



STATEMENT FROM THE BOARD OF DIRECTORS OF BW ENERGY LIMITED IN CONNECTION WITH THE MANDATORY CASH OFFER BY BW GROUP LIMITED

This statement is made by the Board of Directors (the **Board**) of BW Energy Limited (**BW Energy** or the **Company**) in accordance with Section 6-16 of the Norwegian Securities Trading Act in connection with the unconditional mandatory cash offer (the **Offer**) from BW Group Limited (**BW Group** or the **Offeror**) to acquire all common shares in BW Energy not already owned by BW Group for a cash consideration of NOK 27 per share in BW Energy (the **Offer Price**), pursuant to the terms set out in the offer document prepared by the Offeror and dated 13 December 2023 (the **Offer Document**).

Chair of the Board, Andreas Sohmen-Pao, who is the chair of BW Group, and Marco Beenen, CEO of BW Offshore, has neither participated in the assessment of the Offer nor in the issue of this statement. The Oslo Stock Exchange has, in its capacity as take-over authority of Norway pursuant to Section 6-16 (4) of the Norwegian Securities Trading Act, on this basis, decided that the Board may submit the statement on behalf of BW Energy.

Background for the Offer

BW Energy was listed on the Oslo Stock Exchange in February 2020. Prior to the initial public offering and the listing on the Oslo Stock Exchange (the **IPO**), 68.6% of the shares in BW Energy were owned by BW Offshore Limited (**BW Offshore**) and 30.5% of the shares were owned by BW Group, being a 49.9% shareholder of BW Offshore. Since the IPO, BW Offshore has reduced its shareholding in the Company inter alia by in-kind dividend distributions to its shareholders in the form of BW Energy shares, resulting in BW Group, increasing its shareholding in BW Energy to 39.90% per 28 November 2023.

On 30 November 2023, BW Group announced that, in order to facilitate BW Offshore's continued distributions of BW Energy shares, and for the mandatory offer obligation of BW Group under the Norwegian Securities Trading Act to be triggered at a price predictable to the BW Group rather than being subject to the market conditions for BW Energy shares at the time of the any distribution by BW Offshore, it had acquired 250,000 BW Energy shares in the market to pass the 40% mandatory offer threshold pursuant to Section 6-6(1) of the Norwegian Securities Trading Act. The 250,000 shares in BW Energy were acquired at an average price of NOK 23.7717 per share pursuant to an all or nothing order placed with a bank. The highest price paid by the bank to fill the order was NOK 24.00. At the same time, BW Group also announced their intention to launch a mandatory offer, the final terms of which were announced on 13 December 2023.

As follows from the Offer Document, there had been no formal contact between the Offeror and the Company regarding the Offer prior to the mandatory offer obligation being triggered,

The complete terms of the Offer are set out in the Offer Document prepared by the Offeror and dated 13 December 2023. The Offer Document has been approved by the Oslo Stock Exchange in accordance with Section 6-14 of the Norwegian Securities Trading Act and shall be submitted to all shareholders of BW Energy with known residence, except for shareholders who reside in a jurisdiction where the Offer cannot be legally made.

Details of the Offer

Below is a short summary of the Offer based on the information in the Offer Document. Detailed information about the Offer is set out in the Offer Document and shareholders are urged to familiarize themselves with the Offer Document prior to making a decision on whether to accept the Offer or not.

Offer price: The Offer Price is NOK 27 per BW Energy share in cash. The Offer Price represents a premium of 15.9% to the closing price of the BW Energy shares on 29 November 2023 (the last trading day before the announcement of BW Group's intention to make a mandatory offer) and premium of 2.4% and 0.1% to the volume-weighted average share price of BW Energy during the last 30 trading days and the last 90 trading days, respectively, up to and including 29 November 2023. The Offer Price represents a discount of 6.1% to the closing price of the BW Energy shares on 15 November 2023, the last day before BW Energy released its third quarter results.

Acceptance period: The acceptance period for the Offer is from and including 14 December 2023 to 16:30 CET on 12 January 2024. BW Group may, subject to approval by the Oslo Stock Exchange, extend the acceptance period, one or more times, so that the total acceptance period amounts to up to six weeks (in which case it will expire on 24 January 2024). According to the Offer Document, settlement is expected to take place as soon as reasonably possible, and no later than two weeks after expiry of the acceptance period, i.e. no later than 26 January 2024 (subject to extension of the acceptance period, in which case settlement of the Offer will be made no later than 8 February 2024 assuming maximum extension of the acceptance period).

The Board calls attention to the fact that any acceptance of the Offer by the shareholders will be irrevocable. Acceptances cannot be withdrawn by the shareholder once the acceptances have been received by the receiving agent for the Offer.

Conditions: The Offer is not subject to any conditions.

Financing: BW Group will finance the Offer with existing funds. BW Group has in accordance with Section 6-10 (7) of the Norwegian Securities Trading Act provided a bank guarantee, issued by DNB Bank ASA, covering BW Group's obligation to pay for the shares to be purchased pursuant to the Offer. The wording of the bank guarantee is set out in Schedule 2 to the Offer Document.

Implications of the Offer

The Offer will result in the Offeror becoming the owner of all shares validly tendered under the Offer. The Board notes that the Offeror has stated in the Offer Document that there are no plans for reorganisation of the Company or its subsidiaries, nor any new strategic plans for the future of the Company.

The Board notes that with its current shareholding of 40%, BW Group has significant influence on the outcome of matters submitted for the vote at a general meeting of BW Energy, including election of directors to the Board. In the event that BW Group acquires shares in excess of 50% of the shares and

votes in BW Energy as a result of the Offer, BW Group will be able to decide all matters requiring a simple majority at the general meeting and veto decisions that require a qualified majority at the general meeting. In the event that BW Group acquires 75% or more of the shares and votes in BW Energy, BW Group may decide upon matters requiring 75% majority pursuant to the Bermuda Companies Act and the Company's bye-laws, including amalgamation. The Offeror has also reserved the right to propose to the general meeting of the Company that an application is filed with Oslo Stock Exchange to de-list the shares of the Company following completion of the Offer depending on the number of shares acquired by BW Group (any application to de-list, if resolved and made, will however remain subject to a decision by Oslo Børs). Reference is made to the Offer Document for further details.

In respect of this, the Board notes that BW Group currently also holds 49.91% of the shares in BW Offshore, which in turn currently holds 22.52% of the shares in BW Energy.

Employees

The completion of the Offer will not in itself have any legal, economic, or other work-related consequences for the employees of the Company. The Offeror has not communicated any plans to make changes to the Company's workforce following the completion of the Offer that would have legal, economic, or work-related consequences for the employees of the Company.

The Board's recommendation

The Board has reviewed the Offer Document and evaluated factors that the Board considers material for the assessment of whether or not the Offer should be accepted by the shareholders of BW Energy, including the implications of the Offer for BW Energy as set out above.

The Board has received a fairness opinion dated 13 December 2023 from Pareto Securities AS (**Pareto**) which provides that, as of the date thereof and based upon and subject to the assumptions, considerations, qualifications, factors and limitations set forth therein, the Offer Price is **below** the range for **fair financial value** of the BW Energy shares. The fairness opinion letter from Pareto is attached to this statement.

The Board is of the view that the longer term value potential of the Company is greater than what is reflected in the Offer Price. Accordingly, the shareholders focusing on the longer term value potential of the Company should **not accept** the Offer. However, the Board also notes that the Offer Price represents a premium to most recent trading levels prior to the Offer. The Board further notes that the liquidity in the BW Energy shares may be adversely impacted by the outcome of the Offer and the number of shares ultimately tendered, and that the possibility for shareholders to sell shares may be reduced as a result of the Offer. As referenced above, depending on the outcome of the Offer, the Offeror's ability to exercise control over the Company and other majority shareholder rights may also be increased. The Offer does therefore represent a liquidity option for shareholders who are looking to monetize their shareholding in BW Energy in this situation.

The board refers in this respect also to section 5.1 of the Offer Document, where BW Group has stated that in addition to fulfilling the primary objective of facilitating further distributions of BW Energy shares by BW Offshore, BW Group is through the Offer offering liquidity to BW Energy shareholders who prefer to receive cash now, while at the same time hoping that shareholders with a long-term perspective will continue to support the Company through joint ownership in the future.

In conclusion, based on, inter alia, the above circumstances, including Pareto's assessment of the Offer from a financial point of view, it is the Board's overall recommendation that

shareholders do not accept the Offer. Each shareholder of the Company should however independently and carefully consider whether or not to tender its Shares into the Offer in light of the factors set out herein, such as shareholder's investment outlook, as well as other relevant information, and in particular the balancing of the offered price and any impact of a potential reduced future liquidity in the shares.

The members of the Board and management who own shares in the Company have informed that they do not intend to accept the Offer.

Pareto Securities AS has been appointed by the Company to provide a fairness opinion to the Board in connection with the Offer. Schjødt is acting as legal adviser to the Company.

14 December 2023

On behalf of the Board of Directors of BW Energy Limited

Tormod Vold

Hilde Drønen

Russell Scheirman

Ana Zambelli