BW ENERGY

Condensed Interim Consolidated Financial Information

FOR THE YEAR ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT/(LOSS)

(Unaudited figures in USD million)

	Notes	2019	2018
Total revenues	4	282.4	39.2
Operating expenses		(90.7)	(17.9)
Depreciation and amortisation	5,6,7	(74.7)	(8.0)
Net gain/(loss) on sale of tangible fixed assets		0.3	-
Operating profit/(loss)		**117.3**	**13.3**
Interest income		2.0	0.7
Interest expense		(0.7)	-
Net currency gain/(loss)		2.1	(1.3)
Other financial items	7	(9.4)	2.9
Net financial items		**(6.0)**	**2.3**
Profit/(loss) before tax		**111.3**	**15.6**
Income tax expense		(38.8)	(11.5)
Net profit/(loss) for the period		**72.5**	**4.1**
Attributable to shareholders of the parent		58.0	2.6
Attributable to non-controlling interests		14.5	1.5
Net profit income / (loss) for the period		**72.5**	**4.1**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(Unaudited figures in USD million)

	2019	2018
Net profit/(loss) for the period	72.5	4.1
Items to be reclassfied to profit or loss:		
Currency translation differences	0.4	(0.1)
Net items to be reclassified to profit or loss:	**0.4**	**(0.1)**
Total comprehensive income / (loss) for the period	**72.9**	**4.0**
Attributable to shareholders of the parent	58.4	2.5
Attributable to non-controlling interests	14.5	1.5
Total comprehensive income / (loss) for the period	**72.9**	**4.0**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited figures in USD million)

ASSETS	Notes	31.12.2019	31.12.2018
Property, plant and equipment	5	216.5	182.4
Right-of-use assets	7	237.1	-
Intangible assets	6	96.7	35.6
Other non-current assets		-	8.4
Total non-current assets		**550.3**	**226.4**
Inventories		9.4	18.6
Trade and other current assets	8	97.1	39.5
Cash and cash equivalents		81.0	8.3
Assets held for sale	9	-	48.3
Total current assets		**187.5**	**114.7**
TOTAL ASSETS		**737.8**	**341.1**

EQUITY AND LIABILITIES	Notes	31.12.2019	31.12.2018
Share capital		1.9	-
Share premium		349.3	-
Other equity		11.9	152.1
Total equity attributable to shareholders of the parent		**363.1**	**152.1**
Non-controlling interests		-	77.4
Total equity		**363.1**	**229.5**
Deferred tax liabilities		3.1	0.9
Long-term related parties payables	8	27.6	8.5
Long-term lease liabilities	7	228.0	-
Asset retirement obligations		8.9	16.7
Total non-current liabilities		**267.6**	**26.1**
Trade and other payables	8	90.5	85.5
Short-term lease liabilities	7	16.6	-
Total current liabilities		**107.1**	**85.5**
TOTAL EQUITY AND LIABILITIES		**737.8**	**341.1**

26 February 2020

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Andreas Sohmen-Pao, Chairman

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William Russell Scheirman, Director

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Marco Beenen, Director

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Tormod Vold, Director

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Hilde Drønen, Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 31 December 2018	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 2018	29.9	-	-	(0.3)	-	29.6	15.9	45.5
Profit/(loss) for the period	2.6	-	-	-	-	2.6	1.5	4.1
Other comprehensive income/(loss)	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Additional contributed capital	120.0	-	-	-	-	120.0	-	120.0
Transactions with non-controlling interests	-	-	-	-	-	-	60.0	60.0
Total equity at 31 December 2018	**152.5**	**-**	**-**	**(0.4)**	**-**	**152.1**	**77.4**	**229.5**

At 31 December 2019	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/(loss) for the period	31.8	-	-	-	26.2	58.0	14.5	72.5
Other comprehensive income/(loss)	-	-	-	0.4	-	0.4	-	0.4
Total comprehensive income/(loss)	184.3	-	-	-	26.2	210.5	91.9	302.4
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**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited figures in USD million)

	2019	2018
Profit/(loss) before taxes	111.3	15.6
Unrealised currency exchange loss/(gain)	(2.0)	1.3
Depreciation and amortisation	74.7	8.0
Loss/ (gain) on sale of property, plant and equipment	(0.3)	-
Changes in ARO through income statement	0.2	0.3
Add back of net interest expense	(2.0)	(0.7)
Changes in net working capital	57.8	(43.4)
Taxes paid in kind	(36.5)	(10.8)
Net cash flow from operating activities	**203.2**	**(29.7)**
Investment in property, plant & equipment and intangible assets	(152.5)	(191.8)
Proceeds from disposal of property, plant & equipment	44.5	-
Interest received	2.0	0.7
Net cash flow from investing activities	**(106.0)**	**(191.1)**
Proceeds from interest-bearing debt	30.2	213.2
Repayment of interest-bearing debt	(28.6)	(2.6)
Proceeds from transactions with non-controlling interests	1.3	-
Payment of lease liabilities	(27.4)	-
Net cash flow from financing activities	**(24.5)**	**210.6**
Net change in cash and cash equivalents	**72.7**	**(10.2)**
Cash and cash equivalents at beginning of period	8.3	18.5
Cash and cash equivalents at end of period	**81.0**	**8.3**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Figures in brackets refer to corresponding figures for 2018)

Note 1 – Basis for preparation

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") after the completion of a legal reorganisation.

On 29 January 2020, BW Offshore Limited made the final announcement of its plans to publicly list BW Energy Limited 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.

First-time consolidated financial statements

On 11 October 2019 the Company entered into agreements with BW Offshore Singapore Pte. Ltd. (a wholly owned subsidiary of BW Offshore Limited), Maple Company Limited (a wholly owned subsidiary of BW Group Limited) and Arnet Energy Pte. Ltd. to acquire all shares and certain receivables in BW Energy Holdings Pte. Ltd. ("BWEH"). BWEH is the holding company owning the BW Energy Group's participating interest in the Dussafu asset. Further, on 11 October 2019 the Company entered into an agreement with BW Offshore Singapore Pte. Ltd. (a wholly owned subsidiary of BW Offshore Limited) to acquire all shares and certain receivables in BW Kudu Holding Pte. Ltd. and BW Maromba Holdings Pte. Ltd. The above transactions are collectively referred to as the "legal reorganisation".

Following completion of the legal reorganisation, BW Offshore Limited ownership interest in the Company is 68.6%, while BW Group Limited and Arnet Energy Pte. Ltd. own 30.5% and 0.9%, respectively. Following the completion of the legal reorganisation the previous non-controlling interest ceased to exist.

Reference is made to Note 8 for further information regarding these transactions.

BW Energy Group consist of the following entities:

- BW Energy Dussafu B.V.
- BW Energy Gabon Pte Ltd
- BW Energy Gabon SA
- BW Energy Holdings Pte Ltd
- BW Kudu Holding Pte Ltd
- BW Kudu Limited
- BW Energy Limited
- BW Energy Maromba B.V. (incorporated 23 August 2019)
- BW Energy Maromba do Brasil Ltda (former BW Offshore Production do Brasil Ltda)
- BW Maromba Holdings Pte Ltd

The references to 'BW Energy Group' throughout these financial statements are to the combined BW Energy business of BW Offshore Limited for the periods prior to the legal reorganisation, and to the Company and its consolidated subsidiaries for the periods after the legal organisation.

Combined financial statements were prepared for BW Energy’s business in line with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for the years ended 31 December 2018, 31 December 2017 and 31 December 2016. Condensed combined interim financial information was prepared for the nine months period ended 30 September 2019, in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim financial reporting. As part of the IPO of BW Energy Limited, these combined financial statements were published in a listing prospectus, which is available on BW Energy's website. The comparative information for 2018, presented in the condensed interim consolidated financial statements is derived from the Combined financial statements as disclosed in the IPO prospectus.

Prior to the legal reorganisation, the entities forming the BW Energy Group were all direct or indirect subsidiaries under common control of BW Offshore Limited and were not a legal group for consolidated financial reporting purposes in accordance with IFRS 10. For periods presented prior to the completion of the legal reorganisation, the condensed interim consolidated financial statements have been prepared as if the BW Energy business had been part of the BW Energy Group for all such periods, and if the BW Energy Group existed as a separate group.

The legal reorganisation is assessed to be a transaction under common control. In accordance with IFRS 1.18 in conjunction with IFRS 1.D16(a), the BW Energy Group applied the predecessor accounting approach by using the carrying amounts recognised in the IFRS consolidated financial statements of BW Offshore Limited. The residual between the carrying amounts recognised and the consideration transferred through the issuance of new shares will be recognised directly into equity.

BW Energy Group's condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The condensed interim consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated. As a result of rounding differences, numbers and or percentages may not add up to the total. The condensed interim consolidated financial statements are unaudited.

Note 2 - Significant accounting policies

Changes in significant accounting policies

BW Energy group applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material impact on the group's financial statements.

BW Energy Group applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure documents in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, BW Energy Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. BW Energy Group now assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16.

BW Energy Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group as a lessee

As a lessee, BW Energy Group leases mainly office premises, apartments, warehouses and vessels. BW Energy Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to BW Energy Group. Under IFRS 16, BW Energy Group recognises right-of-use assets and lease liabilities for most of the leases.

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

BW Energy Group used several practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular:

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application
- Did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT and office equipment)
- Used hindsight when determining the lease term

The Group as a lessor
As a lessor, IFRS 16 essentially continues existing principles from IAS 17. In line with this, a lessor shall continue to classify their leases as operating leases or finance leases and report these two types of leases separately. BW Energy Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

BW Energy Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements
On transition to IFRS 16, BW Energy Group has recognised right-of-use assets and lease liabilities of USD 190.3 million.

BW Energy Group has applied the practical expedient for using a single discount rate to a portfolio of leases with reasonably similar characteristics. The discount rate used is BW Energy Group's incremental borrowing rate which has been applied to all leases. The applied discount rate used to calculate the lease liability in the opening balance under IFRS 16 at 1 January 2019 was 4.95%.

IN USD MILLION	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's combined financial statements	34.3
Discounted using the incremental borrowing rate at 1 January 2019	32.6
Finance lease liabilities recognised as at 31 December 2018	-
– Recognition exemption for leases of low-value assets	-
– Recognition exemption for leases with less than 12 months of lease term at transition	-
– Extension options reasonably certain to be exercised	157.7
Lease liabilities recognised at 1 January 2019	**190.3**

Amendments to standards and interpretations with a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not effective, are disclosed below.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts

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

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 interest.

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 interest 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 interest 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 recognises 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.

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).

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 fails 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 is considered a separate cash-generating unit as long as it is connected to its own production facility.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. This is only regarded as having been fulfilled when a sale is highly probable, and the non-current asset is available for immediate sale in its present form. Management must be committed to a sale and the sale must be expected to be carried out within one year after the classification date. Non-current assets which are classified as held for sale are valued at the lower of their former carrying amount or fair value minus cost of disposal.

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 include 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 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.

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 has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

<u>The Group as a lessee</u>

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.

<u>Right-of-use assets</u>

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.

<u>Lease liabilities</u>

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 has 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.

Policy applicable before 1 January 2019
The Group as a lessee
All contracts where BW Energy Group is lessee are operational leases. This is mainly related to lease of vessels. Lease payments under these contracts are recognised as expense in the statement of income on a straight-line basis over the lease term.

Note 3 – Significant accounting judgements, 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 impairment testing.

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 reversals of recognised impairments.

Note 4 – Revenue

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

Other revenue primarily comprises 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.

	2019	2018
Revenue from contracts with customers	241.1	28.6
Other revenue	41.3	10.6
Total revenue	**282.4**	**39.2**

Note 5 – Property plant and equipment

	E&P assets under development	E&P production assets	Other equipment	Total
At 1 January 2019	5.2	176.9	0.3	182.4
Additions and changes in asset retirement cost *)	83.9	(7.9)	0.1	76.1
Reclassification from intangible assets	1.6	-	-	1.6
Current year depreciation	-	(43.5)	(0.1)	(43.6)
At 31 December 2019	**90.7**	**125.5**	**0.3**	**216.5**

*) Asset Retirement Cost has been reduced due to extended field life estimate

Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using unit of production. Since the assets are used in the production process, the variance is considered to be a part of the crude oil inventory and crude oil underlift value. Depreciation of USD 3.6 million and USD 1.1 million recognised in inventory and other assets, respectively, in the statement financial position at 31 December 2018, has been recognised in the condensed consolidated statement of profit/(loss) for the period ending 31 December 2019. There is no depreciation included in inventory and other current asset at 31 December 2019.

E&P additions in the 2019 relate mainly to development of the Dussafu oil field in Gabon.

Note 6 – Intangible assets

	Other intangible assets	E&P exploration and evaluation expenditures	Total intangible assets
At 1 January 2019	7.3	28.3	35.6
Additions	-	68.5	68.5
Reclassification to tangible assets	-	(1.6)	(1.6)
Current year amortisation	(0.6)	-	(0.6)
Reclassification to assets held for sale	-	(5.2)	(5.2)
At 31 December 2019	**6.7**	**90.0**	**96.7**

E&P additions in 2019 mainly relate to exploration and evaluation activity within a new area related to the Dussafu oil field in Gabon and the first payment related to the acquisition of the Maromba oil field in Brazil (USD 30.0 million). Reference is made to Note 9 for further information regarding the acquisition of Maromba.

Note 7 – IFRS 16 Leases

BW Energy Group leases office premises, apartments, warehouses and vessel. Leases of office premises, warehouse and apartments generally have lease terms between 1 and 3 years, while vessel has lease terms between 2 and 20 years. Previously, these leases were classified as operating leases under IAS 17.

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.

Total cash outflow for leases included in the statement of cash flows is USD 27.4 million.

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.

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

Right-of-use assets and Lease liabilities

	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**

Lease payments of USD 27.4 million consists of lease instalments of USD 18.4 million and interest expense of USD 9.0 million.

Note 8 – Related party transactions

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. Following this transaction, the shareholders of BWEH are: the BW Offshore Group (66%), BW Group (33%) and Arnet Energy (1%). Similar to the other shareholders in BWEH, Arnet Energy will be obliged to provide continued funding in respect of BWEH's business and development costs for its projects, whether through equity or shareholder loans. During 2019, Arnet Energy provided a short-term loan amounting to USD 0.6 million to BWEH related to development activities on Dussafu. USD 0.3 million was repaid in the same period. Loan balance of USD 0.3 million has been converted to equity in 2019.

During 2019, Maple Company Limited, a wholly owned subsidiary of BW Group Limited, has provided BW Energy Holdings Pte Ltd (BWEH) with a short-term loan amounting to USD 4.1 million related to development activities on Dussafu. In the same period, BWEH repaid USD 9.4 million. Loan balance of USD 10.3 million has been converted to equity in 2019.

During 2019, BW Energy Group received a short-term loan of USD 8.3 million loan from BW Offshore Singapore Pte. Ltd. In the same period, USD 18.9 million was repaid. On 23 August 2019, BW Energy Maromba B.V. was incorporated, a wholly owned subsidiary of BW Maromba Holdings Pte. Ltd. During the third quarter, BW Energy Maromba B.V. acquired all shares in BW Offshore Production do Brasil for an amount of USD 19.7 million from BW Offshore Singapore Pte. Ltd. Loan balance of USD 20.6 million has been converted to equity in 2019. By 31 December 2019, the total outstanding loan to BW Offshore Singapore Pte. Ltd. amounts to USD 48.5 million.

In 2019, BW Offshore Singapore Pte. Ltd. received a short-term loan of USD 18.5 million from BW Energy Maromba do Brasil Ltda. The loan was repaid in the same period.

BW Kudu Holding Pte. Ltd had a loan of USD 10.1 million that was converted to equity during 2019.

BW Energy Maromba B.V. had a loan of USD 19.7 million that was converted to equity during 2019.

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.

Related party transactions:

	2019	2018
Long-term related parties payables		
BW Offshore Singapore Pte Ltd	27.6	8.5
Total long-term related parties payables	**27.6**	**8.5**
Short-term related parties payables		
BW Offshore Norway AS	0.7	0.2
BW Offshore Limited	1.4	-
BW Offshore (UK) Ltd.	3.1	2.5
BW Offshore Management USA, Inc	1.3	1.2
BW Offshore Singapore Pte. Ltd.	0.9	31.1
Maple Company Limited	-	15.6
BW Adolo Pte. Ltd.	4.9	9.0
BW Offshore do Brasil Servicos Maritimos Ltda	0.1	-
Tinworth Gabon SA	5.4	3.8
Total short-term related parties payables	**17.8**	**63.4**
Short-term related parties receivables		
BW Offshore Singapore Pte. Ltd.	20.9	-
Tinworth Gabon SA	0.2	-
Total short-term related parties receivables	**21.1**	**-**

	Description	2019	2018
BW Offshore (UK) Limited	Operating expenses	-	0.5
BW Adolo Pte. Ltd.	Operating expenses	33.8	43.0
Tinworth Gabon SA	Operating expenses	22.3	9.9
BW Offshore Norway AS	Management services	1.8	1.4
BW Offshore Singapore Pte Ltd	Management services	4.7	3.0
BW Offshore (UK) Limited	Management services	0.8	0.8
BW Offshore USA Management, Inc.	Management services	9.6	6.3
BW Offshore do Brasil Servicos Maritimos Ltda	Management services	0.4	-
BW Offshore do Brasil Ltda	Management services	0.6	-
BW Offshore Singapore Pte Ltd	Other expenses	0.5	0.5
BW Offshore Norway AS	Other expenses	0.2	0.2
BW Offshore Limited	Other expenses	3.7	-
BW Offshore (UK) Limited	Other expenses	0.2	-
BW Adolo Pte. Ltd.	Other expenses	4.9	-
BW Offshore USA Management, Inc.	Other expenses	1.0	0.4
Total expense from related companies		**84.5**	**66.0**

Note 9 – Acquisitions and disposals

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. USD 0.3 million in gain relating to this transaction is included in Net gain/(loss) on sale of tangible fixed assets in the Consolidated Statement of Profit/(Loss). Compensation to GOC for its 10% share for the full production period from first oil will be made through liftings in the third quarter, reflected through under/overlift in the Consolidated Statement of Financial Position. BW Energy Group’s interest was reduced to 81.67% and Panoro will continue to hold 8.33%. The related assets were presented as held for sale as of 31 December 2018.

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 have now reached an agreement for the undisputed share of the costs, representing a total of USD 40.9 million as at the end of 2019. The net amount payable by Tullow to the existing partners is USD 19.8 million. BW Energy Group’s share of USD 15.9 million was received in December 2019. Negotiations are ongoing to resolve the disputed costs, which amount to an additional USD 18.7 million in which BW Energy Group’s share amounts to USD 15.3 million. A receivable is recognised in the consolidated statement of financial position based on management best estimate. If an agreement is not reached, then the dispute will be submitted to a simplified arbitration. BW Energy Group’s share of the disputed costs is 81.67%.

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 satisfies the main condition precedent for the closing of the Maromba field acquisition, resulting in the payment of the first milestone of USD 30 million to Chevron and Petrobras. The acquisition is 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.

Note 10 - Subsequent events

Trading in the shares of BW Energy on the Oslo Stock Exchange commenced on 19 February 2020.

BW Group Limited has been allocated 6,378,971 Offer Shares, which is equivalent to NOK 156 million (approximately USD 17 million).

BW Offshore Limited has resolved to distribute approximately 37,741,000 shares in BW Energy (the “Dividend Shares”) to the eligible BW Offshore shareholders (the “BW Offshore Dividend Distribution”). The total value of the Dividend Shares is approximately NOK 921 million (approximately USD 100 million).

Following the completion of the Offering (excluding over-allotment) and the BW Offshore Dividend Distribution, the free float of BW Energy’s shares will be approximately 25%.