



BWSC

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**Burmeister & Wain
Scandinavian Contractor A/S**

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**Annual
Report
2021**

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BWSCO



Much of 2021 involved implementing the new strategy.



Message from the CEO

2021 has been a year of great change for our employees and for BWSC. In November 2020 we adopted a new business strategy that shifted our focus from supplying turnkey power plants to providing comprehensive advisory and technical services to power plants and green energy facilities worldwide. Much of 2021 involved implementing the new strategy, and I am pleased to announce that doing so has paid off in our first positive financial result in 5 years.

Strong results validate new strategy

In 2021, BWSC made a significant profit before tax of DKKm 129 based on revenue of DKKm 1,245. While one-time financial events – such as sale of our ACT business and divestment in three UK power plants – contributed to the positive result, we also see that our strategy is succeeding as intended, with continued strong results in our Service and O&M business areas.



I'd like to express my deepest gratitude to all our employees and partners in Denmark and at our sites around the world for the dedication they showed to staying safe and helping to keep their colleagues safe as well.

We are still rolling out the new strategy and look forward to continued gains as our initiatives are finalized and implemented. Our promising Green Energy Solutions business unit is a good example. In 2021 we signed a major contract with the Danish green energy innovators Stiesdal Storage Technologies, and we expect many additional deals to fall in place in 2022 and beyond.

Significant achievements in 2021

In addition to establishing our Green Energy Solutions business unit, our O&M, technical services, and other teams have garnered significant wins in 2021.

These include a multi-year maintenance and technical support services agreement with Amager Resource Center (ARC), one of the biggest waste-to-energy and district heating facilities in Northern Europe. In September we won an important contract with Fjernvarme Fyn to convert a coal-fired boiler at Fyn Power Station to operate on gas, accelerating the utility's move away from coal. And in December we signed a long-term O&M extension agreement with the owners of Sleaford Renewable Energy Plant in the UK.

Finally, reflecting our new strategy, we adopted a new brand position in 2021. To be rolled out in 2022, this position explains who we are and what we do today and is expected to support our sales work in all business areas going forward.



A challenging year for BWSC employees

Our new strategy and the restructuring we have been through, meant we had to say goodbye to many valued colleagues in late 2020 and 2021. Fortunately, we were able to secure continued employment for many employees via the sale of our Advanced Combustion Technology (ACT) and boiler business areas.

The entire BWSC family has faced the challenges our new strategy has presented with great professionalism and engagement. For many employees, the changes have meant new roles, colleagues and areas of expertise to master. They have truly risen to the occasion, and I would like to thank each and every BWSC employee for their commitment and efforts in moving our company forward.

Pushing on through the pandemic

The ongoing COVID-19 pandemic created continued difficult working conditions and, in some cases, illness. The health, safety and wellbeing of all those who work with and for BWSC, as well as the general public, has remained our top priority.

Across the company, office-based employees were encouraged to work from home. In the UK, we supported the government's wish to allow the construction and infrastructure industry to continue operating where it could do so safely. At all sites we developed COVID-19 Site Operating Procedures, and these have been followed at all our operations.

I'd like to express my deepest gratitude to all our employees and partners in Denmark and at our sites around the world for the dedication they showed by staying safe and helping to keep their colleagues safe as well. Their compliance with our pandemic response policies has been exemplary.

Our commitments to stakeholders

Throughout the restructuring process, we have worked to balance the needs of all BWSC stakeholders, while enhancing our leadership in providing energy-related advisory and technical services.

For our shareholder, we aim to deliver returns in the form of growth and profits. For customers, we dedicate ourselves to consistent and reliable services and operating partnerships built around solving customer challenges. Finally, we want to remain a great place to work for our employees, known for employee engagement, openness, and team spirit.

Our direction is set, and we are putting all the pieces in place to seize the many opportunities that lie before us. We look forward to sharing updates on our progress as we move forward and continue delivering *ever better energy* solutions.

Nikolaj Holmer Nissen,
CEO



Group financial highlights

5-year summary

	2021 EURm*	2021 DKKm**	2020 DKKm	2019 DKKm	2018 DKKm	2017 DKKm
Income statement						
Revenue	167	1,245	1,814	1,609	2,158	2,882
Gross profit	41	305	131	99	105	179
Operating result (EBIT)	16	119	-174	-75	-101	-26
Operating result (EBIT) adjusted **	16	119	-79	-75	-101	-26
Financial items, net	0	2	-13	2	-18	3
Result before tax	17	129	-254	-101	-201	-45
Net result	12	92	-229	-85	-172	-42
Balance sheet						
Total assets	173	1,299	1,518	1,761	1,918	1,935
Cash	48	356	403	495	521	358
Net working capital	57	423	316	269	-278	-31
Equity	95	709	622	671	454	656
Net interest-bearing debt	14	106	109	213	216	169
Cash flow						
From operating activities	-25	-189	-159	-545	114	221
From investment activities	20	147	-30	215	3	-31
From financing activities	-1	-4	97	297	47	-46
Financial ratio (%)						
Gross margin	24	24	7	6	5	6
Profit ratio	10	10	-14	-6	-9	-2
Equity ratio	55	55	41	38	24	34
Return on equity	14	14	-35	-15	-31	-6
Other information						
Order intake	121	899	1,206	474	2,955	3,769
Order backlog	849	6,325	6,031	6,797	7,917	7,120
Number of full-time employees	708	708	767	766	763	715
Of which employed by the Parent Company	278	278	366	442	509	473

The calculation of the financial ratios are described in note 7.2 in the financial statements.

* The key figures are translated at the year-end EUR exchange rate of 7.45.

** Adjusted for restructuring costs

Our customers and us

BWSC meets current and future needs at power plants and green energy facilities worldwide. We go the extra mile to provide and operate power plant solutions and associated service for a wide variety of energy sources. In November 2020, we launched the next step in our journey with a new business strategy that positions us clearly and exclusively as a uniquely competent, independent services provider for a wide range of customers working with green and conventional energy.

Who we work for

Located worldwide, with a high concentration in Europe, Africa and the Caribbean, most of our customers are utilities, independent power producers, investors, or companies that generate electricity for their own use. We also serve a growing number of green energy pioneers in fields such as power-to-X, energy storage and carbon capture.

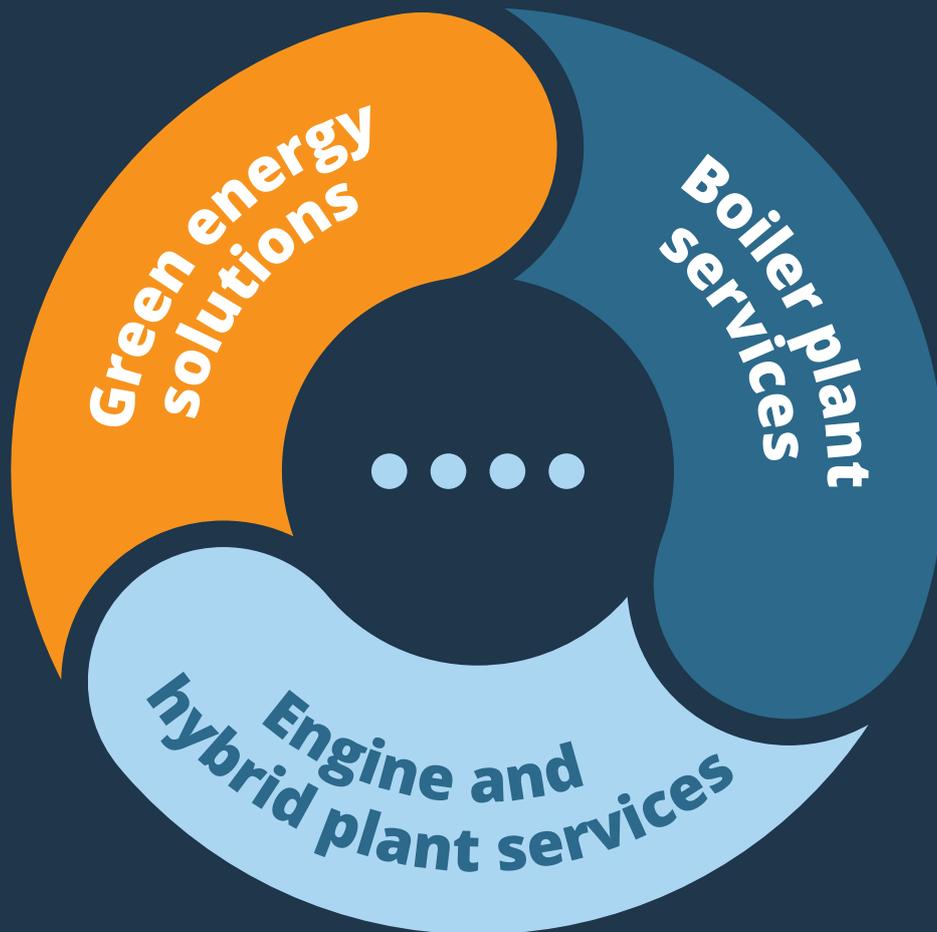
Regardless of their role in the energy sector, facility type or project size, our customers rely on us to help them clarify their ambitions, achieve their goals, and overcome any challenges along the way.

For plant operators, this often means improving efficiency, reducing emissions, lowering costs and improving availability. For top management, investors and similar stakeholders, it means minimizing risks and maximizing return on investment.

What we do

BWSC provides our customers with specialized consulting, engineering, installation, operation and maintenance services. We undertake projects of all sizes, from rapid-response repair tasks and feasibility studies to Engineering Procurement and Construction (EPC) management and comprehensive O&M partnerships.

Today we divide our services into:



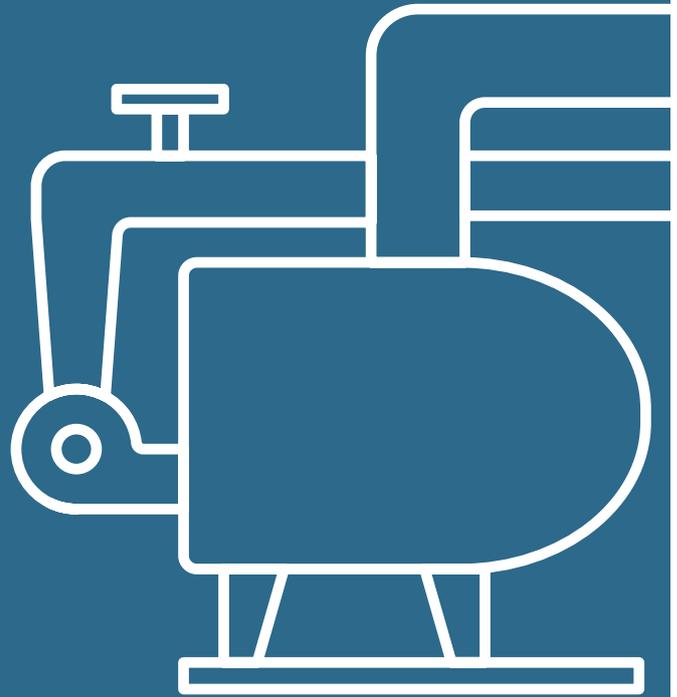
Our business strategy and focus is to provide comprehensive advisory and technical services for power plants and new green energy facilities worldwide.

Engine and hybrid plant services

BWSC has long been a global leader in engine-based power plants and the remote or off-grid communities that rely on these facilities.

Today, we provide customers primarily in Africa and the Caribbean with technical consulting, engineering, installation, operation and maintenance services performed on site or off. We also help customers integrate renewable power sources into their engine-based facilities to create more sustainable hybrid power plants.

Our services help customers continuously improve plant reliability and availability, improve profitability via greater efficiency, modernize with the latest technologies, reduce their carbon footprint, start the transition to green energy, and operate and maintain their facilities cost-effectively.

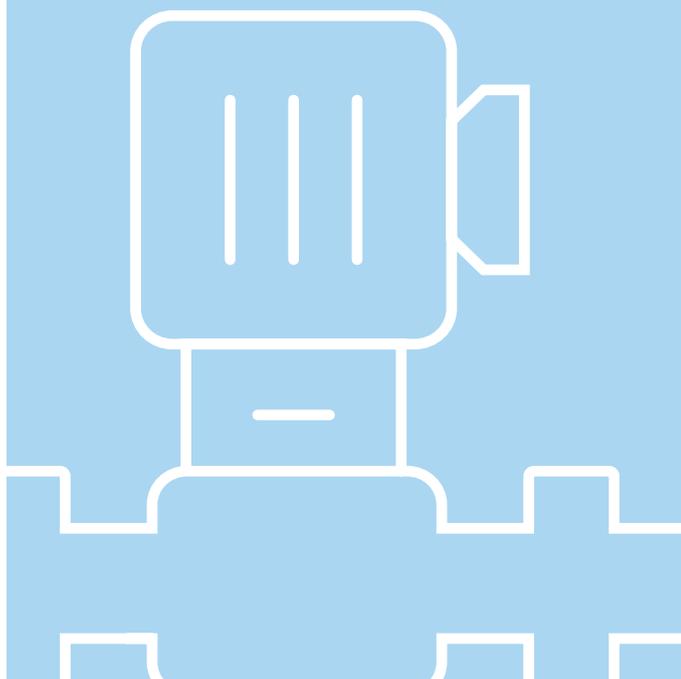


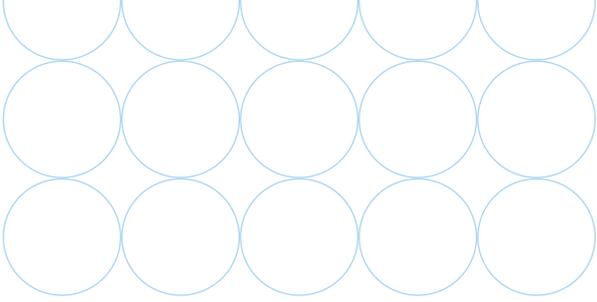
Boiler plant services

Much of the world's power and heat generation comes from boiler-based plants, which include biomass and waste-to-energy plants as well as conventional power plants burning coal or other fossil fuels.

Operating primarily in Europe, our Boiler-based Plant Services unit provides these facilities with our full range of plant and grid-related services performed on site or off, including our proven O&M contracts.

These services help customers keep improving plant reliability and availability, achieve greater efficiency and the higher margins that go with it, reduce their plant's carbon footprint, and operate and maintain their facilities cost-effectively.





The ultimate plant services package

BWSC's experienced O&M business areas enables our customers to maximize value with fixed budgets. Our O&M business areas include your choice of:

- O&M contracts for complete management of all plant assets
- Proven lifecycle management programmes
- Individualized technical service agreements with remote monitoring options
- Management advisory services provided by resident engineers

Green energy solutions

In the field of renewables, exciting technologies such as electrolysis, carbon capture and thermal energy storage are placing new demands on the design, installation, operation and maintenance of the facilities where they are installed.

Our Green Energy Solutions business unit works with customers in Europe and beyond to tackle new energy storage, carbon capture, power-to-X and related green energy challenges. We do this by providing advisory services, 360° technical services, and tailored operation and maintenance services – applied to entire facilities or specific systems.

Backed by a wealth of engineering talent and more than 40 years of energy facility experience, these services help our customers plan their projects optimally, meet timelines and budgets, and maximise efficiency and reliability.



BWSC and safety

At BWSC, health and safety are our top priorities, and our expert staff ensure that we meet the highest safety standards.

All our activities are run by teams with intimate knowledge of power plant systems and acute awareness of any potential risks that may arise. Our excellent safety records are a testament to our safety standards and policies.

More broadly, we live by a demanding code of conduct and an exhaustive and continuously updated set of policies and procedures designed to ensure compliance. Our business success depends on trust. We offer the integrity it takes to win that trust.

2021 highlight

Safety at work

At BWSC we take pride in our safety record, which is nicely illustrated at the Hooton waste-to-energy construction site in the UK. During the construction process, we have worked more than 1.5 million manhours on site without a single lost time injury (LTI).

"We have a strong and committed focus on safety from all parts of BWSC in all of our operating sites and offices. We are committed to further develop our high level of Health & Safety through continued training, management commitment and support to safety in all aspects of our value chain."

— Jørgen Stock Melchoir,
QHSE Specialist

Market trends and our strategy

Market trends

Today's energy sector is being impacted by two main megatrends. First, continued population growth and urbanization mean that market demand for affordable energy continues to rise. Second, climate change is leading citizens and their governments worldwide to demand a reduction in carbon and other emissions and a transition from fossil fuels to cleaner energy sources.

In response, energy producers are racing to develop new, greener sources of energy with the potential to deliver affordable green energy at viable scale. As exciting as wind, solar and other renewable energy sources are, it is also critical to remember that most people in the world still rely on fossil fuels for the energy they consume and – more importantly – that conventional power plants can also improve efficiency, reduce emissions, and keep costs under control or even improve their profitability.

In our view, all energy producers, regardless of “colour” of energy have a role to play in the energy transition. And BWSC is here to work with all energy producers.

Our strategy

Our vast experience with power plant infrastructure puts BWSC in a unique position to assist new green energy players – whether power-to-X plants, carbon capture facilities or energy storage solution providers – with the advisory, technical and O&M services we've been perfecting for decades.

To this end, we have established a new Green Energy Solutions business unit, which has already won its first contracts in 2021.

We will also continue to grow our engine and hybrid plant business and our boiler plant business, securing new advisory, engineering, installation, operation and maintenance contracts with existing and new customers alike. Specific strategic initiatives include new O&M contract options, broader scopes for our technical service agreements, expanded geographical coverage in Africa, the Caribbean and Europe.

Finally, as efficiency improvements, emission reductions, and improved availability and plant economics require ever more sophisticated technologies, we will be emphasising our expertise in equipping plants with state-of-the-art distributed control systems (DSC) and providing other electrical and digital system upgrades – including partnering with Original Equipment Manufacturers (OEMs) and Engineering and Procurement Contractors (EPC) to help them provide excellence in these critical areas.

BWSC excels in optimising a plant's use of sustainable biomass resources. This improves the plants environmental and financial performance.



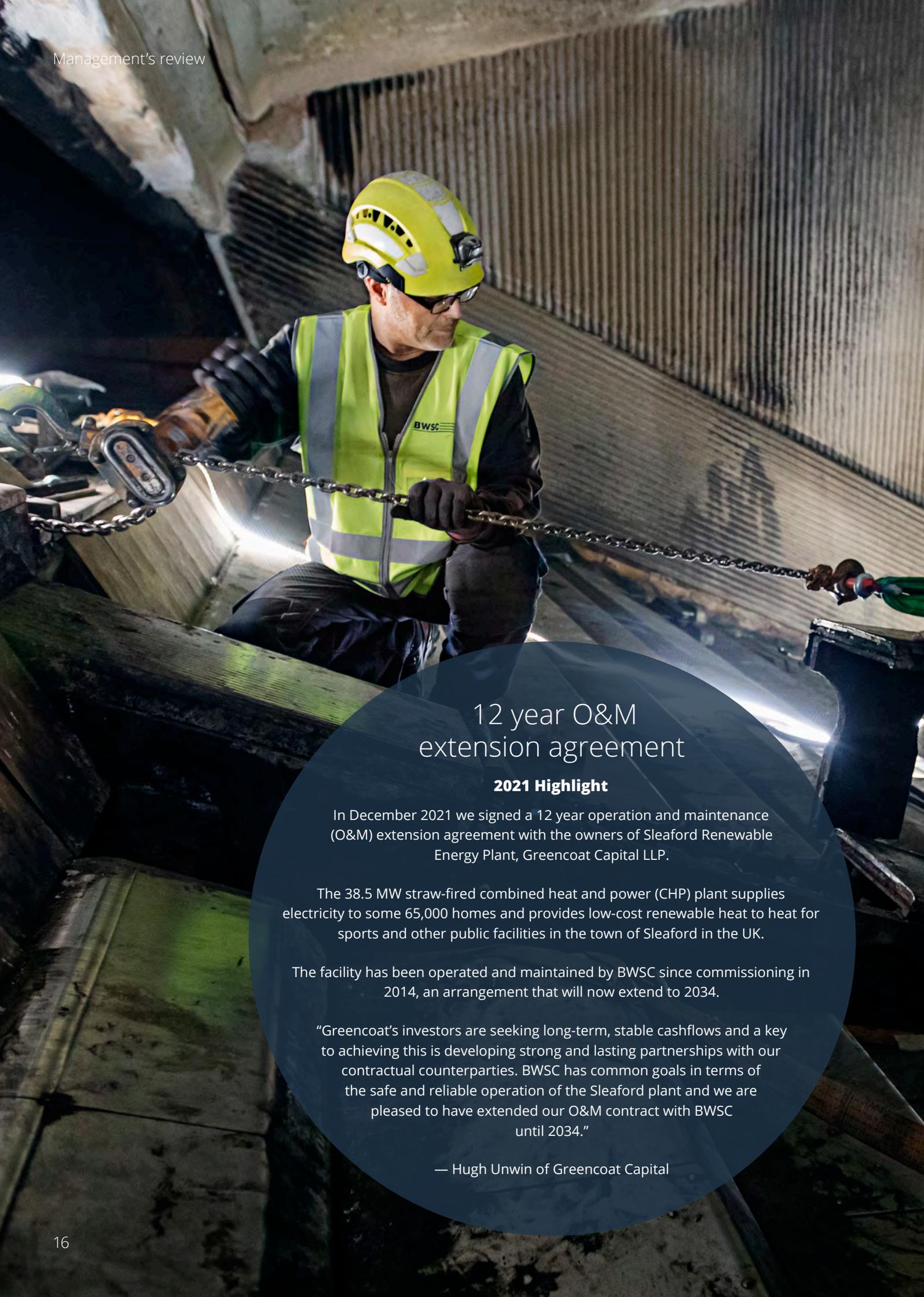
2021 Highlight

Long-term service agreement with renowned Danish facility

In May 2021 we signed a multi-year maintenance and technical support services agreement with Amager Resource Center (ARC). One of the biggest waste-to-energy and district heating facilities in Northern Europe, the facility supplies more than 80,000 households with electricity and 90,000 apartments with heat.

BWSC's maintenance team is stationed permanently at the plant and works closely with ARC's technical staff to handle daily operations, ensuring high efficiency, reliability and availability.



A worker wearing a yellow safety helmet with a headlamp, safety glasses, and a high-visibility yellow vest with 'BWSC' on it is working on a large industrial structure. The worker is holding a thick metal chain. The background shows a large, curved, ribbed metal structure, possibly part of a turbine or a large pipe. The lighting is dramatic, with strong highlights and deep shadows.

12 year O&M extension agreement

2021 Highlight

In December 2021 we signed a 12 year operation and maintenance (O&M) extension agreement with the owners of Sleaford Renewable Energy Plant, Greencoat Capital LLP.

The 38.5 MW straw-fired combined heat and power (CHP) plant supplies electricity to some 65,000 homes and provides low-cost renewable heat to heat for sports and other public facilities in the town of Sleaford in the UK.

The facility has been operated and maintained by BWSC since commissioning in 2014, an arrangement that will now extend to 2034.

“Greencoat’s investors are seeking long-term, stable cashflows and a key to achieving this is developing strong and lasting partnerships with our contractual counterparties. BWSC has common goals in terms of the safe and reliable operation of the Sleaford plant and we are pleased to have extended our O&M contract with BWSC until 2034.”

— Hugh Unwin of Greencoat Capital

2021 Highlights

Some of our 2021 highlights are illustrated here and throughout the report.



Major gas conversion project

In September we won a major contract with Fjernvarme Fyn to convert a coal-fired boiler at Fyn Power Station to operate on gas. The conversion will enable the utility to accelerate its move away from coal, reduce its carbon footprint, reduce ammonia slip from existing abatement systems, and supply reliable and environmentally friendly district heating.

Our initial discussions with Fjernvarme Fyn started more than three years ago, and the project further cements a long-term relationship between BWSC and this major district heating company.



Completion of upgrade project for Barbados Light & Power Company (BLPC)

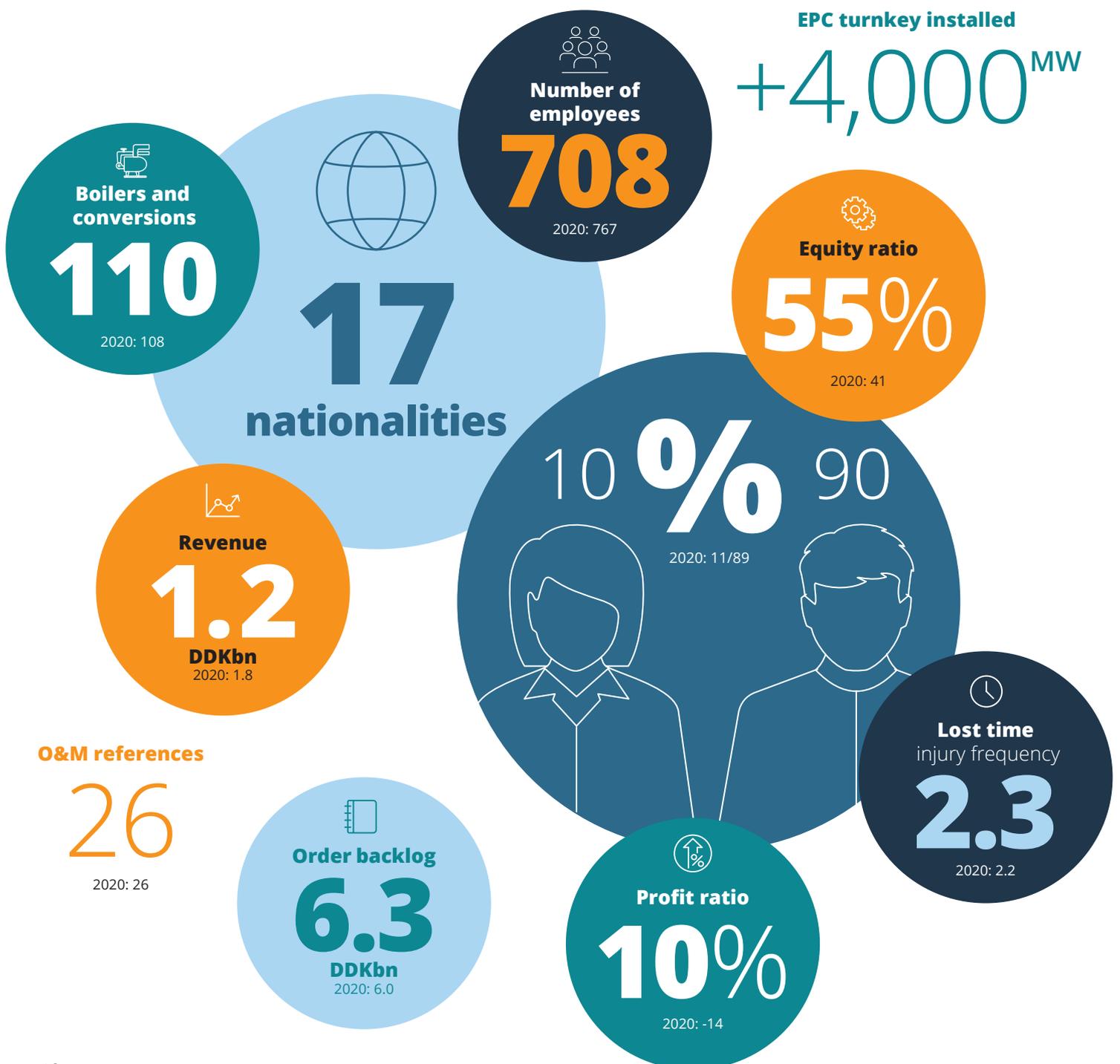
In March we announced the completion of a third turbocharger upgrade for our long-term customer Barbados Light & Power Company Limited at their Spring Garden Power Station, which was originally built by us in the 1980s. The turbocharger upgrades allow for a reduction in fuel consumption as well as enhanced engine performance. The fourth and final upgrade is scheduled for 2022.

"Having worked closely with the BWSC team on all three engine turbocharger upgrades, I can say that it was a smooth transition and we have reaped the benefits of this upgrade the instant the engines were returned to service. I look forward to a continued partnership with BWSC to bring improved efficiencies and levels of safety to our Spring Garden Power Station here in Barbados."

— Jonathan Griffith, generation engineer, BLPC.

BWSC at a glance

BWSC meets current and future needs at power plants and green energy facilities worldwide. We go the extra mile to provide and operate power plant solutions and associated services for a wide variety of energy sources, including green biomass, waste, liquid, or gaseous fuels.



Rolling out our strategy

Successful divestments

During 2021, we succeeded in divesting three BWSC-built power plants in the UK.

In April, Octopus Renewables acquired the biomass-fuelled facilities in Brigg and Snetterton. In July, GREENVOLT and EQUITIX acquired all shares in Tilbury Green Power, a waste-wood fired plant Tilbury Green Power.

“After our active involvement and successful development, construction and operation of the plants we are happy that the new owners recognise the value of the power plants, as well as their future potential. We look forward to collaborating with the new owners on the continued operation of these plants.”

—Nikolaj Holmer Nissen,
CEO, BWSC



Financial review

The financial results of BWSC significantly exceed the expectations and outlook laid down at the beginning of the year and is also a significant improvement compared to the results in 2020.

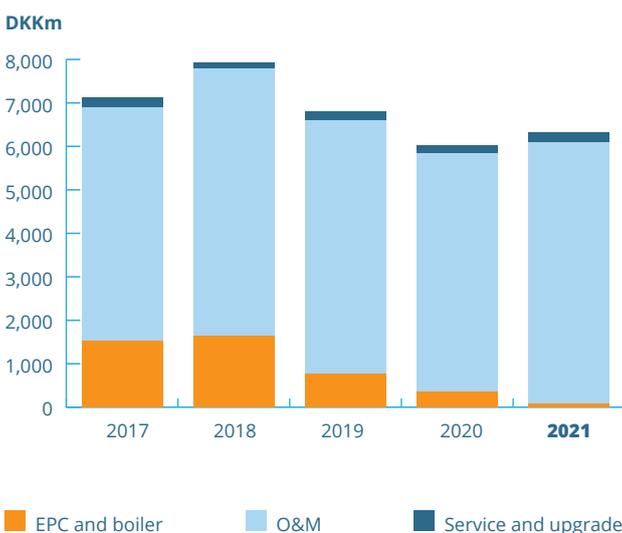
Financial review

The net result for the year amounts to DKKm 92 compared to a loss of DKKm 229 in 2020. The result is impacted positively by gains from the sale of business activities and shares in equity interests. Excluding these one-time gains, the profit before tax amounts to DKKm 54, and including one-time gains DKKm 129.

Order intake and backlog

The order intake for 2021 amounted to DKKm 899 compared to DKKm 1,206 in 2020. After the restructuring initiated in 2020 no further turnkey power plant orders have been entered into. The order intake in O&M amounted to DKKm 494 compared to DKKm 390 in 2020 and in Service DKKm 397 compared to DKKm 363 in 2020. The order backlog at the end of 2021 amounted to DKKm 6,325 (2020: DKKm 6,031). The order backlog is specified as follows:

ORDER BACKLOG



The service order and O&M order intakes have met expectations. The service orders are typically carried out over a time period of up to 18 months and O&M orders typically run over a longer time period (up to 20 years).

Revenue

Revenue in 2021 amounted to DKKm 1,245 compared to DKKm 1,814 in 2020. The decrease is mainly due to a decrease in EPC activities during the year. A part of the EPC activities relating to turn-key projects is in the process of being wound down. As stated in note 1.1 the turn-key activities are for accounting purposes not considered a discontinued operation.

EBIT

The financial performance has been above expectations, which has resulted in a profit before interest and tax (operating result or EBIT) of DKKm 119 for 2021 compared to a loss of DKKm 174 in 2020. The improved EBIT is due to both better project performance and recognition of intercompany profit of DKKm 82 as a result of the sale of equity interests in entities owning power plants built by BWSC. EBIT for the year is also impacted by some larger provisions relating to ongoing legal and other disputes.

Change of focus

In November 2020 BWSC announced a restructuring of its business and a changed focus going forward. BWSC's focus is now on the O&M activities and on the service activities as well as on green energy solutions. In the O&M and Services areas, BWSC has over the past years gained a solid market position. The restructuring gave rise to a significant reduction of the number of employees, abandonment of development projects, impairment of assets no longer to be used, etc. The restructuring costs in 2020 comprised of write down of assets for a total of DKKm 56 and other restructuring costs, mainly relating to employees, for a total of DKKm 39. A total of DKKm 95 of restructuring costs were included in the 2020 result, which shall be considered when comparing to the result this year.

Financial income and expenses

BWSC has made a number of investments in power plants together with partners. During the year BWSC has divested a number of its investments, including a significant investment in the Brigg and Snetterton plants in the UK as well as another but smaller investment in a biomass power plant in the UK and one smaller investment in an engine-based power plant in Panama.

The power plants that BWSC still has investments in, are all in operation except for the Asia Power Pte Ltd in Sri Lanka, where the Power Purchase Agreement has expired but where an extension is under consideration by the owner of the power plant. Key elements for the financial performance of the plants are the sales price for the power produced and fuel prices. For all of the power plants BWSC has invested in, BWSC earns revenue from operating and maintaining the plants. In general, the power prices in the UK have increased compared to 2020, improving the financial performance of the plants. Result from investments in equity interests amounts to DKKm 19 (2020: DKKm -67) and the result from the sale of shareholdings amounts to DKKm -11.

Result before tax

Result before tax for 2021 amounts to DKKm 129, which is an increase of DKKm 383 compared to 2020. The main reasons for the improvement are improved operating result, and gains on the sale of business activities and shareholdings. Compared to 2021, the result for 2020 was furthermore impacted by significant restructuring costs.

Tax

Tax for the year is an expense of DKKm 36 compared to an income in 2020 of DKKm 25. The tax expense is a net amount of payable and deferred taxes, etc. The tax payable for the year is an expense of DKKm 10 (2020: DKKm 9). Deferred taxes are primarily attributable to tax losses carried forward that are expected to be utilised within a foreseeable future.

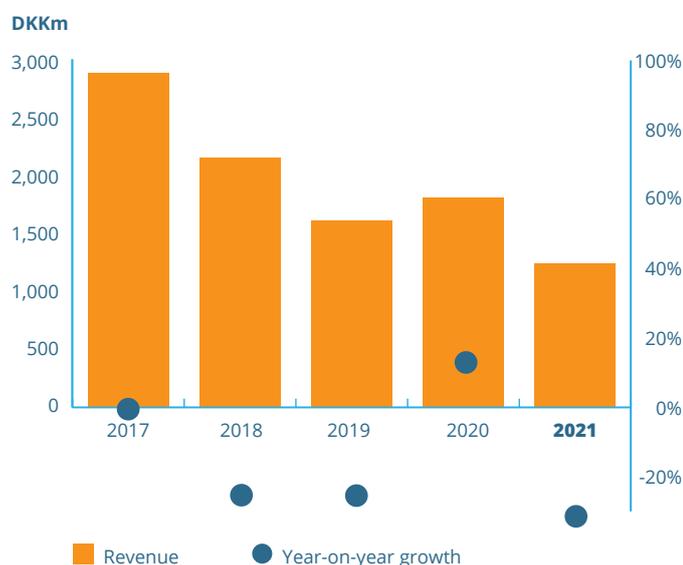
Net result

The net result for the year is a profit of DKKm 92 compared to a loss of DKKm 229 in 2020. The profit is proposed distributed as shown in the Statement of changes in equity and for the parent company as stated in note 5.3 Distribution of result.

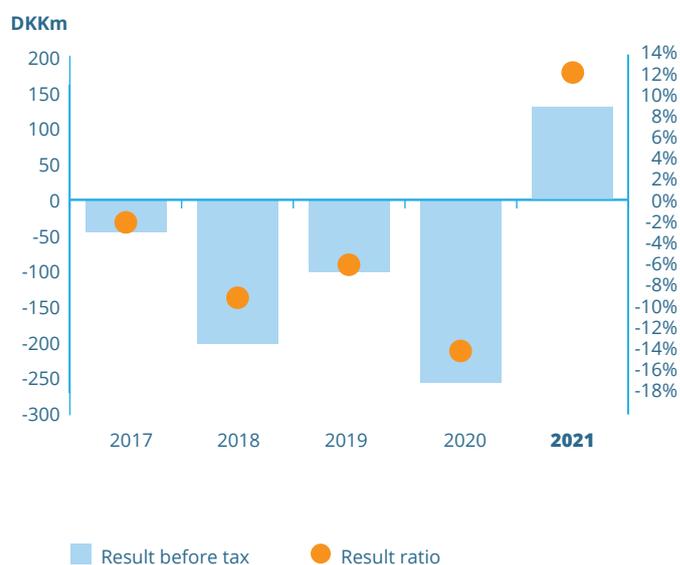
Uncertainties

In 2014, work on two engine-based projects in the Middle East was suspended due to the client not paying the milestone payments on time. These outstanding milestone payments were paid at the end of 2014, and the suspension was lifted at the beginning of 2015. BWSC has claimed the customer for direct costs, overhead and profit. A part of the costs related to the claims have been included in the project accounts/work in progress over the years. At the end of 2016, the taking-over-certificates (TOC) were signed by the customer. Since 2017, focus has been on reaching an agreement on the claims with the Client and the Client's representative. Since it has not been possible to reach an agreement, BWSC decided in 2018 to file for arbitration through ICC, France. The arbitration has been on stay (on hold) from 2019 until the beginning of 2021 due to settlement negotiations with the Client and the Client's Representative. The arbitration case at ICC re-started in January 2021 since no amicable agreement had been reached through negotiation, and BWSC submitted the Statement of Claim to ICC in the spring of 2021. A material part of the amount BWSC is claiming has not been recognised as income due to the claim negotiations not being finalised. It is the assessment that a finalisation of the case, either via a settlement or via the ICC case will result in an outcome for BWSC amounting to at least the amount recognised as income.

REVENUE



RESULT BEFORE TAX



Investments

Financial assets comprise of investments in equity interests, mainly power plants in which BWSC has a substantial but not controlling shareholding. Financial assets amounted to DKKm 112 at the end of 2021 compared to DKKm 150 at the end of 2020. The decrease mainly relates to the disposal of investments.

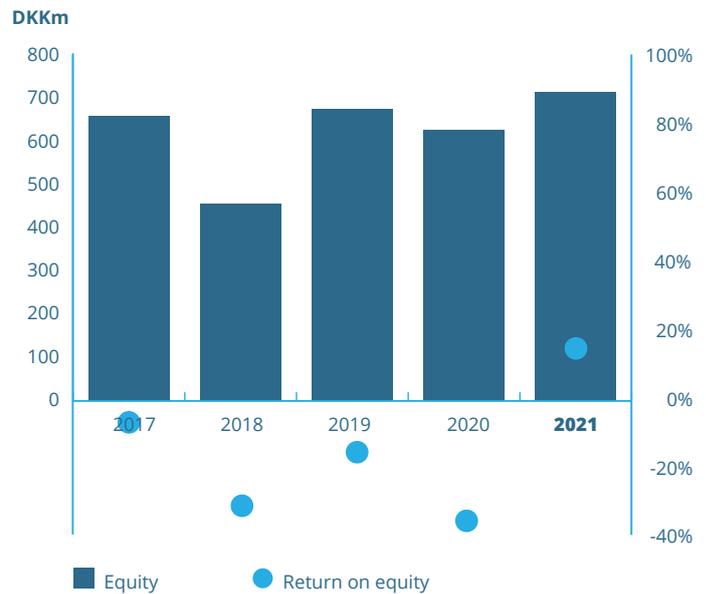
Working capital

At year end 2021 net working capital amounted to DKKm 423, an increase of DKKm 107 compared to 2020. The main reason for the increase is a decrease in trade payables and prepayments from customers.

Cash flow

Cash flows from operating activities amounts to DKKm -189 compared to DKKm -159 in 2020. The negative cash flow from operating activities is primarily a result of the use of prepayments received for projects. Cash flows from investing activities amounts to DKKm 147 compared to DKKm -30 last year. Cash flows from investing activities mainly relates to proceeds from sale of business activities and equity interests. Cash flow from financing activities amounts to DKKm -4 compared to DKKm 97 last year. In 2020 cash flow from financing activities was mainly due to a loan from the ultimate parent company.

EQUITY



Equity

Equity amounts to DKKm 709 (2020: DKKm 622), and the equity ratio is 55% (2020: 41%). The equity ratio has increased mainly due to an increase in equity as a result of the profit for the year and as a result of a decrease in total assets. Equity is also impacted by value changes of financial instruments and exchange rate adjustments.

The total eliminated profit on power plants built by BWSC due to BWSC's ownership share amounts to DKKm 48 (2020: DKKm 133). The major reason for the decrease is the sale of the equity interest in power plants. The total eliminated profit will be taken to income over the operational lifetime of the power plants.

2022 outlook

Revenue in 2022 is expected to decrease compared to 2021 as a result of the decision to leave the area of turn-key EPC projects. The profit before tax for 2022 is expected to be in the range of DKKm 40-60. This is a significant reduction compared to 2021 where the result before tax was impacted significantly by one-off gains.

Forward looking statements like the 2022 outlook are uncertain and depend on a number of factors. Furthermore, BWSC disclaims any liability to update or adjust statements made in the Annual Report 2021 about future or possible reasons for differences between actual and anticipated results except where required by law.

Risk management

BWSC has procedures in place to mitigate identified significant risks where possible. Risks comprise risks related to our operational activities and financial risks.

Operational risks

General

Our business is to provide our customers with specialized consulting, engineering, installation, operation and maintenance services in a number of jurisdictions, as well as related contracts with sub-suppliers and consortium partners this exposes BWSC to a number of risks.

Each project is carefully evaluated in the sales, planning and execution phases. BWSC continuously assesses risks, including possible consequences and mitigating actions. Some of the significant risks BWSC is exposed to, along with the mitigating actions, are mentioned below.

BWSC's responsibility is related, to a large extent, to risks within our control, i.e., construction on time, within budget, guaranteeing efficiency and availability of the plant. The plant owner is usually responsible for fundamental supply issues such as fuel supply.

BWSC's activities consist of a portfolio of boiler and engine-based projects in different countries. The projects are based on different technologies, and the main suppliers may vary from project to project.

The power plant industry is cyclical by nature, dependent on developments in the power sector, subsidy schemes, investment climate, etc. However, our operation and maintenance businesses are less cyclical. Power plants require ongoing operation and maintenance and are typically long-term.

At the end of 2021, BWSC has investments in six power plants in four countries, including three biomass and waste-to-energy (boiler-based) plants and three hybrid (engine-based) plants. The primary locations for the biomass and waste-to-energy plants are in the UK. The other plant investments are in Kenya, Sri Lanka and Mali. Investments in different technologies and countries are key elements in managing the company's

investment risk. BWSC has entered into long-term O&M contracts for the majority of these plants, which mitigates a material part of BWSC's investment risks.

The main operational risk is currently related to one boiler-based plant under construction in the UK, with expected hand-over in 2022, and a boiler design and supply project in Belgium, with expected hand-over in 2022.

Projects

Management conducts a thorough review of all consulting, engineering, installation, operation and maintenance projects on an ongoing basis to manage operational and financial risks. A part of BWSC's business involves contracts for large and complex power plants. A number of BWSC's projects are located in remote locations where the infrastructure, political, administrative and judicial standards have not yet been fully developed or can change rapidly. This can pose significant logistical challenges as well as country-specific political risks.

Diligent project execution is vital for ensuring delivery on time and according to budget and specifications. Lack of the same can cause significant cost overruns. BWSC focuses its proposal activities on projects that match BWSC's strategic goals and core competences. This ensures that BWSC will only be involved in projects where the company has an acceptable risk profile. All large O&M and Service tenders must be reviewed and approved in line with internal guidelines. As a result of the restructuring carried out at the end of 2020, BWSC no longer takes part in turnkey power plant tenders or takes on such new projects. As part of the company's strict approach to project risk management, business associates are evaluated and screened as part of a due diligence process. This includes customers, advisors, suppliers and consortium partners.



Before signing contracts or investing in projects, BWSC must complete a formalised risk checklist (RCL) procedure covering all aspects of the project, including technical issues, contractual terms and conditions, profitability, project planning and general risk assessment. The RCL must be approved by the CEO and the Board of Directors. In addition, large investments must be approved by Mitsui E&S, BWSC's owner. Strict project management, including ongoing follow-up on project milestones, are mandatory.

Bribery and corruption

BWSC operates in many parts of the world, including places where views on business ethics and business practices may differ from our Code of Conduct. To mitigate the risks and ensure absolute compliance with our Code of Conduct, including zero tolerance toward bribery and corruption, we are committed to maintain a best-practice compliance programme for a business of our size, nature and risk profile. Standard procedures include due diligence procedures, training, monitoring, and reporting via a whistle-blower line.

Safety

Personal safety is a basic expectation and a competitive parameter in the energy sector. Personal injury and fatal accidents are unacceptable, first and foremost due to the human consequences of such events, but also because they can affect BWSC's reputation and financial performance. Occupational health and safety systems, travel safety instructions and QHSE management guidelines are aimed at protecting employees, suppliers and contractors. This risk has been further complicated by the current COVID-19 pandemic which has created significant turbulence for our employees all over the world. A COVID-19 task force meets regularly to review the latest developments and each region is following the guidance as defined by the local health and government authorities.

Internal communication has top priority as we continue to evaluate and navigate around the pandemic as it evolves. Further information about safety measures is described in the sustainability section.

Procurement

Manufacturing for BWSC's remaining ongoing turnkey power plant projects is undertaken by either consortium partners or subcontractors and suppliers. This approach has proven to be robust as it is suitable for a cyclical industry. To mitigate procurement risks, BWSC has broadened its supply base through equipment manufacturers and civil works contractors, as well as entering into long-term consortium partnerships or agreements with key suppliers. Inspections at key suppliers' workshops etc. are performed on an ongoing basis to minimise risk.

Human resources

In a knowledge-based company like BWSC, the employees are our most important resource. We invest in attracting and retaining employees with the skills needed to continue to develop BWSC's business. BWSC is focused on remaining competitive as an employer. We invest in workforce wellbeing and engagement, which includes monitoring and proactively reacting to related KPIs.

Market risks

The power plant industry is volatile and reacts to fluctuations in the economy and public regulations. An upturn or a downturn will inherently affect investments in new power plant capacity. BWSC has a partly flexible cost structure with a solid O&M order backlog, which means the company has some ability to adjust its business to mitigate the effect of new market trends. The new strategy is also to a great degree a response to change in market trends.

Financial risks

Objectives and policies for managing financial risks

The overall objectives and policies for BWSC's financial risk management are described in note 5.4.

Currency risk

As BWSC operates internationally, the income statement, the balance sheet and cash flows are subject to a risk of currency fluctuations, mainly in relation to transactions in GBP and USD. Part of this risk is mitigated through natural hedges within activities where BWSC has both income and expenses in the same currency. Furthermore, BWSC also uses derivative financial instruments to hedge part of the currency risk related to future cash flows against DKK or EUR.

Credit risk

Our credit risk is primarily related to trade receivables from state- and privately owned corporations. Where feasible, we seek to mitigate credit risk by structuring payment terms and, in some instances, applying instruments such as letters of credit or bank guarantees.

There is also a credit risk on financial institutions when dealing with credit risk on financial institutions when dealing with them either by e.g. placing deposits or entering into derivative financial instrument transactions. In order to reduce this risk, in all material aspects, BWSC only deals with financial counterparties that are considered as having a satisfactory credit rating from a recognised international credit rating agency.

Investment risk

Investments in different technologies and countries are key elements in managing investment risks. Among the risk factors are currency risks, risks associated with the sale of electricity, and fuel costs. The most important currency risks relate to GBP, due to our investments in biomass and waste plants in the UK. Electricity price risk is the risk that fluctuations in electricity sales prices could adversely impact on the result from equity investments. The same applies to BWSC income generation from our power plant investments. BWSC is also exposed to risks from fluctuations in fuel costs such as biomass and diesel, due to impact on the power plants fuelled by these sources.

Some of the project companies in which BWSC invests often define an energy price hedge strategy based upon continuous analysis by the project companies. Subject to this analysis, each strategy could entail any degree of price hedging implemented in the electricity offtake agreements. The project companies also define strategies to safeguard their supply of fuel via centrally negotiated supply agreements with well-established suppliers.

Liquidity and financing risk

BWSC must maintain sufficient liquidity to fund daily operations, service debt, and initiate new projects. Our access to liquidity consists of cash and cash equivalents. Furthermore, BWSC must be able to provide guarantees to facilitate new contracts and projects. Our access to guarantees is based on cooperation with a number of recognised financial institutions. Some of the financing arrangements are subject to requirements and financial covenants from the financial institutions and negotiation with these. If requirements and financial covenants are violated, this could limit BWSC's ability to finance operations and capital needs for business activities.

Tax risk

BWSC's business is carried out through the Danish parent company as well as a number of entities abroad. This structure implies that a number of different direct and indirect taxes apply on a global basis. The complexity of our business and the business structure requires dedicated focus on tax management – respecting international tax principles and local tax law, while managing the company's tax cost and tax risk. We always strive to comply with the tax legislation in the countries in which we operate, in accordance with OECD standards. We seek to mitigate tax risks by clarifying uncertainties, involving external advisors, and taking a justifiable position in accordance with international tax principles.

Sustainability

For BWSC, sustainability means pursuing environmental, social and governance objectives simultaneously and with equal energy.



It is our aim to offer good working conditions, operate ethically, conserve resources and protect the environment. BWSC's business is to be a skilled and independent services provider for a wide range of customers working with green and conventional energy. Our business model describing Who we work for, what we do, our approach to health and safety, and our strategies, etc. are described in more detail in the section "Our customers and us" on pages 8 to 17.

Electricity unlocks the power of society and its people. With electricity we can build communities, develop economic opportunities, and spark creativity. By helping partners improve efficiency and reduce emissions we can help societies tackle environmental problems of air pollution and harmful greenhouse gases.

The BWSC Code of Conduct, which can be found on bwsc.com, is, together with other policies, guidelines and 'tone from the top' the basis for our sustainability work. All employees must comply with the code and the principles that are incorporated into BWSC business processes. The BWSC Business Code of Conduct also takes into account the UK Modern Slavery Act on initiatives taken to mitigate offences related to slavery, servitude and forced compulsory labour. Our statement in this respect can be found on bwsc.com.

With the adoption of a new business strategy in 2021 we have set a goal to enhance our revenue from the renewable energy business. We will in 2022 also work towards developing a sustainability policy and revisit our SDG priorities and set new environmental goals.

Partnerships to develop green energy solutions

Rolling out our strategy

In early 2021 we entered a partnership with technology provider Stiesdal Storage Technologies (SST) to help develop their thermal energy storage (TES) technology and address a key green energy transition barrier.

Storing wind and solar power remains a significant challenge for the green energy movement, and SST and Andel, who are owners of the project, are confident that their GridScale TES solution will prove to be a viable solution to this challenge. The efficient, inexpensive solution involves storing thermal energy in crushed stones housed in insulated steel tanks.

As a key development partner, we look forward to helping engineer, scale and bring this innovative solution to market.

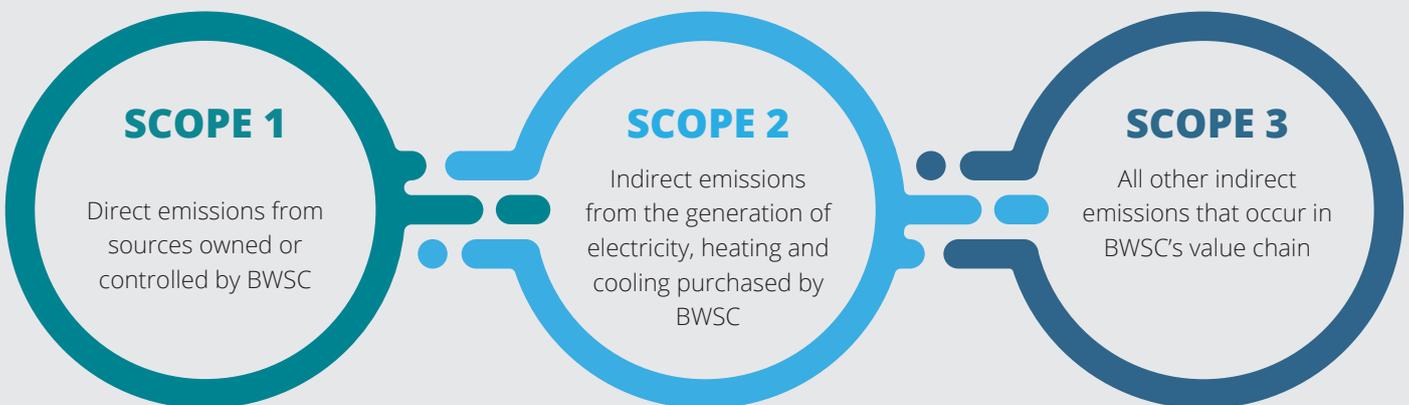
Basis of reporting

The consolidated data in this sustainability report was produced in accordance with the same principles as our financial statements and thus includes data from the parent company BWSC A/S and its subsidiaries.

However, the scoping and consolidation of safety incidents reported herein deviate from the above principles.

Lost time injury frequency (LTIF) data is collected using an operational scope. This means that, irrespective of our ownership status, we include 100% of injuries, incidents, hours worked, etc. from all operations where BWSC is responsible for safety measures, including the safety of our external suppliers.

In our CO₂ impact calculations, Greenhouse Gas Emissions (GHG) are classified into three 'scopes':



These calculations are based on the following principles:

SCOPE 1 and **SCOPE 2** values are calculated based on direct measurements.

SCOPE 3 values are calculated "as available" and provided by external sources within the value chain.

BWSC's cut-off date for Scope 1 emissions covering our construction activities is at first delivery of power to the grid. Responsibility for any CO₂ impact associated with electricity production after this first delivery is transferred to the local electricity provider.



We are committed to adhering to the principles of the UN Global Compact and encourage our suppliers and other business partners to support the principles. BWSC is committed to conduct its business in compliance with the laws in Denmark and in each of the markets where it operates, and to act with integrity as a responsible corporate citizen in all aspects of our work. Based on these principles within **environment and climate, human and labour rights, social and staff matters, business integrity (anti-corruption and bribery) and data ethics**, we seek to work with others who share our commitments. Therefore, we expect business associates to establish processes to ensure compliance with the principles set out in our Code of Conduct for Business Associates, which can be found on bwsc.com.

CO₂ impact associated with the use of biomass as a primary fuel is generally accepted as CO₂ neutral, as biomass that is not combusted would release the same amount of CO₂ via natural decomposition. Furthermore, since consumed biomass can be replaced by planting new trees or crops, biomass fuelled power generation is considered a renewable energy source.

The environment and climate

The Paris Agreement commits countries to keeping average global temperature increases to well below 2°C above pre-industrial levels and to pursue efforts to limit these to 1.5°C. The scale of current power sector emissions and the vital role of electrification in decarbonising end-use sectors mean that countries must tackle their power-related emissions to meet these goals.

While restructuring our business has been a priority for 2021, we have also re-committed ourselves to taking decisive steps towards a greener future.

We have established a new Green Energy Solutions business unit to provide advisory, technical and O&M services for new green energy players. We have also established a company-wide sustainability project team that will help ensure we meet stakeholder demands and that we and our suppliers document our initiatives. The team will also promote BWSC's contribution to global sustainability and, in 2022, work with third parties to establish a new framework for CO₂ reporting and improve our reporting of Scope 3 emissions.

Environmental compliance is a cornerstone of our business!

CO₂ footprint

We have collected data on our own carbon footprint for six years in a row. Since 2017, we have also collected data on Scope 3 emissions, including data from certain suppliers covering activities such as business-related air travel and some transport of BWSC goods. However, our Scope 3 CO₂ emissions data remain incomplete, as we work with local suppliers and service providers around the world, and some of these are small companies without CO₂ monitoring systems.

Looking at figures for the BWSC Group, our total footprint in 2021 was 10,254 tonnes of CO₂ or 8.2 t/DKKm in revenue, against 6,754 tonnes in 2020 or 3.7 t/DKKm in revenue (see note below table on page 30 for revised 2020 figures).

The large difference in Scope 1 & 2 figures reflects the completion of construction activities and test and commissioning activities at the new Hooton waste-to-energy (WtE) plant in the UK, which has a significantly higher kWh consumption than engine and biomass projects, which have previously been the reporting basis for BWSC. Going forward, our Scope 1 and 2 footprint is expected to decrease substantially, as we will complete and hand-over this final WtE turnkey project in 2022.

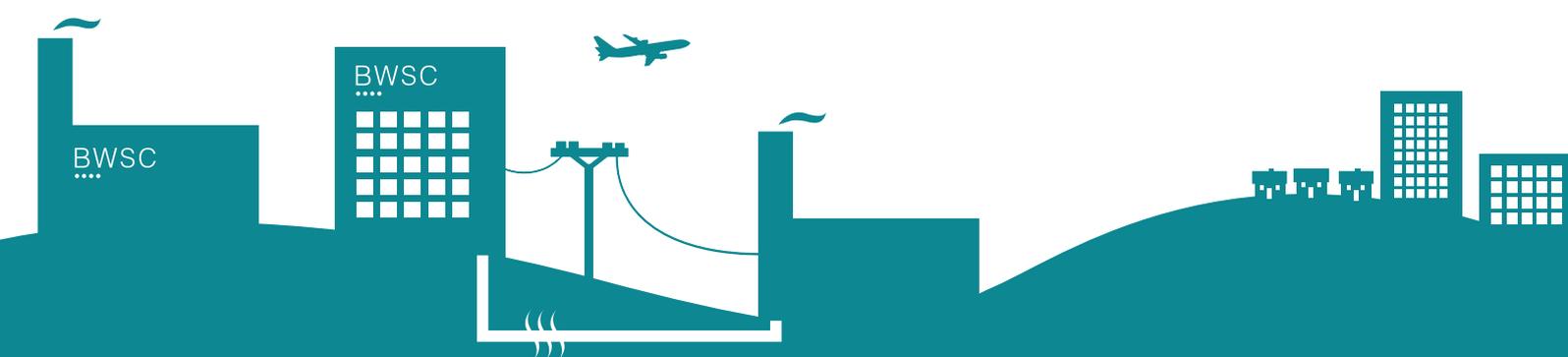
The difference in Scope 3 figures from 2020 to 2021 reflects a minor increase in travel activities due to the lifting of COVID-19 restrictions and increased sales and project follow-up activities.

Towards greener energy

We are great supporters of the green energy transition, yet most of the world's power plants are still brown. Starting with this reality and knowing that all power plants can lower emissions, we apply our knowhow and technologies to help our customers improve efficiency and move towards cleaner energy sources.

In 2021 we established a Green Energy Solutions unit that will partner with developers and technology providers in the fields of carbon capture, hydrogen, energy storage, hybrid solutions and power-to-X. The new department will provide plant- and grid-related technical consulting, engineering, installation, project management, operation and maintenance services.



Total CO₂ emissions from selected activities 2017–2021


	2021	2020	2019	2018	2017
Average number of employees	708	767	793	750	715
Revenue (DKKm)	1,245	1,814	1,609	2,158	2,882
CO₂ Scope 1 and 2^(a)	9,225	5,595	2,432	3,150	6,142
CO₂ scope 1 and 2 in relation to total revenue	7.44	3.08	1.51	1.46	2.13
CO₂ scope 1 and 2 in relation to employees	13	7.2	3.1	4.2	4
CO₂ Scope 3 Business Travels (Tonnes)^(b)	787	629	1,113	1,664	2,464
CO₂ Scope 3 External Transport (Tonnes)^(c)	242	530	1,002	828	1,120
CO₂ Scope 3 Total	1,029	1,159	2,115	2,492	3,584
CO₂ scope 3 in relation to total revenue	0.83	0.64	1.31	0.77	1.24
CO₂ scope 3 in relation to employees	1.46	1.5	2.7	2.2	5

(a) calculated based on direct measurement of actual, fuel, electricity and gas consumption on BWSC construction sites and head office. 2020 CO₂ scope 1&2 figures have been updated with figures that were not available at the end of year reporting 2020. The number is now significantly higher (5,595 t/CO₂ against 1,179 t/CO₂ reported in the 2020 annual report) due to additional 4416 t/CO₂ added from electricity consumption on the Hooton project.

(b) calculated based on CHG emissions from airplane and train travel as provided by our travel agents.

(c) calculated based on information as available from external logistic providers and other external providers of products and services which are not controlled by BWSC covering approx. 90% of generation service transport and 40% of EPC project transport.

RISK MANAGEMENT (ENVIRONMENT AND CLIMATE): Unlike traditional types of business risk, climate and environmental risks manifest themselves over a longer term, often affect a business on many dimensions and are largely outside an organization's control.

While discussions on greenhouse gas mitigation often focus on the energy sector, the sector is itself vulnerable to projected changes in climate, including the following:



The infographic consists of five rows, each featuring a circular icon on the left and a text block on the right, separated by a horizontal dotted line. The icons represent: 1) a thermometer, 2) a landscape with water and trees, 3) a cloud with rain, 4) a sun behind a cloud, and 5) a wave.

- Increases in air temperature** will reduce generation efficiency and output as well as increase customers' cooling demands, stressing the capacity of generation and grid networks.
- Changes in precipitation patterns and surface water discharges**, as well as an increasing frequency and/or intensity of droughts, may adversely impact hydropower generation and reduce the availability of cooling water for thermal and nuclear power plants.
- Extreme weather events**, such as stronger and/or more frequent storms, can reduce the supply and potentially the quality of fuel (coal, oil, gas), reduce the input of energy (e.g., water, wind, sun, biomass), damage generation and grid infrastructure, reduce output, and affect supply security.
- Rapid changes in cloud cover or wind speed** (which may occur even in the absence of climate change) can affect the stability of grids with a sizeable input of renewable energy, and longer-term changes in these and precipitation patterns can affect the viability of a range of renewable energy systems.
- Sea level rise** can affect energy infrastructure in general and limit areas appropriate for the location of power plants and grids.

While we had planned to work strategically with recommendations provided by the Taskforce for climate-related financial disclosures (TCFD) on how to address the potential negative impact that climate change may have on our business, the restructuring of BWSC has resulted in a different approach. The new BWSC, is less vulnerable to projected changes in climate and related government regulations.

Our new strategy, which positions us as an independent services provider for a wide range of customers working with green and conventional energy, enables us to address climate risks by helping our customers overcome climate challenges. Previously, when the nature of our business was heavily oriented towards winning major construction contracts, we were more vulnerable to investor and client choices regarding climate policies and regulations.

Human and labour rights

With a revised and updated Business Code of Conduct for employees and business associates, BWSC makes a clear commitment to respect and protect human rights as a fundamental and general requirement. This includes initiatives as reported in the UK Modern Slavery Act. BWSC commits to equal opportunity and non-discrimination as well as observance of a work environment free from harassment and bullying. We expect all business associates to commit to these values when choosing to work with BWSC.

BWSC complies with international declarations on human and labour rights. Wages reflect the employee qualifications and comply with local wage agreements. We do not accept any form of forced or compulsory labour or child labour under any circumstances. These principles are also a parameter in our suppliers' and subcontractors' selection process.

We respect the freedom of association and the right to collective bargaining. We are firmly committed to providing equal opportunities to all employees, regardless of gender, age, ethnic affiliation, religious beliefs, handicap, political and sexual orientation and family status, and we do not tolerate employee discrimination or harassment.

BWSC follows the policy developments regarding human rights due diligence (MHRDD) at the EU level, and we welcome common standards as a positive step towards realising the full potential of the United Nations Guiding Principles on Business and Human Rights (UNGPs). We support collective action and initiatives to promote a level playing field and ensure that all actors in the value chain act responsibly and are held accountable.

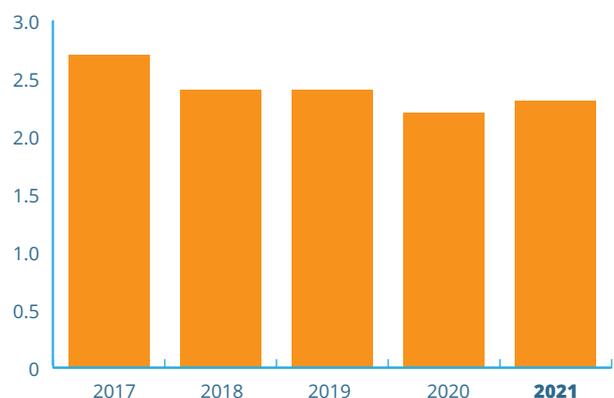
Health and safety are top priorities for BWSC. We strive to limit potential risk situations at work, and we continue to improve our policies and procedures for ensuring workplace safety and the health and wellbeing of our staff.

Health and safety

One injury is one too many. In 2021 we had 5 Lost Time Injuries (LTI) corresponding to a Lost-Time-Injury-Frequency of 2.3, which is a small increase compared to 2020 and above our target of 2.0 for 2021. We will place emphasis on risk assessment and safe job execution in all departments in 2022. This will involve employee education and continuous dialogue about safety issues. We will also conduct a comprehensive revision of our procedures and standard operating procedures to align them with our new business strategy.

COVID-19 continued to be a dominant factor in our operations in 2021. As in 2020, we responded by implementing our COVID-19 protocol and managed to get all our employees through the year safely.

LOST TIME INJURY FREQUENCY (LTIF)



Calculated per million hours worked

RISK MANAGEMENT (HEALTH AND SAFETY): Running large construction sites, operating power plants with heavy machinery, and performing service and repair works on pressurized systems and equipment increases the risk of work accidents. Accordingly, we manage health, safety and environmental risk associated with processes and activities throughout the design, construction, testing and commissioning phases of our projects. We do this via policies, detailed procedures, method statements, risk assessments and permit to work procedures – all aimed at protecting employees and business associates. With the restructuring of BWSC as a provider of services rather than a supplier of turnkey power plants, risks related to construction sites will decrease substantially going forward.

We have an integrated management system (IMS) that is certified against the following ISO standards:

- **ISO 9001:2015** Quality management standard
- **ISO 14001:2015** Environment management standard
- **ISO 45001:2018** Occupational Health and Safety standard
- **ISO 3834-2** Welding work standard

In 2021, BWSC also obtained certification of our quality management system in accordance with the Danish standard Bkg. 1363 for work on electrical installations.

In line with the requirements of this standard, we perform internal audits that involve testing the resilience of our Integrated Management System and ensuring that the corrective actions we implement are effective and sufficient. We also perform annual management reviews for top management. At our sites, we perform inspections and report all incidents, near misses and QHSE-related observations. For example, we have had DNV perform an external audit of our 3 ISO management systems, and Force Technologies have performed an external audit of our ISO 3834-2 certificate. All audit findings were minor and have been mitigated.

In 2022 we aim to get at least three of our sites in the UK certified against the three ISO management standards. The rest will follow in 2023, when all our UK sites will be certified.

As BWSC's strategic focus has changed dramatically, we will align our policies and procedures and to the new type of work that characterise our operations going forward. We were not able to carry out this alignment in 2021, as the changes to our business profile and organization had not yet been finalized.

Diversity and inclusion

Equal opportunity for all employees is important to BWSC, and accordingly, we do not differentiate on the basis of gender, nationality, age, sexuality, religion, culture, etc. when people are employed or promoted. We believe that diversification brings value to both us and our customers.

In 2021, two new employee-elected members were chosen and both were male. Today there are thus no women on our Board of Directors (2020: 1) and one out of our five SVPs is a woman (2020: 0). In general, 9% of managers in BWSC are women (2020: 11%) and 10% of all employees are women (2020: 11%). While the numbers are considered reasonable, when comparing to the gender composition in the engineering, installation, operation and maintenance industries in general, 2021 has unfortunately seen a decrease in female representation. 2021 has been a year of great change including divestment in business areas and transfer of employees. This has contributed to the decrease in share of women in the company. Women are generally underrepresented in our work-space due to the nature of the work that includes lines of work, which have traditionally been occupied primarily by men, such as power plant operations, welding, and other blue-collar work. In 2021 we have manned up on two projects, which has further contributed to the same pattern. We are committed to increase gender diversification and we are looking for ways to address some of the immediate barriers that challenges this commitment.

BWSC has set a target stating that one general-assembly-elected member of the Board of Directors must be a woman by 2024. Together with our Japanese owners, we value and prioritise long-term commitments from our Board. However, we will be searching for women with knowledge of our industry when the time comes to consider changes.

The future share of women in management should be above the current level and increased to 15% by 2024. Likewise, it is our goal to increase the share of women in management to 15% in 2024. Gender distribution is a key focus area for BWSC and a yearly review of the composition is made and recruiting practices take the results into account.

We have a strategy to increase diversification on other parameters as well, one of them being nationality. BWSC currently employs a total of 17 nationalities across our business. We will continuously work towards further inclusion and we are addressing ways to improve on this.

Social and staff matters

To maintain and develop the skills of our employees and to stay at the forefront of market and technological developments, BWSC places great emphasis on employee education. We also endeavour to ensure the well-being of our employees and their families and provide employees with opportunities to socialise in different contexts. We work to secure a balance between work and family, and we respect local traditions and needs.

Training activity, head office

2021 was a year of transition for BWSC, and this affected the training we were able to provide centrally. We offered courses on an individual basis throughout the year based on assessments of needed skills as well as the employee's own wishes for professional development. Training activities aimed at building the skills BWSC will need to execute its new strategy will be planned for 2022.

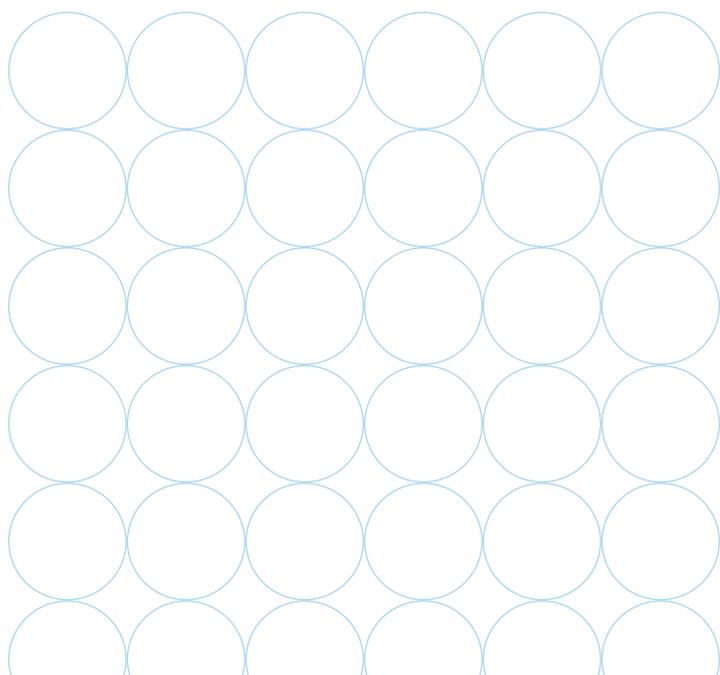
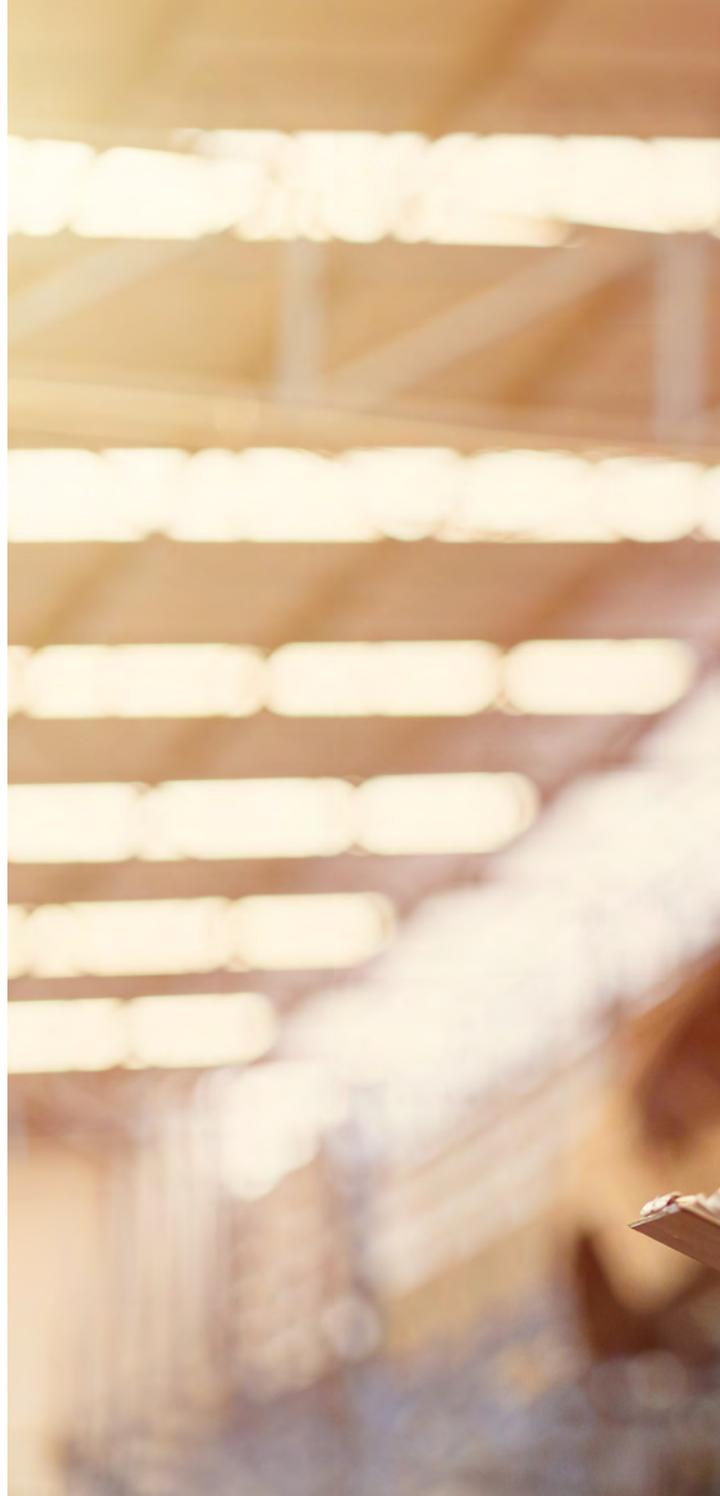
The BWSC Leadership Forum continued its work in 2021, with an emphasis on the challenges at hand – remote management during the pandemic and effective change management.

Training activity at the production facilities

BWSC currently operates and maintains 16 power plants. Most training at these sites is "on the job training," that supports the specific skills employees need to excel at their jobs. Mandatory safety training is carried out on an ongoing basis.

Interns and apprentices

As part of our strategy, we place considerable emphasis on employing interns and apprentices. During 2021, seven interns and four apprentices were employed. This number surpasses the minimum requirements set by the Danish authorities.

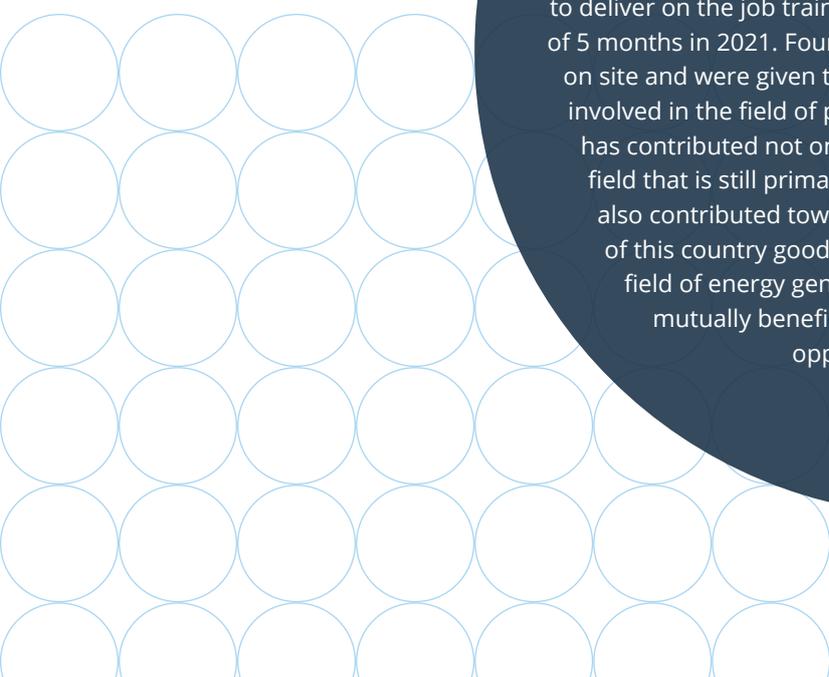




2021 Highlight

Competence building for women in the field of energy

BWSC, as part of its O&M contract at the Maria Gléta Power station, was approached by the Ministry of Energy of the Republic of Benin to deliver on the job training to young female engineers over a period of 5 months in 2021. Four female engineers were therefore welcomed on site and were given the opportunity to learn the different trades involved in the field of power generation. With this initiative, BWSC has contributed not only in promoting gender equality in a work field that is still primarily occupied by the male gender, but has also contributed towards inculcating to the young generation of this country good engineering skills and knowledge in the field of energy generation. BWSC considers this initiative mutually beneficial and has greatly appreciated the opportunity to participate.



RISK MANAGEMENT (SOCIAL AND STAFF MATTERS): As an effect of the restructuring that took place in 2021, a great deal of knowledge and skills has now been transferred from BWSC to companies that we work closely with, or is being replaced within our organisation. This requires new ways of working and planning, and developing these will be a key focus in 2022.

Throughout the first half of 2021, frequent all-staff and management team meetings were held to ensure continued communication and engagement amidst the restructuring and subsequent organisational changes.

A strategy for the new BWSC was defined in 2021. As part of the process of defining our new strategic direction, all DK-based BWSC staff took part in a full-day strategy meeting at an off-site location in August 2021. Subsequently many employees are involved in the further development and implementation of our new strategy. Monthly meetings for all staff has been initiated and involves deep dives into the strategy implementation efforts.

The COVID-19 situation continued to heavily impact how we work together, as well as our opportunities for socialising during 2021. Overall, BWSC's staff managed to continue business as usual despite the challenges of working remotely, workplace restrictions, supply chain disruptions and limited travel options.

Social activities were limited in 2021 due to COVID-19 restrictions, but a summer party was held in September. A return to pre-pandemic levels of social activity will be a focus in 2022, if and when the situation allows.



Rolling out our strategy

O&M business on non-BWSC-built power plants

In late December 2020, BWSC Japan took responsibility for operating and maintaining the 50 MW Ichihara Biomass Power Plant in Chiba, Japan. The plant has been built by Mitsui E&S and the O&M contact is a good example of our strategic initiative of obtaining orders on non-BWSC-built plants, coming to life. The plant is designed to be fueled by wood pellets and palm kernel shells.

Business integrity (bribery and anti-corruption)

At BWSC, trustworthiness, credibility and integrity form the core of our culture and the way we want to do business.

These values guide how we interact with each other and conduct business with all our associates. The BWSC Business Code of Conduct lays out our corporate commitments and individual responsibilities relating to good governance, ethical behaviour, and social responsibility.

BWSC has had a Code of Conduct since 1999, with an expressed zero tolerance for bribery and corruption. Since then, we have updated the Code many times, and in 2021 the Board of Directors approved the latest version, which now includes provisions and commitments relating to environmental and human rights protection, in addition to our continued insistence on ethical business and zero tolerance for bribery and corruption.

We have worked continuously to strengthen our compliance programme and make sure it lives up to international best practices for a business with our risk profile.

In 2021, we took part in a third-party review of our compliance programme measuring ourselves against best practise and latest guidelines for integrity compliance programmes. The final results of the review will be delivered in 2022.

The following initiatives were given priority in 2021:

- Full compliance risk assessment and subsequent revision of action plans and annual wheel to reflect the findings
- Actions to further strengthen a speak-up culture – we established a protocol for investigations, conducted a global ethics survey among our employees, and opened our whistle-blower line to external stakeholders
- Reinforcement of internal controls and due diligence procedures
- Revision of the Business Code of Conduct and our underlying policy on gifts and hospitality



”

We have worked continuously to strengthen our compliance programme and make sure it lives up to international best practices for a business with our risk profile.

RISK MANAGEMENT (BUSINESS INTEGRITY): We continue to develop our awareness raising and training approach, and although the COVID-19 pandemic has challenged our plans for in-person training, an impressive 98.8% of relevant employees have received training on integrity and anti-corruption,

either as on-demand eLearning or through targeted classroom sessions. As of 2021, our eLearning programme includes a “declaration of compliance” with the BWSC Business Code of Conduct, which ensures that all relevant employees remain committed to BWSC’s compliance procedures.

Governance objectives	Performance indicator 2021	Status	Performance indicator 2022
Maintain best-practise compliance programme	Complete third-party review of the compliance programme against AfDB’s standard for integrity compliance programmes.	Completed	External audit of the effectiveness of the BWSC compliance programme.
To promote awareness of BWSC values	100% attendance at BWSC intro seminar for new employees.	Achieved	100% attendance at Code of Conduct session during BWSC intro for new employees in Denmark.
	100% staff completion of online anti-corruption training course.	98.8% completion achieved	99% completion of online Anti-Corruption training course in 2022 by all relevant staff (Denmark and sites).
To follow up on any misconduct within the organisation	Adequate follow-up to reports of misconduct (via whistle-blower line or management), according to policies and guidelines.	Achieved	Adequate follow-up to reports of misconduct (via whistle-blower line or management), according to policies and guidelines (including reports from external stakeholders).
	Further strengthen a speak-up culture by regular communication about how and where to raise concerns.	Achieved	Conduct business ethics survey to monitor improvement in our speak-up culture.
To ensure business associates’ compliance with BWSC Code of Conduct	All contracted business associates are monitored for appearance on global watch lists (sanctions), adverse media appearances and inclusion in enforcement databases.	Achieved	All contracted business associates are monitored for appearance on global watch lists (sanctions), adverse media appearances and inclusion in enforcement databases.
	Relevant new business associates sign the BWSC Code of Conduct for Business Associates.	Ongoing	Relevant new business associates sign the BWSC Code of Conduct for Business Associates.

Data ethics

BWSC currently does not have a specific policy on data ethics but has planned to develop one in 2022, based on existing policies and procedures relating to business ethics, data protection and IT security. The objective will be to clarify how we work with data ethics and data use and define a framework for how we consider data ethics as we continue to digitize our company. The policy must support the BWSC's business model, values and vision, and it must apply to our customer data, employee data and data on partners and suppliers.

Data includes both structured and unstructured data, as well as data that the company itself generates through the use and development of technology.

As an integral part of developing the policy, BWSC will also define a plan for awareness-raising activities to ensure knowledge and ownership of the policy.



Community engagement and social impact

BWSC is committed to engaging actively in the communities where we do business.

Investing in people

Community engagement in Mali

BWSC Mali is supporting the local community by way of paying the salaries of two nurses working at a clinic in the village of Medine close to the power plant in the municipality of Hawa-Dembaya. BWSC Mali has, in agreement with the Mayor of Medine, paid the salaries since January 2021. Our O&M customer Albatros Energy Mali SA, in which BWSC A/S is a co-investor, initiated the activity back in 2017 as part of a community engagement Master Plan, which included the rehabilitation and upgrade of the dispensary/clinic (financially supported by IFU/Danish government). Albatros Energy Mali also coordinated the delivery of an ambulance which serves the local community. The ambulance was to a large extent financed by co-investors, including BWSC, and is now maintained by BWSC Mali.



Corporate governance

BWSC has a governance structure laying down how our business is led and controlled. Our code of conduct, policies and procedures are key elements together with our two-tier management structure with a Board of Directors and an Executive Management.

Ownership

BWSC is 100% owned by Mitsui E&S Holdings Co., Ltd., Tokyo, Japan (Mitsui E&S) through the company Mesco Denmark A/S. Mitsui E&S is listed on the Tokyo Stock Exchange. The financial statements of BWSC are consolidated into the financial statements of Mitsui E&S. Further information is available on www.mes.co.jp.

Board of Directors

BWSC's Board of Director members are elected every year at the Annual General Meeting. The Board of Directors consists of five members and comprises one representative from the ultimate parent company Mitsui E&S, two external members and two employee-elected members serving a four-year term. The current term for the employee-elected members runs until 2024. The chairman of the Board of Directors is Torkil Bentzen, an external member, and the deputy chairman Taketsune Matsumura, is a representative from the ultimate parent company. The nationalities of the members are one Japanese and four Danes.

The members contribute with valuable knowledge and experience in areas such as EPC, operation and maintenance, service as well as general management and finance.

Material directorships in other companies, held by the Board of Directors can be found on page 46 of this report.

The Board of Directors meets at least four times a year. BWSC's Executive Management is represented at the board meetings. Other members of the Management Group attend board meetings based on topics being discussed. Besides the four annual meetings, the Board of Directors and the

Management Group also have an annual strategy seminar to review the plans for the years to come. In 2021, four ordinary and three extraordinary board meetings were held. Executive Management keeps the Board of Directors informed of the company's key development and performance, through monthly and quarterly reports.

Audit, Risk & Compliance committee

The Audit, Risk & Compliance committee oversees the audit and financial reporting, the risk management and internal controls and the compliance activities of the Company. The appointed members of the committee are Michael Hedegaard Lyng as chairman and Torkil Bentzen as ordinary member. The committee holds at least three yearly meetings. During 2021 the committee has held six meetings.

Management

The Executive Management of BWSC consists of Nikolaj Holmer Nissen, CEO and Benny Lyng Sørensen, CFO. The Management Group consists of the Executive Management as well as a Senior Vice President (SVP) for each business area and for the corporate function People & Compliance. The Senior Vice Presidents are: Flemming Juel Jensen, Service; Jan Kristoffersen, Project Execution; Karsten Valsted Larsen, Operation & Maintenance, and Natascha Linn Felix who was announced as SVP, People & Compliance on 15 June 2021.

On 1 January 2021 Toshihiko Uchida, Mitsui E&S Liaison officer, was announced a member of the management group.

The wider management of BWSC consists of directors, department- and site managers.

2021 Highlight

Critical infrastructure
for Suriname

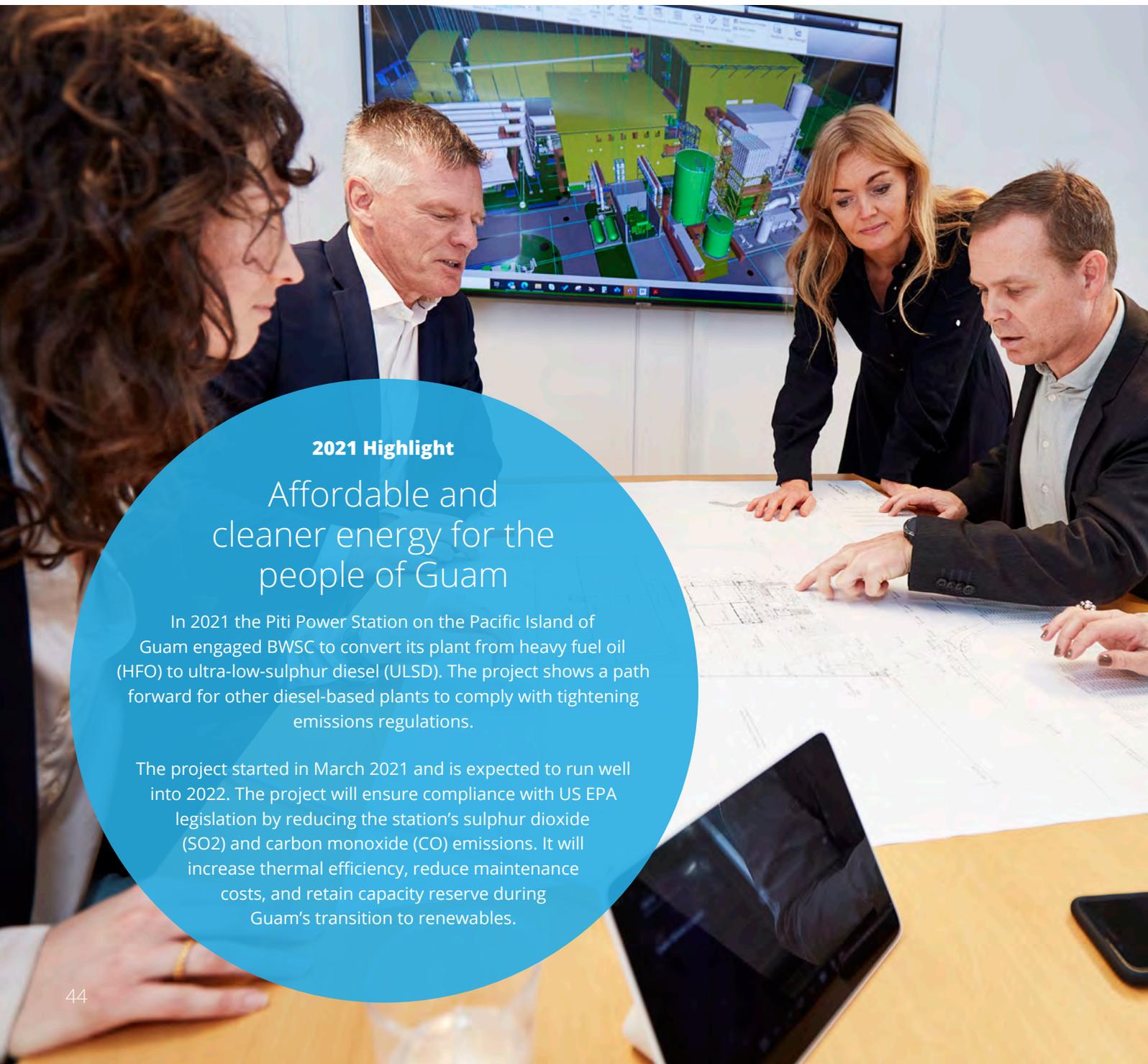
In April 2021 we successfully handed over the DPP2 Bemland 42 MW project to increase power supply for the Surinamese people.

The COVID-19 pandemic, which broke out shortly after the contract was signed in January 2020, complicated matters, but we succeeded in handing over the project with only 20 days of delay, due to force majeure only.

Remuneration

The members of the Board of Directors receive a fixed annual fee. The Chairman receives double the base amount of the ordinary board members. If a Board of Directors committee is set up, the members may receive a fee for the assignment. The members of the Audit, Risk & Compliance committee receive an additional fixed annual fee for their role in the committee; and the fee to the chairman of the committee is double the fee to the ordinary member.

The BWSC Executive Management and Management Group members receive a fixed salary and a cash bonus. The bonus scheme is based on individual goals and the company's overall result. Any changes to the remuneration for the Executive Management and Management Group must be approved by the Chairman of the Board of Directors. Total remuneration for the Board of Directors and the Executive Management is presented in note 2.2 to the financial statements.

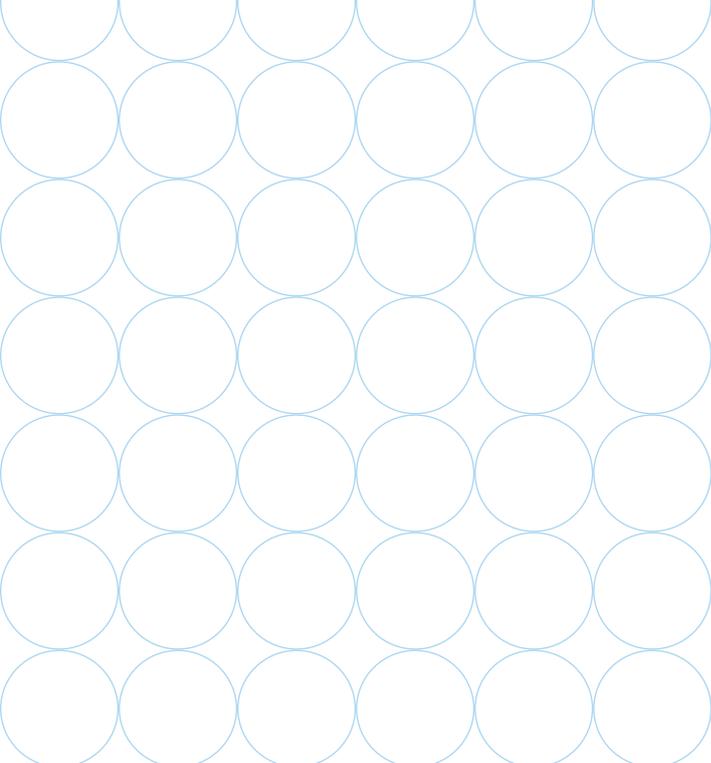


2021 Highlight

Affordable and cleaner energy for the people of Guam

In 2021 the Piti Power Station on the Pacific Island of Guam engaged BWSC to convert its plant from heavy fuel oil (HFO) to ultra-low-sulphur diesel (ULSD). The project shows a path forward for other diesel-based plants to comply with tightening emissions regulations.

The project started in March 2021 and is expected to run well into 2022. The project will ensure compliance with US EPA legislation by reducing the station's sulphur dioxide (SO₂) and carbon monoxide (CO) emissions. It will increase thermal efficiency, reduce maintenance costs, and retain capacity reserve during Guam's transition to renewables.



Compliance and behaviour

Understanding external expectations, working diligently to meet external requirements and living by the BWSC Business Code of Conduct is fundamental at BWSC. How BWSC operates within these principles is described in more detail in the Sustainability section page 38-39.

Audit

KPMG was re-elected as BWSC's auditors for 2021 and will be proposed as auditors for 2022 at the Annual General Meeting. The auditors have been elected based on the recommendation from the ultimate parent company. The auditors participate in the Audit, Risk & Compliance committee's meeting regarding the annual report and in other meetings of the committee when relevant. At least twice a year, the auditors prepare an auditors' long-form report for the Board of Directors which gives an overview of for instance the Group audit plan, observations and recommendations.

Group structure

A subsidiary or a branch is established to enable BWSC to perform the activities in the country where power plants are operated, maintained or service is carried out. In note 6.7 to the financial statements, BWSC subsidiaries and equity interests are listed.

Financial year

2021 is the Company's 42nd financial year.



Board of Directors

Torkil Bentzen

CHAIRMAN

Directorships: MES Germany Beteiligungs GmbH, Chairman · Mesco Denmark A/S · Senior Advisor to the Board of Directors of Mitsui E&S Holdings



Taketsune Matsumura (Ph.D)

DEPUTY CHAIRMAN

Directorships: MESHD and MES Germany Beteiligungs GmbH



Michael Hedegaard Lyng

Directorships: Investeringselskabet Luxor A/S · Elektro-Isola A/S · Kadeau ApS, Chairman

Advisory Board: Monstarlab



Søren Hubert Petersen*

Directorships: No other board memberships



Lars Ellegaard*

Directorships: No other board memberships



* Employee-elected

Management Group

Nikolaj Holmer Nissen*
CHIEF EXECUTIVE OFFICER

Nikolaj Holmer Nissen was appointed CEO in November 2018 and joined BWSC in 2015. He has experience from industrial companies and consulting and holds a MSc in Engineering, Planning and Management/Industrial Production and a BSc in Marketing Management. He is a board member of DI Energy.



Benny Lynge Sørensen*
CHIEF FINANCIAL OFFICER

Benny Lynge Sørensen joined BWSC as CFO in October 2018. He has experience from corporate consulting and auditing and has been a partner and state authorised public accountant in two Big Four audit firms. He also holds a MSc in Business Economics and Auditing.



Karsten Valsted Larsen
SENIOR VICE PRESIDENT,
OPERATION & MAINTENANCE

Karsten Valsted Larsen joined BWSC in 2001. In 2019 he was appointed his current position. He is a marine engineer by trade. During his employment at BWSC he has worked abroad for 6 years and as general manager for O&M for 12 years.



Flemming Juel Jensen
SENIOR VICE PRESIDENT, SERVICE

Flemming Juel Jensen joined BWSC in 2019 for his current position. He holds a BSc in Mechanical Engineering and has more than 20 years of experience in international sales and marketing.



Jan Kristoffersen
SENIOR VICE PRESIDENT,
PROJECT EXECUTION

Jan Kristoffersen was appointed Director of Contracting in 2018 after re-joining BWSC in 2017. In 2019 he was appointed his current position. He holds a MSc in Mechanical Engineering with diploma in Marine Engineering.



Natascha Linn Felix
SENIOR VICE PRESIDENT,
PEOPLE & COMPLIANCE

Natascha Linn Felix was appointed SVP for People & Compliance in 2021, after joining BWSC as Director for Compliance in 2019. Natascha holds a Master in International Development and Project Management and has extensive experience in working with compliance.



Toshihiko Uchida
MES LIAISON OFFICER

Toshihiko Uchida joined the parent company, Mistui E&S (MES) in 1995 and has been seconded to BWSC since 2012. He holds a BA in Economics and has more than 20 year experience in power plant business. In 2021, he was appointed in his current position.



* Executive Management

Management statement

Today, the Executive Management and Board of Directors have discussed and adopted the Annual Report for 2021 of Burmeister & Wain Scandinavian Contractor A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2021, as well as of the results of the Group's and the Company's operations and the Group's consolidated cash flows for the financial year ended 31 December 2021.

In addition, it is our opinion that the Management review gives a true and fair view of the development in the Group's and the Company's operations and economic conditions, the year's result and of the Group's and the Company's financial position.

It is recommended that the Annual Report be approved at the Annual General Meeting.

Allerød, 22 February 2022

Executive Management

Nikolaj Holmer Nissen
CHIEF EXECUTIVE OFFICER

Benny Lyng Sørensen
CHIEF FINANCIAL OFFICE

Board of Directors

Torkil Bentzen
(CHAIRMAN)

Taketsune Matsumura
(DEPUTY CHAIRMAN)

Michael Hedegaard Lyng

Søren Hubert Petersen*

Lars Ellegaard*

The Annual Report 2021 is adopted at the Annual General Meeting on 22 February 2022.

*Employee-elected

Rolling out our strategy

Sale of ACT business

As part of our new strategy and related restructuring, we have succeeded in selling part of our construction activities involving ACT (advanced conversion technology) in our waste-to-energy business area. The deal will ultimately involve a transfer of approximately 100 employees, with 30 transferring initially.

“BWSC has an impressive track record with the installation of more than 4000MW in 74 countries. Building on that vast experience, knowledge and resources acquired via this transaction, we are well positioned to continue to grow the ACT business in the UK and beyond. We are excited at this opportunity and look forward to working with BWSC to ensure a smooth transition and a fruitful future collaboration.”

— Ian Brooking, Chairman, SEC



Independent auditors' report

To the shareholders of Burmeister & Wain Scandinavian Contractor A/S.

Opinion

We have audited the consolidated financial statements and the Parent Company financial statements of Burmeister & Wain Scandinavian Contractor A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the Parent Company financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the Parent Company financial statements

Management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the Parent Company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the Parent Company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the consolidated financial statements and the parent company financial statement

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the Parent Company 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and Parent Company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error, 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 Group's and the Parent Company'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 in preparing the consolidated financial statements and the Parent Company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company'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 consolidated financial statements and the Parent Company 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 Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the Parent Company financial statements, including the disclosures, and whether the consolidated financial statements and the Parent Company financial statements represent the underlying transactions and events in a manner that gives 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 those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the Parent Company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the Parent Company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the Parent Company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the Parent Company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 February 2022

KPMG

Statsautoriseret Revisionspartnerselskab, CVR No. 25578198

Niels Vendelbo

STATE AUTHORISED PUBLIC ACCOUNTANT

MNE-NO. 34532

Martin Pieper

STATE AUTHORISED PUBLIC ACCOUNTANT

MNE-NO. 44063



Rolling out our strategy

Sale of boiler supply business

In August, as part of our new strategy and subsequent restructuring, we reached an agreement with the Uruguay-based company BERKES on the sale of our boiler supply business. Under the agreement, BERKES will acquire our BWE technology and hire BWSC staff involved in the design of new-build boilers.

The servicing of BWE and other boilers and the skills of our technical services team will remain a core BWSC offering, along with our operation and maintenance services.

“We believe that BERKES will be the right owner for our boiler supply business, as they see the strategic advantages in the technology and have ambitions in this field. We therefore trust and foresee that our colleagues in the boiler supply unit will find themselves in good hands when they are transferred to BERKES in 2022.”

— Nikolaj Holmer Nissen, CEO, BWSC

Income statement

DKKt		Parent Company		The Group	
NOTES		2021	2020	2021	2020
2.1	Revenue	1,057,807	1,573,455	1,244,978	1,814,434
2.2	Production costs	-786,116	-1,489,259	-939,970	-1,683,630
	Gross profit	271,691	84,196	305,008	130,804
2.2	Sales costs	-15,714	-58,308	-15,937	-58,516
2.2 - 2.3	Administrative costs	-168,688	-230,594	-176,007	-245,959
	Other operating income	8,876	0	8,876	0
	Other operating loss	-3,268	0	-3,268	0
	Operating result	92,897	-204,706	118,672	-173,671
3.3	Income from equity investments in group entities	21,111	24,495	0	0
3.3	Income from equity investments in associates	18,969	-66,734	18,969	-66,734
	Loss on sale of investments	-11,330	0	-11,330	0
	Financial income	17,573	1,344	18,544	5,882
	Financial costs	-15,222	-17,784	-16,119	-19,363
	Result before tax	123,998	-263,385	128,736	-253,886
2.4	Tax on result for the year	-30,739	33,016	-36,372	25,212
	Net result for the year	93,259	-230,369	92,364	-228,674
	Attributable to:				
	Minority interests			-895	1,695
	Shareholders in BWSC A/S			93,259	-230,369

Distribution of net result for the year is specified in note 5.3.

Balance sheet, assets

DKKt NOTES	Parent Company		The Group	
	2021	2020	2021	2020
Software and goodwill	6,354	10,581	6,375	10,627
Contract rights	0	0	0	3,263
3.1 Intangible assets	6,354	10,581	6,375	13,890
Land and buildings	35,006	36,500	35,006	36,500
Fixtures and fittings, tools and equipment	558	1,607	7,316	8,511
3.2 Tangible assets	35,564	38,107	42,322	45,011
Investments in subsidiaries in group entities	105,477	79,124	0	0
Investments in equity investments in group entities	112,133	150,054	112,133	150,054
3.3 Financial assets	217,610	229,178	112,133	150,054
Total non-current assets	259,528	277,866	160,830	208,955
Raw materials and consumables	0	0	1,623	3,751
Inventories	0	0	1,623	3,751
Trade receivables	86,817	51,918	109,710	110,182
4.1 Work in progress	571,883	584,494	560,072	590,497
Amounts owed by related companies	92,812	53,437	1,556	51,072
Receivable corporate taxes	5,521	5,129	7,137	7,015
2.4 Deferred tax assets	39,009	61,810	44,281	66,463
4.2 Other receivables	40,903	62,694	52,220	71,859
Prepayments	5,133	5,312	5,402	5,312
Receivables	842,078	824,794	780,378	902,400
Cash	222,511	347,795	356,312	402,527
Total current assets	1,064,589	1,172,589	1,138,313	1,308,678
TOTAL ASSETS	1,324,117	1,450,455	1,299,143	1,517,633

Balance sheet, equity and liabilities

DKKt NOTES	Parent Company		The Group	
	2021	2020	2021	2020
Share capital	170,000	170,000	170,000	170,000
Revaluation reserve acc. to the equity method	86,598	118,711	6,553	79,340
Reserve for financial instruments	-17,978	-6,278	-17,978	-6,278
Retained earnings	462,848	332,148	542,893	371,519
Equity owned by the shareholders of BWSC A/S	701,468	614,581	701,468	614,581
Minority interests	0	0	7,579	7,860
Total equity	701,468	614,581	709,047	622,441
2.4 Deferred tax	0	0	358	442
6.1 Warranty provisions	54,822	68,404	54,822	68,404
6.1 Other provisions	72,199	150,173	85,605	165,498
Total provisions	127,021	218,577	140,785	234,344
5.4 Mortgage debt	3,125	6,245	3,125	6,245
5.4 Loan from Parent Company	0	100,000	0	100,000
Other long-term liabilities	28,149	29,288	28,149	29,288
5.2 Total long-term liabilities	31,274	135,533	31,274	135,533
5.4 Mortgage debt, short-term	3,117	3,119	3,117	3,119
5.4 Loan from Parent Company	100,000	0	100,000	0
4.1 Prepayments received from customers	100,636	181,346	101,325	185,736
Trade payables	54,425	89,947	73,425	167,701
Payables to related companies	94,704	76,369	9,004	7,487
Corporate tax	4,545	3,792	7,284	5,737
4.3 Other payables	106,927	127,191	123,882	155,535
Total current liabilities	464,354	481,764	418,037	525,315
Total long-term and current liabilities	495,628	617,297	449,311	660,848
TOTAL EQUITY AND LIABILITIES	1,324,117	1,450,455	1,299,143	1,517,633

Cash flow statement

DKKt NOTES	The Group	
	2021	2020
Operating result	118,672	-173,671
6.5 Adjustments	-181,431	44,572
4.4 Changes in working capital	-111,573	-47,506
Cash flows from operating activities before financial income and costs	-174,332	-176,606
Financial income received	1,003	5,882
Financial cost paid	-4,212	-24,357
Cash flows from ordinary activities	-177,541	-195,081
Taxes received (paid)	-11,520	35,860
Cash flows from operating activities	-189,061	-159,221
Additions of tangible assets	-3,259	-1,358
Additions of intangible assets	-2,527	-29,462
Dividends received from equity interests in associates	10,193	1,323
Investments in equity interests and other securities	0	-884
Disposals of business activities	18,982	0
Disposals of equity investments in associates	123,719	0
Cash flows from investing activities	147,108	-30,381
Loan from Parent company	0	100,000
Repayment of other long-term liabilities	-1,139	0
Repayment of mortgage debt	-3,123	-3,114
Cash flows from financing activities	-4,262	96,886
Cash at 1 January	402,527	495,243
Changes in cash	-46,215	-92,716
Cash at 31 December	356,312	402,527

The cash flow statement cannot be derived directly from the Income statement and balance sheet.

Statement of changes in equity

Parent Company

	Share capital	Reserve for net revaluation according to the equity method	Reserve for financial instruments	Retained earnings	Total
Balance at 1 January 2021	170,000	118,711	-6,278	332,148	614,581
Result for the year		-37,441		130,700	93,259
Changes in financial instruments			-15,052		-15,052
Tax on changes in equity			3,352		3,352
Exchange rate differences related to subsidiaries and equity interests		5,328			5,328
Equity at 31 December 2021	170,000	86,598	-17,978	462,848	701,468

Distribution of profit for the parent company is specified in note 5.3.

Besides an increase of nominal DKKm 10 in 2019 and nominal DKKm 10 in 2020 there have been no changes in the share capital during the last 5 years. The share capital is divided into 170 shares of DKKm 1 each.

The Group

	Share capital	Reserve for net revaluation according to the equity method	Reserve for financial instruments	Retained earnings	Total
Balance at 1 January 2021	170,000	79,340	-6,278	371,519	614,581
Result for the year		-73,059		166,318	93,259
Changes in financial instruments			-15,052		-15,052
Tax on changes in equity			3,352		3,352
Exchange rate differences related to subsidiaries and equity interests		272		5,056	5,328
Equity owned by shareholders of BWSC at 31 December 2021	170,000	6,553	-17,978	542,893	701,468
Minority interests	0	0	0	7,579	7,579
Equity at 31 December 2021	170,000	6,553	-17,978	550,472	709,047

Notes overview

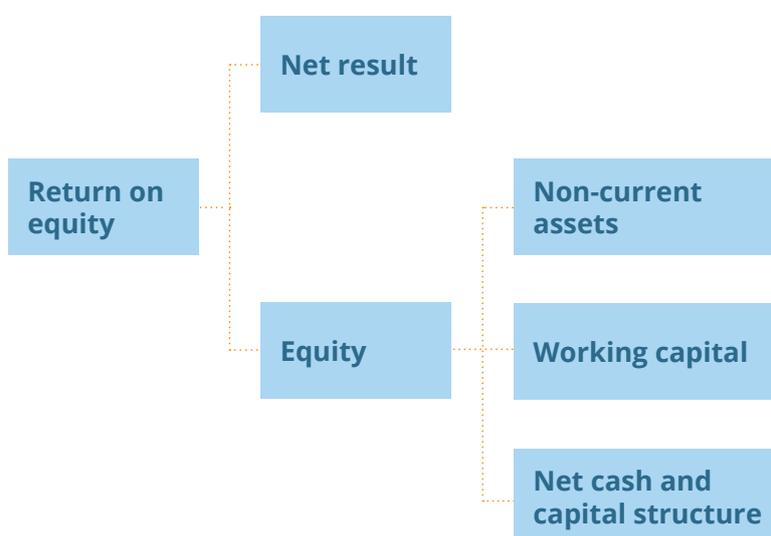
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Reading instructions

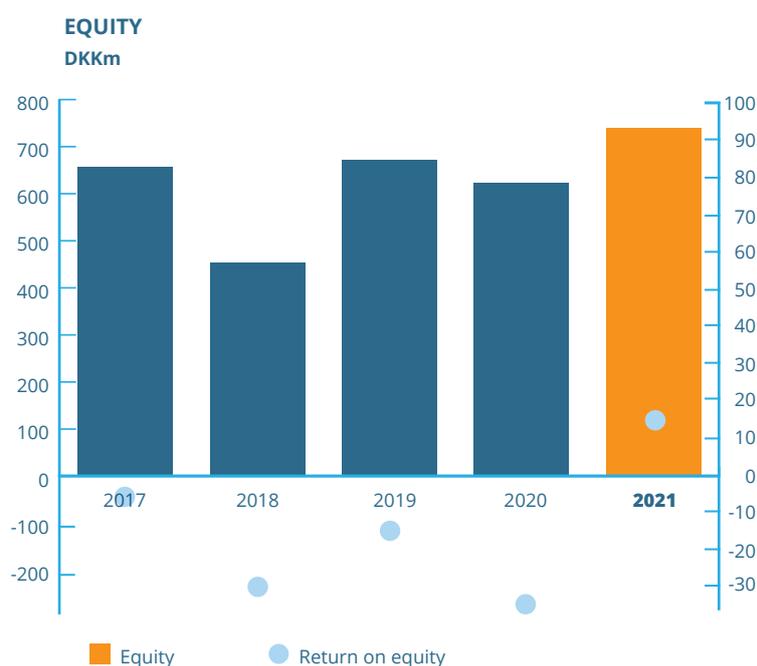
The financial statements have been presented in accordance with the Danish Financial Statements Act and also in manner that attempts to make them less complex and more relevant to readers.

The notes have been divided into 7 sections: Basis of reporting, Net result, Non-current assets, Working capital, Net cash and capital structure, Other notes and Accounting policies. The purpose is to provide a clearer understanding of what drives performance.

Notes section 2 – 5 have been divided into the key components which adds up to return on equity.



Return on equity for 2017-2021



Note section 1

Basis of reporting

This section describes the applied reporting framework and significant judgements and estimates made by BWSC in preparing the Annual Report.

NOTE 1.1: BASIS OF REPORTING

The Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act for large reporting Class C companies.

The accounting policies are unchanged from last year.

In preparing the financial statements, BWSC has made a number of estimates and judgements that form the basis for recognition and measurement of assets, liabilities and items in the income statement. The most significant accounting estimates and judgements are stated below.

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions relating to future events and is therefore by nature subject to uncertainty.

In the financial statements, attention is particularly drawn to the following assumptions and uncertainties as these substantially influence the assets and liabilities recognised in the statements and may be adjusted in subsequent accounting years if the assumed course of events is not realised as anticipated:

- Contracts are measured at contract work performed, less prepayments received from the customers and anticipated losses. The percentage of completion is determined from an assessment as stated in note 7.1 Accounting policies. The contract value is measured based on the total expected income of the individual contracts – claim income is further mentioned below. The total expected expenses are partly based on estimates and contingency are included for unforeseen cost deviations to plan cost due to project risks, disputes etc.
- BWSC has a material claim related to engine-based projects in the Middle East. Currently, the claim has not been settled, and a material part of claim income cannot be recognised as income. The settlement is uncertain. It is assessed that a settlement of the matter will provide BWSC at least the amount recognised as income.
- Provisions are based on BWSC's best estimate of the amount at which the obligation is expected to be discharged. Provisions consist mainly of warranty provisions and other provisions. Other provisions are specified in note 6.1.
- Equity investments in associates are recognised at BWSC's proportionate share of the net assets of the companies (the equity method) as stated in note 7.1 Accounting policies. An impairment test is performed when an indicator of impairment exists. The impairment test is based on cash flow estimates of future income and cost. Uncertainty about the future development in the power sales price and fuel cost are the key uncertainties in the impairment test. As shown in note 3.3 no impairment loss has been recognised in 2021 (2020: DKKm 0).
- Restructuring costs have been accrued or provided for based on an assessment of the value of assets to be used in the future business of BWSC as well as staff and other costs related to the restructuring.
- BWSC has closed and divested part of its EPC business, namely the turn-key EPC business. This activity is not considered a discontinued operation as it is neither a separate business unit or a segment nor is it considered material.

Accounting judgements

In applying the accounting policies, BWSC makes judgements concerning recognition principles to use. Especially related to when income and expenditure relating to third-party contracts must be treated in accordance with the percentage of completion method (construction contracts) compared to sale of goods. BWSC has for each group of transactions assessed, whether projects contain a sufficiently high degree of individual adjustment to qualify for recognition as a construction contract under the percentage of completion method. If this is not the case, the projects are recognised as revenue on sale of finished projects.

Defining materiality

BWSC's Annual Report is based on the concept of materiality to ensure that the content is material and relevant to the reader. This objective is pursued, amongst other things, by providing relevant rather than generic descriptions. The consolidated financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by the Danish Financial Statements Act. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes.

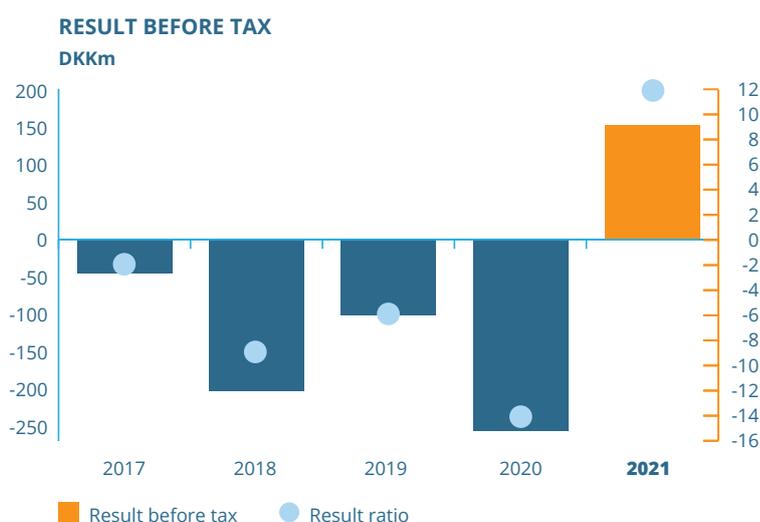
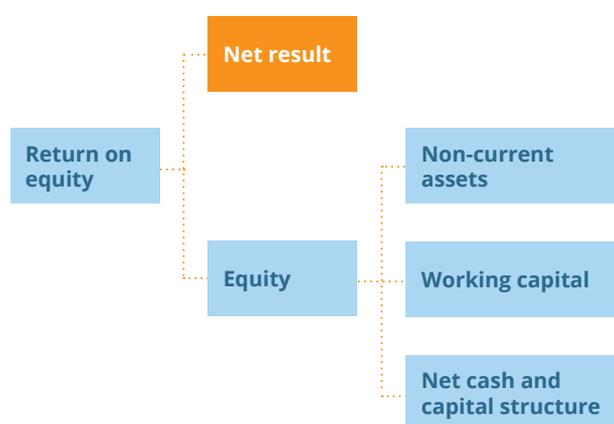
Going concern

BWSC is required to decide whether the financial statements can be presented on a "going concern" basis. Based on budgets, forecast and expectations of future cash flow etc., BWSC is of the opinion that there are no factors giving reason to doubt whether BWSC can continue operating for at least 12 months from the balance sheet date.

Note section 2

Net result

Revenue of DKKm 1,245 (2020: DKKm 1,814) in a year with an operating result of DKKm 112 (2020: DKKm -174) and a net result of DKKm 92 (2020: DKKm -229).



The activity level measured in revenue has decreased by 31% compared to 2020. Revenue for 2021 amounts to DKKm 1,245 (2020: DKKm 1,814). Revenue for the segment Europe, which mainly consists of biomass and waste projects in the UK accounts for 55% of the total revenue for 2021 (2020: 57%).

In 2021 the operating result and the net result are impacted positively by the sale of business areas and investments. Excluding these one-time gains, the profit before tax amounts to DKKm 54, and include one-time gains DKKm 129.

The average number of employees has decreased from 767 in 2020 to 708 in 2021. Due mainly to restructuring the average number of employees in the Parent Company has decreased from 366 to 278 which amounts to a decrease of 93 employees. This is offset by an increase of 29 employees in the Subsidiaries. The number of employees in subsidiaries has increased by 29, primarily due to mobilisation of new O&M sites. Staff costs has decreased by DKKm 59 to DKKm 379, a decrease of 13.5%.

Restructuring costs are included in the following items DKKt

NOTES	The Group	
	2021	2020
3.1 Impairment intangible fixed assets	0	26,556
3.2 Impairment tangible fixed assets	0	29,203
2.2 Staff costs	0	33,850
Administrative costs	0	5,550
Total restructuring costs	0	95,159

NOTE 2.1: REVENUE
DKKt

	Parent Company		The Group	
	2021	2020	2021	2020
Final invoicing	661,981	1,401,397	866,965	1,639,357
Changes in contract work in progress	395,826	172,057	378,013	175,078
	1,057,807	1,573,455	1,244,978	1,814,434

Revenue for the year is divided into the following geographical segments:

	2021	2020	2021	2020
Europe	690,431	1,040,684	690,431	1,040,684
Africa and Middle East	100,146	72,645	124,422	103,551
South and Central America	241,285	424,837	331,697	470,351
South East Asia	25,945	35,289	98,428	199,848
	1,057,807	1,573,455	1,244,978	1,814,434

With reference to paragraph 96 of the Danish Financial Statements Act, the distribution of revenue on business activities has for competitive reasons been omitted from the annual report.

NOTE 2.2: STAFF COSTS ETC.
DKKt

	Parent Company		The Group	
	2021	2020	2021	2020
Wages and salaries	229,881	299,815	356,372	416,891
Pension contribution	2,389	3,772	7,429	7,599
Social security costs	1,734	2,303	14,812	13,267
	234,004	305,890	378,613	437,757
Average number of employees	278	366	708	767

Included in staff costs for 2020 is restructuring costs of DKKm 33.9.

For the Parent Company staff costs of DKKm 12,7 are allocated to Sales costs, DKKm 44,5 to Administrative costs and DKKm 176,7 to Production costs.

Staff costs include remuneration for:

	2021	2020	2021	2020
Executive Management of Parent Company	8,722	9,390	8,722	9,390
Board of Directors of Parent Company	1,094	1,525	1,094	1,525
	9,816	10,915	9,816	10,915

A bonus scheme for the Executive Management is established. The bonus scheme is based on individual goals and the Company's overall result.

NOTE 2.3: AUDIT FEES**DKKt**

	Parent Company		The Group	
	2021	2020	2021	2020
Audit fee	741	550	1,293	824
Other declaration assignments	0	69	0	69
Tax advisory fee	0	0	203	1,077
Other fees	19	195	211	385
	760	814	1,707	2,355

Audit fees are included in the administrative costs.

NOTE 2.4: TAX**DKKt**

Given the nature of BWSC's business and the extent of intercompany transactions that BWSC has across geographical borders, transfer pricing, payroll related taxes, withholding taxes and VAT are particularly important areas when it comes to conducting tax practice responsibly which ensures that we pay taxes in the countries in which we operate.

BWSC has a tax policy which is available on bwsc.com.

As BWSC operates across many different countries, the calculation of the total tax charge in the income statement necessarily involves a degree of estimation and judgement. Tax and transfer pricing disputes with authorities in various countries may occur, and management judgement is applied to assess the possible outcome of such disputes.

Reference is furthermore made to note 6.3.

Tax on result for the year:

	Parent Company		The Group	
	2021	2020	2021	2020
Income tax payable	7,232	335	13,849	7,513
Change in deferred tax	23,715	-35,388	23,012	-34,618
Adjustment of tax concerning previous years	706	4,080	425	4,167
Adjustment of deferred tax concerning previous years	-914	-2,043	-914	-2,274
	30,739	-33,016	36,372	-25,212

Effective tax rate:

	2021	2020	2021	2020
	Company tax rate in Denmark	22%	22%	22%
Effective tax rate	25%	13%	28%	10%

Specification of effective tax rate:	Parent Company		The Group	
	2021	2020	2021	2020
Company tax rate in Denmark	22%	22%	22%	22%
Tax on profit in subsidiaries and equity interests	-7%	-3%	-3%	-6%
Non-deductible costs	5%	0%	5%	0%
Other adjustments	5%	-6%	4%	-6%
Effective tax rate	25%	13%	28%	10%

Taxes paid for the BWSC Group in 2021 amounts to DKKm 12 (2020: received DKKm -36).

Other adjustments relate to adjustments on divestment of investments.

Deferred tax:

	2021	2020	2021	2020
Deferred tax at 1 January	61,810	29,508	66,021	34,489
Adjustment concerning previous years	914	1,242	914	1,242
Adjustment for tax credit scheme	0	-4,328	0	-4,328
Changes in deferred tax	-23,715	35,388	-23,012	34,618
	39,009	61,810	43,923	66,021

Deferred tax can be specified as follows:

	2021	2020	2021	2020
Tangible fixed assets	4,140	1,345	4,045	2,798
Intangible fixed assets	1,100	1,424	1,100	1,424
Financial fixed assets	10,577	29,368	10,577	29,368
Contract work in progress	-46,932	-45,254	-46,932	-45,254
Provisions	10,641	10,139	15,650	12,897
Tax loss carried forward	59,483	64,788	59,483	64,788
	39,009	61,810	43,923	66,021

	2021	2020	2021	2020
Deferred tax asset	39,009	61,810	44,281	66,463
Deferred tax liability	0	0	-358	-442
	39,009	61,810	43,923	66,021

The Group

	Contracts rights	Software	Goodwill	Development costs	Total
Cost at 1 January 2021	16,631	100,249	8,889	39,342	165,111
Currency adjustments at 1 January 2021	1,383	0	0	0	1,383
Additions in the year	0	2,527	0	0	2,527
Disposals in the year	0	-32	0	-39,342	-39,374
Cost at 31 December 2021	18,014	102,744	8,889	0	129,647
Amortisation at 1 January 2021	13,368	89,622	8,889	39,342	151,221
Currency adjustments at 1 January 2021	1,259	0	0	0	1,259
Amortisation for the year	3,387	6,779	0	0	10,166
Disposals in the year	0	-32	0	-39,342	-39,374
Amortisation at 31 December 2021	18,014	96,369	8,889	0	123,272
Booked value at 31 December 2021	0	6,375	0	0	6,375
Booked value at 31 December 2020	3,263	10,627	0	0	13,890
Amortisation period	2 years	3-7 years	3 years	3 years	

The amortisations and impairments are recognised as follows in the income statement:

	Parent Company		The Group	
	2021	2020	2021	2020
Administrative costs	6,755	35,934	10,134	47,104
	6,755	35,934	10,134	47,104

The intangible assets residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each reporting period.

**NOTE 3.2: TANGIBLE ASSETS
DKKt****Parent Company**

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2021	30,999	120,821	151,820
Additions in the year	61	0	61
Cost at 31 December 2021	31,059	120,821	151,880
Depreciation at 1 January 2020	29,392	84,321	113,713
Depreciation for the year	1,109	1,494	2,603
Depreciation at 31 December 2021	30,501	85,815	116,316
Booked value at 31 December 2021	558	35,006	35,564
Booked value at 31 December 2020	1,607	36,500	38,107

Depreciation period

3-10 years

10-100 years

The Group

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2021	52,670	120,821	173,491
Currency adjustments at 1 January 2020	1,540	0	1,540
Additions in the year	3,259	0	3,259
Cost at 31 December 2021	57,469	120,821	178,290
Depreciation at 1 January 2021	44,159	84,321	128,480
Currency adjustments at 1 January 2021	1,074	0	1,074
Depreciation for the year	4,920	1,494	6,414
Depreciation at 31 December 2021	50,153	85,815	135,968
Booked value at 31 December 2021	7,316	35,006	42,322
Booked value at 31 December 2020	8,511	36,500	45,011

Depreciation period 3-10 years 10-100 years

The tangible assets residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each reporting date.

The depreciations and impairments are recognised as follows in the income statement:

	Parent Company		The Group	
	2021	2020	2021	2020
Costs of production	0	0	3,759	3,804
Administrative costs	2,603	32,603	2,655	32,703
	2,603	32,603	6,414	36,507

NOTE 3.3: FINANCIAL ASSETS DKKt

Parent Company

	Equity investments in group entities	Equity investments in associates	Total
Cost at 1 January 2021	25,246	528,763	554,009
Additions in the year	186	0	186
Disposals in the year	0	-423,183	-423,183
Cost at 31 December 2021	25,432	105,580	131,012
Revaluations/write-downs at 1 January 2020	53,878	-378,709	-324,831
Share of result for the year	21,111	18,969	40,080
Exchange rate differences	5,056	272	5,328
Distribution of dividend	0	-10,193	-10,193
Elimination intercompany profit	0	85,413	85,413
Disposals in the year	0	290,801	290,801
Revaluations/write-downs at 31 December 2021	80,045	6,553	86,598
Booked value at 31 December 2021	105,477	112,133	217,610
Booked value at 31 December 2020	79,124	150,054	229,178

In the distribution of result for the year (note 5.3) for 2021, DKKt -37,441 (2020: 19,620) has been transferred to revaluation reserves according to the equity method from retained earnings. For entities with a negative revaluation reserve the reserve is included in retained earnings. Revaluation reserves can accordingly not be directly reconciled to the above schedule.

The Group

	Equity investments in associates	Total
Cost at 1 January 2021	528,763	528,763
Disposals in the year	-423,183	-423,183
Cost at 31 December 2021	105,580	105,580
Revaluations/write-downs at 1 January 2021	-378,709	-378,709
Share of result for the year	18,969	18,969
Exchange rate differences	272	272
Distribution of dividend	-10,193	-10,193
Elimination intercompany profit	85,413	85,413
Disposals in the year	290,801	290,801
Revaluations/write-downs at 31 December 2021	6,553	6,553
Booked value at 31 December 2021	112,133	112,133
Booked value at 31 December 2020	150,054	150,054

As per 31 December 2021, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 48 (2020: DKKm 133) before tax has been deducted from the equity investments in associates.

BWSC has investments in six (2020: ten) power plants via equity interests.

Note section 4

Working capital

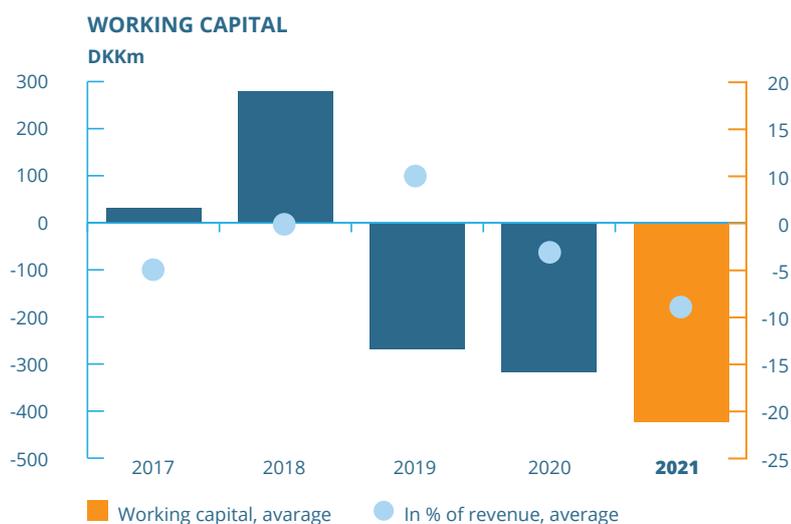
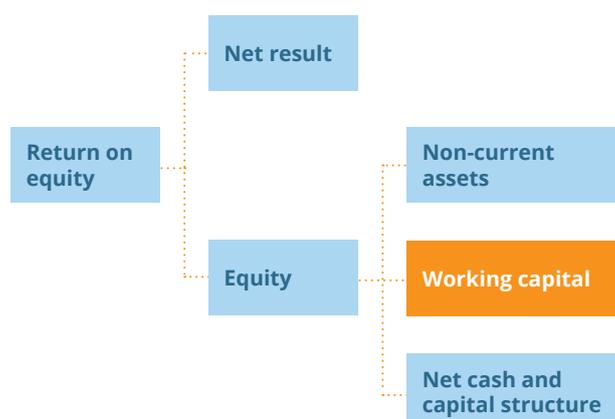
Working capital has increased compared to 2020.

Working capital amounts to DKKm 423 at the end of 2021 (2020: DKKm 316). A positive working capital represents that capital is tied into the assets and liabilities necessary to support the day-to-day running of the business.

BWSC has funds tied up in working capital relating to two projects from 2016 that have not been settled. These relate to the two engine-based projects in the Middle East mentioned in the Financial review section of the Management review.

Working capital fluctuates during the year mainly due to the timing of payments and prepayments from customers and payments to suppliers. To reduce the counterpart risk and ensure a strong cash flow, BWSC is focusing on positive cash on its projects.

Working capital equals total current assets excluding receivable corporate taxes, deferred tax assets and cash minus current liabilities excluding short-term mortgage debt, loan from parent company, and corporate tax.



NOTE 4.1: CONTRACT WORK IN PROGRESS DKKt

	Parent Company		The Group	
	2021	2020	2021	2020
Sales value of production in progress	4,684,052	4,288,226	4,672,241	4,294,228
Invoiced on account	-4,212,805	-3,885,078	-4,213,494	-3,889,467
Contract work in progress, net	471,247	403,148	458.747	404,761

Classified as follows:

	Parent Company		The Group	
	2021	2020	2021	2020
Contract work in progress (receivables)	571,883	584,494	560,072	590,497
Prepayments received from customers (liabilities)	-100,636	-181,346	-101,325	-185,736
	471,247	403,148	458,747	404,761

**NOTE 4.2: OTHER RECEIVABLES
DKKt**

	Parent Company		The Group	
	2021	2020	2021	2020
VAT receivable etc.	10,403	19,141	14,370	19,599
Financial instruments	2,629	4,573	2,629	4,573
Other	27,871	38,980	35,221	47,687
	40,903	62,694	52,220	71,859

**NOTE 4.3: OTHER PAYABLE
DKKt**

	Parent Company		The Group	
	2021	2020	2021	2020
Payroll related costs	35,729	47,761	42,622	54,157
Financial instruments	25,678	12,383	25,678	12,383
VAT payable	3,410	0	5,840	7,578
Other accrued costs	42,110	67,047	49,742	81,417
	106,927	127,191	123,882	155,535

**NOTE 4.4: CHANGES IN WORKING CAPITAL
DKKt**

	The Group	
	2021	2020
Changes in inventories	2,128	2,815
Changes in contract work in progress and prepayments received by customers, net	-37,642	-123,638
Changes in trade receivables	-13,716	23,624
Changes in receivables from related companies	49,516	13,344
Changes in other receivables	27,316	15,166
Changes in prepayments	-90	-751
Changes in trade payables	-94,276	-12,658
Changes in payables to related companies	-6,087	3,461
Changes in other payables	-38,722	31,131
	-111,573	-47,506

Note section 5

Net cash and capital structure

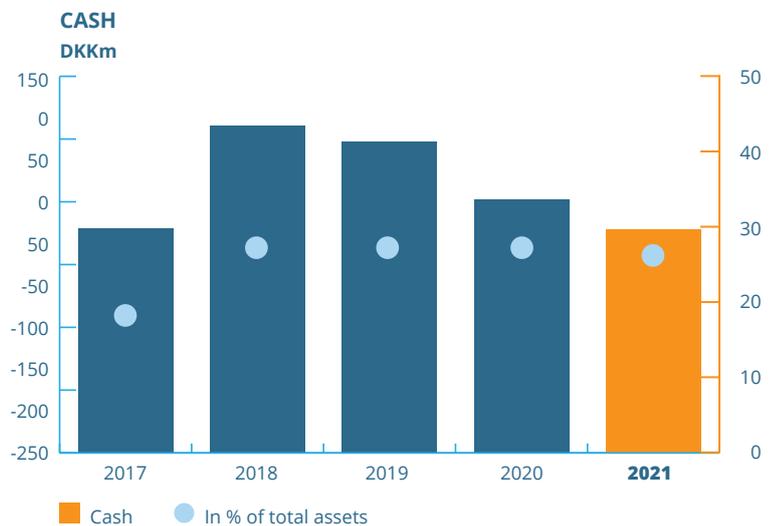
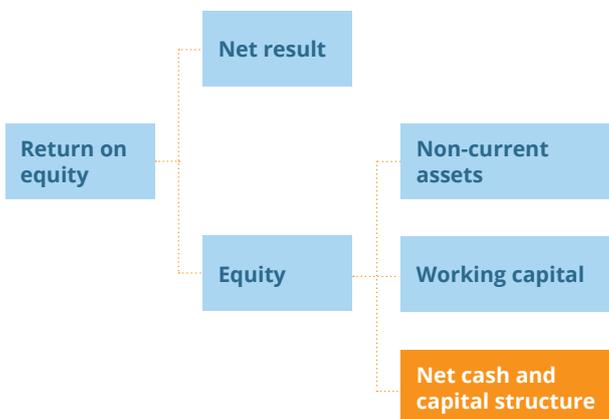
Cash at the end of 2021 amounted to DKKm 356 (2020: DKKm 403), equaling 27% of total assets (2020: 27%).

BWSC's capital structure at the end of 2021 consists of equity of DKKm 709 (2020: DKKm 622), interest bearing debt of DKKm 106 (2020: DKKm 109) and cash of DKKm 356 (2020: DKKm 403).

The equity has increased by DKKm 87 to DKKm 709 at the end of 2021 and the equity ratio (equity in relation to equity and total liabilities) is 55% (2020: 41%), which is an increase of 14 percentage-points compared to the end of 2020. The solidity is expected to remain at a similar level in 2022.

Cash has decreased by DKKm 47 to DKKm 356 at the end of 2021 whereas interest bearing debt has decreased by DKKm 3 to DKKm 106. During the year cash has been impacted by several large movements, relating to ie. the sale of financial assets, equity interests and increase in working capital.

A Treasury Policy to manage the main financial risks is in place. The key financial risk is the currency exposure on long-term operation and maintenance contracts with duration of up to 20 years.



NOTE 5.1: CAPITAL STRUCTURE

A company's capital structure shows how it funds its investments and operations using equity and debt. BWSC has decided to use solidity (equity/total equity and liabilities) as the key measure of capital structure.

The overall objective is to ensure a continued development and strengthening of BWSC's capital structure which supports long-term profitable growth and a solid increase in key earnings and statement of financial position ratios.

The equity ratio of 55% at the end of 2021 is mainly impacted by the net profit for the year and currency adjustment.

The solidity is expected to remain at a comparable level to the above in 2022.

NOTE 5.2: LONG-TERM LIABILITIES

Debt maturing within one year is recognised as current liabilities and debt maturing above one year is recognised as long-term liabilities.

Long-term debt maturing after five years from the end of 2020 amounts to DKKm 0 (2020: DKKm 0).

The mortgage debt amounts to DKKm 6 at the end of 2021 (2020: DKKm 9) with a maturity of two years.

Other long-term liabilities DKKm 28 (2020: DKKm 29) are non-interest bearing. A major part of the long-term liabilities in 2021 relates to accrued holiday liabilities.

NOTE 5.3: DISTRIBUTION OF RESULT

It is recommended that the result for the year, DKKt 93,259 is distributed as follows:

DKKt

	Parent Company	
	2021	2020
Transferred to reserve for net revaluation according to the equity method	-37,441	19,620
Transferred from reserve for development costs	0	-2,863
Retained earnings	130,700	-247,126
	93,259	-230,369



NOTE 5.4: FINANCIAL RISKS

BWSC is exposed to a number of financial risks due to its international operations and investments. The overall objectives and policies for BWSC's financial risk management are outlined in the company's treasury policy. The main financial risks are managed centrally within the BWSC Group.

The counterpart and interest rate risks are assessed as low whereas the liquidity and currency risks are higher.

At the end of this note the financial instruments (currency and interest) and the accounting for the instruments have been summarised in the Total financial instruments section.

THE FINANCIAL RISKS ARE SPECIFIED BELOW INTO THE FOLLOWING SECTIONS:

1 Liquidity risks

2 Credit risks

3 Interest rate risks

4 Currency risks

1 Liquidity risks

Liquidity risk is the risk that BWSC will not be able to meet its financial obligations as they fall due. The liquidity is continually assessed, and the future liquidity needs are monitored closely to ensure that BWSC always will have enough liquidity to meet its liabilities when they fall due.

It is important for BWSC to make sure that adequate cash is available at all times to be able to operate effectively. On an ongoing basis, BWSC therefore monitors its forecasted liquidity resources.

The table below shows the overview of interest-bearing debt at the end of 2021 and at the end of 2020.

DKKm	2021				2020			
	Amount	Drawn	Available	Expiry	Amount	Drawn	Available	Expiry
Mitsui E&S facility	200	100	100	2022	200	100	100	2022
Mortgage debt	6	6	0	2023	9	9	0	2023
Total	206	106	100		209	109	100	

2 Credit risks

BWSC's credit risks mainly relate to trade debtors, contract work in progress, cash deposits and derivative financial instruments with a positive market value (mainly currency hedging).

For material customers a credit risk evaluation is performed to ensure an acceptable level of credit risk. Insurance cover or similar measures to hedge trade debtors and contract work in progress is applied from time to time, but historically BWSC has only had few material losses on trade debtors and contract work in progress.

For financial institutions BWSC's policy is to have at least two partner banks with a solid credit rating and only to enter into derivative financial transactions with partner banks. Other banks are regarded as relationship banks and must also have a solid credit rating. All banks for the group are managed centrally. A maximum counterpart risk level has been set with a higher exposure towards partner banks than towards relationship banks.

3 Interest rate risks

BWSC is exposed to interest rate risk arising from interest bearing debt and cash deposits.

BWSC's cash deposits are subject to floating interest.

Interest bearing debt at 31 December 2021 consists of mortgage debt and drawn downs on the facility with Mitsui E&S.

The mortgage debt amounts to DKKm 6 (2020: DKKm 9) and is subject to a fixed interest rate via an interest rate swap. The market value of the interest rate swap is DKKm 0 (2020: DKKm -1) and the market value is recognised in equity. The maturity of the loan is two years.

The facility with Mitsui E&S is subject to a one-year fixed interest rate.

4 Currency risks

The main part of BWSC's income, purchase of goods and services and investments are in DKK, EUR, GBP and USD, and accordingly, BWSC is exposed to material currency risks. The EUR currency risk is regarded as low due to Denmark's fixed-rate policy towards EUR and is as such not hedged.

The table below shows the market value of financial instruments per currency hedged and the contract amount in DKK based on the year-end exchange rates.

A financial instrument is assessed as an effective hedge when the financial instrument is based on an expected future cash flow. Effective hedges are recognised in equity and are transferred to either the income statement or the balance sheet item depending on which the hedging is related to when the hedged transaction is recognised. Any financial instruments which are estimated as ineffective are recognised in the income statement as a financial income or cost.

The EPC projects of power plants have a lifetime of up to 36 months whereas some of the Operation & Maintenance projects have a lifetime of up to twenty years.

A hedging strategy has been established to hedge the currency exposure. Only cash flows above a threshold, which is based on the historic volatility of the currencies, are to a large degree hedged, and only simple financial instruments must be used. Net investments in subsidiaries and equity interests are not hedged.

The hedging strategy is based on a ladder, which hedges between 90-100% of the currency exposure up to three years, and a lower share of the exposure between four and five years and a low share of the exposure between six and eight years. The hedging is performed initially upon contract signing and updated during project execution.

For the O&M projects with a lifetime of up to twenty years, the net currency exposure above five years amount is above DKKbn 1. The currency risk above five years is mainly related to GBP. Material future changes in GBP could have a material impact on BWSC's cash flow beyond 2026.

DKKt	2021			2020		
	Market value	Contract amount sold	Contract amount bought	Market value	Contract amount sold	Contract amount bought
USD	0	0	0	1,773	20,596	0
GBP	-22,661	432,980	84,712	-8,726	395,579	76,529
EUR	0	81,301	402,762	0	75,452	407,164
SEK	0	0	0	-9	1,479	0
Total	-22,661	514,281	487,474	-6,962	493,106	483,693

Total financial instruments

Below table shows the market value of the currency and interest rate financial instruments and the effect on income statement and equity.

DKKt	2021			2020		
	Market value	Recognised in income statement	Recognised in equity	Market value	Recognised in income statement	Recognised in equity
Currency financial instruments	-22,661	0	-22,661	-6,962	0	-6,962
Interest rate financial instruments	-388	0	-388	-847	0	-847
Total	-23,049	0	-23,049	-7,809	0	-7,809

The below table shows the maturity of the financial instruments recognised in equity.

DKKt	2021			2020		
	Currency financial instruments	Interest rate financial instruments	Total	Currency financial instruments	Interest rate financial instruments	Total
Within 1 year	-11,471	0	-11,471	1,770	0	1,770
Between 1 and 5 years	-11,190	-388	-11,578	-8,732	-847	-9,579
Over 5 years	0	0	0	0	0	0
Total	-22,661	-388	-23,049	-6,962	-847	-7,809

Note section 6

Other notes

This section contains other statutory disclosures not related to the previous sections.

NOTE 6.1: WARRANTY AND OTHER PROVISION

Warranty provisions amounts to DKKm 55 (2020: DKKm 68) where DKKm 15 has been added, DKKm 24 has been used, and DKKm 4 has been released during 2021.

Approximately DKKm 52 of the warranty provision is expected to be settled within the next 12 months and DKKm 3 is expected to be settled within 1-5 years.

Other provisions amounts to DKKm 72 (2020: DKKm 150) where DKKm 43 has been added, DKKm 96 has been used, and DKKm 25 has been released during 2021.

Approximately DKKm 59 of the other provision is expected to be settled within the next 12 months and DKKm 13 is expected to be settled within 1-5 years.

NOTE 6.2: TRANSACTIONS BETWEEN RELATED PARTIES

Purchase of goods and services and loan from Mitsui E&S Holdings Co., Ltd., Japan and sale of goods to equity interests in group entities and associates are specified below in this note.

Apart from intercompany transactions which have been eliminated in the Group accounts, purchase of services from DASH engineering, service sales to equity interests, remuneration for the Board of Directors and the Executive Management, no transactions have been made with the Board of Directors, the Executive Management, subsidiaries and equity interests or other related parties during the year

Group relationships

Burmeister & Wain Scandinavian Contractor A/S is 100% owned by Mesco Denmark A/S, which prepares its own consolidated financial statements. The Mesco Denmark financial statements can be obtained via BWSC or www.datacvr.virk.dk. The ultimate Parent Company is Mitsui E&S Holdings Co., Ltd., which prepares consolidated financial statements for the group in which BWSC is included.

Group financial statements for the ultimate Parent Company can be obtained from: Mitsui E&S Holdings Co., Ltd., 6-4, Tsukiji 5-chome, Chou-ku, Tokyo 104-8439, Japan or via www.mes.co.jp.

Note 6

DKKt	Sales	Purchases	Receivables outstanding	Payables outstanding	Dividends received	Loans received	Interest payable
BWCC Ltd.	18,733	0	86,666	0	0	0	0
BWSC Belgium B.V.	0	5,234	0	607	0	0	0
BWSC Benin SARL	0	3,476	0	2,553	0	0	0
BWSC Cayman Ltd.	0	0	0	3,412	0	0	0
BWSC Cyprus Ltd.	0	0	164	0	0	0	0
BWSC Foreign Investments ApS	0	0	0	71	0	0	0
BWSC Generation ApS	0	0	0	412	0	0	0
BWSC Japan Ltd.	0	3,373	0	2,286	0	0	0
BWSC Lebanon Construction SARL	0	0	0	27,017	0	0	0
BWSC Macau Ltd.	0	226	0	2,810	0	0	0
BWSC Mali SARL	0	613	0	2,557	0	0	0
BWSC (Mauritius) Ltd.	0	0	0	2,867	0	0	0
BWSC Panama S.A.	0	95	0	5,863	0	0	0
BWSC Regional Services S.A.	0	0	271	0	0	0	0
BWSC Mindanao Inc.	0	0	0	68	0	0	0
BWSC Lanka (Private) Ltd.	0	0	0	0	0	0	0
BWSC Sweden AB	0	1,688	0	842	0	0	0
BWSC Generation Services Northern Ireland Ltd.	0	26,243	0	3,781	0	0	0
BWSC Generation Services UK Ltd.	0	251,695	0	26,367	0	0	0
Asia Power (Private) Ltd.	0	0	0	0	0	0	0
Subsidiaries total	18,733	292,643	87,101	81,513	0	0	0
Rabai Operation and Maintenance Ltd.	410	0	413	266	484	0	0
Western Biomass Operating Company Ltd.	5,554	0	19,139	282	0	0	0
APOM Ltd.	5,301	0	1,457	0	0	0	0
BWSC North Lincs Ltd.	19,045	0	0	0	0	0	0
BWSC East Anglia Ltd.	23,632	0	0	0	0	0	0
Rabai Power Holding Ltd.	21,110	0	1,080	0	4,960	0	0
Kent Power Corporation Ltd.	70,611	0	0	0	0	0	0
ERE LPS Holdings Ltd.	48,782	0	2,756	0	0	0	0
BWSC Power Corporation Ltd	0	0	0	0	0	0	0
Mersey Bioenergy Holdings Ltd.	46,855	0	3,561	0	0	0	0
Albatros Energy Mali S.A	44,488	0	14,916	0	0	0	0
Tilbury Green Power Holding Ltd.	0	0	0	37	0	0	0
Equity interests total	285,788	0	43,322	585	5,444	0	0
Mitsui E&S Holdings Co. Ltd.	654	7,002	0	2,707	0	100,000	3,802*
Parent company total	654	7,002	0	2,707	0	100,000	3,802
Dash Engineering Inc.	0	2,151	0	37	0	0	0
Other related companies total	0	2,151	0	37	0	0	0

*Interest payable to parent company has been expensed in 2021.

NOTE 6.3: CONTINGENCY LIABILITIES, SECURITY FOR LOANS ETC.

BWSC has not entered into any material leasing obligations.

BWSC is party to disputes and litigation from time to time. It is the assessment that appropriate provisions have been made for the outcome of such disputes and litigation.

BWSC is involved in ongoing tax disputes in Africa, of which some relate to significant amounts in dispute. It is Management's assessment that these tax disputes are unjustified, and it is the assessment that appropriate provisions have been made for ongoing tax cases and risks.

The Parent Company is jointly taxed with the other Danish entities in the Mesco Denmark Group. As a wholly-owned subsidiary, the Parent Company Mesco Denmark A/S is jointly and severally liable, together with the other jointly taxed entities, for Danish taxes and withholding taxes on dividends, interest and royalties within the Group of jointly taxed entities. Any subsequent adjustments of the joint taxable income or withholding taxes may result in an increase of the Company's liability.

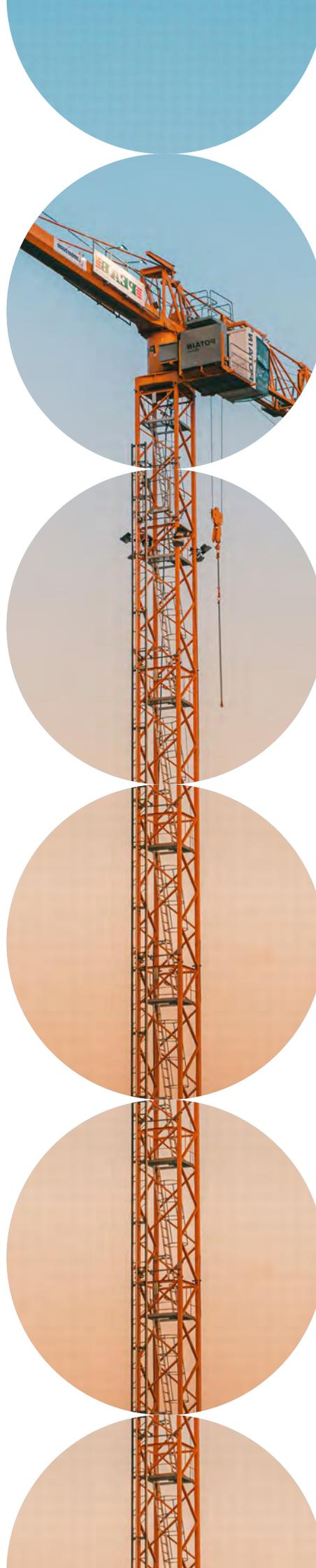
Land and buildings with a book value of DKKm 35 (2020: DKKm 37) have been provided as security for mortgage debt. The total mortgage debt amounts to DKKm 6 (2020: DKKm 9).

Burmeister & Wain Scandinavian Contractor A/S has invested in power plants via equity interests and the not paid in committed capital in equity interests amounts to DKKm 0 at 31 December 2021 (2020: DKKm 1).

BWSC has received DKKm 34 under a product delivery guarantee. The amount has been off set in work in progress, since payments to be received from the customer shall be passed on to the guarantee provider. Should it turn out that BWSC has no right to claim the amount from the customer, the amount received of DKKm 34 shall be paid back to the guarantee provider.

NOTE 6.4: GUARANTEES

At 31 December 2021 guarantees given by banks and credit insurance institutions on behalf of BWSC for contract work, etc. amounted to DKKm 686 (2020: DKKm 829). The guarantees are typically provided in the form of performance and down payment guarantees to cover project-related risks, such as performance, payment, quality and delay for projects and supplies towards our customers.



NOTE 6.5: CASH FLOW ADJUSTMENTS FOR THE CASH FLOW STATEMENT

DKKt	The Group	
	2021	2020
Amortisation, depreciation and impairment	16,580	83,611
Changes in provisions included in operating profit	-106,990	-63,087
Derivative financial instruments	0	8,514
Elimination of intercompany profit (note 3.3)	-85,413	-8,791
Operating income/loss	-5,608	0
Other long-term liabilities	0	24,325
	-181,431	44,572

NOTE 6.6: EVENTS AFTER THE BALANCE SHEET DATE

No significant events that could materially affect the financial position at 31 December 2021 have occurred after the balance sheet date.

NOTE 6.7: SUBSIDIARIES AND EQUITY INTERESTS

Companies	Incorporated in country	Ownership in %
Parent company		
Burmeister & Wain Scandinavian Contractor A/S*	Denmark	
Subsidiaries		
BWCC Ltd.	The Bahamas	100%
BWSC Belgium B.V.	Belgium	100%
BWSC Benin SARL	Benin	100%
BWSC Cayman Ltd.	Cayman	100%
BWSC Cyprus Ltd.	Cyprus	100%
BWSC Foreign Investments ApS	Denmark	100%
BWSC Generation ApS	Denmark	100%
BWSC India (Private) Ltd.	India	100%
BWSC Japan Ltd.	Japan	100%
BWSC Lebanon Construction SARL	Lebanon	100%
BWSC Macau Ltd.	Macau	100%
BWSC Mali SARL	Mali	100%
BWSC (Mauritius) Ltd.	Mauritius	100%
BWSC Panama S.A.	Panama	100%
BWSC Regional Services S.A.	Panama	100%
BWSC Mindanao Inc.	The Philippines	100%
BWSC Lanka (Private) Ltd.	Sri Lanka	100%
BWSC Sweden AB	Sweden	100%
BWSC Generation Services Northern Ireland Ltd.	United Kingdom	100%
BWSC Generation Services UK Ltd.	United Kingdom	100%
Asia Power (Private) Ltd.	Sri Lanka	55%
Equity interests		
Rabai Operation and Maintenance Ltd.	Kenya	51%
Western Biomass Operating Company Ltd.	United Kingdom	51%
APOM Ltd.	United Kingdom	50%
Rabai Power Holding Ltd.	United Kingdom	26%
Kent Power Corporation Ltd.	United Kingdom	18%
ERE LPS Holdings Ltd.	United Kingdom	17%
Mersey Bioenergy Holdings Ltd.	United Kingdom	11%
Albatros Energy Mali S.A	Mali	8%

*The Company has branches in the United Kingdom, Mali, Benin and Suriname.

Companies and branches without material activities and assets and liabilities, and dormant companies are omitted from the list.

Investments in BWSC Power Corporation Ltd., Pedregal Power Company S.D.E.R.L and Tilbury Green Power Holding Ltd. have been sold during 2021.

Rabai Operation and Maintenance Ltd and Western Biomass Operating Company Ltd are – despite a shareholding of 51% – considered as associated companies as BWSC has significant influence but not control. Other equity investments in associated companies comprise companies in which BWSC owns less than 20% but where BWSC still has significant influence due to board positions or agreement.

Note section 7

Accounting policies

The basis of reporting is described in note 1.1 whereas below the detailed accounting policies are described.

NOTE 7.1: ACCOUNTING POLICIES

General

The Annual Report of Burmeister & Wain Scandinavian Contractor A/S has been presented in accordance with the provisions of the Danish Financial Statements Act for large reporting Class C companies.

Change in accounting policies

There are no changes to accounting policies compared to the previous year.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits associated with the assets will flow to the Group, and the cost of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits associated with the liabilities will flow from the Group, and the cost of the liabilities can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Assets and liabilities are afterwards measured as described below for each balance sheet item.

Consolidation

The consolidated financial statements are prepared on the basis of financial statements of the Parent Company and each subsidiary by aggregating items of a similar nature and by eliminating intra-group transactions.

The project financial statements of international contracting activities are translated into DKK as follows: The items in the income statement and the balance sheet are translated according to weighted project rates, corresponding to the exchange rates according to forward exchange contracts entered into. As the exchange rates applied are the same during the entire project period, generally no exchange rate adjustments arise on large projects.

The financial statements of foreign subsidiaries that operate as independent entities are translated into DKK as follows: The items in the income statement are translated at average rates that do not differ materially from the exchange rates at the date of transaction. Balance sheet items are translated at closing exchange rates. Exchange rate adjustments are recognised directly in equity.

The financial statements of international subsidiaries that operate as integrated entities are translated into DKK as follows: The items in the income statement are translated at average rates that do not differ materially from the exchange rates at the date of transaction. Current assets and liabilities are translated at closing exchange rates, whereas fixed assets and long-term liabilities are translated at historical rates. Exchange rate adjustments are recognised in the income statement.

The items from the subsidiaries are consolidated into the consolidated financial statements 100% line by line. The minority interests' proportional share of the net result and equity of the subsidiaries are included as separate items under the consolidated result for the year and equity.

Companies in which the Group holds between 20% and 50% of the voting rights or in some other way holds significant influence, but not control, are regarded as equity interests as described under the item "Financial fixed assets".

Foreign currency translation

Transactions in foreign currency are translated at the exchange rate at the transaction date. Exchange rate adjustments arising between the exchange rate at the transaction date and the payment date are recognised in the income statement.

Receivables, payables and other monetary items in foreign currency, which are not paid at the balance sheet date, are translated at the exchange rate at the balance sheet date.

The difference between the exchange rate at the balance sheet date and the exchange rate at the time when the receivable or payable is incurred is recognised in the income statement.

Financial instruments

Financial instruments are initially recognised in the balance sheet at cost and subsequently measured according to fair value. The fair value of financial instruments is included in other debtors (positive fair value) or other creditors (negative fair value) as the case may be.

Changes in the fair value of financial instruments that hedge the fair value of already recognised assets or liabilities are recognised in the income statement under financial income or financial costs together with changes in the value of the assets and liabilities hedged.

Financial instruments used to hedge expected future transactions regarding specific projects or interest payments are measured at fair value on the balance sheet date, and value adjustments are recognised directly in equity until the hedged item is realised. When the hedged item is realised, the changes in value are recognised in the same accounting entry as the hedged item as stated above by transferring the changes in value from equity to the income statement.

Financial instruments which are not held for hedging purposes regarding specific projects or interest payments are recognised in the balance sheet at fair value on the balance sheet date. Value adjustments are recognised in the income statement under financial income or costs.

INCOME STATEMENT

Revenue

The Group's revenue is derived from contract activities, service contracts, etc. Contract work and operational contracts are recognised according to the percentage-of-completion method. Profits on contracts are recognised by reference to actual stage of completion. In connection with consortiums, only the Group's share is taken into account. Stage of completion is determined on the basis of an assessment of the work carried out for construction and service projects, evaluated on the basis of costs incurred on the project, compared to the total estimated costs and for operation and maintenance projects based on length and duration of the projects. Realised profits on completed contracts are recognised net of provisions for warranties. Income from spare part contracts and the sale of electricity is recognised when delivered.

Production costs

Production costs comprise expenses, including wages and salaries, raw materials and consumables, and depreciation made for purposes of generating the year's revenue, including indirect costs related to wages and salaries, rent and leases and depreciation.

Research costs and development costs that do not qualify for capitalisation and depreciation of capitalised development costs are recognised as production costs.

Write-downs in connection with expected losses on contract activities are recognised as production costs.

Sales costs

Costs related to offers and orders, including expenses related to sales personnel, marketing, including costs for IPP project development, and internal development projects, are recognised as sales costs.

Administrative costs

Costs related to management and group administration, including costs related to administrative officers, management, office premises, office expenses, depreciation, etc. are recognised as administrative costs.

The administrative costs that are included in production overheads are transferred to production overheads.

Restructuring costs

Costs related to restructuring which comprise costs related to staff, other costs and impairment of assets offsetted by the restructuring and are included in the relevant cost item in the income statement.

Financial items

Financial income and costs include interest income and costs, realised and unrealised capital gains and losses, changes of financial instruments not designated as hedging arrangement, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme, etc. Financial income and costs are recognised at the amounts relating to the reporting period.

Tax

The estimated tax charge for the year is recognised in the income statement and is recorded as a current liability in the balance sheet. Non-refunded dividend tax concerning dividends from foreign subsidiaries is expensed in the year in which the dividend is declared.

The Company and its Parent Company are jointly taxed. The tax of the joint taxation income is fully allocated by payment of joint taxation contributions.

Deferred tax resulting from timing differences between income and expenses in the financial statements and the statement of taxable income and from tax loss carry-forwards is provided for in the balance sheet. Changes in the deferred tax charge for the year are taken to the income statement. Actual and deferred tax related to equity movements is recognised directly in equity.

BALANCE SHEET

Intangible and tangible assets

Intangible and tangible assets are measured at cost plus subsequent additions and revaluation and less accumulated amortisation/depreciation and impairments.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Amortisation/depreciation in the year is provided on a straight-line basis over the estimated useful lives of the individual assets, using the following periods:

Intangible assets

Goodwill	3 years
Contract rights	2 years
Development costs	3 years
IT software	3-7 years

Tangible assets

Office building	100 years
Warehouse	25 years
Installations	10 years
Plant and equipment	5 years
Fixtures, fittings and tools	3-10 years

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to use the project, are recognised as intangible assets provided that the cost can be measured reliably and future earnings exceeding the capitalised costs. Other development costs are recognised in the income statement as incurred.

Financial fixed assets and business combinations

Equity investments in group entities and equity investments in associates are recognised at the Parent Company's proportionate share of the net assets of the companies, calculated by reference to the accounting policies applied by the Parent Company, adjusted for proportionate share of unrealised intra-group profits and losses (the equity method).

Equity investments in group entities and associates whose net asset value is negative are recognised at DKK 0, and any receivables from these companies are written down by the Parent Company's share of the negative net asset value. If the net asset value exceeds the receivables, the residual amount is recognised under provisions provided that the Parent Company has a legal or actual obligation to cover the subsidiaries' deficits.

For equity investments in associates where the eliminated intercompany profit exceeds the value of the investments either due to impairments or based on the proportional share of equity the remaining part of the eliminated intercompany profit is not recognised.

Net revaluation of equity investments in group entities and associates is taken to equity as a net revaluation reserve according to the equity method.

Newly acquired or newly established companies are recognised in the financial statements from the time of acquisition. Companies sold or otherwise disposed of are recognised until the time of sale.

Profits or losses on the sale of equity investments in group entities and associates are stated as the difference between the selling price and the carrying amount of the net assets at the time of sale and expected costs related to the sale and/or disposal and recognised in the income statement under other income.

The takeover method is applied to newly acquired equity investments in group entities and associates. Thus, the assets and liabilities of such companies are measured at fair value at the time of acquisition. The takeover method is also applied when an equity interest in an associate becomes a subsidiary, through step acquisition of more shares in the equity interest, whereby control of the company is obtained at such time. A positive difference between the fair value of assets and liabilities acquired and the purchase consideration is treated as goodwill, which is subsequently amortised over the useful life; and a negative difference is treated as negative goodwill, which is recognised as other operating income at the time of acquisition or the time of obtaining control.

Inventories

Inventories, including prepayments for goods, are measured at cost according to the FIFO principle. However, inventories are written down to the lower of cost or net realisable value.

Trade receivables

Debtors, etc. are measured at amortised cost, which usually equals the nominal value.

Impairment for bad debts is based on individual assessments if there is an objective indication that a debtor is impaired.

Contract work in progress

Contract work in progress is measured by reference to the stage of completion. Reference is made to the Revenue section.

The sales value is based on the stage of completion at the balance sheet date and the total expected income on the individual work in progress.

The individual work in progress is recognised in the balance sheet under debtors or liabilities other than provisions, dependent on the net value of the selling price less payments on account and prepayments. Costs related to sales work and contracts are recognised in the income statement as incurred.

Prepayments

Payments, made or received concerning costs or income in subsequent years are recognised as prepayments under receivables or current liabilities.

Warranty provisions

Warranty provisions comprise commitments to repair work within the guarantee period. Provisions are measured and recognised based on previous experience with guarantee work.

Other provisions

Other provisions comprise expected remaining costs relating to delivered contracts. When it is probable that the total costs will exceed the total income on contract work in progress, a provision is made for the total loss expected to be incurred on the work. The provision is recognised as costs under production costs.

Financial liabilities

Financial liabilities are recognised from the raising of the loan at the proceeds received net of transaction costs incurred.

The financial liability is subsequently measured at amortised cost, equalling the capitalised value, using the effective interest rate method. The difference between the proceeds and the nominal value is thus recognised in the income statement over the loan term.

Other financial liabilities, which comprise trade creditors, payables to related and equity interests and other creditors are measured at amortised cost, which usually corresponds to the nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's net cash flows for the year, broken down by operating, investing and financing activities, changes in cash and the Group's cash at the beginning and at the end of the year.

A cash flow statement for the parent company has not been prepared in accordance with §86.4 of the Danish Financial Statements Act.

Cash flows from operating activities

Cash flows from operating activities are made up as the operating result, adjusted for non-cash operating and financial items, changes in working capital, financial items and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to additions and disposals of companies and additions and disposals of intangible and tangible assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs, raising of loans and repayments of interest-bearing debt and dividends distributed to shareholders.

NOTE 7.2: FINANCIAL RATIOS

Analysis of the financial ratios included in the financial highlights on page 7:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit ratio	$\frac{\text{Profit before tax} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$
Return on equity	$\frac{\text{Profit for the year (after tax)} \times 100}{\text{Average equity}}$

Round up

Our direction is set, and we are putting all the pieces in place to seize the many opportunities that lie before us. We look forward to sharing updates on our progress as we move forward.

— Nikolaj Holmer Nissen, CEO, BWSC





BWSC

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