaining 5% working interest.

The agreement is subject to the approvals of Namibian regulatory authorities, which is expected in 2021. The agreement gives NAMCOR the opportunity to acquire an additional 5% working interest post first gas, while BW Kudu will pay USD 4 million at completion of the transaction and carry NAMCOR's share of development costs until first gas.

Agreement effective date is June 2018, which resulted in USD 2.5 million of joint interest receivable from NAMCOR converted into capital expenditure reflecting the 95% working interest. As Management has no immediate plans to develop the Kudu asset in foreseeable future, a non-cash impairment for the additional investment was recognised in December 2020.

Note 20 Leases

The Group as a lessee

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

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2020	0.6	236.5	237.1	244.6
Additions	0.5	5.5	6.0	6.0
Adjustments	0.6	18.4	19.0	19.0
Depreciation expense	(0.6)	(35.0)	(35.6)	n/a
Interest expense	n/a	n/a	n/a	12.6
Lease payments	n/a	n/a	n/a	(30.0)
Balance at 31 December 2020	1.1	225.4	226.5	252.2

Lease payments of USD 30.0 million (USD 27.4 million) consists of lease instalments of USD 17.4 million (USD 18.4 million) and interest expense of USD 12.6 million (USD 9.0 million).

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2019	0.7	189.6	190.3	190.3
Additions	0.7	-	0.7	0.7
Adjustments	-	72.0	72.0	72.0
Depreciation expense	(0.8)	(25.1)	(25.9)	n/a
Interest expense	n/a	n/a	n/a	9.0
Lease payments	n/a	n/a	n/a	(27.4)
Balance at 31 December 2019	0.6	236.5	237.1	244.6

USD MILLION	2020	2019
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	31.6	26.3
Later than one year and not later than five years	112.8	93.8
Later than five years	213.4	216.7
Total undiscounted lease liabilities at 31 December	357.8	336.8
Lease liabilities included in the statement of financial position at 31 December		
Current	19.1	16.6
Non-current	233.1	228.0

Amounts recognised in profit or loss

USD MILLION	2020	2019
Interest on lease liabilities	12.6	9.0

For right-of-use assets used in joint arrangements, the partners share of the lease payments are classified as other income.

Extension options

Some leases, such as the lease relating to the FPSO and certain office leases, contain contractual rights and options, such as extension and cancellation options that may impact

the lease term and are exercisable only by the BW Energy Group and not by the lessors. These options may impact the estimated lease term. BW Energy Group assesses the lease term at lease commencement, and subsequently when facts and circumstances which under the control of BW Energy Group require it. For the lease of the FPSO, BW Energy Group is reasonably certain that the lease term will exceed the non-cancellable contract period of 365 days.

Note 21 Commitments and guarantees

Commitments related to development of oil fields and operations, contracted for at the balance sheet date, but not recognised in the financial statements are as follows:

USD MILLION	2020	2019
Nominal amount	11.6	133.9
Fair value	10.5	124.0
Interest rate	10.0 %	8.0 %

The commitment included committed contract values for the development of the Dussafu field.

A subsidiary of BW Offshore, BW Offshore Singapore Pte. Ltd., has provided a guarantee in respect of the obligations

of BW Kudu Limited, under an agreement entered into with the National Petroleum Corporation of Namibia (NAMCOR) in connection with the acquisition of BW Energy's participating interest of 56% in the Kudu Licenses PLO03 further described in Note 13 Intangible assets.

Note 22 Related parties transactions

The largest individual shareholder BW Offshore Limited, owning 38.8%, is incorporated in Bermuda. The largest individual shareholder of BW Offshore Limited Group is BW Group Limited owning 49.9%, which is incorporated in Bermuda and is controlled by Sohmen family interests. BW Group Limited has a direct ownership of 35.1% in BW Energy Limited.

On 19 February 2020, BW Energy Limited was publicly listed on Oslo Børs, and BW Group Limited was allocated 6,378,971 shares, which is equivalent to NOK 156 million (approximately USD 17 million). BW Offshore Limited resolved to distribute 37,741,000 shares in BW Energy to the eligible BW Offshore shareholders for a total value of t USD 98.8 million).

The following related parties of BW Energy have been allocated shares in the Company in the Offering:

- Carl K. Arnet, BW Energy Limited's 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 the 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 Limited.

- Knut R. Sæthre, BW Energy Limited's CFO, has been allocated 81,967 shares in the Offering and 25,507 shares as dividends from BW Offshore Limited, and his holding at the time of listing was 107,474 shares.
- Lin G. Espey, BW Energy Limited's COO, has been allocated 20,491 shares.
- BW Offshore Limited, a major shareholder represented on the board of BW Energy, holds 90,861,044 Shares (38.8%) following the Offering and distribution of dividends by BW Offshore Limited.

In 2020, BW Energy Group repaid short-term loans of USD 27.6 million to BW Offshore Singapore Pte. Ltd., as subsidiary of BW Offshore Limited. In the same period, BW Offshore Singapore Pte. Ltd. repaid a loan to BW Energy Group of USD 20.9 million.

On 11 March 2019, Carl Arnet the CEO of BW Offshore Limited became the holder of 1% shares in BW Energy Holdings Pte Ltd ("BWEH"), the company formed in 2016 by BW Offshore Group and BW Group Limited for the purpose of pursuing oil and gas interests. The new shares in BWEH were allotted to Arnet Energy, a wholly owned entity by Carl Arnet for a total consideration of USD 1.85 million, including a pro rata share of shareholder loans.

The BW Energy Group entered into a Memorandum of Understanding with Magma Oil & Gas Ltda ("Magma") granting an option to Magma for the acquisition of 5% of the BW Energy Group's participating interest in the Maromba field upon occurrence of first oil. In the third quarter of 2019, the BW Energy Group appointed a shareholder in Magma as country manager for BW Energy in Brazil.

BW Energy Limited's acquisition of Dussafu assets

On 11 October 2019, BW Offshore Singapore Pte. Ltd. (a wholly owned subsidiary of the BW Offshore Limited Group), Maple Company Limited (a wholly owned subsidiary of BW Group Limited), Arnet Energy Pte. Ltd. and BW Energy Limited entered into an agreement whereby BW Energy Limited purchased all shares and certain receivables in BW Energy Holdings Pte. Ltd. ("BWEH") in exchange for Shares in the Company at a valuation of USD 288.5 million as follows:

- Sale by BW Offshore Singapore Pte. Ltd. of 66% of the shares in BWEH in return for 114,180,000 shares in BW Energy Limited;
- Sale by Maple Co of 33% of the shares in BWEH in return for 57,090,000 shares in BW Energy Limited; and
- Sale by Arnet Energy Pte Ltd. of 1% of the shares in BWEH in return for 1,730,000 shares in BW Energy Limited.

BWEH is the holding company owning the BW Energy Group's participation interest in the Dussafu asset. The above transactions are assessed to be transactions under common control and will be accounted for using book value (carry-over basis) accounting. The residual between the carrying value and the consideration paid through the issuance of new shares, will be recognised directly into equity.

BW Energy's acquisition of the Kudu and Maromba assets

On 11 October 2019, BW Energy Limited entered into agreements to acquire all shares and certain receivables in BW Kudu Holding Pte. Ltd. and BW Maromba Holdings Pte. Ltd. from BW Offshore Singapore Pte. Ltd. (a wholly owned subsidiary of BW Offshore Limited). BW Kudu Holding Pte. Ltd. is the holding company owning BW Energy Group's participation interest in the Kudu asset and BW Maromba Holdings Pte. Ltd. is the holding company owning the Maromba asset.

The consideration for the shares in BW Kudu Holding Pte. Ltd. and BW Maromba Holdings Pte. Ltd. was USD 16 thousand and USD 21.4 million, respectively, and was settled by the issuance by BW Energy Limited of an aggregate of 14,400,000 shares to BW Offshore Limited.

The transactions are assessed to be transactions under common control and will be accounted for using book value (carry-over basis) accounting. The residual between the carrying value and the consideration transferred through the issuance of new shares will be recognised directly into equity.

Following completion of the above transactions, the BW Offshore Limited ownership interest in BW Energy Limited is 68.6%, while BW Group Limited and Arnet Energy Pte Ltd own 30.5% and 0.9% respectively.

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. Under the terms of the agreement, BW Energy Group has paid an upfront payment of USD 7.5 million for the intellectual property. This is presented as intangible asset, refer to note 13. The agreement is built on an earn out model with a defined set of performance targets, which would entitle SPP further payments conditional upon these targets being met. Nominal payments under the agreement could amount to a further USD 67.5 million over the life of the Dussafu development. No performance targets were met by December 2020.

Related parties transactions

USD MILLION	Transaction values for the year ended 31 December		Balance outstanding as at 31 December ¹⁾	
	2020	2019	2020	2019
Purchase of services				
Operating services	64.4	56.1	6.4	10.1
Other services	16.1	28.4	1.6	7.5
Total	80.5	84.5	8.0	17.6

1) Included in Trade and other payables

USD MILLION	Balance outstanding as at 31 December	
	2020	2019
Total long-term related parties loans	-	27.6
Total short-term related parties receivables	-	20.9

Loan agreements with related parties are set up based on regular market rates. Outstanding balances at year-end are unsecured. Average interest rate per annum was 4.6% for 2019. The carrying amounts of related parties receivables and payables are in USD.

Note 23 COVID-19

BW Energy Group completed 2020 with strong performance and outstanding financial stability. The Group raised net proceeds of USD 121 million through its successful Oslo Stock Exchange listing in February 2020. During the year, the Group completed two additional producing wells from its Tortue field in Dussafu Block, and safely conducted a total of seven off-loadings, five of which were for the Group. These achievements placed BW Energy Group in a strong operational and financial position to survive and thrive through the global COVID-19 pandemic and the significant drop in price of crude oil.

Dussafu production continued through-out the pandemic as BW Energy Group managed travel restrictions and quarantine protocols for its offshore employees and vendors.

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

Investments for 2020 were significantly reduced when the Group suspended drilling operations and project work in mid-March to preserve cash. The Ruche project was suspended during most of the year. In the fourth quarter, and in spite of the ongoing pandemic, it was announced that the Group will utilise a jack-up converted to an offshore installation and production facility as an alternative to constructing an offshore wellhead platform. The strategic change will result in reduced future investments for the Ruche Phase 1 project.

In 2020, the Maromba project activities continued to be limited and refocused to progress on government approvals and optimisation of the field development plan with respect to investment, operational costs, and schedule. These efforts resulted in successfully obtaining Field Development Plan approval by Brazil regulators (ANP).

BW Energy Group further managed to reduce operational costs, by negotiating cost reductions with suppliers, cost sharing with other operators, and controlling other general overhead expenditure.

Note 24 Subsequent events

On 20 January 2021, BW Energy Limited (the "Company") completed a private placement of new shares in the Company and allocate and issue 23,690,000 new shares (the "NewShares") at a subscription price of NOK 27 per share, raising gross proceeds of NOK 639,640,000 (approximately USD 75 million).

BW Group Limited was allocated 8,322,192 new shares at NOK 27 per share in the Private Placement. Following completion of the Private Placement BW Group Limited will own 90,632,259 shares in the Company, equal to 35.13% following the issuance of the new shares.

CEO of BW Energy Carl Arnet was allocated 243,294 new shares at NOK 27 per share in the Private Placement. Following completion of the Private Placement Carl Arnet

will own 2,649,582 shares in the Company, equal to 1.03% following the issuance of the new shares. In addition, close associates of Carl Arnet own 16,324 shares in the Company.

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

The share capital increase pertaining to the issuance of the New Shares is resolved by the Board within the Company's current authorised share capital. Following the issuance of the New Shares, the Company will have an issued share capital of USD 2,579,943, divided into 257,994,300 shares, each with a par value of USD 0.01.

Note 25 Reserves (unaudited)

The BW Energy Group has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating and certifying the reserves and resources.

Evaluations have been based on standard petroleum engineering and evaluation principles. This include use of standard engineering and geoscience methods, or a combination of methods, including volumetric analysis, analogy, and reservoir modelling, considered to be appropriate and

necessary to classify, categorize, and estimate volumes in accordance with the 2015 PRMS definitions and guidelines. The reserves and contingent resources in this report have been estimated using deterministic methods.

As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgment.

Estimated remaining gross oil reserves by NSAI for oil properties located in Tortue field:

As of 31.12.2020	1P Gross mmbbl	1P Net mmbbl	2P Gross mmbbl	2P Net mmbbl
Dussafu Marine Permit	73.5	54.0	104.9	77.1
As of 31.12.2019	1P Gross mmbbl	1P Net mmbbl	2P Gross mmbbl	2P Net mmbbl
Dussafu Marine Permit	76.0	55.9	111.4	81.9

Proved reserves (1P) are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be

recovered than proved reserves and 2P is proved and probable reserves.

During 2019 and 2020, the BW Energy Group had the following reserve development:

During 2019 and 2020, the BW Energy Group had the following reserve development:

	2P reserve mmbbl
Balance as of 31 December 2018	35.1
Production 2019	(4.3)
Revision of previous estimate	80.6
Balance as of 31 December 2019	111.4
Production 2020	(5.2)
Revision of previous estimate	(1.3)
Balance as of 31 December 2020	104.9



Parent company financial statements

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Statement of Income

USD MILLION (Year ended 31 December)	Note	2020	2019 ¹⁾
Revenue		4.3	-
Operating expenses	3	(8.9)	(3.1)
Operating loss (EBIT)		(4.6)	(3.1)
Interest income		2.2	0.1
Other financial items		(0.8)	-
Net financial items		1.4	0.1
Profit/(loss) before tax		(3.2)	(3.0)
Income tax expense	4	(0.3)	-
Net profit/(loss) for the year		(3.5)	(3.0)

1) for the period 22 May to 31 December 2019

Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	2020	2019 ¹⁾
Loss for the year	(3.5)	(3.0)
Total comprehensive income for the year	(3.5)	(3.0)

1) for the period 22 May to 31 December 2019

The notes on pages 91-95 are an integral part of these financial statements.

Statement of Financial Position

USD MILLION (As at 31 December)	Note	2020	2019
ASSETS			
Shares in subsidiaries	8	260.7	230.7
Long-term intercompany receivables	9	45.4	10.2
Total non-current assets		306.1	240.9
Trade and other current assets		0.7	-
Short-term intercompany receivables	9	1.8	31.2
Cash and cash equivalents		81.7	-
Total current assets		84.2	31.2
Total assets		390.3	272.1
EQUITY AND LIABILITIES			
Share capital	5	2.3	1.9
Share premium		475.4	349.3
Other equity		(91.0)	(82.2)
Total equity		386.7	269.0
Derivatives		0.5	-
Total non-current liabilities		0.5	-
Trade and other payables		2.9	0.5
Short-term intercompany payables	9	0.1	2.6
Tax liabilities		0.1	-
Total current liabilities		3.1	3.1
Total equity and liabilities		390.3	272.1

The notes on pages 91-95 are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

USD MILLION	Note	Share capital	Share premium	Retained earnings/ Net assets	Total equity
Equity at 22 May 2019		-	-	-	-
Loss for the period		-	-	(3.0)	(3.0)
Effects from legal reorganisation	5	1.9	349.3	(79.2)	272.0
Total equity at 31 December 2019		1.9	349.3	(82.2)	269.0
Equity at 1 January 2020		1.9	349.3	(82.2)	269.0
Loss for the period		-	-	(3.5)	(3.5)
Proceeds from share issue		0.4	122.4	-	122.8
Transaction costs on issue of share		-	-	(5.3)	(5.3)
Gain from stabilisation shares		-	3.7	-	3.7
Total equity at 31 December 2020		2.3	475.4	(91.0)	386.7

The notes on pages 91-95 are an integral part of these financial statements.

Statement of Cash Flows

USD MILLION (Year ended 31 December)	2020	2019 ¹⁾
Operating activities		
Profit/(loss) before tax	(3.2)	(3.0)
<i>Adjustment for:</i>		
Currency exchanges differences	(0.2)	
Change in fair value of derivatives	0.4	
Add back of net interest expense	(0.2)	
Changes in net working capital	(6.2)	3.0
Taxes paid	(0.3)	
Net cash flows from/(used in) operating activities	(9.7)	-
Investing activities		
Investment in subsidiaries	(30.0)	-
Interest received	0.2	-
Net cash flows used in investing activities	(29.8)	-
Financing activities		
Proceeds from share issue	122.8	-
Proceeds from stabilisation shares	3.7	-
Transaction costs on issue of shares	(5.3)	-
Net cash flows from financing activities	121.2	-
Net change in cash and cash equivalents	81.7	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	81.7	-

1) for the period 22 May to 31 December 2019

The notes on pages 91-95 are an integral part of these financial statements.

Notes

Note 1 General information

BW Energy Limited, was incorporated on 22 May 2019 as an exempted company limited by shares under the laws of Bermuda and in accordance with the Bermuda Companies Act. BW Energy Limited registered office is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. BW Energy is the holding company.

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").

All figures are in USD million if not otherwise stated. As a result of rounding differences, numbers and or percentages may not add up to the total.

The financial statements were approved by the Board of Directors on 18 February 2021.

Note 2 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The financial statements have been prepared pursuant to the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the statement of income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Accounting for subsidiaries

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.

Currency translation

Functional and presentation currency

The Company's presentation currency is United States Dollars ("USD"). 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. Currency translation gains and losses, from items which are hedged as part of a connecting cash flow hedge, are recognised in other comprehensive 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.

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. Except for trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, (in the case of a financial asset not at fair value through profit or loss), transaction costs.

The Company classifies its financial assets in:

- Financial assets at amortised cost

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 other short-term deposits.

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 ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime Estimated Credit Losses (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 classified as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss (FVTPL). Such liabilities, including derivatives that are liabilities, shall be subsequently

measured at fair value. Other financial liabilities are subsequently 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.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

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 at fair value. 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 equity as a deduction, net of tax, from the proceeds.

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.

Classification of assets and liabilities

Assets for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Liabilities which fall due more than one year after being incurred are classified as long-term liabilities, except for following year's instalments on long-term debt. This is presented as current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company’s accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Shares in subsidiaries and intercompany receivables are subject to impairment testing at the end of each reporting period. Valuation is subject to assessment of the recoverability in the underlying investment or receivable. Management’s assessment can affect the level of impairment loss, or reversal of such, that is recognised in profit or loss.

Changes in accounting policies

There are no changes in the accounting policies.

Note 3 Operating expenses

USD MILLION	2020	2019
Management and support services	2.7	0.2
Shared services	3.1	0.6
Legal fee	1.0	1.0
Consultant’s fee	1.0	0.6
Director’s fee	0.3	-
Audit fee	0.2	0.1
Travel	0.1	0.1
Other operating expenses	0.5	0.5
Total operating expenses	8.9	3.1

Note 4 Income tax

BW Energy Limited is a Bermuda company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The income tax for 2020

concerns withholding tax which the Company is subject to in certain countries where the Company has financial income.

Note 5 Share capital

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 0.01 each, of which 234,304,300 shares have been issued following the issuance of the new shares.

Issued and fully paid:

	USD THOUSAND
At 31 December 2019	1,874
Share issue 2020	469
At 31 December 2020	2,343

Transactions costs on the share issue was USD 5.3 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.

Reference to "Shareholder information" section for information of the 20 largest shareholders at 31 December 2020.

Note 6 Financial assets and liabilities

As of 31 December, the Company had financial assets and liabilities in the following categories:

USD MILLION Year ended 31 December 2020	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	81.7	-	81.7
Intercompany receivables	47.2	-	47.2
Other current assets	0.7	-	0.7
Intercompany payables	-	(0.1)	(0.1)
Other current liabilities	-	(2.9)	(2.9)
Derivatives	-	(0.5)	(0.5)
Total	129.6	(3.5)	

USD MILLION Year ended 31 December 2019	Financial assets	Financial liabilities measured at amortised cost	Fair value
Intercompany receivables	41.4	-	41.4
Intercompany payables	-	(2.6)	(2.6)
Other current liabilities	-	(0.5)	(0.5)
Total	41.4	(3.1)	

Note 7 Financial risk management

The Company's activities expose it to a variety of financial risks. Overall risk management follows and is handled by the BW Energy Group. These processes and policies are described in more detail under Note 17 of the consolidated financial statements.

Foreign currency risk

The Company's business is not exposed to significant foreign exchange risk as its operating expenses are mainly denominated in United States Dollars, which is the functional currency of the Company.

Interest rate risk

Expect for the amount due to and from subsidiaries, the Company's operating cash flows are independent of changes in market interest rates. The Company holds an interest rate swap of USD 50 million that was entered into at favourable levels pending financing.

Credit risk

The Company's credit risk is primarily attributable to the amount due from the subsidiaries (non-trade). At the balance sheet date, this amount due from subsidiaries (non-trade) is not past due. The maximum exposure is represented by the carrying amount of this financial asset on the balance sheet.

Liquidity risk and Capital risk

The funding requirements of the Company are met by the subsidiaries of the BW Energy Group. The Company's objective when managing capital is to ensure that the Company is adequately capitalised and that funding requirements are met by the BW Energy Group.

The Company is not subject to any externally imposed capital requirements.

Note 8 Shares in subsidiaries

Name of companies	Country of incorporation	Ownership at 31 December 2020	Ownership at 31 December 2019
BW Energy Holdings Pte Ltd	Singapore	100%	100%
BW Kudu Holding Pte Ltd	Singapore	100%	100%
BW Maromba Holdings Pte Ltd	Singapore	100%	100%
BW Energy USA Management Inc. ¹⁾	USA	100%	0%
BW Energy OI Ltd ²⁾	Bermuda	100%	0%

1) BW Energy USA Management Inc. was incorporated 20. May 2020

2) BW Energy OI Ltd was incorporated 10 November 2020

Note 9 Intercompany receivables and payables

USD MILLION	2020	2019
Long-term related parties receivables		
BW Kudu Holding Pte Ltd	16.8	10.2
BW Energy Holdings Pte. Ltd.	28.6	-
Total short-term related parties receivables	45.4	10.2
Short-term related parties receivables		
BW Energy Holdings Pte Ltd	-	31.2
BW Maromba Holdings Pte. Ltd.	0.2	-
BW Kudu Limited	0.1	-
BW Energy Gabon Pte. Ltd.	0.9	-
BW Energy USA Management inc.	0.6	-
Total short-term related parties receivables	1.8	31.2
Short-term related parties payables		
BW Energy Holdings Pte Ltd	0.1	2.6
Total short-term related parties payables	0.1	2.6

Intercompany loan agreements with subsidiaries are set up based on regular market rates depending on the location of operation, like i.e annual discount rate of the Banque des Etats de l'Afrique Central in relation to our operations in Gabon. Outstanding balances at year-end are unsecured.



Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period ended 31 December 2020 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the BW Energy Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the BW Energy Group, together with a description of the principal risks and uncertainties facing the Company and the BW Energy Group.

18 February 2021




Mr. Andreas Sohmen-Pao
Chairman



Ms. Hilde Drønen
Director



Mr. William Russell Scheirman
Director



Mr. Tormod Vold
Director



Mr. Marco Beenen
Director

Alternative performance measures

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 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 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	2020	2019
Property and other equipment	57.7	76.1
Intangible assets	27.4	68.5
Total capital expenditures	85.1	144.6
Asset retirement cost	(3.6)	7.9
Change in working capital	(7.0)	-
Investment in property, plant and equipment and intangible assets	74.5	152.5

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.

Independent auditor's report



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Enterprise 935 174 627 MVA

To the General Meeting of BW Energy Limited

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BW Energy Limited, which comprise:

- The consolidated financial statements of BW Energy Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The financial statements of the parent company BW Energy Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by Norwegian laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Slavanger	Ålesund



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BW Energy Limited

context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of oil & gas assets

Reference is made to *Note 12 Property, plant and equipment* and *Note 13 Intangible assets* in the Consolidated Financial statements.

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has invested in upstream oil & gas activities through its working interests in the producing Dussafu field (Gabon) and the Maromba (Brazil) and Kudu (Namibia) exploration fields. The impairment of such fields is dependent upon certain estimates including oil & gas price scenarios and reserves, impacted by macro-economic developments including uncertain market conditions due to Covid-19.</p> <p>In 2020, management identified an impairment trigger on Dussafu, however, the impairment test performed did not result in an impairment charge. Further, as management has concluded not to develop the Kudu asset in the foreseeable future, an impairment charge for the entire carrying value of USD 13.3 million was recognized in 2020. Management did not identify an impairment trigger on the Maromba asset.</p> <p>The recoverability of the Dussafu asset is dependent on management's estimates of the future cash flows that the asset is expected to produce. The carrying value of the asset is particularly sensitive to changes in management's commodity price forecasts. Additionally, the carrying value of the asset can be impacted by changes in expected reserves, revised cost estimates due to operational developments or changes in the discount rate.</p>	<p>We assessed whether all material assets requiring impairment testing had been identified by management. For this purpose we have assessed developments of the oil price, updates to estimated reserves and any operational developments.</p> <p>For the purpose of the Dussafu impairment test, we assessed management's commodity price assumptions by comparing those to observable market forward curves that we sourced independently and to views published by economists, respected industry bodies and other market participants, that we sourced independently, which provided a range of relevant third-party data points.</p> <p>We also assessed by reference to market data the inputs to and calculation of the discount rate used by management. The key inputs included the risk-free rate, market risk premium and industry financing structures (gearing and cost of debt and equity). In testing these assumptions we made use of KPMG valuation specialists.</p> <p>For those assets where management identified an impairment trigger, we assessed the valuation method, estimates of future cash flows and challenged whether these were appropriate in light of:</p> <ul style="list-style-type: none"> • management's commodity price assumptions; • production and reserve estimates; • capital and operating budgets and historical performance. <p>We assessed the mathematical accuracy of the valuation models.</p> <p>We assessed the adequacy of disclosure related to impairments in <i>Note 12 Property, plant and equipment</i> and <i>Note 13 Intangible assets</i> in the Consolidated financial statements.</p>

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.



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BW Energy Limited

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer ("Management") are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.



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BW Energy Limited

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 18 February 2021
KPMG AS

A blue ink signature of Dave Vijfvinkel, written in a cursive style.

Dave Vijfvinkel

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