BW OFFSHORE

Annual Report and Sustainability Statement 2023

We engineer offshore production solutions to progress the future of energy

Contents

About Us

We are proud to have executed 40 FPSO and FSO projects, and our goal is to build on the four decades of accumulated offshore operations and project execution experience to create tailored offshore energy solutions for evolving global markets.

KEY FINANCIAL FIGURES

Operating revenues	USD million	659.2
EBITDA	USD million	305.5
EBIT	USD million	137.9
Operating cash flow	USD million	558.7
Net profit	USD million	97.6
Total assets	USD million	3 953.1
Total equity	USD million	1 195.3
Equity ratio		30.2%
Market cap	USD million	399
Enterprise value	USD million	1 795
Average BOE per day		65 000

EMPLOYEES
1 189

ASSETS IN OPERATION
3
+ 1 in construction

BACKLOG
6.6
USD billion

LTI
0.11
Per million hours

COMMERCIAL UPTIME
98.4%

CEO'S LETTER

Navigating a Continued Challenging Landscape

As I reflect on the challenges and successes of the past year, I am deeply aware of the complex macro environment in which BW Offshore operates. The global energy industry, particularly the FPSO (Floating Production, Storage and Offloading) sector, has been impacted by a myriad of factors, from escalating geopolitical tensions to the urgent need for cleaner energy solutions amidst the sobering impacts of climate change.

The dynamic market conditions have underscored the pressing need for both energy security and transition. Our strategic vision remains to engineer offshore production solutions to progress the future of energy, and I am proud to say that BW Offshore is steadfast in our commitment to leverage our extensive expertise and capabilities to navigate this evolving landscape and steer towards a cleaner, more sustainable future. We are actively exploring innovative solutions and embracing technological advancements to enhance operational efficiency and reduce environmental impact.

DELIVERING ON STRATEGY

Reflecting on highlights of 2023, several achievements stand out. The arrival of the hull of BW Opal in Singapore in November marked a pivotal milestone in the Barossa project, keeping the project on track for first gas as per schedule. Furthermore, the successful sale of BW Opportunity and the subsequent potential Engineering, Procurement, Construction and

Commissioning (EPCC) contract of the floating production solution for a large gas development in the Black Sea, signifies a substantial achievement, aligning seamlessly with our strategic objectives.

In 2023, we completed our fleet divestment programme. This strategic initiative addressed a complex global operational set up, and resolves the unbalanced monetary and operational risk/reward proposition associated with our legacy fleet. While this transition necessitated organisational changes, it has strengthened our foundation for future growth. Over the course of less than two years, we have undergone a significant organisational shift, emerging as a leaner and more agile company.

Additionally, in January 2024, the remaining 22.5 per cent ownership in BW Energy was sold to BW Group, raising approximately USD 176 million in proceeds.

These divestments have jointly strengthened our financial resilience, generating a total of approximately USD 507 million in proceeds. This accomplishment signifies the successful execution of the first leg of our strategy: extracting maximum value from the conventional business. With these divestments, we are now ready to advance the remaining two legs of our strategy: growing the core infrastructure FPSO segment and increasing our position in offshore renewable energy.

Recognising the still evolving nature of the floating offshore wind market, BW Ideol delisted in 2023 to enhance its access to new equity through private capital. Presently, BW Ideol is engaging with investors specialising in privately held growth companies, including industrial investors, to secure growth capital. A successful capital raise will enable BW Ideol to advance its growth plans and strengthen its position in the floating wind segment, including exploring potential Engineering, Procurement, Construction and Installation (EPCI) opportunities.

DRIVING SUSTAINABLE GROWTH

As we navigate the rapidly evolving energy landscape, the strategic positioning of BW Offshore is paramount to safeguard the company's future. The transition in the global energy market reflects growing public and environmental concerns, as well as political commitments to reduce carbon emissions.

> "As we continue to navigate the complexities of the energy industry, BW Offshore remains committed to delivering value to all stakeholders while contributing to a more sustainable future. Guided by our strategic vision, and fuelled by the dedication of our team, we stand well-prepared to seize the opportunities that lie ahead.
>
> **Marco Beenen**
> CEO

In 2023, we took important steps to drive sustainable growth for our company. We established a new Strategic Development function, with a clear focus on diversifying our asset portfolio. This includes exploring opportunities in energy transition fuels, as well as renewable technologies.

Recognising the integral role of sustainability in our strategic efforts, our Sustainability department is part of the Strategic Development function. This underlines our belief that strategy and sustainability are inherently interconnected. We are currently in the process of aligning our internal practices to report on sustainability matters deemed material to the company, in accordance with the requirements outlined in the EU's Corporate Sustainability Reporting Directive (CSRD) and its applicable European Sustainability Reporting Standards (ESRS).

As we continue to evolve and adapt to changing markets, driving sustainable growth remains a core focus for BW Offshore. We are committed to leverage our strategic initiatives to not only create value for our shareholders but also contribute positively to the global energy transition.

SAFEGUARDING PEOPLE AND ASSETS

In September 2023, despite our collective and unwavering focus on safety, an accident occurred in the yard where BW Opal was under construction, resulting in the loss of a subcontracted yard worker's life. This tragic incident serves as a stark reminder of the constant importance of focus on safety in all activities, both our own, and those of our subcontractors.

Our commitment to the highest international safety standards is unyielding. Safety is not just a priority; it is fundamental to our core business objective of achieving safe and secure operations with a commitment to zero harm.

At BW Offshore, our culture of continuous improvement remains central to a journey which will never end. Our second We LEAD Day exemplifies our aim to foster a culture defined by our values and leadership behaviours. As we continue to evolve, strengthening our culture will remain a focal point.

Progress in today's world is driven by a relentless pursuit of knowledge, experience, and technological advancements. At BW Offshore, we embrace this ethos as we strive for continuous improvement and innovation. Our digitalisation efforts enables us to enhance operational performance while simultaneously reducing our environmental footprint. However, with these advancements come new challenges and vulnerabilities.

One such challenge is the heightened risk of cyber-attacks. In the event of a targeted cyber-attack on one of our assets, the safety of our workers and the continuity of our business could be compromised. This highlights the critical importance of cyber security in safeguarding our operations.

While technology solutions and mitigations play a crucial role in defending against cyber-threats, our greatest asset in this endeavour is our people. Led by a competent IT team, our employees are at the forefront of mitigating the risks posed by cyber-attacks. Continuous focus on maintaining and improving our systems and processes is instrumental in protecting our organisation.

LOOKING TO THE HORIZON

The need for both energy security and transition has never been more pressing. Looking ahead, I am convinced that collaboration and joint initiatives among industry stakeholders and governments will be key in driving transformative change within the oil and gas sector, and beyond.

I would like to extend my gratitude to our business partners, vendors, and especially our dedicated teams, offshore and onshore, for their unwavering support throughout the year. As we continue to navigate the complexities of the energy industry, BW Offshore remains committed to delivering value to all stakeholders while contributing to a more sustainable future.

Guided by our strategic vision, and fuelled by the dedication of our team, we stand well-prepared to seize the opportunities that lie ahead.

Marco Beenen
CEO

ADVANCING LONG-TERM VALUE CREATION THROUGH STRATEGIC INITIATIVES

Directors' Report 2023

As a versatile offshore energy company, BW Offshore is committed to delivering secure and cost-effective energy solutions while actively contributing to the transition towards a world with reduced carbon emissions. These considerations underpin the Company's dedication to long-term value creation, driving both operational and corporate initiatives.

In 2023, BW Offshore concluded its strategic fleet divestment programme, releasing USD 331 million in gross liquidity by divesting lower yielding assets. The core FPSO fleet, supported by a robust backlog of approximately USD 6.6 billion, continued to deliver high commercial uptime, enabling the Company to maintain a solid financial position and distribute quarterly dividends to shareholders.

BW Offshore continues to progress the BW Opal FPSO according to schedule, for the Barossa project in Australia. As of year-end, the project was 79 per cent complete, with integration and commissioning phases advancing. Persistent cost inflation has had an impact on the project economics. Although these costs are expected to consume the project's economic buffers, the long-term lease economics remain favourable. Following the completion of the commissioning phase, the FPSO will be towed to the Barossa field for hookup in time for scheduled first gas.

BW Offshore benefits from the strong market demand for FPSOs, which is driven by high oil prices and continued focus on energy security. With a restricted supply side and limited competition, the Company is strategically placed to capitalise on new opportunities.

BW Offshore's commitment to BW Ideol is aligned with the Company's strategy to apply its competencies to drive value creation in the energy transition, and enable BW Offshore to become a provider of clean energy solutions in the coming decades.

Following the successful refinancing of the debt facilities in late 2023, combined with the sale

in January 2024 of BW Offshore's ownership in BW Energy, the Company is now well-positioned with a solid financial base to pursue growth in accretive offshore energy projects.

FPSO OPERATIONS

As of 31 December 2023, BW Offshore has three assets in operation and one under construction. The weighted average commercial uptime for the operating fleet in 2023 was 98.4 per cent (97.1 per cent in 2022).

By completing the sale of BW Opportunity, BW Athena, Espoir Ivoirien, Sendje Berge and ABO FPSO for a combined sum of USD 185 million, BW Offshore has completed its strategic divestment programme. The Company expects to receive the final instalment of USD 20 million for the sale FPSO Polvo in April 2024. Petróleo Nautipa was decommissioned from field in Gabon in 2023 and is expected to be sold for recycling in 2024.

OFFSHORE FLOATING WIND

BW Offshore actively participates in the energy transition through its 64 per cent ownership in BW Ideol. BW Ideol is recognised as a leading player in offshore floating wind technology and co-development with over 12 years of experience in the development of floating wind projects.

In July, BW Ideol and ADEME Investissement, a French state-owned financier specialising in infrastructure projects, announced a EUR 40 million equity funding agreement for BW Ideol's development activities. As part of this agreement, BW Ideol transferred its co-development portfolio to a newly established, jointly owned, project development company.

In December, Oslo Børs approved the delisting of BW Ideol's shares from Euronext Growth, a process initiated by a consortium consisting of existing shareholders through a voluntary tender offer. BW Offshore believes that the company is more suited to being private and accessing private capital given limited maturity of the floating offshore market. The delisting positions BW Ideol to raise capital more efficiently from investors that invest in privately held growth companies, including other industrial investors beyond BW Offshore. Furthermore, the management at BW Ideol would benefit from freed-up management time to focus on core activities to develop the company.

SUSTAINABILITY

BW Offshore is committed to sustainability and integrates corporate responsibility in all processes and daily operations. The Company's Sustainability Statement is prepared based on EU's Corporate Sustainability Reporting Directive (CSRD) and its applicable European Sustainability Reporting Standards (ESRS). For more information about the Company's impacts, risks and opportunities, please see the Sustainability Statement.

Health, Safety, Security, Environment and Quality

Health, safety, security, environment and quality ('HSSEQ') have the highest priority throughout the BW Offshore organisation. The Company has established policies and procedures for safety, security, occupational health and environmental management. BW Offshore prioritises safety in all its operations and 'Zero Harm' is an overriding objective for personnel and the environment to ensure all assets are operated in the safest manner. The Company also shows due respect for the individual, human rights and employment practices.

The overall incident rates are predominantly downwards trending, reflecting BW Offshore's commitment to operational integrity and safety. However, despite a collective and continuous focus on safety, an accident regrettably occurred in the yard where BW Opal was under construction in September, resulting in a fatality of a subcontracted yard worker.

Total HPI-rate (High Potential Incidents), LTI-rate (Lost Time Injury) and total TRI-rate (Total Recordable Injury) for BW Offshore in 2023 were 0.50, 0.11 and 0.89, respectively, measuring the 12-month average per million exposure hours. The rates for 2022 were 0.74, 0.22 and 0.44.

FINANCIAL PERFORMANCE

Income Statement

BW Offshore Group ('Group') revenue was USD 659.2 million in 2023 compared to USD 774.1 million in 2022. Total operating expenses were USD 353.7 million compared to USD 428.4 million in 2022.

Earnings before depreciation, amortisation, impairment and sale of assets (EBITDA) for 2023 was USD 305.5 million compared to USD 345.7 million in 2022. The reduction in EBITDA was mainly driven by the Company's decision to dispose of non-core assets, partly offset by reimbursement of expenses from the limited notice to proceed (LNTP) contract with Shell in 2022.

In 2023, BW Offshore recorded an impairment on Sendje Berge of USD 5.1 million as the consideration received was lower than the net book value.

In 2022, BW Offshore recorded an impairment related to capitalised cost on the Gato do Mato project opportunity that did not materialise of USD 15.8 million.

Operating profit was USD 137.9 million, compared to an operating profit of USD 123.6 million in 2022.

Share of profit of equity-accounted investments was USD 18.2 million compared to USD 9.9 million in 2022 and included BW Offshore's share of net result from the ownership in BW Energy. The variance was mainly due to higher share of profit from BW Energy.

Net financial expenses were USD 42.8 million compared to a financial gain of USD 16.2 million in 2022. The variance is mainly explained by a significant positive mark to market valuation from interest rate swaps during 2022 as long-term interest rates increased sharply during the year.

Tax expense amounted to USD 15.7 million compared to USD 20.2 million in 2022. The decrease was mainly driven by divestment of none-core assets.

Net profit for 2023 was USD 97.6 million compared to a net profit of USD 129.5 million for 2022.

Financial Position

As of 31 December 2023, the net equity was USD 1 195.3 million compared to USD 1 151.1 million as of 31 December 2022. The equity ratio at the end of 2023 was 30.2 per cent, compared to 32.9 per cent at the end of 2022. The decrease is mainly due to an increasing finance liability related to prepayment of the lease for BW Opal.

At year end, the Group had gross interest-bearing debt of USD 533.2 million compared to USD 727.2 million in 2022. The interest-bearing debt comprises mainly the BW Catcher facility, the corporate loan facility, a convertible bond and an unsecured high yield bond. The finance liability relating to the BW Opal FPSO was USD 1 022.1 million as of 31 December 2023, compared to USD 526.1 million as of 31 December 2022.

Net interest-bearing debt as of 31 December 2023 was USD 172.2 million compared to USD 497.4 million in 2022.

Cash Flow

Net cash inflow from operating activities was USD 558.7 million compared to net cash inflow of USD 650.3 million in 2022. A significant portion of the cash inflow is coming from pre-payment of charter rate for BW Opal.

Net cash outflow to investment activities amounted to USD 646.9 million, compared to USD 701.8 million in 2022. Majority of investment is related to the construction of BW Opal.

Net cash inflow from financing activities amounted to USD 218.9 million compared to cash inflow of USD 7.6 million in 2022. The variance primarily relates to effects from changes in net interest-bearing debt.

Dividends

In 2023, BW Offshore paid USD 25.3 million in cash-dividends to shareholders and distributed USD 18.0 million worth of BW Energy Limited shares as dividend in-kind equal to USD 0.24 per share.

PARENT COMPANY ACCOUNTS

BW Offshore Limited is a holding company. The Company reported a profit of USD 50.8 million for 2023, compared to a profit of USD 14.2 million in 2022. The variance is primarily related to higher dividend income in 2023, reversal of impairment expense and increase in expenses relating to front end engineering design (FEED) activities.

Total assets were USD 909.1 million as of 31 December 2023 compared to USD 1 084.9 million in 2022.

Total shareholders' equity in BW Offshore Limited as of 31 December 2023, was USD 216.4 million, corresponding to an equity ratio of 23.8 per cent.

GOING CONCERN

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

ORGANISATION

BW Offshore is represented in the major energy regions worldwide, across Asia Pacific, the Americas, Europe and West Africa, supported by local onshore teams and is an organisation with a global presence.

At year-end 2023, the workforce totalled 1 189 employees including contract staff, a reduction from 1 733 in 2022, primarily as a result of the divestment of non-core FPSOs. Across the organisation the gender balance was 18 per cent female and 82 per cent male.

In 2023, onshore absence due to sickness was 2.1 per cent of the total hours worked by employees. This compares to 2.4 per cent in 2022.

BW Offshore has a strong culture and working environment, which it continuously seeks to reinforce and improve. The Company strives to offer a positive and inclusive workplace that enables challenging careers with equal development opportunities for all. Remuneration, promotion, and recruitment processes are designed to be fair, equitable and free from discrimination. For more information, please see the Diversity, Inclusion & Equality Report available on the Company's website.

CORPORATE GOVERNANCE

The Board of Directors of the Company has adopted a Corporate Governance Policy to reflect BW Offshore's commitment to good corporate governance. BW Offshore's Corporate Governance Policy complies with the Norwegian Guidelines, with certain deviations, as outlined and explained in the Corporate Governance Report in this Annual Report.

RISK

BW Offshore's risk exposure is analysed and evaluated to ensure sound internal control and appropriate risk management based on internal values, policies and the Code of Ethics and Business Conduct. The Group's activities expose the Company to a variety of financial risks: currency risk, interest rate risk, credit risk, liquidity risk and capital risk. The Group also considers potential future climate change related risks and opportunities, and conducted a Double Materiality Assessment in 2023. More information is provided in the Company's Sustainability Statement.

The most important operational risk factors are related to project execution and the operation of FPSOs, which could lead to accidents and oil spills to the environment if not managed properly. Additionally, Cyber Security risk is closely monitored by the Company to ensure safeguards and response plans are in place to mitigate any attack on its assets.

The Group has a comprehensive insurance programme where it has coverage for what is customary in the industry, Including loss of hire insurance on FPSOs.

BW Offshore has purchased and maintains a Directors and Officers Liability Insurance issued by a reputable insurer with appropriate rating.

The overall financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Inflationary pressures due to supply chain and logistics challenges have increased project execution risks, affecting cost management processes and potentially also profitability of projects. BW Offshore maintains focus on mitigating potential impact from ongoing global supply chain disruptions when evaluating new project opportunities.

Longer-term, a shift of investor attention towards energy transition activities is likely to continue with increased capital allocation towards electrification and clean fuels. This may over time lead to increased uncertainty related to access to financing and the capital cost for new hydrocarbon-based projects, as well as increased costs to comply with changing regulatory requirements.

BW Offshore's operational activities are subject to tax in various jurisdictions. As contracts with clients are long-term by nature, the Group's results are exposed to risk of changes to tax legislation although this is largely mitigated through change in law provisions with clients.

OUTLOOK

BW Offshore expects that the fleet will continue to generate significant cash flows in the time ahead. Based on the contract backlog, BW Offshore maintains the guidance of reporting an EBITDA in the range USD 290—310 million for 2024.

Growing energy demand, underinvestment in production capacity and geopolitical conflicts continue to support high oil and gas prices and drive interest for developing new infrastructure-type FPSO projects. These projects typically have long production profiles, low break-even costs and focus on lower emissions. Increased project complexity, combined with inflationary pressures and higher construction costs, necessitates financial structures with significant dayrate prepayments during the construction period for new lease and operate projects. Alternatively, oil and gas majors may finance and own FPSOs, relying on FPSO specialists for the design, construction and installation scope, combined with operation and maintenance services.

BW Offshore will continue to selectively evaluate new projects that meet required return targets, offer a firm contract with no residual value risk, and provide a financeable structure with strong national or investment-grade counterparties.

BW Offshore is also actively applying its offshore engineering and operational capabilities to drive future value creation within the energy transition by developing low-carbon and clean energy production solutions. This includes exploring new ventures that target significant market opportunities emerging within gas-to-power, ammonia and carbon capture, as well as combining FPSO and floating offshore wind capabilities to grow in new, adjacent areas. BW Offshore maintains a disciplined approach with selective and diligent allocation of capital. The delisting of BW Ideol is expected to facilitate funding and execution of the company's dual-leg growth strategy as EPCI provider and project co-developer.

28 February 2024

Sign	*Sign*	*Sign*	*Sign*	*Sign*
Mr Andreas Sohmen-Pao	Ms Rebekka Glasser Herlofsen	Mr Maarten R. Scholten	Mr René Kofod-Olsen	Mr Carl K. Arnet
Chairman	Director	Director	Director	Director

Board of Directors

ANDREAS SOHMEN-PAO

Chair

Andreas Sohmen-Pao is Chair of BW Group and listed affiliates BW Offshore, BW LPG, Hafnia, BW Epic Kosan, BW Energy and Cadeler. He is also Chairman of the Global Centre for Maritime Decarbonisation, and a trustee of the Lloyd's Register Foundation.

Mr Sohmen-Pao was previously Chairman of the Singapore Maritime Foundation and has served as a non-executive director of Hongkong and Shanghai Banking Corporation Ltd, London P&I Club, Singapore Symphonia Company, National Parks Board Singapore, Sport Singapore and the Maritime and Port Authority of Singapore amongst others.

REBEKKA GLASSER HERLOFSEN

Director

Rebekka Glasser Herlofsen has over 25 years of experience from the shipping and finance industries, and has served on the management teams of several leading Norwegian shipping companies.

Ms Herlofsen is a board member of Equinor ASA, Rockwool International A/S, the Torvald Klaveness Group, Wilh. Wilhelmsen Holding ASA and Egmont Group, and Chair of the boards of the marine insurer Norwegian Hull Club and of Handelsbanken Norway.

Ms Herlofsen is independent from the Company's management, major shareholders and principal business associates.

MAARTEN R. SCHOLTEN

Director

Maarten R. Scholten has over 30 years of extensive legal, financial and operational experience in the upstream oil and gas sector.

Mr Scholten has held senior and executive positions at Schlumberger spanning two decades. He was co-founder of Delta Hydrocarbons, an alternative investment fund in the upstream oil and gas sector and held the role of General Counsel at TotalEnergies SA from 2013 to 2017.

Mr Scholten is independent from the Company's management, major shareholders and principal business associates.

RENÉ KOFOD-OLSEN

Director

René Kofod-Olsen has experience from almost three decades in the global shipping and energy industries.

Mr Kofod-Olsen was appointed Chief Executive Officer and Board Executive of V.Group in 2020. In 2012, he was appointed Chief Executive Officer of Topaz Energy & Marine, a position he held until the company's successful divestment in 2019. He stepped down after completing the integration process in 2020.

Mr Kofod-Olsen is independent from the Company's management, major shareholders and principal business associates.

CARL K. ARNET

Director

Carl Krogh Arnet has over 40 years of experience in the oil and gas industry.

Mr Arnet is currently the Chief Executive Officer of BW Energy Limited. Prior to this role, he was the Chief Executive Officer of BW Offshore Limited.

Mr Arnet holds a number of other board memberships and chairmanships in non-related companies and has served as a non-executive director of the Maritime and Port Authority of Singapore.

Senior Management

MARCO BEENEN
CEO

STÅLE ANDREASSEN
CFO

ANDERS S. PLATOU
CSO

KEI IKEDA
COO

RUNE BJORBEKK
CCO

MAGDA VAKIL
General Counsel

COMMITTEES

	Gender	Role
Audit Committee		
Rebekka Glasser Herlofsen	F	Chair
René Kofod-Olsen	M	Member
Nomination Committee		
Sophie Smith	F	Chair
Bjarte Bøe	M	Member
Elaine Yew Wen Suen	F	Member
Technical and Commercial Committee		
Carl K. Arnet	M	Chair
Maarten R. Scholten	M	Member
Compensation Committee		
Andreas Sohmen-Pao	M	Chair
Maarten R. Scholten	M	Member

Read more about the committees on the Company's website.

Corporate Governance Report

BW Offshore Limited is a Bermuda limited liability company listed on Oslo Børs (the 'Oslo Stock Exchange' – part of Euronext). BW Offshore Limited ('BW Offshore' or 'Company') and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws.

Certain aspects of the Company's activities are governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the Company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

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

The Board therefore commits the Company to good corporate governance and seeks to comply with the most current version of the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the 'Code'), prepared by the Norwegian Corporate Governance Board.

This review addresses each individual section of the Code and provides an explanation and description of the chosen alternative approach if the Company does not fully comply with the Code.

Deviations to the Code

On 31 December 2023, the Company did not comply with the following recommendations of the Code:

- **Section 3**: Board powers to issue and purchase shares are neither limited to specific purposes nor to a specified period.
- **Section 5:** Bye-laws include a right for the Board to decline to register the transfer of shares.
- **Section 8**: The composition of the Board does not meet the recommended gender guidelines of the Code.

2 THE BUSINESS

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

The Board is responsible for and shall take the lead on the Company's strategic planning, and should define clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for the shareholders, other stakeholders and society at large in a sustainable manner.

The Company's objectives, main strategies and risk profiles are subject to annual review and described in the Sustainability Statement, and take into consideration financial, social and environmental factors. Identified risks and opportunities are further described in the Sustainability Statement, and a corporate risk registry is regularly reviewed by the Company and at least annually by the Board.

BW Offshore has implemented corporate values and ethical guidelines that are described in the Company's Code of Ethics and Business Conduct and internal policies, as outlined in the Sustainability Statement. The Company's expectations of vendors and third parties are stated in the BW Offshore Supplier Code of Ethics and Business Conduct and in the Supplier Ethical Employment Practice Guideline. These documents are available on the Company's website www.bwoffshore.com.

3 EQUITY AND DIVIDENDS

Equity and Capital Structure

As of 31 December 2023, the Company's consolidated equity was USD 1 195.3 million, which is equivalent to 30.2 per cent of total assets. The Board continuously evaluates the Company's capital requirements to ensure that the Company's capital structure is at a level which is suitable considering the Company's objectives, strategy and risk profile.

Dividend Policy

Pursuant to the Company's Bye-laws, the Board is authorised to declare dividends to the shareholders. The Board has drawn up a clear and predictable dividend policy, which was last revised and approved by the annual general meeting on 18 May 2020:

"BW Offshore has an objective to generate competitive long-term total shareholder returns. This return will be achieved through growth and dividend payments. The Company targets to pay dividends on a quarterly basis. The Board of Directors will target a sustainable dividend level that can grow over time, taking into account the overall cash flow position and future capital requirements. In addition to paying a cash dividend, BW Offshore may also buy back shares as part of its plan to distribute capital to shareholders."

During 2023, the Company paid a total of approximately USD 0.24 per share in dividends as a combination of cash and in-kind distributions of shares in BW Energy Ltd. The cash dividend payments totalled USD 0.14 per share split between four payments in March, June, September and November. The dividend in-kind amounted to approximately USD 18 million in the form of 7 460 972 BW Energy shares distributed to BW Offshore shareholders, equivalent to approximately USD 0.10 per share. The in-kind dividend was paid in March, June, September and November.

Authorisations to Issue New Shares and Share Buy-Backs

Pursuant to Bermuda law and as is common practice for Bermuda-incorporated companies, the Board has wide powers to issue any authorised unissued shares in the Company on such terms and conditions as it may decide, and may exercise all powers of the Company to purchase the Company's own shares. The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code. On 31 December 2023, the total authorised share capital in the Company was USD 214 million.

Share Option Programme for Key Employees

On 8 April 2019, the Group established a long-term share option programme (LTIP) that entitles key personnel to purchase shares in the Company. The programme is discretionary, and participants are invited on an annual basis. Under the programme, holders of vested options are entitled to purchase shares at the market price of the shares at the grant date.

In 2023, a total of 1 849 600 options were awarded under the LTIP, giving the holder the right to acquire one BW Offshore share. 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 per cent. A total of 60 BW Offshore employees were invited to participate in the programme. The options have a three-year vesting period, followed by a three-year exercise period. Exercise windows are set by the Company. The options will expire six years after the award date. A claw back policy is applicable and is described in the Terms and Conditions of the LTIP.

Purchase of Own Shares

There were no transactions related to the Company's own shares in 2023. On 31 December 2023, BW Offshore held a total of 4 141 437 treasury shares or 2.24 per cent of the total number of issued shares.

4 EQUITABLE TREATMENT OF SHAREHOLDERS

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

Pre-Emption Rights to Subscribe

Pursuant to Bermuda law and common practice for Bermuda-incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. The Code requires that any decision to issue shares without pre-emption rights for existing shareholders shall be justified. In the event that BW Offshore waives the pre-emption rights of existing shareholders, the Board will explain the justification in the stock exchange announcement issued in connection with the increase in share capital. There were no share issues in 2023.

Trading in Own Shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or with reference to prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. See section 3 on page 16 for details about trading in treasury shares during 2023.

5 SHARES AND NEGOTIABILITY

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

6 GENERAL MEETINGS

The annual general meeting normally takes place on or before 31 May each year. The 2023 annual general meeting was held on 22 May. The Board seeks to ensure that as many shareholders as possible can participate in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board. In order to facilitate this:

- the notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 calendar days prior to the date of the general meeting.
- the resolutions and supporting documentation, if any, shall be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the meeting.
- the registration deadline, if any, for shareholders to participate at the general meeting shall be set as closely to the date of the general meeting as practically possible and permissible under the provision in the Bye-laws.
- the shareholders shall have the opportunity to vote separately on each individual matter, including on each individual candidate nominated for election to the Company's Board and committees (if applicable).

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

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

It is not uncommon in Bermuda-incorporated companies for the Chair to preside over a general meeting. Consistent with the recommendations of the Code that the Board should ensure that the general meeting may elect an independent person to chair the meeting, the Company's Bye-laws were amended in the 2022 AGM to include that an independent person can be appointed to chair the meeting.

The minutes of the annual general meeting are published on the Company's website no later than three business days after the date of the meeting.

7 NOMINATION COMMITTEE

The nomination committee is governed by the Company Bye-laws section 37.3.

The Nomination Committee composition is determined by the Company's general meeting from time to time, and the members are appointed by a general meeting resolution, including the chair of the committee. The general meeting determines the remuneration of the Nomination Committee and stipulates guidelines for the duties of the Nomination Committee. The guidelines are available at the Company's website, and the Company will provide shareholders with any deadlines for submitting proposals for candidates to the Nomination Committee.

The composition of the Nomination Committee should reflect a broad range of shareholder interests. The Code recommends that the majority of the committee shall be independent of the Board and the executive personnel of the Company. The Nomination Committee shall not include the Company's Chief Executive Officer or any other executive personnel. None of the members of the Nomination Committee of the Company is a member of the Board or executive personnel.

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

NOMINATION COMMITTEE

Name	Role	Considered independent of the board of directors and executive personnel	Served since
Ms Sophie Smith	Chair	Yes	2022
Mr Bjarte Bøe	Member	Yes	2014
Ms Elaine Yew	Member	Yes	2014

8 THE COMPOSITION AND INDEPENDENCE OF THE BOARD

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

The composition of the Board ensures that it can act independently of any special interests. A majority of the shareholder-elected members of the Board are independent of the Company's executive personnel and material business connections of the Company. In addition, at least three of the members of the Board are independent of the Company's major shareholder(s). A major shareholder is defined as owning 10 per cent or more of the Company's shares or votes, and independence entails that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The Board does not include the Company's Chief Executive Officer (CEO) or any other executive personnel. The composition of the Board does not meet the recommended gender guidelines of the Code but meets the Company's need for expertise and diversity. A short description of our Directors and their respective areas of expertise are presented on the Company's website.

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

BOARD OF DIRECTORS

Name	Role	Considered independent of the main shareholder and executive personnel	Served since	Term expires	Participation in board meetings in 2023	Shares in BW Offshore (direct/indirect)	Nationality
Mr Andreas Sohmen-Pao	Chair	No	2014	2024	100%	90 245 285	Austrian
Ms Rebekka Glasser Herlofsen	Director	Yes	2020	2024	100%	0	Norwegian
Mr Maarten R. Scholten	Director	Yes	2010	2024	100%	160 761	Dutch
Mr René Kofod-Olsen	Director	Yes	2019	2024	100%	13 183	Danish
Mr Carl Krogh Arnet	Director	No	2019	2024	100%	0	Norwegian

9 THE WORK OF THE BOARD

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

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

In case of any material transactions between the Company and a shareholder, a shareholder's parent company, director, officer, or persons closely related to any of these (collectively referred to as 'related parties'), the Company has in place guidelines and procedures as to how the Board and executive personnel of the Company shall handle agreements with related parties, including when the Board should obtain a valuation from an independent third party. Independent valuations shall also be obtained in respect of transactions between companies within the same group where any of the companies involved have minority shareholders. For more information regarding related party transactions, see Note 25 of the financial statement.

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

In order to conduct its work, the Board annually schedules in advance quarterly meetings of the Board for the following calendar year, although additional meetings may be called by any director of the Company. The Board held an aggregate of six meetings in 2023. The directors normally meet in person, but if allowed by the Chair, directors may participate in any meeting of the Board by means of telephone or video conference. Minutes in respect of the meetings of the Board are maintained by the Company in Bermuda.

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

On 31 December 2023, the Company had the following Board-appointed Committees:

Audit Committee

The Audit Committee acts as an advisory committee to the Board. The Audit Committee is responsible for reviewing the financial statements of the Company, and advising the Board as to whether they show a true and fair view and have been prepared in accordance with the law and all regulations and standards applicable to the Company. The Audit Committee also reviews the Company's key areas of exposure to risk and internal control arrangements, as well as an annual supervisory plan for internal audit work. The Audit Committee reviews the compliance systems and procedures, and follows up on internal controls in connection with quarterly reviews of the Group's financial reporting. The Audit Committee oversees the Company's annual Sustainability Statement and assesses the efforts of the Company to satisfy external stakeholder expectations and align with corporate strategy and value creation and report to the Board accordingly. At least once a year, the Audit Committee reviews the Company's internal control procedures relating to its financial reporting process. On 31 December 2023, the Audit Committee consisted of

Rebekka Glasser Herlofsen (Chair) and René Kofod-Olsen, both of whom are independent members of the Board.

Technical and Commercial Committee

The Technical and Commercial Committee acts as a preparatory and advisory committee to the Board in respect of the management of the Company's business. Matters reviewed by the Committee, and reported to the Board, include commercial and technical matters relating to the Company's operations, and marketing and tender activities of the Company. At least once a year, the Technical and Commercial committee will also review the systems utilised by the Company for identifying areas of material business risk, for measuring their possible impact on the Group and the procedures in place to mitigate the impact of such risks. On 31 December 2023, the Technical and Commercial Committee consisted of Carl K. Arnet (Chair) and Maarten R. Scholten, both of whom were also members of the Board.

Compensation Committee

The Compensation Committee acts as a preparatory and advisory committee for the Board in order to ensure thorough and independent preparation of matters relating to compensation to the executive personnel. On 31 December 2023, the Compensation Committee consisted of Andreas Sohmen-Pao (Chair) and Maarten R. Scholten, both of whom were also members of the Board.

The Terms of Reference for the Audit Committee and the Guidelines for the Nomination Committee and the Technical and Commercial Committee are available on www.bwoffshore.com.

10 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Head of Corporate Integrity is responsible for the internal audit in BW Offshore and reports relevant matters directly to the Audit Committee. In addition to its own controlling bodies and external audit, BW Offshore is subject to external supervision by DNV for classification in accordance with relevant ISO standards.

The Board's Audit Committee follows up internal control in connection with quarterly reviews of the Group's financial reporting. The CFO, the Company's other relevant senior staff and representatives of the external auditor, attend the meetings of the Audit Committee.

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

The Company's Code of Ethics and Business Conduct provides guidance on how employees and other stakeholders can report matters relating to illegal or unethical conduct by the Company.

11 REMUNERATION OF THE BOARD OF DIRECTORS

The general meeting decides the remuneration of the Board based on a proposal from the Nomination Committee. The remuneration of the Board and its individual directors shall reflect the Board's responsibility, competence, use of resources and the complexity of the business activities. The remuneration of the directors shall not be linked to the Company's performance and the directors do not receive profit-related remuneration or share options or retirement benefits from the Company. Any remuneration in addition to normal fees to the directors is specifically stated in the annual report. Detailed information of Board remuneration can be found in Note 8 of the consolidated financial statements.

Directors or companies related to BW Offshore shall not normally undertake special tasks for the Company in addition to the directorship.

However, if they do so, the entire Board shall be informed and the fee, if any, shall be approved by the Board.

12 SALARY AND OTHER REMUNERATION OF THE EXECUTIVE PERSONNEL

Salary and other remuneration of the executive personnel is reviewed annually by the Compensation Committee, which generally considers the executive personnel's performance and also gathers information from comparable companies before making its recommendation to the Board for approval. Such recommendation shall contribute to execution of strategy, long-term value creation and financial viability and ensure convergence of the interests of the executive personnel and the shareholders. The Guidelines on Executive Remuneration is available on the Company's website.

Any performance-related remuneration to executive personnel is subject to an absolute limit. The limit is approved by the Board based on a recommendation from the Compensation Committee, which is available on the website. The maximum potential pay-out of the Variable Compensation Scheme for the Senior Management Team is set at six months' salary.

Any share option programme in the Company available to the employees of the Company, and subsidiaries, requires the approval of the Board.

Detailed information of remuneration, loans, shareholding of the management and any share option programmes can be found in Note 8 of the consolidated financial statements.

13 INFORMATION AND COMMUNICATIONS

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

Please see the Investor Relations Policy available on www.bwoffshore.com.

14 TAKE-OVERS

In the event of a takeover process, the Board shall ensure that the Company's shareholders are treated equally and that BW Offshore's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer. In the event of a takeover process, the Board shall abide by the principles of the Code, and also ensure that the following take place:

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

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

If an offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement. The Board shall consider whether to obtain a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall obtain an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in section 8, on page 18). Any such valuation should either be enclosed with the Board's statement or reproduced or referred to in the statement.

15 AUDITOR

The auditor is appointed by the general meeting and is independent of the business of the Company. The auditor shall annually confirm its independence in writing to the Audit Committee. On 31 December 2023, the external auditor of the Company was KPMG AS.

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

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

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

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

The auditor's remuneration is approved by the shareholders at the general meeting or in such manner as the general meeting may determine. For more information about remuneration of the auditor, see Note 8 in the consolidated financial statements.

Shareholder Information

It is in the interest of BW Offshore, as a public listed company, to effectively communicate with the financial community and other stakeholders in order to provide consistent and transparent information to ensure fair treatment of all stakeholders. The integrity of the capital markets is based on full and fair disclosure of information.

BW Offshore will maintain a reliable and open relationship with investors, and the company's objective is to provide a higher return than alternative investments with a comparable risk profile. Return is measured on a total shareholder return basis, including both share price performance and dividend payments. Based on these value parameters, the BW Offshore share shall be an attractive investment opportunity.

All shareholders in BW Offshore have equal rights and the company treats all shareholders equally. The company has one share class and each share carries one vote at the company's general meetings. BW Offshore is a Bermuda limited liability company listed on the Oslo Stock Exchange. The company is therefore obliged to comply with the Bermuda Companies Act, its Memorandum of Association and its Bye-laws, as well as the disclosure requirements of the Oslo Stock Exchange. Certain aspects of the company's activities are governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

BW Offshore is committed to providing timely, orderly, consistent and credible information. Information and communication are regulated by the company's media policy and investor relation policy, and cover disclosures to the investment community, the press, industry consultants and other audiences. All investors have equal access to material information, and all information provided externally by the company shall be consistent with disclosures to the investment community.

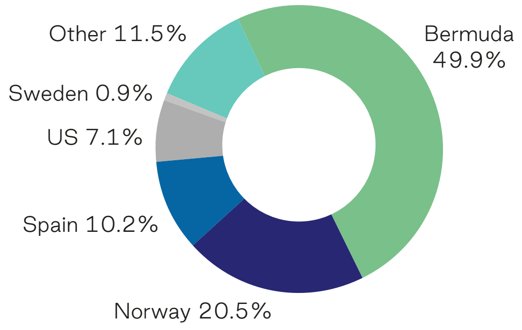
During a period of two weeks before the planned release of an interim financial report, BW Offshore will not comment on matters related to the company's financial performance or expectations, save for ordinary communication with analysts and investors on general aspects of the business.

BW Offshore maintains a list of primary insiders in the company, and will also maintain internal lists for insiders in cases sensitive to the stock prices.

The investor relations activities aim to ensure that:

- The information it provides to the financial markets gives market players the best possible basis for establishing a precise picture of the company's financial condition and factors which might affect its future value creation.
- The market price of BW Offshore's shares reflects the fair value of the company.
- BW Offshore's shares remain as liquid as possible, with lowest possible volatility.
- BW Offshore maintains access to capital markets on the most favourable possible terms.
- BW Offshore's Board of Directors and executive management are adequately informed about developments in financial markets and about stakeholder views on the company's position and development.

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS



20 LARGEST SHAREHOLDERS

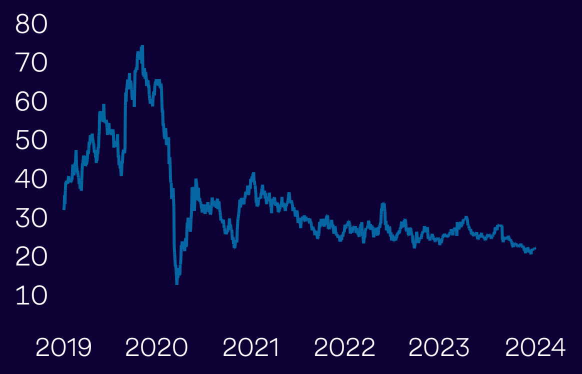
	Name	No of shares	Holding %
1	BW Group Limited	90 245 285	49.91%
2	Cobas Asset Management SGIIC S.A.	18 812 015	10.40%
3	Salt Value AS	4 515 464	2.50%
4	Dimensional Fund Advisors	3 439 793	1.90%
5	Vanguard	3 215 137	1.78%
6	Sissener AS	3 000 000	1.66%
7	Arctic Fund Management	2 045 283	1.13%
8	American Century Investment Management	1 594 633	0.88%
9	Nordnet Livsforsikring AS	1 291 263	0.71%
10	DNB Asset Management AS	1 194 952	0.66%
11	Nordnet Bank AB	1 108 309	0.61%
12	BlackRock	1 107 913	0.61%
13	NHO – Næringslivets Hovedorganisasjon	806 146	0.45%
14	Harald Espedal	751 325	0.42%
15	AS Clipper	736 525	0.41%
16	Heimdal Fonder	600 000	0.33%
17	Helmer AS	600 000	0.33%
18	Kjetil Øglend Hansen	554 679	0.31%
19	Charles Schwab Investment Management Inc	549 278	0.30%
20	State Street Global Advisors	534 783	0.30%

BW Offshore has issued a total of 184 956 320 shares of which 4 141 437 were held as treasury shares as of 31 December 2023. The year-end total number of outstanding shares stood at 180 814 883.

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including VPS, Morningstar, Norwegian Financial Supervisory Authority (Finanstilsynet), Millistream. The verification date may vary for certain shareholders.

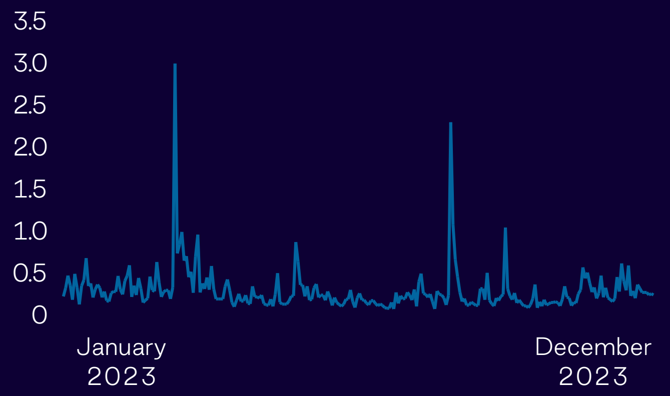
SHARE PRICE

NOK



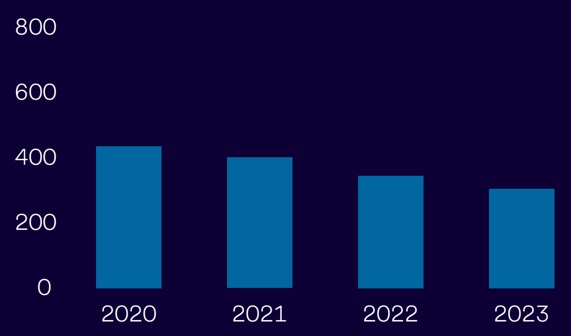
VOLUME

Million (number of shares)



EBITDA[1]

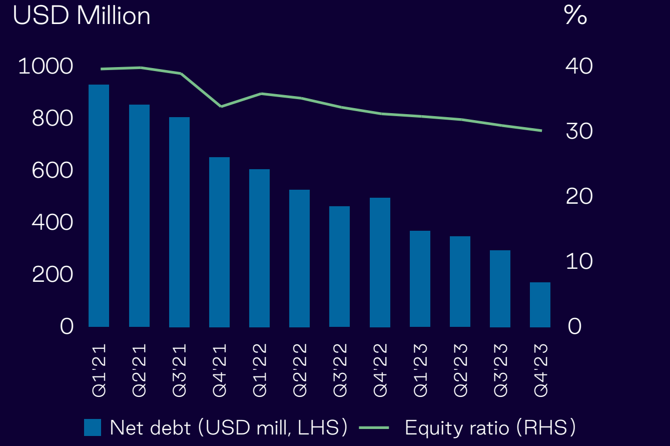
USD Million



[1] Adjusted for discontinued operation.

NET DEBT & EQUITY RATIO

USD Million



Sustainability Statement

Key Figures for 2023

SAFE AND SECURE OPERATIONS

2
Number of LTIs

0.11
LTI rate

ENVIRONMENTALLY CONSCIOUS OPERATIONS

-36.5%
Reduction of Scope 3 emissions intensity in 2023 compared to 2022

0
Number of significant oils spills

NON-DISCRIMINATING AND FAIR EMPLOYER

4%
Increase of female workforce

93.7%
Onshore workforce entitled to take family-related leave

STRONG GOVERNANCE FRAMEWORK

10
Number of speak-ups

100%
Direct vendors screened for social criteria

Reporting Practices and Basis for Preparation

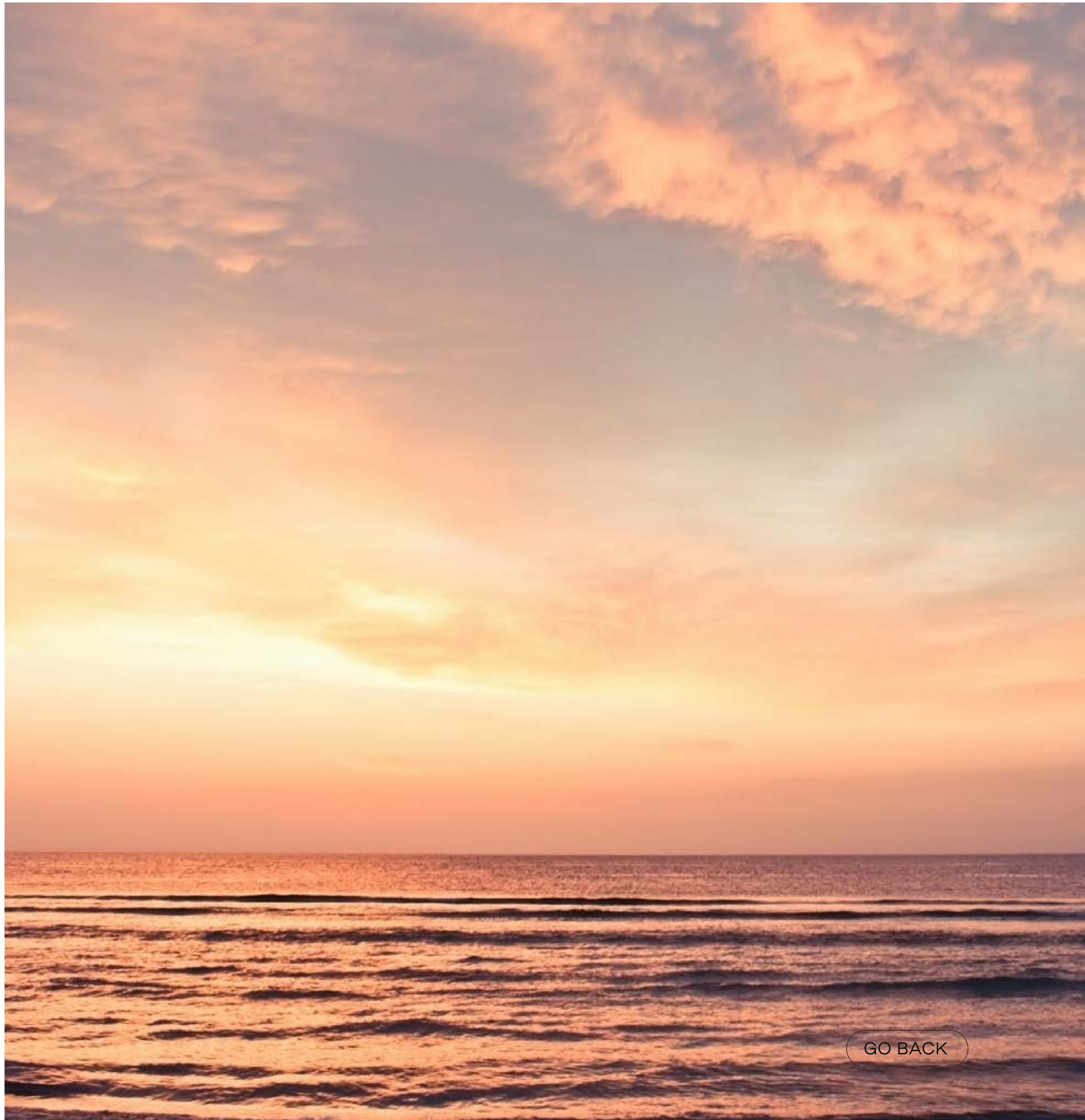
BW Offshore's Sustainability Statement for the fiscal year 2023 (1 January 2023 to 31 December 2023) is prepared based on EU's Corporate Sustainability Reporting Directive (CSRD) and its applicable European Sustainability Reporting Standards (ESRS).

The content of this Statement is based on the results of a 2023 Double Materiality Assessment (DMA) performed in accordance with the requirements set out in the CSRD and ESRS, and includes topics that are relevant to our stakeholders or required by national regulations the company follows.

In accordance with the CSRD, we have integrated the essential aspects of the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD) into our reporting framework, ensuring a unified approach towards comprehensive and transparent disclosure practices.

Operating in several parts of the world, BW Offshore actively manages impacts, risks and opportunities identified through our activities, and adjusts our strategy on a regular basis to reflect our priorities and economic, financial and regulatory conditions. The entities comprised in BW Offshore's Sustainability Statement are included in Note 20 of the consolidated financial statements. The Statement has been prepared on a consolidated basis, with the exclusion of BW Ideol and OCS Services.

In accordance with transitional provisions in the ESRS, certain information related to our value chain is omitted in cases where no data with



satisfactory integrity was available at the time of reporting.

BW Offshore follow ESRS' definitions of time horizons, which are also consistent with our Enterprise Risk Management framework. Short-term horizons are defined as one year and are aligned with the company's financial reporting. Basis for preparation of metrics and value chain data is described in the relevant chapters, along with actions planned for improvement where applicable.

This Statement has been reviewed by Senior Management and the Audit Committee, and approved by the Board of Directors (the Board).

Changes in Preparation or Presentation of Sustainability Information

As part of shifting the company's reporting practices to align with the ESRS, the following changes have been incorporated when preparing this Statement: To align with industry practices, and informed by chapter 3 of IPIECA's petroleum industry guidelines for reporting greenhouse gas emissions (2011), BW Offshore have redefined our Scope 1 and Scope 3 emissions in 2023. Freon gases, such as Hydrochlorofluorocarbons (HCFCs) and Hydrofluorocarbons (HFCs) are moved from Scope 1 to Scope 3, and historical data has been restated in this statement to provide comparable data. Historical emission intensity numbers have also been restated as a result of the change of scope definitions.

Additionally, we have added electricity purchased for yard-based facilities, based on utility metered consumption, to our Scope 2 metrics in 2023. As no data for yard-based facilities is available for prior years, historical Scope 2 metrics have not been restated.

GOVERNING BODIES

The composition and independence of the Board is described in chapter 8 of the the Corporate Governance Report (page 18), while roles and responsibilities of the committees are included in chapter 9 (page 19–20).

The members of the Board have extensive knowledge in areas related to sustainable development. Skills and knowledge are acquired through positions held in various boards and committees, and through participating in relevant events and forums. Our Chair, Andreas Sohmen-Pao, has broad experience from investing in companies that support the energy transition through his role as Chairman of BW Group. Significant investments have been made

by BW Group within solar, wind and batteries, while growing platforms in the circular economy, such as within biofuels and water. Additionally, Sohmen-Pao holds the position as Chairman of the Global Centre for Maritime Decarbonisation. Read more about our Board of Directors on page 13.

The Audit Committee is appointed by the Board to oversee BW Offshore's sustainability efforts, and receives quarterly updates from the company. The Committee monitors the preparation and assurance of sustainability reporting, including double materiality assessments. The Committee shall also evaluate the knowledge of climate risks within the Board and Management. In 2023, the

Audit Committee completed an ESG training programme for board members, resulting in a corporate DNV-certification for BW Offshore.

Integration with Internal Functions

The responsibility for overseeing impacts, risks and opportunities is delegated to the CEO, who chairs BW Offshore's ESG Steering Committee. The ESG Steering Committee holds quarterly meetings to review overall progress on material sustainability matters and specific objectives, and is mandated to monitor relevant environmental-, social- and governance-related risks and opportunities, and enable integration of sustainability-related priorities with internal functions.

DUE DILIGENCE

During the general course of business, we conduct risk-based due diligence on business partners, agents and vendors that may include an assessment of their own compliance policies and procedures and commitment to ethical business practices. We also conduct restricted party screening and address any warning signs highlighted during our assessment. We will not

ESG COMMITTEE STRUCTURE

OVERSIGHT OVER MATERIAL SUSTAINABILITY MATTERS

Our Board meets at least on a quarterly basis and cover a wide range of material sustainability matters throughout the year.

Quarterly:
- Health, Safety and Environment (HSE) statistics
- Compliance-related concerns
- Fleet-wide environmental performance
- New business opportunities
- Financial matters

Bi-annually:
- Corporate strategy
- Review of remuneration process

Annually:
- Remuneration guideline and strategy
- Corporate Risk Register
- Annual Report
- Sustainability Statement
- Organisation and competencies review
- Compliance and governance, including reviewing terms of reference for board committees
- Emerging climate-related regulations
- Cyber Security

Other topics related to material sustainability matters are discussed by the Board as required and in cooperation with management.

engage an external party if the compliance risk is deemed too high and cannot be sufficiently mitigated.

Similarly, appropriate due diligence is conducted when evaluating new projects, partnerships and strategic investment opportunities by leveraging in-house competence and third-party expertise for support with legal, finance, tax, insurance and risk, as needed. In parallel, banks and other capital providers conduct their own due diligence that may include their appointed advisors.

Read more about due diligence related to vendors on page 81.

RISK MANAGEMENT AND INTERNAL CONTROLS

BW Offshore's risk management process adheres to the ISM Code and ISO 9001, which includes a Corporate Risk Register to identify, evaluate and score risks.

BW Offshore has engaged with a third-party consultant through 2022 and 2023 to improve our understanding of Enterprise Risk Management (ERM) and to develop an ERM framework to better manage risks. Our process is designed to provide insights into past risks, evaluate current risks, and to prioritise and align risk mitigation with our strategy and business model.

Sustainability-related risks are included in our ERM process and falls under the responsibility of our Chief Strategy Officer, together with interconnected risks related to organisational structure and strategy (business model, strategic partnerships, reputation, stakeholder relations and business continuity), and external environment (industry disruption, political and economic conditions).

The financial materiality assessment conducted in 2023, as part of the company's Double Materiality Assessment (DMA), was aligned with financial thresholds used in the company's existing ERM framework. An overview of material risks identified is included in the DMA output on page 40.

Function heads review BW Offshore's Corporate Risk Register quarterly, and Senior Management and the Board review it at least annually.

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

A Diversified Offshore Energy Service Company

DELIVERING ON STRATEGY

BW Offshore has defined a set of clear strategic priorities for long-term value creation.

1. Growing the core floating production business through new offshore energy infrastructure projects
2. Building a substantial and growing position in offshore renewable energy infrastructure
3. Extracting maximum value from the conventional FPSO fleet

BUSINESS MODEL

BW Offshore's main activities are engineering, procurement, construction and installation (EPCI), as well as lease and operation services for floating, production, storage and offloading (FPSO) assets. The company's value creation derives from the various phases of a project, including EPCI delivery, as well as operating assets on behalf of our clients. We continue to selectively explore sizable lease and operate opportunities, while also targeting smaller projects, as well as lower risk-return contract models.

We are a trusted partner for clients seeking to outsource technical competence to build and operate complex offshore assets. With our existing operational network, we offer synergies that are difficult for a client to obtain on a stand-alone basis.

We take full responsibility for operating, maintaining, upgrading and/or modifying the production asset as requested by the client in a lease arrangement, ensuring that production requirements are met for the total duration of the field life. Well-established infrastructure, manning pools and supply chain networks are some immediate advantages for our clients, in addition to the familiarity with regulatory requirements, technical maintenance and lifecycle cost management offered by BW Offshore.

In parallel to the FPSO segment, we are exploring new business areas related to our core offshore engineering capabilities, with the goal of transitioning to a low-carbon and renewable energy service company.

STRATEGY

Preparing for a sustainable future is a fundamental priority for BW Offshore. In 2019, we revised our corporate strategy in response to significant macro developments with the goal to position the company for sustainable and profitable growth over time. This, in particular, relates to the increased risk of reduced access to, or increased cost of, capital for companies involved in oil and gas, as well as the opportunity represented by potentially developing new, low emissions business areas.

Divided into three legs, our strategy focuses on maximising value from the conventional business and existing fleet, growing the core floating production business through investing in new infrastructure energy projects, and building a substantial and growing position in offshore renewable energy infrastructure.

In 2023, we established a new Strategic Development function, led by our Chief Strategy Officer (CSO), who is also a member of the Senior Management Team. The CSO is responsible for driving progress across our New Ventures & Technology and Offshore Floating Wind segments as well as our core FPSO business. The Strategic Development function oversees BW Offshore's strategic agenda and drives required strategic initiatives that will enable us to deliver on the targets identified between now and 2030.

We aim to diversify our asset portfolio to include energy transition fuels, such as floating liquid natural gas plants, and renewable technologies. However, we do not have a firm net zero or carbon neutral transition plan in place. As our current emissions in large part rely on other stakeholders and their ambitions to reduce emissions, we believe that collaboration and joint initiatives between industry stakeholders will be the key to driving change in the oil and gas industry.

The Sustainability department is part of the Strategic Development function, reflecting our belief that strategy and sustainability go hand in hand. We are in the process of adjusting internal practices for reporting on sustainability matters considered material to the company, and to align with the requirements set out in the CSRD.

Throughout 2023, we have also developed an internal Green House Gas (GHG) forecasting model for use in scenario analysis. In 2024, we plan to incorporate this model into internal strategic scenario assessments.

Maximising Value from Conventional Fleet

In 2023, we completed our fleet divestment programme, which was initiated in 2021 to address a complex global operational set up. The legacy fleet furthermore represented an unbalanced monetary and operational risk/reward proposition. By streamlining our fleet, we have significantly reduced operational liabilities and improved cash-flow visibility.

To date, our fleet divestment programme has yielded sales proceeds of gross USD 331 million, which will enable us to grow the core floating production business through new offshore energy infrastructure.

Similar reallocation of capital has been made through the gradual divestment of BW Energy shares which commenced in 2021, raising approximately USD 273 million in total proceeds, including the final sale of the remaining 22.52 percent in January 2024. The divestment is a clear example of BW Offshore's efforts to reallocate funds and resources into new offshore infrastructure projects and renewable energy production.

Our current client base related to the remaining three conventional FPSOs in production consists of small to medium sized independent

oil and gas companies. By providing current and potential clients with innovative technical solutions, we can increase energy efficiency on assets, reduce emissions, and operate in a manner that is better for both our people and the environment. We are implementing and proposing opportunities to lower emissions on newbuild FPSOs by applying combined-cycle gas turbines, carbon-capture technology and energy efficiency solutions, and continuously work with our clients to tailor solutions that fit their needs and support them in reaching their emission reduction goals.

Growing the Core Floating Production Business through New Offshore Energy Infrastructure Projects

In a market environment where obtaining capital for oil and gas projects is becoming progressively more challenging, posing potential risk of stranded assets, capital providers place emphasis on advancing and financing large-scale developments with low break-even oil prices. In 2020, BW Offshore redefined the investment criteria of new FPSO projects in response to the expectations from our stakeholders, such as banks, investors, clients and other stakeholders related to safety, emissions and counterparty risk.

BW Opal, our FPSO currently under construction, meets our defined investment criteria for new infrastructure FPSO projects. These encompass long-term contracts to large investment-grade or national oil and gas companies, no residual value risk beyond firm contract period and substantial lease pre-payments from clients during construction.

Building a Substantial and Growing Position in Offshore Renewable Energy Infrastructure

Our dedicated New Ventures & Technology and Floating Wind teams are continuously exploring different technical solutions and business areas where we can leverage our significant experience with floating energy production solutions. In 2023, the teams comprised 16 employees, with a budget of USD 5.4 million.

In 2021, we became a strategic owner of BW Ideol, a global pure player in floating offshore wind technology and project co-development, creating a renewable energy company with market-leading capabilities based on in-house developed and proven technology. BW Ideol employs over 70 experienced professionals within floating wind. BW Offshore supports BW Ideol with our extensive experience from development and operation of offshore energy production assets.

Given the limited maturity of the floating offshore wind market, BW Ideol delisted in 2023

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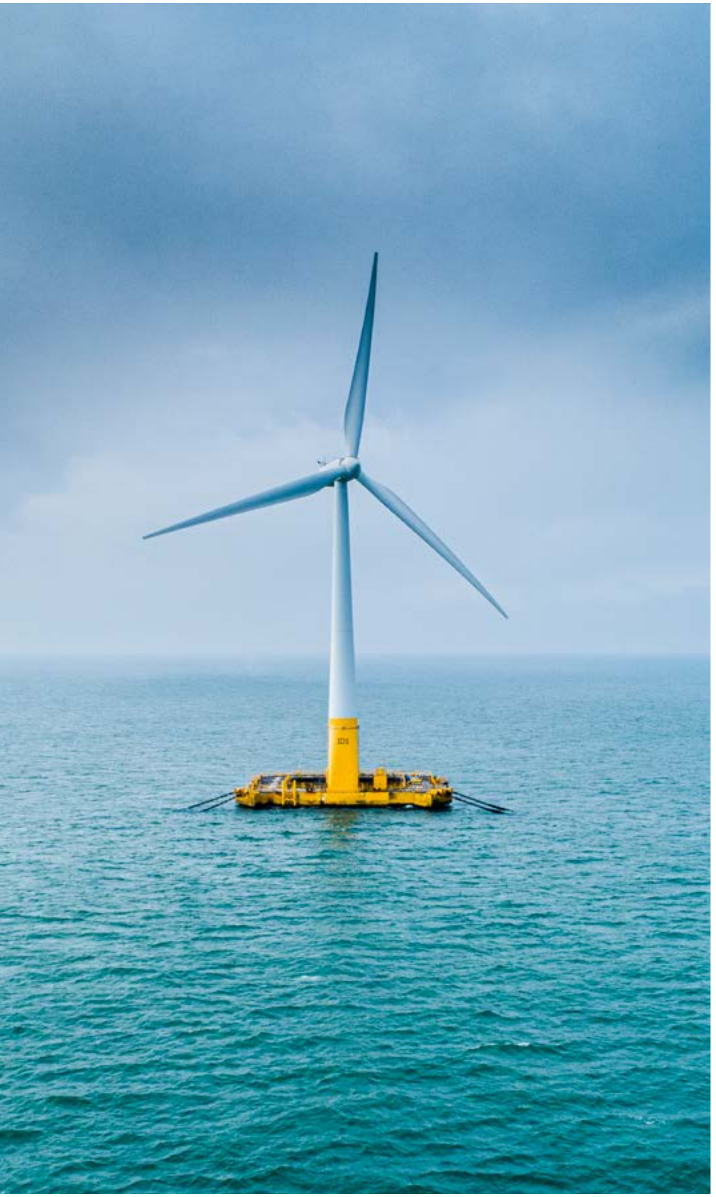


to provide the company with better access to raising new equity through private capital. The company is now approaching investors that deploy capital in privately held growth companies, including other industrial investors in addition to BW Offshore. A successful capital raise will allow BW Ideol to continue progressing its growth plans and overall positioning within the floating wind segment, including the evaluation of potential EPCI opportunities.

BW Offshore sees significant medium- to long-term potential to develop new business areas within low-emission energy production. We are therefore monitoring several potential opportunities, including solutions for carbon transport and storage, gas-to-power, floating production of clean fuels and freshwater (through desalination), with the target of maturing and fully developing one or two into new business segments meeting our return requirements.

MANAGING INTERESTS OF STAKEHOLDERS

The creation of the Strategic Development function reflects an internal desire to streamline workflows and leverage competences across the organisation, as well as external factors. The energy landscape is rapidly evolving, and positioning BW Offshore is essential to safeguard the company's future. The Strategic Development function aims to facilitate efficient consideration, decision-making and capital allocation related to which solutions and markets to pursue, positioning the company as an early mover in new business segments adjacent to our existing core FPSO business.

Engagement with stakeholders is part of BW Offshore's on-going due diligence process and sustainability materiality assessment. We regularly engage with our stakeholders in a variety of ways.

- On a corporate level, we engage with lenders, investors and other financial markets' participants through quarterly financial presentations, meetings, annual bank presentations, participating in audits, such as Environmental and Social Action Plan (ESAP) reviews, and general communications.
- Engagement with vendors, clients and partners occurs on a day-to-day basis, and stakeholder communication is embedded into the organisation's workflow, for example through meetings, performing audits, tender processes and as a natural part of all projects and operations.
- Internally, the company holds quarterly information meetings for all employees and contracted staff. We conduct regular employee surveys, and feedback is followed up on to maintain satisfactory engagement with employees.

As part of the 2023 DMA process, several external stakeholders were engaged. See page 38 for further details.

VALUE CHAIN

BW Offshore provides a range of products and services to our clients which enable safe and efficient offshore energy production. Following the establishment of BW Ideol, our activities are engineering, construction, lease and operation of FPSOs, and floating wind solutions.

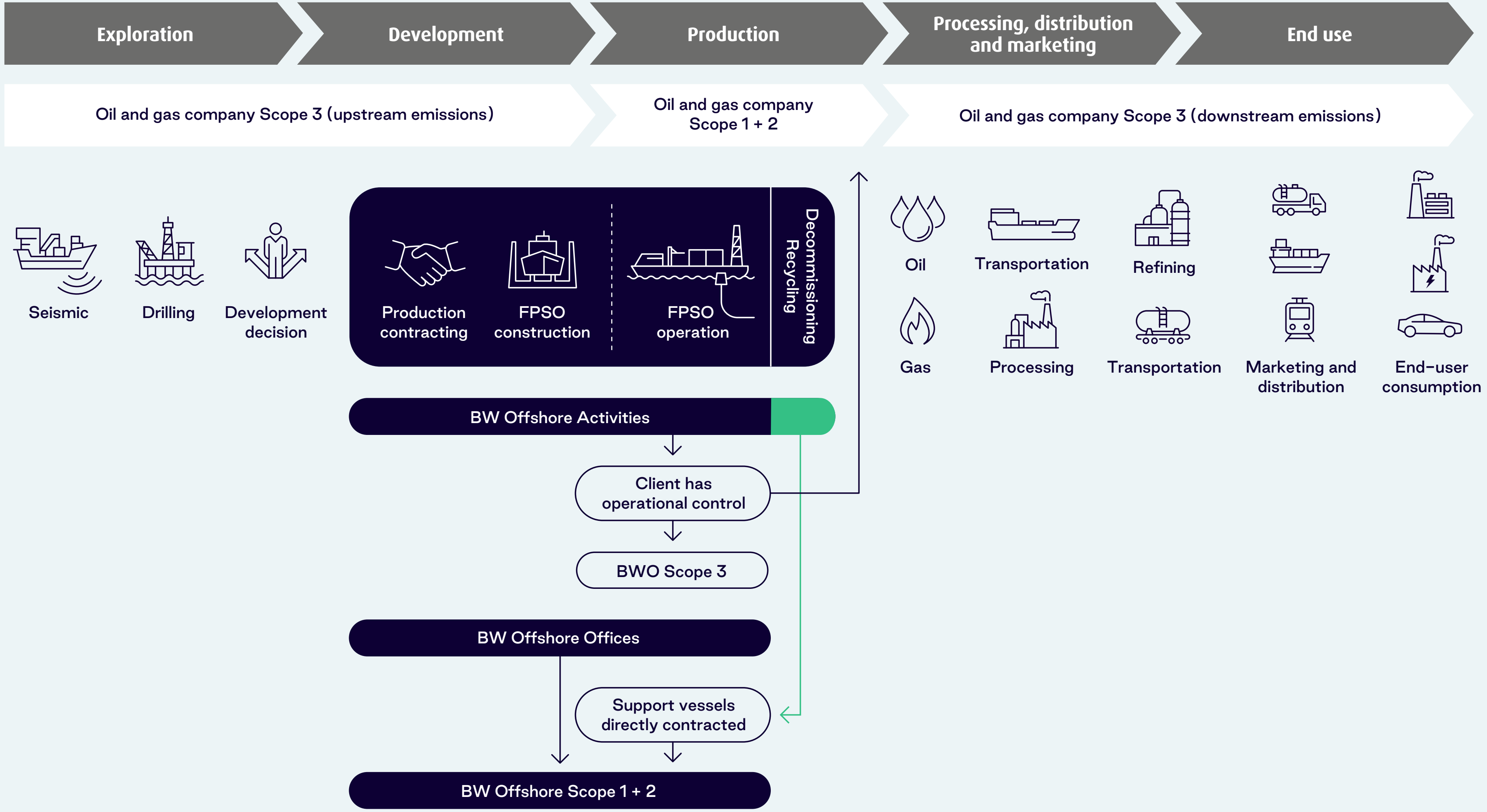
The Oil and Gas Value Chain

BW Offshore's position within the oil and gas value chain show where our direct and indirect emissions (Scope 1 and 2) and related external indirect emissions (Scope 3) occur.

Our clients typically control the entire value chain, from the initial exploration phase to the distribution of hydrocarbons.

BW Offshore's main value add is provided during the energy production system development and operation phases. Within oil and gas, this extends to the field abandonment stage with subsequent FPSO redeployment or recycling.

OIL AND GAS VALUE CHAIN



Unlocking the CO_2 Value Chain

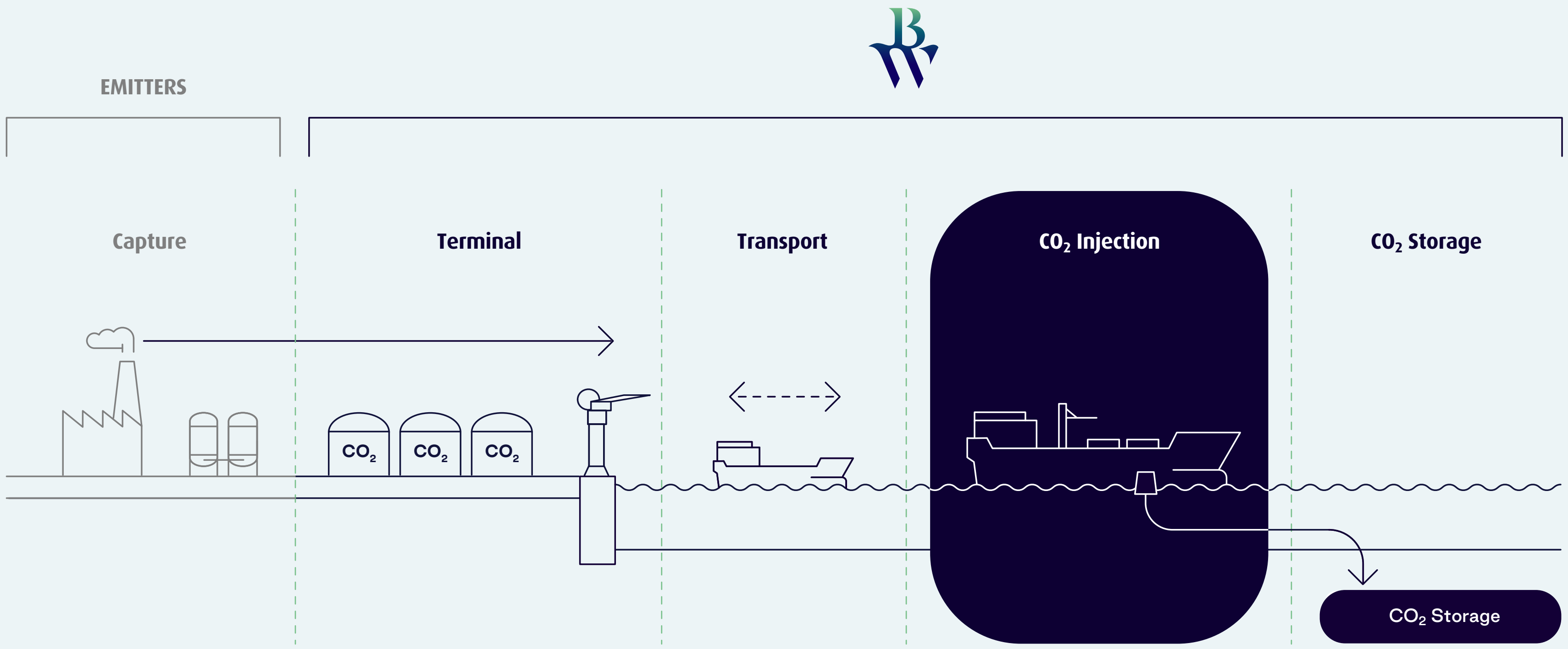
Our experience in developing and operating FPSOs offers a strong platform for enabling other uses than oil and gas production.

BW Offshore can provide a flexible, cost-effective alternative to fixed injection infrastructure, contributing to the development of a successful CO_2 value chain.

For other new business segments, the value chain is likely to look different. BW Offshore participates in several networks created with the purpose of building value chains for new industries such as hydrogen and ammonia production.

By collaborating with other stakeholders within these emerging industries, we aim to influence how a company like ours can contribute to make new value chains commercially viable.

CO_2 VALUE CHAIN



BW Offshore's Material Impacts, Risks and Opportunities

BW Offshore's material Impacts, Risks and Opportunities (IROs) influence or are influenced by our strategy and business model. Our material impacts are due to our presence in the oil and gas value chain, most noticeably related to emissions, and actual and potential social impacts on our employees, value chain workers and communities in which we operate. Material risks and opportunities relate to access to, and cost of, capital and new business opportunities.

2023 DOUBLE MATERIALITY ASSESSMENT

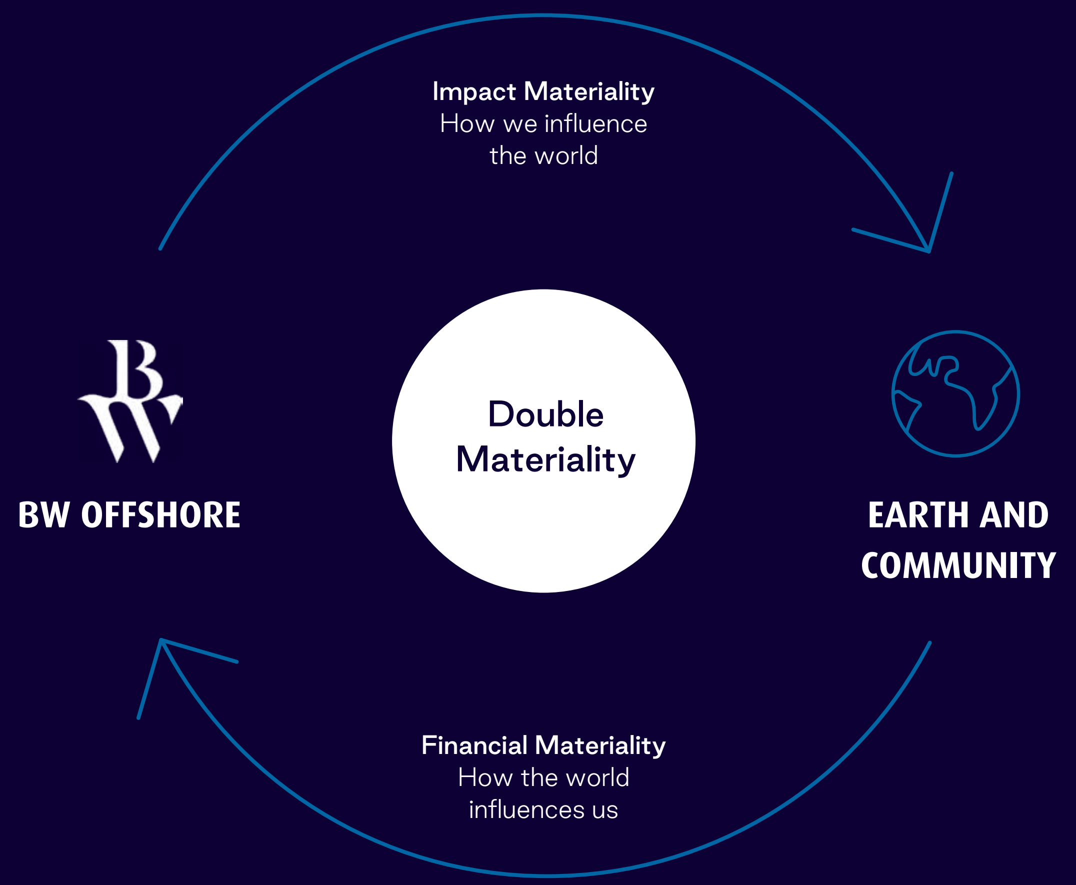
Purpose

The purpose of the 2023 Double Materiality Assessment (DMA) was to identify actual and potential negative and positive impacts BW Offshore has on people and the environment, and to identify financial risks and opportunities to the company that warrant mitigation.

Ten overarching sustainability matters comprise the ESRS framework. In order to determine which matters BW Offshore are required to report on, our material impacts, risks and opportunities (IRO's) have been verified through a comprehensive assessment conducted with the support of Position Green Advisory, a strategic sustainability consulting agency.

The DMA was conducted with a range of internal and external stakeholders, and encompasses IROs throughout the value chain – both upstream and downstream. It is the starting point for sustainability reporting under ESRS, and it is an interrelated assessment of impact materiality and financial materiality.

DOUBLE MATERIALITY PRINCIPLE



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Scoring Parameters and Methodology

Each identified IRO was documented and assessed for their materiality in a designated project workbook. The thresholds and time horizons used in the assessment are based on BW Offshore's ERM system.

The scoring parameters used (1–5) are based on the requirements of ESRS:

- **Impact materiality:** Scale, scope, irremediability, likelihood (based on whether an impact is direct/indirect, positive/negative and actual/potential).
- **Financial materiality:** Financial magnitude of risk/ opportunity, likelihood, and the nature of the financial effect.

The initial scoring of IROs was performed by internal stakeholders, before adjustments were made based on external stakeholder input. Finally, the IROs were discussed in management workshops and deemed either material or non-material by BW Offshore's management team. The threshold for human rights related impacts was lowered based on ESRS guidelines.

PARAMETERS USED TO IDENTIFY POTENTIAL MATERIAL SUSTAINABILITY MATTERS

- 7 interviews with internal Subject Matter Experts from key areas of operations.
- 9 interviews with external stakeholders.

Additional Data Sources used:
BW Offshore 2022 Annual report and 2022 Culture Assessment, Sustainalytics Risk Rating Report, CDP Climate Questionnaire 2022, MSCI ESG Rating, Modern Slavery Statement (2022 and 2023), Norwegian Transparency Act Statement, Corporate Risk Register, Environmental Aspects and Control Register 2022, Harbour/BW Offshore Monthly Meeting (June 2023), Level 2 Audit Report – Catcher FPSO, BW Catcher Offshore Inspection, Process safety leadership inspection, Former Materiality analysis results, MSCI Controversies Report, HSSE Requirements for Contractors, Annual reports from peers (e.g., Bumi, SBM, Yinson), Sustainable Shipping Initiatives reports: Green Steel and Shipping Report (2023) and Exploring shipping's transition to a circular industry (2021), Seven Key Environmental Challenges for FPSOs Tremblay (2022).

Process

Together with the external consultant, BW Offshore conducted a comprehensive five-step process to identify and assess the IROs in BW Offshore's value chain. To determine materiality, we focused on areas where IROs are deemed likely to arise.

The process was based on a combination of both internal and publicly available documents, along with interviews involving internal experts on sustainability matters and external stakeholders who represents affected parties and users of sustainability statements. Additionally, two validation workshops were conducted involving BW Offshore's Senior Management.

Step 1: Mobilisation and Hypotheses

BW Offshore's due diligence processes formed the starting point for the identification of impacts. The identification integrated previously conducted in-depth assessments and company policies. Furthermore, industry specific Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) standards relevant to BW Offshore's business were reviewed to ensure an industry specific lens of relevant sustainability topics.

In total, 22 documents and seven internal experts were used to identify and score IROs in the Mobilisation and Hypotheses part of the DMA.

Step 2: Stakeholder Engagement

Stakeholder engagement was an integral part of the DMA process, and nine external stakeholder interviews were conducted to confirm or reject the hypotheses developed in Step 1 of the process. The external stakeholders (such as clients, vendors, financial institutions and employee representatives) were interviewed to enable broad input from stakeholders with different interests and needs. The interviews were structured around sustainability matters and sub-topics identified for a given stakeholder. After the interviews, findings and key messages were consolidated and integrated into the assessment.

In total, five affected stakeholders and four users of sustainability statements were interviewed to verify the IROs as part of Step 2 of the DMA. The identification of relevant external stakeholders was done by BW Offshore's Sustainability team in collaboration with the external consultants.

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Step 3: Impact Materiality Workshop

The outcome of the stakeholder interviews formed the basis of management workshops, where identified topics were rated and ranked to determine which sustainability matters are material for BW Offshore.

All 12 members of the management team participated in a workshop to review and verify topics for impact materiality. The purpose of the workshop was to make an impact materiality decision for potential material sustainability matters and identify any further sustainability matters not identified in Step 1 or 2. Based on the discussion facilitated through the workshop, the assessments of impacts were updated, scored and finalised.

Step 4 Financial Materiality Workshop

BW Offshore's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Strategy Officer (CSO) comprised the participants conducting the financial materiality workshop, together with the Sustainability team and three representatives from the supporting consultancy.

The assessment and scoring were based on a combination of magnitude of financial effect and likelihood of occurrence of risk/opportunity based on qualitative assessments, and detailed rationale for each scoring was developed.

Step 5: Finalisation and Documentation

Finalisation of the DMA process followed validation of assessments by BW Offshore's Sustainability team, and relevant project documentation was presented by the external consultancy, comprising workbooks, interview summaries, workshop results and rationale overviews.

Step 6: Audit Committee Review

BW Offshore's DMA results were presented to the Audit Committee in November 2023, and further discussed in the subsequent Board meeting, anchoring our sustainability commitments on board level.

June – July 2023	1	Mobilisation & Hypotheses	Understanding the relevant sustainability matters for BW Offshore and building first hypotheses for the Impacts, Risks and Opportunities (IROs).
June – July 2023	2	Stakeholder Engagement	Assessing the relevancy and IRO hypotheses through interviews with internal and external stakeholders and document reviews.
August 2023	3	Impact Materiality	Preliminary impact materiality assessment, validation of rationale, and ranking of impacts determined by BW Offshore's management team.
September 2023	4	Financial Materiality	Assessment of financial materiality of identified risks and opportunities of BW Offshore conducted by CEO, CFO and CSO.
October 2023	5	Finalise & Document	Finalisation of analysis, documentation of process description documentation and visualisation of DMA process/result in line with CSRD/ESRS requirements.
November 2023	6	Audit Committee Review	Audit Committee review of BW Offshore's DMA and identified material IROs.

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Output

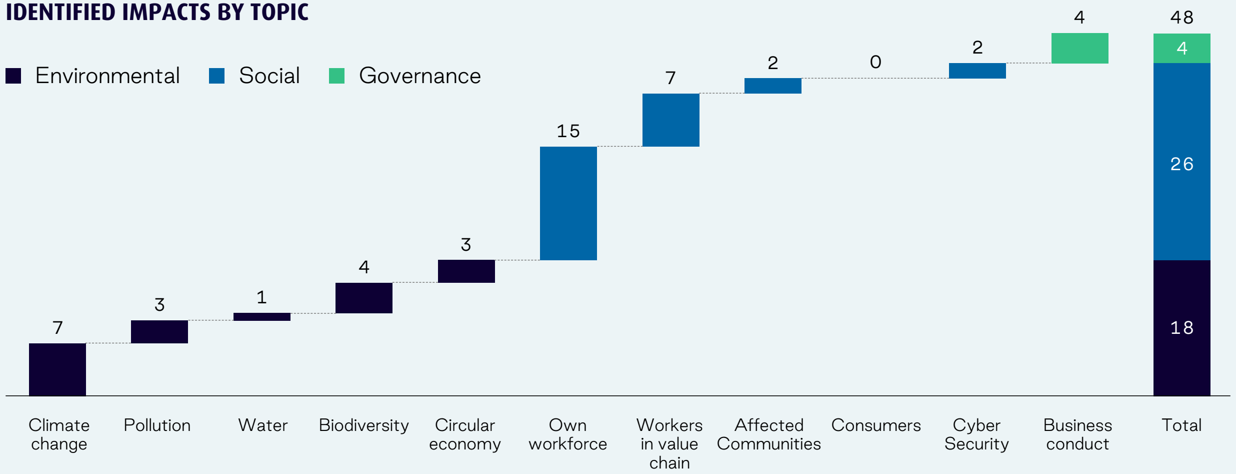
A total of 68 IROs were identified and evaluated as part of the DMA. 48 impacts ('I') were assessed, and out of these, 24 were deemed material. 20 risks and opportunities ('R'/'O') were identified, of which five were deemed material.

As noted on page 37, ESRS defines ten potential sustainability matters for companies to report on to comply with the CSRD. Following BW Offshore's DMA, we have found 29 IROs to be material.

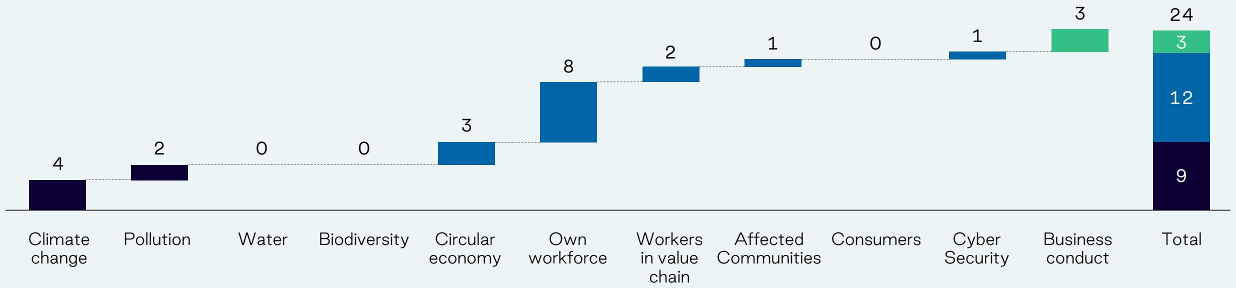
Once consolidated and mapped to applicable sustainability matters, this means that seven out of the ten sustainability matters described by ESRS are considered material for BW Offshore, and form the basis of this statement.

In addition to the material matters defined by ESRS, Cyber Security was found to be material, and we therefore also report on this topic under the "Own Workforce" section.

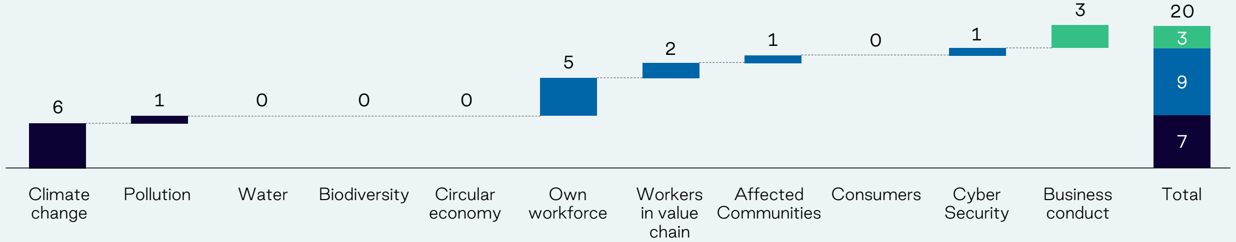
IDENTIFIED IMPACTS BY TOPIC



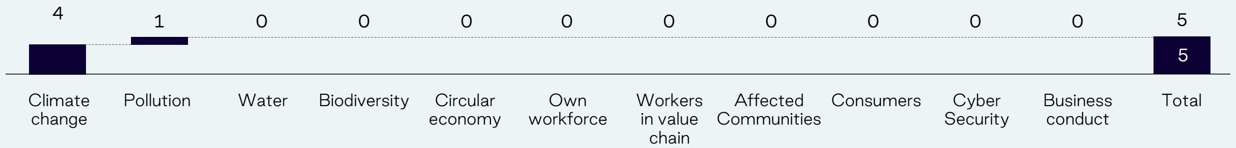
MATERIAL IMPACTS BY TOPIC



IDENTIFIED RISKS AND OPPURTUNITIES BY TOPIC



MATERIAL RISKS AND OPPURTUNITIES BY TOPIC



OVERVIEW OF BW OFFSHORE'S MATERIAL SUSTAINABILITY MATTERS

Environmental

Topic	Sustainability Matters and related IROs	I/R/O	Actual/ Potential
Climate change	**Climate change adaptation**		
	Chronic hazards	Risk	Potential
	Climate change mitigation		
	Scope 1+2 emissions	Impact	Actual
	Scope 3 emissions	Impact	Actual
	Release of HCFCs and HFCs	Impact	Actual
	Emissions from steel production	Impact	Actual
	Access to capital	Risk	Potential
	New business opportunities within low emission energy production	Opportunity	Potential
	Energy		
	Clean energy production	Opportunity	Potential
Pollution	**Pollution of air**		
	Non-GHG emissions	Impact	Actual
	Pollution of water		
	Planned discharge of effluent streams	Impact	Actual
	Oil spills	Risk	Potential
Resource use and circular economy	**Resource inflows including use**		
	Lack of circularity principles in asset design	Impact	Actual
	Resource outflows related to products and services		
	Recycled and reused steel material from FPSOs	Impact (positive)	Actual
	Waste		
	Waste handling	Impact	Actual

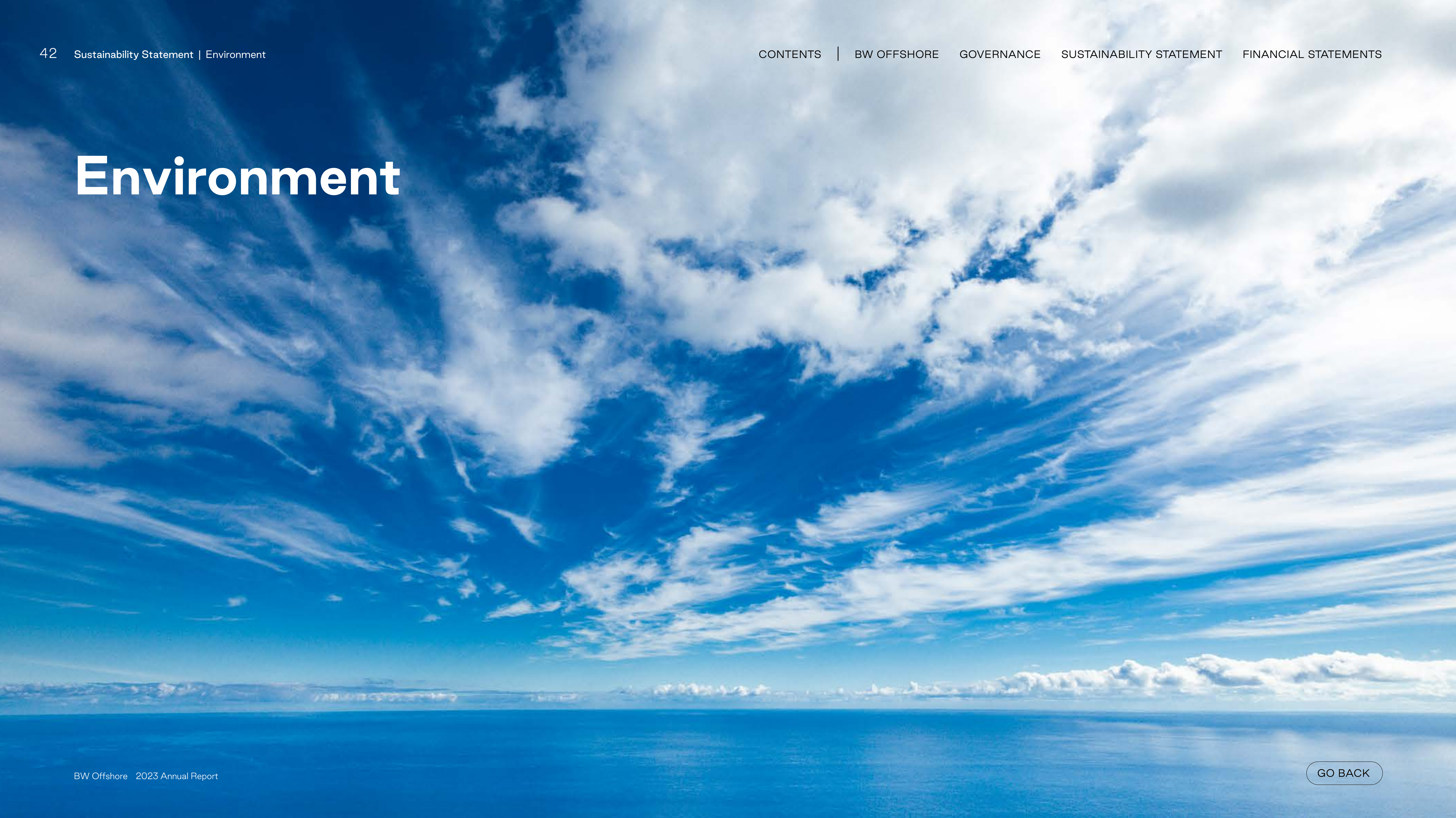
Social

Topic	Sustainability Matters and related IROs	I/R/O	Actual/ Potential
Own workforce	**Working conditions of own workers**		
	Redundancy	Impact	Actual
	Mental health, well-being and work-life balance	Impact	Potential
	Health and safety of own workers		
	Work-related accidents	Impact	Potential
	Equal treatment and opportunities of own workers		
	Unconscious bias and unequal treatment	Impact	Potential
	Gender diversity	Impact	Actual
	Gender pay gaps	Impact	Actual
	Diversity of cultures and nationalities	Impact (positive)	Actual
	Other worker-related rights of own workers		
	Inadequate housing offshore	Impact	Actual
	Cybersecurity		
	Cyber-attack leading to safety issues	Impact	Potential
Workers in the value chain	**Working conditions of supply chain workers**		
	Job creation	Impact	Actual
	Equal treatment and opportunities of all supply chain workers		
	Harassment and assault	Impact	Potential
Affected communities	**Communities economic, social and cultural rights**		
	Local employment and economy	Impact (positive)	Actual

Governance

Topic	Sustainability Matters and related IROs	I/R/O	Actual/ Potential
Business conduct	**Protection of whistleblowers**		
	Too little information about whistleblowing channel	Impact	Actual
	Management of relationships with suppliers		
	Risk-based vendor selection approach	Impact (positive)	Actual
	Corruption and bribery		
	Negative impact on societies due to acts of bribery and corruption	Impact	Potential

Environment



EU Taxonomy

This is the first EU Taxonomy report by BW Offshore. BW Offshore reports on turnover, capital expenditure (capex) and operating expenses (opex) that are associated with Taxonomy-eligible and Taxonomy-aligned economic activities in accordance with regulation EU (2020/852) and the supplementing delegated acts.

BW Offshore deems the Taxonomy-aligned turnover to be 0.6 per cent of the total turnover, the Taxonomy-aligned capex to be 1.21 per cent of the total capex and the Taxonomy-aligned opex to be 4.5 per cent of the total opex in 2023. The significant majority of BW Offshore's activities are not in the scope of the EU framework regulation and therefore will not be compatible with technical screening criteria as outlined by the Taxonomy.

BW Offshore has used the EU delegated acts and supporting NACE code information to determine its eligible activities.

BW Offshore identified activities that falls under Section 9.1 'Close to market research, development and innovation' and the associated NACE code M71.12, under Climate change mitigation.

The aligned turnover stems from income generated by engineering activities and technical consultancy related to floating wind energy solutions and floating green ammonia solutions.

The aligned capex is related to establishing BW Ideol's wind energy activities. The aligned opex stems from man-hours spent on engineering, research and supporting activities related to floating wind development, as well as green ammonia and CO_2 transport and storage solutions.

The above-mentioned activities have further been screened for alignment with:

- Do No Significant Harm Principles (DNSH)
- Minimum Social Safeguards (MSS)

As the 'Close to market research, development and innovation' activity is looking to improve the relevant technologies currently available in floating offshore wind, ammonia production and CO_2 transport and storage, BW Offshore consider this activity to meet the DNSH principles. Furthermore, all project activities are governed by strict regulations and assessments to ensure no harm to the environment, as well as compliance with the remaining DNSH Principles.

The company meets the criteria of the Minimum Safeguards set forth in the EU Taxonomy, as BW Offshore has policies, processes and systems in place to ensure compliance, as further described in this Sustainability Statement.

PROPORTION OF TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATEDS WITH TAXONOMY ALIGNED ACTIVITIES

				Substantial Contribution Criteria						Do No Significant Harm Criteria (DNSH)										
	Code(s)(2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodivercity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodivercity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy aligned Proportion of OPEX Year N (18)	Taxonomy aligned Proportion of OPEX Year N-1 (19)	Category (Enabling activity) (20)	Category (Transitional activity) (21)
Economic Activities (1)	NACE	MUSD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable activities (Taxonomy aligned)																				
Close to market research, development and innovation.	M71.12[1]	4.22	0.64%	0.64%	–	–	–	–	–	Y		Y	Y	NA	Y	Y	0.64%	NA	E	
Turnover of Environmentally sustainable activities (Taxonomy aligned) (A.1)		4.22	0.64%	0.64%	–	–	–	–	–	Y		Y	Y	NA	Y	Y	0.64%	NA	E	
(A.2.) Taxonomy eligible but not Environmentally sustainable activities																				
Activity 1		–	–																	
Turnover of Taxonomy Eligible but not Environmentally sustainable activities (Not Taxonomy alligned activities) (A.2)		–	–																	
Total A (A.1 + A.2)		4.22	0.64%														0.64%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OPEX of taxonomy non-eligible activities (B)		655.01																		
Total (A+B)		659.23																		

Y = considered aligned with DNSH, N = considered not yet aligned with DNSH, NA =Not Applicable

1 The turnover stems from income generated by enginnering activities and technical consultancy related to floating wind energy solutions and floating green ammonia solutions.

PROPORTION OF CAPEX FROM PRODUCTS AND SERVICES ASSOCIATEDS WITH TAXONOMY ALIGNED ACTIVITIES

	Substantial Contribution Criteria									Do No Significant Harm Criteria (DNSH)										
	Code(s)(2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodivercity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodivercity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy aligned Proportion of OPEX Year N (18)	Taxonomy aligned Proportion of OPEX Year N-1 (19)	Category (Enabling activity) (20)	Category (Transitional activity) (21)
Economic Activities (1)	NACE	MUSD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable activities (Taxonomy aligned)																				
Close to market research, development and innovation	M71.12[1]	9.35	1.21%		–	–	–	–	–	Y		Y	Y	NA	Y	Y	1.21%	NA	E	
CAPEX of Environmentally sustainable activities (Taxonomy aligned) (A.1)		9.35	1.21%		–	–	–	–	–	Y		Y	Y	NA	Y	Y	1.21%	NA	E	
(A.2.) Taxonomy eligible but not Environmentally sustainable activities																				
Activity 1		–	–																	
CAPEX of Taxonony Eligible but not Environmentally sustainable activities (Not Taxonomy alligned activities) (A.2)		–	–																	
Total A (A.1 + A.2)		9.35	1.21%														1.21%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CAPEX of taxonomy non-eligible activities (B)		760.75																		
Total (A+B)		770.10																		

Y = considered aligned with DNSH, N = considered not yet aligned with DNSH, NA =Not Applicable

[1] The CAPEX is related to building up BW Ideols Wind energy activities

PROPORTION OF OPEX FROM PRODUCTS AND SERVICES ASSOCIATEDS WITH TAXONOMY ALIGNED ACTIVITIES

				Substantial Contribution Criteria						Do No Significant Harm Criteria (DNSH)										
	Code(s)(2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodivercity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodivercity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy aligned Proportion of OPEX Year N (18)	Taxonomy aligned Proportion of OPEX Year N-1 (19)	Category (Enabling activity) (20)	Category (Transitional activity) (21)
Economic Activities (1)	NACE	MUSD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable activities (Taxonomy aligned)																				
Close to market research, development and innovation	M71.12[1]	16.09	4.55%	4.55%	–	–	–	–	–	Y		Y	Y	Y	Y	Y	4.55%	NA	E	
OPEX of Environmentally sustainable activities (Taxonomy aligned)(A.1)		16.09	4.55%	4.55%	–	–	–	–	–	Y		Y	Y	NA	Y	Y	4.55%	NA	E	
(A.2.) Taxonomy eligible but not Environmentally sustainable activities																				
Activity 1		–	–																	
OPEX of Taxonony Eligible but not Environmentally sustainable activities (Not Taxonomy alligned activities) (A.2)		–	–																	
Total A (A.1 + A.2)		16.09	4.55%														4.55%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OPEX of taxonomy non-eligible activities (B)		337.62																		
Total (A+B)		353.72																		

Y = considered aligned with DNSH, N = considered not yet aligned with DNSH, NA =Not Applicable

[1] The OPEX number stems from manhours spent on engineering, research and supporting activities related to floating wind development as well as green ammonia and CO_2 transport and storage solutions.

BW OFFSHORE NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

BW Offshore does not distribute or sell electricity produced from fossil gas.

CLIMATE CHANGE

Environmentally Conscious Operations

IMPACTS, RISKS AND OPPORTUNITIES

BW Offshore appreciates the potential climate-related risks and opportunities that may materialise both in the short-, medium- and long-term relating to BW Offshore's role in ensuring adequate supply of affordable energy, how climate change will influence the global energy mix, as well as the company's own climate impact.

The positioning of our operations in the oil and gas value chain implies that the greenhouse gas (GHG) emissions from our production activities belong to the Scope 1 emissions of the oil and gas field operators (our clients), and are thus regarded as Scope 3 for BW Offshore. Our Scope 1 and 2 emissions are limited in comparison.

Nevertheless, it is important for BW Offshore to participate in an industry-wide effort to reduce the carbon footprint of the entire value chain and to maintain assets and operations that have minimised impact on environment and climate change. GHG emissions, emissions of HCFCs and HFCs (freon gases), and emissions from steel production are all considered material impacts related to our operations. Additionally, our offshore assets and construction yards are considered to be at risk of being affected by chronic climate change hazards, such as rising global temperatures.

As emission reductions are at the forefront of the agenda within the oil and gas industry, investors and lenders have increased expectations on companies' ESG profiles. Therefore, access to, and cost of, capital is identified as a material risk for BW Offshore.

In a world with increasing focus on development of new, greener technologies, we see

GO BACK

opportunities to be an early mover in industries closely tied to our experience in floating energy production solutions. These low-emission business opportunities are described further on page 33.

POLICIES RELATED TO CLIMATE CHANGE

Environmental management is integrated within the overarching BW Offshore Management System to ensure environmental risks are appropriately identified, assessed, controlled and monitored. Continuous improvement is integral to the framework. The Management System is independently certified by DNV to the ISO 14001:2015 Environmental Management Standard.

BW Offshore has an HSE Policy that addresses environmental impact, available on our website. The HSE Policy is not specified to include climate mitigation, climate change adaptation, energy efficiency or renewable energy deployment. In 2024, we aim to introduce an Environmental Policy that will address environmental impacts, including climate-related impacts.

Actions and Resources in Relation to Climate Change

In 2023, we completed our fleet divestment programme, retiring legacy assets with high-carbon footprints from the fleet. The divestment of these assets has contributed to a significant drop in overall CO_2 emissions, primarily within the Africa region. The divestment programme has led to an overall Scope 3 GHG Emissions decrease of 36.5 per cent for the current reporting year when compared with 2022 numbers.

Abo FPSO and Espoir Ivoirien were the only assets in BW Offshore's fleet using HCFC R-22. Both assets exited the fleet during 2023 as part of the divestment programme, and consequently, BW Offshore had no assets using HCFCs at year end. In line with the Significant New Alternatives Policy (SNAP) regulations, FPSO Pioneer, operating in the Gulf of Mexico, is currently investigating suitable alternatives for HFC R-407c. Read more on emissions to air on page 54.

Targets Related to Climate Change

As a service provider following the specification of our clients, BW Offshore has limited control over emissions from our FPSOs, and thus do not have specific GHG reduction targets for our assets in operation. However, we are in the process of phasing out routine flaring, and have continuous dialogue with our clients to find ways to reduce emissions and increase energy efficiency as a joint effort, for example through incorporating the best available technology in the design of new assets.

An internal system aggregates data from daily reports to record emissions. Daily reports include key data points on material environmental matters that enable the tracking of Scope 3 emissions. This methodology allows us to perform quarterly data analysis.

In 2024, we will continue to explore material sustainability matters related to climate change mitigation and adaptation, as identified in the 2023 DMA, and ensure that internal processes for tracking and mitigation (where applicable) are in place. As these processes mature, we will be able to evaluate setting firm targets for emission reductions and climate change mitigation initiatives.

GHG EMISSIONS

BW Offshore's emission data is included in the table on page 52. The metric chosen to calculate the GHG emissions intensity is annual revenue (USD). We consolidate information for all subsidiaries and Joint Ventures under our operational control. There are no unconsolidated subsidiaries/entities within BW Offshore's operational control.

We do not offset emissions by originating or purchasing carbon credits or applying internal carbon pricing schemes.

Scope 1

Our Scope 1 emissions include all combustion and direct emissions from offshore assets when they are not operating under a service agreement, and all combustion emissions from third-party vessels directly contracted by BW Offshore and not operating under a head services agreement.

Emissions estimates are provided by third-party towing companies contracted for vessel movement. BW Offshore performs an independent estimation of GHG emissions using IPCC GHG emissions factors for the maritime industry and the total fuel consumption of the towing vessels for the charter period.

The sources for the emission factors and the global warming potential (GWP) rates used for Scope 1 emissions are the Oil and Gas UK Environmental Emissions Monitoring System, the Climate Registry and IPCC 5th assessment report.

Scope 2

We lease offices to enable onshore support activities, with heating and power supplied by third party utility providers. Our Scope 2 emissions include all electricity purchased to operate office locations worldwide, based on utility metered consumption. Emissions factors for location–based accounting are according to CDP guidelines.

The consolidation approach used for emissions is operational control, and the methodologies/ assumptions used are based on the Greenhouse Gas Protocol Scope 2 Guidance. We use location–based calculations sourced from the International Energy Agency (IEA) and tabulate monthly utility consumption based on utility bill records submitted by the onshore offices.

The source of the emission factors and the global warming potential (GWP) rates used for Scope 2 emissions are the IEA 2020 Emissions Factors and IPCC 5th Assessment Report for GWP rates.

Scope 3

Our Scope 3 emissions include:

- All direct and combustion emissions associated with hydrocarbon reception, processing, storage and offloading and all non–hydrocarbon, direct emissions arising from a BW Offshore facility when operating under a services agreement.
- All combustion emissions related to project activities in construction shipyards.
- All air transportation emissions for BW Offshore employees required to travel for work and business purposes.

The consolidation approach used for emissions is operational control, and the methodologies/ assumptions used are based on the Oil and Gas UK Environmental Emissions Monitoring System and American Petroleum Institute 2009 Compendium of Greenhouse Gas Emissions methodologies for the Oil and Natural Gas Industry.

Combustion GHG Emissions from Fleet Operations

Operating assets submit individual daily reports that contain fuel consumption and flare gas rates. GHG emissions are calculated and published internally each month. The Operational Integrity (OI) function reviews this data monthly. Any anomalous rates are queried with the individual assets. Senior Management reviews GHG emissions performance each quarter.

Industry standard emissions factors published by UK Oil and Gas are used to calculate GHG emissions by fuel characteristics and consumer, as well as GHG emissions from flared gas. The global warming potential of GHG is referenced from the IPCC 5th Assessment Report.

Direct GHG Emissions from Fleet Operations

FPSO's operating under service contracts to oil and gas field operators may vent or have fugitive losses of hydrocarbons throughout the process and storage systems. Volumes of vented and fugitive emissions are largely dependent on the field operator's specification of the plant and the field's production rates.

Vented emissions sources are identified and calculated using the Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry (August 2009). Fugitive emissions are calculated using annual emission rates for different fugitive emissions sources using UK Oil and Gas Guidelines.

Hydrocarbon production rates are taken from cumulative vessel reporting on a daily basis.

Air Travel

Corporate functions are required to undertake intermittent air travel to support company activities. In addition, air travel is required to mobilise and demobilise personnel for offshore rotations, as all operating assets are continuously manned for safe operations. A third-party travel agent books air travel and provides GHG emissions for each ticketed flight.

HCFCs and HFCs – Freon Gas Consumption

Fleet operating assets purchase freon gases (HCFCs or HFCs) to top-up leakage of charging gases from closed gas systems, such as Heating, Ventilation, and Air Conditioning (HVAC), refrigeration and fixed foam, fire suppression systems. Procurement records supply data on the quantity of freon gas purchased. Global warming potentials for various gases are deduced from IPCC AR5 and the Climate Registry published datasets.

In 2023, there was one incident offshore of HFCs being emitted. 211.39 CO_2 Te of R-513A, which has a lower global warming potential (GWP) than R134A, was lost.

ANTICIPATED FINANCIAL EFFECTS RELATED TO CLIMATE CHANGE

BW Offshore applies a structured process to identify the most material climate-related risks and opportunities. The DMA concluded that our operations and assets are subject to long-term physical and transitions risks related to climate change.

Approximately 98 per cent of BW Offshore's total revenue of USD 659.2 million relates to oil and gas-related activities. As such, it is deemed to be at potential risk when considering future impacts driven by climate change.

Physical Risk

Chronic physical risk has also been identified as a material risk for all parts of operation in areas likely to observe extreme heat in the long-term (more than five years). The expected financial impact is classified to be in the range of USD 10–100 million, and relates to costly mitigation actions. All offshore assets and construction yards are considered to be at risk due to increased temperatures potentially affecting personnel.

Transition Risk

Climate change mitigation is considered a material transition risk, more specifically access to, and cost of, capital, together with changing consumer behaviour. The potential financial impact is categorised to be in the range of USD 100–500 million in the short-, medium- and long-term. This is an expected risk as access to capital is related to regulation, and more strict sustainability-related requirements for financial institutions are already in place. This risk mainly concerns new projects within oil and gas developments through increased capital constraints which may lead to missed opportunities and reduced future earnings.

Opportunities Related to Climate Change

The 2023 DMA also identified opportunities related to climate change. BW Offshore sees significant medium- to long-term potential to develop new business opportunities within low-emission and renewable energy production using existing competencies. The value creation potential in new business segments, such as floating offshore wind, floating clean fuel production like hydrogen and ammonia, and carbon capture and storage, represents very high potential financial impact (above USD 500 million).

Emission Indicators

		2023	2022	2021
Scope 1 – CO_2 eq	thousand tonnes	9.4	0	11.6
CO_2	thousand tonnes	9.3	0	11.6
CH_4	thousand tonnes	0	0	0
N_2O	thousand tonnes	0	0	0
Scope 2 – CO_2 eq	thousand tonnes	20.4	0.3	0.4
CO_2	thousand tonnes	20.3	0.3	0.4
CH_4	thousand tonnes	0	0	0
N_2O	thousand tonnes	0.1	0	0
Scope 3 – CO_2 eq	thousand tonnes	900	1 411	1 643
CO_2	thousand tonnes	777	1 219	1 432
CH_4	thousand tonnes	3	5	6
N_2O	thousand tonnes	0	0	0
HCFCs & HFCs	thousand tonnes	10.9	13.3	12
Air travel	thousand tonnes	8.4	10.7	6.3
Energy consumption offshore	TJ	5 559	8 199	10 264
CO_2 eq per barrel produced	kg/boe	29	23	18
GHG Emissions Intensity (Scope 1 and 2)	Te CO_2 eq/mill USD Revenue	45	0.4	14
GHG Emissions Intensity (Scope 3)	Te CO_2 eq/mill USD Revenue	1 365	1 823	1 981
Air Travel Emissions CO_2 eq (Included in Scope 3)				
Fleet operations	thousand tonnes	4.4	5.9	5.4
Corporate	thousand tonnes	4	4.8	0.9
Flaring (Included in Scope 3)				
Flared gas	mmscf	7 699	13 133	14681

Notes to table:
Due to change of scope definition, Scope 1 and Scope 3 metrics have been restated to provide comparative data.
See page 28, *Changes in Preparation or Presentation of Sustainability Information,* for further information.

Energy Consumption and Mix

Total energy consumption related to own operations		2023
Operations (Scope 1)	Mwh	**33 774**
Total energy consumption from fossil sources	Mwh	33 774
Fuel consumption from coal and coal products	Te	–
Fuel consumption from crude oil and petroleum products	Te	2 895
Fuel consumption from natural gas	Te	–
Fuel consumption from other fossil sources	Te	–
Total energy consumption from nuclear sources	Te	–
Offices (Scope 2)		**49 504**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	Mwh	632
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	Mwh	48 872

POLLUTION

Pollution Prevention

IMPACTS, RISKS AND OPPORTUNITIES

BW Offshore actively manages material impacts, risks and opportunities related to pollution prevention and control. The actual and potential pollution caused by our operations and activities are considered material impacts.

Discharge of effluent water is a well-regulated process in the industry, and maintenance of pollution prevention equipment is typically subjected to review by the local Environmental Regulator.

A significant oil spill event would potentially represent the most serious short-term impact to the marine environment and regional biodiversity associated with our operations. While the likelihood is considered low due to the many barriers in place, a potential oil spill is considered a material risk for the company.

Additionally, where our assets are located, emission of non-GHG occur. BW Offshore is committed to continuously improving our HSE performance and strives to prevent harm to people, the environment and property.

POLICIES AND ACTIONS RELATED TO POLLUTION

BW Offshore's HSE Policy addresses environmental impact and pollution prevention. The policy is owned by the CEO, and applicable to all BW Offshore's activities. All incidents and near misses are registered and analysed. The HSE Policy was prepared with input from key internal stakeholders and is available on our website.

We plan to introduce an Environmental Policy in 2024 that will address environmental impacts deemed material in the DMA.

Pollution to Water

Effluent Management

To prevent pollution to water, we operate with Oil in Water Analysers, calibrated to local regulatory permitted limits, that divert produced water to slop tanks when required. Produced water discharges across the BW Offshore

fleet are well within the World Banking Group guideline limit of 29 ppm (parts per million) oil in water content (monthly average).

In 2023, the average oil in water content in produced water discharge from our fleet was 14.38 ppm. All planned effluent streams (produced water, sewage, engine room bilges, cooling water and food wastes) have been discharged within regulatory requirements and industry guidelines.

Oil Spill Management

In accordance with ISO 14001, to test responsiveness and preparedness for unplanned oil pollution events, and to prevent escalation of potential overboard spills, assets performed their scheduled annual spill response drills in 2023. Drills onboard all assets will continue in 2024.

Across all assets, accidental spills of hydrocarbons to sea totalled an aggregated 20 litres in 2023.

Pollution to Air

Non greenhouse gas (non-GHG) emissions, such as NO_X and SO_X, are released during fuel combustion for the power generation and heating systems required to run the FPSO plant. In 2023, BW Offshore reduced non-GHG emissions by decommissioning older units from the fleet. At present, a defined level of ambition is not in place, and there are no targets set for pollutant reductions.

We base our reporting on methodologies from the American Petroleum Institute 2009 Compendium of Greenhouse Gas Emissions methodologies for the Oil and Natural Gas Industry, and use the Oil and Gas UK Environmental Emissions Monitoring System.

The Operational Integrity Quarterly Performance Report includes trend analysis and recommended improvement measures.

For FPSO BW Opal, we have applied the latest power generation technologies of combined cycle gas turbines (CCGT) with waste heat recovery. This design reduces overall emissions for the field at the source.

ANTICIPATED FINANCIAL EFFECTS RELATED TO POLLUTION

Pollution-related risk has been identified as financially material in the 2023 DMA. Oil spills, and consequently pollution of water, would have negative impact on the environment, and pose a financial risk to the company.

A significant oil spill event represents a material financial risk. The potential anticipated magnitude of financial impact could be very high (above USD 500 million) considering short-, medium- and long-term horizons. To mitigate this risk, insurance coverage for pollution and clean up, damage to vessels, and third-party liabilities is in place for all our assets.

Pollution Indicators

		2023	2022	2021
Non-GHG Emissions and Discharges				
CO	thousand tonnes	**1.8**	2.9	3.4
NO_x	thousand tonnes	**5.6**	8.6	10.4
SO_2	thousand tonnes	**0.1**	0.1	1.4
nmVOC	thousand tonnes	**3.3**	6.0	7.3
Marine Discharges and Chemical Management				
Produced water re-injected	thousand bbls	**26 395**	23 749	15 403
Produced water discharged to sea	thousand bbls	**9 510**	16 364	27 664
Oil in water content	ppm	**14.38**	10.86	12.71
Oil Spills				
Number of significant oil spills		**0**	0	0
Accumulated oil spill	ltr	**20**	2	65

Notes to table:
- Annual direct emissions (annual calculated estimate)
- Plant combustion processes (calculated daily through environmental reporting system)
- Unplanned gas releases (recorded through incident reporting system)
- Direct and fugitive emissions (API Compendium estimation methods)
- Combustion emissions from shipyard (reported in monthly reports)
- Global warming potentials taken from IPCC 5th assessment report (2014)
- Emissions are limited to FPSO operations. Project activities are included for the construction of BW Opal for FY 2023

RESOURCE USE AND CIRCULAR ECONOMY

Increasing Focus on Circular Principles

IMPACTS, RISKS AND OPPORTUNITIES

The FPSO industry supports circular principles, as an assets' hull and process facility can be modified to be redeployed to new oil and gas fields, enabling the repurposing of an asset for multiple projects during its operational lifespan. At the end of the lifespan, it may be recycled with a focus on maximum material recovery, enabling remanufacturing and reuse of materials.

Still, the complex engineer–to–order nature of the FPSO construction process presents barriers for the incorporation of circular economy principles, and thus, BW Offshore has identified lack of circularity principles in asset design and construction as a material matter.

Additionally, we have identified waste handling as a material impact.

POLICIES AND ACTIONS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

While we do not have formal policies and procedures in place related to circular economy, BW Offshore selects reliable products from known vendors, with demonstrated performance and in accordance with or superseding industry best practices.

Circular Principles in Asset Design

BW Offshore seeks to apply circular design in our newbuild FPSOs, to increase product durability and optimisation of use. We have corporate technical standards in place to safeguard the integrity of our facilities throughout their life cycle. Selection and use of exotic materials, such as stainless steel, compared to carbon steel solutions, leads to increased lifespan without the need for refurbishing or replacing.

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On BW Opal, which is currently under construction, several materials have been selected because they are maintenance free, reducing the need for repairs, refurbishing, and replacements. For instance, the design incorporates LED lights, instead of fluorescent tube lights, and stainless steel for cable tray ladder support.

We wish to improve our evaluation of alternative materials by mapping lifecycle costs including costs for refurbishment and repairs. In 2023, a new department focusing on asset performance was established within the Operations function to help optimise materials and solutions selection, based on the operational environments our assets will be located in.

Resource Outflow Indicators

		2023	2022	2021
Waste				
Total waste	thousand tonnes	**6.5**	2.2	1.0
General waste	thousand tonnes	**2.8**	0.6	0.4
Recyclable waste	thousand tonnes	**3.5**	1.3	0.5
Hazardous waste	thousand tonnes	**0.1**	0.2	0.1

Ship Recycling

Ship recycling is inherently circular, enabling maximum material recovery of an end-of-life asset. BW Offshore has integrated safe and sustainable ship recycling practices that comply with the Hong Kong Convention into our corporate operational standards and procedures. A robust procedure on ship recycling is in place to ensure any vessel owned by the company (or sold to an intermediary with the intention of being recycled) are delivered with hazardous material inventories.

In 2022, FPSO Umuroa was divested for recycling, and the related recycling activities were completed in January 2023. During the recycling process, Grieg Green acted as the on-site representative to track effectiveness, monitor progress and ensure compliance with environmental and safety regulations and the recycling plan.

Waste Management

In 2023, BW Offshore engaged with key vendors for BW Catcher to survey methods to reduce single-use plastics sources arising through the supply of consumable items and packaging to support operations. These efforts are ongoing and will continue in 2024. As an example, we will test oxo-biodegradable plastic shoe covers for use onboard BW Catcher.

We encourage vendors to use expanded polystyrene, a more environmentally friendly alternative than polystyrene foam, for packaging. Key vendors have provided BW Catcher with biodegradable pallet wraps since July 2023, and we are collaborating with our UK warehouse provider to use fully recyclable wraps and corrugated paper instead of traditional bubble wrap.

There was an increase in total waste generated in 2023 compared to 2022, mainly due to yard activities related to the construction of BW Opal. However, only 2.2 per cent of accumulated waste was categorised as hazardous, compared to 9.1 per cent in 2022. 53.9 per cent of accumulated waste was recyclable, compared to 59.1 per cent in 2022. See pollution indicators on page 54 for full overview.

ANTICIPATED FINANCIAL EFFECTS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

A focus area of the corporate strategy is to maximise the value of the conventional fleet, thereby freeing up liquidity and strengthening the balance sheet to enable investments in new offshore energy infrastructure projects in the short and medium term, and low-carbon and clean energy production solutions in the longer term.

Since the initiation of the fleet divestment programme in 2021, asset recycling has generated gross USD 44 million of sales proceeds. As the last asset to be divested, Petróleo Nautipa was decommissioned from field in Gabon in 2023 and is expected to be sold for recycling in 2024.

GO BACK

Social

OWN WORKFORCE

Health and Safety

IMPACTS, RISKS AND OPPORTUNITIES

The nature of our FPSO business involves working with offshore facilities which pose inherent risks. Our primary focus revolves around the identification and mitigation of potential hazards that could impact our workforce (own workers and those in our value chain), the environment, or the communities in which we operate.

BW Offshore designs, develops, owns and operates assets that are used for production of oil and gas, often in remote locations far from shore. Given this context, effective management of risks protects the safety and security of our people and operations.

Hazardous incidents occurring onboard an FPSO have the potential to escalate quickly due to the hazardous nature of processing and storage facilities and may lead to loss of life or severe injuries, damage to the assets, and irreparable harm to our reputation. This is why safety is our top priority at BW Offshore.

In September 2023, despite a collective and continuous focus on safety, an accident regrettably occurred in the yard where BW Opal was under construction, resulting in a fatality of a subcontracted worker. Tragic accidents like this re-emphasises the constant importance of safety in all operations.

Our commitment to the highest international safety standards is unwavering, and underscores the fundamental importance of our core business objective: achieving safe and secure operations with a commitment to zero harm. Work-related accidents have the potential to greatly impact both individuals and the company, and is thus considered a material topic for BW Offshore. The safety and well-being of our employees is our foremost concern, and we continuously strive to maintain safe and secure working conditions for all individuals under our supervision.

STOP WORK

Doc. no: MS-PO05247 Rev: 2 Published: 01.07.2019

No task is so important that you must put yourself or others at risk of injury or illness to get it done.

This policy covers all employees, visitors, contractors and any other person affected by BW Offshore activities.

All employees, contractors and visitors have the permission and the responsibility to stop a work task or decline to perform an assigned task, without fear of negative consequences, when they believe there is a threat to the health and safety of themselves or others.

Individuals calling for Stop Work should inform their supervisor or the person in charge of the work immediately. All people with the responsibility for performing work also have the responsibility to stop and reassess the work when a safety concern is raised.

If you are worried about your safety or the safety of others

If something feels wrong STOP – don't do it

You have my support

Marco Beenen
CEO BW Offshore
1 July 2019

POLICIES RELATED TO HEALTH AND SAFETY

BW Offshore has implemented two key policies to prioritise the health, safety and wellbeing of our personnel:

- **HSE Policy:** The HSE Policy outlines BW Offshore's commitment to prioritise safety. The policy sets out the key requirements necessary for achieving this commitment.
- **Stop Work Policy:** The Stop Work Policy gives all personnel the explicit authority to stop any action they think is unsafe and/or they are unsure about, and to initiate a process to define and clarify their concerns without any repercussions.

These policies form the cornerstone of our commitment to making sure everyone in our company works in a safe environment. The scope of both policies includes all our operations, employees and contractors, and is endorsed by the CEO who is ultimately accountable for the policy implementation.

Awareness of safety policies is a key element of our onboarding process, supported through e-learning courses. Relevant e-learning courses are mandatory and tailored to distinct roles within the organisation to develop satisfactory knowledge of BW Offshore's safety policies and procedures. Refresher training is conducted as needed and in accordance with industry best practices.

The HSE Policy sets the health, safety and wellbeing of our people as a key priority. The Operational Integrity Management Standards outline the activities and actions necessary to fulfil the policy commitments. The technical standards, processes, procedures and guidelines of the Management System allow these activities and work systems to be consistently implemented and continuously improved.

Internal stakeholders and end-users are consulted while developing safety policies. All employees can give feedback on the policies through the Management System, and the policy owners consider this feedback during periodic reviews.

HEALTH AND SAFETY WORKFORCE ENGAGEMENT

Safety Leadership Visits

A safety leadership visit process is in place to connect senior leaders with the workforce, enabling direct engagement between the workforce and management representatives. The process targets periodic visits to all assets in operations and under construction, with the aim of:

- Emphasising safety as our top priority
- Enhancing senior leadership's understanding of the challenges to safe operations
- Cultivating a robust safety culture through active employee engagement
- Recognising and celebrating good safety practices and improvements
- Collecting feedback for continuous improvement

The Operational Integrity (OI) function owns the safety leadership visit process, and the Head of Operational Integrity is responsible for implementation. The process includes an annual review of feedback to derive lessons learned.

Working Environment Committees

Onshore, local Working Environment Committees (WEC) are in place to ensure that a secure, safe and healthy work environment is implemented, discussed between management and employee representatives and appropriately maintained. In Norway, UK and Singapore, committees with employee representatives meet on a quarterly basis. The WEC participates in planning of safety and environmental work and follow-up developments relating to the safety, health and welfare of the employees in the respective offices.

The Human Capital function manages the WEC process. The local Office Manager is responsible for implementing the process in their respective offices.

Offshore Safety Committees

All offshore units in operation have a WEC-equivalent organisation called the Offshore Safety Committee (OSC). There are monthly OSC meetings between worker representatives and management to discuss occupational health and HSE-related topics. Health risk assessments are in place for all operational locations. A dedicated medic, equipment and facilities are provided to manage illness and injuries onboard each asset.

The Asset Operations function manages the OSC process. The Offshore Installation Manager (OIM) is responsible for implementing the process on the respective asset.

Safety Observation Process

A Safety Observation System is in place at all offshore and onshore work sites, as well as online, allowing for anonymous reporting of safety observations. Anyone may raise concerns about safety by submitting a safety observation card, where safety critical actions, improvements, and positive actions and recommendations can be submitted.

The OI function maintains the Safety Observation System and monitors performance indicators of the process. All observation cards are registered and followed up by relevant stakeholders in the company. A responsible manager reviews and follows up all safety observation submissions.

The OIM or Site Manager is responsible for confirming that every offshore observation is registered in the Observation Card Database and reviewed by the offshore management team for the necessary follow-up action.

MAINTAINING AN EFFECTIVE MANAGEMENT SYSTEM

Legal requirements tied to health, safety, security and environment exist in many of the jurisdictions in which we operate, and a register of applicable legislation is maintained by the OI function. BW Offshore maintains an effective occupational health and safety Management System that enables us to meet and exceed mandatory requirements, as well as those the company establishes.

PROCESS SAFETY MANAGEMENT FRAMEWORK

The Process Safety Management Framework is integral to the Management System. This framework supports managing the risk of major accidents through suitable and effective barriers of People, Process and Plant. These barriers work together and are defined as follows:

PEOPLE

The organisation, with personnel from board room to the front lines. The training, competence and behaviours that individually and collectively contribute to mature culture and safe operations. How we conduct ourselves and implement our processes with quality.

PROCESSES

Our systems of work, including manuals, standards, procedure and practises maintained and continuously improved in the Management System.

PLANT

The equipment and systems designed into the asset. The Safety Critical Elements that have to work to either prevent a major accident or mitigate its consequences.

The Management System applies to all employees, contractors and visitors working at locations controlled by BW Offshore and is available via our intranet page. The documents included in the Management System describe defined outcomes that support function and business objectives, and specifies processes, supporting employees when managing risks to our people and assets.

BW Offshore keeps a catalogue of key performance indicators (KPI) for operational integrity performance. The ambition for each KPI is set by its owner after consultation with key stakeholders.

External Verification

Our Management System is certified to:

- The International Safety Management (ISM) Code for the safe operation of ships and for pollution prevention.
- ISO 9001 for quality management.
- ISO 14011 for environmental management.
- ISO 45001 for occupational health and safety management.

All our FPSOs are classified by DNV.

OUR APPROACH TO SAFEGUARDING PEOPLE'S HEALTH AND SAFETY

Operational Integrity Function

The OI function maintains the necessary systems to achieve safe and secure operations through a continuous improvement cycle. The OI function defines the health, safety, security, environmental, quality and asset integrity performance requirements and targets both in projects and offshore operations. This is complemented by continuous performance analysis, risk-based verification and governance of HSSE aspects.

BW Offshore monitors key indicators in process safety, occupational health and asset integrity. Each quarter, these indicators are analysed to detect early warning signs, and support risk-based verification and governance. This proactive approach helps our teams to identify potential performance issues early and take steps to prevent incidents and improve our systems.

Incident Management Process

BW Offshore employs an Incident Management Process to ensure we learn and improve from safety incidents. All safety incidents are reported and classified by type and severity. Incident assessments are performed to understand root causes and effective corrective actions. Learning reviews are performed periodically to drive wider organisational learning. The Integrated Risk Management Process ensures that the appropriate levels of management are involved to resolve dilemmas related to risk mitigation.

Project Evolve

The Change Programme 'Project Evolve' was initiated in 2021 with a goal to apply lessons learned from previous incidents, and represents a long-term commitment driven by our Senior Management to maintain safe and secure operations.

As part of Project Evolve, approximately 30 per cent of the workforce participated in structured feedback sessions, which were then analysed, assessed and consolidated into 72 separate actions referred to as 'Improvement Opportunities'.

The Improvement Opportunities are developed and delivered in close collaboration with workforce representatives, and prioritised and followed up on by designated delivery managers to improve work processes to promote a safe and efficient work environment.

A project management team ensures that there is alignment between the improvements and that there is regular engagement and communication with all stakeholders. A steering committee with representatives from senior management monitors that the project is delivering according to the expected outcomes.

BW Offshore has adjusted the operating model for relevant FPSOs and introduced robust requirements and work processes.

We LEAD Recognition Programme

BW Offshore has a process to recognise and reward behaviours resulting in positive HSSE outcomes. The process applies to all levels of the organisation, and anyone in the organisation may nominate candidates for quarterly awards.

In October 2023, we marked our second "We LEAD Day", with the objective of celebrating our achievements of excellence in all areas of our operations. Quarterly winners of the We LEAD Recognition Programme were invited to join a company–wide celebration of achievements.

Local events were organised on all units and in all offices, and employees were encouraged to take time to reflect on our commitment to continuously learn from failures, both past and present, in line with our values 'We LEAD with Integrity'.

We LEAD with Integrity

LEVERAGING THE TEAM

We trust each other and recognise that we are stronger as a team. We commend contributions and make each other better, embracing diversity and collective competencies to achieve the best result.

EXCELLENCE

We strive to do everything to the best of our abilities and we always seek to improve. We see sharing of failure as a sign of strength and an opportunity to learn.

ACCOUNTABILITY

Each of us care about what we do and the people we work with. We take ownership to understand and ensure positive outcomes for all our stakeholders.

DEVELOPMENT

We are open and actively seek opportunities to learn, inspiring individual growth and enabling progress. We continuously seek feedback from others to develop and improve.

WITH INTEGRITY

Integrity is the definition of who we are and what we do. It is the sum of our values. We are committed to speaking up and making the right decisions to resolve any dilemma we face.

GO BACK

Health and Safety Indicators

	Year to Year		2023 by location	
	2023	2022	Offshore	Onshore
Exposure Hours (in million man-hours)				
Employee[1]	**4.1**	4.9	2.4	1.7
Contractor[2]	**13.8**	8.6	0	13.8
Total Exposure Hours	**17.9**	13.5	2.4	15.4
Fatalities[3]				
Employee	**0**	0	0	0
Contractor	**1**	0	0	1
Total Fatalities (FAT)	**1**	0	0	1
Employee FAT Frequency Rate	**0**	0	0	0
Contractor FAT Frequency Rate	**0.07**	0	0	0.07
Overall FAT Frequency Rate	**0.06**	0	0	0.06
Lost Time Injuries[4]				
Employee	**1**	3	1	0
Contractor	**1**	0	0	1
Total Lost Time Injuries (LTI)	**2**	3	1	1
Employee LTI Frequency Rate	**0.24**	0.61	0.41	0
Contractor LTI Frequency Rate	**0.07**	0	0	0.07
Overall LTI Frequency Rate	**0.11**	0.22	0.41	0.06
Total Recordable Injuries[5]				
Employee	**8**	5	7	1
Contractor	**8**	1	0	8
Total Recordable Injuries (TRI)	**16**	6	7	9
Employee TRI Frequency Rate	**1.94**	1.02	2.86	0.60
Contractor TRI Frequency Rate	**0.58**	0.12	0	0.58
Overall TRI Frequency Rate	**0.89**	0.44	2.86	0.58

	Year to Year		2023 by location	
	2023	2022	Offshore	Onshore
High Potential Incidents[6]				
Employee	**4**	5	4	0
Contractor	**5**	5	0	5
Total High Potential Incidents (HPI)	**9**	10	4	5
Employee HPI Frequency Rate	**0.97**	1.02	1.64	0
Contractor HPI Frequency Rate	**0.36**	0.58	0	0.36
Overall HPI Frequency Rate	**0.50**	0.74	1.64	0.32
Occupational Illnesses[7]				
Employee	**0**	0	0	0
Occupational Illnesses Frequency Rate	**0**	0	0	0

Notes to table:

1 Direct hires, part-time employees, locally hired agency staff (direct contractors), in the fabrication sites, offices and offshore workers, i.e., all people working for BW Offshore.
2 Any person employed by a contractor, or contractor's sub-contractor(s), who is directly involved in execution of prescribed work under a contract with BW Offshore.
3 Person who died as a result of a work-related incident.
4 A fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work day cases.
5 The sum of fatalities, lost work day cases, restricted work day cases and medical treatment cases.
6 An incident that could have realistically resulted in one or more fatalities, but the actual consequence is of lesser severity.
7 Any abnormal condition or disorder, or any fatality other than one resulting from a work-related injury, caused by prolonged or repeated exposure to environmental factors associated with employment. May be caused by inhalation, absorption, ingestion or direct contact with a hazard, as well as exposure to physical and psychological hazards.

Overall' = 12 months sum of Employee and Contractor events in the category multiplied by 1 million divided by the 12 months sum of Employee and Contractor Exposure Hours.

All frequency rates are per 1 000 000 exposure hours.

OWN WORKFORCE

Protecting Human Rights, Promoting Development, Diversity and Wellbeing

IMPACTS, RISKS AND OPPORTUNITIES

We are committed to meeting our responsibility to respect human rights and decent working conditions, and are aware of the importance of our people and their contribution to meeting our business objectives. We aim to be a fair and non-discriminatory employer to attract and retain competent and engaged employees, and we carefully consider any impact of our activities.

While our industry has an overweight of male employees, BW Offshore supports equal opportunities across genders. Gender diversity and gender pay-gaps are considered impacts that are material, and we encourage gender equality both in recruitment and career advancement.

Working offshore for long periods may impact our employees' mental health and wellbeing. To mitigate potential negative effects of working offshore, we strive to maintain work-life balance for our employees. Additionally, the working environment offshore is influenced by the standard of accommodation and facilities onboard. Overall offshore conditions are improving due to the divestment of legacy units, which was completed in 2023. New units are designed to promote diversity, with designated facilities for female workers.

While delivering on our strategic objective to divest the legacy fleet, this has affected people in our operations and onshore support functions, and has led to a reduction of BW Offshore's total workforce. Staff redundancies are, therefore, noted as a material impact for BW Offshore in 2023.

As a material positive impact, we have a culturally diverse workforce comprised of 49 nationalities. We encourage diversity, are receptive to diverse opinions, promote equal opportunities for all and foster an inclusive and ethical culture. However, unconscious bias and potential unequal treatment may occur, and we, therefore, work actively to promote equal opportunities for all our employees.

POLICIES RELATED TO HUMAN RIGHTS AND FAIR EMPLOYMENT

BW Offshore has several policies and procedures in place to support our commitment to human rights and decent working conditions:

- Code of Ethics and Business Conduct (page 80)
- Human Rights and Decent Working Conditions Policy
- Human Capital Policy
- Diversity, Inclusion and Equity Policy Statement

The requirements set out in these policies are based upon the following internationally recognised principles: International Bill of Human Rights; International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work; OECD Guidelines for Multinational Enterprises; and UN Global Compact.

The Human Capital (HC) function manages implementation of and sets processes and procedures for the Human Capital Policy and the Diversity, Inclusion and Equity Policy Statement. The Code of Ethics and Business Conduct and The Human Rights and Decent Working Conditions Policy are implemented under the lead of Head of Corporate Integrity.

Human Rights and Decent Working Conditions Policy

Our Human Rights and Decent Working Conditions Policy covers our commitment to anti-discrimination, equality, and appropriate workplace conduct, responsible sourcing, fair compensation and collective bargaining, and prohibits forced labour, child labour, modern slavery and human trafficking. The Policy is applicable to BW Offshore and anyone who works for or on behalf of the company.

Human Capital Policy

The Human Capital Policy sets forth BW Offshore's aspiration to be an attractive employer with a rewarding workplace. We expect mutual respect, both for the individual employee and for our company, through all phases of employment. We provide equal opportunities regardless of gender, ethnic background, age, religion or sexual orientation.

The Human Capital Policy specifically defines both permanent and temporary employees as key resources.

Diversity, Inclusion and Equity

BW Offshore has a Diversity, Inclusion and Equity Policy Statement that specifically covers local workforce in locations of operation. This statement describes our commitment to foster a workplace culture that values and promotes diversity, inclusion, and equal employment opportunities. It reflects our objective to promote respectfulness, cultural awareness and inclusivity by aspiring to having a collaborative work environment in which all employees participate and contribute.

WORKFORCE ENGAGEMENT

Employee engagement and feedback on working conditions is established in accordance with agreements with unions in respective operating countries, through Working Environment Committees (page 60), Offshore Safety Committees (page 60), the Speak Up Process (page 82), and the Safety Observation Process (page 60).

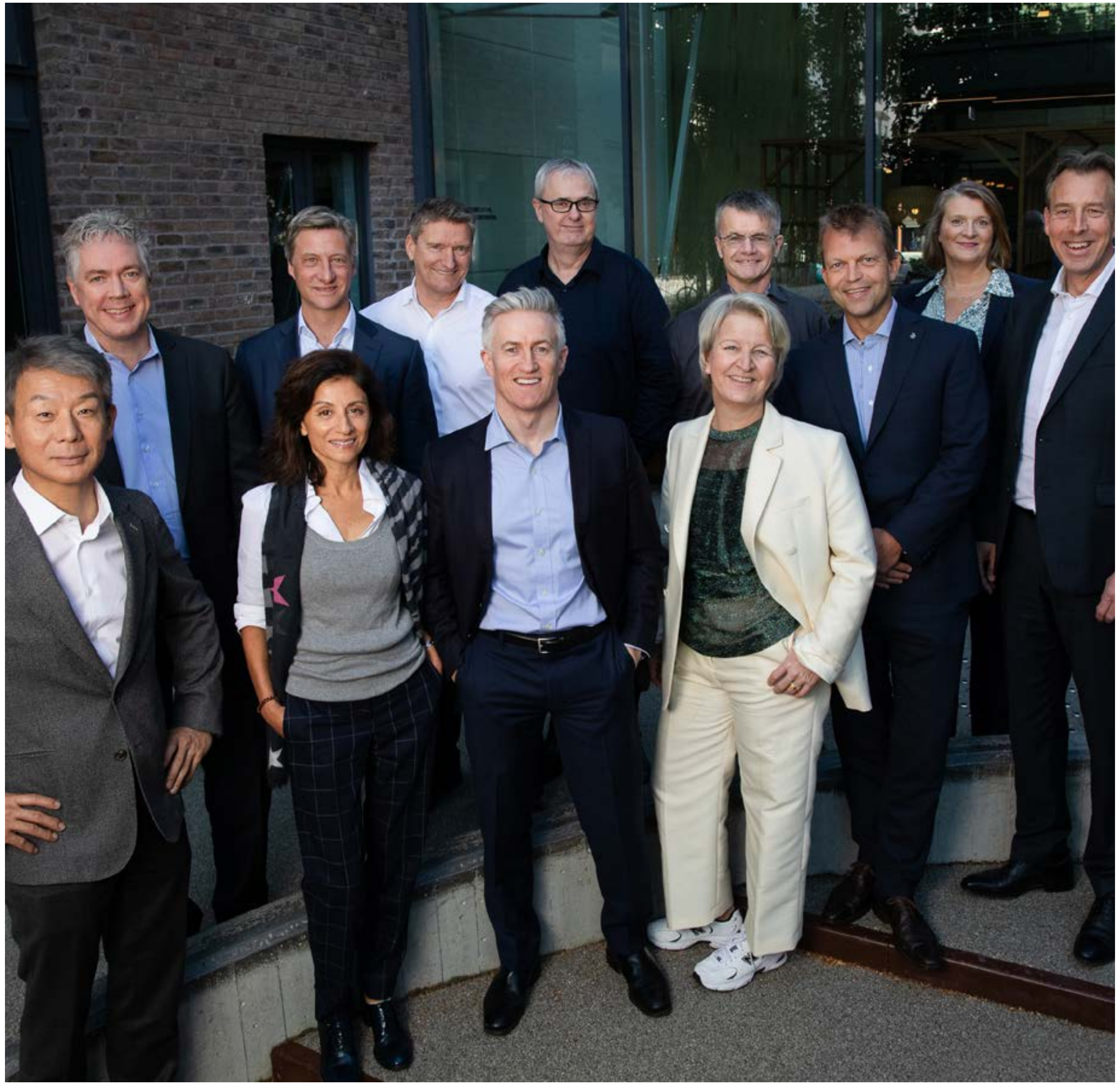
The responsibility for employee relationship engagement is, on an operational level, residing with the General Manager or Asset Manager as defined for each legal entity and location. The company regularly conducts culture and engagement surveys.

Awareness on Mechanisms for Reporting Grievances and Speaking Up

Employees and other workers are encouraged to report any suspected breaches of BW Offshore corporate policies or procedures to their supervisor or line manager. If an employee does not feel comfortable speaking directly to his/her supervisor, the Speak Up Channel is available for raising concerns (read more on page 82).

Our personnel may also raise concerns or questions directly with their local Human Capital or Legal departments, BW Offshore's Head of Corporate Integrity or email the Compliance Department using a dedicated email address.

Informal and early resolution of grievances or disputes is encouraged. Managers are advised to take all reasonable steps to prevent and



resolve grievances or disputes in their respective departments.

We prohibit retaliation against anyone who raises a concern, question, grievance or complaint in good faith. Reports are treated confidentially, evaluated promptly, and, if necessary, investigated fairly.

In 2023, we updated information about the Speak Up Channel on the intranet to encourage employees to report concerns.

ACTIONS AND RESOURCES RELATED TO OWN WORKFORCE

Human Capital Function

Our HC function describes and allocates the responsibility to develop and maintain effective HC processes to safeguard the interests of the company and employees at any time. The internal budget and cost of resources are considered confidential and thus not included in this statement.

Wellbeing and Inclusion

Our corporate culture programme applies to the whole BW Offshore organisation. A new Learning and Development system is under development and will be implemented on a modular basis.

We have established different actions and programmes for wellbeing and inclusion to positively impact the working environment, such as the mental health and wellbeing programme. We also have employee assistance programmes for each location, offering services to cope with private or work–life stressors, or other issues that impact personal or family lives. October is our designated wellbeing–month, with events focusing on relevant topics for all employees, organised in collaboration with affiliates within the BW Group.

Adequate Housing

For offshore employees, the working environment is influenced by the standard of accommodation and facilities onboard. Overall conditions are improving due to the divestment of aging units, which was completed in 2023.

New units are designed to promote diversity, with designated facilities for female workers.

COMPENSATION

BW Offshore conducts an annual review of employee wages, pay scales and union agreements, to ensure fair remuneration and living wages. We have a defined minimum standard of living wages, which is implemented for direct hires in each location where we operate.

Living wage refers to what is considered sufficient income for a basic standard of living. The living wage is calculated after mandatory deductions from income for taxes and social security contributions to allow the employee to meet the standard costs associated with suitable housing, savings, food and essential goods and services, within the respective locations where we operate.

The living wage definition and methodology are adopted with reference to Employment Conditions Abroad (ECA) International methodology and definitions of cost-of-living in different locations. The methodology is similar to standards referred to by the ILO.

BW Offshore applies a meritocratic compensation framework to support our target to deliver a total compensation that fairly reflects each employee's contribution and performance.

We monitor the ratio of basic salary and remuneration of women to men for permanent employees. Due to the overrepresentation of female workers in certain job types and levels, often with lower market value than positions where male workers are overrepresented, the average salary of women is lower than the average salary of men.

The company practices same pay for same jobs, and specifically considers gender pay-gaps for comparable positions as part of the annual remuneration review process.

Equal Opportunities

We have a procedure for Career Development and Promotion which states that in each promotion and development plan, the company will seek diversity, equity, inclusion and provide fair opportunities for all.

There shall be no differences in outcomes based on factors for which an employee cannot be held responsible (such as disabilities, pregnancies, or family situations).

Compensation Metrics

	2023	2022
Remuneration ratio[1]	8.6:1	8.9:1
Gender pay-gap[2]	59%	59%

Notes to table:

[1] The annual total remuneration ratio is calculated from the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual).

[2] Gender pay-gap is defined as the average salary of women vs. the average salary of men.

The data has been compiled from the company personnel system, and includes remuneration data for permanent employees and employees on timebound contracts (direct hire contract employees). The countries of employment are Singapore, Norway, the United Kingdom, the United States, Australia, Brazil, France, Gabon, Netherlands and the United Arab Emirates.

Annual gross salaries (including fixed allowances) have been converted from local currency to USD, using the exchange rate from OANDA.com on 31 December 2023.

Characteristics of Employees and Non-Employee Workers in Own Workforce

Onshore Workforce

Gender/Employment category	Africa	Americas	APAC	Europe	Middle East	Grand Total
Permanent Personnel	26	16	312	189	7	**550**
Female	10	5	103	56	1	**175**
Male	16	11	209	133	6	**375**
Direct Hire Contract Personnel	4	1	116	2	1	**124**
Female	0	0	26	0	0	**26**
Male	4	1	90	2	1	**98**
3rd Party Consultant Personnel	7	3	23	7	0	**40**
Female	2	1	1	1	0	**5**
Male	5	2	22	6	0	**35**
Direct Hire Contract Personnel – no guaranteed hours	1	0	0	1	0	**2**
Female	0	0	0	0	0	**0**
Male	1	0	0	1	0	**2**
3rd Party Consultant – no guaranteed hours	0	0	1	1	1	**3**
Female	0	0	0	0	1	**1**
Male	0	0	1	1	0	**2**
Grand Total	38	20	452	200	9	**719**

Offshore Workforce

Gender/Employment category	Africa	Americas	Europe	Other	Grand Total
Permanent Expatriate Personnel	47	100	11	33	**191**
Female	0	0	0	0	**0**
Male	47	100	11	33	**191**
Direct Hire Contract Expatriate Personnel	14	4	0	13	**31**
Female	0	0	0	0	**0**
Male	14	4	0	13	**31**
3rd Party Consultant Expatriate Personnel	7	0	0	0	**7**
Female	2	0	0	0	**2**
Male	5	0	0	0	**5**
Permanent National Personnel	75	8	118	8	**209**
Female	0	0	4	2	**6**
Male	75	8	114	6	**203**
Direct Hire Contract National Personnel	3	0	0	0	**3**
Female	0	0	0	0	**0**
Male	3	0	0	0	**3**
3rd Party Consultant National Personnel	3	0	25	1	**29**
Female	0	0	4	0	**4**
Male	3	0	21	1	**25**
Grand Total	149	112	154	55	**470**

Notes to tables:
- The personnel statistics are based on the year-end headcount from December 2023.
- The most common type of non-permanent personnel are contract and consultant staff hired in for a time specific period. Contract personnel have direct contracts with the company, while consultants are employed via third-party agreements.

Turnover

Several units have been divested in 2023. This affects people in our operations and onshore support functions and has led to a reduction in BW Offshore's total workforce.

	2023	2022
Number of leavers	75	73
Rate	13.1%	12.6%

Note to table:
- Turnover is based on onshore permanent headcount, and includes both voluntary and involuntary leavers.

Diversity Metrics

Gender Balance in Board of Directors

Gender	Number	Percentage
Female	1	20%
Male	4	80%
Grand Total	5	100%

Gender Balance in Senior Management Team

Gender	Number	Percentage
Female	1	17%
Male	5	83%
Grand Total	6	100%

Gender Balance in Onshore Workforce

Gender	Africa	Americas	APAC	Europe	Middle East	Grand Total
Female	12	6	130	57	2	207
Male	26	14	322	143	7	512
Grand Total	38	20	452	200	9	719

Gender Balance in Offshore Workforce

Gender	Africa	Americas	APAC	Europe	Other	Grand Total
Female	2	0	0	8	2	12
Male	147	112	3	146	50	458
Grand Total	149	112	3	154	52	470

Age Distribution in Onshore Workforce

Age	Number	Percentage
<30	44	6%
30–50	435	61%
50<	240	33%
Grand Total	719	100%

Age Distribution in Offshore Workforce

Age	Number	Percentage
<30	12	3%
30–50	301	64%
50<	157	33%
Grand Total	470	100%

Training and Skills Development Metrics

Performance Dialogues

Completion rate	2023	2022
Total	57.5%	87.6%
Female	55.1%	83.9%
Male	58.1%	88.2%

Notes to Table:
- Onshore eligibility: All permanent onshore personnel employed before 1 July 2023.
- Offshore eligibility: Employees on permanent rotation (both permanent and fixed-term contracts on a permanent rotation onboard the units), and 3rd party nationals employed before 1 July 2023.

Time Spent on Training

Average hours per employee	2023	2022
Onshore	12.2	7.5
Female	16.3	0
Male	10.5	0
Offshore	46.9	43.5
Female	44.5	0
Male	49.4	0

Notes to table:
- Training activities are registered by time recording for onshore employees, capturing external courses. External courses for offshore employees (such as BOSIET, HUET etc.) are also included in the training overview.

Work-Life Balance Metrics

Family-Related Leave

	2023
Onshore workforce entitled to take family-related leave	93.7%
Utilisation of entitled family-related leave	2.7%
Female	4.0%
Male	2.1%

Notes to table:
- All employees under direct contract with BW Offshore are entitled to family-related leave. It is the employers' responsibility to provide leave in accordance with applicable regulations, thus family-related leave for 3rd party consultants is managed by their respective employers.
- Family-related leave metrics are recorded for onshore personnel. Due to the nature of offshore rotation-work, family-related leave is not recorded for all employees.

WORKERS IN THE VALUE CHAIN

Promoting Decent Working Conditions in the Value Chain

IMPACTS, RISKS AND OPPORTUNITIES

Potential harassment and assault in the value chain is deemed a material sustainability matter by BW Offshore and is primarily associated with heavy industry workers. We recognise the critical role vendors play, especially on the lives of workers of vendors that rely heavily on BW Offshore's business. Read more about vendor engagement on page 81.

We require all our vendors to observe high standards of ethics in the conduct of their business, and expect them to treat their people with respect and dignity. BW Offshore is committed to paying a living wage to all our employees and expect our vendors to do the same. Read more about living wage on page 67.

POLICIES RELATED TO VALUE CHAIN WORKERS

BW Offshore maintains a Human Rights and Decent Working Conditions Policy (see page 65), Supplier Code of Ethics and Business Conduct ("Supplier Code"), and Supplier Ethical Employment Practice Guidelines. These policies are applicable for all our vendors, and available on our website.

When setting our policies, we consider our legal obligations, good practices, established standards and expectations of investors, clients and other stakeholders.

Supplier Code of Ethics and Business Conduct

The Supplier Code is developed with reference to the Universal Declaration of Human Rights, ILO conventions, United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. It includes our expectations to human rights and employment practices. This includes bribery and corruption; competition; money laundering; insider

trading; health, safety, and environment; trade compliance; confidentiality; communications; data protection and information security; accurate records; conflicts of interests; expressions of concern; living wage; and governance.

BW Offshore expects our business partners, including vendors, agents or other third parties to maintain principles at least equivalent to the Supplier Code when conducting business for or with BW Offshore. This expectation is enforced by our standard terms and conditions. Our Head of Supply Chain owns the Supplier Code.

Unlawful Harassment

As described in the Supplier Code, BW Offshore requires that vendors prohibit discrimination. All persons shall be treated with dignity and respect, and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

We expect our vendors to provide an employment environment that is free from physical, psychological and verbal harassment, or abusive conduct. Inappropriate workplace conduct, such as harassment, will not be tolerated.

Human Rights and Decent Working Conditions in our Value Chain

BW Offshore requires vendors to comply with the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Slavery, forced labour, child labour, torture and other violations of human rights are totally unacceptable. Vendors must not engage in human trafficking or require personnel to pay recruitment fees or deposits, or destroy, confiscate or conceal identity or immigration documents.

In accordance with applicable laws and regulations, vendors must have appropriate systems and procedures so that: accurate wages are paid and minimum wages are adhered to; working hours are compliant, not excessive and not exceeding the local stipulated maximum number of working hours; hired labour is provided with written agreements of employment, in a language understandable to the individual, setting out conditions and rights; and hired labour has access to effective grievance mechanisms.

Living conditions should be acceptable in relation to housing, sanitation, electricity, water supply, transport and communications.

ENGAGING WITH VALUE CHAIN WORKERS

BW Offshore takes any concern related to the treatment of workers in our value chain seriously. Our Safety Observation System (page 60) and Speak Up Channel (page 82) are available to all value chain workers, both online, and onboard our assets and in all work sites.

We monitor statistics from our Speak Up Channel and request key vendors to inform us during regular meetings and reports to alert us of any concerns related to us. BW Offshore works with our supply chain to remediate any confirmed allegation of worker mistreatment and collaborate to improve worker conditions. Where remediation is required, we monitor its implementation and effect.

Site Visits and Ethical Labour Audits

We conduct targeted site visits and ethical labour audits at the facilities of vendors in our value chain (such as construction and recycling yards). We have committed resources to conducting site visits and labour audits at facilities deemed to be at high risk to have potential negative impact on workers.

We collaborate with those facilities to identify reasonable, practical, effective, and beneficial remedies to material impacts observed during vendor engagements.

In 2023, BW Offshore conducted ethical labour audits in South Korea and Indonesia. In 2024, we plan to conduct an ethical labour audit in Singapore and will schedule other activities using a risk-based approach.

Site visits or ethical labour audits may be conducted as part of due diligence and during the project phase. When conducted, ethical labour audits include interviews with workers about the availability and trust in local reporting mechanisms. Follow up on site visits or labour audits occurs as needed.

We continue to evaluate risks to stakeholders of our activities and adapt our practices to reflect legal requirements and good practices while also considering our capacity and resources. The Head of Corporate Integrity coordinates these activities and reports results to the CEO, Senior Management Team, and Audit Committee.

AFFECTED COMMUNITIES

Local Employment and Economy

IMPACTS, RISKS AND OPPORTUNITIES

BW Offshore's operations have a significant positive impact on employment and the local economy in areas in which we operate. We commit to the development of the communities in which we work, and engage locally to identify talent suitable to site-specific scope of work during recruitment processes.

BW Offshore satisfies local content requirements and supports the growth and development of local businesses to meet our requirements. We champion activities that create positive impacts on lives in local communities, and provide fair and rewarding employment opportunities and training to our local workers.

POLICIES RELATED TO AFFECTED COMMUNITIES

We carefully consider the effect and impact on local communities and indigenous people where our activities may have an impact. Through the Human Rights and Decent Working Conditions Policy (page 65), BW Offshore commits to supporting local communities and indigenous people's rights, and limiting negative impacts on the people, environment and communities in which we operate.

We are committed to maximising local recruitment and sourcing of talents from communities where we have operations and offices.

GO BACK

LOCAL CONTENT AND FIRST NATIONALS

In preparation of our upcoming operations in Australia, we are developing a First Nations Inclusion Strategy for our activities. An additional document is being established specifically for the BW Opal operations and its First Nations engagement plan. The First Nations Inclusion Strategy will outline timelines, frequency and mode of engagement. It will be managed by the Asset Manager, the most senior role with the operational responsibility, in collaboration with the in-country HC Manager.

BW Offshore is committed to phased implementation of a First Nations Engagement Plan for BW Opal to best position it for a successful delivery. Further targets may be established as part of the ERMP and First Nations Engagement Plan.

The establishment of an operational framework for BW Opal has been defined as the main area of action. An Employee Relations Management Plan (ERMP) has been established, to address equal opportunities for employees, working conditions and inclusion. A local recruitment policy is being developed with planned completion in 2024.

Any specific actions responding to identified material sustainability matters related to affected communities will be defined as part of the ERMP and corresponding documents. The operational expenditures for implementation of the policies are an integral part of internal resource budgets, including in particular the operational budget for Australia. Internal operating budgets and costs are not disclosed externally.

All offshore employees related to the BW Opal operations are required to be Australian residents. Priority will be given to Northern Territory based candidates for employment subject to meeting the required competency, performance and experience criteria.

CYBER SECURITY

Safeguarding Against Cyber Attacks

IMPACTS, RISKS AND OPPORTUNITIES

In the event of a cyber–attack targeting one of BW Offshore's assets, the safety of workers and business continuity could be compromised. Due to this, cyber security is considered a material sustainability matter for BW Offshore.

BW Offshore's risk–oriented Information Security Management System is designed to prevent a cyber security attack. We also maintain an overview of information security risks across the organisation. These risks are identified, evaluated, and mitigated by assigning corrective actions in accordance with our risk treatment plan.

POLICIES RELATED TO CYBER SECURITY

BW Offshore has adopted an Information Security Management System based on the ISO 27002 and NIS 2018 Directive as part of our IT Governance process. An Information Security Policy captures our commitment to preserve the confidentiality, integrity and availability of all information and physical assets within the organisation. In addition to the Policy, a list of procedures and standards describes how we implement, maintain and monitor the Information Security Management System based on the adopted framework.

The Policy is signed by the CEO and owned by the Head of IT & Systems. It covers the entire organisation and affected stakeholders are both internal and external, including clients, vendors and service providers, regulatory bodies and government agencies. These stakeholders have an interest to contribute to ensuring a secure environment to conduct business in a safe manner.

GO BACK

The policy, standards and procedures that form the body of the IT Governance are communicated internally via announcements and an e-learning (Introduction to the IT Governance). Externally, we communicate with vendors through security assessments, and regulatory bodies and government agencies through compliance exercises as and when required. Relevant internal stakeholders are part of the document review when new procedures or technical standards are developed.

ACTIONS AND RESOURCES RELATED TO CYBER SECURITY

Any incident related to cyber security may have a direct impact on the organisation and may also affect clients and external parties. As part of the IT Governance lifecycle, continuous focus is placed on maintaining and improving our systems and processes to mitigate risks posed by cyber security threats. BW Offshore has adopted a cyber security risk assessment methodology to guide our internal risk assessment exercises.

Maintaining Vigilance

Technology solutions and mitigations are not the only barriers; we have established a cyber security portal, as training of employees is paramount to avoid hacks and data breaches. In 2023, an annual mandatory e-learning was conducted for all employees and contractors on cyber security, and all users with BW Offshore emails participated in monthly phishing awareness campaigns.

Increasing Resilience

In 2023, key actions related to mitigating cyber security risk included adopting a new compliance management tool, populating it with IT governance documentation, assigning ownership and creating periodic tasks, such as review and update of policies and procedures, and identification of critical processes and interdependencies. The tool enables asset-based risk analysis and management of annual risk assessments scheduled for the offshore assets.

We have also included an information security assessment in our vendor qualification process (page 81) through an External Parties Information Security Procedure. This procedure has the objective of identifying and mitigating risks within the supply chain.

External risk assessment has been conducted by DNV in collaboration with subject matter experts from BW Offshore on BW Catcher, providing an overview of the current risk– and threat–landscape. Remaining assets will be subject to external risk assessments in 2024.

Further, we have implemented several procedures throughout 2023 to improve our resilience in the event of a cyber security attack, such as:

- Introducing a removable media handling procedure for internal users, describing rules of removable media usage and disposal.
- Communicating a revised incident response plan, which was tested with key stakeholders. The response plan is scheduled to be tested on an annual basis with different scenarios and scopes.
- Mapping information security risks on BW Catcher after physical inspection.
- Formalising a business continuity plan and evolving the incident response plan workflow to maintain operation for critical processes and resources required in the event of a cyber–attack.
- Consolidating BW Offshore's minimum information security requirements for third parties in an Information Security Technical Standards Procedure.
- Implementing a Physical Boundaries Procedure for our assets that categorise critical areas and implement security controls around them.

Tracking Effectiveness of Policies and Actions

The overall goal of our cyber security related initiatives is for our information security management systems to be in compliance with industry best practices and implemented fully across the organisation.

We routinely conduct risk assessments, compliance checks, internal IT audits, awareness campaigns and reviews to track the effectiveness of the Information Security Policy. This is further demonstrated in the records generated by our monitoring processes.

Additionally, we periodically update our policies and procedures according to the development of the industry or any additional security requirements. We use an external tool to measure the compliance of our security measures against the requirements of relevant frameworks (ISO 27002 and NIS 2018), that our information security management system is based on.

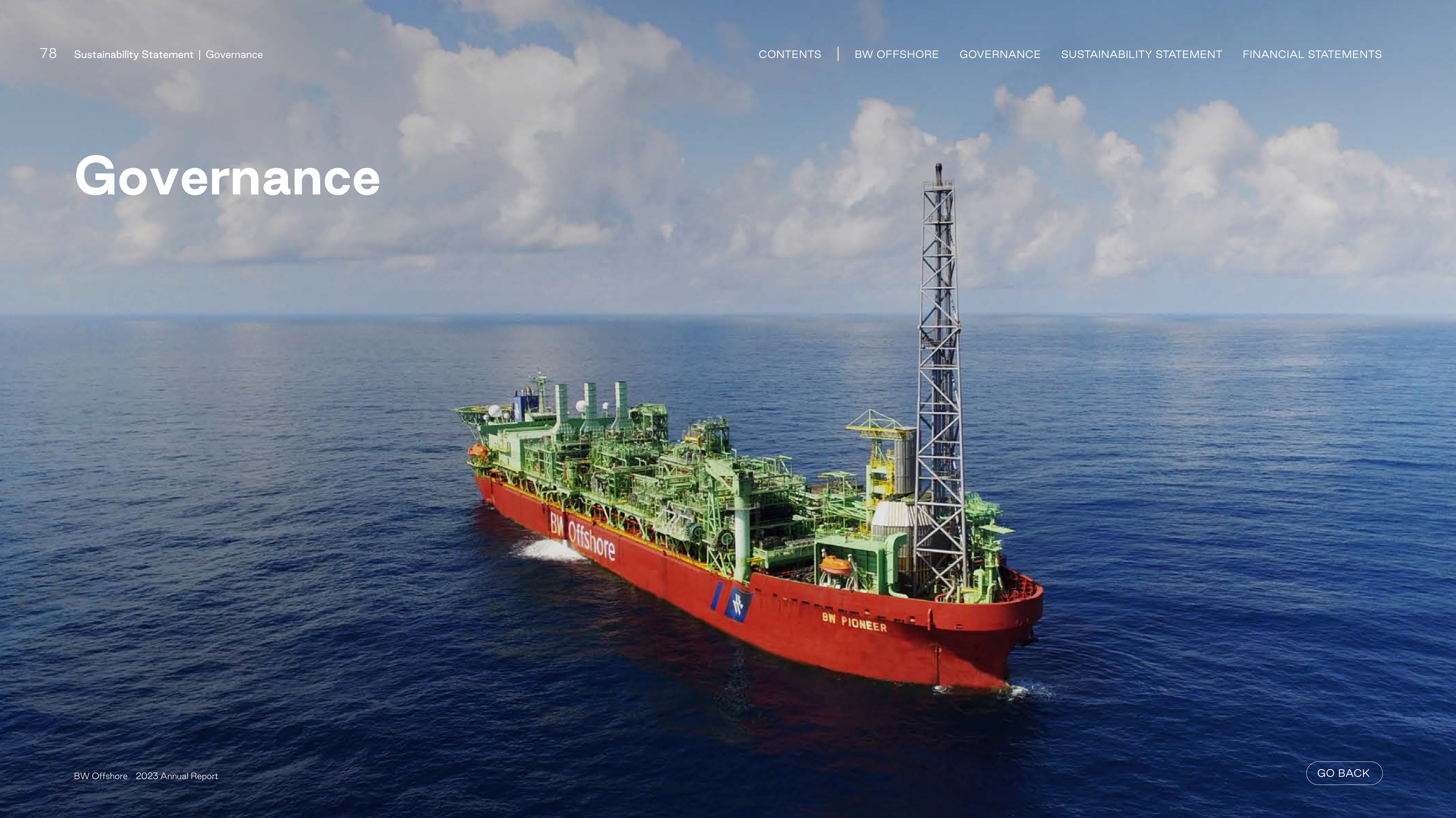
Our external service provider NTT Security detects and validates cyber security incidents. BW Offshore's internal IT function weekly tracks, communicates and investigates detected cyber security incidents when needed.

External risk assessments are conducted by DNV, and relevant members of the IT function track and follow up on risks deemed high in our internal risk matrix. The IT function monitors results of phishing awareness campaigns and the completion rate of annual cyber security e–learning.

Cyber Security Indicators

	2023	2022
Reported phishing attempts	2 396	2 135
Actual threats identified	291	505
Percentage of reported threats posing actual risks	12.1%	23.7%
Percentage completion of Cyber Security e–learning	99.5%	–

Governance



BUSINESS CONDUCT

A Strong Governance Framework

GOVERNANCE STRUCTURE

BW Offshore has a well-developed corporate governance structure, and adheres to the Norwegian Corporate Governance Board (NUES) Code of Practice, last updated on 14 October 2021.

IMPACTS, RISKS AND OPPORTUNITIES

As part of our commitment to ethical business conduct, complying with applicable laws, rules and regulations is a priority.

The 2023 DMA identified protection of whistleblowers and negative impacts to societies due to acts of bribery and corruption as material sustainability matters to BW Offshore. These topics form the basis for the content of this section. Additionally, risk-based vendor qualification has been found to have a material positive impact.

Our governance structure grounds our risk management. BW Offshore continues to assess significant risks and adjust priorities, mitigation and scrutiny accordingly. Our risk management process includes auditing, reporting and risk mitigation activities. The Board and its committees provide oversight, while BW Offshore function heads are responsible for day-to-day risk management.

GO BACK

THE BW OFFSHORE CODE OF ETHICS AND BUSINESS CONDUCT

The BW Offshore Code of Ethics and Business Conduct ('the Code') is a foundational governance document and reflects, among other things, our commitment to respect the individual, uphold human rights and institute fair and ethical employment practices. The Code is publicly available on our website and is supplemented by policies and procedures, which are available in our internal Management System.

The Code applies to all our personnel, Board members, legal agents, consultants, intermediaries and others who act on behalf of BW Offshore. It also applies to companies in which BW Offshore has a majority interest (including joint ventures).

We maintain and continue to develop training and awareness campaigns to familiarise our employees with our expectations for workplace and business conduct, and to reinforce our commitment to compliance. Our initiatives include e-learning courses, intranet announcements, email communications, townhalls and policy certifications.

All new joiners complete the Code e-learning, which includes an Anti-Bribery and Corruption (ABC) module, and onshore workers retake the Code e-learning annually. All members of management and the Board are also assigned the Code e-learning. Additionally, a separate ABC e-learning is assigned to staff in certain at-risk functions, such as management, commercial, strategy, treasury and asset managers.

TOPICS COVERED IN MANDATORY CODE OF CONDUCT TRAINING

Workplace Conduct, Business Ethics, Gifts and Hospitality, Conflicts of Interest, Data Privacy, Secure Social Media, Inclusive Workplace, Diversity, Harassment and Discrimination, Modern Slavery, High-Risk Countries and Industries, Protecting Personal Data, Protecting Confidential Information, Consequences of a Data Breach, Managing Personal Data and Data Protection Laws, Anti-Trust/Competition, Money Laundering, Sanctions and Embargoes, Insider Trading and Preventing Modern Slavery.

GO BACK

MANAGEMENT OF RELATIONSHIPS WITH VENDORS

The conduct of third parties may expose BW Offshore to fines, penalties and reputational risk. Therefore, we require our vendors to observe high standards of business ethics in the conduct of their activities with and for us, and uphold the expectations set forth in our Supplier Code of Ethics and Business Conduct (Supplier Code) (page 71), which is available on our website.

BW Offshore's Supplier Code and Supply Chain Policy are statements of our intentions and principles in relation to the overall procuring of goods and services and the management of our relationship with our vendors. The purpose of the Supply Chain Policy is to provide a framework for the organisation to govern processes and procedures for procurement, delivery, storage and return of goods and services. It aims to promote uniformity, compliance and fairness while managing inherent risks.

BW Offshore is a member of several trade associations, and consider best– and industry practices, guidelines, and standards when assessing remedial measures when needed. In 2023, we joined Building Responsibly. Membership supports collective action initiatives and provides access to resources that may be useful to BW Offshore as we continue to develop and improve ethical labour initiatives.

Vendor Qualification Process

Our vendors participate in our risk-based Vendor Qualification process (a due diligence exercise), which may include questionnaires, site visits or audits, to help identify and remediate slavery, human trafficking, forced or child labour or any other human right or working condition violation.

We categorise direct vendors of materials and services for projects and operations into risk levels as part of the Vendor Qualification process. Before approval, prospective vendors must complete a questionnaire covering topics within governance, conflicts, corruption and social criteria, such as ethical labour practices.

Vendor Performance Evaluation

We conduct vendor performance evaluations for continuous improvement and engage vendors in sustainable partnerships. This may include receiving feedback and addressing specific material negative impacts on value chain workers.

In 2024, we plan awareness sessions and discussions with vendors to explore opportunities to establish joint efforts and actions to improve worker conditions and mitigate risks.

Vendor Labour Practices

We review ethical employment practices during our risk-based due diligence (see page 29). We also conduct site visits and ethical labour audits at the facilities of selected contractors (see page 72).

Our Supplier Code and Modern Slavery Statement provide additional details on our expectations and activities aimed at mitigating risk of modern slavery, human trafficking and forced or child labour in our supply chain.

Engagement with Vendors

We encourage our vendors to ensure effective employee relations through mechanisms for receiving employee feedback and addressing employee concerns, including supporting freedom of association and collective bargaining.

We collaborate with our value chain partners to find reasonable, practical, effective, and beneficial remedies for potential negative impacts observed during our value chain engagement activities. BW Offshore encourages open discussions about responsible conduct, and we expect our vendors to provide their workers with avenues for raising concerns without fear of retaliation. We expect our vendors to take action to prevent, detect and correct any validated concerns and not to take adverse action against anyone who has legitimately raised a concern.

Vendors must notify us of situations that may create a high risk of negative impact on human rights or decent work conditions in relation to work done for or on behalf of BW Offshore. Vendors are required to provide information and documentation, when requested, about human rights and working conditions in their own operations and supply chains and to submit to audits by BW Offshore or an independent auditor.

We expect our vendors to monitor and enforce the principles in our Supplier Code by raising concerns about BW Offshore business, including the conduct of our employees, agents, or other representatives. Vendors may report concerns or breaches of BW Offshore's policies and principles to BW Offshore's Speak Up Channel.

PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY

BW Offshore maintains guidelines for (disclosure and approval of) the giving and receiving of gifts, hospitality, and charitable donations and conducts periodic review of employee expense claims. All employees are asked to complete an annual conflict of interest questionnaire and are expected to submit ad hoc conflict of interest disclosures as and when their circumstances warrant. When required, remedial or mitigating actions are put in place to manage conflict of interest risks.

Corruption has the potential to occur anywhere within the organisation, leading to adverse consequences for the local community, society, business relationships and the natural environment.

Failure to comply with the BW Offshore Ethics and Business Conduct programme is a cause for disciplinary action and may result in dismissal. Conduct may also be reported to relevant external authorities, in accordance with applicable legislation. Business partners that fail to live up to BW Offshore's expectations for ethical business conduct may be terminated, and their conduct may also be reported to relevant authorities, in accordance with applicable legislation.

In 2023, BW Offshore had no convictions or fines for violation of anti-corruption or anti-bribery laws.

RAISING CONCERNS

All employees have the right to express their views and concerns in good faith, without fear of retaliation or reprisal. Any employee who discovers any unethical or illegal practice or who is in an ethical dilemma, not only has the right, but the obligation to speak up.

Examples of circumstances that should be raised include:

- A criminal offence
- Violation of laws or regulations
- Violation of the company's policies or procedures
- Corruption / Bribes
- Fraud
- Financial Irregularity
- Insider trading
- Actions to cover up any of the above

SPEAK UP CHANNEL

BW Offshore has a strong speak up process. Nevertheless, lack of trust in, understanding of, or awareness of the speak up process may result in under-reporting of concerns. To mitigate under-reporting, we organise regular speak up awareness campaigns and include information about the Speak Up Channel in mandatory e-learning courses.

The BW Offshore Speak Up Channel, which is hosted by a third party, allows both internal and external stakeholders to ask questions or report concerns involving breaches of laws, regulations or BW Offshore policies. Reporters may choose to submit anonymous questions or concerns through the channel, which supports intake via the web or telephone. Local telephone access numbers, with operators speaking the official languages of all BW Offshore's countries of operation, are available.

We monitor concerns raised in or submitted by proxy to the Speak Up Channel. Each speak up report is evaluated, reviewed appropriately (including investigation, if warranted), and remediated, if needed.

The Head of Corporate Integrity reports quarterly speak up data and, when needed, anonymised investigation results to the CEO, Senior Management Team and Audit Committee. In 2023, BW Offshore received ten reports in the Speak Up Channel. Of these, there were two reports with harassment allegations; one report with a sexual harassment allegation; and one report with a discrimination allegation.

Each speak up report may include multiple allegation types, and an allegation does not reflect or suggest confirmation that the alleged conduct actually occurred. There were no reported incidents of severe human rights violations reported in 2023.

Taking Remedial Action

Should an improper practice occur within BW Offshore, we are committed to taking necessary corrective or remedial action.

Breaches of company policies or relevant statutory provisions may result in disciplinary action up to and including dismissal, with or without notice, and may also be reported to the relevant authorities. Anyone involved in a violation of law may be subject to fines, penalties, imprisonment or litigation.

All reports of suspected violations are treated confidentially. Reviews and investigations are conducted in an independent, fair and unbiased manner and in accordance with relevant laws and principles (including fair hearing). All reports are documented and, if needed, reported to the relevant authorities. Any supervisor that receives an expression of concern must report this without delay directly to the company's Head of Corporate Integrity.

Corporate Integrity registers all reported concerns and decides how and who will follow up, which may include forming an investigation team to establish facts.

Corporate Integrity triages questions and concerns raised through the Speak Up Channel and assigns an appropriate investigator, when needed. The Head of Corporate Integrity, generally, oversees internal investigations following from a speak up concern, but is blocked systemically from viewing any concern in which she is named as a party. No party alleged to have been involved in an allegation will have responsibility for investigating a matter. Neither will the head of a function that is the subject of an investigation be permitted to lead any resulting investigation. The Head of Corporate Integrity may engage external resources when necessary to support or conduct investigations.

Measuring the effectiveness of the Speak Up Channel is done through internal employee surveys.

Governance Indicators

	2023	2022	2021
Compliance			
Numbers of reports through the Speak Up Channel	**10**	17	19
– of which related to corruption	**0**	0	0
– of which related to harassment or discrimination	**4**	–	–
Sustainable Supply Chain			
Business partners with valid compliance assessment at year end	**3 057**	2 670	–
Compliance assessed business partners	**685**	664	1 046
New / Re-assessed vendors	**35/650**	284 / 380	–
New / Re-assess vendors screened using social criteria	**35/650**	45 / 162	–
Percentage of direct vendors screened for social criteria	**100%**	16%	–

Index of Omitted European Sustainability Reporting Standards (ESRS')

GENERAL – ESRS2

Reference	ESRS Name	Reason for omitting
GOV-3	Integration of sustainability-related performance in incentive schemes	Beyond safety metrics, no other sustainability matters are linked to the company's incentive schemes and remuneration policies.

ENVIRONMENTAL

Reference	ESRS Name	Reason for omitting
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable.
E1-8	Internal carbon pricing	Not applicable.
E2-5	Substances of concern and substances of very high concern	BW Offshore has not identified any material IROs related to substances of concern and substances of very high concern, and therefore omits ESRS E2-5.
E3	Water and Marine Resources	BW Offshore has not identified any material IROs related to water and marine, and therefore omits ESRS E4-1 through E4-5.
E4	Biodiversity and Ecosystems	We are committed to protecting local habitats and native wildlife in the areas where we operate. BW Offshore's potential impact on biodiversity is included in the oilfield operator's environmental impact assessments and monitoring programmes, which are subject to local regulatory approvals. BW Offshore has not identified any material IROs related to biodiversity and ecosystems, and therefore omits ESRS E4-1 through E4-6.

SOCIAL

Reference	ESRS Name	Reason for omitting
S1-8	Collective bargaining coverage and social dialogue	The Human Rights and Decent Working Conditions policy states that BW Offshore employees have the right to free association and collective bargaining. Union engagement occurs at a frequency described in the applicable CBA (collective bargaining agreement). Out-of-cycle meetings will take place as and when required by either party. CBAs are put in place mutually between the employer and the employees.
S1-10	Adequate wages	Not material.
S1-11	Social Protection	Not material.
S1-12	Persons with disabilities	Not material.
S4	Consumer and end-users	BW Offshore has not identified any material IROs related to consumers and end-users, and therefore omits ESRS S4-1 through S4-5.

GOVERNANCE

Reference	ESRS Name	Reason for omitting
G1-5	Political influence and lobbying activities	Not material.
G1-6	Payment practices	Not material.

Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

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PARENT COMPANY FINANCIAL STATEMENTS

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Consolidated statement of income

USD MILLION (Year ended 31 December)	Note	2023	2022
Revenue	4, 5, 22	659.2	774.1
Operating expenses	6, 8, 11	(263.5)	(360.0)
Other expenses	6	(61.6)	(49.0)
Administrative expenses	6, 8, 22	(28.6)	(19.4)
Total expenses		(353.7)	(428.4)
Operating profit before depreciation, amortisation, impairment and sale of assets		305.5	345.7
Depreciation and amortisation	13, 14, 22	(187.2)	(208.8)
Impairment	13, 14	(5.1)	(15.8)
Net gain/(loss) on sale of tangible fixed assets	13	24.7	2.5
Operating profit/(loss)		137.9	123.6
Interest income		9.2	1.9
Interest expense		(49.5)	(47.4)
Fair value gain/(loss) on financial instruments	19	10.9	54.3
Net currency gain/(loss)		(14.7)	5.7
Other financial items	22	1.3	1.7
Net financial items		(42.8)	16.2
Share of profit/(loss) of equity-accounted investees	15	18.2	9.9
Profit/(loss) before tax		113.3	149.7
Income tax expense	9	(15.7)	(20.2)
Net profit/(loss) for the year		97.6	129.5

USD MILLION (Year ended 31 December)	Note	2023	2022
Net profit/ (loss) for the year attributable to			
Shareholders of the parent		100.4	129.7
Non-controlling interests	21	(2.8)	(0.2)
Net profit/(loss) for the year		97.6	129.5
Basic earnings/(loss) per share net	7	0.56	0.72
Diluted earnings/(loss) per share net	7	0.52	0.66

The notes on pages 91–132 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

USD MILLION (Year ended 31 December)	Note	2023	2022
Profit/(loss) for the period		97.6	129.5
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability (asset)		(0.1)	0.5
Equity Investments at FVOCI – net change in fair value		(0.4)	–
		(0.5)	0.5
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		3.7	(7.4)
Equity accounted investees – share of OCI	15	(3.9)	77.5
Cash flow hedges – effective portion of changes in fair value	19	4.9	(4.0)
		4.7	66.1
Other comprehensive income for the period, net of tax		4.2	66.6
Total comprehensive income for the period		101.8	196.1
Total comprehensive income attributable to			
Shareholders of the parent		104.2	200.5
Non-controlling interests		(2.4)	(4.4)
		101.8	196.1

The notes on pages 91–132 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

USD MILLION (As at 31 December)	Note	2023	2022
ASSETS			
Vessels	13	2 833.5	2 394.3
Other property, plant and equipment	13	2.8	8.5
Right-of-use assets	22	13.8	21.1
Intangible assets and goodwill	14	87.8	88.0
Equity-accounted investees	15	384.8	337.9
Deferred tax assets	9	61.6	61.8
Derivatives	19	37.7	45.7
Other non-current assets		12.3	7.2
Non-current assets		3 434.3	2 964.5
Inventories	10	3.7	6.7
Trade and other current assets	9, 11	152.4	232.6
Finance lease receivables		–	48.4
Derivatives	19	1.7	16.1
Cash and cash equivalents	12	361.0	230.3
Current assets		518.8	534.1
Total assets		3 953.1	3 498.6

USD MILLION (As at 31 December)	Note	2023	2022
EQUITY			
Share capital	16	92.5	92.5
Share premium		1 095.5	1 095.5
Other equity	17	(182.4)	(249.5)
Equity attributable to shareholders of the parent		1 005.6	938.5
Non-controlling interests	21	189.7	212.6
Total equity		1 195.3	1 151.1
LIABILITIES			
Interest-bearing long-term debt	17, 19	290.7	522.4
Financial liability related to Barossa lease	17, 19	1 022.1	526.1
Pension obligations		4.5	4.3
Other non-current liabilities	18	918.9	661.3
Long-term lease liabilities	22	9.4	12.0
Derivatives	19	1.5	–
Deferred tax liabilities	9	15.6	20.9
Non-current liabilities		2 262.7	1 747.0
Current tax liabilities	9	18.4	11.7
Interest-bearing short-term debt	17, 19	242.5	205.3
Trade and other payables	18	229.5	359.8
Derivatives	19	2.1	17.8
Short-term lease liabilities	22	2.6	5.9
Current liabilities		495.1	600.5
Total equity and liabilities		3 953.1	3 498.6

The notes on pages 91–132 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

USD MILLION	Note	Share capital	Share premium	Treasury share reserve	Currency translation reserve	Hedging reserve	Equity component of convertible bonds	Other elements	Shareholders' equity	Non-controlling interests	**Total equity**
Equity at 1 January 2022		92.5	1 095.5	(10.1)	(25.2)	(0.4)	50.1	(428.9)	773.5	247.9	**1 021.4**
Profit/(loss) for the period		–	–	–	–	–	–	129.7	129.7	(0.2)	**129.5**
Other comprehensive income		–	–	–	(3.2)	(3.9)	–	78.0	70.9	(4.3)	**66.6**
Dividends	16	–	–	–	–	–	–	(38.9)	(38.9)	–	**(38.9)**
Share-based payment	8	–	–	–	–	–	–	2.4	2.4	0.3	**2.7**
Other items	17	–	–	–	–	–	0.6	–	0.6	–	**0.6**
Sale to NCI without a change in control	21	–	–	–	–	0.2	–	0.1	0.3	(0.3)	**–**
Dividends to non-controlling interest	21	–	–	–	–	–	–	–	–	(7.9)	**(7.9)**
Transactions with non-controlling interests	21	–	–	–	–	–	–	–	–	(22.9)	**(22.9)**
Total equity at 31 December 2022		92.5	1 095.5	(10.1)	(28.4)	(4.1)	50.7	(257.6)	938.5	212.6	**1 151.1**
Equity at 1 January 2023		92.5	1 095.5	(10.1)	(28.4)	(4.1)	50.7	(257.6)	938.5	212.6	**1 151.1**
Profit/(loss) for the period		–	–	–	–	–	–	100.4	100.4	(2.8)	**97.6**
Other comprehensive income		–	–	–	3.6	4.5	–	(4.3)	3.8	0.4	**4.2**
Dividends	16	–	–	–	–	–	–	(43.3)	(43.3)	–	**(43.3)**
Share-based payment	8	–	–	–	–	–	–	1.6	1.6	(0.2)	**1.4**
Other items	17	–	–	–	–	–	(0.9)	–	(0.9)	(0.1)	**(1.0)**
Acquisition of NCI without change of control	21	–	–	–	–	–	–	5.5	5.5	(9.4)	**3.9**
Sale to NCI without change of control	21	–	–	–	–	–	–	–	–	18.9	**18.9**
Dividends to non-controlling interest	21	–	–	–	–	–	–	–	–	(6.8)	**(6.8)**
Transactions with non-controlling interests	21	–	–	–	–	–	–	–	–	(22.9)	**(22.9)**
Total equity at 31 December 2023		92.5	1 095.5	(10.1)	(24.8)	0.4	49.8	(197.7)	1 005.6	189.7	**1 195.3**

The notes on pages 91–132 are an integral part of these consolidated financial statements.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

Convertible bonds

The reserve for the convertible bonds comprises the amount allocated to the equity component for the convertible bonds issued by the Group in November 2019 and effects from repayments during 2023 and 2022.

Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group.

Consolidated statement of cash flows

USD MILLION (Year ended 31 December)	Note	2023	2022
Operating activities			
Profit/(loss) before taxes		113.3	149.7
Adjustments for:			
Depreciation and amortisation	13, 14, 22	187.2	208.8
Impairment	13	5.1	15.8
Change in fair value of derivatives		(10.9)	(54.3)
Unrealised currency exchange loss/(gain)		8.1	(9.8)
Add back of net interest expense		40.3	45.5
Share of loss/(profit) from equity accounted investees	15	(18.2)	(9.9)
Loss/(gain) on disposal of property, plant & equipment	13	(24.7)	(2.5)
Share-based payment expense	8	1.4	2.7
Changes in:			
Instalment on financial lease	22	5.0	12.3
Inventories		3.0	18.9
Trade and other current assets		79.9	64.5
Trade and other payables		(46.1)	(8.3)
Other balance sheet items and items related to operating activities		(35.0)	(28.3)
Deferred revenues		265.1	279.2
Cash generated from operating activities		573.5	684.3
Taxes paid	9	(14.8)	(34.0)
Net cash flow from operating activities		558.7	650.3

USD MILLION (Year ended 31 December)	Note	2023	2022
Investing activities			
Interest received		10.0	1.9
Proceeds from disposal of property, plant & equipment	13, 25	200.6	27.4
Proceeds from sale of investments	15	0.5	52.2
Investment in associated companies	15	(49.5)	(53.8)
Investment in subsidiary	21	(4.0)	-
Investment in property, plant & equipment and intangible assets	13, 14	(804.5)	(729.5)
Net cash flow from investing activities		(646.9)	(701.8)
Financing activities			
Proceeds from loans and borrowings	17	911.9	344.2
Proceeds from sale of non-controlling interest	21	18.9	-
Paid dividend and redemption	21	(29.7)	(30.8)
Interest paid		(19.7)	(38.5)
Repayment of loans and borrowings	17	(589.7)	(182.1)
Repurchase of convertible notes	17	(41.2)	(52.7)
Payment of lease liabilities	22	(6.3)	(7.2)
Dividends paid	16	(25.3)	(25.3)
Net cash flow from financing activities		218.9	7.6
Net change in cash and cash equivalents		130.7	(43.9)
Cash and cash equivalents at beginning of period		230.3	274.2
Cash and cash equivalents at end of period	12	361.0	230.3

The notes on pages 91–132 are an integral part of these consolidated financial statements.

Notes

NOTE 1 Basis of preparation

REPORTING ENTITY

BW Offshore Limited ('BW Offshore' or 'the Company') was incorporated in Bermuda in 2005 and is domiciled in Bermuda with its registered address at Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, Hamilton HM1189, Bermuda.

BW Offshore Limited and its subsidiaries are referred to as the 'Group'. The Group builds, owns and operates Floating, Production, Storage and Offloading (FPSO) assets. The Group also does strategic investments to capture energy transition opportunities. The Company is listed on Oslo Stock Exchange, a stock exchange operated by Euronext.

BASIS OF ACCOUNTING

The consolidated financial statements of the 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 28 February 2024.

Details of the Group's material accounting policies, including changes thereto, are included in Note 2.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in United States Dollars (USD). This is also the functional currency of the parent company and most of its subsidiaries. The functional currency is determined in each entity of the Group based on the currency within the entity's primary economic environment. All figures are in USD million unless otherwise stated. Due to rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2022.

USE OF JUDGEMENTS AND ESTIMATES

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 the Group's accounting policies. Actual results may differ from these estimates. Estimates and judgements are reviewed on an ongoing basis based on historical experience and expectations of future events.

Information about judgements and estimates made in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements is included in the following notes:

- Note 9: uncertain tax treatments
- Note 13: depreciation: useful life and residual value
- Note 13: impairment test of PP&E: key assumption underlying recoverable amounts
- Note 14: impairment test of goodwill and technology: key assumption underlying recoverable amounts
- Note 22: lease classification

CHANGES IN MATERIAL ACCOUNTING POLICIES

Material accounting policy information

The 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 the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements. The amendments require the disclosure of material rather than significant accounting policies. Management has reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies).

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

NOTE 2 Material accounting policies

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are legal entities (including special purpose entities) controlled by the Group. The Group 'controls' an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. See Note 20 for details of the Group's subsidiaries.

Non-controlling interests

Non-controlling interests (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted as equity transactions. See Note 21 for further details.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has a significant influence, but not control, or has joint control, over the financial and operating policies. generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement, rather than rights to its assets and obligation for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially measured at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. See Note 15 for details of the groups interest in equity-accounted investees.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from qualifying cash flow hedges, to the extent that the hedges are effective, are recognised in OCI.

Foreign operations

The assets and liabilities of entities whose functional currencies are other than USD, are translated into USD at the exchange rates at the balance sheet date. The revenues and expenses of such entities are translated into USD using the monthly average exchange rates. The Group has a material subsidiary BW Ideol AS whose functional currency is EUR.

Exchange differences are recognised in OCI and accumulated in the currency translation reserve in other equity, except to the extent that the translation difference is allocated to NCI.

REVENUES

The Group's revenues derive from chartering of FPSOs, rendering of operational services related to FPSOs, and engineering services.

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 control of the goods or services delivered. It is recognised at an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes. The Group's performance obligations are to operate and lease FPSOs.

Operational services

Income from the rendering of operational services related to FPSOs and other services are recognised as revenue over time in the period when the services are rendered.

Variable consideration

Certain lease contracts contain variable elements, which include production incentive-, KPI- and maintenance bonuses. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled. The variable consideration is only recognised when it is highly probable that it would not be subject to significant reversal in the future.

FEED (Front-End Engineering Design)

A FEED study is a preliminary step taken before basic engineering-level work and is undertaken to confirm the technical and economic feasibility of a prospective field development. Income from FEED contracts is recognised as revenue from contracts with customers when a certain milestone is reached and control transfers to the customer.

Lease revenue

Chartering of vessels

Revenue from chartering of FPSOs is based on whether the contract is considered an operating lease or a finance lease.

Operating lease

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments received under operating leases are recognised as revenue on a straight-line basis over the lease term. The lease term period for each lease contract is the non-cancellable period for which the lessee has contracted the asset together with an assessment of any further terms that the lessee has the option to continue the lease, when Management considers it reasonably certain that the lessee will exercise the option. This judgement is based on a combination of information about the field, the market and the client. As lease rates can vary over the lease term, this implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

TAXES

The Company is not subject to any income taxes in Bermuda, but the Company and its subsidiaries may be subject to income tax in the countries in which they operate. The 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, and withholding tax on charter hire and financial items. Charter hire and financial items are presented gross including withholding taxes payable where applicable.

PROPERTY, PLANT AND EQUIPMENT (PP&E)

Measurement

PP&E are recognised at cost and subsequently measured at cost less accumulated depreciation and impairment charges. This includes costs of material, direct labour and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, including attributable overheads and estimate of costs of demobilising the asset.

Borrowing costs directly attributable to an acquisition or construction of an asset, which take a substantial period to get ready for their intended use, are added to the cost of the asset until the assets are ready for their intended use. Borrowing cost consists of interest and other cost, which the entity incurs in connection with the borrowing of funds.

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

Depreciation

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

For FPSOs this will be when the unit is successfully installed on the field.

When significant parts of an item of PP&E have different useful lives, those components are accounted for as separate items of PP&E. The different components are depreciated by using a straight-line method over their expected useful life, taking into account the residual value.

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

FPSOs:
- Hull and Marine scope, including associated investments like refurbishment: 15–25 years.
- Field-specific equipment and associated investment costs which are incurred for a specific project, e.g. installation costs and transport costs: 3–25 years.
- Process equipment and associated investment. (In case of long-term contracts these items can be fully depreciated over the contract duration.): 10–25 years.

Other PP&Es, like IT equipment and office equipment, 3–10 years.

The assets' useful life and residual values are reviewed, and if necessary adjusted, at each reporting date.

Impairment

Assets including vessels, vessels under construction and other PP&Es, 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 net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). Each FPSO is identified as a cash-generating unit. Refer to Note 13 for further information regarding impairment assessment.

At the end of each reporting period the Group will assess whether there is any indication that an impairment recognised in previous periods may no longer exist or may have decreased. If any such indication exists, the Group will estimate the recoverable amount of the asset. Previously recognised impairments should be reversed if there are significant changes with a favourable effect in the indicators.

INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs) for the purpose of the annual impairment testing.

Technology

Technology acquired in a business combination is recognised at fair value at the acquisition date when intangible assets criteria are met and amortised on a straight-line basis over the useful life of fifteen years.

Impairment

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount that the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less cost of disposal and its value in use. Refer to Note 14 for further information regarding impairment assessment.

FINANCIAL INSTRUMENTS

Financial assets

The Group's financial assets are derivatives, trade and financial lease receivables and cash and cash equivalents.

The 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

The 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 method and are subject to impairment.

The Group's financial assets at amortised cost include trade and other receivables, finance lease and other non-current assets.

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 the profit or loss. The category includes foreign exchange contracts and interest rate swaps.

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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or
  b. the Group 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 trade and other receivables, finance lease and other non-current assets, the Group applies a simplified approach in calculating Estimated Credit Losses (ECLs). Therefore, the 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.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when the Group has no reasonable expectations of recovering the contractual cash flows. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. This assessment is based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

Financial liabilities are classified as measured at amortised cost except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL).

The Group's financial liabilities measured at amortised costs are net interest bearing debt and trade and other payables. These items are subsequently measured at amortised cost using the effective interest rate method.

The Group's financial liabilities at FVTPL is Derivative liabilities. Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivative assets.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value and changes are generally recognised in profit and loss unless the derivative is designated in a hedging relationship.

Cash flow hedges

The Group applies hedge accounting for the forward exchange hedging related to the construction contract of BW Opal for the Barossa contract.

For these derivatives, the Group has documented the risk management objective and strategy for undertaking the hedge, the relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective portion any fair value changes of derivatives designated as a cash flow hedging instrument are recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in fair value of the derivative is recognised immediately in profit or loss. See not 19 for further details of derivatives.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

SHARE CAPITAL

Ordinary shares

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

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Preference shares

Preference shares in subsidiaries are presented as shareholders' equity. As these preference shares in subsidiaries are not held by the Group directly, these are presented as non-controlling interest and the result to those preference shares, equivalent to the preference dividend, is presented as the non-controlling interests share of the result regardless of whether dividends have been paid or accumulated. Refer to Note 21.

COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Group comprise convertible bonds denominated in USD, that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured, unless repurchases of convertible bonds occur before maturity. Upon repurchase, the difference between the repurchase price and carrying amount is allocated between the liability component, equity component and a potential gain or loss is recognised in the consolidated statement of income.

Interest related to the financial liability is recognised in the consolidated statement of income. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

LEASES

The Group as a lessor

When the Group acts as a lessor, it assesses whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset, including the existence and terms of any extension or purchase options.

NOTE 3 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the 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 the 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)

NOTE 4 Operating segments

The Group's activities are construction, lease and operation of FPSOs, as well as floating offshore wind.

The Group identifies segments on the basis of those components of the Group that are regularly reviewed by the chief operating decision-maker ('CODM'). The Group identified its Senior Management team as the CODM, reference to Note 8 for definition of Senior Management team. The reported measure of segment profit is operating profit/(loss). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. Operating segment disclosures are consistent with the information reviewed by the CODM.

Segment performance for 2023 and 2022 is presented below:

2023

USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	652.2	3.9	-	**656.1**
Other revenue	1.1	2.0	-	**3.1**
Revenues inter-segment	-	-	-	**-**
Total revenues	653.3	5.9	-	**659.2**
Operating expenses	(310.0)	(15.1)	-	**(325.1)**
Administrative expenses	(28.6)	-	-	**(28.6)**
Operating profit before depreciation, amortisation, impairment and sale of assets	314.7	(9.2)	-	**305.5**
Depreciation, amortisation and impairment	(179.1)	(13.2)	-	**(192.3)**
Profit/(loss) sale of fixed assets	24.7		-	**24.7**
Operating profit/(loss)	160.3	(22.4)	-	**137.9**
Capital expenditure	767.8	2.3	-	**770.1**
Balance sheet information				
Equity-accounted investees	360.0	24.8	-	**384.8**
Non-current segment assets	2 875.7	95.3	-	**2 971.0**
Non-current assets, not allocated to segments				**78.5**
Total non-current assets				**3 434.3**

2022

USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	732.6	6.6	-	**739.2**
Other revenue	32.6	2.3	-	**34.9**
Revenues inter-segment	0.1	0.3	(0.4)	**-**
Total revenues	765.3	9.2	(0.4)	**774.1**
Operating expenses	(395.5)	(13.5)	-	**(409.0)**
Administrative expenses	(19.4)	-	-	**(19.4)**
Operating profit before depreciation, amortisation, impairment and sale of assets	350.4	(4.3)	(0.4)	**345.7**
Depreciation, amortisation and impairment	(210.0)	(14.6)	-	**(224.6)**
Profit/(loss) sale of fixed assets	2.5	-	-	**2.5**
Operating profit/(loss)	142.9	(18.9)	(0.4)	**123.6**
Capital expenditure	779.1	4.1	-	**783.2**
Balance sheet information				
Equity-accounted investees	320.7	17.2	-	**337.9**
Non-current segment assets	2 441.0	99.6	-	**2 540.6**
Non-current assets, not allocated to segments				**86.0**
Total non-current assets				**2 964.5**

GEOGRAPHIC INFORMATION

Revenue

For the FPSO segment, the classification of revenue per region is determined by the final destination of the FPSO, while the classification in the floating offshore wind segment is based on the geographic location of the customer.

USD MILLION	2023	2022
Americas	111.0	171.7
Europe/Africa	539.2	557.3
Asia and the Pacific	9.0	45.1
Total revenues from continuing operations	659.2	774.1

USD 5.9 million (USD 8.9 million) of revenues in the Europe/Africa region is related to the floating offshore wind segment. Revenues in the other regions are related to the FPSO segment.

Non-current assets

USD MILLION	2023	2022
Americas	165.9	213.3
Europe/Africa	948.3	1 109.8
Asia and the Pacific	1 823.6	1 188.7
	2 937.8	2 511.8

Non-current assets exclude deferred tax assets, derivatives, equity accounted investees and other non-current assets.

MAJOR CUSTOMER

The Group has a limited number of customers (see also section regarding credit risk in Note 19). In accordance with IFRS 8.34, the Group has evaluated whether any single customers amount to 10 per cent or more of the total revenue.

In 2023, the Group has identified three such customers. For these, the revenue was USD 500.8 million related to the FPSO segment. In 2022, the Group identified two such customers. For these, the revenue was USD 388.7 million related to the FPSO segment.

NOTE 5 Revenue

REVENUE STREAMS

The Group generates revenue primarily from rendering of services on operating FPSOs and chartering of FPSOs to its customers. The Group recognises most of its revenue over time.

USD MILLION	2023	2022
Revenue from contracts with customers	279.5	308.3
Leasing revenue	376.6	430.9
Other revenue	3.1	34.9
Total revenue	659.2	774.1

In May 2022, the Group was awarded a limited notice to proceed (LNTP) by Shell Brasil Petróleo Ltda (Shell) and its partners for early-stage engineering and supplier reservations for the supply of an FPSO for the Gato do Mato oil and gas field offshore Brazil. In November 2022, Shell paused the project due to concerns about the supply chain market and inflationary pressure. The Group was reimbursed for costs incurred in line with the agreed terms of the LNTP. The Group presents this income as 'other revenue' in the statement of profit or loss in 2022. During 2023, the final settlement was agreed, and the Group has recognised an additional USD 0.4 million as other income and other expenses of USD 0.4 million.

CONTRACT BALANCES

The following table provides information about receivables and contract assets and liabilities.

USD MILLION	31 Dec 2023	31 Dec 2022
Receivables included in trade and other current assets	93.2	151.9
Contract assets included in trade and other current assets	18.2	58.3
Contract liabilities – included in trade and other payables	–	4.3

The majority of the Group's contracts consist of a lease for the FPSO as well as an operating agreement. The Group has assessed the underlying risk profile to be equal.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date.

The contract liabilities primarily relate to advance consideration received from customers. USD 4.3 million recognised in contract liabilities in the beginning of the period has been recognised as revenue during 2023.

The remaining unsatisfied performance obligations to be recognised as revenues from contracts with customers over the remaining firm contract period is USD 1 470.5 million (USD 1 652.9 million).

NOTE 6 Operating, administrative and other expenses

The table below sets out expenses by nature for items included in operating expenses, other expenses and administrative expenses.

USD MILLION	2023	2022
Employee benefit expenses (Note 8)	150.3	169.5
Vessel operating expenses	171.8	235.9
Other expenses	31.6	23.0
Total operating expenses	353.7	428.4

NOTE 7 Earnings per share

BASIC EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders are the weighted-average number of ordinary shares outstanding.

Profit/(loss) attributable to ordinary shareholders (basic)

USD MILLION	2023	2022
Profit/(loss) attributable to ordinary shareholders	100.4	129.7

Weighted-average number of ordinary shares (basic)

IN THOUSAND	2023	2022
Issued ordinary shares at 1 January	184 956	184 956
Effect of treasury shares held	(4 141)	(4 141)
Weighted-average number of ordinary shares at 31 December	180 815	180 815

DILUTED EARNINGS PER SHARE

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

Profit/(loss) attributable to ordinary shareholders (diluted)

USD MILLION	2023	2022
Profit/(loss) attributable to ordinary shareholders	100.4	129.7
Interest expense on convertible notes	8.1	9.4
Profit/(loss) attributable to ordinary shareholders (diluted)	108.5	139.1

Weighted-average number of ordinary shares (diluted)

IN THOUSAND	2023	2022
Weighted-average number of ordinary shares (basic)	180 815	180 815
Effect of share option on issue	-	872
Effect of conversion of convertible bonds	26 338	29 316
Weighted-average number of ordinary shares (diluted) at 31 December	207 153	211 002

EARNINGS PER SHARE

USD MILLION	2023	2022
Basic earnings/(loss) per share net	0.56	0.72
Diluted earnings/(loss) per share net	0.52	0.66

At 31 December 2023, 8 486 513 options were excluded from the diluted weighted-average number of ordinary shares calculation, because their effect would have been anti-dilutive.

NOTE 8 Employee benefit expenses, remuneration to directors and auditors

EMPLOYEE BENEFIT EXPENSES

USD MILLION	2023	2022
Wages, crew	62.6	88.7
Wages, administrative personnel	72.5	62.9
Social security contributions	7.2	7.4
Expenses related to defined contribution scheme	5.6	7.7
Expenses related to defined benefit scheme	0.2	0.2
Share-based payment	2.2	2.6
Total employee benefit expenses	150.3	169.5
Average number of employees	1 521	1 806

SENIOR MANAGEMENT TEAM[1] REMUNERATION

(IN USD)	Salary	Bonus	Pension benefits	Share options	Other benefits	Number of shares
2023	2 866 342	711 954	192 077	864 783	44 720	430 518
2022	2 570 225	742 992	169 188	847 799	85 629	430 518

[1] Senior Management team comprises Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, General Counsel and Chief Strategy Officer (from 1 July 2023).

Severance

Senior Management team has agreements that give them the right to compensation after termination of employment before retirement that equals 100 per cent of the salary for a maximum of 18 months. Compensation received from other employers during this period reduces this compensation, but not below 25 per cent of the compensation. There are no similar agreements with the members of the Board of Directors.

BOARD OF DIRECTORS' REMUNERATION AND SHARES HELD

(IN USD) Year	Directors' fee	Number of shares	Share options
2023	385 000	90 419 229	–
2022	385 000	90 419 229	–

The compensation for members of the Board of Directors for the period 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 a system for rewarding employees if and when the Group reaches set goals for the Group's performance. The VCS plan is established on a year-to-year basis guided from the Board of Directors. The VCS for the performance year 2023 is based on the following parameters:

1. Overall company results defined by targeted return on equity
2. Health, Safety, Environment and Quality (HSEQ) performance of Zero Harm

The Board of Directors are assessing the achievements, including applying discretionary evaluations, to determine the Group pay-out pool for the VCS accordingly.

Full pay-out is capped at three months' base salary for eligible employees, and six months for the Senior Management Team. Individual assessment of VCS pay-out is applied on a discretionary basis evaluating individual contributions, performance and key accomplishments.

Long-term share option programme

In 2019, the Board approved the establishment of a long-term share option programme (LTIP) where key personnel were granted options to purchase shares in the Company. The programme is approved for five years, with annual grants, each grant corresponding to 1 per cent of the total outstanding shares in the Company. The first grant was in 2019, with the last grant in 2023. The programme is discretionary, and participants are invited on an annual basis. The purpose of the programme is to further align the interests of the Group and its shareholders by providing incentives to employees to motivate them to contribute materially to the success and long-term profitability of the Group.

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

Grant date	Number of instruments	Vesting conditions	Contractual life of options
On 8 April 2019	1 732 000	Vesting period of three years, followed by a three–years exercise period	6 years
On 6 March 2020	1 832 250	Same as above	6 years
On 26 February 2021	1 849 600	Same as above	6 years
On 7 March 2022	1 849 575	Same as above	6 years
On 7 March 2023	1 849 567	Same as above	6 years
Total share options	9 112 992		

Each option will give the holder the right to acquire one BW Offshore share. In 2023, a total of 60 (2022: 60) BW Offshore key 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 per cent which is corresponding to a 5 per cent increase annually over three years.

The Company's exposure relating to the 2019 award is hedged by a Total Return Swap (TRS) agreement with financial exposure to 1 732 000 shares in BW Offshore. The options are non–tradable and conditional upon the option holder being employed by the Company and not having resigned or being terminated for cause prior to the vesting date.

Measurement of fair values

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

	2023	2022
Fair value at grant date (NOK)	12.01	12.20
Share price at grant date (NOK)	28.02	28.84
Exercise price (NOK)	32.68	33.78
Expected volatility (weighted average)	58%	59%
Expected life	4 years	4 years
Expected dividends	n/a	n/a
Risk–free interest rate (based on government bonds)	3.26%	1.86%

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

Reconciliation of outstanding share options

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

	2023		2022	
	Number of options	Weighted–average exercise price (NOK)	Number of options	Weighted–average exercise price (NOK)
Outstanding at 1 January	6 870 483	35.82	5 128 025	40.81
Terminated during the year	(233 537)	33.01	(107 117)	39.48
Adjusted	-	-	12 582	38.13
Expired	-	-	(12 582)	38.13
Granted during the year	1 849 567	31.10	1 849 575	31.68
Outstanding at 31 December	8 486 513	34.87	6 870 483	38.38
Exercisable at 31 December	3 296 750	39.01	1 657 000	45.48

Expense recognised in profit or loss

For details of the related employee benefit expenses, see the employee benefit expenses table.

Loans to other employees

(IN USD)	2023	2022
Loans to other employees	2 797 277	303 901

AUDITORS' REMUNERATION

USD '000	2023	2022
Statutory audit	1 107.0	1 155.8
Other attest services	23.1	5.1
Total fees	1 130.1	1 160.9

KPMG is the appointed auditor of the Group.

NOTE 9 Income taxes

The income tax expenses for the period comprise corporate income tax, withholding tax and deferred tax.

BW Offshore Limited is a company registered in Bermuda. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains.

Depending on the jurisdiction, corporate income tax is due on the subsidiary's actual profits, and withholding tax is levied on a deemed profit basis or revenue basis (simplified calculation in lieu of profits tax). Deferred tax is calculated on temporary differences in jurisdictions where actual profits are the basis for taxation. Where the Group's activities are subject to withholding taxes, these are normally deducted by the customer who pays the taxes directly to the local tax authorities in the name of the Group.

The Group's operational activities are subject to taxation rates which range from 0 per cent to 35 per cent.

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 this, a reduction in net profit will often lead to a higher effective tax rate, while an increase in net profit can lead to a reduction in the effective tax rate.

TAX EXPENSE FOR THE YEAR

USD MILLION	2023	2022
Deferred tax effect of changes in temporary differences	(5.5)	(1.6)
Taxes payable current year	15.2	18.6
Taxes payable prior years	-	(0.1)
Withholding taxes	6.0	3.3
Total tax expense continuing operations recognised in statement of income	15.7	20.2

EFFECTIVE TAX RATE

USD MILLION	2023	2022
Profit/ (loss) before tax	113.3	149.7
Effect on permanent differences	(1.0)	(1.0)
Deferred tax effect of unrecognised deferred tax asset	6.0	5.5
Income tax at Bermuda statutory income tax rate of 0%	-	-
Withholding taxes	6.0	3.3
Taxes payable current year, non-Bermuda jurisdictions	15.2	18.6
Taxes payable prior years, non-Bermuda jurisdictions	-	(0.1)
Deferred tax effect of changes in temporary differences	(5.5)	(1.6)
Total income tax expense continuing operations at the effective income tax rate	15.7	20.2
Effective tax rate	13.9%	13.5%

TAX ASSETS AND LIABILITIES

USD MILLION	2023	2022
Tax assets at 31 December (included in trade and other current assets)	-	0.3

USD MILLION	2023	2022
Tax payable at 31 December	18.4	11.7

Deferred 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.

Deferred tax liabilities and deferred tax assets are specified as follows:

USD MILLION	2023	2022
Deferred tax assets		
Losses and unabsorbed capital allowances	60.7	61.0
Other	0.9	0.8
Deferred tax assets – gross	61.6	61.8
Deferred tax liabilities		
Vessels	(3.8)	(8.5)
Other	(11.8)	(12.4)
Deferred tax liabilities – gross	(15.6)	(20.9)
Net recognised deferred tax assets/(deferred tax liabilities)	46.0	40.9

Net recognised deferred tax assets are expected to be recovered or settled after more than 12 months.

The Group also has tax losses carried forward in several jurisdictions which are not recognised. The losses carried forward are USD 434.8 million (USD 399.5 million). These losses are not recognised as it is not possible to predict with reasonable certainty whether adequate taxable profit will be available in the future against which losses can be utilised. None of these will expire in 2024. Some of the tax losses have no expiry date.

Judgements and estimates

The Group is subject to income taxes payable to various jurisdictions across the globe. Significant judgement is required in some jurisdictions to determine the provision for income taxes. There are many transactions and calculations for which the final tax determination is uncertain during the ordinary course of business. The Group monitors each issue around uncertain tax treatments across the Group in order to ensure that the Group applies sufficient judgement to the resolution of tax disputes that might arise.

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The income tax liabilities include any penalties and interest that could be associated with a tax audit issue. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will influence the income tax and deferred tax amounts in the period in which such determination is made.

NOTE 10 Inventories

USD MILLION	2023	2022
Fuel oil	1.2	1.2
Materials and consumables	2.5	5.5
Inventories at 31 December	3.7	6.7

NOTE 11 Trade and other current assets

USD MILLION	2023	2022
Trade receivables	93.2	151.9
Contract assets	18.2	58.3
Other receivables	36.4	16.0
Tax assets – current	–	0.3
Prepayments	4.6	6.1
Trade and other current assets	152.4	232.6

Trade receivables are shown net of a provision for expected losses of USD 0.8 million (USD 20.0 million).

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

The ageing analysis of trade receivables is as follows:

USD MILLION	2023	2022
Not past due	61.3	133.5
Up to 3 months	18.0	5.9
3–6 months	2.3	1.6
6–12 months	0.3	–
12 –> months	11.3	10.9
Trade receivables – net	93.2	151.9

As of 31 December 2023 and 2022, the expected credit loss for the Group related to customers was immaterial.

The carrying amount of the Group's trade and other receivables are mainly denominated in USD.

Movement in expected credit losses in respect of trade receivables is as follows:

USD MILLION	2023	2022
Balance at 1 January	20.0	19.6
Amounts written off	(13.4)	–
Net remeasurement of loss allowance	(5.8)	0.4
Balance at 31 December	0.8	20.0

Expected credit loss for other classes within trade and other receivables are immaterial.
Credit risk and foreign exchange risk regarding trade receivables are described in Note 19.

NOTE 12 Cash and cash equivalents

Cash and cash equivalents are denominated primarily in USD, SGD, EUR, GBP and NOK. Restricted bank deposits at 31 December 2023 amounted to USD 1.0 million (USD 0.9 million). This relates to taxes withheld from employees.

NOTE 13 Property, plant and equipment

VESSELS AND OTHER PROPERTY, PLANT AND EQUIPMENT

The owned fleet at 31 December 2023 included the following vessels: BW Adolo, BW Catcher, BW Pioneer and Petróleo Nautipa.

BW Opal is under construction for the Barossa project. Vessels available for projects include vessels that are currently not in operation.

The contract for Petróleo Nautipa reached the end of its term in October 2022. The FPSO was decommissioned from field in Gabon in 2023 and is expected to be sold for recycling in 2024.

Disposals

In March 2023, BW Opportunity was sold for USD 125.0 million. In April 2023, BW Athena was sold for 5.0 million. In June 2023, Espoir Ivoirien was sold for USD 20.0 million, including USD 3.0 million for inventory. In September 2023, Abo FPSO was sold for USD 20 million. The accounting gains and losses on these transactions have been recorded as part of Net gain/(loss) on the sale of property, plant and equipment.

In July 2023, Sendje Berge was sold for USD 15 million. As the consideration was lower than the current net book value, the Group consequently recorded an impairment loss of USD 5.1 million.

In February 2022, BW Cidade de São Vicente was sold for USD 12.8 million. In March 2022, BW Umuroa was sold for USD 14.5 million. The impact from the sale is included in Net gain/(loss) on the sale of tangible fixed assets.

In April 2022, the Group signed an agreement for the sale of the FPSO Polvo to BW Energy. Refer to Note 25.

In January 2022, BW Offshore signed an agreement for the sale of PT BW Offshore TSB Invest, the owner of FPSO BW Joko Tole, to PT Bahari Inti Tanker and PT Cahaya Haluan Pasifik, both of which are Indonesian companies, in consortium with PT Buana Lintas Lautan Tbk, a company publicly listed in Indonesia. The transaction was closed on 3 June 2022. Cash consideration was USD 52.2 million, and no gain or loss was recorded in the consolidated statement of income related to this transaction.

2023 USD MILLION	Vessels in operation	Vessels under construction	Vessels available for projects	Other property, plant & equipment	Total
Cost at 1 January 2023	3 308.3	1 097.0	579.2	46.8	**5 031.3**
Additions	13.2	726.3	27.3	0.9	**767.7**
Disposal	(681.5)	–	(606.5)	(9.7)	**(1 297.7)**
Exchange differences	–	–	–	0.7	**0.7**
Cost at 31 December 2023	2 640.0	1 823.3	–	38.7	**4 502.0**
Accumulated depreciation and impairment charge at 1 January 2023	(2 099.6)	–	(490.6)	(38.3)	**(2 628.5)**
Current year depreciation	(167.2)	–	(0.4)	(6.6)	**(174.2)**
Disposal	642.1	–	491.0	9.7	**1 142.8**
Impairment	(5.1)	–	–	–	**(5.1)**
Exchange differences	–	–	–	(0.7)	**(0.7)**
Accumulated depreciation and impairment charge at 31 December 2023	(1 629.8)	–	–	(35.9)	**(1 665.7)**
Book value at 31 December 2023	1 010.2	1 823.3	–	2.8	**2 836.3**
Useful life	Up to 25 years				
Capitalised interest cost for vessels under construction		62.6			

2022 USD MILLION	Vessels in operation	Vessels under construction	Vessels available for projects	Other property, plant & equipment	Total
Cost at 1 January 2022	3 290.6	374.7	683.9	55.3	**4 404.5**
Additions	17.7	738.1	14.1	1.7	**771.6**
Disposal	–	–	(118.8)	(9.5)	**(128.3)**
Exchange differences	–	–	–	(0.7)	**(0.7)**
Reclassification to held-for-sale		(15.8)		–	**(15.8)**
Cost at 31 December 2022	3 308.3	1 097.0	579.2	46.8	**5 031.3**
Accumulated depreciation and impairment charge at 1 January 2022	(1 917.7)	–	(595.5)	(38.0)	**(2 551.2)**
Current year depreciation	(181.9)	–	(2.6)	(9.2)	**(193.7)**
Disposal	–	–	107.5	9.0	**116.5**
Impairment	–	(15.8)	–	–	**(15.8)**
Exchange differences	–	–	–	(0.1)	**(0.1)**
Derecognition		15.8		–	**15.8**
Accumulated depreciation and impairment charge at 31 December 2022	(2 099.6)	–	(490.6)	(38.3)	**(2 628.5)**
Book value at 31 December 2022	1 208.7	1 097.0	88.6	8.5	**2 402.8**
Useful life	Up to 25 years				
Capitalised interest cost for vessels under construction		28.5			

The FPSO capital expenditure in 2023 was mainly related to investments in BW Opal for the Barossa project, as well as the upgrade to BW Adolo, covered by the client, and the final milestone payment for the repair of BW Opportunity before the FPSO was sold.

The BW Opal contract is preliminary assessed to be an operating lease. The contract has a firm period of 15 years plus 10 years of options. BW Offshore will be responsible for engineering, procurement, construction, installation and operation of the FPSO.

FPSO's capital expenditure in 2022 was mainly related to investments in BW Opal, as well as upgrade for the BW Adolo for the Ruche field outside Gabon and repair on the BW Opportunity.

Refer to Note 23 for information of committed cost relating to construction of FPSO.

The Group has performed an impairment trigger assessment at 31 December 2023. As a result of cost increase driven by inflation and increased interest rates, the Group has performed an impairment test. The impairment testing did not identify any required impairments.

Each vessel is regarded as a cash-generating unit for impairment testing. The recoverable amount is based on a value-in-use calculation for each of the vessels in the fleet. To estimate the recoverable amount, the Group makes assumptions on contracted net cash flows as well as uncontracted cash flows over the useful life for each vessel. Uncontracted cash flows have been estimated based on experience, expectations on future market conditions and return on invested capital. The assumptions made are built into different scenarios with different cash flows for each unit.

Cash flows were discounted at a rate of 7.9 per cent on a post-tax basis. The use of a post-tax discount rate does not result in a different determination of the need for, or the amount of, impairment (reversal) that would be required if a pre-tax discount rate had been used. The discount rate is based on Weighted Average Cost of Capital (WACC). The following assumptions have been made for the WACC:

- The equity risk premium is based on empirical data of comparable listed companies and is in consensus with the market risk premium observed from the study performed by the Norwegian Society of Financial Analysts. The Group has also included a small cap premiumand ESG premium in setting the overall equity risk premium.
- The equity ratio is based on long-term assumptions on the Group's financial strategy and capital structure, as well as peer group balance sheet data.
- For the risk-free rate, the Group is using the US 10-year treasury yields as the basis for calculations.
- The debt margin used is based on inputs meant to mirror what market participants would demand if they were to choose an investment generating equivalent cash flows, with the same time horizon and level of risk as the assessment date.
- For estimating beta, the Group has employed various regression models and peer averages to reach a metric of future equity risk for the FPSO segment and BW Offshore.

The value in use calculation is sensitive to assumptions and variables. The key factors are the WACC and increases in construction costs in the event of a delay at yard for BW Opal:

An increase of the WACC by 1 percentage point would lead to a USD 39 million impairment of BW Opal.

A 3-month delay at yard with the associated additional costs would lead to an estimated impairment of USD 21 million of BW Opal.

An increase of construction costs of USD 50 million would not lead to an impairment of BW Opal.

The value in use cash flow used for impairment testing of BW Opal does not reflect the positive cash flow benefit of the USD 61 million deferred tax asset recognised in relation to the project.

The cost of debt component of the WACC used for impairment testing consists of a base rate and an estimated loan margin. A base rate of 3.5 per cent has been applied based on the USD 10-year swap rate observed in the market per year end 2023. The BW Opal debt has been hedged with interest rate swaps maturing in 2035 and with an average swap rate of 1.874 per cent. The benefit of the interest rate swap portfolio is not reflected in the WACC used for impairment testing.

In 2022, the Group had capitalised FEED expenses, early-stage engineering and supplier reservations for the supply of an FPSO for the Gato do Mato oil and gas field offshore Brazil for Shell Brasil Petróleo Ltda (Shell). In November 2022, the Group was informed by Shell that the final investment decision was not to be made within the next 12 to 24 months. Consequently, the Group has impaired capitalised expenses of USD 15.8 million. Refer to Note 5 for further information regarding compensation received from Shell.

Judgements and estimates

Depreciation

The level of depreciation depends on the estimated useful life of the different components of the assets and residual value at the end of its useful life. The estimated useful life is based on experience and knowledge of the vessels owned by the Group. Management will have to make assessments as to the expected useful life of the hull and marine scope as well as the process equipment for an FPSO. Assumptions will also have to be made about the expected contract period for non-recoverable components for the assets, which can deviate significantly from the useful life of hull and process equipment.

Assumptions on residual value are based on knowledge of current scrap values, which in turn depend on steel prices in the world market and demobilisation costs, together with an expected inflation.

Impairment

The Group periodically reviews whether vessels and other property, plant and equipment, for potential impairment indicators when circumstances indicate and at least on an annual basis.

The recoverable amounts of each vessel, being defined as a cash-generating unit, is the higher of its fair value less cost of disposal and its value in use. Value in use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including residual values discounted by an estimated discount rate.

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

NOTE 14 Intangible assets and goodwill

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets
Cost at 1 January 2023	10.7	4.6	64.0	27.4	106.7
Additions	0.4	2.0	–	–	2.4
Exchange differences	–	0.2	1.9	0.8	2.9
Disposal	(6.3)	–	–	–	(6.3)
Carrying amount at 31 December 2023	4.8	6.8	65.9	28.2	105.7
Amortisation and impairment at 1 January 2023	(10.5)	(0.5)	(7.7)	–	(18.7)
Current year amortisation	(0.1)	(0.8)	(4.3)	–	(5.2)
Exchange differences	–	–	(0.3)	–	(0.3)
Disposal	6.3	–	–	–	6.3
At 31 December 2023	(4.3)	(1.3)	(12.3)	–	(17.9)
Net book value at 31 December 2023	0.5	5.5	53.6	28.2	87.8
Useful life	1–3 years	5 years	15 years		
Amortisation method	linear	linear	linear		

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets
Cost at 1 January 2022	20.9	4.6	68.0	28.7	122.2
Additions	–	0.3	–	–	0.3
Additions from business combinations	–	–	–	0.4	0.4
Exchange differences	–	(0.3)	(4.0)	(1.7)	(6.0)
Disposal	(10.2)				(10.2)
Carrying amount at 31 December 2022	10.7	4.6	64.0	27.4	106.7
Amortisation and impairment at 1 January 2022	(18.8)	(0.1)	(3.6)	–	(22.5)
Current year amortisation	(1.9)	(0.4)	(4.2)	–	(6.5)
Exchange differences	–	–	0.1	–	0.1
Disposal	10.2	–	–	–	10.2
At 31 December 2022	(10.5)	(0.5)	(7.7)	–	(18.7)
Net book value at 31 December 2022	0.2	4.1	56.3	27.4	88.0
Useful life	1–3 years	5 years	15 years		
Amortisation method	linear	linear	linear		

Goodwill, Technology and R&D (Research & Development) were initially recognised in March 2021 as part of the acquisition of Ideol SA. R&D assets represent the accumulated capitalised development projects. BW Ideol is pursuing a number of initiatives around its Damping Pool® patented foundation technology including research and development of innovative building materials, mooring systems and construction methods.

Goodwill has an indefinite useful life and is tested for impairment at least annually.

Goodwill was tested for impairment as of 31 December 2023, including impairment testing of technology assets. A discounted cash flow model was used to determine the fair value less cost of disposal for the CGU. The projected cash flows were based on the most up-to-date forecast by management which includes probability weighted cash flows for prospective offshore wind projects using end-of-life cash flows for projects identified. The impairment calculation demonstrated that the value in use exceeded the carrying amount of the CGU, thus no impairment loss was recognised.

KEY ASSUMPTIONS USED IN THE IMPAIRMENT CALCULATION INCLUDE:

Cash flows, project IRR, price of electricity

For the co-development activity, cash flows related to the estimated projects in portfolio include: (i) development expenses, including expenses related to engineering services provided by BW Ideol to each project during this phase, (ii) capital expenditures during construction phase, including royalties derived from BW Ideol's technology licensing, (iii) wind farm operating expenses and (iv) reimbursement of project finance debt. The tariff applied to the electricity sold is being determined by using a target IRR of 10.75 per cent estimated at the start of the development phase and takes into account the project financial structure and expenses profiles. An additional probability to successfully develop the project is also applied, ranging from 25 per cent to 66.6 per cent, depending on the maturity of the opportunity (identified project, tender phase, development phase). To reflect the commercial terms reached with ADEME Investissement, all projects under co-development are targeted to be sold at the end of the development period ("FID"). An exit price is therefore being determined using a target IRR for the acquirer set at 9.5 per cent and benchmarked with known sectorial transactions. This approach implies that BW Ideol is essentially involved as a co-developer during the effective development phase of a project, phase that carries the highest level of risk, and does not necessarily intend to remain an investor during construction and operation phases.

For the co-EPCI activity, cash flows related to potential EPCI contracts include engineering services during the development phase, gross profit from procurement and construction and royalties derived from licensing the technology to each project.

Discount rate and Sectorial WACC

For the co-development activity, each project has been valued using a different discount rate to reflect the maturity of the opportunity, with WACC ranging from 9.5 per cent to 15.5 per cent. In order to assess the relevance of our implied discount rate based approach to valuation, we have determined a sectorial post-tax Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology and incremental borrowing rate, assuming cash flows in Euro. A selected sample of comparable companies active in the renewable power sector was established. The WACC is based on a risk-free rate of 3.1 per cent based on the trailing six-month average yield maturity in France (source: Banque de France), and a market risk premium of 5.9 per cent. The estimated unlevered beta for equity was 0.74. The equity to total capital ratio was 79.6 per cent. A 25 per cent generic tax rate on corporate, irrespective of the specificities of the countries in activity. Country risk premium, inflation differential and project specific risk premiums, ranging from 3 per cent to 7 per cent, in order to capture the maturity of the opportunities have been integrated.

For the co-EPCI activity, a WACC of 13.0 per cent has been retained, in order to assess the relevance of our implied discount rate based approach to valuation, we have determined a sectorial post-tax Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology and incremental borrowing rate, assuming cash flows in Euro. A selected sample of comparable companies active in the renewable power sector was established. The WACC is based on a risk-free rate of 3.1 per cent based on the trailing six-month average yield maturity in France (source: Banque de France), and a market risk premium of 5.9 per cent. The estimated unlevered beta for equity was 0.94. The equity to total capital ratio was 64 per cent. A 25 per cent generic tax rate on corporate, irrespective of the specificities of the countries in activity. Finally, a company size premium of 7.8 per cent has been taken into account to reflect the unsecured aspect of EPCI future projects.

Testing procedures of BW Ideol's single CGU related goodwill as of 31 December 2023 are conducted to meet IFRS requirements, and especially IAS 36. In compliance with IAS 36, BW Ideol's recoverable value was based on the estimation of its value in use derived from a discounted cash flow approach and is equivalent to BW Ideol's enterprise value as of 31 December 2023. To determine the recoverable value of assets, the value in use derived from future cash flows was considered.

SENSIVITIES

Buchan success rate

A reduction of 50 per cent of the probability of success in the development of Buchan would result in an impairment charge of USD 2.2 million.

Sensitivity to CoDev Portfolio success rate

A reduction of 50 per cent of the probabilities of success of all projects identified in the co-development pipeline would result in an impairment charge of USD 11.0 million.

Sensitivity to IRR at exit for co-development projects

An increase of 1.0 per cent of the target IRR used to derive project exit value at FID would result in an impairment charge of USD 24.5 million.

Discount rate

A 2.0 per cent increase in the discount rates would not result in an impairment of goodwill and technology assets.

Judgements and estimates

Valuations performed in light of the impairment test of goodwill and technology assets demand a high degree of estimation. Management must make complex assessments of the expected cash flows arising and discount rates used in the valuation models. Changes to these estimates could have significant impact on the impairments recognised and future changes may lead to additional impairments.

The financial forecasts used in the goodwill and technology asset impairment test reflect management's judgement on the probability of realising projects, and for those projects expected to be developed, the development and capital expenditures, operating expenses and the tariff applied to the electricity sold, which is being determined using a target internal rate of return as well as the discount rate. This judgement is based on present circumstances at the valuation date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. In addition, floating offshore wind is a new industry with no commercial projects yet established globally, resulting in a high degree of estimation uncertainty related to the identification of prospective projects and chances of acquiring such projects.

NOTE 15 Equity-accounted investees

USD MILLION	2023	2022
Interest in joint ventures	185.4	140.3
Interest in associates	199.4	197.6
Balance at 31 December	384.8	337.9

Equity-accounted investees relates mainly to the investment in BW Energy Limited (BWE) and BW Offshore AUS-JV Pte Ltd.

In 2022, the Board of Directors of BW Offshore decided to increase the annual dividend to include USD 20 million in-kind distribution of BW Energy shares, distributed on a quarterly basis. Dividend shares for the fourth quarter of 2022 and the first three quarters in 2023, equal to USD 18.0 were distributed in 2023. Following the dividend shares distributed in 2023, the Group held 58 111 461 shares in BW Energy, representing 22.5 per cent, at year end 2023.

Dividend shares for the first three quarters of 2022, equal to USD 13.6 million, were distributed in 2022.

The following table illustrates the summarised financial information of the Group's investment in BW Energy.

USD MILLION	2023	2022
Percentage ownership interest	22.5%	25.4%
Non-current assets	1 460.4	964.8
Current assets	280.0	240.5
Non-current liabilities	704.7	409.8
Current liabilities	338.1	180.2
Net assets (100%)	697.6	615.3
Group's share of net assets	157.1	156.3
Excess value	25.3	30.0
Carrying amount of interest in associate	182.4	186.3
Revenue	507.3	277.7
Profit for the year (100%)	81.0	45.0
Total comprehensive income for the year[1]	18.6	12.2
Gain/(loss) dividend shares	(3.3)	(1.3)
Depreciation of excess value	(1.3)	(1.3)
Group's share of total comprehensive income for the year	14.0	9.6

[1] Adjusted for change in owned share

In January 2024, the Group sold all of its shares in BW Energy Limited. See Note 28 for further details.

For BW Offshore AUS-JV Pte. Ltd. the shareholders agreements between the Group and the external investors resulted in the Group and the external investors having joint control over this company. The Group's interest in BW Offshore AUS-JV Pte. Ltd. is accounted for using the equity method in the consolidated financial statements.

Refer to Note 9 for information about deferred tax asset, Note 19 for information about lending agreements and Note 23 for information about guarantees.

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below.

USD MILLION	2023	2022
Percentage ownership interest	51.0%	51.0%
Non-current assets	1 150.9	662.6
Current assets	59.9	60.8
Non-current financial liabilities	867.2	410.3
Current liabilities	1.6	68.5
Net assets (100%)	342.0	244.6
Group's share of net assets	174.4	124.7
Elimination of internal net interest	(14.2)	(2.1)
Carrying amount of interest in joint venture	160.2	122.6
Net interest income/(expense)	24.3	4.1
Profit for the year (100%)	22.1	2.0
Other comprehensive income (100%)	7.6	(151.8)
Total comprehensive income for the year (100%)	29.7	(149.8)
Total comprehensive income for the year (51%)	15.1	(76.4)
Elimination of internal net interest	(12.2)	(2.1)
Group's share of total comprehensive income for the year	2.9	(78.5)

Additionally the Group has interests in five individually immaterial joint venture/associates, Floating Energy Allyance 1 Limited, OCS Services Limited, Euro Techniques Industries, BW Offshore Nigeria Limited and Fram Wind Solutions AS.

For OCS Services Limited,(OCS), the Group owns 50 per cent, but does not have joint control over this investment. The partner oversees of the daily operation of the company while the Group act as an investment partner. The Group does not have power over more than half of the voting rights in OCS. Further, the Group does not have the power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body. As the Group only acts as an investment partner, OCS is considered an associate. The Group’s interest in OCS is accounted for using the equity method in the consolidated financial statements.

The Group acquired 33.5 per cent ownership interest in Floating Energy Allyance 1 Limited in April 2022. The carrying amount of interests in Floating Energy Allyance 1 Limited was USD 24.8 million at 31 December 2023 (USD 17.2 million).

The following table analyses the carrying amount and share of profit and OCI of these associates.

USD MILLION	2023	2022
Carrying amount of interests in associates	42.2	28.9
Share of:		
Profit	5.1	1.4
OCI	–	–

An equity accounted investment may be impaired and the investor required to test the carrying amount for impairment if objective evidence of impairment exists. Judgements are made in determining if there is objective evidence of impairment exist. Impairment testing for associates and joint ventures also requires significant judgements and estimates to be made.

NOTE 16 Capital and reserves

SHARE CAPITAL

Authorised share capital:

At 1 January 2023:	214 000 000 ordinary shares at par value USD 0.50 each
At 31 December 2023:	214 000 000 ordinary shares at par value USD 0.50 each

Issued and fully paid	USD THOUSAND
At 1 January 2023	92 478.2
At 31 December 2023	92 478.2

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

CONVERTIBLE BONDS

The reserve for the convertible bonds comprises the amount allocated to the equity component for the convertible bonds issued by the Group in November 2019. Refer to Note 17.

TREASURY SHARE RESERVE

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2023, the Group held 4 141 437 of the Company's shares (4 141 437). Book value of the treasury shares was USD 10.1 million at 31 December 2023 (USD 10.1 million).

DIVIDENDS

The following dividends were declared and paid by the Company for the year.

USD MILLION	2023
Fourth quarter 2022: USD 0.035 per qualifying ordinary share	6.3
First, second and third quarter: USD 0.035 per qualifying ordinary share	19.0
Fourth quarter 2022: Dividend shares – 1 697 868 BWE shares	4.2
First quarter: Dividend shares – 1 933 051 BWE shares	4.7
Second quarter: Dividend shares – 1 897 018 BWE shares	4.8
Third quarter: Dividend shares – 1 933 935 BWE shares	4.3
	43.3

USD MILLION	2022
Fourth quarter 2021: USD 0.035 per qualifying ordinary share	6.3
First, second and third quarter: USD 0.035 per qualifying ordinary share	19.0
First quarter: Dividend shares – 1 607 407 BWE shares	4.2
Second quarter: Dividend shares – 1 835 978 BWE shares	4.4
Third quarter: Dividend shares – 1 824 735 BWE shares	5.0
	38.9

Refer to 'Shareholder information' section for information on the 20 largest shareholders at 31 December 2023.

Refer to Note 21, Non-controlling interests, for information on preferred dividends.

NOTE 17 Loans and borrowings

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
USD 295 million Corporate Facility	USD SOFR + 2.50%	10-July-28	48.0	–
USD 672.5 million Corporate Facility[1]	USD LIBOR + 2.25%	16-May-24	–	156.5
Convertible Bond	2.50%	12-Nov-24	–	218.7
USD 800 million Catcher Facility[1]	USD LIBOR + 2.25%	15-Jul-24	–	142.7
USD 200 million Catcher Facility	USD SOFR + 2.25%	17-Feb-27	141.5	–
Other facilities	3.50%	30-Jun-26	3.8	4.5
BWO06 – NOK 1 000 million Bond	NIBOR + 5.00%	29-Nov-28	97.4	–
Total long-term debt			290.7	522.4

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
USD 295 million Corporate Facility	USD SOFR + 2.50%	10-July-28	(0.6)	–
USD 672.5 million Corporate Facility[1]	USD LIBOR + 2.25%	16-May-24	–	(1.3)
Convertible Bond	2.50%	12-Nov-24	184.9	(0.6)
USD 800 million Catcher Facility[1]	LIBOR + 2.25%	15-Jul-24	–	113.7
USD 200 million Catcher Facility	USD SOFR + 2.25%	17-Feb-27	56.6	–
Other facilities	2.20%	30-Jun-26	1.8	1.8
BWO05 – NOK 900 million Bond	NIBOR + 4.50%	04-Dec-23	–	91.7
BWO06 – NOK 1 000 million Bond	NIBOR + 5.00%	29-Nov-28	(0.2)	–
Total short-term debt			242.5	205.3
Total interest-bearing debt			533.2	727.7

1 SOFR from July 2023

The financial liability related to the BW Opal lease has a carrying amount of USD 1 022.1 million (USD 526.1 million) and implicit interest of 7.82 per cent (7.80 per cent) at 31 December 2023. Reference to Note 19 Financial instruments – Fair values and risk management for information on Barossa finance liability.

The Group is in compliance with all covenants on 31 December 2023. Covenants are calculated and reported on consolidated financials.

USD 295 MILLION CORPORATE FACILITY

In July 2023, the Group refinanced the previous USD 672.5 million revolving credit facility (RCF) into a new five-year senior secured USD 295 million RCF. The new facility is priced at a margin of 250 basis points above USD SOFR and is provided by a consortium of ten international banks. The Group had USD 245 million undrawn under the revolving credit facility at 31 December 2023.

The USD 295 million Corporate Facility is subject to certain covenants, including minimum book equity of at least 25 per cent of total assets, debt to EBITDA of maximum 5.5, minimum USD 75 million available liquidity including undrawn amounts and interest coverage ratio of minimum 3.0.

CATCHER USD 200 MILLION FACILITY

In November 2023, the Group refinanced the previous USD 800 million senior secured pre- and post-delivery term loan facility into a new USD 200 million three-and-a-half-year facility. The new facility is priced at a margin of 225 basis points above USD SOFR and is provided by a consortium of seven international banks. The facility is subject to financial covenants similar to the covenants under the USD 295 million Corporate Facility.

BWO06 – NOK 1 000 MILLION BOND

In November 2023, BW Offshore Limited successfully completed the placement of a NOK 1 000 million senior unsecured bond with maturity 29 November 2028. The proceeds from the bond loan were used to partly repay the existing bond loan. The bond loan is subject to certain covenants, including minimum book equity of at least 25 per cent of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Group.

OTHER FACILITIES

Other facilities comprise interest-bearing debt in BW Ideol Group. All debt is in EUR.

CONVERTIBLE BOND

During the fourth quarter of 2019, BW Offshore Limited issued a USD 297.4 million convertible bond with a five–year tenor and coupon of 2.50 per cent per annum, payable semi–annually in arrears. The convertible bond has no regular repayments and matures in full on 12 November 2024. There are no financial covenants in the convertible bond agreement. The proceeds from the convertible bond loan were used to refinance the existing bond loans and for general corporate purposes. The initial conversion price of USD 10.24 corresponds to a conversion premium of 37.5 per cent over the volume weighted average price of the shares on the Oslo Stock Exchange at 5 November 2019 (converted at the prevailing USD:NOK spot rate equal to NOK 9.1921 / USD 1.00). BW Offshore Limited has during 2023 repurchased bonds with an aggregate principal amount of USD 44.2 million (USD 60.6 million in 2022) in its USD 297.4 million Senior Unsecured Convertible Bonds due for cancellation in 2024. Following the cancellation, the principal amount outstanding under the bond loan is USD 192.6 million.

USD MILLION	
Proceeds from issue of convertible bonds	297.4
Transaction costs	(3.8)
Net proceeds	293.6
Amount classified as equity (net of transaction costs of USD 0.7 million)	(50.1)
Accreted interest	36.5
Repayment of convertible bonds	(97.7)
Expensed capitalised borrowing costs	2.6
Carrying amount of liability at 31 December 2023	184.9

The conversion price is subject to adjustment for dividends paid and other changes affecting the value of the share.

During 2023, the quarterly dividends resulted in adjustments to the initial conversion rate.

	Distribution declared per share	Dividend in kind[1]	Conversion price
First quarter, 2023	0 035	0.0094	7.90
Second quarter, 2023	0 035	0.0107	7.70
Third quarter, 2023	0 035	0.0105	7.52
Fourth quarter, 2023	0 035	0.0107	7.31

[1] Dividend in kind relates to shares in BW Energy Limited

	Distribution declared per share	Dividend in kind[1]	Conversion price
First quarter, 2022	0 035		8.58
Second quarter, 2022	0 035	0.0089	8.44
Third quarter, 2022	0 035	0.0102	8.27
Fourth quarter, 2022	0 035	0.0101	8.08

[1] Dividend in kind relates to shares in BW Energy Limited

RECONCILIATION OF MOVEMENTS OF LIABILITIES AND EQUITY TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Interest payable	Other liabilities	Liabilities		Equity	Total
USD MILLION			Interest-bearing short-term debt	Interest-bearing long-term debt[1]		
Balance at 1 January 2023		17.9	205.3	1 048.5	1 151.1	
Proceeds from loans and borrowings		–	–	911.9	–	911.9
Proceeds from sale of non-controlling interest		–	–	–	18.9	18.9
Paid dividend and redemption		–	–	–	(29.7)	(29.7)
Interest paid	(19.7)	–	–	–	–	(19.7)
Repayment of loans and borrowings		–	(98.8)	(490.9)	–	(589.7)
Repurchase of convertible notes		–	–	(41.2)	–	(41.2)
Payment of lease liabilities		(6.3)	–	–	–	(6.3)
Dividends paid		–	–	–	(25.3)	(25.3)
Total changes from financing cash flows	(19.7)	(6.3)	(98.8)	379.8	(36.1)	218.9
Effects of changes in foreign exchange rate and interest rate swaps		(0.2)	7.3	4.9	–	12.0
Liability-related:						
Expensed and capitalised borrowing costs		–	0.9	(3.0)	–	(2.1)
New leases/adjustments		0.1	–	–	–	0.1
Interest expense		0.5	–	–	–	0.5
Accreted interest		–	–	8.1	–	8.1
Non-cash movements		–	127.8	(125.5)	–	2.3
Total liability-related other changes		0.6	128.7	(120.4)	–	8.9
Total equity-related other changes		–	–	–	80.3	80.3
Balance at 31 December 2023		12.0	242.5	1 312.8	1 195.3	

[1] Inclusive finance liability relating to Barossa lease

USD MILLION	Interest payable	Other liabilities	Liabilities Interest-bearing short-term debt	Interest-bearing long-term debt[1]	Equity	Total
Balance at 1 January 2022		14.2	120.2	1 005.5	1 021.4	
Proceeds from loans and borrowings	–	–	–	344.2	–	344.2
Paid dividend and redemption	–	–	–	–	(30.8)	(30.8)
Interest paid	(38.5)	–	–	–	–	(38.5)
Repayment of loans and borrowings	–	–	(8.0)	(174.1)	–	(182.1)
Repurchase of convertible notes	–	–	–	(52.7)	–	(52.7)
Payment of lease liabilities	–	(7.2)	–	–	–	(7.2)
Dividends paid	–	–	–	–	(25.3)	(25.3)
Total changes from financing cash flows	(38.5)	(7.2)	(8.0)	117.4	(56.1)	7.6
Effects of changes in foreign exchange rate and interest rate swaps		(0.1)	–	(10.4)	–	(10.5)
Liability-related:						
Expensed capitalised borrowing costs		–	0.9	3.1	–	4.0
New leases/adjustments		10.6	–	–	–	10.6
Interest expense		0.4	–	–	–	0.4
Accreted interest		–	–	9.4	–	9.4
Non-cash movements		–	92.2	(76.5)	–	15.7
Total liability-related other changes		11.0	93.1	(64.0)	–	40.1
Total equity-related other changes		–	–	–	185.8	185.8
Balance at 31 December 2022		17.9	205.3	1 048.5	1 151.1	

[1] Inclusive finance liability relating to Barossa lease

NOTE 18 Trade, other payables and other non-current liabilities

USD MILLION	2023	2022
Trade payables	79.5	81.2
Accrued vessel expenses	21.6	60.1
Accrued other expenses	31.2	29.6
Accrued construction expenses	18.9	114.6
Public duties payables	10.9	11.2
Contract liabilities	-	4.3
Deferred revenues	67.4	58.8
Total trade and other payables	229.5	359.8

USD MILLION	2023	2022
Deferred revenues	910.2	654.0
Other long-term liabilities	8.7	7.3
Total other non-current liabilities	918.9	661.3

Deferred revenues primarily relate to the advance consideration received from customers for which revenue is recognised over time, mainly over the remaining contract period. The increase in deferred revenues mainly relates to the Barossa contract.

NOTE 19 Financial instruments – fair values and risk management

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

FINANCIAL RISK FACTORS

Its activities expose the Group to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and climate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. A finance management team led by the Chief Financial Officer identifies and evaluates financial risks in close co-operation with the Group's 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 report to the Group's Senior Management team, the Audit Committee and the Board of Directors on the status of activities on a regular basis.

The Group observes a trend of capital being reallocated from hydrocarbons towards electrification and low carbon emission energy projects. The effect is an increasing cost of capital for the oil and gas sector. However, the Group has been successful in financing projects by keeping an open dialogue on ESG performance with key lenders and partners. The Group is committed to contributing to the energy transition by developing clean energy production solutions as part of its strategy, applying its offshore engineering and operations capabilities to drive future value creation.

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

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The Group has international operations and therefore a combination of natural and financial hedging. The Group uses derivatives like FX forwards and interest rate swaps to manage market risk.

Foreign currency risk

The functional currency of the Company and most of its subsidiaries is USD. In general, most operating revenues and a significant portion of operating expenses as well as most interest-bearing debt are denominated in USD. The Group is exposed to expenses and investments incurred in currencies other than USD ('foreign currencies'); the major currencies being Norwegian Kroner ('NOK'), Singapore Dollars ('SGD'), Euro ('EUR') and British Pounds ('GBP'). Operating expenses denominated in NOK, SGD, GBP and EUR constitute a part of the Group's total operating expenses. Capital expenditures related to construction projects, repair and upgrade activities on FPSOs would also to some extent be denominated in other currencies than USD. Consequently, fluctuations in the exchange rate on NOK, SGD, GBP, EUR and KRW may have significant impact on the financial statements of the Group.

The Group enters into forward contracts to reduce the exchange rate risk on cash flows nominated in foreign currencies, both related to construction projects and to operating and administrative expenses. The Group does not apply hedge accounting for hedging of its operational and administrative expenses in foreign currencies and the changes in valuation are taken over the profit and loss statement. The exchange rate risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not recognised in the balance sheet and expected purchases and sales in the currency in question. Currency hedges and other currency effects include changes in fair value of currency hedges, effects of settlement of these hedges, and other currency effects related to operating cash flows.

Total nominal value of the Group's foreign currency contracts was USD 67.1 million at 31 December 2023 (USD 403.3 million). Fair value of the foreign currency contracts amounted to positive USD 0.7 million in 2023 (negative USD 0.5 million) and are presented gross in the statement of financial position. Net effect of forward exchange contracts recognised in the statement of income in 2023 is negative by USD 3.0 million (positive by USD 3.6 million).

The Group is exposed to foreign currency risk on bonds issued in NOK. The foreign currency exposure of BWO06 is hedged through cross-currency swaps with a nominal value of USD 93.1 million. The market value of the cross-currency swaps was positive by USD 5.7 million at 31 December 2023.

The Group seeks to apply hedge accounting for larger construction projects to manage volatility in the income statement and statement of comprehensive income. BW Offshore applies hedge accounting for the foreign exchange hedging related to the construction contract of BW Opal for the Barossa project.

The Group uses forward currency contracts to eliminate the currency exposure once the Group has entered into a firm commitment of a project contract. For foreign currency risk, the principal terms of the forward currency contract (notional and settlement date) and the future expense (or revenue) (notional and expected cash flow date) are identical. The foreign exchange derivatives are entered to match the respective supplier payments.

The following are identified as sources of hedge ineffectiveness:

- Over-hedging – if the total amount of exposure is less than the notional amount hedged.
- Timing mismatch – if the hedged transaction and the maturity date of the hedging instrument does not occur withing the same 31-day period or fiscal month.

The net effect of the hedge accounting recognised in other comprehensive income amounts to positive USD 4.4 million (negative USD 3.9 million). Hedge ineffectiveness recognised in profit or loss during 2023 and 2022 were immaterial.

Cash flow hedges

On 31 December, the Group held the following instruments to hedge exposures to changes in foreign currency.

2023	1–6 months	6–12 Months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in USD million)	67.1	–	–
Average USD:SGD forward contract rate	1.3	–	–
Average USD:NOK forward contract rate	9.8	–	–
Average USD:KRW forward contract rate	–	–	–
Average USD:EUR forward contract rate	0.9	–	–
Average USD:CHF forward contract rate	–	–	–

2022	1–6 months	6–12 Months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in USD million)	388.5	11.7	3.1
Average USD:SGD forward contract rate	1.4	1.4	–
Average USD:NOK forward contract rate	9.0	9.4	9.5
Average USD:KRW forward contract rate	1 283.9	–	–
Average USD:EUR forward contract rate	1.0	–	–
Average USD:CHF forward contract rate	1.0	–	–

Sensitivity analysis

A reasonably possible strengthening (weakening) of the NOK, SGD and EUR against USD on 31 December 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. NOK and SGD are being forward hedged in relation to operational and administrative expenses, additional exposures in SGD and EUR are hedged in relation to ongoing construction of BW Opal for the Barossa project, all other currencies that the Group is exposed to are covered spot. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts.

	Profit or loss		Equity, net of tax	
USD MILLION	Strengthening	Weakening	Strengthening	Weakening
31 December 2023				
NOK (5% movement)	0.2	(1.2)	0.2	(1.2)
SGD (5% movement)	-	-	1.8	(0.8)
EUR (5% movement)	2.2	(0.5)	2.2	(0.5)
31 December 2022				
NOK (5% movement)	0.1	(0.1)	0.1	(0.1)
SGD (5% movement)	0.4	(0.4)	0.3	(0.3)
KRW (5% movement)	0.1	(0.1)	0.1	(0.1)

Interest rate risk

The Group is exposed to interest rate risk through its funding activities. Most of the Group's interest-bearing debt has floating interest rate conditions, making the Group subject to influence of changes in the market rates. The Group aims to hedge at least 50 per cent of its interest rate exposure.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As announced by the Financial Conduct Authority (FCA) in 2022, the panel bank submissions for the overnight and 12-month US dollar LIBOR ceased on 30 June 2023.

From 1 July, the Group implemented the transition from IBORS to Secured Overnight Financing Rate (SOFR). The transition did not have a material impact on the Group's financial results.

As of 31 December 2023, the Group's floating rate debt amounted to 348.3 USD million (USD 742.8 million).

The Group holds interest rate swaps with a nominal value of USD 468.1 million with maturity during 2024–2030. The weighted average interest swap rate was 2.2 per cent on 31 December 2023. The swaps are held to hedge the quarterly cash flows from floating rate interest payments on the Corporate Facility, the Catcher facility and BWO06. During 2022 and until November 2023, the Group also held interest caps. The market value of the interest swaps was positive by USD 30.9 million on 31 December 2023 (2022: positive USD 49.2 million, including caps) and the changes in fair value have been recognised as a fair value gain on financial instruments.

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 the table below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
USD MILLION	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2023				
Variable rate instruments	(3.4)	3.4	(3.4)	3.4
Interest rate swaps	4.7	(4.7)	4.7	(4.7)
Cash flow sensitivity	1.3	(1.3)	1.3	(1.3)
31 December 2022				
Variable rate instruments	(4.1)	4.1	(3.4)	3.4
Interest rate swaps	6.5	(6.5)	5.4	(5.4)
Cash flow sensitivity	2.4	(2.4)	2.0	(2.0)

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.

Loans, credit facilities, financial guarantees and derivatives are only conducted with approved counterparties and predominantly with investment grade financial institutions, and are governed by standard agreements (ISDA, Nordic Trustee and LMA documentation). The Group has policies in place limiting the amount of credit exposure against any financial institution. The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet except for financial guarantees.

The Group assesses the credit quality of its customers on a regular basis, considering their financial position, credit ratings from international credit rating agencies if available, experience and other factors. New projects and clients will similarly be assessed by reviewing financial statements and external credit ratings, in addition to country-risk will be evaluated in relation to potential financing and legal impact of agreements. Parent company guarantees are negotiated with customers and the Group will normally have contractual clauses to prevent a customer from novating the lease contract to counterparts with credit rating lower than investment grade (or comparable proxy), without consent. Given the limited number of major customers of the Group and the significant portion these represent to the Group's revenue, the inability of one or more of them to make full payment on any of the Group's contracted units may have a significant adverse impact on the financial position.

The wars in Ukraine and the Middle East and general market uncertainties has increased the credit risk in most industries. With the additional factors of volatile commodity prices and an increasing transition towards greener energy, credit risk has increased more in the oil and gas industry compared with other industries. As most of the Group's portfolio is with financially solid counterparties, the Group believes that the credit risk related to counterparties is at an acceptable level.

Overdue trade receivables were USD 31.4 million at the end of 2023, compared to USD 38.2 million at the end of 2022.

The Group is also exposed to certain credit risk related to agreements entered into with suppliers such as yards used for construction projects. The Group manages its exposure to such risks through a thorough evaluation of the counterparty's financial position, external credit rating if available, and its backlog and ability to deliver on time, and subsequently by continuous monitoring of larger counterparties.

The Group regards its maximum credit risk exposure to the carrying amount of trade receivables (refer to Note 11) and other current assets.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet obligations of finance liabilities when they become due. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations and its investment programme via short-term cash deposits at banks and a commitment to make available funds from the unutilised portion of revolving facilities offered by financial institutions to the Group.

In 2021, the Group completed the debt financing and the equity joint venture partnership for the Barossa project. The Barossa project is financed by a 14-year combined construction and long-term debt facility of USD 1.150 billion with a syndicate of nine international banks and by USD 240.0 million from the equity joint venture, consisting of BW Offshore (51 per cent) and ICMK Offshore Investment Pte Ltd (a 50:50 JV of ITOCHU Corporation and a subsidiary of Meiji Shipping Co Ltd) (25 per cent) and Macquarie Bank Limited (24 per cent). In addition, approximately USD 1 billion in pre-payments will be paid by the Barossa Upstream Joint Venture Partners during the construction period. These pre-payments are linked to progress and milestones of the project. By end of 2023, a total of USD 848.7 million had been received as per plan, USD 195 million was injected in total by equity partners and USD 890 million was drawn under the loan facility.

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

The refinancing of the USD 295 million Corporate Facility and Catcher facility in 2023, and the placement of the BWO06 bond in 2023 extended tenors of the Groups financings and cashflows from continuing operations are sufficient to fulfil short-term financial obligations. Production from BW Catcher throughout 2023 has been a significant contributor to the cash flow of the Group together with BW Pioneer, BW Adolo, in addition to the divestments of non-core assets.

The following table sets out the maturity profile of the 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 of which the counterparty can 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
USD 295 million Corporate Facility	47.4	–	–	–	–	–	50.0	–	**50.0**
Convertible Bond[1]	184.9	–	–	–	192.6	192.6	–	–	**192.6**
USD 200 million Catcher Facility	198.1	14.3	14.3	14.3	14.3	57.2	142.8	–	**200.0**
BWO06 – NOK 1 000 million bond[2]	97.2	–	–	–	–	–	93.1	–	**93.1**
Other facilities	5.6	0.4	0.4	0.5	0.5	1.8	3.8	–	**5.6**
Finance liability related to Barossa lease	1 022.1	–	–	–	–	–	231.7	790.4	**1 022.1**
Interest rate swaps[3]	(35.1)	(3.4)	(3.3)	(3.2)	(3.2)	(13.1)	(40.6)	(8.1)	**(61.8)**
Interest payments	4.4	8.1	7.7	7.4	7.0	30.2	52.8	–	**83.0**
Other	–	–	–	0.1	–	0.1	0.2	–	**0.3**
Lease liabilities	12.0	0.8	0.8	0.8	0.8	3.0	8.3	1.9	**13.2**
Trade and other payable current	229.5	117.1	37.5	37.5	37.5	229.5	–	–	**229.5**
Total	1 766.1	137.3	57.3	57.3	249.4	501.3	542.1	784.2	**1 827.6**

[1] The cash flow presented reflects a full repayment of the loan without conversion into equity instruments.
[2] The cash flow presented reflects swapped USD/NOK rate.
[3] Interest rate swaps are positive.

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
USD 672.5 million Corporate Facility	155.2	–	–	–	–	–	156.9	–	**156.9**
Convertible bonds[1]	218.1	–	–	–	–	–	236.8	–	**236.8**
Catcher facility	256.4	28.6	28.6	28.6	28.6	114.3	142.8	–	**257.1**
BWO05 – NOK 900 million bond[2]	91.7	–	–	–	98.8	98.8	–	–	**98.8**
Other facilities	6.3	0.4	0.5	0.4	0.5	1.8	4.5	–	**6.3**
Finance liability related to Barossa lease	526.1	–	–	–	–	–	155.8	370.3	**526.1**
Interest rate swaps[3]	(2.1)	(5.0)	(4.6)	(4.6)	(4.4)	(18.6)	(41.4)	(13.5)	**(73.5)**
Interest payments	4.0	7.9	10.5	6.8	9.0	34.2	12.6		**46.8**
Other	0.4	0.4	0.5	0.5	0.3	1.8	0.9	–	**2.6**
Lease liabilities	17.9	1.6	1.6	1.6	1.6	6.4	9.4	3.8	**19.6**
Trade and other payable current	359.8	154.1	68.6	68.6	68.6	359.8	–	–	**359.8**
Total	1 633.8	187.9	105.6	101.9	203.0	598.4	678.2	360.6	1 637.3

[1] The cash flow presented reflects a full repayment of the loan without conversion into equity instruments.
[2] The cash flow presented reflects swapped USD/NOK rate.
[3] Interest rate swaps are positive.

The Group has the following undrawn borrowing facilities:

USD MILLION	2023	2022
Expire within one year	54.4	–
Expire beyond one year	190.6	139.0

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 the Group's currency forward hedges (plain vanilla hedges) is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value (level 2). This is presented on separate lines in the statement of financial position.

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).

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									
Forward exchange contracts used for hedging	19	0.8	–	–	**0.8**	–	0.8	–	**0.8**
Forward exchange contracts used in hedge accounting	19	0.5	–	–	**0.5**	–	0.5	–	**0.5**
Interest rate swaps used for hedging	19	32.4	–	–	**32.4**	–	32.4	–	**32.4**
Cross-currency swaps used for hedging	19	5.7	–	–	**5.7**	–	5.7	–	**5.7**
		39.4	–	–	**39.4**	–	39.4	–	**39.4**
Financial assets not measured at fair value									
Trade and other receivables	11	–	152.4	–	**152.4**	–	–	–	**–**
Cash and cash equivalents	12	–	361.0	–	**361.0**	–	–	–	**–**
Other non-current assets		–	12.3	–	**12.3**	–	–	–	**–**
		–	525.7	–	**525.7**	–	–	–	**–**
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	19	(3.0)	–	–	**(3.0)**	–	(3.0)	–	**(3.0)**
Forward exchange contracts used for hedging	19	(0.6)	–	–	**(0.6)**	–	(0.6)	–	**(0.6)**
		(3.6)	–	–	**(3.6)**	–	(3.6)	–	**(3.6)**
Financial liabilities not measured at fair value									
Secured bank loans	17	–	–	(251.1)	**(251.1)**	–	–	(250.0)	**(250.0)**
Unsecured bond issues	17	–	–	(282.1)	**(282.1)**	–	(290.9)	–	**(290.9)**
Finance liability related to Barossa lease		–	–	(1 022.1)	**(1 022.1)**	–	–	–	**–**
Other non-current liabilities	18	–	–	(918.9)	**(918.9)**	–	–	–	**–**
Trade and other payables	18	–	–	(229.5)	**(229.5)**	–	–	–	**–**
Lease liabilities	22	–	–	(12.0)	**(12.0)**	–	–	–	**–**
		–	–	(2 715.7)	**(2 715.7)**	–	(290.9)	(250.0)	**(540.9)**

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									
Forward exchange contracts used for hedging	19	5.1	–	–	**5.1**	–	5.1	–	**5.1**
Forward exchange contracts used in hedge accounting	19	6.5	–	–	**6.5**		6.5		**6.5**
Interest rate swaps used for hedging	19	50.2	–	–	**50.2**	–	50.2	–	**50.2**
		61.8	–	–	**61.8**	–	61.8	–	**61.8**
Financial assets not measured at fair value									
Trade and other receivables	11	–	232.6	–	**232.6**	–	–	–	**–**
Financial lease receivable	22	–	48.4	–	**48.4**	–	–	–	**–**
Cash and cash equivalents	12	–	230.3	–	**230.3**	–	–	–	**–**
Other non–current assets		–	7.2	–	**7.2**	–	–	–	**–**
		–	518.5	–	**518.5**	–	–	–	**–**
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	19	(1.0)	–	–	**(1.0)**	–	(1.0)	–	**(1.0)**
Forward exchange contracts used in hedge accounting	19	(1.8)	–	–	**(1.8)**	–	(1.8)	–	**(1.8)**
Forward exchange contracts used for hedging	19	(10.3)	–	–	**(10.3)**	–	(10.3)	–	**(10.3)**
Cross–currency swaps used for hedging	19	(4.7)	–	–	**(4.7)**	–	(4.7)	–	**(4.7)**
		(17.8)	–	–	**(17.8)**	–	(17.8)	–	**(17.8)**
Financial liabilities not measured at fair value									
Secured bank loans	17	–	–	(417.9)	**(417.9)**	–	–	(420.3)	**(420.3)**
Unsecured bond issues	17	–	–	(309.8)	**(309.8)**	–	(328.8)	–	**(328.8)**
Finance liability related to Barossa lease		–	–	(526.1)	**(526.1)**	–	–	–	**–**
Other non–current liabilities	18	–	–	(661.3)	**(661.3)**	–	–	–	**–**
Trade and other payables	18	–	–	(359.8)	**(359.8)**	–	–	–	**–**
Lease liabilities	22	–	–	(17.9)	**(17.9)**	–	–	–	**–**
		–	–	(2 292.8)	**(2 292.8)**	–	(328.8)	(420.3)	**(749.1)**

The difference between carrying amount and fair value of the unsecured bond relates to amortised loan costs and the equity portion of the convertible bonds.

CAPITAL STRUCTURE AND EQUITY

The primary focus of the Group's financial strategy is to ensure a healthy capital structure to support its business, fulfil all financial obligations and maximise shareholder value.

The Group monitors and manages its capital structure in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to shareholders or issue new shares.

Construction and conversion projects will normally be funded through current loan facilities and/or specific project loan facilities equalling 70–80 per cent of the cost of the project. Project loan facilities can be established either before a contract for the conversion project is signed, during the conversion phase of a project or when the FPSO commences operation.

The Group has also issued bonds in NOK and will consider continuing to do so when the market is attractive and if it provides competitive funding as an alternative to traditional bank financing.

The Company has no specific targeted equity ratio. However, the loan facilities of the Group have certain covenants related to equity and equity ratio, both closely monitored by the Company (reference to Note 17).

NOTE 20 List of subsidiaries, associates and joint ventures

Subsidiaries	Country of incorporation	**Ownership 2023**	Ownership 2022
Berge Carmen Singapore Pte Ltd	Singapore	100%	100%
Bergesen Worldwide Mexico, S.A. de C.V.	Mexico	100%	100%
Bergesen Worldwide Offshore Mexico S. de RL de CV	Mexico	100%	100%
BW Abo Pte Ltd	Singapore	100%	100%
BW Adolo Pte Ltd	Singapore	100%	100%
BW Athena Pte Ltd	Singapore	100%	100%
BW Berge Helene Pte Ltd	Singapore	100%	100%
BW Bergesen Worldwide Pte Ltd	Singapore	100%	100%
BW Catcher Limited[1]	Bermuda	100%	100%
BW Cidade de São Vicente Pte Ltd	Singapore	100%	100%
BW Espoir Ivoirien Pte Ltd	Singapore	100%	100%
BW Ideol AS[2]	Norway	100%	53%
BW Ideol Projects Company SAS[2]	France	76%	–
BW Offshore Catcher (UK) Limited	United Kingdom	100%	100%
BW Offshore Australia Management Pty Ltd	Australia	100%	100%
BW Offshore China Ltd	China	100%	100%
BW Offshore Cyprus Limited	Cyprus	100%	100%
BW Offshore do Brazil Ltda	Brazil	100%	100%
BW Offshore do Brazil Servicos Maritimos Ltda	Brazil	100%	100%
BW Offshore EPC FZCO[3]	United Arab Emirates	90%	100%
BW Offshore France SAS	France	100%	100%
BW Offshore GDM B.V.	Netherlands	100%	100%
BW Offshore GDM Holdings Pte Ltd	Singapore	100%	100%
BW Offshore GDM Pte Ltd	Singapore	100%	100%
BW Offshore (Ghana) Pte Ltd	Singapore	100%	100%
BW Offshore Global Manning Pte Ltd	Singapore	100%	100%
BW Offshore Holdings Pte Ltd	Singapore	100%	100%
BW Offshore Italy S.r.l	Italy	100%	100%
BW Offshore Management (UK) Limited	United Kingdom	–	100%
BW Offshore Management B.V.	Netherlands	100%	100%

Subsidiaries	Country of incorporation	Ownership 2023	Ownership 2022
BW Offshore Nautipa AS	Norway	-	100%
BW Offshore Netherlands B.V.	Netherlands	100%	100%
BW Offshore Norway AS	Norway	100%	100%
BW Offshore Norwegian Manning AS	Norway	100%	100%
BW Offshore Opportunity I Limited	Bermuda	-	100%
BW Offshore Poland sp z o.o.	Poland	100%	100%
BW Offshore Project Management FZE	United Arab Emirates	100%	100%
BW Offshore Shipholding Cyprus Limited	Cyprus	-	100%
BW Offshore Shipholding Pte Ltd	Singapore	100%	100%
BW Offshore Singapore Pte Ltd	Singapore	100%	100%
BW Offshore SPV Bermuda I Limited	Bermuda	100%	100%
BW Offshore SPV Bermuda II Limited	Bermuda	-	100%
BW Offshore TSB Invest Pte Ltd	Singapore	100%	100%
BW Offshore (UK) Limited	United Kingdom	100%	100%
BW Offshore USA Management, Inc.	USA	100%	100%
BW Offshore USA, LLC	USA	100%	100%
BW Opportunity Limited	Bermuda	-	100%
BW Pioneer (UK) Limited	United Kingdom	100%	100%
BW Polvo Pte Ltd	Singapore	100%	100%
BW Sendje Berge Pte Ltd	Singapore	100%	100%
BW Sirocco Holdings AS	Norway	64%	–
BW Umuroa Pte Ltd	Singapore	100%	100%
BWO-Premier Ghana Limited	Ghana	70%	70%
Ideol Japan, LLC[2]	Japan	100%	100%
BW Ideol S.A.[2]	France	100%	100%
Ideol USA, Inc.[2]	USA	100%	100%
Prosafe GFPSO I B.V.	Netherlands	-	100%
Prosafe Production B.V.	Netherlands	100%	100%
Prosafe Services Cote d'Ivoire Pte Ltd	Singapore	100%	100%
Tinworth Pte Ltd	Singapore	100%	100%
Tinworth France SAS	France	100%	100%
Tinworth Gabon SA	Gabon	100%	100%

Associates and joint ventures

Subsidiaries	Country of incorporation	Ownership 2023	Ownership 2022
OCS Services Limited	British Virgin Islands	50%	50%
Euro Techniques Industries	France	40%	40%
BW Energy Limited[4]	Bermuda	23%	27%
BW Offshore AUS-JV Pte Ltd[5]	Singapore	51%	51%
BW Offshore Nigeria Limited	Nigeria	49%	49%
Floating Energy Allyance 1 Limited	United Kingdom	33%	33%
Fram Wind Solutions AS	Norway	50%	–

1 Preference shares are issued with a preferential dividend right to ICBCL. The preferential dividend is a fixed percentage of outstanding preference shares, and accordingly the result allocated to non-controlling interest is independent of underlying result in the subsidiary.

2 Owned by BW Sirocco Holdings AS, ownership effectively increased to 64 per cent per cent.

3 Macquarie Bank Limited holds 10 per cent from 2022

4 Ownership effectively reduced to 23 per cent in 2023 due to distribution of dividend shares, refer to Note 16.

5 Joint control due to shareholders agreements between the Group and external investors.

NOTE 21 Non-controlling interests

The following table summarises the information related to the Group's subsidiaries that has material NCI.

During 2023, the group increased its investment in BW Ideol AS to 64.0 per cent, reducing the NCI share to 36.0 per cent.

BW Ideol AS

USD MILLION	31 Dec 2023	31 Dec 2022
NCI percentage	36.0%	46.8%
Non-current assets	124.1	123.2
Current assets	18.2	12.0
Non-current liabilities	29.2	25.1
Current liabilities	5.6	5.3
Net assets (100%)	107.5	104.8
Net assets attributable to NCI	38.7	49.0
Revenue	5.9	9.2
Profit for the year	(18.9)	(17.6)
OCI	(0.4)	–
Total comprehensive income (100%)	(19.3)	(17.6)
Profit allocated to NCI	(9.7)	(8.2)
OCI allocated to NCI	(0.1)	–
Cash flows from operating activities	(8.5)	(3.7)
Cash flows from investing activities	(9.6)	(20.0)
Cash flows from financing activities (dividends to NCI: nil)	22.9	(1.6)
Net increase (decrease) in cash and cash equivalents (100%)	4.8	(25.3)

In December 2023, the Group acquired an additional 10.8 per cent interest in BW Ideol AS increasing its owenrship from 53.3 per cent to 64.0 per cent.

USD MILLION	
Carrying amount of NCI acquired	9.4
Consideration paid to NCI	(3.9)
An increase in equity attributable to owners of the Group	5.5

ICBCL AGREEMENT

In November 2017, the Group closed an agreement with a nominee of the financial leasing firm, ICBC Financial Leasing Co., Ltd. (ICBCL), whereby such nominee became an equity partner in BW Catcher Limited. BW Catcher Limited has issued preference shares with a preferential dividend right to ICBCL, for an aggregate subscription price of USD 275 000 000. The aggregate redemption and dividends payments on the preference shares are estimated to reflect approximately 25–30 per cent of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL is presented as a non-controlling interest in the statement of financial position of the Group.

USD 6.8 million (USD 7.9 million) has been paid in dividends during 2023 and the redemption for 2023 amounts to USD 22.9 million (USD 22.9 million).

NOTE 22 Leases

THE GROUP AS A LESSEE

The Group leases office premises. Leases of office premises generally have lease terms between one and seven years. The Group has leases of certain office equipment (i.e., personal computers, printing- and photocopying machines, coffee machines) that are considered of low value.

The Group applies the short-term lease recognition exemption to its short-term leases. A short-term lease is a lease that has a lease term of 12 months or less from the commencement date. It also applies the low-value exemption to leases of office equipment that are considered to be low value.

The Group has elected to not separate non-lease components and account for the lease and the non-lease components as a single lease component.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group determines its incremental borrowing rate by obtaining interest rates from the external bank financing.

Total cash outflow for leases included in the statement of cash flows is USD 6.3 million (USD 7.2 million).

Right-of-use assets and lease liabilities

	Right-of-use assets[1]	Lease liabilities
Balance at 1 January 2023	21.1	17.9
Additions	-	-
Adjustments	0.1	0.1
Depreciation expense	(7.8)	n/a
Interest expense	n/a	0.5
Lease payments	n/a	(6.3)
Foreign currency translation gain/(loss)	0.4	(0.2)
Balance at 31 December 2023	13.8	12.0

	Right-of-use assets[1]	Lease liabilities
Balance at 1 January 2022	19.2	14.2
Additions	10.9	10.5
Adjustments	0.1	0.1
Depreciation expense	(8.6)	n/a
Interest expense	n/a	0.4
Lease payments	n/a	(7.2)
Foreign currency translation gain/(loss)	(0.5)	(0.1)
Balance at 31 December 2022	21.1	17.9

[1] Right-of-use assets relates to property, plant and equipment

USD MILLION	2023	2022
Maturity analysis – contractual undiscounted cash flows		
Not later than one year	2.9	6.4
Later than one year and not later than five years	8.4	9.4
Later than five years	1.9	3.8
Total undiscounted lease liabilities at 31 December	13.2	19.6
Lease liabilities included in the statement of financial position at 31 December	12.0	17.9
Current	2.6	5.9
Non-current	9.4	12.0

Amounts recognised in profit or loss

USD MILLION	2023	2022
Interest on lease liabilities	0.5	0.4
Depreciation expense	7.8	8.6

Extension options

Some office leases contain contractual rights and options, such as extension and cancellation options, exercisable only by the Group and not by the lessors. These options may impact the estimated lease term. The Group assesses at lease commencement, and subsequently when facts and circumstances under the control of the Group require it, whether it is reasonably certain to exercise these options and reflects this in the lease term.

THE GROUP AS A LESSOR

Lease classification

When the Group enters into a new or amended lease arrangement with customers, the terms and conditions of the contract are analysed in order to assess whether or not the Group retains the significant risks and rewards of ownership of the asset subject of the lease contract. To identify whether risks and rewards are retained, the Group considers the indicators listed by IFRS 16 on a contract-by-contract basis. By performing such assessments, the Group makes significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognised in the consolidated financial statements and its recognition of profits in the future.

Operating leases

The contract for Petróleo Nautipa reached the end of its term in October 2022. The FPSO was decommissioned from field in Gabon in 2023 and is expected to be sold for recycling in 2024.

The BW Opal lease contract is preliminary assessed to be an operating lease. The contract has a firm period of 15 years plus 10 years of options.

All other FPSOs owned by year-end 2023 are on firm operating lease contracts.

Future minimum payments receivable under non-cancellable operating lease contracts as at 31 December are as follows:

USD MILLION	2023	2022
Not later than one year	252.6	267.1
Later than one year and not later than five years	785.5	831.9
Later than five years	1 978.9	2 170.9
Total amount	3 017.0	3 269.9

NOTE 23 Commitments and guarantees

Commitments related to construction projects 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	791.6	788.7

At 31 December, the commitments included committed contract values related to the construction of the FPSO for the Barossa gas field, life extension activities on the fleet, as well as for ongoing operations.

The Group has issued bank guarantees in favour of various customers totalling USD 2.9 million (USD 0.8 million).

The bank debt related to the USD 295 million Corporate Facility, as referred to in Note 17, is secured by:

- a parent company guarantee from BW Offshore Limited
- first priority mortgages over two FPSOs
- first priority secured interest in all earnings and proceeds of insurance related to the same two FPSOs.

The bank debt related to the Catcher loan facility, as referred to in Note 17, is secured by:

- a parent company guarantee from BW Offshore Limited
- a first priority mortgage over the FPSO BW Catcher, owned by BW Catcher Limited, Bermuda
- first priority secured interest in all earnings and proceeds of insurance related to the FPSO.

The bank debt related to the USD 1 150 million Barossa Loan Facility, as referred to in Note 19, is secured by:

- a parent company guarantee from BW Offshore Limited
- assignment of key construction contracts
- a first priority mortgage over the FPSO, once completed, to be owned by BW Offshore AUS-JV Pte Ltd, Singapore
- first priority secured interest in all earnings and proceeds of insurances related to the FPSO once contract has commenced.

In addition, the Group has provided an insurance bond of USD 100 million to Santos NA Barossa Pty Ltd related to the prepayments received during the construction period. The insurance bond expires in March 2025.

The carrying value of vessels pledged as collateral per 31 December 2023 was USD 1 002.0 million (USD 514.6 million). In addition, the shares in certain vessel-owning companies in the Group are pledged.

NOTE 24 Contingent assets and liabilities

In September 2021, Petro Rio Exploração e Produção de Petróleo Ltda. ('PetroRio') filed a request for arbitration in relation to the FPSO Polvo against the Group under the Charter and Services Agreements. PetroRio puts forward different heads of claim in the total amount of approximately USD 31 million for overpayment of hire and arbitration costs and fees. In October 2021, BW Offshore filed their Response and put forward substantial counterclaims primarily for unpaid invoices and demobilisation costs for approximately USD 30 million. It is expected that an award will be obtained before the end 2024 or early 2025. The net exposure is considered approximately USD 11 million.

During the normal course of business, the Group is involved in legal and other proceedings which are unresolved and we have accounted for such claims and litigations based on the Group's best judgement.

In addition to the cases mentioned above, the Group is also subject to occasional tax audits and other minor disputes with clients or vendors.

NOTE 25 Related parties transactions

The largest individual shareholder, BW Group Limited owning 49.9 per cent, is incorporated in Bermuda and is controlled by Sohmen family interests.

Investments in subsidiaries are disclosed in Note 20, investments in associates and joint ventures are disclosed in Note 15 and remuneration to the Board of Directors,and the Senior Management team is detailed in Note 8.

Other related party transactions:

	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
USD MILLION	**2023**	2022	**2023**	2022
Sale of goods and services				
Joint ventures	**728.9**	690.7	**-**	67.8
Associates	**141.2**	102.1	**18.1**	12.3
Purchase of goods				
Joint ventures	**300.5**	333.7	**43.7**	48.5
Associates	**8.6**	9.3	**0.6**	1.9
Others				
Associates				
Short-term receivable	**-**	-	**0.4**	0.2

Sale and purchase from joint ventures primarily relate to the Barossa project. These transactions are considered a sale leaseback and are eliminated at group level.

In April 2022, the Group signed an agreement for the sale of the FPSO Polvo to BW Energy 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. BW Energy paid USD 30 million in October 2023, and the remaining USD 20 million will be paid on 30 April 2024, at the latest and is presented as Trade and other assets. Interest on instalments started to accrue from 24 July 2023. In 2022, an independent third-party valuation of the FPSO concluded that the sales price is within a fair market value range. The contract is classified as a financial lease as of 31 December 2022. The title to the FPSO was transferred to BW Energy in October 2023.

NOTE 26 Climate risks

Based on climate scenarios provided by the International Energy Agency (IEA) and DNV, the Group expects reasonably steady operational conditions in the medium-term. More transformative changes to the global energy supply are expected to materialise towards 2040, where fossil fuel supply in the global energy mix is expected to decline in relative and nominal terms, with natural gas as a potential exception.

Climate-related risks to BW Offshore therefore include market effects from changing demand for oil and gas, increased cost of capital, evolving laws and regulations, disruptive technology, as well as physical effects of climate change.

To respond to climate-related risk, the Group has identified the need to diversify its asset portfolio to include energy transition fuels (such as floating natural gas plants) and renewable technologies. The Group has invested in offshore floating wind technology and owns 64 per cent of BW Ideol.

Divesting legacy assets with marginal contracts approaching end of contract has also been a strategic target for the Group. In 2023, five assets have been divested (three in 2022). The divestment programme addresses a complex global operational set up, reduces residual value risk and operational liabilities, as well as improvs cash-flow visibility.

STRANDED ASSETS

Demand for hydrocarbon products in the long-term is uncertain due to the global clean energy transition. Decreased demand for new upstream hydrocarbon developments will result in less demand for FPSOs. The Group's primary revenue stream is owning, leasing and operating such assets to oil and gas operators. Reduced market demand for upstream production in the long-term could prompt assets within the BW Offshore fleet to become stranded.

An assessment has been made as to whether the Group has assets that are exposed to significant environmental risk or climate risk ('stranded assets'). The Group has not identified any stranded assets at 31 December 2023.

NOTE 27 Macroeconomic and geopolitical uncertainty

During the fiscal year ending 31 December 2023, the global macroeconomic and geopolitical landscape continued to influence market conditions, particularly within the energy sector. Persistent concerns regarding regional energy shortages sustained elevated oil and gas prices, prompting energy companies to intensify capital allocation towards traditional hydrocarbon–based projects. However, heightened inflationary pressures, coupled with supply chain and logistics challenges, escalated project execution risks, impacting cost management processes and potentially affecting project profitability. In response to ongoing global supply chain disruptions and commodity inflation, the Group remains committed to mitigating potential adverse effects, with special emphasis on the Barossa project.

Long–term, an observed shift in investor focus towards energy transition activities is likely to continue, characterised by increased capital allocation towards electrification and clean fuels. This trend may introduce increased uncertainty related to access to financing and the capital cost associated with new hydrocarbon–based projects, along with as increased costs to adhere to evolving regulatory requirements.

The Group's operational activities are subject to tax in various jurisdictions., exposing it to tax obligations subject to changes in legislation. Given the long–term nature of its contracts the Group's financial results are exposed to risk of regulatory alterations impacting taxation policies.

NOTE 28 Subsequent events

In January 2024, the Group sold all of its shares in BW Energy Limited, total of 58 111 461 shares 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. Due to currency fluctuations, a loss related to the sale was recognised in 2024.

In January 2024, the contract for BW Catcher was extended to 6 January 2025. BW Catcher is owned and operated by the Group and is leased out under a seven–year fixed term contract, with extension options for an additional 18 years. The original seven–year base term of the contract expires on 6 January 2025 and from 6 January 2024 the contract is subject to a rolling 12–month termination right. Until such a termination notice is received, the contract automatically extends on a day–to–day basis beyond 6 January 2025 into the option period.

Statement of income

USD MILLION (Year ended 31 December)	Note	2023	2022
Revenue	3	101.1	76.3
Operating expenses			
Other expenses	4	(57.7)	(25.8)
Total expenses		(57.7)	(25.8)
Operating profit before amortisation		43.4	50.5
Amortisation		–	(1.2)
Operating profit/(loss)		43.4	49.3
Interest income		3.6	23.1
Interest expense		(31.9)	(46.6)
Net currency exchange gain/(loss)		(15.4)	10.0
Fair value gain/(loss) on financial instruments		11.7	19.9
Loss on sale of shares in associate	12	(2.1)	(0.6)
Reversal of impairment/(impairment)	12, 14	40.0	(40.5)
Other financial expenses		1.5	2.2
Net financial items		7.4	(32.5)
Profit/(loss) before tax		50.8	16.8
Income tax expense	5	–	(2.6)
Net profit/(loss) for the year		50.8	14.2

Statement of comprehensive income

USD MILLION (Year ended 31 December)	Note	2023	2022
Profit /(loss) for the year		50.8	14.2
Other comprehensive income		–	–
Total comprehensive income for the year		50.8	14.2

The notes on pages 137–149 are an integral part of these financial statements.

Statement of financial position

USD MILLION (As at 31 December)	Note	2023	2022
ASSETS			
Ingangible assets		0.4	–
Shares in subsidiaries	12	521.1	558.4
Investment in associates	12	156.1	176.2
Intercompany receivables long-term	14	–	259.1
Derivatives	11	25.2	24.5
Non-current assets		702.8	1 018.2
Trade and other receivables		4.4	2.4
Intercompany receivables short-term	14	136.1	49.9
Derivatives	11	0.4	3.8
Cash and cash equivalents	6	65.4	10.6
Current assets		206.3	66.7
Total assets		909.1	1 084.9

USD MILLION (As at 31 December)	Note	2023	2022
EQUITY			
Share capital	7	92.5	92.5
Share premium		1 095.5	1 095.5
Other equity	7, 8	(971.6)	(933.8)
Total shareholders' equity		216.4	254.2
LIABILITIES			
Interest-bearing long-term debt	8, 10	97.4	218.7
Intercompany payables long-term	14	–	299.2
Derivatives	11	1.5	–
Non-current liabilities		98.9	518.0
Interest-bearing short-term debt	8, 10	184.7	91.0
Trade and other payables	9, 10	4.4	3.1
Intercompany payables short-term	14	402.6	210.8
Derivatives	11	2.1	7.5
Current tax liabilities	5	–	0.3
Current liabilities		593.8	312.7
Total shareholders' equity and liabilities		909.1	1 084.9

The notes on pages 137–149 are an integral part of these financial statements.

Statement of changes in shareholders’ equity

USD MILLION	Share capital	Share premium	Treasury share reserve	Equity component of convertible bonds	Other elements	**Total**
At 1 January 2022	92.5	1 095.5	(10.1)	50.1	(951.8)	**276.2**
Profit/(loss) for the period	–	–	–	–	14.2	**14.2**
Dividends	–	–	–	–	(38.9)	**(38.9)**
Share-based payment	–	–	–	–	2.0	**2.0**
Other items	–	–	–	0.6	–	**0.6**
Total equity at 31 December 2022	92.5	1 095.5	(10.1)	50.7	(974.4)	**254.2**
At 1 January 2023	92.5	1 095.5	(10.1)	50.7	(974.4)	**254.2**
Profit/(loss) for the period	–	–	–	–	50.8	**50.8**
Dividends	–	–	–	–	(43.3)	**(43.3)**
Share-based payment	–	–	–	–	2.0	**2.0**
Other items	–	–	–	(0.9)	(46.4)	**(47.3)**
Total equity at 31 December 2023	92.5	1 095.5	(10.1)	49.8	(1 011.3)	**216.4**

The notes on pages 137–149 are an integral part of these financial statements.

Statement of cash flows

USD MILLION (Year ended 31 December)	Note	2023	2022
Operating activities			
Profit/(loss) before tax		50.8	16.8
Adjustments for:			
Amortisation		-	1.2
Impairment charges	12, 14	(40.0)	40.5
Fair value change on financial instruments		(1.3)	(26.4)
Currency gain/loss		12.9	(11.6)
Add back of net interest expense		28.3	23.5
Loss from sale of shares	12	2.1	0.6
Dividends from group companies		(45.0)	(35.0)
Share-based payment expense		2.0	2.0
Changes in:			
Receivables and accounts payable		(0.7)	(1.2)
Other items from operating activities		(3.6)	0.5
Cash generated from operating activities		5.5	10.9
Taxes paid	5	(0.3)	(2.6)
Net cash flows from/(used) in operating activities		5.2	8.3

USD MILLION (Year ended 31 December)	Note	2023	2022
Investing activities			
Proceeds from sale of investments			-
Interest received		3.6	23.1
Investment in intangible assets	15	(0.4)	-
Dividends received	3	45.0	35.0
Investments in subsidiaries		77.4	(82.1)
Net cash flows from/(used in) investing activities		125.6	(24.0)
Financing activities			
Proceeds from new interest-bearing debt	8	93.1	-
Changes in intercompany receivables/payables	14	19.1	116.8
Repurchase of convertible notes	8	(41.2)	(52.7)
Repayment of long-term debt	8	(98.8)	-
Treasury shares acquired	7	-	-
Dividends paid		(25.3)	(25.3)
Interest paid		(22.9)	(38.0)
Net cash flows from/(used in) financing activities		(76.0)	0.8
Net change in cash and cash equivalents		54.8	(14.9)
Cash and cash equivalents at 1 January		10.6	25.5
Cash and cash equivalents at 31 December	6	65.4	10.6

The notes on pages 137–149 are an integral part of these financial statements.

Notes

NOTE 1 Reporting entity

BW Offshore Limited ('BW Offshore' or the 'Company') was incorporated in Bermuda in 2005 and is domiciled in Bermuda with its registered address at Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, Hamilton HM1189, Bermuda. BW Offshore Limited is the holding company in the BW Offshore Limited Group and is listed on Oslo Stock Exchange, a stock exchange operated by Euronext.

NOTE 2 Material accounting policies

BASIS OF ACCOUNTING

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

The financial statements were approved by the Board of Directors on 28 February 2024.

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. Figures in brackets refer to corresponding figures for 2022.

CURRENCY TRANSLATION

Functional and presentation currency

The Company's presentation currency is United States Dollars (USD). This is also the functional currency of the Company and most of its subsidiaries.

Transactions and balances

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

USE OF JUDGEMENTS AND ESTIMATES

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 the Company's accounting policies.

Impairment

Shares in subsidiaries, investment in associates 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 receivables. 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

Material accounting policy information

The Company 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 the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements. The amendments require the disclosure of material rather than significant accounting policies. Management has reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies).

Other new standards effective from 1 January 2023 have not had a material impact on the Company's financial statements.

ACCOUNTING FOR SUBSIDIARIES AND ASSOCIATES

The subsidiaries are those entities (including special purpose entities) in 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.

Associates are those entities in which the Company has significant influence, but no control, or has joint control, over the financial and operating policies, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are stated at cost less any impairment.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of services in each such contract. A performance obligation is satisfied when or as the customer obtains the goods or services delivered. It is recognised at an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes.

Interest income

Interest income is recognised on a time proportion basis applying the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

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 derivatives, 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 two categories:

- 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 cash and cash equivalents.

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 foreign exchange contracts and interest rate swaps.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either
  a. the Company has transferred substantially all the risks and rewards of the asset, or
  b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

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

Derivatives are financial liabilities when the fair value is negative and financial assets when the fair value is positive.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

SHARE CAPITAL

Ordinary shares

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

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Group comprise convertible bonds denominated in USD, that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured, unless repurchases of convertible bonds occur before maturity. Upon repurchase, the difference between the repurchase price and carrying amount is allocated between the liability component, equity component and a potential gain or loss is recognised in the consolidated statement of income.

Interest related to the financial liability is recognised in the consolidated statement of income. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

NOTE 3 Revenue

USD MILLION	2023	2022
Revenue from contracts with customers	7.1	1.3
Dividend income	94.0	75.0
Total revenue	101.1	76.3

NOTE 4 Operating expenses

USD MILLION	2023	2022
Management fee	18.6	11.9
Lawyer’s fee	1.1	1.0
Consultant’s fee	1.3	0.9
Auditor’s fee	0.4	0.3
Other operating expenses	36.3	11.7
Total operating expenses	57.7	25.8

Management fee is fee for management services provided to the Company by subsidiaries in the Group.

NOTE 5 Income tax

BW Offshore Limited is a Bermuda company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that it will be exempt from taxation until 2036.

NOTE 6 Cash and cash equivalents

Cash and cash equivalents comprise the following items:

USD MILLION	2023	2022
Bank deposits	65.4	10.6
Total cash and cash equivalents	65.4	10.6

NOTE 7 Share capital and reserves

Authorised share capital:	
At 1 January 2023	214 000 000 ordinary shares at par value USD 0.50 each
At 31 December 2023	214 000 000 ordinary shares at par value USD 0.50 each

Issued and fully paid	USD THOUSAND
At 1 January 2023	92 478.2
At 31 December 2023	92 478.2

TREASURY SHARE RESERVE

On 31 December 2023, the Company held a total of 4 141 427 own shares (4 141 437). Book value of the treasury shares was USD 10.1 million on 31 December 2023 (USD 10.1 million).

CONVERTIBLE BONDS

The reserve for the convertible bonds comprises the amount allocated to the equity component for the convertible bonds issued by the Company in November 2019. Refer to Note 8.

NOTE 8 Loans and borrowings

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
Convertible bonds	2.50%	12-Nov-24	-	218.8
BWO06 – NOK 1 000 million Bond	3 month NIBOR + 5.00%	29-Nov-28	97.4	-
Total long-term debt			97.4	218.8

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2023	2022
Convertible bonds	2.50%	12-Nov-24	184.9	(0.6)
BWO06 – NOK 1 000 million Bond	3 month NIBOR + 5.00%	29-Nov-28	(0.2)	-
BWO05 – NOK 900 million Bond	3 month NIBOR + 4.50%	04-Dec-23	-	91.6
Total short-term debt			184.7	91.0
Total interest-bearing debt			282.1	309.8

BWO05 – NOK 900 MILLION BOND

In November 2023, BW Offshore Limited successfully completed the placement of a NOK 1 000 million senior unsecured bond with maturity date on 29 November 2028. The proceeds from the bond loan were used to partly repay existing bond loan. The bond loan is subject to certain covenants, including minimum book equity of at least 25 per cent of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Group.

CONVERTIBLE BONDS

During the fourth quarter 2019, BW Offshore Limited issued a USD 297.4 million convertible bond with a five-year tenor and coupon of 2.50 per cent per annum, payable semi-annually in arrears. The convertible bond has no regular repayments and matures in full on 12 November 2024. There are no financial covenants in the convertible bond agreement. The proceeds from the convertible bond loan were used to refinance the existing bond loans and for general corporate purposes. The initial conversion price of USD 10.24 corresponds to a conversion premium of 37.5 per cent over the volume weighted average price of the shares on the Oslo Stock Exchange at 5 November 2019 (converted at the prevailing USD:NOK spot rate equal to NOK 9.1921 / USD 1.00). BW Offshore Limited has during 2023 repurchased bonds with an aggregate principal amount of USD 44.2 million (USD 60.6 million in 2022) in its USD 297.4 million Senior Unsecured Convertible Bonds due for cancellation in 2024. Following the cancellation, the principal amount outstanding under the bond loan will be USD 192.6 million.

USD MILLION	
Proceeds from issue of convertible bonds	297.4
Transaction costs	(3.8)
Net proceeds	293.6
Amount classified as equity (net of transaction costs of USD 0.7 million)	(50.1)
Accreted interest	36.5
Repayment of convertible bonds	(97.7)
Expensed capitalised borrowing costs	2.6
Carrying amount of liability at 31 December 2023	184.9

The conversion price is subject to adjustment for dividends paid and other changes affecting the value of the share.

During 2023, the quarterly dividends resulted in adjustments to the initial conversion rate.

	Distribution declared per share	Dividend in kind[1]	Conversion price
First quarter, 2023	0.035	0.0094	7.90
Second quarter, 2023	0.035	0.0107	7.70
Third quarter, 2023	0.035	0.0105	7.52
Fourth quarter, 2023	0.035	0.0107	7.31

[1] Dividend in kind relates to shares in BW Energy Limited

	Distribution declared per share	Dividend in kind[1]	Conversion price
First quarter, 2022	0.035		8.58
Second quarter, 2022	0.035	0.0089	8.44
Third quarter, 2022	0.035	0.0102	8.27
Fourth quarter, 2022	0.035	0.0101	8.08

[1] Dividend in kind relates to shares in BW Energy Limited

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Interest payable	Intercompany payables	Liabilities		Equity	**Total**
USD MILLION			Interest-bearing short-term debt	Interest-bearing long-term debt		
Balance at 1 January 2023	–	–	91.0	218.7	254.2	
Repurchase of convertible notes	–	–	–	(41.2)	–	**(41.2)**
Proceeds from loans and borrowings	–	–	–	93.1	–	**93.1**
Repayment of loans and borrowings	–	–	(98.8)	–	–	**(98.8)**
Dividends paid	–	–	–	–	(25.3)	**(25.3)**
Interest paid	(22.9)	–	–	–	–	**(22.9)**
Changes in intercompany receivables	–	19.1	–	–	–	**19.1**
Total changes from financing cash flows	(22.9)	19.1	(98.8)	51.9	(25.3)	**(76.0)**
Effects of changes in foreign exchange rate and interest rate swaps	–	–	6.7	5.2	–	**11.9**
Liability-related:						
Accreted interest	–	–		8.1	–	**8.1**
Expensed capitalised borrowing costs	–	–	0.3	(0.3)	–	**–**
Non-cash movements	–	–	185.5	(186.2)	–	**(0.7)**
Total liability-related other changes			185.8	(178.4)	–	**7.4**
Total equity-related other changes					(12.5)	**(12.5)**
Balance at 31 December 2023			184.7	97.4	216.4	

USD MILLION	Interest payable	Intercompany payables	Liabilities: Interest-bearing short-term debt	Liabilities: Interest-bearing long-term debt	Equity	Total
Balance at 1 January 2022	–	–	(1.0)	366.5	276.2	
Repurchase of convertible notes	–	–	–	(52.7)	–	(52.7)
Dividends paid	–	–	–	–	(25.3)	(25.3)
Interest paid	(38.0)	–	–	–	–	(38.0)
Changes in intercompany receivables	–	116.8	–	–	–	116.8
Total changes from financing cash flows	(38.0)	116.8	–	(52.7)	(25.3)	0.8
Effects of changes in foreign exchange rate and interest rate swaps			–	(10.3)	–	(10.3)
Liability-related:						
Accreted interest			–	9.4	–	9.4
Expensed capitalised borrowing costs			–	0.9	–	0.9
Non-cash movements			92.0	(95.1)	–	(3.1)
Total liability-related other changes			92.0	(84.8)	–	7.2
Total equity-related other changes			–	–	3.3	3.3
Balance at 31 December 2022			91.0	218.7	254.2	

NOTE 9 Trade and other payables

USD MILLION	2023	2022
Trade payables	1.5	0.7
Other accruals	2.9	2.4
Total trade and other payables	4.4	3.1

NOTE 10 Financial assets and liabilities

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

Year ended 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									
Cross-currency swaps used for hedging	11	5.7	–	–	**5.7**	–	5.7	–	**5.7**
Interest rate swaps used for hedging	11	19.9	–	–	**19.9**	–	19.9	–	**19.9**
		25.6	–	–	**25.6**	–	25.6	–	**25.6**
Financial assets not measured at fair value									
Trade and other receivables	14	–	140.5	–	**140.5**	–	–	–	**–**
Cash and cash equivalents	6	–	65.4	–	**65.4**	–	–	–	**–**
		–	205.9	–	**205.9**	–	–	–	**–**
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	11	(3.0)	–	–	**(3.0)**	–	(3.0)	–	**(3.0)**
Forward exchange contracts used for hedging	11	(0.6)	–	–	**(0.6)**	–	(0.6)	–	**(0.6)**
		(3.6)	–	–	**(3.6)**	–	(3.6)	–	**(3.6)**
Financial liabilities not measured at fair value									
Unsecured bond issues	8	–	–	(282.1)	**(282.1)**	–	(290.9)	–	**(290.9)**
Trade and other payables	9, 14	–	–	(407.0)	**(407.0)**	–	–	–	**–**
		–	–	(689.1)	**(689.1)**	–	(290.9)	–	**(290.9)**

Year ended 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									
Forward exchange contracts used for hedging	11	1.4	–	–	**1.4**	–	0.7	–	**0.7**
Cross-currency swaps used for hedging	11	26.9	–	–	**26.9**	–	2.6	–	**2.6**
		28.3	–	–	**28.3**	–	3.3	–	**3.3**
Financial assets not measured at fair value									
Other non-current assets	14	–	259.1	–	**259.1**	–	–	–	**–**
Trade and other receivables	14	–	52.3	–	**52.3**	–	–	–	**–**
Cash and cash equivalents	6	–	10.6	–	**10.6**	–	–	–	**–**
		–	322.0	–	**322.0**	–	–	–	**–**
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	11	(1.0)	–	–	**(1.0)**	–	(1.0)	–	**(1.0)**
Cross-currency swaps used for hedging	11	(4.7)	–	–	**(4.7)**	–	(4.7)		**(4.7)**
Forward exchange contracts used for hedging	11	(1.9)	–	–	**(1.9)**	–	(1.9)	–	**(1.9)**
		(7.5)	–	–	**(7.5)**	–	(7.5)	–	**(7.5)**
Financial liabilities not measured at fair value									
Unsecured bond issues	8	–	–	(309.8)	**(309.8)**	–	(328.8)	–	**(328.8)**
Other non-current liabilities	14	–	–	(299.2)	**(299.2)**	–	–	–	**–**
Trade and other payables	9, 14	–	–	(209.0)	**(209.0)**	–	–	–	**–**
		–	–	(818.0)	**(818.0)**	–	(328.8)	–	**(328.8)**

NOTE 11 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 Offshore Group. These processes and policies are described in more detail under Note 19 of the consolidated financial statements of BW Offshore Group.

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. The Company enters into forward contracts to reduce the exchange-rate risk in cash flows nominated in foreign currencies related to administrative expenses. The exchange-rate risk is calculated for each foreign currency and considers assets and liabilities, liabilities not recognised in the balance sheet and expected purchases and sales in the currency in question. Currency hedges and other currency effects include changes in fair value of currency hedges, effects or settlement of these hedges, and other currency effects related to operating cash flows.

The Company is exposed to foreign currency risk on bond issued in NOK, respectively bond BWO06. The foreign currency exposure of BWO06 is hedged through cross-currency swaps with a nominal value of USD 93.1 million.

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 interest swaps with a nominal value of 93.1 million to hedge the BWO06 bond.

CREDIT RISK

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

LIQUIDITY RISK AND CAPITAL RISK

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

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

The following table sets out the maturity profile of the Company'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 of which the counterparty can 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
Convertible Bond[1]	184.9	–	–	–	192.6	192.6	–	–	**192.6**
BWO06 – NOK 1 000 million bond[2]	97.4	–	–	–	–	–	93.1	–	**93.1**
Interest rate swaps	(18.4)	(2.4)	(2.3)	(2.2)	(2.2)	(9.1)	(34.2)	(8.1)	**(51.4)**
Interest payments	1.5	3.6	3.6	3.6	3.2	14.0	37.0	–	**51.0**
Trade and other payable current	4.4	2.2	0.7	0.7	0.7	4.4	–	–	**4.4**
Total	269.8	3.4	2.0	2.1	194.3	201.9	95.9	(8.1)	**289.7**

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
Convertible Bond[1]	218.1	–	–	–	–	–	236.8	–	**236.8**
BWO05 – NOK 900 million Bond[2]	91.7	–	–	–	98.8	98.8	–	–	**98.8**
Interest rate swaps	(23.4)	(2.0)	(2.1)	(2.1)	(2.1)	(8.3)	(23.6)	(10.3)	**(42.2)**
Interest payments	1.5	1.6	4.5	1.6	4.5	12.2	5.9	–	**18.1**
Trade and other payable current	3.1	1.3	0.6	0.6	0.6	3.1	–	–	**3.1**
Total	291.0	0.9	3.0	0.1	101.8	105.8	219.1	(10.3)	**314.6**

[1] The cash flow presented reflects a full repayment of the loan without conversion into equity instruments
[2] The cash flow presented reflects swapped USD/NOK rate.

NOTE 12 Shares in subsidiaries and associates

Subsidiaries	Country of incorporation	2023	2022
BW Catcher Limited	Bermuda	100%	100%
BW Offshore Cyprus Limited	Cyprus	100%	100%
BW Offshore do Brazil Ltda	Brazil	–	100%
BW Offshore EPC FZCO	United Arab Emirates	90%	90%
BW Offshore Holdings Pte. Ltd.	Singapore	100%	100%
BW Offshore Opportunity I Limited	Bermuda	–	100%
BW Offshore Project Management FZE	United Arab Emirates	100%	100%
BW Offshore SPV Bermuda I Limited	Bermuda	100%	100%
BW Offshore SPV Bermuda II Limited	Bermuda	–	100%

Associates	Country of incorporation	2023	2022
BW Energy Limited	Bermuda	**23%**	25%

In 2023, the Company recorded an impairment of USD 36.3 million (USD 40.5 million) on investments in subsidiaries to write down the carrying amount to its recoverable amount. This was offset by a reversal of previously recognised impairments of USD 76.4 million in 2023.

In 2022, the Board of Directors of BW Offshore decided to increase the annual dividend to include USD 20 million in-kind distribution of BW Energy shares, distributed on a quarterly basis. Dividend shares for the fourth quarter of 2022 and the first three quarters in 2023, equal to USD 18.0 million were distributed in 2023. Following the dividend shares distributed in 2023, the Group held 58 111 461 shares in BW Energy, representing 23 per cent, at year end 2023.

Dividend shares for the first three quarters of 2022, equal to USD 13.6 million, were distributed in 2022.

NOTE 13 Guarantees

The Company has issued parent guarantees as security for its subsidiaries' bank debts, relating to the USD 295 million Corporate facility, the Barossa facility and the Catcher million facility, as listed in Note 23 of the consolidated financial statements of BW Offshore Group.

NOTE 14 Intercompany receivables and payables

USD MILLION	2023	2022
Intercompany receivables long-term	-	259.1
Intercompany receivables short-term	136.1	49.9
Intercompany payables long-term	-	299.2
Intercompany payables short-term	402.6	210.8

Reduction in balances relate to internal restructuring.

Intercompany loan agreements with subsidiaries are set up based on regular market rates, using 3-month LIBOR for the first half year of 2023 and USD SOFR from 1 July 2023. Outstanding balances at year-end are unsecured.

NOTE 15 Subsequent events

In January 2024, the Group sold all of its shares in BW Energy Limited, total of 58 111 461 shares 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. Due to currency fluctuations, a loss related to the sale was recognised in 2024.

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Bermuda, 28 February 2024

Sign	*Sign*	*Sign*	*Sign*	*Sign*
Mr Andreas Sohmen-Pao	Ms Rebekka Glasser Herlofsen	Mr Maarten R Scholten	Mr René Kofod-Olsen	Mr Carl Krogh Arnet
Chairman	Director	Director	Director	Director

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To the General Meeting of BW Offshore Limited

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company BW Offshore 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 Offshore 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 consolidated 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 six years from the election by the general meeting of the shareholders on 28 May 2018 for the accounting year 2018.

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.

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Valuation of FPSO Fleet

Reference is made to Note 13 Property, plant and equipment in the Consolidated financial statements.

The Key Audit Matter	*How the matter was addressed in our audit*
The Group's FPSO vessels and vessels under construction represent a significant portion of total assets. The Group regularly reviews whether there are any impairment indicators and tests the individual assets for impairment if an indicator is identified. In order to assess whether an impairment indicator exists, management applies judgment related to the likelihood that optional extension periods in the contract are exercised. For vessels under construction, which as of 31 December 2023 included BW Opal, management identified an impairment trigger mainly due to increases in total expected construction costs compared to earlier estimates. For BW Opal, management determined the recoverability using a discounted cash flow model based upon the value in use. All future cash flows are discounted using a weighted average cost of capital (WACC). The value in use of BW Opal is particularly sensitive to the assumptions made to develop the WACC rate, the estimated costs to complete the vessel, and the likelihood of whether optional extension periods beyond the fixed term in the contract are exercised. During 2023, an impairment was recognized related to the Sendje Berge FPSO (USD 5.1 million) which was sold. No impairment was recognized for any other vessels in operation and vessels under construction.	We evaluated management's impairment indicator analysis, assessing key considerations for each of the Group's FPSO vessels, including remaining contract periods and the probability of the exercise of extention options, which includes the current field lifetime expectancy. For BW Opal, where an impairment trigger was identified, we performed the following procedures to assess the estimates of future cash flows used to determine the value in use: • considered the appropriateness of the cash flow model and its mathematical accuracy; • read contractual agreements and agreed the daily charter rates reflected in the cash flow model to these contractual agreements; • evaluated the basis for contractually budgeted reimbursable operating and maintenance costs; • challenged the judgments to include variable consideration, such as performance bonuses, in the forecasted cash flows; • considered the likelihood of future contract extensions based on third party life of field and production studies; and • assessed the expected timing of vessel construction completion and the estimated costs to complete vessel construction based on external and internal construction yard progress reports and updated cost budgets. We also assessed by reference to market data the inputs to and calculation in the WACC discount rate used by management. The key inputs included the risk-free rate, market risk premium and industry financing structures (gearing and cost of debt and equity). In testing these assumptions we made use of KPMG valuation experts. We evaluated the adequacy of disclosure related to impairment in Note 13 Property, plant and equipment in the Consolidated financial statements.

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Other Information

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

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

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

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

Our opinion on the Board of Director’s report applies correspondingly to the Corporate Governance report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of BW Offshore Limited, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "bwoffshoreltd-2023-12-31-en", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 February 2024
KPMG AS

Sign.

Dave Vijfvinkel
State Authorised Public Accountant

Alternative Performance Measures (APMs)

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

EBIT

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

EBITDA

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

USD MILLION	2023	2022
Revenue	659.2	774.1
Operating expenses	(263.5)	(360.0)
Other expenses	(61.6)	(49.0)
Administrative expenses	(28.6)	(19.4)
Total expenses	(353.7)	(428.4)
Operating profit before depreciation, amortisation, impairment and sale of assets (EBITDA)	305.5	345.7
Depreciation and amortisation	(187.2)	(208.8)
Impairment	(5.1)	(15.8)
Net gain/(loss) on sale of tangible fixed assets	24.7	2.5
Operating profit/(loss) (EBIT)	137.9	123.6

CAPITAL EXPENDITURES

Capital expenditures means investments in vessels, intangible assets and property and other equipment, including capitalised interest. Capital expenditure may differ from investment in operating fixed assets and intangible assets presented in the consolidated statement of cash flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	2023	2022
Vessels and other property, plant and equipment	767.7	771.6
Intangible assets	2.4	0.7
Total capital expenditures	770.1	772.3
Change in working capital	34.4	(42.8)
Investment in operating fixed asset and intangible assets	(804.5)	(729.5)

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined as short-term and long-term interest-bearing debt less cash and cash equivalents.

USD MILLION	2023	2022
Cash and cash equivalents	(361.0)	(230.3)
Long-term interest-bearing debt	290.7	522.4
Short-term interest-bearing debt	242.5	205.4
Net interest-bearing debt	172.2	497.5

ORDER BACKLOG

Order backlog is defined as the aggregated revenue backlog from firm contracts and probable options.

EQUITY RATIO

Equity ratio is an indicator of the relative proportion of equity used to finance the Group’s assets, defined as total equity divided by total assets.

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