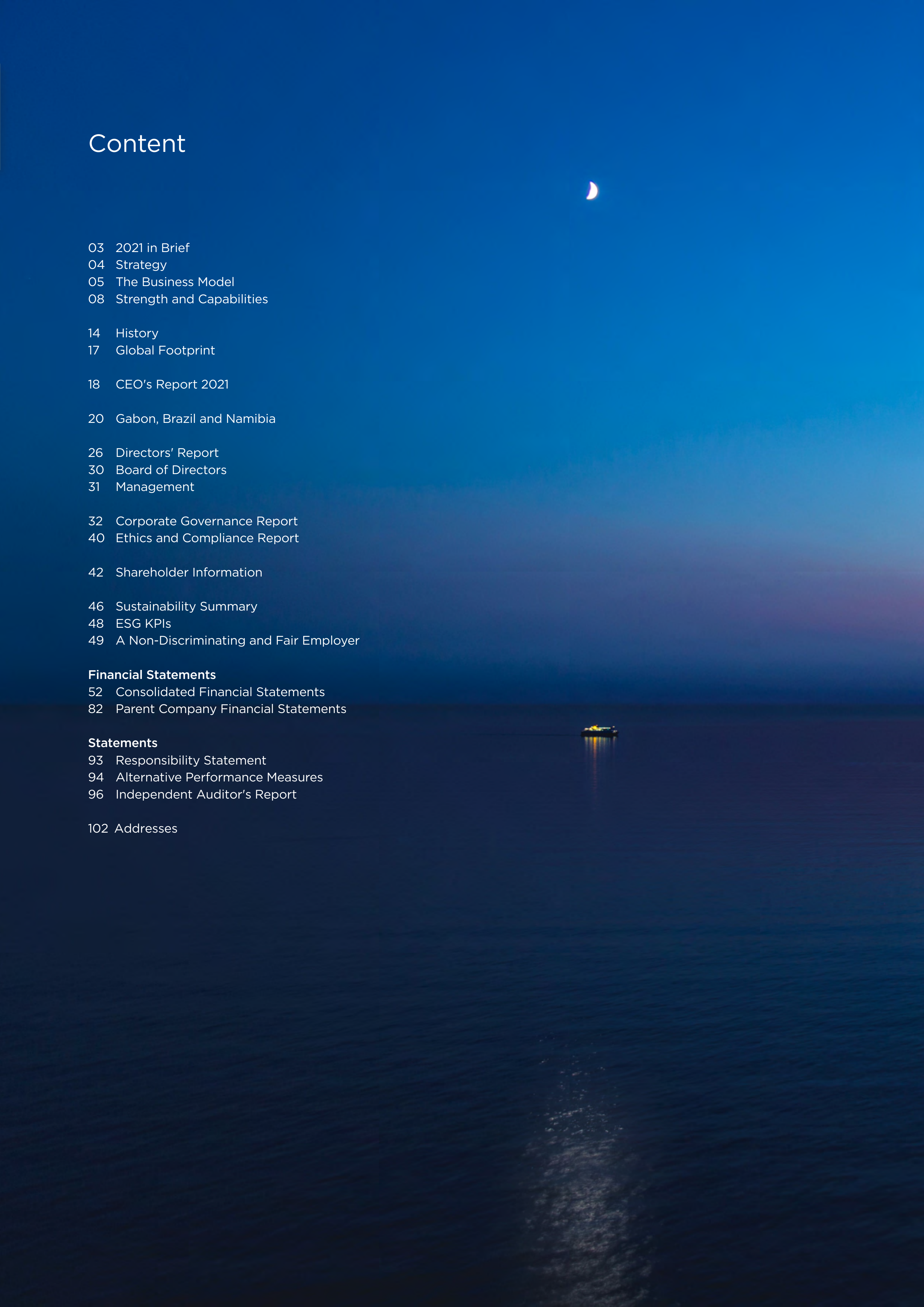
BW ENERGY

ANNUAL REPORT

2021



Content

2021 in brief

BW Energy is an exploration and production (E&P) company involved in the acquisition, development and production of 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 listed on the Oslo Stock Exchange since 19 February 2020. It has technical, financial and operational offices in United States, Gabon, Brazil, Namibia, Norway and Singapore, and project offices in Dubai. BW Energy is committed to conducting its business safely and in an environmentally, socially and ethically responsible manner.

Key events

- One Lost Time Incident in 2021
- Full-year EBITDA of USD 147 million
- Completed USD 75 million Private Placement in January 2021
- 2021 gross production of 4.13 mmbbls at the Tortue field in Gabon with 14.76 mmbbls produced since first oil in 2018
- Completion of Tortue Phase 2 and production start from the DTM-6H and DTM-7H wells in the fourth quarter of 2021
- Commenced conversion of *Hibiscus Alpha* in Dubai for the Hibiscus / Ruche development project, on target for fourth quarter 2022 installation
- Hibiscus / Ruche drilling rig contract signed late 2021 for planned start of drilling the third quarter of 2022
- Completed Maromba Environmental Baseline Survey in March 2021
- Maromba Environmental Impact Assessment submitted to IBAMA in Brazil in August 2021
- Completed *Polvo* Pre-FEED Study in May 2021
- Received Namibian government approval for working interest increase of BW Kudu from 56% to 95%
- Signed agreement to acquire the semi-submersible drilling rig *West Leo* for possible conversion and use in developing Kudu field

Key figures 2021

Certified net Reserves and Resources	mmbbls	240
Field Production	mmbbls	4.13
Field Uptime (including scheduled downtime)		88%
Lost time injuries (LTIs including contractors)		1
Operating Revenue	USD million	271.5
EBITDA	USD million	147.2
EBIT (non-GAAP)	USD million	98.4
Net profit/(loss)	USD million	52.0
Total Assets	USD million	957.5
Equity	USD million	569.2
Equity Ratio		59.4%
Market capitalisation	NOK million	5,185

Strategy

BW Energy has quickly developed into a full-cycle independent energy company. BW Energy's vision is "Delivering energy for the world today and finding solutions for tomorrow". The Company delivers on that vision by unlocking proven world-wide offshore oil and gas resources utilizing existing energy infrastructure leading to lower development costs, faster project delivery and reduced carbon emissions.

The Company believes the world will continue to require a stable, safe, and efficient supply of hydrocarbon products in coming decades for power generation, transportation, and the production of essential products required to sustain modern societies and a growing global population.

Employing an infrastructure-led development strategy allows BW Energy to develop unique solutions to unlock existing brownfield production and undeveloped discoveries. The development strategy enables organic growth combined with short lead time from investment decision to cash generation, reduced capital exposure and project risk, while yielding world-class returns at the current forward prices for oil and gas.

By developing already proven reserves and the re-use of existing energy production infrastructure, BW Energy seeks to minimize carbon emissions tied to exploration and development activities.

The Company recognises the ongoing energy transition and the need to decarbonize societies over time to mitigate negative effects of climate change. As emerging economies seek to increase electrification, BW Energy considers the strategic deployment of natural gas-based power generation an important enabler for energy transition. Material reductions to emissions are accelerated with the replacement of coal and heavy fuel oil (HFO) in electricity production. This may ultimately also pave the way for increased supply of renewable energy over time.

BW Energy's ambition is to contribute to the global energy transition, but at a realistic pace that effectively adapts to significant changes in the energy economy. For BW Energy, this includes strategically positioning the Company to contribute to reducing the carbon footprint of oil and gas production and to develop gas-to-power projects to accelerate the electrification in emerging markets and potentially becoming a supplier of reliable, base load power.

Through the execution of its strategy, BW Energy intends to deliver growth, attractive long-term risk-adjusted returns and strong cash flow generation to the benefit of the Company's shareholders through share price appreciation and dividends. In parallel, BW Energy seeks to create long-term sustainable value for its partners, employees and for the countries in which the Company operates through support of local business activity and tax income.

The business model

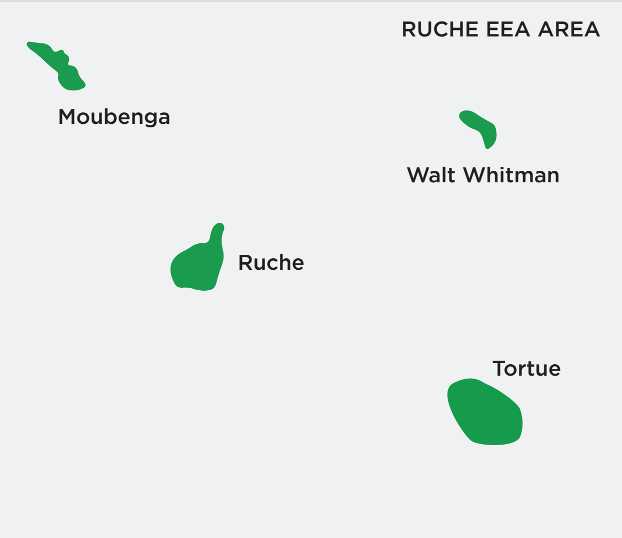
BW Energy's proven business model is designed to deliver superior returns and growth at modest investment levels, using proven and tested development concepts and existing infrastructure. Once an asset has been de-risked through the initial phase of production, the field can be further advanced and monetised through phased developments. The differentiated business model has proven efficient in gaining access to opportunities which allows for lower cost of entry.

The Company's objectives can be summarised in six 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 Operating cash flow funding further developments
5 Add new resources through low per barrel acquisitions and active exploration around established infrastructure
6 Return value to shareholders through dividends and share price appreciation

BW Energy has the right-sized organization to move quickly and opportunistically to pursue value and has proven its ability to succeed where other oil and gas exploration and production companies have not been able to define enough reserves for a full field development.

Dussafu pre-BWE acquisition



No path to FID

USD ~800 million
Field investment

USD ~500 million
FPSO commitment

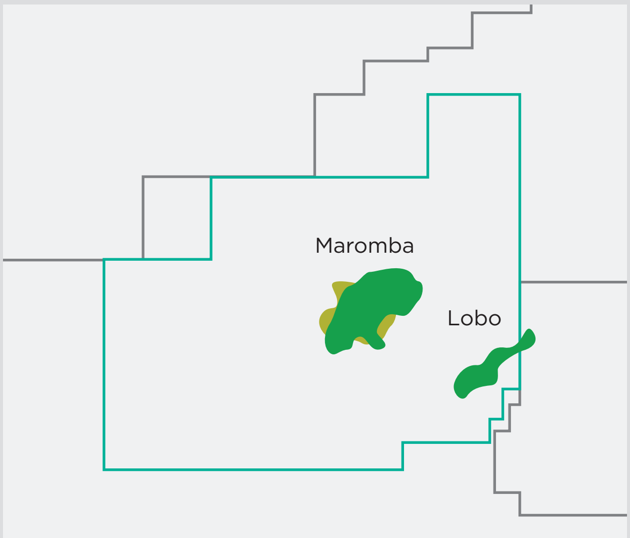
BWE creating the opportunity

24 mmbbl
1P reserves at sanctioning

USD ~175 million
Development capex[1]

USD ~85 million
FPSO investment

Maromba pre-BWE acquisition



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 ~350 million
Phase 1 development capex

USD ~300 million
Phase 1 FPSO investment

1 Tortue Phase 1
2 Certified 2P reserves of 100.4 mmbbl by Netherland, Sewell & Associates, Inc. and 14.8 mmbbl produced as of December 31, 2021

Rapid FPSO Development

18 months to first oil

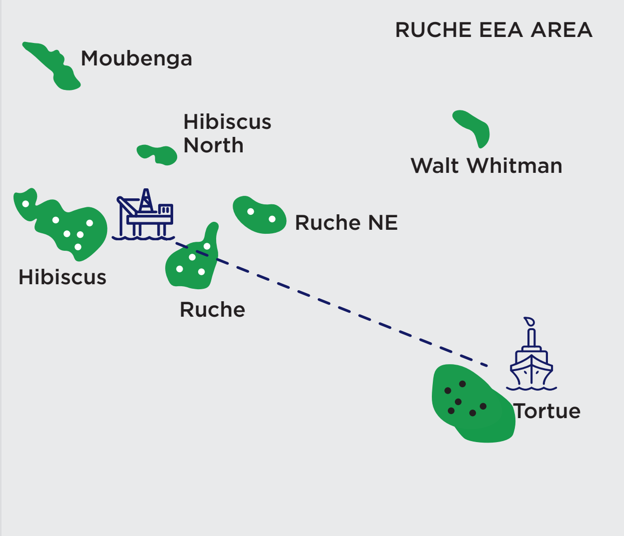
Four successful exploration and appraisal wells

5 x increase

1/5 x field CAPEX

1/5 x asset commitment

Executing Dussafu growth (gross)



115 mmbbl[2]
Estimated ultimate recovery

14.8 mmbbl
Produced through Dec-21

Self-funded

Progressing environmental approvals

FID planned in 2022

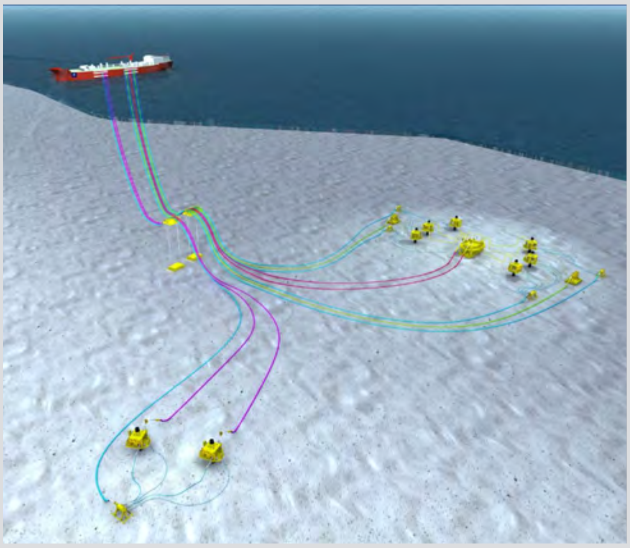
First Oil in 2025

60% lower reserve threshold

1/5 field CAPEX

1/3 asset commitment

Maromba path forward (gross)



~100 mmbbl
Phase 1 and 2 target

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

2025
Expected first oil date

Strengths and capabilities

BW Energy continues to deliver and execute against its defined strategy

#1 Differentiated strategy creates opportunity

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 enables BW Energy to pursue field development opportunities, meeting return requirements with less competition and lower entry cost.

#2 Scalable business model

A phased development approach enables optimisation of the infrastructure required for a full field development. It facilitates continuous refinement of development plans based on experience gained from the initial production phases and leverages existing infrastructure as subsequent developments are implemented. This approach has successfully been applied on the Dussafu license in several stages, enabling shorter lead time from investment decision to first oil and reduced overall commercial risk. The same approaches will be applied to the Maromba development in Brazil.

#3 Availability of production infrastructure enables strategy

Ample availability of existing production infrastructure supports phased field developments with reduced upfront investments and GHG emissions. BW Energy seeks to repurpose existing facilities tailored to specific available field development opportunities. Once the investment plan has been finalised, BW Energy will acquire the best technically and commercially suitable production facility.

#4 Financial flexibility

BW Energy maintains a robust financial position which allows the Company to actively assess new business opportunities and respond rapidly in a volatile market. Capital discipline is supported by the flexibility provided by the phased development strategy. This enables BW Energy to rapidly adjust spending in case of external events such as the initial phase of the COVID-19 pandemic and associated drop in energy prices. To further bolster financial flexibility of producing assets, BW Energy will seek to deploy external financing on key assets.

#5 Active exploration

BW Energy's exploration strategy is based on leveraging existing infrastructure to open potential new growth areas with high incremental margin production and low development costs. The Hibiscus / Ruche development on Dussafu is an example of infrastructure led exploration allowing for low marginal CAPEX via a phased development using a repurposed jack-up as production platform on the Hibiscus field tied directly to the existing FPSO.

#6 Experience of the collective workforce

BW Energy has a highly competent team with exploration and production experience from all disciplines and major basins worldwide. The team benefits from a unique heritage in developing offshore production infrastructure. BW Energy's entrepreneurial culture fosters innovation and fuels the Company's exploration and development programs. Employees are critical to BW Energy's strategy execution 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 to support safe execution of its strategy.


NO SMOKING

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 50 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 the 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

BW Energy's goals

BW Energy's ambition is to develop reserves and resources to underpin a production of 50,000 bbls/day in 2025. The Company then expects to be in a position to continue green and brownfield developments and to provide attractive shareholder returns. BW Energy will continue to develop its field portfolio which carries low cost of entry and development. Reduced cash at risk on new field developments before production start allows for further development funded by cash from operations resulting in superior return on equity for stakeholders.

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.

The energy transition

BW Energy expects oil and gas to remain an important part of the global energy mix in decades to come. Still, the Company recognises the need to reduce carbon emission over time to mitigate climate change. BW Energy's field development strategy enables efficient, low-carbon field developments which supports the ongoing transition. The Company also sees the applicability of its approach to other related markets.

BW Energy considers itself a company that identifies and unlocks value where others might not. This includes considering various technologies and their viability for use in combination with existing upstream infrastructure to enable low-cost solutions for renewable energy generation.

The Company sees gas-to-power solutions as an accelerator for transition in emerging markets where there is a clear demand for cost efficient development of dispatchable, secure and affordable hydrocarbon-based power generation.

BW Energy considers the strategic deployment of gas power as a potential high-impact solution for enabling substantial reduction in carbon emissions by replacing the use of coal and heavy fuel oil (HFO) for electricity supply and help support greater renewables penetration. The Kudu natural gas development project is a potential stepping stone which will allow for growth through repeatability of the development concept in other emerging markets and provide the Company with an option to become an independent power producer.

BW Energy has demonstrated its ability to introduce novel development concepts using existing infrastructure. The repurposing of an existing jack-up or semisubmersible rig instead of building provides significant reductions to investments and reduces the GHG emissions in the construction phase by 60-70% relative to a newbuild production asset.

BERGESEN

1935 Founded by Sig. Bergesen

1986 Bergesen listing

1996 Leader in crude and gas shipping markets with 100 vessels

WORLD-WIDE

1955 Founded by Y.K. Pao

1979 Largest independent shipping group in the world: 200 vessels of 20 million dwt

2003 Bergesen acquisition and de-listing

2005 Restructuring and re-branding

2006 BW Offshore listing on the Oslo Stock Exchange

2008 Acquisition of APL

2010 Acquisition of Prosafe Production / Sale of APL

2016 Acquisition of the Dussafu license in Joint Venture with BW Group

2017 Acquisition of Operating Interest in Kudu Gas field in Namibia

2018 First oil *BW Adolo* from Tortue field in the Dussafu license in Gabon

2019 BW Energy established as separate entity with the E&P assets of BW Offshore and BW Group

Acquisition of stake in Maromba field in Brazil

2020 BW Energy listing on the Oslo Stock Exchange

History

BW Energy, which began as the E&P division of BW Offshore in 2016, utilises a differentiated strategy targeting offshore oil and gas reservoirs through low-risk, phased developments.

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 is currently a significant shareholder in BW Energy, BW Offshore, BW Ideol, BW LNG, BW LPG, BW Epic Kosan, BW Dry Cargo, BW Solar, Hafnia, DHT, Navigator Gas, Corvus and Cadeler.

Eighteen months after the original investment in the Dussafu Marin license offshore Gabon, the Tortue Phase 1 drilling campaign for the first two subsea wells was completed and tied back to the *BW Adolo FPSO* with first oil achieved in September 2018.

BW Energy acquired the Maromba license, a well delineated field in the Brazilian Campos Basin, from Petrobras and Chevron in March 2019; BW Energy is targeting FID by year-end 2022 and targeting first oil in 2025.

The Hibiscus discovery was made in August 2019, BW Energy updated the previously sanctioned development of the Ruche area. The discovery reported an additional 46 mmbbls recoverable.

BW Offshore transferred ownership interests in the Kudu Petroleum Production Licence 003 ("PPL003") license to BW Energy in fourth quarter of 2019.

Tortue Phase 2 drilling began in fourth quarter of 2019 with two additional subsea wells brought online in early 2020.

On 19 February 2020, BW Energy was listed on the Oslo Stock Exchange.

BW Energy paused all development plans due to COVID-19's safety and logistical challenges. This allowed the Company to reassess its Hibiscus / Ruche and Maromba development plans.

Conversion of *Hibiscus Alpha* began in Dubai for installation in Gabon in the fourth quarter of 2022.

Tortue Phase 2 was completed in October 2021 and the final two wells brought on to production.

An agreement was signed in the fourth quarter of 2021 to purchase the semi-submersible drilling rig *West Leo* for possible conversion to a Floating Production Unit for use in the Kudu field.

Global footprint

CEO's report 2021

Onwards and upwards

It was a very active year for BW Energy. We resumed field development activities as societies and businesses recovered from the initial impact of the COVID-19 pandemic. Oil and gas demand started to normalise with a positive impact on prices, providing more visibility as we progress towards a significant increase in production and operational cash flow later this year.

Our strategy of phased development of proven offshore oil discoveries by using existing facilities is resilient and flexible. It enables us to efficiently scale down to protect and preserve when required and scale up when fundamentals and visibility improve. Scale-up was the keyword for 2021. While we reached key development milestones, it was also a year with operational challenges reflected in us not meeting production and cost targets. That said, we maintained a strong balance and robust operational cashflow.

Growing our Dussafu production

In October, we completed the Tortue Phase 2 field development in the Dussafu license in Gabon with production start from the final two wells, bringing the total number of producing wells to six. The project was executed with zero HSSE incidents and USD 45 million below budget with USD 230 million invested.

Full-year production from the Tortue field of 4.13 million barrels of oil (gross) reflected continued COVID-19 related challenges, timing of the last two production wells, temporary operational issues and a shortage of gas lift capacity. Production averaged 11,304 barrels per day at an operating cost (excluding royalties) of approximately USD 28.4 per barrel. In total, we recorded one LTI in 2021 and no major environmental incidents.

We are addressing the operational issues and installing more gas lift to improve well flows. These measures combined with first oil from the Hibiscus / Ruche development are expected to yield a significant increase in production and reduction to opex per barrel from the fourth quarter of 2022.

The Hibiscus / Ruche project is on schedule with the *Hibiscus Alpha* conversion progressing well despite new mutations of the COVID-19 virus. The field campaign, including award of the initial drilling contract in late 2021 is also on track. In sum, we are on track to realise the revised development concept with its USD 100 million reduction to capital investments, shorter time to first oil and environmental gains from using existing assets.

A further two exploration wells were drilled in the Dussafu licenses in 2021. While the Hibiscus Extension appraisal well (DHIBM-2) unfortunately was water-bearing, it provided valuable geological information. The Hibiscus gross recoverable reserves of 46.1 million barrels are unaffected and will, with the nearby Ruche and Ruche Northeast discoveries, be produced by *Hibiscus Alpha* and piped to the *BW Adolo* FPSO. A discovery was made by the Hibiscus North well (DHBNM-1). The result was lower than pre-drill estimates but will be a potential tie back to *Hibiscus Alpha* after the main fields come off plateau.

Dussafu and offshore Gabon is a highly prospective hydrocarbon region with significant growth potential. We were therefore very pleased when we in October were invited to negotiations with the Gabon DGH to become operator of two blocks adjacent to the Dussafu license in Gabon's 12th Offshore Licensing Round.

On track for 50,000 barrels per day of production

In Brazil, we continued to optimise Maromba field development plan focused on minimising capital investments, field operating costs and time to first oil. This includes preparing for a potential re-deployment of the FPSO *Polvo* on the Campos Basin field. Work is also progressing with Brazilian authorities on the Environmental Impact Assessment.

Maromba is a highly delineated field with proven reserves in excess of 100 million barrels of oil which will be a phased subsea development tied to an FPSO. We are on track for FID in 2022 with first oil is targeted in 2025. The development plan provides robust returns at realised oil prices below USD 50 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 2025, from a very solid reserve base.

Sustainable development and value creation

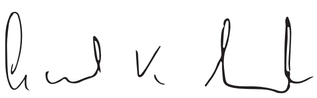
Separately, we are progressing a new concept for the Kudu gas field offshore Namibia with tangible financial and environmental benefits based on the re-purposing of the semi-submersible drilling rig recently acquired by the Company. We acquired the rig at a very attractive price before asset values started to rebound in late 2021. The re-use of existing infrastructure enables us to use a circular economy concept to reduce development costs, time to gas and emissions.

Kudu offers Namibia a path to replace imported coal power with domestically produced electricity based on natural gas with substantially lower carbon emissions, increased stability of supply and more local content. It allows us to unlock an otherwise stranded resource and create significant long-term value from gas sales. Kudu is an example of how our business strategy contributes to real reductions in CO2 emissions.

Robust growth platform

We start 2022 with USD 150 million cash and no interest-bearing debt, supported by positive cash-flow from operations and equity raised in early 2021. With the restart of investment activities, we are also progressing the reserve-based lending facility with a consortium of leading banks. The funds will be used to finance the ongoing investments in Gabon, Brazil and Namibia.

Our primary focus is on bringing Hibiscus / Ruche to first oil and progressing the Maromba and Kudu towards final sanction. We continue to evaluate M&A and brownfield opportunities where we see the potential unlocking untapped discoveries by applying our phased development model to reduce risk, investments, and time to first oil. This will generate significant long-term value reflected in our commitment to returning value to shareholders through dividends of up to 50% of net profit once Maromba production is up and running.

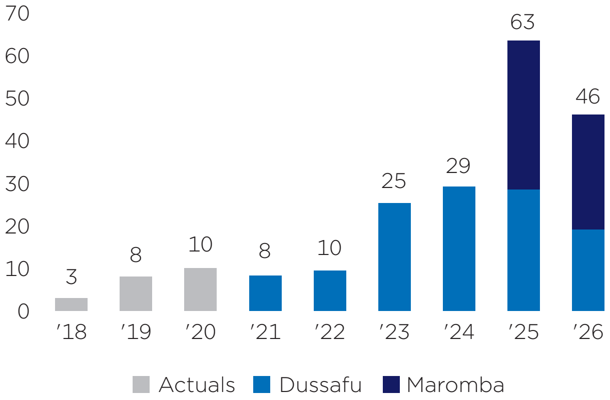


Carl K. Arnet
CEO BW Energy

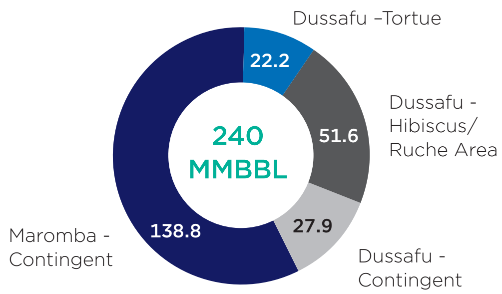
Gabon, Brazil and Namibia

BW Energy holds a 73.5% operated working interest in the Dussafu Marine license offshore Gabon, a 100% operated working interest (95% after future farm-out) of the Maromba field in the Campos Basin offshore Brazil, and a 95% operated working interest of the Kudu field offshore Namibia. 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.

NET PRODUCTION (KBOPD)



CERTIFIED NET RESERVES AND RESOURCES [1]



1 Certified by NSAI

GABON: Dussafu performance

The Dussafu license is situated within the Ruche Exclusive Exploitation Area (Ruche EEA), which covers 850 km^2 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, which was achieved in September 2018.

Phased development
Fields on the Dussafu block produce to the *BW Adolo* FPSO adjacent to the Tortue Field. Phase 1 of the Dussafu development included two subsea horizontal production wells at the Tortue Field. Production is aided by gas lift as the artificial lift mechanism. Tortue Phase 2 introduced four additional subsea production wells at 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 2021, Tortue Field averaged a gross rate of approximately 11,300 barrels per day. Over 4.1 million barrels gross were produced during the year and the field uptime was 88%, including scheduled downtime. Gas lift capacity limitations deferred production in 2021 and will continue to constrain production until a second gas lift compressor is installed in the second half of 2022. Once commissioned, the wells at Tortue are expected to reach full potential.

Development Drilling
After a pause in Tortue Phase 2 development due to COVID-19, drilling resumed in April 2021. DTM-6H, which was completed but not tied-in in 2020, and DTM-7H were brought online in October 2021.

The gross investment for Phase 2 was approximately USD 230 million, USD 45 million below the original budget of USD 275 million.

Exploration

Recommencement of the Tortue Phase 2 drilling campaign in 2021 began with drilling the DHIBM-2 appraisal well, to further evaluate the Hibiscus field, and completed with DHBNM-1, to evaluate the Hibiscus North prospect. While DHIBM-2 did not encounter hydrocarbons, DHBNM-1 discovered oil in both Gamba and Dentale formations. Oil-in-place estimates were below expectation, so Hibiscus North is a likely candidate for a future subsea tieback option to *Hibiscus Alpha* rather than a standalone project.

Future strategy and plans

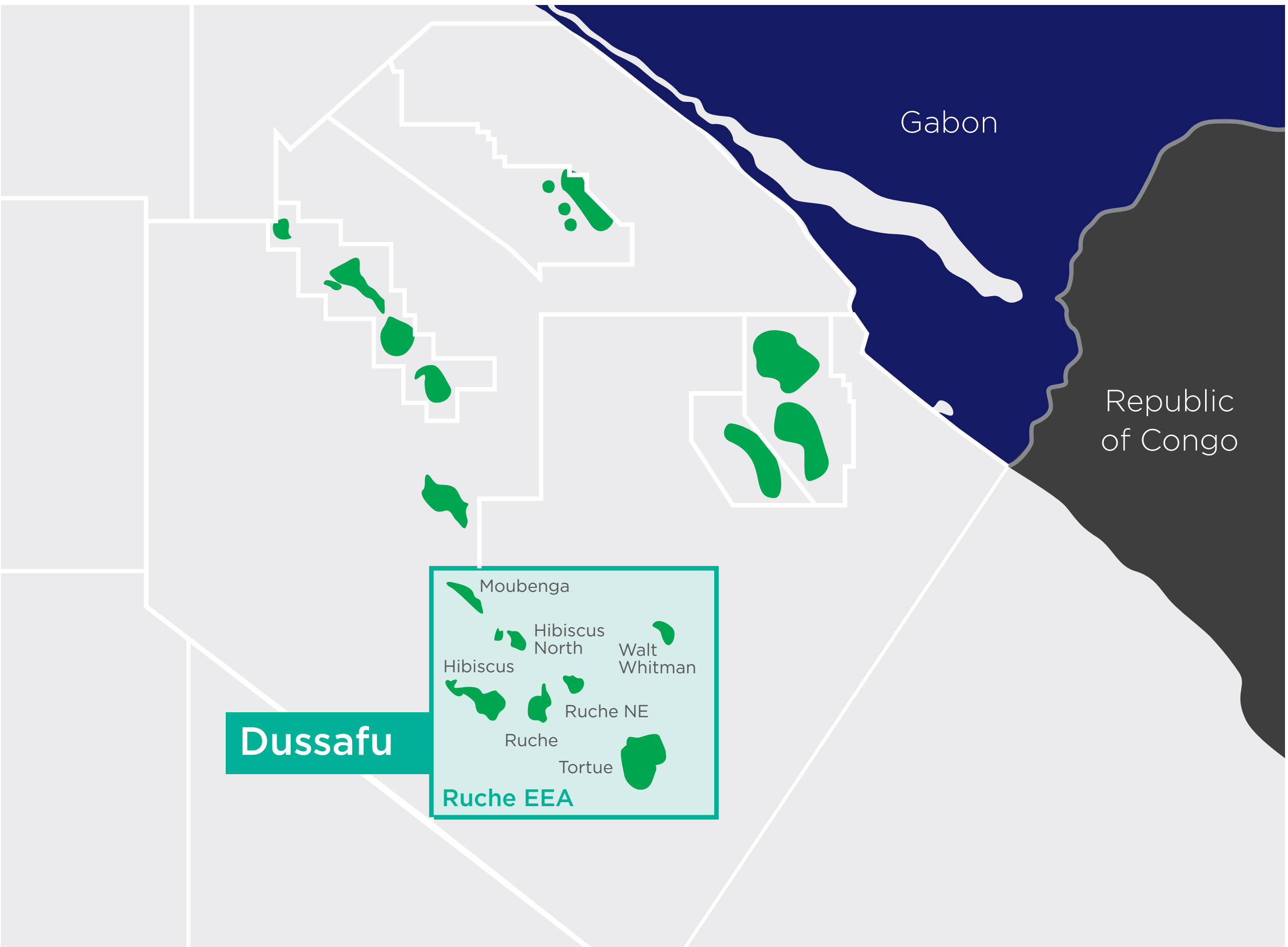
BW Energy is currently executing the Hibiscus / Ruche development project, targeting the Hibiscus and Ruche Fields, approximately 20 kilometres northwest of the Tortue Field. The initial phase of this project involves the drilling of up to six horizontal production wells in a 12-well phased program, which will be connected to a production facility. Of these initial six wells, four wells will target the Hibiscus Field while the remaining two wells will target the Ruche Field. These initial wells will exploit the prolific Gamba reservoir.

BW Adolo FPSO will continue to serve as the hub for production in the Dussafu license. First oil from Hibiscus / Ruche development project is expected in late 2022, adding up to 30,000 bopd to gross production from the Ruche EEA in the second half of 2023. 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 from production at Tortue.

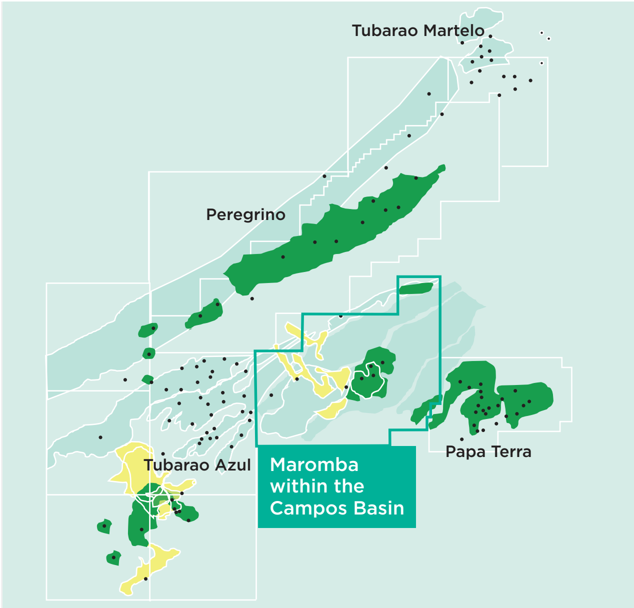
Ownership

BW Energy Gabon SA's operated ownership interest in the Dussafu license is 73.5%, Panoro Energy ownership is 17.5% and Gabon Oil Company's ownership interest is 9%.

Tullow Oil completed the sale of its 10% ownership interest in the Dussafu Marin permit to Panoro Energy ASA in June 2021.



BRAZIL: 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 license 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.

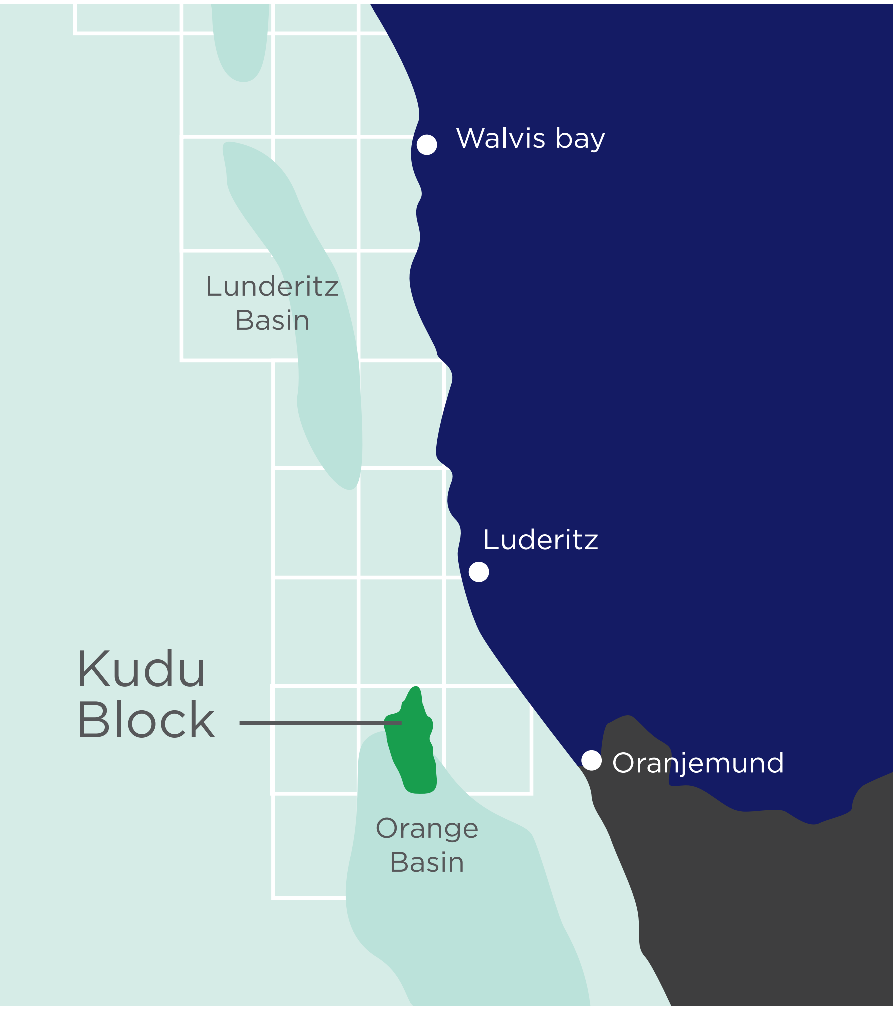
Following the success at Dussafu, BW Energy plans to develop the Maromba license in phases, thereby minimising up-front capital expenditure and allowing the production and the supporting organisation to grow organically. Phasing will provide reservoir performance data which will be used to optimise future 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). Based on Final Investment Decision (FID) being made in the second half of 2022, Phase 1 is expected to begin production in 2025 and will require gross field investments of approximately USD 400 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 was completed in the first quarter of 2021 and the Environmental Impact Assessment was submitted to IBAMA in the third quarter 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.

NAMIBIA: Kudu, gaining momentum



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 Petroleum Production License 003 ("PPL003") 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 seven 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 signed a Farm-up agreement with NAMCOR increasing the Company's interest to 95% in the license and closed the transaction in 2021.

BW Energy is progressing a revised development plan for the gas-to-power project that will utilize a repurposed semi-submersible drilling rig as a Floating Production Unit. Repurposing will enable an optimisation of the project timeline and significantly reduce capital investments compared to previous development concepts. The revised development concept offers tangible financial, schedule and environmental benefits. The re-use of existing facilities also supports a substantial reduction in field development related greenhouse gas emissions compared to a newly built facility. The revised integrated development plan aims to supply competitive power to a growing African market with significant upside potential. A development of the Kudu field is an attractive opportunity for BW Energy to engage in the electricity market and potentially fully or partially assume a position as an Independent Power Producer (IPP) through strategic partnering.

In the fourth quarter of 2021, the Company entered into an agreement to purchase the semi-submersible drilling rig *West Leo* from Aquadrill LLC targeted for use in Kudu.

Directors' report

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

In early 2021, BW Energy restarted the Tortue Phase 2 development and the exploration program on the Dussafu license in Gabon. Activities were suspended in 2020 due to the COVID-19 pandemic. The deferred two Tortue production wells came on stream in October 2021 and now contribute to increased production. At year-end, six production wells are connected to the *BW Adolo* FPSO. The Tortue Phase 2 development was completed with zero HSSE incidents and substantially below budget despite the deferral and operational and supply chain constraints related to COVID-19.

The Company is making good progress on the third phase of the Dussafu development. The repurposing of the *Hibiscus Alpha* jack-up drilling rig to a production facility is on schedule with first oil from Hibiscus / Ruche Phase 1 expected towards the end of 2022. All long-lead items have been ordered as well as all major subcontracts, including the pipeline EPCI contract and the drilling program comprising four firm and four optional wells. BW Energy expects to realise a saving of approximately 25% of the development costs from reusing existing energy infrastructure in addition to the environmental benefit of repurposing existing assets rather than building new.

In October, the Company was provisionally awarded operatorship of two blocks in the 12th Offshore Licensing Round in Gabon. The award is subject to finalising the production sharing contracts (PSC) with the Direction Generale des Hydrocarbures (DGH) in Gabon. The very large blocks G12-13 and H12-13 are adjacent to the Dussafu license and will be held by a consortium with BW Energy as operator (37.5%).

The Company plans to repeat the development strategy which has unlocked significant value at Dussafu with the Maromba development in Brazil. BW Energy holds a 100% working interest in the license since 2019 and plans a similarly phased development. The project continued to progress towards environmental approval and optimisation of the field development plan with respect to investment, operational costs and schedule. This included pre-feed and commencement of condition assessment of the FPSO *Polvo* as a potential production unit. The Field Development Plan was approved by the regulator (ANP) in August 2020. The final investment decision is expected in 2022 with first oil in 2025.

In 2017, BW Energy entered into a farm-in agreement for a 56% operated interest the Kudu license offshore Namibia. In July 2021, BW Energy and the National Petroleum Corporation of Namibia (NAMCOR) completed a Farm-In and Carry Agreement, which increased BW Energy's working interest in the license to 95% for a consideration of USD 4 million. NAMCOR retains the remaining 5% working interest.

The Company has introduced a revised development plan for the Kudu field and gas-to-power project based on a repurposing a semi-submersible drilling rig acquired for USD 14 million to a Floating Production Unit. This will enable optimisation of the project timeline and significantly reduce capital investments compared to previous development concepts. As with Dussafu, reusing existing energy infrastructure will reduce the project's environmental footprint. The timing of the final project sanctioning is subject to realising a project financing solution for the Kudu gas-to-power project as well as negotiating power sales agreements.

Health, safety, security, environment, quality

BW Energy 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 ensuring that the objectives are achieved as well as effective management of major accident hazard risks, mitigation of impact to the environment, while ensuring a sustainable business and taking proper care of Company property.

BW Energy registered one LTI (Lost Time Injury) in 2021 including subcontractors. There were five LTIs in 2020 and zero LTIs recorded in 2018 and 2019. For more information, please see the sustainability section of this Annual Report or the separate Sustainability report on the Company`s website.

Operations

The Dussafu field uptime was 88% in 2021 with gross production averaging 11,300 bopd. The final two production wells of the Tortue Phase 2 development were tied back to the *BW Adolo* FPSO in October 2021. During parts of the year, production was deferred due to limitations to gas lift capacity. The Company is exploring interim measures to improve capacity before a planned installation of a new gas lift compressor in the fourth quarter of 2022. The long-term recovery rate from Tortue is unaffected by the temporary limitation to gas lift capacity.

Two exploration wells were drilled during 2021 to further map the potential of the Hibiscus / Ruche area. The promising Hibiscus Extension proved to be water bearing and of no further potential. The Hibiscus North prospect successfully discovered oil but with lower volumes in place than expected. Hibiscus North may form the basis for a future tie-back to the Hibiscus / Ruche ongoing development. With this campaign BW Energy has concluded the very successful exploration campaign in the region with 3 discoveries and a significant increase of 2P reserves. The remaining prospects in the Hibiscus / Ruche area will be drilled from the *Hibiscus Alpha* facility as part of the production drilling campaigns. BW Energy plans to further drill on average two exploration wells per year to map the other prospective regions of the Dussafu license.

Financial performance

Income statement

Revenue was USD 271.5 million in 2021 compared to USD 160.3 million in 2020. Total operating expenses were USD 124.3 million compared to USD 73.3 million in 2020.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for 2021 were USD 147.2 million compared to USD 87.0 million in 2020.

The previous impairment of the Kudu gas-to-power project was reversed in 2021. Higher energy prices, the increased working interest for the company (95%) and the acquisition of the semi-submersible drilling rig, enables an optimisation of the project timeline and significantly reduces capital investments compared to previous development concepts.

Operating profit was USD 98.4 million, compared to USD 1.7 million in 2020. The increase in revenue and operating profit was mainly due to a higher realised oil price in 2021.

Net financial expenses were USD 9.6 million compared to USD 13.9 million in 2020.

Tax expense amounted to USD 36.8 million compared to USD 28.9 million in 2020. The increase was related to the higher oil price realised in 2021.

Net profit for 2021 was USD 52.0 million compared to a net loss of USD 41.1 million in 2020.

Financial position

At 31 December 2021, the Company had a total equity of USD 569.2 million compared to USD 443.2 million at 31 December 2020. The year-end equity ratio was 59.4 %, compared to 58.3% at the end of 2020.

At 31 December 2021, the Company had no interest-bearing debt.

Cash flow
Net cash inflow from operating activities was USD 108.9 million compared to USD 58.3 million in 2020. The increase was mainly due to the higher realised oil price.

Net cash outflow from investment activities amounted to USD 120.5 million, compared to USD 73.6 million in 2020. The investments were mainly related to the Dussafu and Maromba projects.

Net cash inflow from financing activities was USD 41.9 million, compared to cash inflow of USD 63.7 million in 2020, mainly reflecting proceeds from the January 2021 capital raise and payment of lease liabilities

Total available liquidity at 31 December 2021 amounted to USD 150.9 million, compared to USD 120.6 million at year-end 2020.

BW Energy plans to establish a reserve based lending facility (RBL) to further strengthen its liquidity position. The six-year RBL facility will be in the amount of USD 150 million plus an accordion of USD 150 million.

Parent company accounts
BW Energy Limited is a holding company incorporated in 2018. The Company reported a net loss of USD 2.7 million for 2021 compared to a net loss of 3.5 million in 2020. The costs were mainly related to legal and audit fees.

Total assets were USD 460.6 million at 31 December 2021. Total shareholders' equity in BW Energy Limited at 31 December 2021 was USD 457.9 million, corresponding to an equity ratio of 99.4%.

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.

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. For more information, please see the Corporate Governance section of 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 energy prices might influence the economic viability of planned developments and

anticipated revenues from the production of such developments. The overall risk management program focuses on addressing these risks and seeks to minimise potential adverse effects on the Company's financial performance. The most important operational risk factors are related to the operation of Dussafu and the execution of projects, which could lead to accidents and oil spills to the environment if not managed properly.

The 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 program is placed with rated underwriters, is subject to permanent risk management review and is in compliance with local legislation. BW Energy has also purchased and maintain a Directors and Officers Liability Insurance issued by a reputable, specialized insurer with appropriate rating. 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.

Outlook

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

Several key macro-economic drivers developed positively through the course of 2021 as societies started to resume more normalised levels of activity supported by vaccinations and the new strains of COVID-19 virus leading to less severe infections. Disciplined OPEC production cuts supported the oil price and oil energy demand is recovering with increased global economic activity.

BW Energy expects to generate significant positive cash flow at current oil price levels. With 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 flows and earnings.

23 February 2022

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, BW Epic Kosan, Hafnia, Cadeler and The Global Centre of Maritime Decarbonisation
- Trustee of the Lloyd's Register Foundation and director of Navigator Gas
- BA (Hons) from Oxford University, UK and MBA from Harvard Business School, USA

Marco Beenen - Director

- CEO of BW Offshore
- Former President of GustoMSC Inc. and former 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
- Holds several directorships of various energy companies
- Former CFO in DOF Management AS, Former Director of Finance with Bergen Yards AS and former Group Controller for the Møgster Group
- Master's Degree from the Norwegian School of Management (BI) Oslo and MBA from Norwegian School of Economics and Business Administration (NHH), Bergen

Russell Scheirman - Director (Independent)

- More than 35 years in oil & gas industry
- 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 Norwegian University of Science and Technology (NTNU), Norway
- Shell's Leadership Development Programs & Business Leadership INSEAD

Audit Committee	Gender
Hilde Drønen	F
Russell Scheirman	M

Technical & Commercial Committee	Gender
Russell Scheirman	M
Tormod Vold	M

Renumeration Committee	Gender
Marco Beenen	M
Tormod Vold	M

Management

Carl K. Arnet, CEO

- Former CEO BW Offshore, APL
- Director BW Offshore
- Held senior operating positions at Norsk Hydro (E&P division)
- M.Sc. from Norwegian University of Science and Technology (NTNU) and MBA from Norwegian School of Management (BI), Norway

Knut R. Sæthre, CFO

- Former CFO of BWO and GM BWO Norway
- Finance Director of APL Plc and President of APL Norway
- More than 20 years of experience from Aker Kvaerner and ABB
- Lic.rer.pol. degree from the University of Fribourg, Switzerland and an MBA from Norwegian School of Economics and Business Administration (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 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
- B.Sc. in Mechanical Engineering from University of Texas

Thomas Young, CSO

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

Corporate governance report

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

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 Bye-laws. 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 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 14 October 2021, 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 overview addresses each individual point of the Code and provides an explanation and description of the chosen alternative approach if the Company's practice varies from the Code. As of 31 December 2021, the Company's practices 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): A member of the Board is a member of the Nomination Committee and may offer themselves for re-election to the Board
- 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 (AGM) has not voted over the Guidelines of the Executive Personnel

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 leads the Company's strategic planning, including the definition of clear objectives, strategies and risk profile for the Company's business activities, such that the company creates value for the shareholders and other stakeholders. The Company's objectives, main strategies and risk profile are subject to annual review and described in the annual report, and considers both financial, social and environmental factors.

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 summarised in the annual report.

3. Equity and Dividends

On 31 December 2021, the Company's consolidated equity was USD 569.3 million, which is equivalent to 59.7% 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, strategies and risk profiles.

Pursuant to the Company's Bye-laws, the Board is authorised to declare dividends to the shareholders. The Company communicated a future ambition to return value to shareholders through dividends of up to 50% of net profit in the Prospectus approved by the Norwegian Financial Supervisory Authority on 30 January 2020. In line with this ambition, the AGM on 14 May 2021 approved the following dividend policy:

"BW Energy has an objective to generate long-term member returns which will be achieved through growth and dividend payments. The Company targets a dividend based on a pay-out ratio of 50% of annual net profit, adjusted for extraordinary items. The timing and amounts for such dividend payments will be decided by the Board, considering overall financial condition, capital requirements, including capital expenditure commitments, and general business conditions."

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. Equal treatment of shareholders

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. The Code requires that any decision to issue shares without pre-emption rights for existing shareholders shall be justified. In January 2021, the Company raised USD 75 million in gross proceeds through a private placement, providing justification for waiving pre-emption rights. Following the announcement of completion of the private placement, the Company's shares traded on the Oslo Stock Exchange with significant trading volumes at prices below the subscription price in the private placement. Accordingly, any shareholder wishing to reduce the dilutive effect of the private placement had the opportunity to purchase shares in the Company in the market at prices below what would have been the subscription price in any subsequent offering. Hence, the Company resolved not to proceed with a subsequent offering.

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 its own shares in 2021.

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 Euronext 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 AGM normally takes place on or before 31 May each year. The 2021 AGM was held on 14 May 2021. 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. 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 and the chair 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 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, as far 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 chairperson 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 at the Company's general meeting from time to time and the members are appointed by a general meeting resolution, including the chair of the committee. The general meeting determines the remuneration of the Nomination Committee and stipulates guidelines for the duties of the Nomination Committee. The guidelines were approved by the 2020 AGM and are available at www.bwenergy.no.

BW Energy Board of Directors' Nomination Committee

Name	Role	Considered independent of the main share-holder and management	Served since	Shares in BW Energy (direct/indirect)
Mr. Andreas Sohmen-Pao	Chair	No, Chairman of the Board	2020	96,593,401
Mr. Bjarte Bøe	Member	Yes	2020	0
Ms. Elaine Yew Wen Suen	Member	Yes	2020	0

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. The Nomination Committee shall not include the Company's chief executive officer or any other executive personnel.

The Nomination Committee proposes candidates for election to the Board. The Nomination Committee also is responsible for proposing the remuneration to be paid to the members of the Board. The Nomination Committee explains how the Committee arrived at its proposal for each candidate. The Company established a deadline for the Nomination Committee to propose candidates of no later than four weeks prior to the AGM.

Any member of the Board who is also a member of the Nomination Committee may offer themselves for re-election to the Board. This deviation from the Code has been implemented to facilitate cooperation between the Nomination Committee and the Board, and continuity in the Board. This will be revised at the AGM in 2022 to achieve compliance with the Code.

On 31 December 2021, the Nomination Committee consisted of Andreas Sohmen-Pao (Chair), Bjarte Bøe and Elaine Yew Wen Suen. The current committee members were appointed at the 2020 AGM and held one meeting in 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 chair 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. It does not meet the recommended gender guidelines of the Code. A brief 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.

At the AGM on 14 May 2021, the Board re-elected Ms. Hilde Drønen and Mr. Tormod Vold as directors to the Board for a period of two years until the AGM in 2023.

Members of the Board may own shares in the Company.

BW Energy Board of Directors

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%	96,593,401	Austrian
Ms. Marco Beenen	Director	No	2019	2022	100%	28,950	Dutch
Ms. Hilde Drønen	Director	Yes	2020	2023	100%	0	Norwegian
Mr. Russell Scheirman	Director	Yes	2019	2022	100%	0	United States
Mr. Tormod Vold	Director	Yes	2019	2023	100%	0	Norwegian

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 Audit Committee and the Technical and Commercial Committee terms of reference set forth specific procedures for handling agreements and transactions with related parties. This structure is established to ensure that transactions between the Company and/or its subsidiaries on the one side and a directly or indirectly related company on the other side are made on arms' length terms. 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.

Directors and officers of the Company and other leading personnel shall notify the Board if they directly or indirectly have a significant interest in matters to be considered by the Board.

Each year, the Board schedules in advance a number of regular meetings for the following calendar year and additional meetings may be called by the Chairman of the Board as needed. The Board held five meetings in 2021. The directors normally meet in person, but if allowed by the Chairman of the Board, directors may participate in any meeting of the Board by means of video conference. The majority of Board meetings in 2021 were held virtually due to the COVID-19 pandemic and related travel restrictions. Minutes in respect of the meetings of the Board are kept by the Company in Bermuda.

The following Board committees were appointed at year-end 2021:

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. On 31 December 2021, the Audit Committee consisted of Hilde Drønen (Chair) and Russell Scheirman, both of whom are independent 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. On 31 December 2021, the Technical and Commercial Committee consisted of Russell Scheirman (Chair) and Tormod Vold, both of whom are independent 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. On 31 December 2021, 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 HSSE, Finance and Accounting, 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, objectives 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 Chief Executive Officer, based on HSSE recommendations and risk assessments carried out.

The Board's Audit Committee follows up internal control in connection with quarterly reviews of the Group's financial reporting. 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 Sustainability Report summary 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. Salary and other remuneration of the executive personnel
Bermuda law does not require a vote by the AGM regarding the guidelines for remuneration of the executive personnel. The Company will communicate the executive remuneration guidelines to the AGM, 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 gathers information from comparable companies before making its recommendation to the Board for approval. Such recommendation shall contribute to execution of strategy, long-term value creation and financial viability and ensure convergence of the 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 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

BW 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.

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

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 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 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.

Ethics & Compliance report

Ethics & Compliance are key factors in BW Energy's business approach and success

BW Energy complies with all applicable laws and regulations in every country in which it operates. Wherever appropriate BW Energy operations also follow international norms and standards.

Ensuring ethical business behavior is of great importance to the Company's stakeholders. BW Energy actively engages with local authorities to ensure such expectations are met. In addition, BW Energy expects its employees and service providers to model ethical behaviour in all their business activities. BW Energy is also a fair and non-discriminating local employer, and its activities generate substantial local revenue in terms of salaries and tax revenues.

BW Energy's Ethics & Compliance Program

BW Energy's Compliance Program consists of five components: (1) Compliance Standards and Policies; (2) Employee Training and Communication; (3) Confidential Reporting and Investigation; (4) Third-party Management, and (5) Continuous Program Monitoring. This Program is implemented by the Company's Head of Compliance who reports directly to the CEO. The Head of Compliance also provides quarterly updates to the Company's Audit Committee.

Compliance Standards and Policies

The Company has developed internal policies which provide a basis for the attitudes and principles that govern the culture at BW Energy. BW Energy's internal procedures and guidelines are designed to assist BW Energy employees avoid even the appearance of impropriety. Many of these policies, procedures and guidelines are summarized in the Code of Ethics and Business Conduct which applies to all employees in BW Energy, and to all BW Energy Board members, officers, temporary employees, intermediaries and others who act on behalf of BW Energy.

BW Energy does not make political contributions, nor does it authorise any personnel or representatives to do so on its behalf.

When BW Energy provides sponsorship, charitable contributions and/or donations aimed at improving the lives and welfare of the local communities in which it operates, it does so only after ensuring that the contributions are legal, vetted, and properly recorded in its books and records.

Employee Training and Communication

BW Energy requires all employees to complete training on anti-bribery and corruption matters. This training is provided through computer modules and in-person sessions. Training covers topics such as Gifts & Hospitality, and Conflicts of Interest. BW Energy employees must follow a reporting and approval process that monitor the giving or receipt of gifts or hospitality. In addition, BW Energy requires its employees to report any potential conflicts of interest on an annual basis. Such declarations include relationship to public officials or politically exposed personnel.

Confidential Reporting and Investigations

BW Energy has implemented an anonymous reporting channel (the Speak Up Channel) which is hosted by an independent third party. The Speak Up Channel allows employees, business partners and relevant stakeholders to report any concern they might have, including violations of BW Energy's Code Ethics and Business Conduct.

BW Energy is committed to ensuring that no retaliation is taken against individuals that make a good-faith report to the Speak Up Channel. All reports will be treated confidentially and will be investigated promptly

and fairly. Information related to reports received through the Speak Up Channel is communicated to the BW Energy Board on a quarterly basis.

Verified breaches of BW Energy's Code of Ethics and Business Conduct may result in disciplinary action up to and including termination.

Third-Party Management

A key focus of BW Energy's Compliance Program is the assessment of external vendors and service providers, also known as third-party providers (TPPs). All TPPs are assessed for compliance with relevant laws and regulations, and compliance with the principles of the BW Energy Code of Ethics and Business Conduct. It is the expectation of BW Energy that all TPPs will observe equivalent anti-corruption principles when conducting businesses with BW Energy, and for this reason BW Energy has adopted a Supplier Code of Ethics and Business Conduct.

BW Energy's Supplier Code of Ethics and Business Conduct emphasizes all of BW Energy's TPPs should support the UN's Universal Declaration of Human Rights and the standards advised by the International Labour Organisation. It also firmly establishes that BW Energy expects its TPPs to ensure that child labour and forced labour is not used in the performance of their activities.

Continuous Program Monitoring

To assist BW Energy's management in its operational responsibilities, and to ensure compliance with all applicable money laundering, corruption, and anti-bribery legislation as well as the Company's ethics principles, BW Energy has established a Compliance Committee. This Compliance Committee assists the Company's Head of Compliance to consider emerging compliance risks and to measure the progress on existing compliance risks.

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 March 2021 (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.

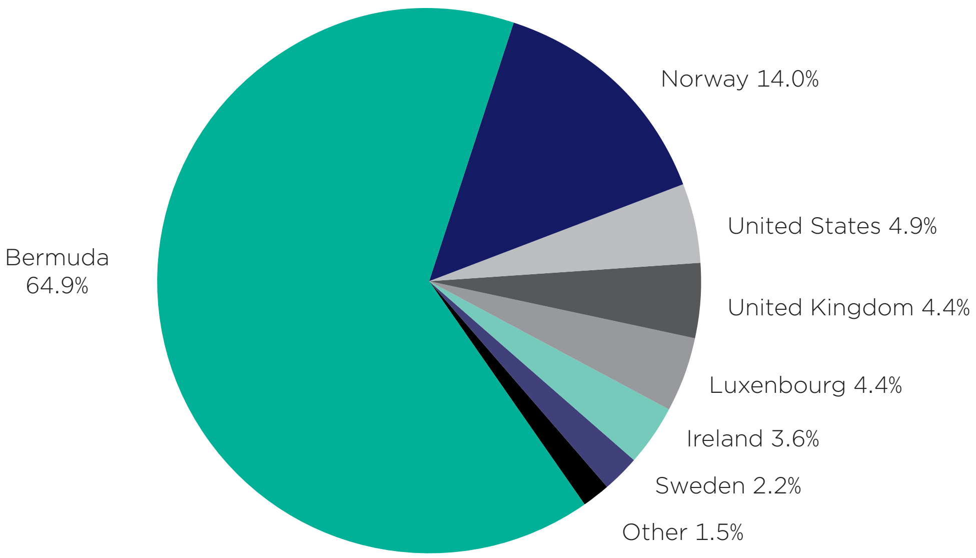
Event	Description
Annual report	Annual reports and presentations shall be available on www.bwenergy.com. The annual report for the current as well as the preceding three years shall be made available on the Company's website. Annual reports shall be published within three months after the end of the 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
1	84,200,503	32.64	BW GROUP LIMITED
2	70,840,553	27.46	BW Offshore Limited
3	12,345,385	4.79	BW Group Limited
4	7,449,391	2.89	JPMorgan Chase Bank, N.A., London
5	6,241,683	2.42	The Northern Trust Comp, London Br
6	4,165,743	1.61	VERDIPAPIRFONDET STOREBRAND NORGE
7	4,109,526	1.59	Brown Brothers Harriman (Lux.) SCA
8	3,911,670	1.52	Citibank Europe plc
9	3,721,010	1.44	DNB Luxembourg S.A.
10	3,017,864	1.17	Citibank Europe plc
11	2,214,662	0.86	JPMorgan Chase Bank, N.A., London
12	1,947,262	0.75	SEB CMU/SECFIN POOLED ACCOUNT
13	1,334,401	0.52	Danske Invest Norge Vekst
14	1,333,060	0.52	Skandinaviska Enskilda Banken AB
15	1,247,475	0.48	MP PENSJON PK
16	1,245,117	0.48	VERDIPAPIRFONDET FIRST GENERATOR
17	1,233,481	0.48	VERDIPAPIRFONDET DNB SMB
18	1,195,480	0.46	SOBER AS
19	1,155,837	0.45	JPMorgan Chase Bank, N.A., London
20	1,101,425	0.43	NORDNET LIVSFORSIKRING AS

Date: 31 December 2021

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS



Sustainability Summary

Guided by purpose, vision, and principles, BW Energy aspires to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability, and corporate responsibility.

Integrating Sustainability

September 2018
First Oil
- *Adolo*, Gabon
- 2 wells online

Drilling of more wells, additional production, steady state operations

February 2020
BW Energy IPO

November 2020
Hibiscus / Ruche Development Project Pivot
- *Hibiscus Alpha* Rig Conversion
- Tie-in to *Adolo*
- Operated by BW Energy

February 2021
First Sustainability Report
- Addition of Sustainability Function

March 2021
Initiation of Management System Project
- Aligned with IOGP Guidelines
- Roll-out by end of 2022

April 2021
Initiation of Sustainability Reporting Project
- Aligned with IOGP and IPIECA Guidelines

May 2021
Finalization of E&S Action Plan for Dussafu Field
- Critical Habitat Assessment
- Biodiversity Action Plan
- BAT Assessment
- Flaring Reduction Plan

June 2021
Initiation of Stakeholder Engagement
- Gabon, utilizing local content 3rd Party
- Aligned with World Bank Guidelines

September 2021
Issuance of Emissions Reporting Methodology
- Aligned with IOGP and IPIECA Guidelines

November 2021
Issue of Draft ESIA Addendum for Dussafu
- Meeting best industry practice expectations (IFC, WB, EP IV)

December 2021
Initiation of onboarding of *Hibiscus Alpha* offshore crew
- Offshore Installation Managers (OIMs)
- In preparation for safe and efficient operations

BW Energy's ambition is to sustainably develop and produce oil and gas fields by reducing the environmental impact of its operations and increasing the Company's contribution to society. BW Energy integrates sustainability into the mindset and way of doing business.

See the BW Energy stand-alone Sustainability Report for additional information.

2021 ESG KPIs

Health and Safefy	2021
HEALTH & SAFETY STATISTICS	
TRI	2
LTI (including Contractors)	1
2021 Hours Worked – BWE, Contractors, *BW Adolo* FPSO	1,072,159
SECURITY & ENVIRONMENT STATISTICS	
Environmental Spills > 1 bbl	0
Security Incidents	0

Table1: Health and safety Performance KPIs

Environmental Performance	Unit	2021
ENERGY		
Energy consumption offshore	GJ	802,866
GREENHOUSE GAS EMISSIONS		
CO_2 equivalent	Te	122,107
N_2O	Te	5.7
CH_4 (Methane)	Te	214
CO_2	Te	114,604
CO_2 equivalent per barrel produced	kg/bbl	29.6
NON-GREENHOUSE GAS EMISSIONS		
CO	Te	155
NO_x	Te	77
SO_2	Te	32.9
nmVOC	Te	213
FLARING		
Flared Gas	mmscf	485
MARINE DISCHARGES & CHEMICAL MANAGEMENT		
Produced Water Discharged to sea	bbl	884,347
Oil in Water Content	ppm	7.5
WASTE		
Total waste	m3	1,955
General Waste	m3	1,608
Recyclable Waste	m3	DNR
Hazardous Waste	m3	347

Table 2: Environmental KPIs

People - Gender Split (Female / Male)	2021
Management	0% / 100%
Board of Directors	20% / 80%
Total Employees and Long-Term Contractors = 140	34% / 66%

Table 3: Social KPIs

Note: Comparative figures have not been included as methodology has changed. Refer to Additional information on Calculations of Environmental KPIs in the standalone BW Energy Sustainability Report.

DNR – data not recorded

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; 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 represent 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 rights and entitlements for personnel.

The Company is committed to treating all persons with dignity and respect in the conduct 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. On 31 December 2021, BW Energy had approximately 140 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 offering 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, internships, professional and technical training.

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.

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.

The Remuneration Committee is appointed by the Board to assist the Board by making recommendations and otherwise preparing the basis for Board decisions regarding executive remuneration and the benefits strategy of the Company. Executive remuneration and variable compensation schemes are subject to annual review and the discretion of the Board 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 sustainability results) and the Employee's individual performance.
- 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.
- Benefits, representing pension plans and insurance schemes, for employees in all locations are 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 agreements.

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 programs.

Future priorities

BW Energy continues to support nationalisation programs to increase the percentage of local workforce offshore and onshore as well as health initiatives in the communities in which BW Energy employees work and live.

In 2021, BW Energy continued its local initiatives in Mayumba, a village located nearby the Dussafu field, the Company provided academic support for students taking High School Degree exams resulting in a success rate of approximately 95%. In July, BW Energy supported renovations at Omar Bongo University in Libreville of a library and amphitheatre. These activities are part of a long-term commitment to further support the development of Gabon.

Consolidated financial statements

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Consolidated Statement of Income

USD MILLION (Year ended 31 December)	Note	2021	2020
Total revenues	4	271.5	160.3
Operating expenses	5,7	(124.3)	(73.3)
Operating profit before depreciation, amortisation, impairment and sale of asset		147.2	87.0
Depreciation and amortisation	12,13,20	(62.1)	(70.9)
Impairment/(reversal) charges	13	13.3	(13.2)
Net gain/(loss) on property, plant and equipment		-	(1.2)
Operating profit		98.4	1.7
Interest income		0.7	0.9
Net currency gain/ (loss)		0.1	(0.9)
Other financial items	20	(10.4)	(13.9)
Net financial items		(9.6)	(13.9)
Profit/(loss) before tax		88.8	(12.2)
Income tax expense	8	(36.8)	(28.9)
Net profit/(loss) for the year		52.0	(41.1)

The notes on pages 58-81 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	2021	2020
Net profit/(loss) for the year	52.0	(41.1)
Other comprehensive income		
Items to be reclassified to profit or loss:		
Currency translation differences	-	-
Net items to be reclassified to income or loss	-	-
Total comprehensive income for the year	52.0	(41.1)

The notes on pages 58-81 are an integral part of these financial statements.

Consolidated Statement of Financial Position

USD MILLION (As at 31 December)	Notes	2021	2020
ASSETS			
Property, plant and equipment	12	351.3	239.5
Intangible assets	13	175.2	110.2
Right-of-use-assets	20	197.2	226.5
Derivatives	17	2.1	-
Other non-current assets		1.6	3.3
Total non-current assets		727.4	579.5
Inventories	9	7.4	8.4
Trade and other current assets	10, 22	71.8	54.6
Cash and cash equivalents	11	150.9	120.6
Total current assets		230.1	183.6
Total assets		957.5	763.1
EQUITY AND LIABILITIES			
Share capital	14	2.6	2.3
Share premium		550.1	475.4
Retained earnings/accumulated deficit		16.5	(34.5)
Total equity		569.2	443.2
Deferred tax liabilities	8	6.9	4.9
Derivatives	17	-	0.4
Asset retirement obligations	16	14.2	13.0
Long-term lease liabilities	20	213.6	233.1
Other non-current liabilities	22	50.3	-
Total non-current liabilities		285.0	251.4
Trade and other payables	15, 22	83.7	49.4
Short-term lease liabilities	20	19.6	19.1
Total current liabilities		103.3	68.5
Total equity and liabilities		957.5	763.1

The notes on pages 58-81 are an integral part of these financial statements.

23 February 2022

Mr. Andreas Sohmen-Pao
Chairman

Ms.Hilde Drønen
Director

Mr. William Russell Scheirman
Director

Mr. Tormod Vold
Director

Mr. Marco Beenen
Director

Consolidated Statement of Changes in Equity

USD MILLION	Share capital	Share premium	Retained earnings / accumulated deficit	Share-holders' equity	Total equity
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
Equity at 1 January 2021	2.3	475.4	(34.5)	443.2	443.2
Profit for the period	-	-	52.0	52.0	52.0
Proceeds from share issue	0.3	74.7	-	75.0	75.0
Transaction cost on issue of shares	-	-	(1.4)	(1.4)	(1.4)
Share-based payments	-	-	0.4	0.4	0.4
Total equity at 31 December 2021	2.6	550.1	16.5	569.2	569.2

The notes on pages 58-81 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

USD MILLION (Year ended 31 December)	Note	2021	2020
Operating activities			
Profit/(loss) before tax		88.8	(12.2)
Adjustment for:			
Currency exchange differences		0.5	0.6
Fair value change on financial instruments	17	(2.5)	0.4
Depreciation and amortisation	12, 13, 20	62.1	70.9
Impairment/(reversal) charges	13	(13.3)	13.2
Gain on sale of property, plant and equipment		-	1.2
Share-based payment expense		0.4	-
Changes in asset retirement obligations	16	0.7	0.5
Add back of interest income		(0.7)	(0.9)
Changes in net working capital		7.5	2.5
Taxes paid in kind	8	(34.6)	(26.7)
Net cash flows from operating activities		108.9	49.5
Investing activities			
Investment in property, plant and equipment	12	(40.7)	(49.6)
Investment in intangible assets	13	(80.5)	(24.9)
Interest received		0.7	0.9
Net cash flows used in investing activities		(120.5)	(73.6)
Financing activities			
Repayment of interest-bearing debt	22	-	(27.5)
Proceeds from share issue	14	75.0	122.8
Proceeds from stabilisation shares	14	-	3.7
Transaction costs on issue of shares	14	(1.4)	(5.3)
Payment of lease liabilities	20	(31.7)	(30.0)
Net cash flows from/(used in) financing activities		41.9	63.7
Net change in cash and cash equivalents		30.3	39.6
Cash and cash equivalents at 1 January		120.6	81.0
Cash and cash equivalents at 31 December	11	150.9	120.6

The notes on pages 58-81 are an integral part of these financial statements.

Notes

Note 1 Reporting entity

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 Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, Hamilton HM1189, Bermuda. BW Energy Limited (hereafter the "Company") is the parent company of the Company and its consolidated subsidiaries (hereafter "BW Energy Group").

BW Energy Limited is 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.

Note 2 Significant accounting policies

Basis of accounting

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 consolidated financial statements were approved by the Board of Directors on 23 February 2022.

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.

Functional and presentation currency

These consolidated financial statements are presented in United States Dollars (USD). This is also the functional currency of the parent company and most of its subsidiaries. The functional currency is determined in each entity in BW Energy Group based on the currency within the entity's primary economic environment. All figures are in USD million if not otherwise stated. Because of rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2020.

Changes in significant accounting policies

Various new standards are effective from 1 January 2021 and none of these changes have a significant impact on BW Energy Group's financial statements.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 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)
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

Basis for consolidation

Subsidiaries

The subsidiaries are legal entities (including special purpose entities) controlled by BW Energy Group. 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 from the date on which control commences until the date on which control ceases.

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.

Transactions eliminated on consolidation

Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated.

Foreign currency transactions

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. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

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. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

Revenue

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 BW Energy Group has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where 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 Profit Sharing Contract ("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.

Employee benefits

Share-based payment

The grant date fair value of equity settled share-based payment arrangements granted to employees is recognised as an employee benefits expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Taxes

BW Energy Group may be subject to income tax in the countries in which it operates. 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 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. 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. 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 property, plant and equipment. 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.

Other intangible assets

Other intangible assets includes an Intellectual Property (IP) agreement acquired by BW Energy Group. The IP is measured at discounted cost less accumulated amortisation and any accumulated impairment losses. The IP has an estimated useful life of 16 years linked with Dussafu life of field.

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

At the end of each reporting period BW Energy Group will assess whether there is any indication that an impairment recognised in previous periods may no longer exist or may have decreased. If any such indication exists, BW Energy Group will estimate the recoverable amount of the asset. If the recoverable amount is higher than the carrying amount of the asset, the carrying amount of the asset will be increased to its recoverable amount. The increase shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised in previous periods. Previously recognised impairments should be reversed if there are significant changes with a favourable effect in the indicators.

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.

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

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 BW Energy Group's business model for managing them. Except for trade receivables that do not contain a significant financing component, 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. BW Energy Group classifies its financial assets at amortised cost.

Financial assets at amortised cost

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.

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, BW Energy Group applies a simplified approach in calculating Estimated Credit Losses (ECLs). Therefore, BW Energy Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime (ECLs) at each reporting date, based on its historical credit loss experience.

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

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.

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 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 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 BW Energy Group.

Asset retirement obligations (ARO)

Provisions for ARO are recognised when 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.

ARO are 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.

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. 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 estimates and judgments

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 BW Energy Group's oil properties. 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 BW Energy Group at the end of the operating life of some of BW Energy Group's facilities and properties. 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 (reversal) of non-current assets

Management must determine whether there are circumstances indicating a possible impairment of 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 (reversal) 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 impairment (reversals) recognised and future changes may lead to additional impairments or to reversals of previously recognised impairments.

Note 4 Revenue

Revenue streams

BW Energy Group generates revenue primarily from sale of crude oil. BW Energy Group currently has two customers (two customers in 2020). All revenue originates in Gabon. BW Energy Group currently has one segment.

Other revenues 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	2021	2020
Revenue from contracts with customers	**228.4**	126.1
Other revenue	**43.1**	34.2
Total revenue	**271.5**	160.3

Note 5 Operating expenses

USD MILLION	2021	2020
Employee benefit expenses	**14.7**	8.7
Operating expenses	**109.6**	64.6
Total operating expenses	**124.3**	73.3

Royalty expense incurred for 2021 amount to USD 9.6 million (USD 5.7 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.

USD THOUSAND	2021	2020
Issued ordinary shares at 1 January	**234,304**	187,400
Effect of share issued	**22,327**	40,625
Weighted-average number of ordinary shares at 31 December	**256,631**	228,025

	2021	2020
Profit attributable to ordinary shareholders	**52.0**	(41.1)
Weighted-average number of ordinary shares (in '000)	**256,631**	228,025
Basic earnings per share net	**0.20**	(0.18)

Diluted

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted--average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

USD THOUSAND	2021	2020
Weighted-average number of ordinary shares (basic)	**256,631**	228,025
Effect of share option on issue	**626**	-
Weighted-average number of ordinary shares (diluted) at 31 December	**257,257**	228,025

	2021	2020
Profit attributable to ordinary shareholders	**52.0**	(41.1)
Weighted-average number of ordinary shares (diluted in '000)	**257,257**	228,025
Diluted earnings per share net	**0.20**	(0.18)

Note 7 Employee benefit expenses, remuneration to directors and auditors

USD MILLION	2021	2020
Wages, administrative personnel	**12.9**	7.9
Social security contributions	**1.1**	0.7
Pension	**0.3**	0.1
Share-based payment	**0.4**	-
Total employee benefit expenses	**14.7**	8.7

	2021	2020
Average number of employees	**61**	32

Top Management Remuneration

USD	Salary	Bonus	Pension	Share options	RSUs	Other benefits	Number of shares[1]
2021	2,293,753	771,914	77,390	799,000	257,993	124,764	3,880,059
2020	1,804,707	720,015	52,714			26,722	2,553,810

[1] In December 2021 Carl K. Arnet, CEO of BW Energy Limited, transferred his 3,721,010 shares in BW Energy Limited to an insurance company that will hold these shares under a life insurance policy where Carl K. Arnet is the policyholder, bears the investment risk and has discretion to make investment decisions. In 2020, 2,406,288 shares were held by Arnet Energy.

In 2021, Top Management comprises of the followings:
Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Commercial Officer (CCO) and Chief Strategy Officer (CSO).

In 2020, Top Management comprised 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.

Board of Directors' remuneration

USD	Directors fee	Number of shares	Share options
2021	430,167	96,622,351	-
2020	302,500	82,339,017	-

Employee remuneration

Variable compensation scheme

The Variable Compensation Scheme (VCS) is awarded in March each year if the Company reaches set goals.

The aggregated bonus pool available for payment is determined with close reference to the Company's safety performance, profitability, and shareholder value creation. The overall company performance against performance targets is determined by the Board of Directors based on recommendation from the Compensation Committee. The CEO's performance against performance targets is determined by the Compensation Committee in consultation with the Board of Directors.

The maximum potential pay-out of the Variable Compensation Scheme for the Executive Management Team is set at 6 months' salary effective from 2020.

Long-term share option program

On 7 July 2021, a Long-Term Incentive Program (LTIP) was initiated. The LTIP is discretionary, and participants are invited on an annual basis.

The total number of shares awarded under the LTIP for 2021 are 1,289,993, where 1,032,000 are allocated to options that will give the holder the right to acquire one BW Energy share and 257,993 are allocated to Restricted Share Units ("RSUs") providing the holder shares at each vesting event.

The options will have a vesting period of three years, followed by a three-year exercise period. The options will expire 6 years after the award date. The RSUs are settled in shares immediately following vesting schedule. At time of vesting the shares will be settled at the Fair Market Value. The RSUs will vest 1/3 annually over three years.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
On 7 July 2021	**1,289,993**	Vesting period of three years, followed by a three years exercise period	6 years
Total share options	**1,289,993**		

A total of 16 BW Energy employees have been invited to participate in the program.

The strike price of the options is calculated based on the volume weighted average share price five trading days prior to grant date, plus a premium of 15.76% (corresponding to a 5% increase annually over 3 years). The strike price for the options awarded on 7 July 2021 is NOK 30.73.

Measurement of fair values

The fair value of the employee share options has been measured using the Black-Scholes formula. The inputs used in the measurement of the fair value at grant date were as follows.

	Share options
Fair value at grant date (NOK)	7.76
Share price at grant date (NOK)	25.7
Exercise price (NOK)	30.73
Expected volatility (weighted average)	45%
Expected life	4 years
Expected dividends	n/a
Risk-free interest rate (based on government bonds)	1.022 %

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price particularly over the historical period equal to the expected term, adjusted for extreme movements. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Reconciliation of outstanding share options and RSU

The number and weighted-average exercise prices of share options under the share option programmes were as follows:

2021 Options	Number of options	Weighted -average exercise price (NOK)
Outstanding at 1 January	-	-
Granted during the year	1,032,000	-
Outstanding at 31 December	1,032,000	30.73
Exercisable at 31 December	-	n/a

2021 RSUs	Number of options	Weighted -average exercise price (NOK)
Outstanding at 1 January	-	-
Granted during the year	257,993	-
Outstanding at 31 December	257,993	0.00
Exercisable at 31 December	-	n/a

Expense recognised in profit or loss
For details of the related employee benefit expenses, see the employee benefit expenses table.

Auditors' remuneration

USD THOUSAND	2021	2020
Audit	**191.6**	255.7
Other services	**315.9**	98.0
Total fees	**507.5**	353.7

KPMG AS is the appointed auditor of BW Energy Group.

Other services are mainly related to buy-side due diligence services provided by the Auditor.

Note 8 Income taxes

The income tax expense for the period comprises 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	2021	2020
Changes in deferred tax	**2.0**	1.8
Profit oil tax	**33.3**	26.4
Tax expense including withholding tax current year	**1.5**	0.7
Total tax expense recognised in statement of income	**36.8**	28.9

In 2021, USD 33.3 million (USD 26.4 million) of income tax expense is related to Dussafu (State Profit Oil).

Deferred tax liabilities are specified as follows:

Deferred tax liabilities

USD MILLION	2021	2020
Unpaid / Unremitted foreign interest	**6.9**	4.9
Deferred tax liabilities - gross	**6.9**	4.9
Net recognised deferred tax liabilities/ deferred tax assets,	**6.9**	4.9

Note 9 Inventories

USD MILLION	2021	2020
Fuel oil	**1.0**	-
Materials and consumables	**6.4**	8.4
Inventory	**7.4**	8.4

BW Energy Group did not hold any crude oil inventory as of year-end 2021 or 2020 considering BW Energy Group was in an overlift position.

Note 10 Trade and other current assets

USD MILLION	2021	2020
Trade receivables	**44.8**	34.3
Other receivables	**25.0**	15.0
Tax receivables	**0.3**	0.1
Prepayments	**1.7**	5.2
Trade and other current assets	**71.8**	54.6

In 2020, prepayments of USD 3 million related to prepayment of a drilling rig for which the ownership was not yet transferred.

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

As of 31 December 2021 and 2020, there were no overdue balances, except for the VAT receivable described below 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.

Other receivables include USD 4.9 million at 31 December 2021 (USD 3.3 million) relating to VAT receivable from the State of Gabon. The Group has received two reimbursements totalling apporximately USD 0.8 million in the fourth quarter of 2021, and has not made any provisions towards the outstanding receivable

USD 6.2 million (USD 11.5 million) of other receivables at 31 December 2021 relates to a receivable from Dussafu Joint Venture (JV) partners. The long-term portion of the receivable from JV partners of USD 1.1 million at 31 December 2021 (USD 3.3 million) 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 2021 and at 31 December 2020.

Note 12 Property, plant and equipment

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
Cost at 1 January 2021	40.0	289.4	0.8	**330.2**
Additions and changes in asset retirement cost [1]	8.4	35.6	0.1	**44.1**
Reclassifications	(26.5)	26.5	-	**-**
Reclassifications from intangible assets	99.6	-	-	**99.6**
Cost at 31 December 2021	121.5	351.5	0.9	**473.9**
Accumulated depreciation at 1 January 2021	-	(90.4)	(0.3)	**(90.7)**
Current year depreciation	-	(31.6)	(0.2)	**(31.8)**
Accumulated depreciation at 31 December 2021	-	(122.0)	(0.5)	**(122.5)**
Book value at 31 December 2021	121.5	229.5	0.4	**351.3**
Useful life		UoP [2]	3-5 years	

1 Asset retirement cost has been increased due to change in discount rate
2 UoP = Unit of Production.

BW Energy Group has performed an impairment trigger assessment at 31 December 2021 and no triggers were identified.

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.

The Dussafu license 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 2021	117.4	7.5	**124.9**
Additions	87.7	64.2	**151.9**
Reclassification to E&P assets under development	(99.6)	-	**(99.6)**
Carrying amount, 31 December 2021	105.5	71.7	**177.2**
Amortisation and impairment			
At 1 January 2021	(13.3)	(1.4)	**(14.7)**
Amortisation	-	(0.6)	**(0.6)**
Reversal of impairment	13.3	-	**13.3**
At 31 December 2021	-	(2.0)	**(2.0)**
Net book value			
At 31 December 2021	105.5	69.7	**175.2**

E&P additions and reclassification in 2021 mainly relates to development of the Dussafu oil field in Gabon.

Other additions relate to Intellectual Property agreement described in note 22.

In July 2021, BW Kudu Limited, a wholly owned subsidiary of BW Energy Limited and the National Petroleum Corporation of Namibia (NAMCOR) completed a Farm-In and Carry Agreement (FICA). The FICA increased BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95%. The increased working interest along with the operatorship of the block gives BW Kudu Limited more control over development plans, and improves financing options.

BW Kudu Limited has revised its development plan for the gas to power project will use a repurposed semi-submersible drilling rig as a Floating Production Unit. In the fourth quarter, BW Energy Group availed itself of the opportunity of a distressed oil and gas market and signed an agreement to acquire the semi-submersible drilling rig Leo, from Aquadrill LLC for a total consideration of USD 14 million. Repurposing will enable an optimisation of the project timeline and significantly reduce capital investments compared to previous development concepts.

The Kudu asset was fully impaired with USD 13.3 million in 2020 as a result of management re-prioritisation of E&P projects and future development plans. Based on the above-mentioned milestones reached during 2021, management has decided to reverse the impairment.

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	-	(0.6)	**(0.6)**
Impairment	(13.3)	-	**(13.3)**
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 2020 relate mainly to development of the Ruche field within the Dussafu license in Gabon.

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 20 January 2021, BW Energy Limited successfully completed USD 75 million private placement, issuing 23,690,000 new shares at a subscription price of NOK 27 per share. Transactions costs on the share issue was USD 1.4 million.

The authorised share capital of BW Energy is USD 3,000,000 consisting of 300,000,000 shares with a par value of USD 0.01 each, of which 257,994,300 shares have been issued 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
Share issue 2021	237
At 31 December 2021	2,580

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.

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. 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 2021.

Note 15 Trade and other payables

USD MILLION	2021	2020
Trade payables	**13.2**	11.6
Accrued other expenses	**68.9**	37.2
Tax payable	**0.9**	0.5
Public duties payables	**0.6**	0.1
Total trade and other payables	**83.7**	49.4

Note 16 Provisions and contingent assets and liabilities

BW Energy Group has made a provision for asset retirement obligations related to future demobilisation of FPSOs operating for 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 5.7 % (5.3%), calculated based on risk free rate, adjusted for credit risk of BW Energy Group.

USD MILLION	Asset retirement obligations
Provision at 1 January 2020	**8.9**
Change in estimate during 2020	**3.6**
Accretion expense	**0.5**
Provision at 31 December 2020	**13.0**
Impact of change in discount rate	**0.5**
Accretion expense	**0.7**
Provision at 31 December 2021	**14.2**

The total acquisition price for the Maromba field is USD 115 million, which is to be paid over three milestones as the development progresses towards first oil. The first milestone payment (USD 30 million) was paid in September 2019. 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 17 Financial risk management

BW Energy 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.

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

Climate risk

BW Energy Group is exposed to changing weather conditions and natural disasters caused by climate change. Impact of severe climate change could cause damage to facilities, disrupt operational activities and result in significant costs increases. Severe weather could also delay drilling programs and cause production shut ins. BW Energy Group maintains insurance to protect its physical assets and revenue stream.

In addition, BW Energy Group operates in international jurisdictions including Bermuda, Brazil, Gabon, Norway and Namibia, and could be adversely affected by changes in climate related regulations.

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 Company and most of its subsidiaries is US. 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 2021 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

The group currently has no loans and is thereby not exposed to any interest rate risk. However, 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 at 0.99% and is planned to hedge future debt. The market value of the interest rate swap was positive by USD 2.1 million at 31. December 2021 (negative by USD 0.4 million at 31. December 2020).

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown in below table.

31 December 2021	Profit or loss	
USD MILLION	100 bp increase	100 bp decrease
Cash flow sensitivity		
Interest rate swaps	4,1	(4,1)
	4,1	(4,1)

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. 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 2021.

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).

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 license partners are credit worthy oil companies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, free flow of cash, 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. To maintain its strong financial position, BW Energy Group has reduced operational costs by negotiating cost reductions with suppliers, cost sharing with other operators and controlled general and administrative expenses.

BW Energy Group operates in multiple international jurisdictions and is exposed to various economic uncertainties, including, taxation policies, currency controls, and foreign exchange restrictions that can impose a risk to liquidity. BW Energy Group's primary source of liquidity is cashflow from production of oil in the Dussafu license which is subject to foreign currency regulations of the Central African Economic and Monetary Community (CEMAC). In December 2021, new foreign currency regulations were by issued by the Bank of Central African States (BEAC) requiring a share of crude oil sale proceeds to be repatriated in to the CEMAC region. BW Energy evaluated the new regulations and deemed that the impact does not propose a significant threat to its liquidity.

Fair values

IFRS 13 requires disclosures of fair value measurements by the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2)
- Inputs for the asset or liability that are not based on

observable market data (unobservable inputs) (level 3)

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2). This is presented on separate lines in the Statement of Financial Position.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021		Carrying amount				Fair value			
USD MILLION	Note	Fair value-hedging instrument	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Interest Rate Swaps used for hedging	17	2.1	-	-		-	2.1	-	
		2.1	-	-	2.1	-	2.1	-	**2.1**
Financial assets not measured at fair value									
Trade and other receivables	10, 22	-	71.8	-	71.8	-	-	-	**-**
Cash and cash equivalents		-	150.9	-	150.9	-	-	-	**-**
Other non-current assets		-	1.6	-	1.6	-	-	-	**-**
		-	224.3	-	224.3	-	-	-	**-**
Financial liabilities not measured at fair value									
Other non-current liabilities	16, 22	-	-	(64.5)	(64.5)	-	-	-	**-**
Trade and other payables	15, 22	-	-	(83.7)	(83.7)	-	-	-	**-**
Lease liabilities	20	-	-	(233.2)	(233.2)	-	-	-	**-**
		-	-	(381.4)	(381.4)	-	-	-	**-**

31 December 2020		Carrying amount				Fair value			
USD MILLION	Note	Fair value-hedging instrument	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Trade and other receivables	10, 22	-	54.6	-	54.6	-	-	-	-
Cash and cash equivalents	11	-	120.6	-	120.6	-	-	-	-
Other non-current assets		-	3.3	-	3.3	-	-	-	-
		-	178.5	-	178.5	-	-	-	-
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	17	(0.4)	-	-	(0.4)	-	(0.4)	-	**(0.4)**
		(0.4)	-	-	(0.4)	-	(0.4)	-	**(0.4)**
Financial liabilities not measured at fair value									
Other non-current liabilities	16, 22	-	-	(13.0)	(13.0)	-	-	-	-
Trade and other payables	15, 22	-	-	(49.4)	(49.4)	-	-	-	-
Lease liabilities	20	-	-	(252.2)	(252.2)	-	-	-	-
		-	-	(314.6)	(314.6)	-	-	-	-

Capital structure and equity

The primary objective of BW Energy Group's management of the capital structure is to maximize return to the owners by ensuring competitive conditions for both BW Energy Group's own capital and borrowed capital.

BW Energy Group aims to have a good reputation in all debt and equity markets. The Board continuously evaluates BW Energy Group's capital structure, ensuring a capital and debt structure that is appropriate to BW Energy Group's objective, strategy, and risk profile. This involves monitoring available funding sources and related cost of capital.

BW Energy Group has access to capital markets, including bank and bond financing and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sounds capital position. BW Energy Group seeks to optimize its capital structure by balancing the return on equity against liquidity requirements.

BW Energy Group monitors changes in financing needs, risk, assets and cash flows, and evaluates the capital structure continuously. To maintain the desired capital structure, BW Energy Group considers various types of capital transactions, including, purchase or issue new shares or debt instruments, sell assets or pay back capital to the owners.

Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

USD MILLION	Lease liabilities	Equity	Total
Balance at 1 January 2021	252.2	443.2	
Proceeds from share issue	-	75.0	**75.0**
Transactions cost relating to share issue	-	(1.4)	**(1.4)**
Payment of lease liabilities	(31.7)	-	**(31.7)**
Total changes from financing cash flows	(31.7)	73.6	**41.9**
Other changes:			
New leases/adjustments	0.2		
Interest expense	12.5		
Total liability-related other changes	12.7		
Total equity-related other changes		52.4	
Balance at 31 December 2021	233.2	569.2	

USD MILLION	Lease liabilities	Interest-bearing long-term debt	Equity	Total
Balance at 1 January 2020	244.6	27.5	363.1	
Repayment of interest bearing debt	-	(27.5)	-	**(27.5)**
Proceeds from share issue and stabilisation shares	-	-	126.5	**126.5**
Transactions cost relating to share issue	-	-	(5.3)	**(5.3)**
Payment of lease liabilities	(30.0)	-	-	**(30.0)**
Total changes from financing cash flows	(30.0)	(27.5)	121.2	**63.7**
Other changes:				
New leases/adjustments	25.0	-		
Interest expense	12.6	-		
Total liability-related other changes	37.6	-		
Total equity-related other changes		-	(41.1)	
Balance at 31 December 2020	252.2	-	443.2	

Note 18 List of subsidiaries

Subsidiaries	Country of incorporation	Ownership 2021	Ownership 2020
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%**	100%
BW Energy OI Ltd [3]	Bermuda	**100%**	100%

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

Tullow back-in

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

On 9 June 2021, the parties successfully completed the settlement in respect of the outstanding disputed amounts and its collection, in accordance with BW Energy's previous expectations and recognized receivable.

Subsequently, Panoro acquired Tullow's remaining interest in the Dussafu license. BW Energy's receivable transferred from Tullow to Panoro.

Kudu

On 2 July 2021, BW Kudu Limited, a wholly owned subsidiary of BW Energy Limited and the National Petroleum Corporation of Namibia (NAMCOR) completed a Farm-In and Carry Agreement (FICA). The FICA increased BW Kudu's working interest in the Kudu license offshore Namibia from 56% to 95%. NAMCOR will retain the remaining 5% working interest which will be carried by BW Kudu until first gas.

The FICA gives NAMCOR the opportunity to acquire an additional 5% working interest post- first gas, which would result in a total working interest of 10%, if exercised. BW Kudu paid USD 4 million at completion of the transaction.

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 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 2021	1.1	225.4	**226.5**	**252.2**
Additions	0.7	-	**0.7**	**0.8**
Adjustments	(0.2)	-	**(0.2)**	**(0.3)**
Depreciation expense	(0.8)	(28.9)	**(29.7)**	**n/a**
Interest expense	n/a	n/a	**n/a**	**12.5**
Lease payments	n/a	n/a	**n/a**	**(31.7)**
Foreign currency translation gain/(loss)	(0.1)	-	**(0.1)**	**(0.3)**
Balance at 31 December 2021	0.7	196.5	**197.2**	**233.2**

Lease payments of USD 31.7 million (USD 30.0 million) consists of lease instalments of USD 19.2 million (USD 17.4 million) and interest expense of USD 12.5 million (USD 12.6 million).

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**

USD MILLION	2021	2020
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	**31.1**	31.6
Later than one year and not later than five years	**102.3**	112.8
Later than five years	**193.2**	213.4
Total undiscounted lease liabilities at 31 December	**326.6**	357.8
Lease liabilities included in the statement of financial position at 31 December	**233.2**	252.2
Current	**19.6**	19.1
Non-current	**213.6**	233.1

Amounts recognised in profit or loss

USD MILLION	2021	2020
Interest on lease liabilities	**12.5**	12.6
Depreciation of right-of-use assets	**29.7**	35.6

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 and expects the lease to continue until Dussafu life of field.

Note 21 Commitments

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	2021	2020
Nominal amount	**90.0**	11.6
Fair value	**81.8**	10.5
Interest rate	**10.0%**	10.0%

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

Note 22 Related parties transactions

The largest individual shareholder, BW Group Limited, owning 37.4%, is incorporated in Bermuda and is controlled by Sohmen family interests.

BW Offshore Limited, owning 27.4%, is incorporated in Bermuda. The largest individual shareholder of BW Offshore Limited Group is BW Group Limited, owning 49.9%.

On 20 January 2021, BW Energy Limited completed a private placement of 23,690,000 new shares. The following related parties of BW Energy have been allocated shares in the Company in the Private Placement:

- 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 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 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.
- BW Group Limited is represented at the Board of Directors of the Company and 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 own 90,632,259 shares in the Company, equal to 35.13% following the issuance of the new shares

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

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

The fourth quarter of 2021, based on recent triggers and events, BW Energy Group reassessed contractual pay-out obligation and concluded that the realisation of performance targets are considered probable. This was based on multiple variable factors and not a single event or trigger, such as exploration success on the field, restart and advanced progress of Hibiscus / Ruche development, ongoing investment plans, and steady higher oil prices. With current assumptions, it is expected that the maximum pay-out will be made under the arrangement. Furthermore, BW Energy Group and SPP have agreed to accelerate approximately 20% of the back-end payments, discounted, and to be paid in 2022 and 2023.

The discounted value of remaining pay-out as of 31 December 2021 in the amount of USD 64.2 million was recorded as intangible asset with corresponding obligation recorded as current and non-current liabilities. Refer to Note 13.

Related parties transactions

	Transaction values for the year ended 31 December		Balance outstanding as at 31 December[1]	
USD MILLION	2021	2020	2021	2020
Sales of goods and services	1.9	-	1.5	-
Purchase of services				
Operating services	**81.4**	64.4	**8.2**	6.4
Other services	**11.2**	16.1	**3.7**	1.6
Total purchase of services	**92.6**	80.5	**11.9**	8.0

1 Included in Trade and other payables

The carrying amounts of related parties receivables and payables are in USD.

Note 23 COVID-19

BW Energy Group completed 2021 with strong operational performance and outstanding financial stability despite the COVID-19 pandemic. The Group successfully raised gross proceeds of USD 75 million through a private placement in January 2021. During the year, the Group brought online 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 continued to position BW Energy Group in a strong financial position through the global COVID-19 pandemic.

BW Energy Group's operations and development programs continued through-out the pandemic while ensuring well-being of its people, and safeguarding of its assets during these unprecedented times.

The Hibiscus / Ruche development project continued to progress according to schedule and budget, despite COVID-19 travel restrictions and scarce resources. Conversion of the *Hibiscus Alpha* at the shipyard advanced per plan and is expected to sail away to Gabon in the second half of 2022.

In 2021, the Maromba project activities continued to progress towards Final Investment Decision (FID) planned for third quarter of 2022.

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

In January 2022, BW Energy Group signed an amendment to the IP agreement with Seaboard LLC that allowed contingent acceleration of approximately 20% of the back-end payments, discounted, and to be paid in 2022 and 2023. The first of these accelerated payments was made in February 2022

Note 25 Reserves (unaudited)

BW Energy Group engaged Netherland, Sewell & Associates, Inc. (NSAI) for reserve and resource certification.

Evaluations were 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 31.12.2021	1P Gross mmbbl	1P Net mmbbl	2P Gross mmbbl	2P Net mmbbl
Dussafu Marine Permit	71.6	52.6	100.4	73.8

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

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 2021 and 2020, the BW Energy Group had the following reserve development:

	2P reserve mmbbl
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
Production 2021	(4.1)
Revision of previous estimate	(0.4)
Balance as of 31 December 2021	100.4

Parent company financial statements

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Statement of Income

USD MILLION (Year ended 31 December)	Note	2021	2020
Revenue	3	7.8	**4.3**
Operating expenses	4	(15.1)	**(8.9)**
Operating profit		(7.3)	**(4.6)**
Interest income		2.5	**2.2**
Other financial items		2.4	**(0.8)**
Net financial items		4.9	**1.4**
Profit/(loss) before tax		(2.4)	**(3.2)**
Income tax expense	5	(0.3)	**(0.3)**
Net profit/(loss) for the year		(2.7)	**(3.5)**

The notes on pages 87–93 are an integral part of these financial statements.

Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	2021	2020
Loss for the year	(2.7)	**(3.5)**
Total comprehensive income for the year	(2.7)	**(3.5)**

The notes on pages 87–93 are an integral part of these financial statements.

Statement of Financial Position

USD MILLION (As at 31 December)	Note	2021	2020
ASSETS			
Shares in subsidiaries	9	290.4	260.7
Long-term intercompany receivables	10	64.5	45.4
Derivates		2.1	-
Total non-current assets		357.0	306.1
Trade and other current assets		1.1	0.7
Short-term intercompany receivables	10	26.4	1.8
Cash and cash equivalents		76.1	81.7
Total current assets		103.6	84.2
Total assets		460.6	390.3
EQUITY AND LIABILITIES			
Share capital	6	2.6	2.3
Share premium		550.1	475.4
Other equity		(94.8)	(91.0)
Total equity		457.9	386.7
Derivatives		-	0.5
Total non-current liabilities		-	0.5
Trade and other payables		2.0	2.9
Short-term intercompany payables	10	0.6	0.1
Tax liabilities		0.1	0.1
Total current liabilities		2.7	3.1
Total equity and liabilities		460.6	390.3

The notes on pages 87–93 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 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
Equity at 1 January 2021		2.3	475.4	(91.0)	386.7
Loss for the period		-	-	(2.7)	(2.7)
Proceeds from share issue		0.3	74.7	-	75.0
Transaction costs on issue of share		-	-	(1.4)	(1.4)
Share-based payments		-	-	0.4	0.4
Total equity at 31 December 2021		2.6	550.1	(94.8)	457.9

The notes on pages 87–93 are an integral part of these financial statements.

Statement of Cash Flows

USD MILLION (Year ended 31 December)	Note	2021	2020
Operating activities			
Profit/(loss) before tax		(2.4)	(3.2)
Adjustment for:			
Currency exchanges differences		-	(0.2)
Fair value change on financial instruments	8	(2.3)	0.4
Add back of net interest expense		(0.2)	(0.2)
Share-based payment expense		0.4	-
Changes in net working capital		(5.4)	(6.2)
Taxes paid	5	(0.3)	(0.3)
Net cash flows from/(used in) operating activities		(10.2)	(9.7)
Investing activities			
Investment in subsidiaries		(6.4)	(30.0)
Loans to subsidiaries	10	(62.8)	-
Interest received		0.2	0.2
Net cash flows used in investing activities		(69.0)	(29.8)
Financing activities			
Proceeds from share issue	6	75.0	122.8
Proceeds from stabilisation shares	6	-	3.7
Transaction costs on issue of shares	6	(1.4)	(5.3)
Net cash flows from financing activities		73.6	121.2
Net change in cash and cash equivalents		(5.6)	81.7
Cash and cash equivalents at 1 January		81.7	-
Cash and cash equivalents at 31 December		76.1	81.7

The notes on pages 87–93 are an integral part of these financial statements.

Notes

Note 1 Reporting entity

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 Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, Hamilton HM1189, Bermuda. BW Energy is the holding company.

BW Energy Limited is 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 23 February 2022.

Note 2 Accounting policies

Basis of accounting

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 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 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.

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 Estimated Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime 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 of 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 and as financial assets when the fair value is positive.

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.

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 Revenue

USD MILLION	2021	2020
Other revenue	**7.8**	4.3
Total revenue	**7.8**	4.3

Note 4 Operating expenses

USD MILLION	2021	2020
Employee benefit expenses	**0.4**	-
Management and support services	**8.2**	2.7
Shared services	**2.4**	3.1
Legal fee	**1.1**	1.0
Consultant's fee	**0.4**	1.0
Director's fee	**0.4**	0.3
Audit fee	**0.4**	0.2
Travel	**0.1**	0.1
Other operating expenses	**1.9**	0.5
Total operating expenses	**15.3**	8.9

Note 5 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 2021 concerns withholding tax which the Company is subject to in certain countries where the Company has financial income.

Note 6 Share capital

On 20 January 2021, BW Energy Limited successfully completed USD 75 million private placement, issuing 23,690,000 new shares at a subscription price of NOK 27 per share. Transactions costs on the share issue amounted to USD 1.4 million.

The authorised share capital of BW Energy is USD 3,000,000 consisting of 300,000,000 shares with a par value of USD 0.01 each, of which 257,994,300 shares have been issued 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
Share issue 2021	237
At 31 December 2021	2,580

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. 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 2020 to 19 March 2020 a total of 7,035,630 shares were purchased at an average price of NOK 18.6059 per share, resulting in a gain of USD 3.7 million, included in share premium. Following the stabilisation period, the shares were redelivered to BW Offshore Limited.

Note 7 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 2021	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	76.1	-	76.1
Intercompany receivables	90.9	-	90.9
Other current assets	1.1	-	1.1
Intercompany payables	-	(0.6)	(0.6)
Other current liabilities	-	(2.0)	(2.0)
Derivatives	2.1	-	2.1
Total	170.2	(2.6)	

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	

Note 8 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

Except 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 of 31 December 2021, this amount receivable 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

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

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

Note 9 Shares in subsidiaries

Name of companies	Country of incorporation	Ownership at 31 December 2021	Ownership at 31 December 2020
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%**	100%
BW Energy OI Ltd[2]	Bermuda	**100%**	100%

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

2 BW Energy OI Ltd was incorporated 10 November 2020

Note 10 Intercompany receivables and payables

USD MILLION	2021	2020
Long-term related parties receivables		
BW Kudu Holding Pte Ltd	**-**	16.8
BW Energy Holdings Pte. Ltd.	**64.5**	28.6
Total long-term related parties receivables	**64.5**	45.4
Short-term related parties receivables		
BW Energy OI Ltd	**22.0**	-
BW Maromba Holdings Pte. Ltd.	**3.2**	0.2
BW Kudu Limited	**-**	0.1
BW Kudu Holding Pte. Ltd.	**0.3**	-
BW Energy Gabon Pte. Ltd.	**0.6**	0.9
BW Energy USA Management inc.	**0.3**	0.6
Total short-term related parties receivables	**26.4**	1.8
Short-term related parties payables		
BW Energy Holdings Pte Ltd	**-**	0.1
BW Energy Gabon Pte. Ltd.	**0.1**	-
BW Energy USA Management INC.	**0.5**	-
Total short-term related parties payables	**0.6**	0.1

Intercompany loan agreements with subsidiaries are set up based on regular market rates depending on the location of operation, 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 2021 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.

23 February 2022

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 (APMs)

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

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

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

USD MILLION	2021	2020
Total revenues	**271.5**	160.3
Operating expenses	**(124.3)**	(73.3)
Operating profit before depreciation, amortisation, impairment and sale of asset (EBITDA)	**147.2**	87.0
Depreciation and amortisation	**(62.1)**	(70.9)
Impairment	**13.3**	(13.2)
Net gain/(loss) on sale of tangible fixed assets	**-**	(1.2)
Operating profit (EBIT)	**98.4**	1.7

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	2021	2020
Property and other equipment	**44.1**	57.7
Intangible assets	**151.9**	27.4
Total capital expenditures	**196.0**	85.1
Asset retirement cost	**(0.5)**	(3.6)
Change in working capital	**(74.3)**	(7.0)
Investment in property, plant and equipment and intangible assets	**121.2**	74.5

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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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 2021, 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, and
- The financial statements of the parent company BW Energy Limited (the Company), which comprise the statement of financial position as at 31 December 2021, 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 financial statements comply with applicable statutory requirements,
- the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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, and
- the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

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 laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services have been provided.

We have been the auditor of the Company for two years from the election by the general meeting of the shareholders on 17 February 2020 for the accounting year 2019.

Key Audit Matters

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 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.

Related party transaction outside the normal course of business with Seaboard Production Partners

Reference is made to Note 22 Related parties transactions and Note 13 Intangible assets in the Consolidated Financial Statements.

The Key Audit Matter	*How the matter was addressed in our audit*
In October 2018, the Group entered into an agreement with Seaboard Production Partners, LLC ('SPP') regarding the transfer of intellectual property. The intellectual property includes, but is not limited to development plans, reservoir and geological analysis and economic modelling to be utilized in the development of the Dussafu field. SPP's manager, and also a minority shareholder, is currently a key management employee of the Group. Under the terms of the agreement, an upfront payment of USD 7.5 million was paid for the intellectual property. 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. During 2021, management reassessed the realization of the performance targets and considers it probable these targets will be met. Accordingly, a USD 64.2 obligation was recorded. In January 2022 an amendment to the agreement was signed, which sets forth that the Group shall make accelerated payments compared to the original agreement. The payments shall be made in 2022 and 2023. We considered the transaction with SPP to be a significant related party transaction that is outside the normal course of business.	We obtained an understanding of the process for identifying related party transactions, performed a walkthrough and evaluated the design and implementation of controls related to governance surrounding the transaction with SPP. We obtained a copy of the executed amendment signed in February 2022 and assessed the nature and business rationale and assessed that the amendment is approved in accordance with internal procedures including involvement of the Board. Further, we discussed the nature and business rationale of the executed amendment with the Audit Committee. We assessed the earn out component of the arrangement to evaluate the probability of future payments. We assessed management's assumptions used to estimate the probability and the distribution of the nominal payments. We independently compared future commodity prices to external sources and traced reserves to the report from the external reservoir engineer. Further, we have assessed sensitivities related to the management's probability assessment. We assessed the disclosure of the arrangement in relevant notes.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

Independent Auditor's Report - BW Energy Limited

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

- 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 a true and fair view.
- 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 Audit Committee 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.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "5493004D19CJBN3DLD40-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 February 2022
KPMG AS

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