GRI standard	Disclosure	GRI sector standard ref. No.	2023 Statement
Supplier social assessment			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	11.10.8 11.12.3	Refer to BW Energy 'Supplier Code of Ethics and Business Conduct', found under ESG at www.bwenergy.no.
	414-2 Negative social impacts in the supply chain and actions taken	11.10.9	Refer to BW Energy 'Supplier Code of Ethics and Business Conduct', found under ESG at www.bwenergy.no.
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	11.22.2	The Company does not make political contributions.

Financial statements

Consolidated financial statements

Consolidated statement of income

USD MILLION (Year ended 31 December)	Note	2023	2022
Total revenues	4	**507.3**	277.6
Operating expenses	5, 7	**(266.3)**	(123.4)
Operating profit before depreciation, amortisation and impairment		**241.0**	154.2
Depreciation and amortisation	12, 13, 21	**(99.5)**	(60.1)
(Impairment)/reversal charges		**(0.4)**	-
Operating profit		**141.1**	94.1
Interest income		**8.2**	1.7
Interest expense	15	**(8.3)**	(2.6)
Fair value gain/(loss) on financial instruments	18	**(0.1)**	7.3
Net currency gain/ (loss)		**(0.7)**	(2.2)
Lease interest expense and other financial items	21	**(17.7)**	(14.5)
Net financial items		**(18.6)**	(10.3)
Profit/(loss) before tax		**122.5**	83.8
Income tax expense	8	**(41.5)**	(38.8)
Net profit/(loss) for the year		**81.0**	45.0
Basic earnings per share	6	**0.31**	0.17
Diluted earnings per share	6	**0.31**	0.17

The notes on pages 82–110 are an integral part of these financial statements.

Consolidated statement of comprehensive income

USD MILLION (Year ended 31 December)	2023	2022
Net profit/(loss) for the year	**81.0**	45.0
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	**81.0**	45.0

The notes on pages 82–110 are an integral part of these financial statements.

Consolidated statement of financial position

USD MILLION (as at 31 December)	Note	2023	2022
ASSETS			
Property, plant and equipment[1]	12	**1,054.3**	543.1
Intangible assets	13	**255.3**	212.5
Right-of-use-assets	21	**108.9**	209.9
Derivatives	18	**0.1**	9.2
Deferred tax assets	8	**7.6**	-
Other non-current assets	20	**34.2**	0.6
Total non-current assets		**1,460.4**	975.3
Inventories	9	**33.5**	11.5
Trade and other current assets	10, 23	**51.7**	18.1
Derivatives	18	**0.6**	-
Cash and cash equivalents	11	**194.2**	210.8
Total current assets		**280.0**	240.4
Total assets		**1,740.4**	1,215.7

The notes on pages 82–110 are an integral part of these financial statements.

USD MILLION (as at 31 December)	Note	2023	2022
EQUITY AND LIABILITIES			
Share capital	14	**2.6**	2.6
Share premium		**550.1**	550.1
Retained earnings		**144.9**	62.6
Total equity		**697.6**	615.3
Interest-bearing long-term debt	15	**292.6**	164.9
Deferred tax liabilities	8	**11.7**	9.3
Derivatives	18	**0.4**	1.4
Asset retirement obligations[1]	17	**224.0**	23.8
Long-term lease liabilities	21	**108.6**	187.2
Other non-current liabilities	23	**67.4**	33.6
Total non-current liabilities		**704.7**	420.2
Interest-bearing short-term debt	15	**79.9**	-
Trade and other payables	16, 23	**220.3**	107.2
Derivatives	18	**-**	4.2
Short-term lease liabilities	21	**37.9**	68.8
Total current liabilities		**338.1**	180.2
Total equity and liabilities		**1,740.4**	1,215.7

[1] Restated 2022 figure due to a policy change affecting ARO, see Note 2 Changes in material accounting policies and Note 17 Provisions and contingent assets and liabilities

27 February 2024

Mr Andreas Sohmen-Pao
Chairman

Ms Hilde Drønen
Director

Mr William Russell Scheirman
Director

Mr Tormod Vold
Director

Mr Marco Beenen
Director

Ms Ana Zambelli
Director

Consolidated statement of changes in equity

USD MILLION	Share capital	Share premium	Retained earnings	Share-holders' equity	Total equity
Equity at 1 January 2022	2.6	550.1	16.5	569.2	569.2
Profit for the period	-	-	45.0	45.0	45.0
Share-based payments	-	-	1.1	1.1	1.1
Total equity at 31 December 2022	2.6	550.1	62.6	615.3	615.3
Equity at 1 January 2023	2.6	550.1	62.6	615.3	615.3
Profit for the period	-	-	81.0	81.0	81.0
Share-based payments	-	-	1.3	1.3	1.3
Total equity at 31 December 2023	2.6	550.1	144.9	697.6	697.6

The notes on pages 82–110 are an integral part of these financial statements.

Consolidated statement of cash flows

USD MILLION (Year ended 31 December)	Note	2023	2022
Operating activities			
Profit/(loss) before tax		**122.5**	83.8
Adjustment for:			
Currency exchange differences		**-**	2.1
Fair value change on financial instruments	18	**3.3**	(1.5)
Depreciation and amortisation	12, 13, 21	**99.5**	60.1
Impairment/(reversal) charges		**0.4**	-
Share-based payment expense		**1.3**	1.1
Changes in asset retirement obligations	17	**5.2**	1.5
Add back of net interest		**(3.2)**	(1.2)
Changes in net working capital		**(1.1)**	59.0
Taxes paid in kind	8	**(46.9)**	(36.4)
Net cash flows from operating activities		**181.0**	168.5
Investing activities			
Investment in property, plant and equipment	12	**(273.4)**	(182.0)
Investment in intangible assets	13	**(61.6)**	(57.9)
Interest received		**8.3**	1.7
Net cash flows used in investing activities		**(326.7)**	(238.2)
Financing activities			
Proceeds from interest-bearing debt	15	**209.0**	171.0
Transaction costs related to loans and borrowings	15	**(2.7)**	(6.3)
Interest paid	15	**(29.0)**	(3.5)
Payment of lease liabilities	21	**(48.2)**	(31.6)
Net cash flows from/(used in) financing activities		**129.1**	129.6
Net change in cash and cash equivalents		**(16.6)**	59.9
Cash and cash equivalents at 1 January		**210.8**	150.9
Cash and cash equivalents at 31 December	11	**194.2**	210.8

The notes on pages 82–110 are an integral part of these financial statements.

Notes to the Consolidated financial statements

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 entity of the Company and its consolidated subsidiaries (hereafter "BW Energy Group").

BW Energy Limited is listed on Oslo Børs, a stock exchange that is part of Euronext.

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

Note 2 Material accounting policies

Basis of accounting

The consolidated financial statements of BW Energy Group have been prepared pursuant to IFRS ® Accounting Standards as adopted by the EU (IFRS). 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 27 February 2024.

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 all 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. Certain amounts in the comparable year have been restated or reclassified to conform to current year presentation. Because of rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2022.

Changes in material accounting policies

BW Energy Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements) from 1 January 2023. The amendments have had an impact on BW Energy Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in BW Energy Group's financial statements. The amendments require the disclosure of material rather than significant accounting policies, assisting entities to provide useful, entity specific accounting policy information. Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies).

With effect from 1 January 2023, BW Energy Group changed its discount rate used in calculation of asset retirement obligations (ARO) and no longer includes the Group's own credit risk. This voluntary change in accounting policy was adopted to better represent the risks specific to the ARO liability. The change increased the amounts of ARO liabilities and the ARO elements of property, plant and equipment materially, therefore, the prior period balance sheet amounts were restated (USD 10.4 million as of 1 January 2022). The impact of the change in policy to the income statement and presentation within the statement of cash flows are immaterial, hence no restatements have been performed. For more information see Note 17.

Other new standards effective from 1 January 2023 did not have a material impact on BW Energy Group's financial statements.

Standards issued but not yet effective

Several standards are effective for annual periods beginning after 1 January 2024 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:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as Current and Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)

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 licences as joint operations and recognises its share of related revenues, expenses, assets, liabilities, and cash flows under the respective items in the consolidated financial statements. Refer to Notes 12 and 13.

Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised profits and losses arising from 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 Net Financial Items.

Revenue

BW Energy Group derives its revenue from sale of crude oil.

Revenue from contracts with customers

Revenue from the sale of crude oil is recognised when a customer obtains control, normally this is when title passes at point of delivery. Revenue from production of oil in which BW Energy Group shares an interest with other companies is recognised based on actual volumes lifted and sold to customers during the period (the sales method).

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 are valued at production cost. Lifting imbalances are part of the operating cycle and as such classified as other current liabilities or assets.

Other revenues

Profit oil tax

BW Energy Group is obligated to pay profit oil tax on the production of crude oil from the Dussafu licence area in Gabon. Payment of profit oil tax can either be settled in cash or in kind (crude oil). Since commencement of production in 2018, BW Energy Group settles the profit oil obligation in kind.

In kind payment of profit oil tax is separately lifted by the government of Gabon for its entitled share of crude oil. Profit oil tax based on production entitlement is presented in the consolidated statement of income as income tax expense with a corresponding increase in other revenues.

Commodity derivative instruments

BW Energy Group has entered into commodity based derivatives linked to oil prices. Realised and unrealised gains or losses on oil derivatives are reflected as part of total revenues.

Royalty

In accordance with the provisions of the Dussafu Profit Sharing Contract ("PSC"), BW Energy Group has the obligation to make royalty payments to the government of Gabon with a variable percentage based on gross daily production levels. Royalties paid are recognised as operating expenses in the consolidated statement of income. Unpaid royalties are included in trade and other payables in the consolidated statement of financial 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.

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 assets and liabilities 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 presents 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 expenditures are capitalised when it is considered probable that future economic benefits will be generated. Expenditures that fail to meet this criterion are generally expensed in the period they are incurred.

Licence acquisition costs, expenditures to drill and equip exploratory wells, seismic acquisition and interpretation costs, and other costs directly attributable to the exploration and evaluation activities are classified as intangible assets. Exploration expenditures classified as intangible assets are assessed for impairment at regular intervals.

Exploration wells that discover potentially economic quantities of oil or natural gas remain capitalised as intangible assets during the evaluation phase of the discovery. Once commercial reserves have been discovered, and a development plan has been approved, the carrying value of the relevant assets is transferred to property, plant and equipment. Further expenditures for development of a field, such as drilling production wells, installation of platforms and other structures are capitalised as tangible assets.

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

Other intangible assets

Other intangible assets include an Intellectual Property (IP) agreement acquired by BW Energy Group and capitalised software costs. The IP is measured at discounted cost less accumulated amortisation and any accumulated impairment losses. The IP is expected to have a useful life equivalent to the Dussafu Production Sharing Contract.

Property, plant, and equipment (PP&E)

Measurement

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, exploration costs transferred from intangible assets and, for qualifying assets, borrowing costs. Contingent consideration included in the acquisition of an asset or group of similar assets is initially measured at its fair value, with later changes in fair value other than due to the passage of time reflected in the book value of the asset or group of assets, unless the asset is impaired.

Property, plant and equipment include costs relating to expenditures incurred under the terms of production sharing contract in Gabon, and which qualify for recognition as assets of BW Energy Group.

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

Capitalised oil and gas assets including exploration expenditures transferred from intangible assets, drilling of production wells, other development expenditures related to construction and installation of platforms and pipelines, and asset retirement obligations are depreciated using the units of production method (UoP) based on proved and probable reserves (2P) expected to be recovered from the area during the concession or contract period. In certain instances, when realisation of probable reserves requires additional future investments, the approved future capital expenditures are added to depreciation base to better align the costs with the 2P reserves.

Other PP&E, such as IT equipment, office equipment and cars are typically depreciated over 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 or its value in use. For the purpose of assessing an impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). Each exploration licence is considered a separate cash-generating unit as long as it is connected to its own production facility.

Borrowing costs

Borrowing costs directly attributable to development of oil and gas assets, which take a substantial period to get ready for their intended use, are added to the cost of the asset until the asset is ready for its intended use. Borrowing costs consist of loan interest expense and lease interest expense for qualifying assets.

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 derivatives, 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 in two categories:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)

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 include trade and other receivables and other non-current assets. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

Financial assets at fair value through profit or loss

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value through profit or loss. The category includes interest rate swaps and oil price hedging contracts (reference to Note 2, Other Revenues). Fair value changes for interest rate swaps are recognised within Net financial items.

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, are 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 presented as 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 of 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.

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 a contract with another entity, 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 asset retirement obligations are recognised when BW Energy Group has an obligation to plug and abandon an exploration or production well, to dismantle and remove a production platform or an FPSO, and when a reliable estimate of the 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.

The discount rate used in the calculation of the ARO is a market-based risk-free rate based on the applicable currency and time horizon of the underlying cash flows.

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

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. BW Energy Group recognises lease liabilities to make lease payments and corresponding right-of-use assets representing the right to use the underlying assets. BW Energy Group acts as a lessee in all existing leases and does not have any lessor arrangements.

Lease liabilities

The lease liability is initially measured at the present value of the future lease payments (including the extension options considered reasonably certain to be exercised). The present value is calculated using BW Energy Group's incremental borrowing rate. 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.

Right-of-use assets

The right-of-use assets are initially measured at present value of the lease liability and also include any lease payments made before or at the lease commencement date. All right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term, with the exception of the FPSO right-of-use asset, which is depreciated using the unit-of-production method. In addition, the right-of-use assets are adjusted for certain remeasurements of the lease liability and are periodically assessed for potential impairment.

BW Energy Group determines its incremental borrowing rate by considering the rates applicable to its existing external financing or by reviewing other market rates that are comparable to the leased assets and other lease terms.

Certain lease contracts involve several additional services and non-lease components, including personnel cost, maintenance, and other items. BW Energy Group has elected to not separate non-lease components and account for the lease and non-lease components as a single lease component for all existing asset classes.

Short-term leases and leases of low value

BW Energy Group applies the short-term lease recognition exemption to its short-term leases. A short-term lease is a lease that has a term of 12 months or less from the commencement date. It also applies the low-value exemption to leases 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.

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 hydrocarbons that can be economically and legally extracted from BW Energy Group's oil and gas 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 and gas in place, recovery factors and commodity prices. Forecasted oil and gas prices are based on available market data. BW Energy Group has used oil and gas 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 proved and probable reserves (2P) are used for depreciation of E&P assets by applying the units of production method. Changes to the reserves 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 its oil and gas 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 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 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. The discount rate used in the calculation of the ARO is a market-based risk-free rate based on the applicable currency and time horizon of the underlying cash flows.

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 licences.

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 to three customers (two customers in 2022). Revenue originates in Gabon and Brazil. BW Energy Group currently has one segment.

Other revenue is primarily comprised of 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 entitled share of profit oil production paid in kind to the government of Gabon. Under this arrangement taxation is based on a set percentage of average daily production volumes.

Realised and unrealised gain/loss on oil derivatives reflect the changes in fair value of embedded derivatives in commodity contracts linked to oil prices. Refer to Note 18 for further details regarding commodity derivatives.

USD MILLION	2023	2022
Revenue from contracts with customers	**443.2**	252.1
Realised gain/(loss) on oil derivatives	**0.2**	(14.3)
Unrealised gain/(loss) on oil derivatives	**6.8**	(5.1)
Other revenue	**57.1**	44.9
Total revenue	**507.3**	277.6

Note 5 Operating expenses

USD MILLION	2023	2022
Employee benefit expenses	**41.2**	25.1
Operating expenses	**216.7**	91.2
Other expenses	**8.4**	7.1
Total operating expenses	**266.3**	123.4

Royalty expense incurred for 2023 amounts to USD 29.4 million (USD 11.7 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.

IN THOUSAND	2023	2022
Issued ordinary shares at 1 January	**257,994**	257,994
Effect of share issued	**-**	-
Weighted-average number of ordinary shares at 31 December	**257,994**	257,994

	2023	2022
Profit attributable to ordinary shareholders	**81.0**	45.0
Weighted-average number of ordinary shares (in '000)	**257,994**	257,994
Basic earnings per share net	**0.31**	0.17

Diluted
At 31 December 2023, 4,928,393 options (3,773,993) were excluded from the diluted weighted-average number of ordinary shares calculation, because their effect would have been anti-dilutive. These are the only potentially dilutive instruments.

Note 7 Employee benefit expenses, remuneration to directors and auditors

Employee benefit expenses

USD MILLION	2023	2022
Wages, administrative personnel	**34.2**	21.3
Social security contributions	**5.1**	2.2
Pension	**0.6**	0.5
Share-based payment	**1.3**	1.1
Total employee benefit expenses	**41.2**	25.1

	2023	2022
Average number of employees	**188**	106

Top Management remuneration

USD	Salary	Bonus	Pension	Other benefits	Number of share options	Number of RSUs	Number of shares
2023	2,702,632	1,560,424	93,879	209,118	895,500	-	3,981,139
2022	2,562,839	1,072,482	82,834	208,791	1,995,000	-	3,980,469

Top Management comprises of the following:

Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Commercial Officer (CCO) and Chief Strategy Officer (CSO).

Board of Directors' remuneration

USD	Directors fee	Number of shares	Share options
2023	413,333	103,234,937	-
2022	358,792	99,255,745	-

The compensation for members of the Board of Directors for the period from May 2023 to May 2024 will be decided at the annual general meeting in May 2024.

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 Remuneration Committee. The CEO's performance against performance targets is determined by 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 as outlined in the Executive Remuneration Guidelines set in May 2021.

Long-term share option programme

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

The total number of shares awarded under the LTIP is 5,233,393 where 4,670,400 shares are allocated to options that will give the holder the right to acquire one BW Energy share and 257,993 shares are allocated to Restricted Share Units ("RSUs") providing the holder shares at each vesting event.

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

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
On 28 February 2022	1,000,000	Same as above	6 years
On 6 July 2022	1,529,000	Same as above	6 years
On 7 July 2023	1,414,400	Same as above	6 years
Total share options	5,233,393		

In 2023, a total of 19 (23) BW Energy employees were invited to participate in the programme.

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).

Measurement of fair values

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

	2023	2022
Fair value at grant date (NOK)	**10.62**	9.63
Share price at grant date (NOK)	**27.1**	23.5
Exercise price (NOK)	**31.26**	29.17
Expected volatility (weighted average)	**51%**	59%
Expected life	**4 years**	4 years
Expected dividends	**n/a**	n/a
Risk-free interest rate (based on government bonds)	**3.891%**	2.352%

Expected volatility is 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 is 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:

	2023		2022	
Options	Number of options	Weighted -average exercise price (NOK)	Number of options	Weighted -average exercise price (NOK)
Outstanding at 1 January	3,516,000	29.61	1,032,000	30.73
Terminated during the year	(260,000)	30.30	(45,000)	30.20
Granted during the year	1,414,400	31.26	2,529,000	29.17
Outstanding at 31 December	4,670,400	30.07	3,516,000	29.61
Exercisable at 31 December	-	n/a	-	n/a

	2023		2022	
RSUs	Number of options	Weighted -average exercise price (NOK)	Number of options	Weighted -average exercise price (NOK)
Outstanding at 1 January	257,993	-	257,993	-
Granted during the year	-	-	-	-
Outstanding at 31 December	257,993	-	257,993	-
Exercisable at 31 December	-	n/a	-	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	2023	2022
Audit	**465.3**	346.4
Other services	**7.0**	-
Total fees	**472.3**	346.4

Note 8 Income taxes

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

Depending on the jurisdiction, corporate income tax is due on the subsidiary's actual profits, and profit oil tax is levied on a production sharing basis (profit oil taxation in lieu of profits tax). Deferred tax is calculated on temporary differences in jurisdictions where actual profits are the basis for taxation.

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 is based on the entitled share of profit oil paid in kind to the Government of Gabon. Under this arrangement, profit oil taxation is based on a set percentage of average daily production volumes. The Golfinho field in Brazil is taxed under the ordinary tax regime.

As the Group's operations are subject to different methods of 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	2023	2022
Changes in deferred tax	(5.1)	2.4
Profit oil tax	45.7	35.1
Tax expense including withholding tax	0.9	1.3
Total tax expense recognised in statement of income	41.5	38.8

In 2023, USD 45.7 million (USD 35.1 million) of income tax expense is related to Dussafu (State Profit Oil).

Deferred tax assets and liabilities are as follows:

USD MILLION	2023	2022
Deferred tax assets		
Losses and other temporary differences	7.6	-
Deferred tax assets	7.6	-
Deferred tax liabilities		
Timing difference financing costs	(11.7)	(9.3)
Deferred tax liabilities	(11.7)	(9.3)
Net deferred tax assets / (liabilities)	(4.1)	(9.3)

BW Energy Maromba Ltda. recognised a deferred tax asset of USD 7.6 million reflecting the future benefit from tax losses carried forward and other temporary differences. The purchase of the Golfinho field made it probable the losses and temporary differences will be utilised and consequently a deferred tax asset was recognised in 2023.

Note 9 Inventories

USD MILLION	2023	2022
Crude oil	**19.1**	4.2
Materials and consumables	**9.5**	4.5
Fuel oil	**4.9**	2.8
Inventory	**33.5**	11.5

At year-end 2023, the remaining crude oil inventory was approximately 323,000 barrels in Golfinho field in Brazil and no remaining crude oil inventory in Dussafu area in Gabon due to an overlift position. BW Energy Group was in an underlift position in Gabon as of year-end 2022 with cruide oil inventory of 76,000 barrels.

Note 10 Trade and other current assets

USD MILLION	2023	2022
Trade receivables	**10.4**	6.4
Other receivables	**31.5**	9.1
Tax receivables	**0.2**	0.2
Prepayments	**9.6**	2.4
Trade and other current assets	**51.7**	18.1

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

As of 31 December 2023 and 2022, there were no material overdue balances. The carrying amount of BW Energy Group's trade and other receivables are mainly denominated in USD.

USD 21.4 million (USD 1.8 million) of other receivables at 31 December 2023 relates to a receivable from Dussafu joint venture partners.

Credit risk and foreign exchange risk regarding trade receivables are described in Note 18.

Note 11 Cash and cash equivalents

Cash and cash equivalents are denominated primarily in USD, XAF, BRL and EUR. USD 43.4 million (USD 25 million) of the total cash position at 31 December 2023 is set aside in the debt service reserve account related to the Dussafu RBL funds (refer to Note 15).

Note 12 Property, plant and equipment

2023

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
Cost at 1 January 2023[1]	308.5	384.9	1.6	**695.0**
Additions and transfers	(107.6)	524.7	2.9	**420.0**
Changes in asset retirement cost[2]	-	163.4	-	**163.4**
Cost at 31 December 2023	200.9	1,073.0	4.5	**1,278.4**
Accumulated depreciation at 1 January 2023	-	(151.1)	(0.8)	**(151.9)**
Current year depreciation	-	(72.0)	(0.2)	**(72.2)**
Accumulated depreciation at 31 December 2023	-	(223.1)	(1.0)	**(224.1)**
Book value at 31 December 2023	200.9	849.9	3.5	**1,054.3**
Of which is capitalised interest	14.1	13.7	-	**27.8**
Useful life		UoP[3]	3–5 years	

[1] Restated 2022 figure due to a policy change affecting ARO, see Note 2 Material accounting policies and Note 17 Provisions and contingent assets and liabilities
[2] Asset Retirement Cost reflects addition of new assets and changes in cost estimate
[3] UoP = Units of Production. Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using units of production. Since the assets are used in the production operations, the variance is considered to be a part of the crude oil inventory. Depreciation of USD 3.6 million is recognised in inventory in the statement of financial position at 31 December 2023

Refer to Note 20 regarding the additions related to acquisitions completed during 2023.

BW Energy Group has performed an impairment trigger assessment at 31 December 2023 and no triggers were identified.

2022

USD MILLION	E&P assets under development	E&P production assets	Other equipment	Total
Cost at 1 January 2022[1]	121.5	361.9	0.9	**484.3**
Additions and transfers	187.0	24.6	0.7	**212.3**
Changes in asset retirement cost[2]	-	(1.6)	-	**(1.6)**
Cost at 31 December 2022	308.5	384.9	1.6	**695.0**
Accumulated depreciation at 1 January 2022	-	(122.0)	(0.5)	**(122.5)**
Current year depreciation	-	(29.1)	(0.3)	**(29.4)**
Accumulated depreciation at 31 December 2022	-	(151.1)	(0.8)	**(151.9)**
Book value at 31 December 2022	308.5	233.8	0.8	**543.1**
Of which is capitalised interest	3.0	-	-	**3.0**
Useful life		UoP[3]	3–5 years	

[1] Restated 2022 figure due to a policy change affecting ARO, see Note 2 Material accounting policies and Note 17 Provisions and contingent assets and liabilities. Presentation of certain lines was updated to conform to current year presentation
[2] Asset Retirement Cost reflects addition of new wells and changes due to discount rate
[3] UoP = Unit of Production. Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using unit of production. Since the assets are used in the production operations, the variance is considered to be a part of the crude oil inventory. Depreciation of USD 0.8 million is recognised in inventory in the statement of financial position at 31 December 2022

The Dussafu licence expires in 10 years from commencement of production. At the end of this term, BW Energy Group has the right to file for additional two 5-year extensions. E&P assets located in the Dussafu licence area are depreciated based on 2P reserves over a 20-year licence period. BW Energy Group considers it probable that the licence extensions will be granted. BW Energy Group's ownership of the Dussafu licence is 73.5%

Note 13 Intangible assets

USD MILLION	Exploration and evaluation expenditures	Acquired licence costs	Other intangible assets	Total Intangible assets
Cost				
At 1 January 2023	149.4	-	69.3	218.7
Additions and transfers	19.6	28.4	0.3	48.3
Carrying amount, 31 December 2023	169.0	28.4	69.6	267.0
Amortisation and impairment				
At 1 January 2023	-	-	(6.2)	(6.2)
Amortisation	-	(1.4)	(4.1)	(5.5)
At 31 December 2023	-	(1.4)	(10.3)	(11.7)
Net book value				
At 31 December 2023	169.0	27.0	59.3	255.3
Useful life			20 years	
Amortisation method		UoP	SL	

USD MILLION	Exploration and evaluation expenditures	Other intangible assets	Total Intangible assets
Cost			
At 1 January 2022	105.5	71.7	177.2
Additions and transfers	43.9	(2.4)	41.5
Carrying amount, 31 December 2022	149.4	69.3	218.7
Amortisation and impairment			
At 1 January 2022	-	(2.0)	(2.0)
Amortisation	-	(4.2)	(4.2)
At 31 December 2022	-	(6.2)	(6.2)
Net book value			
At 31 December 2022	149.4	63.1	212.5
Useful life		20 years	
Amortisation method		SL	

Additions into exploration and evaluation expenditures in 2023 mainly relate to acquisition of seismic and other investments in the Kudu field in Namibia and investments in the Maromba field in Brazil. These assets are not amortised.

The acquired licence costs result from the acquisition of Golfinho cluster in Brazil (reference to Note 20), USD 24.8 million related to producing area is currently amortised using units-of-production method and the remainder is not amortised as related to an exploration block.

Other intangible assets include the intellectual property asset and capitalised software costs. The intellectual property asset is amortised over the life of the Dussafu licence using the straight-line method.

BW Energy Group has performed an impairment trigger assessment at 31 December 2023 and no triggers were identified.

Additions into exploration and evaluation expenditures in 2022 mainly relate to continuing development of the Dussafu licence area in Gabon, in addition to investments in the Maromba field in Brazil, Kudu field in Namibia and investments in FPSO *BW Maromba*.

Additions into other intangible assets relate to adjustment of the intellectual property asset described in Note 22.

Note 14 Share capital

Authorised share capital:
At 1 January 2023: 300,000,000 ordinary shares at par value USD 0.01 each
At 31 December 2023: 300,000,000 ordinary shares at par value USD 0.01 each

Issued and fully paid	USD THOUSAND
At 1 January 2023	2,580
At 31 December 2023	2,580

Reference to “Shareholder information” section for information of the 20 largest shareholders.

Reference to Note 23 for information on the mandatory offer by BW Group Limited to acquire all remaining shares in BW Energy Limited.

Note 15 Loans and borrowings

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
Reserve Based Lending (RBL) facility	SOFR 3 months + 0.25% + margin[1]	07-Aug-28	**292.6**	164.9
Total long-term debt			**292.6**	164.9

[1] Margin varies based on development and maturity of the field

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
Golfinho prepayment facility	SOFR 3 months + 4.5%	31-Jul-24	**79.9**	-
Total short-term debt			**79.9**	-
Total interest-bearing debt			**372.5**	164.9

USD 300 million international Reserve Based Lending (RBL) facility

On 9 August 2022, BW Energy Group signed an international Reserve Based Lending (RBL) facility of up to USD 300 million. The funds are used to finance the development of Company’s oil and gas assets.

The facility had an initial commitment of USD 200 million which could be expanded up to an additional USD 100 million. The secured long-term debt facility was provided by a syndicate of five international banks and had a tenor of six years. In June 2023 the additional USD 100 million accordion was completed by three additional banks, bringing the total RBL facility up to USD 300 million. BW Energy Group had a total of USD 300 million (USD 171 million) withdrawn as of 31 December 2023.

Key financial covenants for the RBL are required to be tested 30 June and 31 December for Net debt to EBITDAX ratio. Calculation dates for Field life and Loan life cover ratios are 1 April and 1 October. These covenants, applicable at levels of the borrower group as defined in the loan documentation, include the following:

- Net debt to EBITDAX not to exceed 3:1
- Field life cover ratio of 1.50x
- Loan life cover ratio of 1.30x

BW Energy Group was not in breach of any financial covenants as of 31 December 2023.

BW Energy Group was not in breach of any financial covenants as of 31 December 2023.

In addition, a portion of annual production is required to be hedged for up to 24 months.

USD 2.7 million (6.3 million) was capitalised as transaction costs in relation to loans and borrowings in 2023.

An interest expense of USD 29 million (USD 4.1 million) was incurred under this facility, of which USD 24.4 million (USD 1.5 million) was capitalised as borrowing cost directly attributable to the development of qualifying assets in 2023. The weighted average interest rate used to determine the amount of borrowing cost eligible for capitalisation in 2023 is 10.85% (13.24%). Refer to Note 12.

USD 80 million Golfinho prepayment facility and offtake agreement

On 21 July 2023 BW Energy entered into an oil prepayment facility agreement for up to USD 80 million with a leading commodity trading company. The prepayment facility has a term of one year which may be extended by an agreement between BW Energy Group and the commodity trader.

This prepayment facility was drawn in full and used to finance the acquisition of the oil and gas assets in Brazil and working capital. As part of the transaction, BW Energy also entered into an offtake agreement to sell and deliver the crude oil produced from the Golfinho field to the commodity trader during the term of the facility.

Based on the terms of the agreement, the repayment of the outstanding principal and accrued interest will be made by applying 25–35% of the crude oil sale proceeds for designated transactions with this commodity trader. An interest expense of USD 2.6 million was accrued at year-end.

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

USD MILLION	Interest payable[1]	Lease liabilities	Interest-bearing short-term debt	Interest-bearing long-term debt	Equity	Total
Balance at 1 January 2023	0.3	256.0		164.9	615.3	
Proceeds from interest bearing debt	-	-	80.0	129.0	-	**209.0**
Interest paid	(29.0)	-	-	-	-	**(29.0)**
Transaction costs relating to borrowings	-	-	(0.1)	(2.6)	-	**(2.7)**
Payment of lease liabilities	-	(48.2)	-	-	-	**(48.2)**
Total changes from financing cash flows	(29.0)	(48.2)	79.9	126.4	-	**129.1**
Effects of changes in foreign exchange rate		0.9				
Other changes:						
New leases/adjustments		(53.9)		-		
Lease payment reclassified to investing activities		(25.0)				
Capitalised and expensed loan cost		-		1.3		
Interest expense	31.5	16.6		-		
Total liability-related other changes	31.5	(62.3)	-	1.3	-	
Total equity-related other changes	-	-	-	-	82.3	
Balance at 31 December 2023	2.9	146.5	79.9	292.6	697.6	
Balance at 1 January 2022		233.2		-	569.2	
Proceeds from interest bearing debt	-	-		171.0	-	**171.0**
Interest paid	(3.5)	-		-	-	**(3.5)**
Transaction costs relating to borrowings	-	-		(6.3)	-	**(6.3)**
Payment of lease liabilities	-	(31.6)		-	-	**(31.6)**
Total changes from financing cash flows	(3.5)	(31.6)		164.7	-	**129.6**
Other changes:						
New leases/adjustments	-	40.0		-		
Expensed loan cost	-	-		0.2		
Interest expense	3.8	14.4		-		
Total liability-related other changes	3.8	54.4		0.2	-	
Total equity-related other changes	-	-		-	46.1	
Balance at 31 December 2022	0.3	256.0		164.9	615.3	

[1] included in Trade and other payables

Note 16 Trade and other payables

USD MILLION	2023	2022
Trade payables	**42.0**	18.4
Accrued liabilities	**174.2**	87.0
Tax payable	**0.6**	0.9
Public duties payables	**3.5**	0.9
Total trade and other payables	**220.3**	107.2

Note 17 Provisions and contingent assets and liabilities

BW Energy Group made a provision for asset retirement obligations related to future demobilisation of FPSOs, 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 and Brazil. The amount recognised is the present value of the estimated future expenditures determined in accordance with local regulations and technology, considering relevant risks and uncertainties.

USD MILLION	Asset retirement obligations
Provision at 1 January 2022 before restatement	14.2
Impact of ARO policy change	10.4
Provision at 1 January 2022 after restatement	24.6
Changes in estimates and provisions relating to new assets	2.6
Impact of change in discount rate	(4.2)
Accretion expense	0.8
Provision at 31 December 2022	23.8
Change in estimate during 2023	193.2
Impact of change in discount rate	3.7
Accretion expense	3.3
Provision at 31 December 2023	224.0

Restatement of ARO due to change in the discount rate

With effect from 1 January 2023, BW Energy Group changed its basis of the ARO so that the discount rate used in calculation no longer includes the Group's own credit risk. The change in accounting policy was adopted to better represent the ARO liability. See Note 2.

The impact of this ARO calculation policy change on affected financial statement lines for 2022 is summarised in the table below. The changes affect the relevant balance sheet totals (Total non-current assets, Total assets, Total non-current liabilities, Total equity and liabilities) correspondingly.

USD MILLION	31.12.2022
Asset retirement obligations before restatement	13.4
Impact of ARO policy change	10.4
Asset retirement obligations after restatement	23.8
PPE before restatement	532.7
Impact of ARO policy change	10.4
PPE after restatement	543.1

Other contingent obligations

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 final investment decision is made, and it becomes probable that the conditions will be satisfied.

Refer to Note 20 regarding the additional contingent liability arising from the acquisition of Golfinho assets in 2023.

Note 18 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 programme 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 reports to Top Management, the Audit Committee and the Board of Directors on the status of activities on a regular basis.

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

Market risk

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

Foreign currency risk

The functional currency of the Company and all of its subsidiaries is USD. In general, operating revenues and a significant portion of operating expenses are denominated in USD. BW Energy Group is exposed to expenses and investments incurred in currencies other than USD; the major currencies being Central Africa CFA Franc (XAF) and Brazilian Real (BRL). Operating expenses denominated in XAF and BRL constitute a part of total operating expenses. Consequently, fluctuations in the exchange rate on XAF and BRL may have impact on the financial statements. BW Energy Group has no financial instruments for currency hedging at 31 December 2023 that manage 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

BW Energy Group is exposed to interest rate risk through its financing activities. Most of the Group's interest-bearing debt has floating interest rate conditions, exposing the Group to changes in the market rates.

BW Energy Group holds an interest rate swap with a nominal value of USD 50 million with a maturity in 2028. The interest swap rate is at 3.91% and is planned to hedge future debt. The market value of the interest rate swap was negative USD 0.4 million at 31 December 2023. BW Energy Group held an interest rate swap with a nominal value of USD 50 million with a maturity in 2030 at the end 2022, that was terminated in June 2023. This interest rate swap was at 0.99% and was positive by USD 9.2 million at 31 December 2022.

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.

	Profit or loss	
USD MILLION	100 bp increase	100 bp decrease
31 December 2023		
Interest rate swaps	2.0	(2.0)
Cash flow sensitivity	2.0	(2.0)
31 December 2022		
Interest rate swaps	3.3	(3.3)
Cash flow sensitivity	3.3	(3.3)

Commodity price risk

BW Energy Group revenues are mainly derived from the sale of crude oil produced in Gabon and Brazil. Revenue is, and will continue to be, exposed to fluctuations in oil prices.

BW Energy Group continuously evaluates and assesses opportunities for hedging as part of a prudent financial risk management process. Through the period, BW Energy Group entered into derivative financial instruments including zero cost collars and commodity swaps to manage volatility. These derivatives are mark to market with changes in market value recognised in the income statement. BW Energy Group does not apply hedge accounting.

At year-end 2023, BW Energy Group had hedges in place for 1.3 million barrels (1.3 million barrels) over the years 2024 and 2025, with approximately 74% being 2024, in compliance with RBL requirements.

Fair value of the crude oil contracts amounted to positive USD 0.7 million in fair value in 2023 (negative USD 5.6 million in 2022) and are presented gross in the statement of financial position. Net effect of crude oil hedge contracts recognised in the statement of income in 2023 is positive USD 7.0 million (negative USD 19.4 million in 2022).

Commodity price sensitivity

	2023		2022	
USD MILLION	(10%)	+10%	(10%)	+10%
Change in Brent price	(34.3)	34.3	(16.4)	16.4

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 licence 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 licence which is subject to foreign currency regulations of the Central African Economic and Monetary Community (CEMAC).

The following table sets out the maturity profile of BW Energy Group's financial liabilities based on contractual undiscounted payments. When counterparties have a choice of when to settle an amount, the liability is included based on the earliest date on which the counterparty may require settlement.

Maturity profile – financial liabilities, year ended 2023

USD MILLION	Carrying Amount	Q1 24	Q2 24	Q3 24	Q4 24	2024	2025-2028	2029 and beyond	Total
Reserve Based Lending (RBL) facility	292.6	-	-	-	-	-	300.0		**300.0**
Golfinho prepayment facility	79.9			80.0		80.0	-	-	**80.0**
Interest rate swaps	(0.4)					-	(0.4)		**(0.4)**
Crude oil hedge	0.7	0.6			-	0.6	0.1	-	**0.7**
Interest payments	2.9	10.5	10.5	9.2	8.5	38.5	138.0	-	**176.5**
Asset retirement obligations	224.0					-	50.1	271.1	**321.2**
Other non-current liabilities	67.4	5.8		7.8	-	13.6	28.4	55.0	**97.0**
Lease liabilities	146.5	12.6	12.6	12.6	12.6	50.4	115.6	23.2	**189.2**
Trade and other payable	220.3	87.2	42.2	42.2	42.2	213.7	-	-	**213.7**
Total	1,033.9	116.7	65.2	151.7	63.2	396.8	631.8	349.3	**1,377.9**

Maturity profile – financial liabilities, year ended 2022

USD MILLION	Carrying Amount	Q1 23	Q2 23	Q3 23	Q4 23	2023	2024-2027	2028 and beyond	Total
Reserve Based Lending (RBL) facility	164.9	-	-	-	-	-	-	171.0	**171.0**
Crude oil hedge	5.6	1.0	1.3	1.0	0.9	4.2	1.4		**5.6**
Interest payments	0.3	4.5	4.5	4.5	4.5	17.9	71.6	10.4	**99.9**
Asset retirement obligations	13.4					-		48.6	**48.6**
Other non-current liabilities	33.6					-	36.7		**36.7**
Lease liabilities	256.0	20.5	20.5	20.5	20.5	81.8	93.3	172.6	**347.7**
Trade and other payable	107.2	40.6	22.2	22.2	22.2	107.2	-	-	**107.2**
Total	581.0	66.5	48.4	48.1	48.0	211.1	203.0	402.6	**816.7**

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 2023		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									
Crude oil hedge	18	0.7	-	-	0.7	-	0.7	-	**0.7**
		0.7	-	-	**0.7**	-	0.7	-	**0.7**
Financial assets not measured at fair value									
Trade and other receivables	10, 23	-	48.2	-	**48.2**	-	-	-	-
Cash and cash equivalents		-	194.2	-	**194.2**	-	-	-	-
Other non-current assets		-	34.2	-	**34.2**	-	-	-	-
		-	276.6	-	**276.6**	-	-	-	-
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	18	(0.4)	-	-	**(0.4)**	-	(0.4)	-	**(0.4)**
		(0.4)	-	-	**(0.4)**	-	(0.4)	-	**(0.4)**
Financial liabilities not measured at fair value									
Interest-bearing long-term debt	15	-	-	(292.6)	**(292.6)**	-	-	(300.0)	**(300.0)**
Interest-bearing short-term debt	15	-	-	(79.9)	**(79.9)**	-	-	(80.0)	**(80.0)**
Other non-current liabilities	17, 23	-	-	(291.4)	**(291.4)**	-	-	-	-
Trade and other payables	16, 23	-	-	(208.2)	**(208.2)**	-	-	-	-
Lease liabilities	21	-	-	(146.5)	**(146.5)**	-	-	-	-
		-	-	(1,018.6)	**(1,018.6)**	-	-	(380.0)	**(380.0)**

31 December 2022		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	18	9.2	-	-		-	9.2	-	
		9.2	-	-	**9.2**	-	9.2	-	**9.2**
Financial assets not measured at fair value									
Trade and other receivables	10, 23	-	18.1	-	**18.1**	-	-	-	-
Cash and cash equivalents		-	210.8	-	**210.8**	-	-	-	-
Other non-current assets		-	0.6	-	**0.6**	-	-	-	-
		-	229.5	-	**229.5**	-	-	-	-
Financial liabilities measured at fair value									
Crude oil hedge	18	(5.6)	-	-	**(5.6)**	-	(5.6)	-	**(5.6)**
		(5.6)	-	-	**(5.6)**	-	(5.6)	-	**(5.6)**
Financial liabilities not measured at fair value									
Interest-bearing long-term debt	15	-	-	(164.9)	**(164.9)**	-	-	(171.0)	**(171.0)**
Other non-current liabilities	17, 23	-	-	(47.0)	**(47.0)**	-	-	-	-
Trade and other payables	16, 23	-	-	(107.2)	**(107.2)**	-	-	-	-
Lease liabilities	21	-	-	(256.0)	**(256.0)**	-	-	-	-
		-	-	(575.1)	**(575.1)**	-	-	(171.0)	**(171.0)**

Capital structure and equity

The primary objective of BW Energy Group's management of the capital structure is to maximise 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 sound capital position. BW Energy Group seeks to optimise 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.

Note 19 List of subsidiaries

Subsidiaries	Country of incorporation	Ownership 2023	Ownership 2022
BW Energy Brasil Participações Ltda.	Brazil	100%	-
BW Energy Dussafu B.V.	Netherlands	100%	100%
BW Energy Gabon SA	Gabon	100%	100%
BW Energy Holdings Pte Ltd	Singapore	100%	100%
BW Energy Maromba B.V.	Netherlands	100%	100%
BW Energy Maromba do Brasil Ltda	Brazil	100%	100%
BW Energy Maromba EPC Limited	Bermuda	100%	-
BW Energy Norway Management AS	Norway	100%	-
BW Energy OI Ltd	Bermuda	100%	100%
BW Energy Peixe Ltda.	Brazil	100%	-
BW Energy PI Holding Limited	United Arab Emirates	100%	-
BW Energy Production Pte Ltd[1]	Singapore	100%	100%
BW Energy Projects Management FZE	United Arab Emirates	100%	-
BW Energy Services Limited	Bermuda	100%	-
BW Energy Trading Ltd	Bermuda	100%	-
BW Energy Trading Golfinho Ltd	Bermuda	100%	-
BW Energy Trading Holding Ltd	Bermuda	100%	-
BW Energy USA Management Inc.	USA	100%	100%
BW Kudu Holding Pte Ltd	Singapore	100%	100%
BW Kudu Limited	United Kingdom	100%	100%
BW Maromba Holdings Pte Ltd	Singapore	100%	100%

[1] Former BW Energy Gabon Pte Ltd

Note 20 Acquisitions and disposals

Acquisition of FPSO *BW Maromba*

In April 2022, BW Energy Group signed an agreement to purchase the FPSO *Polvo* (renamed to *BW Maromba*) from BW Offshore for a total consideration of USD 50 million, split by USD 5 million in one year charter hire and USD 45 million for purchase of the vessel. Effective 30 November 2023 BW Energy Group has exercised its purchase option and obtained title to the FPSO. USD 31 million, including accrued interest, was paid in October 2023, and the remaining USD 20 million plus accrued interest is due on 30 April 2024.

This arrangement was accounted for as a lease transaction before taking title to the FPSO in 2023. After acquiring the title, the asset is reflected as part of PP&E with a current liability recognised for the remaining payment (refer to Note 21).

The FPSO *BW Maromba* will be used in the development of Maromba project offshore Brazil after completing the necessary upgrades and modifications. The final investment decision is subject to certain conditions precedent, including completion of the project financing.

Acquisition of FPSO *Cidade de Vitória*

In June 2022, BW Energy Group signed an agreement to acquire the FPSO *Cidade de Vitória* from Saipem for a cash consideration of USD 73 million. The acquisition was completed in November 2023 for a total consideration of USD 73.5 million, including agreed-upon contractual adjustments and taxes, with USD 41 million paid in 2023, and an additional USD 32.4 million payable in monthly instalments during 2024 and 2025.

This asset acquisition resulted in an increase of USD 67.2 million in property, plant and equipment and USD 5.9 million in inventory.

Acquisition of Golfinho and Camarupim Clusters offshore Brazil

In June 2022, BW Energy Group signed an agreement to purchase the Golfinho and Camarupim Clusters offshore Brazil from Petrobras. The acquisition was completed in August 2023 for a total consideration of USD 51.4 million, including cash payment of USD 15.2 million and contingent consideration estimated at USD 36.2 million. As a result of the transaction, BW Energy Group acquired the 100% operated WI in the Golfinho and Camarupim clusters and the 65% WI in the BM-ES-23 block.

The transaction was financed through BW Energy Group's existing liquidity and an oil pre-payment facility, with USD 12.2 million paid at closing following an initial USD 3 million payment made at signing in 2022. Additionally, BW Energy Group has agreed to future contingent payments of up to USD 55 million tied to oil price and production volume from current producing assets and development of proved undeveloped oil and gas reserves.

The transaction was accounted for as an asset acquisition and resulted in an increase of USD 142.6 million in property, plant and equipment, and intangible assets of USD 28.4 million; and an increase in asset retirement obligation of USD 153.3 million. Under the terms of the purchase and sale agreement, Petrobras will reimburse USD 40 million of the abandonment cost after completion of decommissioning for designated wells. The Company recognised a receivable in the amount of USD 33.6 million for the fair value of this future reimbursement.

Note 21 Leases

The Group as a lessee

BW Energy Group leases an FPSO, helicopters, boats, office premises, warehouses and apartments. Leases of office premises, warehouse and apartments have lease terms between 1 and 13 years, while vessels have lease terms between 2 and 10 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	Aircrafts	Right-of-use assets	Lease liabilities
Balance at 1 January 2023	1.5	208.4	-	209.9	256.0
Additions	26.6	14.3	6.4	47.4	45.3
Adjustments	0.6	(124.9)	-	(124.3)	(99.2)
Depreciation expense	(2.4)	(20.2)	(1.6)	(24.2)	n/a
Interest expense	n/a	n/a	n/a	n/a	16.6
Lease payments	n/a	n/a	n/a	n/a	(73.1)
Foreign currency translation gain/(loss)	-	-	0.1	0.1	0.9
Balance at 31 December 2023	26.3	77.7	4.9	108.9	146.5

Additions in 2023 mainly relate to a new corporate office lease, and helicopters and boats used in production operations in Brazil.

Adjustments in 2023 relate to a reduction of right of use asset in the amount of USD 46 million and a reduction in lease liabilities of USD 21 million for the FPSO *BW Maromba*, after completing its acquisition in November 2023 (reference to Note 20). Also, the right of use asset and lease liability was reduced for the FPSO *BW Adolo* in the amount of USD 82.2 million, due to reassessment of the lease extension option resulting in a lease modification.

Lease payments of USD 73.1 million (USD 31.6 million) consist of lease instalments of USD 56.5 million (USD 17.2 million) and interest expense of USD 16.6 million (USD 14.4 million).

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2022	0.7	196.5	197.2	233.2
Additions	0.9	46.3	47.2	47.3
Adjustments	3.4	(10.7)	(7.3)	(7.3)
Depreciation expense	(3.7)	(23.7)	(27.4)	n/a
Interest expense	n/a	n/a	n/a	14.4
Lease payments	n/a	n/a	n/a	(31.6)
Foreign currency translation gain/(loss)	0.2	-	0.2	-
Balance at 31 December 2022	1.5	208.4	209.9	256.0

Additions in 2022 mainly related to the agreement to purchase the FPSO *BW Maromba* (reference to Note 20).

USD MILLION	2023	2022
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	**50.4**	81.8
Later than one year and not later than five years	**115.7**	93.3
Later than five years	**21.8**	172.6
Total undiscounted lease liabilities at 31 December	**187.9**	347.7
Lease liabilities included in the statement of financial position at 31 December	**146.5**	256.0
Current	**37.7**	68.7
Non-current	**108.8**	187.3

Amounts recognised in profit or loss

USD MILLION	2023	2022
Interest on lease liabilities	**16.6**	14.4
Depreciation of right-of-use assets	**24.5**	27.4

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

Extension options

Some leases, such as the lease of FPSO *BW Adolo* and certain office leases, contain extension and termination options that may impact the lease term and are exercisable only by BW Energy Group and not by the lessors. BW Energy Group assesses the lease term at lease commencement, and subsequently when facts and circumstances under the control of BW Energy Group require it. For the lease of the FPSO *BW Adolo*, BW Energy Group is reasonably certain that the lease term will exceed the non-cancellable contract period of 365 days and currently assesses the lease term to continue through September 2028.

Note 22 Commitments & guarantees

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

USD MILLION	2023	2022
Nominal amount	**213.1**	219.4

Commitments relate mainly to the developing assets of the Dussafu, Maromba and Golfinho licence areas.

For the bank debt relating to the USD 300 million international Reserve Based Lending (RBL) facility, as referred to in Note 15, a standard security package was granted to the Lenders, including share security and bank account, security over the borrowing base asset as well as assignments of material contracts and insurances. The highest guarantor of the facility is BW Energy Holdings Pte. Ltd.

Note 23 Related parties

The largest individual shareholder as of the date of this report, BW Group Limited, owning 73.4%, is incorporated in Bermuda and is controlled by Sohmen-Pao family interests.

Following completion of the initial public offering and listing on the Oslo Stock Exchange of BW Energy in February 2020 (the “IPO”), BW Offshore Limited (“BW Offshore”) and BW Group held 38.77% and 35.13%, respectively, of the shares in BW Energy.

Since the IPO of BW Energy, BW Offshore has reduced its shareholding in the Company inter alia by in-kind dividend distributions. Due to BW Group holding 49.91% of the shares in BW Offshore, the distributions from BW Offshore have resulted in BW Group’s ownership in BW Energy increasing to 39.90% on 28 November 2023 (the date of the last receipt of dividend in-kind BW Energy shares from BW Offshore).

Based on BW Offshore’s dividend policy, which implied in-kind distributions of BW Energy shares, BW Group expected to continue receiving such shares on a quarterly basis. If the mandatory offer obligation was triggered by an in-kind dividend distribution, then the market price for the shares at the time the dividend is received would be relevant for determination of the minimum offer price for the mandatory offer. To procure that the price to be offered is predictable to BW Group rather than being subject to the market conditions for BW Energy shares at the time of the next in-kind dividend distribution by BW Offshore, BW Group on 29 November 2023 purchased 250,000 BW Energy shares to pass the 40% mandatory offer threshold and to make the Offer on that basis.

The Offer valued the entire issued share capital of BW Energy at approximately NOK 6.97 billion. The Offer Price was close to the 90-day volume weighted average price (VWAP) of the shares prior to the release of BW Energy’s third quarter 2023 results.

The Offer was accepted for a total of 30,589,179 shares, which, taken together with the 103,202,470 shares held by BW Group at commencement of the Offer Period, equaled 133,791,649 shares, representing approximately 51.86% of the issued share capital and voting rights in the Company.

On 22 January 2024, BW Offshore entered into an agreement with BW Group to sell all of BW Offshore’s shares in BW Energy. BW Offshore sold 58,111,461 (22.52%) shares in BW Energy at a price of NOK 32 per share, as BW Offshore did not consider the shareholding in BW Energy to be a long-term strategic investment.

IP agreement with Seaboard LLC

In 2018, BW Energy Group entered into 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 utilised in the development of the Dussafu licence area. 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 agreement amount to a maximum of USD 75 million.

The discounted value of the expected pay-out was recorded as an intangible asset with a corresponding obligation recorded as current and non-current liabilities. BW Energy Group continuously evaluates the timing of pay-out and adjusts the current and non-current liabilities with a revised discount rate at the end of each period.

As of December 2023, a total of USD 37.4 million (USD 24.6 million) has been paid. Remaining payments are expected to be completed by 2026.

Refer to Note 13 for additional information related to this IP agreement.

FPSO *BW Maromba*

In November 2023, BW Energy Group took ownership of the FPSO *Polvo,* now named *BW Maromba*, from BW Offshore, reference to Note 20.

FPSO *BW Adolo*

In May 2018, BW Energy Group entered into a bareboat charter agreement with BW Adolo Pte. Ltd., and an agreement with Tinworth Gabon S.A. for the operations and maintenance of *BW Adolo* during the Charter. Both companies are subsidiaries of BW Offshore Limited. The FPSO *BW Adolo* commenced operation in the Dussafu licence area in September 2018.

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

Related party transactions

	Transaction values for the year ended 31 December		Balance outstanding as at 31 December[1]	
USD MILLION	2023	2022	2023	2022
Sales of goods and services	**2.4**	2.2	**0.5**	0.3
Purchase of services				
Operating services[2]	**96.2**	83.1	**16.9**	3.0
Other services[3]	**39.7**	12.0	**1.1**	1.8
Total purchase of services	**135.9**	95.1	**18.0**	4.8

[1] Included in Trade and other current assets and Trade and other payables
[2] Operating services relating to *BW Adolo*
[3] Other services relating to purchase of FPSO *BW Maromba* (former *Polvo)*

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

Note 24 Macroeconomic and geopolitical uncertainty

Several macroeconomic factors influence BW Energy Group's business, such as the availability of industry products, fluctuations in energy prices, inflation, rising interest rates, the volatility of oil prices, and the geopolitical uncertainties stemming from global tensions.

BW Energy Group has a strong commitment to safety and environmental protection, aiming for zero harm in all areas of the Company's operations. The Company is focused on lowering its carbon footprint by repurposing existing production infrastructure to develop known oil and gas resources.

BW Energy Group anticipates that oil and gas will continue to play a crucial role in the global energy landscape for many years. The Company is dedicated to generating long-term value through a strategic approach to phased development and investment in high-yield assets. Its adaptable investment strategy is designed to withstand various market conditions, enabling BW Energy Group to capitalise on both immediate and future opportunities to enhance cash flow and profits.

Despite a weakening in macroeconomic factors, energy prices remain elevated due to geopolitical tensions, global supply chain issues, inflation, and increasing interest rates. In the short term, BW Energy Group is focused on increasing the production from the Dussafu licence area in Gabon to 40,000 barrels of oil per day. In Brazil, BW Energy Group has taken ownership and operatorship of the Golfinho assets. These initiatives are expected to significantly boost oil production and deliver substantial value to stakeholders.

Note 25 Climate risk

BW Energy Group is actively transitioning towards a lower carbon footprint, mindful of the impact from the climate change on its operations and the wider oil and gas industry. BW Energy Group anticipates ongoing regulatory focus on climate issues and greenhouse gas emissions, which could lead to revised taxation and other regulations, higher compliance costs, and changing investor and lender attitudes.

Such regulatory changes may affect our business and financial outlook. BW Energy Group is vigilant in monitoring these developments across our operational regions. Additionally, the shift towards alternative energy sources could decrease demand and prices for oil and gas, potentially leading to asset value impairments. To ensure resilience, BW Energy Group evaluates its assets under various oil price scenarios.

The future investments rely on operational cash flow, capital, and borrowing. The rising concern over climate change might increase capital costs as some investors and lenders have started to limit their engagement with the oil and gas sector. To counteract this, BW Energy Group engages with a diverse group of financial institutions and investors worldwide, continually revising the investment strategy to maintain a robust balance sheet.

Moreover, like most energy companies BW Energy Group faces risks from climate-induced weather changes and natural disasters, which could damage infrastructure, disrupt operations, and increase costs. Severe weather might also hinder drilling efforts and production. BW Energy Group has insurance in place to safeguard assets and revenues against such contingencies.

Note 26 Subsequent events

BW Offshore: Sale of shares in BW Energy to BW Group
On 22 January 2024 BW Offshore Limited ("BW Offshore") entered into an agreement with BW Group Limited ("BW Group") to sell all of BW Offshore's shares in BW Energy Limited. BW Offshore sold 58,111,461 (22.52%) shares in BW Energy at a price of NOK 32 per share, resulting in total proceeds to BW Offshore of NOK 1,860 million or approximately USD 176 million.

Note 27 Reserves (unaudited)

BW Energy Group engaged Netherland, Sewell & Associates, Inc. (NSAI) for certification of proved and probable reserves (2P).

Evaluations were based on standard petroleum engineering and evaluation principles. This includes 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, categorise and estimate volumes in accordance with the 2015 PRMS definitions and guidelines. The reserves 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 oil and gas reserves are as follows:

As of 31.12.2023 mmboe	WI	1P Gross	1P Net	2P Gross	2P Net
Developed assets:					
Dussafu Marin Permit	73.5%	66.6	48.9	94.5	69.4
Golfinho BES-100	100.0%	29.4	29.4	40.3	40.3
Total		96.0	78.3	134.8	109.7
Non-developed assets:					
Maromba BC-20A	95.0%	75.0	71.3	105.4	100.1

As of 31.12.2022 mmboe	WI	1P Gross	1P Net	2P Gross	2P Net
Developed assets:					
Dussafu Marin Permit	73.5%	65.1	47.8	96.2	70.7
Non-developed assets:					
Maromba BC-20A	95.0%	75.0	71.3	105.4	100.1

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 reserves are those additional reserves which are less certain to be recovered than proved reserves.

Developed assets include the Dussafu and Golfinho licences. Non-developed assets include the Maromba licence, where the project final investment decision is subject to conclusion of project financing activities.

During 2023 and 2022, BW Energy Group had the following reserves development:

mmboe	Developed assets 2P Net	Non-developed assets 2P Net	Total 2P Net
Balance at 31 December 2021	73.8		73.8
Production 2022	(2.8)		(2.8)
Revision of previous estimate	(0.3)		(0.3)
Balance at 31 December 2022	70.7	100.1	170.8
Production 2023	(5.9)	-	(5.9)
Acquisitions	40.3	-	40.3
Discoveries	4.9	-	4.9
Revision of previous estimate	(0.2)	-	(0.2)
Balance at 31 December 2023	109.7	100.1	209.8

Parent company financial statements

Statement of income

USD MILLION (Year ended 31 December)	Note	2023	2022
Revenue	3	25.3	4.0
Operating expenses	4	(29.9)	(20.6)
Operating profit		(4.6)	(16.6)
Interest income		10.5	5.8
Fair value gain/(loss) on financial instruments	8	0.1	7.4
Other financial items		(0.2)	(0.2)
Net financial items		10.4	13.0
Profit/(loss) before tax		5.8	(3.6)
Income tax expense	5	(0.2)	(0.7)
Net profit/(loss) for the year		5.6	(4.3)

The notes on pages 117–123 are an integral part of these financial statements.

Statement of comprehensive income

USD MILLION (Year ended 31 December)	2023	2022
Profit/(loss) for the year	**5.6**	(4.3)
Total comprehensive income for the year	**5.6**	(4.3)

The notes on pages 117–123 are an integral part of these financial statements.

Statement of financial position

USD MILLION (Year ended 31 December)	Note	2023	2022
ASSETS			
Intangible assets		**1.5**	0.2
Shares in subsidiaries	9	**412.9**	355.6
Long-term intercompany receivables	10	**104.6**	100.5
Derivates		**-**	9.2
Total non-current assets		**519.0**	465.5
Trade and other current assets		**0.7**	1.0
Short-term intercompany receivables	10	**8.6**	10.0
Cash and cash equivalents	7	**21.2**	65.6
Total current assets		**30.5**	76.6
Total assets		**549.5**	542.1
EQUITY AND LIABILITIES			
Share capital	6	**2.6**	2.6
Share premium		**550.1**	550.1
Other equity		**(91.2)**	(98.1)
Total equity		**461.5**	454.6
Trade and other payables		**2.8**	3.5
Short-term intercompany payables	10	**85.2**	83.9
Tax liabilities		**-**	0.1
Total current liabilities		**88.0**	87.5
Total equity and liabilities		**549.5**	542.1

The notes on pages 117–123 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 2022		2.6	550.1	(94.8)	457.9
Loss for the period		-	-	(4.3)	(4.3)
Share-based payments		-	-	1.1	1.1
Total equity at 31 December 2022		2.6	550.1	(98.1)	454.6
Equity at 1 January 2023		2.6	550.1	(98.1)	454.6
Gain for the period		-	-	5.6	5.6
Share-based payments		-	-	1.3	1.3
Total equity at 31 December 2022		2.6	550.1	(91.2)	461.5

The notes on pages 117–123 are an integral part of these financial statements.

Statement of cash flows

USD MILLION	Note	2023	2022
Operating activities			
Profit/(loss) before tax		**5.8**	(3.6)
Adjustment for:			
Currency exchanges differences			
Fair value change on financial instruments	8	**9.2**	(7.1)
Add back of net interest expense		**(2.5)**	(0.7)
Share-based payment expense		**1.3**	1.1
Changes in net working capital		**(4.2)**	(6.5)
Taxes paid	5	**(0.3)**	(0.7)
Net cash flows from/(used in) operating activities		**9.3**	(17.5)
Investing activities			
Investment in subsidiaries		**(1.3)**	(52.2)
Investment in intangible assets		**(1.3)**	(0.1)
Loans to subsidiaries	10	**(40.1)**	(9.2)
Interest received		**2.5**	0.7
Net cash flows used in investing activities		**(40.2)**	(60.8)
Financing activities			
Loans from subsidiaries	10	**(13.5)**	67.8
Net cash flows from financing activities		**(13.5)**	67.8
Net change in cash and cash equivalents		**(44.4)**	(10.5)
Cash and cash equivalents at 1 January		**65.6**	76.1
Cash and cash equivalents at 31 December		**21.2**	65.6

The notes on pages 117–123 are an integral part of these financial statements.

Notes to the Parent company financial statements

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 part of Euronext.

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 27 February 2024.

Note 2 Accounting policies

Basis of accounting

The financial statements of the Company have been prepared pursuant to IFRS ® Accounting Standards as adopted by the EU (IFRS). 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 all 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. Revenue is 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 fair value through profit or loss (FVTPL)

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 include trade and intercompany receivables and other short-term deposits.

Financial assets at fair value through profit or loss
Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value through profit or loss. The category includes interest rate swaps and oil price hedging contracts.

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 or loss (FVTPL). Such liabilities, including derivatives that are liabilities, are 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, 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.

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	2023	2022
Realised gain/(loss) on oil derivatives	**-**	(13.8)
Other revenue	**25.3**	17.8
Total revenue	**25.3**	4.0

There were no commodity hedges in the Company per year end 2022 and no commodity hedges in the Company during 2023. Commodity hedges are described in more detail under Note 18 of the consolidated financial statements.

Other revenue relates to overhead charges to subsidiaries in the BW Energy Group.

Note 4 Operating expenses

USD MILLION	2023	2022
Employee benefit expenses	**1.2**	2.6
Management and support services	**15.6**	8.7
Shared services	**3.4**	3.2
Legal fee	**0.7**	0.3
Consultant's fee	**3.1**	1.5
Director's fee	**0.4**	0.4
Audit fee	**0.3**	0.2
Travel	**0.9**	0.6
IT expenses	**2.8**	2.1
Other operating expenses	**1.5**	1.0
Total operating expenses	**29.9**	20.6

Note 5 Income tax

BW Energy Limited is a Bermuda registered company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The income tax for 2023 and 2022 concerns withholding tax which the Company is subject to in certain jurisdictions where the Company has financial income.

Note 6 Share capital

Authorised share capital:

At 1 January 2023: 300,000,000 ordinary shares at par value USD 0.01 each
At 31 December 2023: 300,000,000 ordinary shares at par value USD 0.01 each

Issued and fully paid	USD THOUSAND
At 1 January 2023	2,580
At 31 December 2023	2,580

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 2023)	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	21.2	-	21.2
Intercompany receivables	113.3	-	113.3
Other current assets	0.7	-	0.7
Intercompany payables	-	(85.2)	(85.2)
Other current liabilities	-	(2.8)	(2.8)
Total	135.2	(88.0)	

USD MILLION (Year ended 31 December 2022)	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	65.6	-	65.6
Intercompany receivables	110.5	-	110.5
Other current assets	1.0	-	1.0
Intercompany payables	-	(83.9)	(83.9)
Other current liabilities	-	(3.5)	(3.5)
Derivatives	9.2	-	9.2
Total	186.3	(87.4)	

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 18 of the consolidated financial statements. In 2022, the Company was exposed to commodity risk through commodity hedges that was settled during the year, for further reference see Note 3.

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. See Note 18 of the consolidated financial statements.

Credit risk

The Company's credit risk is primarily attributable to the amount due from the subsidiaries (non-trade). At 31 December 2023, 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 statement of financial position.

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

Subsidiaries	Country of incorporation	Ownership at 31 December 2023	Ownership at 31 December 2022
BW Energy Holdings Pte Ltd	Singapore	100%	100%
BW Energy Norway Management AS	Norway	100%	-
BW Energy OI Ltd	Bermuda	100%	100%
BW Energy Services Ltd	Bermuda	100%	-
BW Energy Trading Holdings Ltd	Bermuda	100%	-
BW Energy USA Management Inc.	USA	100%	100%
BW Kudu Holding Pte Ltd	Singapore	100%	100%
BW Maromba Holdings Pte Ltd	Singapore	100%	100%

Note 10 Intercompany receivables and payables

USD MILLION	2023	2022
Intercompany receivables long-term	**104.6**	100.5
Intercompany receivables short-term	**8.6**	10.0
Intercompany payables short-term	**85.2**	83.9

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 the operations in Gabon. Outstanding balances at year-end are unsecured.

KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of BW Energy Limited

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company BW Energy Limited (the Company), which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information, and
- 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 2023, 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 material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 relevant laws and regulations in Norway 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 4 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.

Offices in:

Oslo, Alta, Arendal, Bergen, Bodø, Drammen, Elverum, Finnsnes, Hamar, Haugesund, Knarvik, Kristiansand, Mo i Rana, Molde, Sandefjord, Stavanger, Stord, Straume, Tromsø, Trondheim, Tynset, Ulsteinvik, Ålesund

KPMG

Acquisition of Golfinho and Camarupim Clusters offshore Brazil

Reference is made to Note 20 Acquisitions and disposals in the Consolidated Financial Statements.

The Key Audit Matter	*How the matter was addressed in our audit*
In August 2023, the Group completed the transaction to acquire 100% working interest (WI) in the Golfinho and Camarupim Clusters and 65% WI in the BM-ES-23 block offshore Brazil from Petrobras. The consideration consisted of an initial cash consideration of USD 3 million at signing in June 2022 with USD 12.2 million due at closing and contingent payments up to USD 55 million tied to future oil price and production. The Group determined that the transaction be accounted for as an asset acquisition and as such the assets and liabilities have been recognised at acquisition cost, using their estimated fair values to allocate the proportionate value of the estimated acquisition cost to the underlying assets and liabilities. The acquisition resulted in the recognition of USD 142.6 million of property, plant and equipment, USD 28.4 million of intangible assets and USD 153.3 million of asset retirement obligations. Under the terms of the purchase and sale agreement, Petrobras will reimburse BW Energy for the abandonment cost after completion of decommissioning for designated wells for which a receivable was recognised of USD 33.6 million. We considered the transaction to be a significant unusual transaction.	We obtained the signed transaction agreement and considered the nature and business rationale and reviewed the minutes of meetings of the Board of Directors to determine that the agreement is approved in accordance with internal procedures, including involvement of the Board of Directors. We evaluated the Group's accounting analysis and considerations in concluding that the transaction should be accounted for as an asset acquisition instead of a business combination and assessed the relevant recognition and measurement criteria under IFRS Accounting Standards. We evaluated the objectivity and competence of the third party valuation and accounting specialists engaged by the Group to support with the accounting considerations, recognition and measurement of the acquired assets and associated liabilities. We involved KPMG valuation specialists to assess the technical accuracy and methodology used in the purchase price allocation to the acquired assets and related liabilities. We also evaluated the reasonableness of key inputs, such as future oil price, production volumes and operating costs included in the valuation model. We assessed the sufficiency of relevant disclosures in the Consolidated Financial Statements.