BWSC

Burmeister & Wain Scandinavian Contractor A/S

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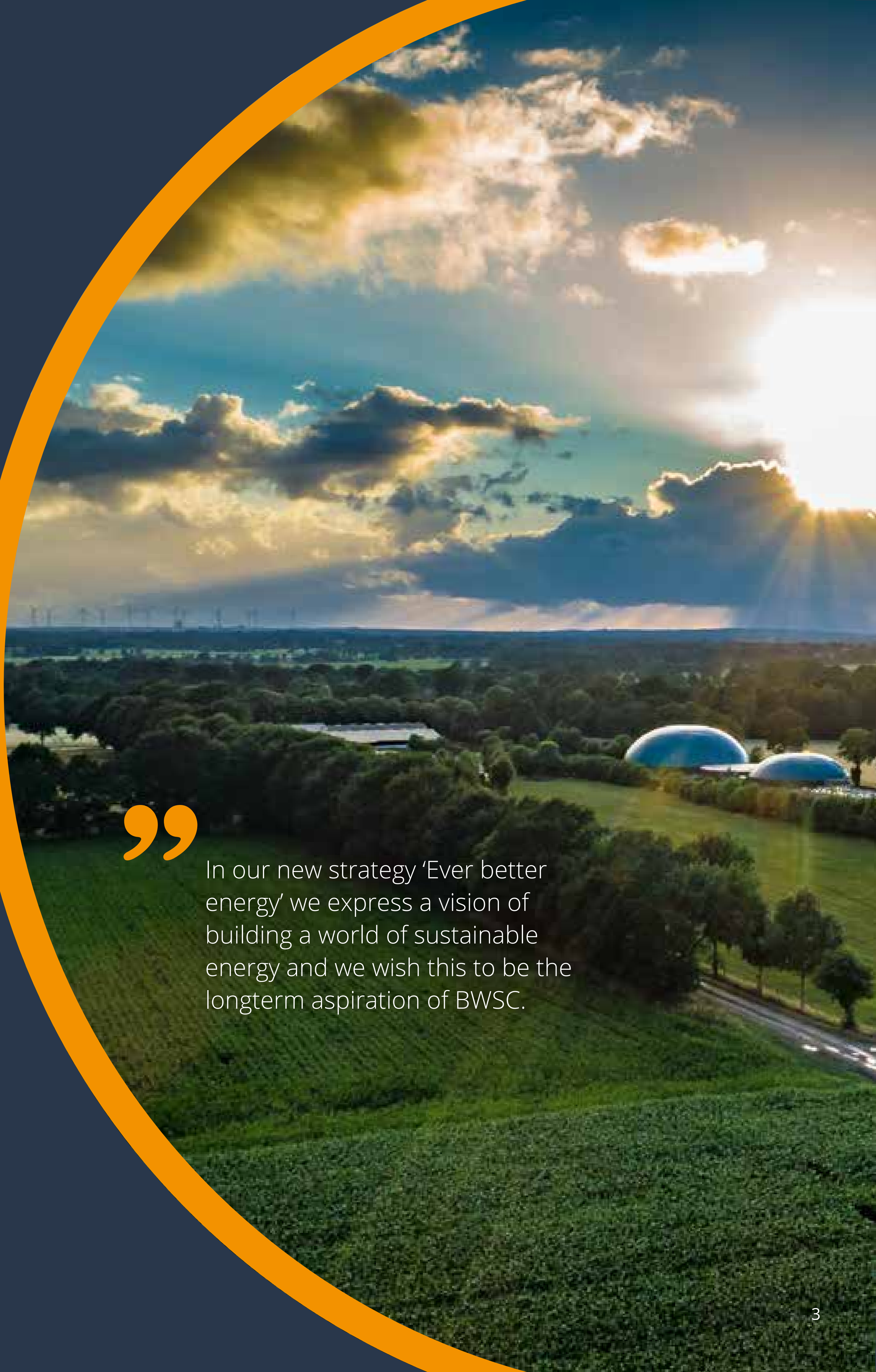
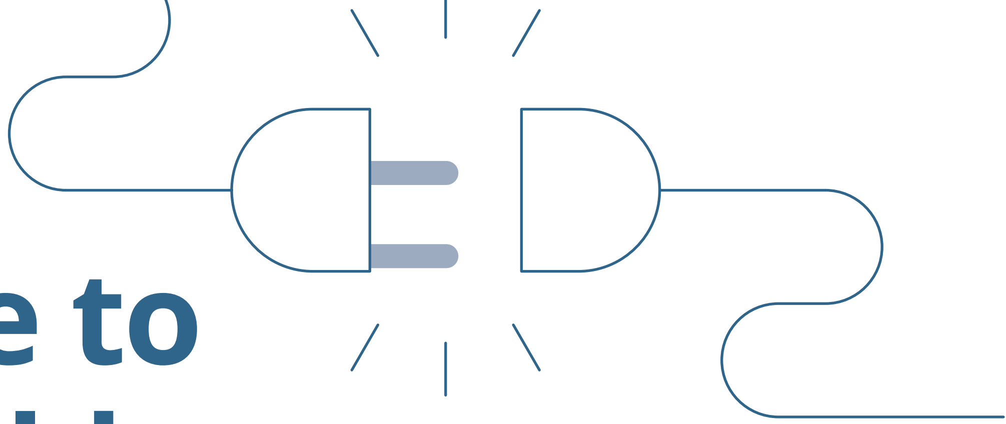
Annual Report 2022

Content



In our new strategy ‘Ever better energy’ we express a vision of building a world of sustainable energy and we wish this to be the longterm aspiration of BWSC.



Message to stakeholders

2022 has been an extraordinary year which started during the pandemic and ended amid global geopolitical crisis. The war in Ukraine has caused distress for millions of people and accelerated the need for economies to become energy independent. Renewable energy consumption is predicted to surge in 2023 and green energy solutions and renewable investments are in demand like never before. BWSC's role as provider of services and comprehensive solutions for power plants and green energy facilities worldwide is highly relevant and we continue to focus our offerings to meet the needs of society and our stakeholders.

Our goal for the year was to complete our restructuring plan initiated late 2020 and execute our strategic initiatives to continue creating a sustainable business and value for society and stakeholders. Through commitment to this common goal, we have navigated through the turbulent year of 2022 and developed new ways of working and working together.

For the second year in a row, we are delivering a positive financial annual result with a profit before tax of DKKm 66 based on a revenue of DKKm 1,033. Despite some one time impacts that have contributed negatively to the annual result, we can see that the execution of our revised strategy is progressing as expected.

Building for the future of sustainable energy

Towards the end of 2020 we made a major change in our strategic focus. We decided to wind down from our heritage as a power plant turnkey contractor and focus on providing services for energy transition players and traditional power plants. In our new strategy 'Ever better energy' we express a vision of building a world of sustainable energy and we wish this to be the long-term aspiration of BWSC.

To execute our strategy, we established a team dedicated to exploring opportunities and develop our capabilities within green energy solutions. In 2022 we identified power to hydrogen projects as our focus within green energy solutions and we have now closed the first two of a promising pipeline of green hydrogen projects; one is a partnership on a project converting CO_2 to natural gas by adding hydrogen. The other is a collaboration with a leading provider of electrolyzes to produce green hydrogen solely based on renewable energy. These projects cement BWSC's significance as technology integrators and supplier of full-scale engineering and installation services in the green energy transition. The projects are also important steps towards our strategic goal of enabling next generation sustainable energy solutions.

Cementing our position as leading O&M provider

When we decided to wind down from the turnkey business in 2020, we also decided to pursue a position as a leading and independent O&M provider. In line with our strategy and based on good customer relations as well as acclaimed expertise we closed two independent O&M projects in 2022; one with an existing customer, where we have taken over the operator role on an existing plant and the other a re-commissioning project with a new customer in a known market. These projects cement our position as independent O&M providers and confirm that our re-positioning is a success and the right platform for future growth.

Concluding the restructuring plan

In 2022 we have worked persistently and with dedication to complete the remaining turnkey projects, finalizing the last step of the restructuring plan. The Ghent project in Belgium as well as the power plant extension in Suriname were successfully handed over to the client in June and the Hooton project successfully passed its required tests for taking over during 2022 and was handed over to the client in January 2023.

Our commitments to stakeholders

A warm thanks goes to all our colleagues in Denmark and at our sites for their dedication and contribution to the good operational result and strategic progress in 2022, and for their commitment to safety and helping others stay safe. They have done a tremendous piece of work to deliver this year's solid results in yet another challenging year, and thereby proving the strengths of BWSC as a company and the relevance of our offerings.

We would also like to thank our customers and partners for their trust in us in a year that was once again burdened by the impacts of the COVID-19 pandemic as well as logistical and supply challenges resulting from the war in Ukraine. We are proud that you have chosen BWSC's solutions to support your business.

We are committed to delivering on the promises in our strategy – Ever better energy – and we look forward to sharing updates on our progress as we move forward and continue towards our vision of building a world of sustainable energy.

CEO transition

As announced on 30 January 2023, the undersigned Nikolaj Holmer Nissen has decided to seek new challenges and we are pleased that Jens Peter Koch will join BWSC on 1 March 2023 and take over as CEO no later than 1 April 2023. Jens Peter comes with a strong and relevant background to continue the development of BWSC and deliver on our strategic aspirations. During March Jens Peter and Nikolaj will ensure a smooth transition allowing the best possible take-off for the continued journey.

Executive Management
Nikolaj Holmer Nissen, CEO & Benny Lynge Sørensen, CFO

> A warm thanks goes to all our colleagues in Denmark and at our sites for their dedication and contribution to the good operational result and strategic progress in 2022.

Vertical farming

The heat and power delivered by BWSC operated plants is used for a variety of purposes. Soon we will deliver surplus heat to a new state-of-the-art vertical farming project, enabling urban communities to receive fresh vegetable produce, while minimizing transport cost and related CO_2 emissions.

Group financial highlights
5-year summary

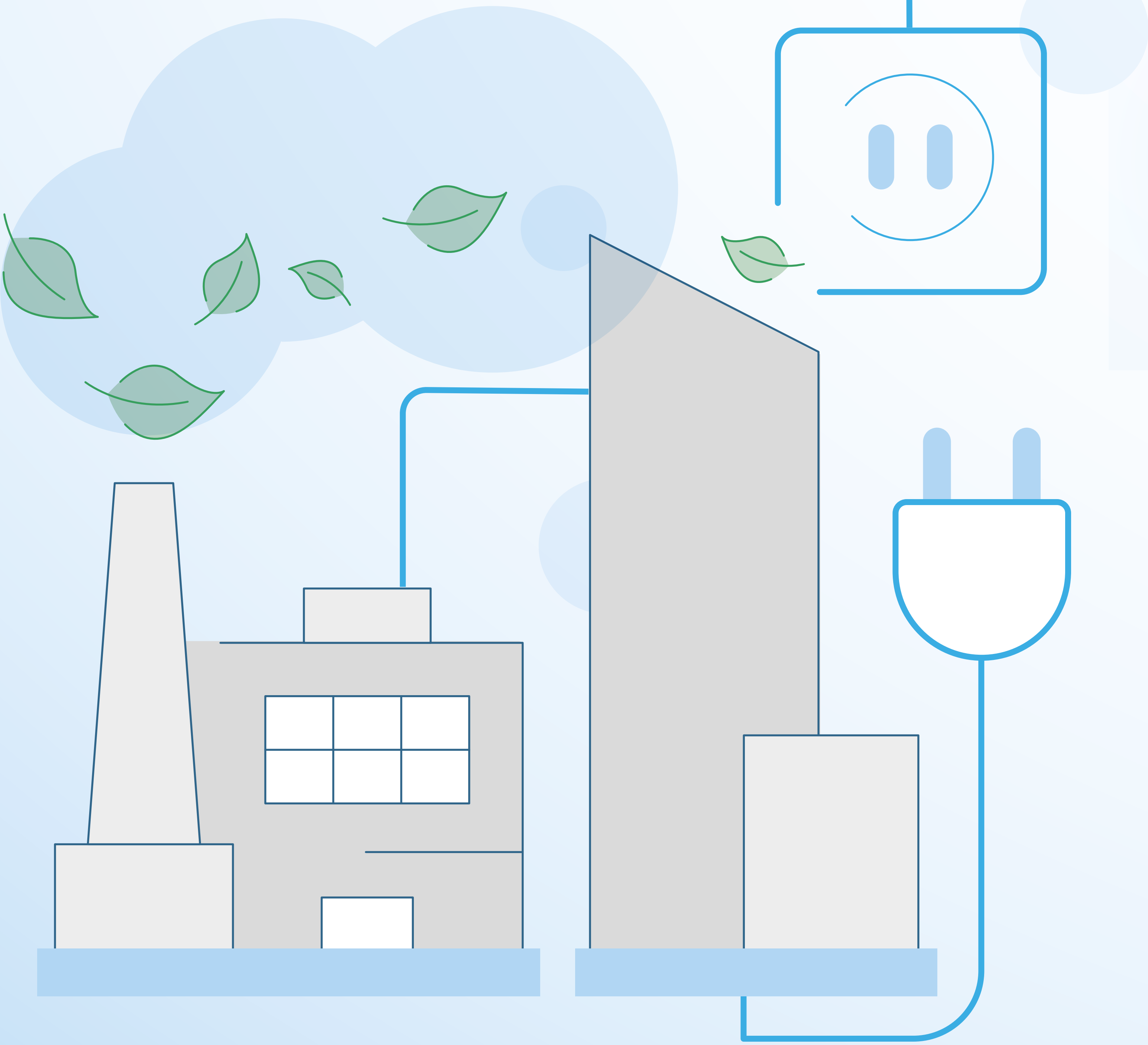
	2022 EURm*	2022 DKKm**	2021 DKKm	2020 DKKm	2019 DKKm	2018 DKKm
Income statement						
Revenue	139	1,033	1,245	1,814	1,609	2,158
Gross profit	22	167	305	131	99	105
Operating result (EBIT)	4	26	119	-174	-75	-101
Operating result (EBIT) adjusted **	4	26	119	-79	-75	-101
Financial items, net	-1	-5	2	-13	2	-18
Result before tax	9	66	129	-254	-101	-201
Net result	9	64	92	-229	-85	-172
Balance sheet						
Total assets	179	1,341	1,299	1,518	1,761	1,918
Cash	36	271	356	403	495	521
Net working capital	87	646	423	316	269	-278
Equity	106	792	709	622	671	454
Net interest-bearing debt	28	208	106	109	213	216
Cash flow						
From operating activities	-32	-235	-189	-159	-545	114
From investment activities	8	61	147	-30	215	3
From financing activities	12	89	-4	97	297	47
Financial ratio (%)						
Gross margin	16	16	24	7	6	5
Profit ratio	6	6	10	-14	-6	-9
Equity ratio	59	59	55	41	38	24
Return on equity	8	8	14	-35	-15	-31
Other information						
Order intake	110	819	899	1,206	474	2,955
Order backlog	894	6,659	6,325	6,031	6,797	7,917
Number of full-time employees	608	608	708	767	766	763
Of which employed by the Parent Company	174	174	278	366	442	509

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 – towards ever better energy



Vision

Building a world of sustainable energy.

We are driven by the vision of building a world with lower dependency on fossil fuels, while continuing to ensure security of supply for communities in need.

Mission

Being a trusted partner for ever better energy

We want to contribute with efficient and reliable energy solutions enabling the transition to sustainable energy.

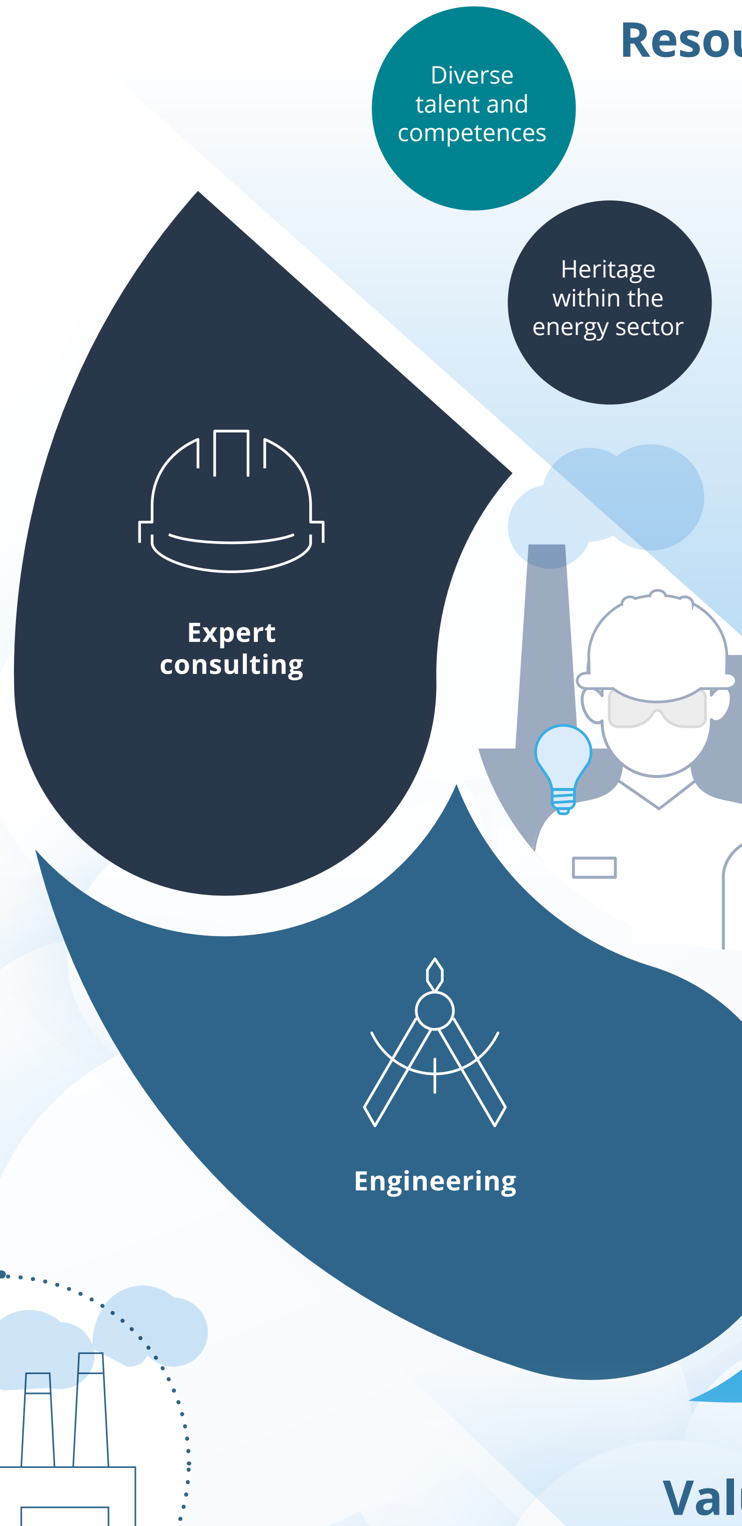
Strategic aspirations

We want to:

- Accelerate our position as market leading O&M provider to plant developers and owners
- Develop our business enabling next generation sustainable energy solutions
- Grow as preferred boiler service provider building on long-term customer relations
- Sustain our position as preferred engine service provider for well developed islands, including support for de-carbonisation efforts

Our business model and how we create value

BWSC meets current and future needs at power plants and green energy facilities worldwide.



Climate
Help customers reduce emissions and transition to green energy. 58% revenue from renewable[1] energy business in 2022 (2021: 47%)

Customers
Improving efficiency, reducing emissions, lowering costs and improving availability, minimizing risks and maximising returns on investment.

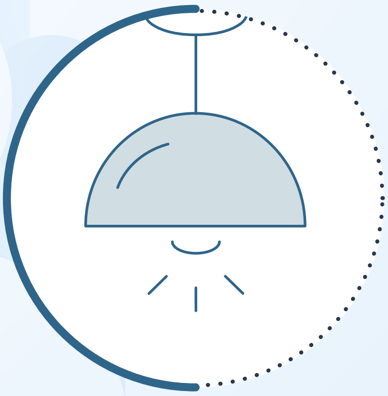
Shareholder
Deliver returns in the form of growth and profits. Profit before tax of 66 mDKK corresponding to 6% of revenue in 2022

[1] *By renewable energy we refer to energy produced from sources that are naturally replenished and do not run out. In our definition we include energy sources such as biomass incl. straw, waste wood and municipal waste. Non-renewable energy, in contrast, comes from finite sources that could get used up, such as fossil fuels like oil. When referring to our "renewable energy business" we also include our green energy solutions, where renewable energy sources such as sun, wind and water are converted into green fuels, such as green hydrogen.*

urces

We go the extra mile to provide power plant solutions and associated services for a wide variety of energy sources.

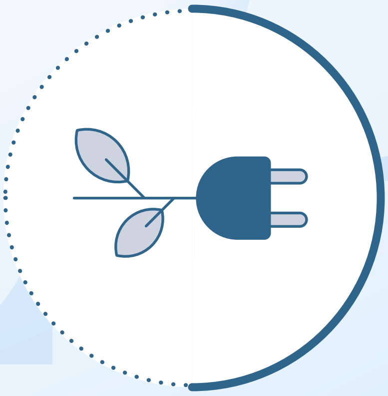
Located worldwide, with a concentration in Europe, Africa and the Caribbean, most of our customers are utilities, independent power producers, investors, or green energy pioneers. We create value for our customers and society through our set of core competences based on our 40-years heritage within the energy sector.



Society
We ensure security of electricity and energy supply and grid stability for citizens and industry worldwide.

Direct suppliers
2.763 in 2022

ues



Consumers
Delivered electricity to 1.254.000 households[2] from the power plants we operate, of which 61% was from renewable energy.

[2] *Calculated based on yearly electricity consumption for 2-3 people household in the UK i.e. 2.900 kwh according to Ofgem. Electricity consumption is substantially lower in African households meaning that more households are in fact reached based on the same amount of total MWh (e) produced.*

Market trends and our strategy

Market trends

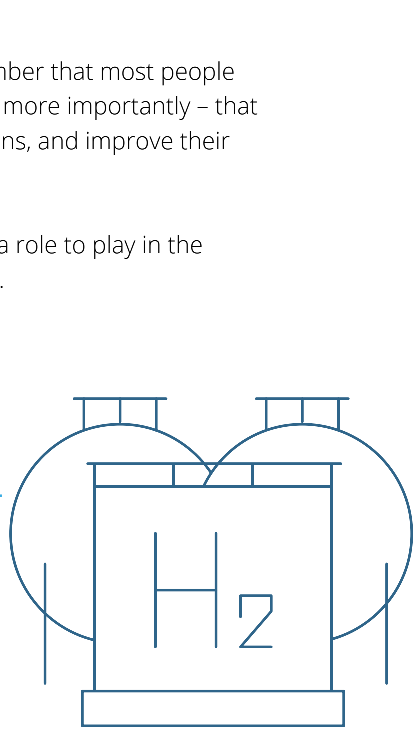
2022 has been an extraordinary year on the energy market. The global geopolitical crisis, incited with the war in Ukraine has accelerated the need for economies to become energy independent. While individual economies asses how best to ensure security of supply in the years to come climate change continues to lead citizens and their governments worldwide to demand a transition from fossil fuels to cleaner energy sources.

The EU and the Danish government, backed by public funding schemes drive development for new green technologies. Prominent Danish developers and technology providers focus on power-to-X technologies with several large-scale projects driving hikes towards 2030. The Danish national strategy of March 2022 aims to promote energy export in the form of green hydrogen and e-fuels, and the total power-to-X capacity is expected to grow substantially with power to hydrogen as the most common solution. BWSC's role as provider of services and comprehensive solutions for power plants and green energy facilities worldwide is highly relevant and in 2022 we focused our strategy even further to meet the needs of society and our stakeholders.

As exciting as 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 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.

The total power-to-X capacity is expected to grow substantially with power to hydrogen as the most common solution




H2 HYDROGEN · TRANSPORT

Distillery

The BWSC operated combined Heat and Power plant in Speyside provides heat for one of the world's most iconic whisky distilleries. Macallan distillery uses the heat generated by the plant in the form of steam, a critical component of the distillation process.

Our strategy

Towards the end of 2020 we made a major change in our strategic focus. We decided to wind down from our heritage as a power plant turnkey partner and focus on providing services for energy transition players and traditional power plants. In our new strategy 'Ever better energy' we express a vision of building a world of sustainable energy and we wish this to be the long-term aspiration of BWSC.

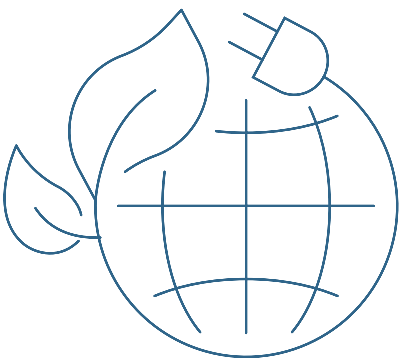
Strategic aspirations

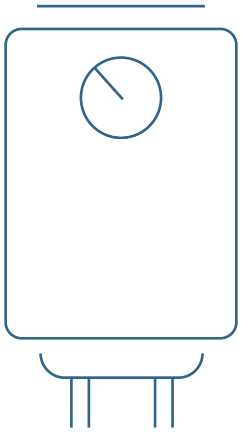
Develop our business enabling next generation sustainable energy solutions

BWSC has taken part in the green energy transition for decades with biogas, biomass and waste-to-energy projects as drivers in the transition. So being a key player within the emerging markets such as carbon capture and power to X, is a natural step for us. In 2021, we established a team dedicated to exploring opportunities within green energy solutions and in 2022 we identified power to hydrogen projects as our focus within green energy solutions. BWSC's significance as technology integrators and supplier of full-scale engineering and installation services in the new green energy transition was verified as we closed the first two of a promising pipeline of green hydrogen projects in 2022. These projects are important steps towards our strategic goal of enabling next generation sustainable energy solutions.

Accelerate our position as market leading O&M provider to plant developers and owners

When we decided to wind down from the turnkey business in 2020, we also decided to pursue a position as a leading and independent O&M provider. At the end of 2021 BWSC had an impressive O&M market share of about 30% in biomass installed base (5-55MW) in the UK, and in 2022 this share was increased further as we closed two independent O&M projects. We are thrilled about these new opportunities as they cement our position as independent O&M providers. We are confident that our re-positioning is a success and the right platform for future growth.





Grow as preferred boiler service provider building on long-term customer relations

Our revenue from the boiler business has increased over the past years with operations in UK, Sweden and Denmark. In 2022 we focused our strategy identifying the UK as the market with the largest potential for growing the business. Therefore, in 2022 we established ourselves as Boiler Service providers in the UK easing our access to the market and proximity to new customers. Through focus and dedication to the strategy, we have won several new customers within Boiler Service, increasing our customer base by 20%. This is a great achievement and a good indication that BWSC has the ability to address the market demand for boiler services.

Sustain our position as preferred engine service provider including support for de-carbonisation efforts

As part of our strategy, we will also sustain our position as preferred engine service provider. Many remote locations still rely on fossil fuels for the energy they consume. BWSC will remain an active player in these markets as we see a strong demand for efficiency improvements, emission reductions, and improved availability. Customers require ever-more sophisticated technologies and 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 at a glance

Order backlog
6.7
DKKbn
2021: 6.3

Revenue
1.033
DKKbn
2021: 1.2

Number of employees
608
2021: 708

16
nationalities

Revenue from
renewable energy business
58%
2021: 47

11 % **89**
2021: 10/90

Profit ratio
6%
2021: 10

O&M references
28
2021: 26

Lost time
injury frequency
2.0
2021: 2.3

Total CO_2 emission
1.43
CO_2/DKKm
2021: 8.24

2022 highlights

Enable next generation sustainable energy solutions

BWSC in Power-to-Hydrogen project with Andel

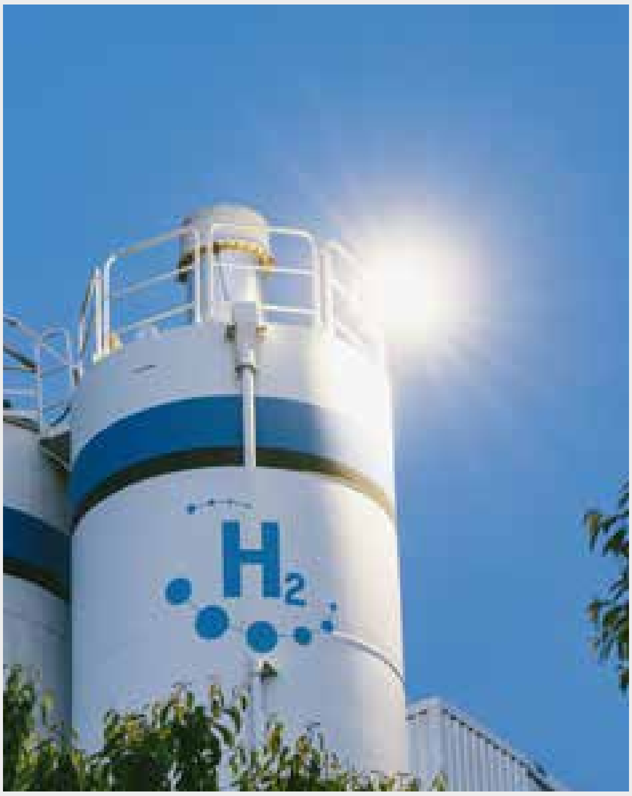
In 2022 BWSC partnered with Andel for the Glansager project near Sønderborg, DK.

The project includes a power-to-hydrogen plant where the hydrogen will be utilized to upgrade biogas from the existing Glansager biogas plant, owned by Nature Energy.

Biogas typically contains around 40% CO_2 that is normally extracted from the biogas and vented to the atmosphere. However, the CO_2 may be converted to natural gas by adding hydrogen thereby dramatically increasing the yield of the biogas plant.

Photo: Claus Haagensen/Nature Energy

The hydrogen plant will be supplied by Andel with BWSC as sub-supplier of mechanical balance-of-plant equipment and installation.



Cooperation with Green Hydrogen Systems

In 2022 BWSC partnered up with Green Hydrogen Systems, for their X-Series prototype project at GreenLab Skive in Denmark.

Green Hydrogen Systems designs and manufactures electrolysers to produce green hydrogen with renewable energy. With its wide range of possible applications, green hydrogen plays a key role in the ongoing fundamental shift in our energy systems towards a net-zero emission society. As a result, the demand for green hydrogen is surging, requiring a significant scale-up of electrolysis capacity.

BWSC is responsible for the installation and commissioning of their first X-Series prototype at GreenLab circular energy park. We will handle the general project management and site installations including engineering and installations of key connections, power source and utility connections.

Accelerate position as market leading O&M provider

Validation of our position as independent O&M provider

Towards the end of 2022 GB-Bio and BWSC signed a 10-year O&M contract for the 23 MW waste-wood plant located in Tansterne near Hull in the UK, with an immediate start of mobilization in January 2023. This project is an excellent showcase, where BWSC enters into an existing facility and executes a series of activities to secure a smooth transition into the contracted O&M period.

The project with a new customer in a known market validates BWSC strategic goal of accelerating our position as an independent O&M provider.

New O&M contract on an existing plant

In December 2022 BWSC concluded a deal with Schroders Greencoat (SG) on becoming the operator of the 40 MWe Templeborough Biomass Power Plant in Rotherham, UK, with an immediate start of mobilization. Some 30 people are transferred to BWSC and add to our UK workforce – totaling approx. 300 people.

The Templeborough plant expands our activities with already existing clients and as the plant is not built by BWSC it enhances our position as an independent O&M provider.

The project opportunity has come about due to good customer relations as SG also owns the Sleaford and Speyside facilities where BWSC also runs long-term O&M contracts.

This is BWSC's 12th O&M site in the UK – a significant footprint!

Sustain position as preferred engine service provider

Maintained market foothold and built-out our services

We have maintained our foothold in the engine market in the Caribbean and built-out our position in distributed control systems (DCS) services with an exciting new power plant upgrade in Barbados. The upgrade will ensure safe and reliable power production, improve cybersecurity, reduce the downtime risk, and lower the client's maintenance costs. As part of our strategy, we will sustain our position as the preferred engine service provider including support for decarbonization efforts. Many remote locations still rely on fossil fuels for the energy they consume and BWSC will remain an active player in these markets as we see a strong demand for efficiency improvements, emission reductions, and improved availability.

Grow as preferred boiler service provider

Conversion job contributing to power-to-X

In 2022 BWSC has worked on a contract with Ørsted, preparing Avedøreværket to deliver clean CO_2.

Avedøre Power Plant is situated less than 10 km from the center of Copenhagen and is renowned for being one of the most energy efficient combined Heat and Power Plants in the world. Based on BWSC's boiler competencies and good customer relations we were asked to help Ørsted extend the service life of a straw-fired boiler through conversion of the boiler grate.

The conversion job will contribute to Ørsted's plans for their major Carbon Capture and power-to-X project at Avedøre.

We are proud of such a job assisting our clients with their green energy transition. We will keep developing our competencies within boiler service to align with market requirements and grow as preferred boiler service provider.

Financial review

The financial results of BWSC exceed the expectations and outlook laid down at the beginning of the year due to an increase in operating result as well as increased results from investments in power plants. The operating result is positively impacted by one-time gains from the sale of business activities related to the exit from the turnkey power plant business.

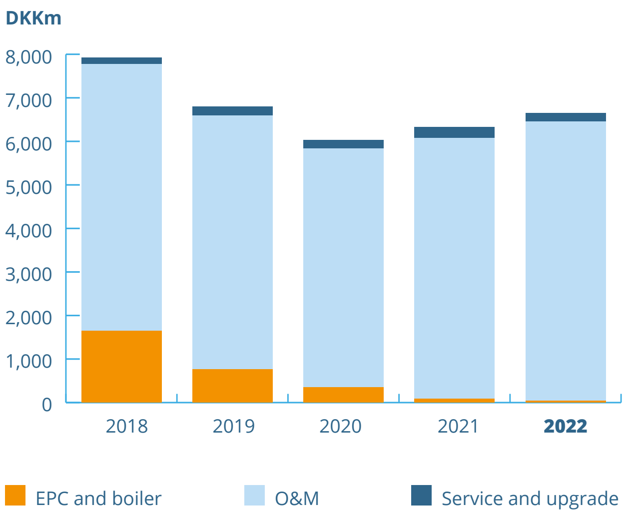
Financial review

The net result for the year amounts to DKKm 64 compared to DKKm 92 in 2021. The result is impacted positively by ie. gains from the sale of business activities. Excluding these one-time gains, the profit before tax amounts to DKKm 57.

Order intake and backlog

The order intake for 2022 amounted to DKKm 819 compared to DKKm 899 in 2021. 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 548 compared to DKKm 494 in 2021 and in Service DKKm 267 compared to DKKm 397 in 2020. The order backlog at the end of 2022 amounted to DKKm 6,659 (2021: DKKm 6,325). The order backlog is specified as follows:

ORDER BACKLOG



The O&M order intake have met the expectation when taking into account that there will be revenue almost immediately from the projects won as these are for already operating power plants. However Service order intake was lower than expected.

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 of up to 20 years.

Revenue

Revenue in 2022 amounted to DKKm 1,033 compared to DKKm 1,245 in 2021. The decrease is mainly due to a decrease in EPC activities during the year as a result of the exit from the turnkey power plant business.

EBIT

Profit before interest and tax (operating result or EBIT) amounted to DKKm 26 for 2022. Excluding the result from turnkey power plants activity that is under closure, EBIT amounted to mDKK 67. In 2021 EBIT amounted to DKKm 119, which to a large exted was impacted by one-time gains from i.e. sale of investments in power plants.

Financial income and expenses

BWSC has made a number of investments in power plants together with partners, and over recent years divested some of these investments.

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 expired in 2021 and now is being wound up. 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 2021, improving the financial performance of the plants. Result from investments in equity interests amounts to DKKm 43 (2021: DKKm 19).

Result before tax
Result before tax for 2022 amounts to DKKm 66, which is a decrease of DKKm 63 compared to 2021. Compared to 2022, the result for 2021 was impacted by significant gains from the sale of business activities and investments in power plants.

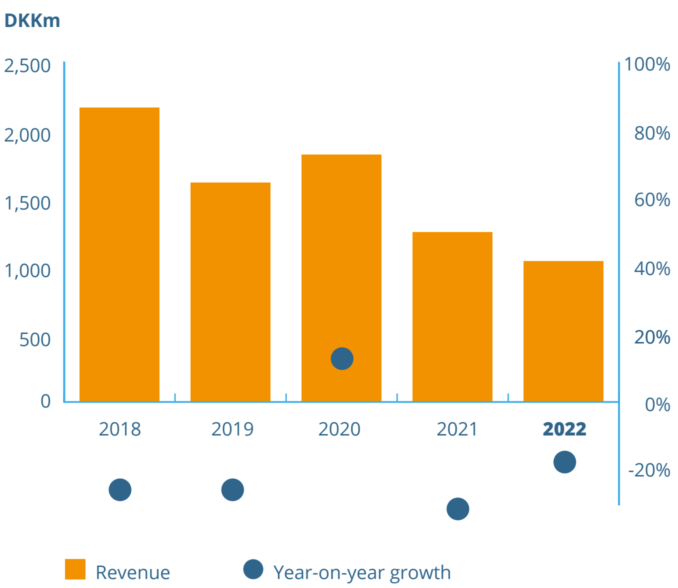
Tax
Tax for the year is an expense of DKKm 3 compared to DKKm 36 in 2021. The tax expense is a net amount of payable and deferred taxes, etc. The tax payable for the year is an expense of DKKm 10 (2021: DKKm 14). Deferred taxes are primarily attributable to tax losses carried forward that are expected to be utilised within a foreseeable future.

Net result
The net result for the year is a profit of DKKm 64 compared to DKKm 92 in 2021. 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.

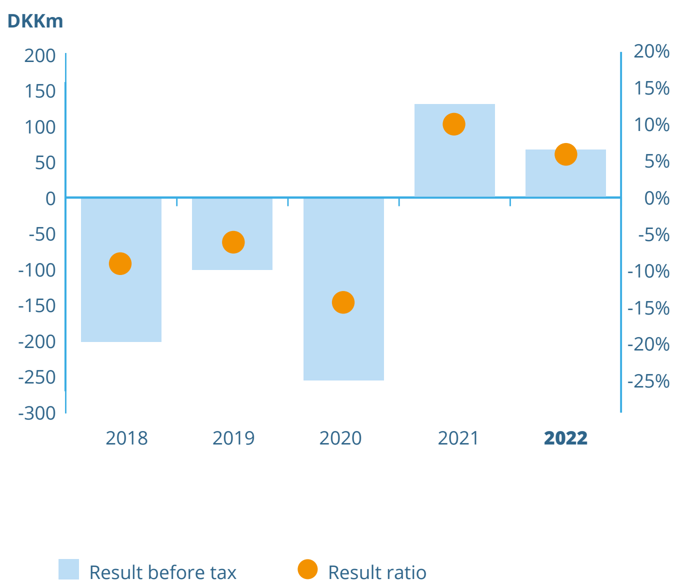
Uncertainties
In 2014, work on two engine-based projects in the Middle East was suspended due to the client not paying the milestone payments on time. These outstanding milestone payments were paid at the end of 2014, and the suspension was lifted at the beginning of 2015. BWSC has claimed the customer 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. After a stay period, where the arbitration case was on hold, 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.

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 135 at the end of 2022 compared to DKKm 112 at the end of 2021. The increase mainly relates to improved performance of the investments.

REVENUE



RESULT BEFORE TAX



Power for healthcare

The BWSC operated Kent renewable energy plant generates heat and power for Discovery Park – a cornerstone of the UK healthcare sector.

Working capital
At year end 2022 net working capital amounted to DKKm 646, an increase of DKKm 223 compared to 2021. The main reason for the increase is an increase in work in progress and a decrease in prepayments from customers.

Cash flow
Cash flows from operating activities amounts to DKKm -235 compared to DKKm –189 in 2021. The negative cash flow from operating activities is primarily a result of binding more capital in projects and the use of prepayments received for projects. Cash flows from investing activities amounts to DKKm 61 compared to DKKm 147 last year. Cash flows from investing activities mainly relates to proceeds from sale of tangible assests and business activities and from dividend from equity interests. Cash flow from financing activities amounts to DKKm 89 compared to DKKm -4 last year. In 2022 cash flow from financing activities was mainly due to a loan from the ultimate parent company.

Equity
Equity amounts to DKKm 792 (2021: DKKm 709), and the equity ratio is 59% (2021: 55%). The equity ratio has increased mainly due to an increase in equity as a result of the profit for the year. 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 44 (2021: DKKm 48). The total eliminated profit will be taken to income over the operational lifetime of the power plants.

EQUITY

2023 outlook

Revenue in 2023 is expected to be at a level comparable to 2022. Revenue from the remaining turn-key EPC projects, which is expected to be closed early 2023, is expected to be limited. The profit before tax for 2023 is expected to be in the range of DKKm 40-50. This is at level with 2022, however noting that the 2022 results to some degree has been impacted by one-time gains.

Forward looking statements like the 2023 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 2022 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 as well as new green energy solution projects like power-to-hydrogen 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 2022, 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. The plant in Sri Lanka has been sold and the company is in the process of being wound up.

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 all 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 2023.

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. BWSC's business involves contracts for large and technically complex projects. Furthermore, 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 over the past years by the COVID-19 pandemic but with no significant impact in 2022 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.

Geopolitical risks

The Russian invasion of Ukraine in 2022 has impacted significantly on the geopolitical situation and since then the supply chain for many goods has been impacted by longer delivery times and increasing prices; and the inflation has risen to levels not seen for several years. This is also impacting on goods and material used in our business as well as other costs. BWSC is however able to recover such costs partly through escalation principles in long term contracts and in the pricing of our services.

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 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

> We acknowledge that the sustainability agenda engages our employees and benefits communities and the environment. This is why we are working to make our sustainability commitments integral to our strategy.

Speyside

BWSC operates the Speyside Renewable Energy plant, Scotland. The plant generates enough renewable energy to power more than 20,000 homes.

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

Sustainability underpins our long-term success as a business, and we are continuously evolving to make it a core part of how we operate. We monitor our Environmental, Social and Governance (ESG) practices and performance and we are committed to publicly reporting our progress across the three fundamental ESG areas.

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 considers 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.

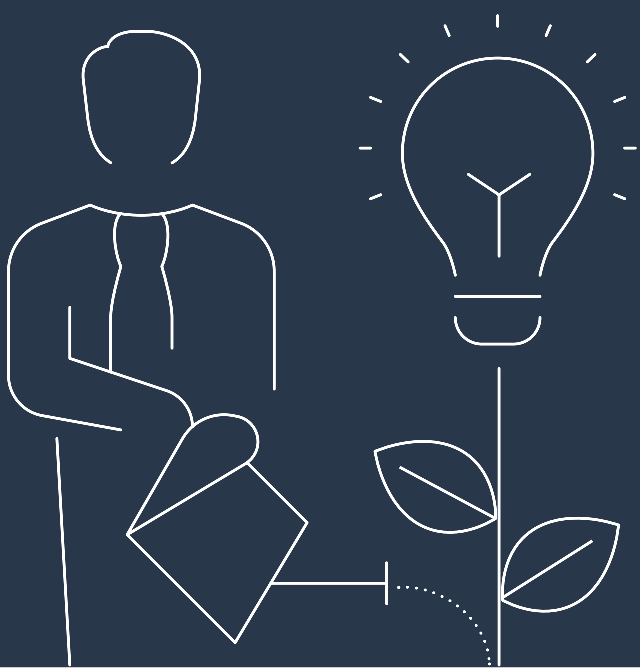
Basis of reporting

We are committed to adhering to the principles of the UN Global Compact and the 'BWSC Business Code of Conduct' is build according to these principles. BWSC is committed to conducting its business in compliance with the laws in Denmark and in each of the markets where we operate, 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.

The consolidated data in this sustainability reporting is produced in accordance with the financial control principles and thus includes data from the parent company BWSC A/S and subsidiaries.

Lost time injury frequency (LTIF) data, however, is collected using an operational scope, meaning 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 2022 we took the first steps to begin alignment with the European Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. Consequently, at BWSC we are working to evolve our business model and strategy, policies, risk management, target setting and due diligence efforts to play our part to protect and plan for ESG improvements through our operations and through our value and supply chain.



Environment

For more than 40 years, BWSC has been providing energy infrastructure to meet the world's energy needs. Today, our vision is to build a world of sustainable energy, while continuing to ensure security of supply for communities in need. Carbon emissions must be reduced and BWSC will focus even more on sustainable energy solutions, continuing to take a key role in the energy transition

For BWSC, environmentally responsible behavior includes minimizing our own impact on the climate, acting on environmental opportunities, and protecting our natural resources.

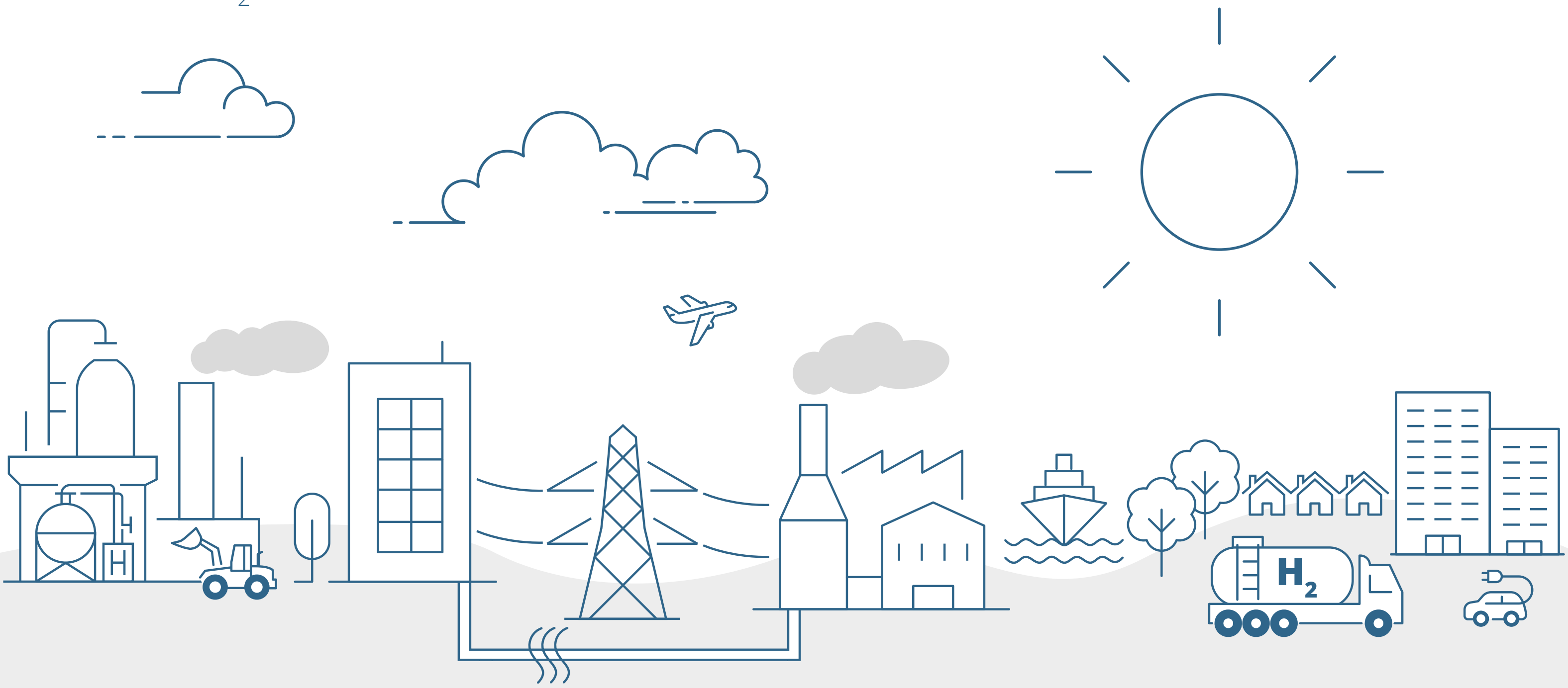
Minimizing our impact on the climate

We recognize the urgency of the climate change agenda and champion the role we have to play in de-carbonizing the economy for a greener, more sustainable future. Our focus is on minimizing the carbon emissions within our own operations, while evolving our methodologies for minimizing emissions within the value chain of the services that we provide.

MINIMIZING THE CARBON EMISSIONS WITHIN OUR OWN OPERATIONS

In 2022 BWSC concluded final elements of the restructuring plan initiated late 2020, which included handing over of most of the last turnkey projects and selling and re-renting part of the head-office building in Allerød. These actions, including the actions taken in 2021, i.e. divesting parts of the business and significantly reducing the number of employees at the head office, have had a considerable impact on CO_2 data within our own operation. The many changes entail that CO_2 impact data from 2022 to a large extent is incomparable with previous years.

Total CO_2 emissions from selected activities 2022



	2022	2021
Employees	608	708
Revenue (DKKm)	1,033	1,245
CO_2 Scope 1 and 2(1) (Tonnes)	149	9,225
CO_2 Scope 3(2) (Tonnes)	1,325	1,029
CO_2 total (Tonnes)	1,474	10,254
Total CO_2 in relation to revenue	1.43	8.24
Total CO_2 in relation to employees	2.42	14.46

(1) This includes consumption of natural gas and heating oil consumption from the electricity grid and consumption from the district heating grid at BWSC's assets (Headoffice from 1/1-22 - 30/6-22).

(2) This includes energy consumption at leased premises, upstream (suppliers) transportation as available and business travel.

Looking at figures for the BWSC Group, our total CO_2 footprint in 2022 was 1,474 tonnes or 1.43 CO_2/DKKm in revenue, against 10, 254 tonnes CO_2 in 2021 or 8.2 t/DKKm revenue.

Due to the new status as tenants at the head office building in Allerød and in accordance with guidelines in the Greenhouse Gas Protocol, emissions from purchased electricity, heating and cooling, previously accounted for as scope 1 data are per 1 June 2022 (date for selling and re-renting part of the building) included in the Scope 3 emissions. The significant reduction in scope 1 & 2 figures also reflects the unwind from the turnkey business and that the last projects delivering first power to the grid in 2021 (BWSC's cut-off date for Scope 1 emissions covering our construction activities). There has thus been no CO_2 impact from our construction activities in 2022.

In 2023 we will further improve our processes for CO_2 data gathering from BWSC owned assets, aiming at setting a Greenhouse Gas compliant CO_2 baseline for scope 1 and 2 emissions, reflecting the new business. We will further identify areas for CO_2 reduction and set goals for 2024.

EVOLVING OUR METHODOLOGIES FOR MINIMIZING EMISSIONS WITHIN THE VALUE CHAIN OF THE SERVICES THAT WE PROVIDE

In 2022 we commenced a journey of evolving our climate accounting principles and have accelerated our focus on impacts of our operations and throughout our value chain. Through identifying stakeholder interests and perspectives and screening our scope 3 (value chain) categories in accordance with criteria listed in the Greenhouse Gas protocol, we have set a frame for our climate reporting ambitions going forward.

In 2023 we plan to determine a more digital process and workflow for data gathering to ease compliance with the CSRD and EU taxonomy by financial year 2025. In 2023 we will conduct a materiality assessment to determine the extent to which BWSC's current environmental (and social and governance) actions and reporting practices are aligned with the CSRD requirements. We will determine gaps and action points.

Acting on environmental opportunities

In accordance with our business strategy 'Ever better energy' we aim to minimize carbon emission by acting on environmental opportunities in the market and providing carbon reducing solutions and services for power plants and green energy facilities worldwide.

We have been part of the renewable energy transition for many years through building, operating and servicing biomass, biogas and waste to energy plants. In 2022 we expanded our portfolio with two green hydrogen projects, harvesting on our experience of working with new and many different technologies and technology providers. In 2022 61% of the electricity delivered to consumers through the plants that we operate was from renewable energy1.Towards the end of 2022 this share was increased further as we closed contracts for two O&M projects on biomass-fueled power plants, with operations starting in 2023.

In 2022 we drove up our revenue share from renewable energy business to 58% against 47% in 2021. In 2023 we aim to drive this number up to 67%, through our commitment to further enhancing our renewable business revenue target with more biomass, waste to energy and Green Hydrogen projects – as our strategic response to the ongoing transformation of the energy market.

CO_2 impact associated with the use of biomass as a primary fuel is generally accepted as CO_2 neutral, as biomass that is not combusted would release the same amount of CO_2 via natural decomposition. And since consumed biomass can be replaced by planting new trees or crops, biomass fueled power generation is considered a renewable energy[1] source.

[1] *By renewable energy we refer to energy produced from sources that are naturally replenished and do not run out. In our definition we include energy sources such as biomass incl. straw, waste wood and municipal waste. Non-renewable energy, in contrast, comes from finite sources that could get used up, such as fossil fuels like oil.*

When referring to our 'renewable energy business' we include revenue from our green energy solutions, service and O&M jobs on renewable energy plants. We do not include de-carbonization jobs on fossil-based plants.

Protecting our natural resources

WATER

Water as a resource is key within our operations. We take an active role in minimizing water use at the sites that we operate. Water is used and consumed in power plants for auxiliary processes, such as cooling, fuel treatment, steam production and emission control technologies, as well as for washing and sanitary purposes. In plants utilizing a steam turbine cycle, it is also used as a process medium. In 2022 BWSC operated 14 power plants and while the plants are built to optimize water use, we also take an active role in helping owners minimize use of water through continuous focus on and recommendations on water-saving technologies throughout all operations. In 2023 we will continue efficiency and optimization efforts.

We always ensure that the quality of our waste water returned to utilities at the sites that we operate adhere to all environmental standards, through continuous and diligent controls.

WASTE

BWSC makes continuous efforts to reduce waste volumes, by optimizing operation processes to improve resource management. All material fractions are evaluated for possible internal or external use, and alternatively, where recycling is not possible, authorized disposal is made. In all cases, the material is transported and processed by authorized contractors to ensure it is handled in an efficient, safe and compliant manner. In 2023 we will continue to focus on bringing down the amount of waste produced at O&M sites and at our office facilities.

Risk management (environment and climate)

Unlike traditional types of business risks, 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:

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.

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 turnkey contracts, we were more vulnerable to investor and client choices regarding climate policies and regulations.

Social

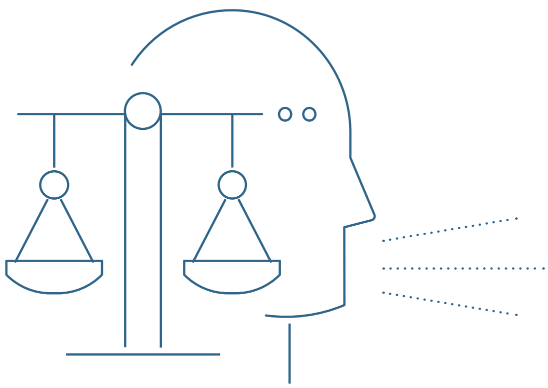
For BWSC, socially responsible behavior includes complying with regional and international laws and regulations, observing human and labour rights, protecting the health and safety of our employees and business partners, promoting a diverse and inclusive workforce and ensuring employee engagement. We also take an active role in community engagement in the areas surrounding our operation sites.

Human and labour rights

BWSC acts with a clear commitment to respect and protect human rights as a fundamental and general requirement both internally and towards all business associates. This includes initiatives as reported in the UK Modern Slavery Act. We commit 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.

We publish our annual Modern Slavery Acts Statements in line with the UK Modern Slavery Act and the Australia Modern Slavery Act. The purpose of the statement is to set out what BWSC as an organisation has done to prevent modern slavery in its own business and supply chain. BWSC fully supports the aims of the Act and is committed to tackling modern slavery and human trafficking to the extent it can.

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.

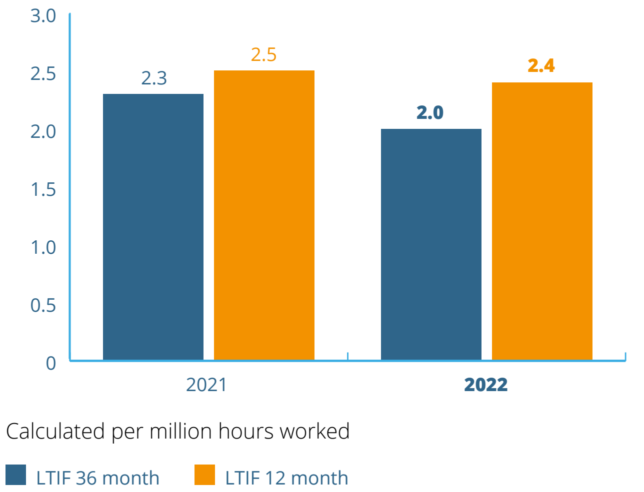
BWSC actively follows the policy developments regarding corporate sustainability and due diligence at the EU level, and we will take adequate action to ensure compliance and best practise in our implementation. We continue to support collective action efforts and initiatives to promote a level playing field and ensure that all actors in the value chain act responsibly and are held accountable.

Health and safety

BWSC is committed to protect the health and safety of our workforce. By prioritising our employees' well-being, we can ensure the safety of our teams whilst improving our efficiency and performance. Power plants where operation and maintenance is carried out demand vigilance and adherence to safety procedures to prevent severe or fatal injuries. We guarantee compliance regarding quality, health, safety and environment (QHSE) regulations. BWSC operates in diverse regions, such as Northern Europe, West Africa, and the Caribbean and we are proud of our lost time injury frequency (LTIF), which – among the lowest in the industry. One injury is still one too many and we will continue our dedicated efforts to reduce injuries in all areas of operation.

In 2022 the Lost Time Injuries Frequency (LTIF) has been stable at 2. This number is however not directly comparable to previous years due to the exit from large turnkey construction projects, meaning that the number of man hours has dropped by approx. 50% for every new month we add in the frequency calculation.

LOST TIME INJURY FREQUENCY (LTIF)



Historically, BWSC has calculated LTIF based on a 36-months rolling average. Going forward, we will apply a 12-months rolling average. The change of calculation method creates more transparency of the impact of safety measures implemented throughout a given year and it enables us to benchmark against comparable companies. The chart shows the result of both calculation methods for 2021 and 2022. Based on a 12-month rolling average the goal for 2023 remains at 2.0.

In 2022 we took a number of initiatives towards improving the health and safety of our workforce. A Work Place Assessment was carried out and subsequently followed up by the Work Environment Organisation with actions to address the identified needs and challenges. Among other actions 'welfare kits' for the use of computers and tablets have been distributed to ensure proper working positions during travel and when working from home.

Dedicated HSE training has been conducted across all UK O&M sites during 2022, introducing core values and standards for our work with health and safety. In 2023 this training will be distributed to the rest of our business.

RISK MANAGEMENT (HEALTH AND SAFETY): Operating power plants with heavy machinery, and performing service and repair works on pressurized systems and equipment is considered work with an increased risk of work-related incidents. Accordingly, we carefully manage health, safety and environmental risks associated with processes and activities throughout the design, construction, testing and commissioning phases of our projects as well as during operation and maintenance of plants.

We do this via policies, detailed procedures, method statements, risk assessments and permit to work procedures – all aimed at protecting employees and business associates.

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

- **ISO 9001:2015 (DNV)**
  Quality management standard
  + The Danish Power installation standard 'KLS'
- **ISO 14001:2015 (DNV)**
  Environment management standard
- **ISO 45001:2018 (DNV)**
  Occupational Health and Safety standard
- **ISO 3834-2 (Force Tech)**
  Welding work standard

The headquarters in Allerød passed external audits in all the standards with a satisfactory result in 2022.

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. In 2022 we increased the focus on changing the behaviour in our reporting culture from being reactive to becoming proactive. This has resulted in a significant increase in the number of 'site findings' and observations from 39 in 2021 to 319 in 2022, including all minor finding previously not reported.

In 2022 the aim was to get three of our sites in the UK certified against the three ISO management standards. Due to unforeseen circumstances we only managed to get two certified. This brings the numbers of certified sites in the UK up to 5. The rest will follow in 2023, when all our UK sites will be certified. We will investigate the two latest additions to the UK O&M site portfolio (Tansterne and Templeborough) with regards to ISO certification.

As BWSC's strategic focus has changed, we will align our policies and procedures to the new type of company profile. This will also include our new green business area (building power to hydrogen plants as sub-contractor together with other first movers in this new business area). This work was started in 2022 and will be completed in 2023.

Diversity and inclusion

We recognize the value of a diverse workforce, and we take action to increase and safeguard diversity and enhance inclusion by measuring on diversity KPIs (gender, age, nationality, experience), focusing on diversity in recruitment and by focusing on staff engagement and acting on what we learn from staff surveys.

In 2022 BWSC A/S employed 16 different nationalities, compared to 17 in 2021. The average age of the workforce was 51,5 years with 19% being below 40 years and 33% above 55 years.

The share of female employees at BWSC in 2022 was 11% (2021: 10%).

GENDER BALANCE IN MANAGEMENt

The share of female managers at all management levels was 8,3% in 2022 (2021: 9%). In 2021 we defined a target of increasing the share of women in management to 15% by 2024. At the end of 2022 there were 6% female managers at this level.

GENDER BALANCE IN BoD

There were no female representatives in the board of directors in 2022. In 2021 we defined a target of appointing a minimum of one general assembly elected woman to the Board of Directors by 2024. We are still working towards this target.

Risk management (Diversity and inclusion)

We value the vast experience contained in our workforce where we have a relatively high average age and many with a considerable seniority. However, we realise the need to ensure succession plans of critical competences and ensure an inflow of young talents, which is therefore a key focus in our People Strategy 2022 – 2024

To align with new reporting requirements on the inclusion of underrepresented gender in management and in acknowledgement of the value that a more diverse composition of the Board can bring to BWSC, the BoD has approved the following activities in 2023:

GENDER BALANCE IN MANAGEMENT

In 2023 we will set a target for the share of women in management defined as the two upper management levels, and we will develop a policy and action plan towards the achievement of such targets for gender balance.

GENDER BALANCE BoD

We continue our search for women with knowledge of our industry to join the Board by 2024, as targeted. In 2023 BWSC will further detail our plans to achieve our target action plan on how to increase gender balance in the BoD.

Employee engagement

After a couple of years with focus on restructuring the organisation, divestments and navigating through the Covid-19 pandemic, 2022 has been a year where we were able to consolidate around a strategic direction for the 'new' BWSC and a corresponding organisation. The Strategy Update Process that took place over the summer sharpened the common understanding of the direction and priorities for BWSC going forward. The process concluded with a full-day event for all staff based in Allerød, which gave an opportunity to discuss and create understanding of the strategy plans.

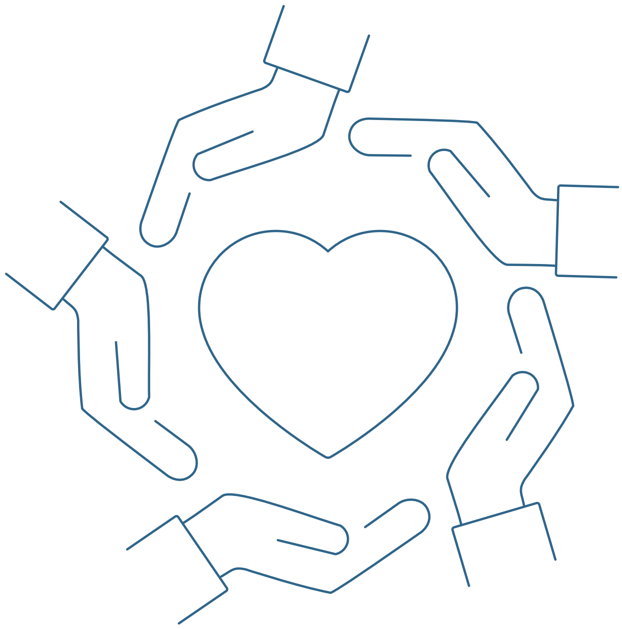
Transparent communication around strategy and management decisions has been a focus in 2022, where we have launched several new initiatives such as video-interviews distributed to all staff, hybrid after-work meetings with deep-dives into various topics and status on the strategy-implementation and a general increase in communication to all staff via the renewed BWSC intra. We will maintain this focus in 2023 and among other things make an effort to strengthen transparency and communication around our core processes, so that all employees get better access to knowledge and tools that are useful in their daily workflows.

A strategic focus in our People Strategy 2022–2024 is employee engagement because we believe that an engaged workforce is a powerful tool in retaining talent, improving productivity, and increasing customer loyalty. In 2022 we therefore launched a new engagement survey tool and format. We now measure engagement on a quarterly basis and provide all our people managers support in addressing the findings through targeted action plans. We consider the Engagement Survey a central tool to measure job satisfaction and to understand what factors detract and what factors increase the overall job satisfaction in BWSC. We are happy to see, that overall, the job-satisfaction in BWSC is high and significantly above the average Danish workforce (according to the statistics and research behind the survey tool). But the survey has also shed light on areas where we need to improve, hereunder the feeling of work/life balance among certain groups of employees. We will continue this work in 2023 and beyond.

TRAINING: 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.

In 2022 we have offered employees individual training opportunity to support their performance and development plans. Many of these courses are found externally. Internally we have offered general upskill of our employees within the use of common software tools, presentation technique, time management and first aid. For our managers we have focused on how to work with employee engagement. In 2023 we will kickstart a management development course for everyone with management responsibility in BWSC A/S.

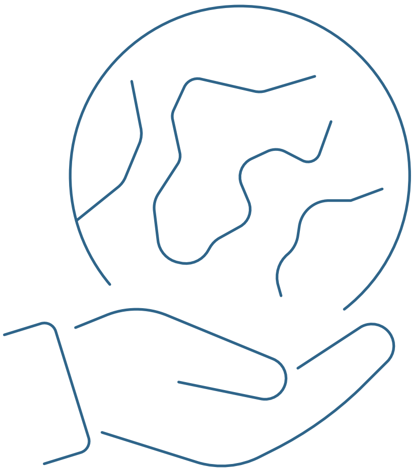


This will include topics such as strategic & performance management, communication and prevention of stress.

BWSC 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.

Dedicated HSE training has been conducted across all UK O&M sites during 2022, introducing core values and standards for our work with health and safety. In 2023 this training will be distributed to the rest of our business.

INTERNS AND APPRENTICES: We invest time and effort in employing and engaging interns and apprentices across our business because we believe in the mutual benefits this creates. During 2022, seven interns and two apprentices were employed. This number surpasses the minimum requirements set by the Danish authorities. Three out of the interns and apprentices we employed during 2022 have now taken up permanent positions in BWSC.



Risk management (Employee engagement)

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. All actions and initiatives are described in the above.

Community engagement and social impact

We are actively involved in local communities – from providing small funds for educational, health and environmental projects to enhancing local water supply and providing education to local students.

In 2022 we have initiated several activities at the Rabai power plant (RPL) in Kenya. Amongst other activities we have dedicated a water supply pipe to the nearby community to help improve water supply to neighbours. We have also donated water tanks to be placed along the supply line to help boost water supply to other areas not directly neighbouring the plant. In total RPL has sponsored secondary education for 71 students since 2012 with at least six students each year.

Governance

Below we report on our compliance efforts related to business integrity while Corporate Governance, including our governance structure is dealt with in a separate section under 'Our leadership'.

At BWSC we believe that the values of trustworthiness, credibility and integrity are key to our culture and the way we do business. We believe these values should always be at the heart of how we behave, interact and conduct business.

While BWSC has its headquarters in Denmark, which is one of the world's least corrupt countries, according to the Corruption Perceptions Index, we also operate in certain high-risk jurisdictions that have different legal and cultural frameworks. 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.

The Compliance Programme

The Compliance Programme aims to integrate the principles of Anti-Bribery, Fraud & Corruption, Ethical Behaviour and Social Responsibility, Fair Market Conduct, Protection of Data and Financial Accountability throughout our organisation as outlined in our Business Code of Conduct.

The Compliance Department regularly monitors each of the above principles with our various stakeholders, to ensure BWSC remains committed to adherence with our Code of Conduct for Business Associates. This is achieved through continuous monitoring of regulations, yearly risk assessments, yearly ethics surveys, through our due diligence programme and through the monitoring of our Whistleblower-Line.

BWSC seeks to maintain business ethics through our various policies and procedures, which apply globally throughout our business and to our business associates. We have established a thorough due diligence procedure to assess both our business associates and our potential projects prior to engagement. Business Associates are subsequently monitored to ensure commitment to the principles outlines in our Code of Conduct for Business Associates.

The BWSC Whistleblower-Line

The BWSC Business Code of Conduct lays out our corporate commitments and individual responsibilities relating to good governance, ethical behaviour, and social responsibility.

We recognize that sometimes we may fail to live up to our commitments and standards, or individuals may violate internal policies and standards. In these cases, we wish to encourage anyone to speak up about suspected or proven misconduct and adverse impact. In most cases, we hope this can be done via a trusted point of contact, manager or colleague, but we have also established a whistleblower-line to facilitate safe and anonymous reporting.

Our whistleblower-line is open to all BWSC employees, external stakeholders or other impacted third parties. Please note that whistleblower-line is now available in 219 locations worldwide. Depending on which location you are calling from there is a possibility to use a telephone line (number will be provided once location is selected). If your location is not supported by a telephone line, there will be an option to submit a web only report.

RISK MANAGEMENT (BUSINESS INTEGRITY): BWSC carries out both ad hoc updates and an annual review of the overall Compliance Risk Assessment. The findings and recommendations are consolidated in a report that is delivered to the Audit, Risk & Compliance Committee in Q4 each year.

The 2022 compliance risk assessment has led to the identification of several risk mitigation options. These control improvements are noted in this report and are to be included in the Compliance Action Plan.

We monitor the performance of our compliance programme by the following Performance Indicators related to our overall governance objectives:

Governance objectives	Performance indicator	Status 2022
Maintain best-practise compliance programme	External audit of the effectiveness of the BWSC compliance programme	Completed
To promote awareness of BWSC values	100% attendance at Code of Conduct session during BWSC intro for new employees in Denmark.	Achieved
	99% completion of online Anti-Corruption training course in 2022 by all relevant staff (Denmark and sites).	98% completion achieved.
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 (including reports from external stakeholders).	Achieved
	Conduct business ethics survey to monitor improvement in our speak-up culture.	Achieved
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.	Completed
	Relevant new business associates sign the BWSC Code of Conduct for Business Associates.	Ongoing

Data ethics

In 2022 BWSC has issued a Policy Statement regarding Data Ethics. The statement defines our approach to data ethics pursuant to section 99 d of the Danish Financial Statements Act.

Data ethics is integrated into the BWSC compliance programme. Implementation of the Data Ethics policy at an operational level is anchored with Compliance and a cross functional committee consisting of representatives from Compliance, IT and BWSC's CPO (the 'Data Compliance Committee'). The Data Compliance Committee reports to BWSC's Management group and BWSC's Audit, Risk & Compliance Committee (ARCC).

This policy was approved by the ARCC in November 2022 and will be reviewed every other year.

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. Michael Hedegaard Lyng, previously Member of the Board, was in June 2022 appointed as the new Chairman of the Board of Directors succeeding Torkil Boel Bentzen, who passed away suddenly in 2022 after serving as Chairman for more than 40 years. The deputy chairman is the 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 from the energy sector as well as general management and finance.

Material directorships in other companies, held by the Board of Directors can be found on page 30 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 2022, four ordinary and five 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 is overseeing 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 Thomas Knudsen as ordinary member. The committee holds at least three yearly meetings. During 2022 the committee has held five meetings.

Management

The Executive Management of BWSC consists of Nikolaj Holmer Nissen, CEO and Benny Lynge 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; Karsten Valsted Larsen, Operation & Maintenance; Natascha Linn Felix, People & Compliance and Toshihiko Uchida, Mitsui E&S Liaison officer.

Nikolaj Holmer Nissen has decided to resign from BWSC to seek new challenges and Jens Peter Koch, who joins BWSC on 1 March 2023, will take over as CEO no later than 1 April 2023 to allow for a smooth transition.

Remuneration

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

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 of 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.

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 32-45.

Audit

KPMG was re-elected as BWSC's auditors for 2022 and will be proposed as auditors for 2023 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 meetingsThe 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

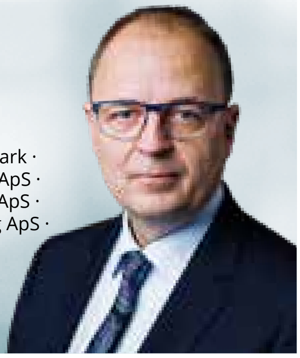
2022 is the Company's 43rd financial year.

Board of Directors

Michael Hedegaard Lyng
CHAIRMAN

Directorships: Investeringsselskabet Luxor A/S · Elektro-Isola · Mesco Denmark · Jane Kønig (BF) · NB Bespoke Kitchens ApS · The PT Gym ApS · Lyng Invest Holding ApS · Lyng og Leander ApS · Lumske Holding ApS · Challenge 2019 ApS · Kadeau ApS

Advisory Board: Monstarlab



Taketsune Matsumura (Ph.D)
DEPUTY CHAIRMAN

Directorships: MESHD and TGE Marine GMBH

Thomas Knudsen

Directorships: C.C. Jensen A/S, Svanehøj Group A/S, Bawat A/S, BWSC A/S, G&O Maritime Group A/S and The Danish Maritime Fund

Chairman of Eltronic Fueltech A/S and TGE Marine GMBH.

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.

Natacha 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 2022 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 2022, 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 2022.

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, 21 February 2023

Executive Management

Nikolaj Holmer Nissen
CHIEF EXECUTIVE OFFICER

Benny Lynge Sørensen
CHIEF FINANCIAL OFFICE

Board of Directors

Michael Hedegaard Lyng
(CHAIRMAN)

Taketsune Matsumura
(DEPUTY CHARIMAN)

Thomas Knudsen

Søren Hubert Petersen*

Lars Ellegaard*

The Annual Report 2022 is adopted at the Annual General Meeting on 21 February 2023.

*Employee-elected

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 2022 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 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical 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 responsibilities for the audit of the consolidated financial statements and the parent company financial statements

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, 21 February 2023

KPMG
Statsautoriseret Revisionspartnerselskab,
CVR No. 25578198

Kåre Kansonen Valtersdorf
STATE AUTHORISED PUBLIC ACCOUNTANT
MNE34490

Income statement

DKKt		Parent Company		The Group	
NOTES		**2022**	**2021**	**2022**	**2021**
2.1	Revenue	944,648	1,057,807	1,033,280	1,244,978
2.2	Production costs	-821,394	-786,116	-866,280	-939,970
	Gross profit	**123,254**	**271,691**	**167,000**	**305,008**
2.2	Sales costs	-14,837	-15,714	-15,253	-15,937
2.2 - 2.3	Administrative costs	-135,977	-168,688	-141,778	-176,007
	Other operating income	12,601	8,876	16,493	8,876
	Other operating loss	0	-3,268	0	-3,268
	Operating result	**-14,959**	**92,897**	**26,462**	**118,672**
3.3	Result on investments in subsidiaries	24,932	21,111	0	0
3.3	Result on investments in equity interests	42,543	18,969	42,543	18,969
	Gain (loss) on sale of investments	2,000	-11,330	2,000	-11,330
	Financial income	13,926	17,573	14,351	18,544
	Financial costs	-17,328	-15,222	-18,937	-16,119
	Result before tax	**51,114**	**123,998**	**66,419**	**128,736**
2.4	Tax on result for the year	11,770	-30,739	-2,776	-36,372
	Net result for the year	**62,884**	**93,259**	**63,643**	**92,364**
	Attributable to:				
	Non-controlling interests			759	-895
	Shareholders in BWSC A/S			62,884	93,259

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

Balance sheet, assets

DKKt		Parent Company		The Group	
Notes		**2022**	**2021**	**2022**	**2021**
	Software and goodwill	3,647	6,354	3,902	6,375
	Contract rights	0	0	0	0
3.1	**Intangible assets**	**3,647**	**6,354**	**3,902**	**6,375**
	Land and buildings	0	35,006	0	35,006
	Fixtures and fittings, tools and equipment	118	558	5,288	7,316
3.2	**Tangible assets**	**118**	**35,564**	**5,288**	**42,322**
	Investments in subsidiaries	128,958	105,477	0	0
	Investments in equity interests	134,644	112,133	134,644	112,133
3.3	**Financial assets**	**263,602**	**217,610**	**134,644**	**112,133**
	Total non-current assets	**267,367**	**259,528**	**143,834**	**160,830**
	Raw materials and consumables	0	0	660	1,623
	Inventories	**0**	**0**	**660**	**1,623**
	Trade receivables	48,936	86,817	85,379	109,710
4.1	Work in progress	735,054	571,883	716,320	560,072
	Amounts owed by related companies	3,821	92,812	3,279	1,556
	Receivable corporate taxes	592	5,521	1,747	7,137
2.4	Deferred tax assets	44,489	39,009	44,659	44,281
4.2	Other receivables	54,056	40,903	70,458	52,220
	Prepayments	3,244	5,133	3,332	5,402
	Receivables	**890,192**	**842,078**	**925,174**	**780,378**
6.3	**Cash**	**227,766**	**222,511**	**271,269**	**356,312**
	Total current assets	**1,117,958**	**1,064,589**	**1,197,103**	**1,138,313**
	TOTAL ASSETS	**1,385,325**	**1,324,117**	**1,340,937**	**1,299,143**

Balance sheet, equity and liabilities

DKKt		Parent Company		The Group	
NOTES		**2022**	**2021**	**2022**	**2021**
	Share capital	170,000	170,000	170,000	170,000
	Revaluation reserve acc. to the equity method	132,598	86,598	29,064	6,553
	Reserve for financial instruments	-340	-17,978	-340	-17,978
	Retained earnings	481,098	462,848	584,632	542,893
	Equity owned by the shareholders of BWSC A/S	**783,356**	**701,468**	**783,356**	**701,468**
	Non-controlling interests	0	0	8,802	7,579
	Total equity	**783,356**	**701,468**	**792,158**	**709,047**
2.4	Deferred tax	0	0	380	358
	Warranty provisions	31,039	54,822	31,039	54,822
6.1	Other provisions	44,435	72,199	45,127	85,605
	Total provisions	**75,474**	**127,021**	**76,546**	**140,785**
5.4	Mortgage debt	0	3,125	0	3,125
5.4	Loan from Parent Company	107,666	0	107,666	0
	Other long-term liabilities	23,569	28,149	23,569	28,149
5.2	**Total long-term liabilities**	**131,235**	**31,274**	**131,235**	**31,274**
5.4	Mortgage debt, short-term	0	3,117	0	3,117
5.4	Loan from Parent Company	100,000	100,000	100,000	100,000
4.1	Prepayments received from customers	58,316	100,636	59,092	101,325
	Trade payables	40,134	54,425	73,439	73,425
	Payables to related companies	121,038	94,704	15,473	9,004
	Corporate tax	3,736	4,545	7,486	7,284
4.3	Other payables	72,036	106,927	85,508	123,882
	Total current liabilities	**395,260**	**464,354**	**340,998**	**418,037**
	Total long-term and current liabilities	**526,495**	**495,628**	**472,233**	**449,311**
	TOTAL EQUITY AND LIABILITIES	**1,385,325**	**1,324,117**	**1,340,937**	**1,299,143**

Cash flow statement

DKKt		The Group	
NOTES		**2022**	**2021**
	Operating result	26,462	118,672
6.5	Adjustments	-44,909	-181,431
4.4	Changes in working capital	-215,589	-111,573
	Cash flows from operating activities before financial income and costs	-234,036	-174,332
	Financial income received	1,153	1,003
	Financial cost paid	-2,542	-4,212
	Cash flows from ordinary activities	-235,425	-177,541
	Taxes received (paid)	84	-11,520
	Cash flows from operating activities	**-235,341**	**-189,061**
	Additions of tangible assets	-1,818	-3,259
	Additions of intangible assets	-3,484	-2,527
	Dividends received from equity interests in associates	26,137	10,193
	Investments in equity interests and other securities	35,010	0
	Disposals of business activities	5,275	18,982
	Disposals of equity investments in associates	0	123,719
	Cash flows from investing activities	**61,120**	**147,108**
	Loan from Parent company	100,000	0
	Repayment of other long-term liabilities	-4,580	-1,139
	Repayment of mortgage debt	-6,242	-3,123
	Cash flows from financing activities	**89,178**	**-4,262**
	Cash at 1 January	356,312	402,527
	Changes in cash	-85,043	-46,215
	Cash at 31 December	**271,269**	**356,312**

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 2022	170,000	86,598	-17,978	462,848	701,468
Gains and losses recognized directly in equity		2,738		0	2,738
Result for the year		44,634		18,250	62,884
Changes in financial instruments			22,611		22,611
Tax on changes in equity			-4,973		-4,973
Exchange rate differences related to subsidiaries and equity interests		-1,372			-1,372
Equity at 31 December 2022	**170,000**	**132,598**	**-340**	**481,098**	**783,356**

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

Besides the 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 2022	170,000	6,553	-17,978	542,893	701,468
Gains and losses recognized directly in equity		2,738		0	2,738
Result for the year		19,989		42,895	62,884
Changes in financial instruments			22,611		22,611
Tax on changes in equity			-4,973		-4,973
Exchange rate differences related to subsidiaries and equity interests		-216		-1,156	-1,372
Equity owned by shareholders of BWSC at 31 December 2022	**170,000**	**29,064**	**-340**	**584,632**	**783,356**
Minority interests	0	0	0	8,802	8,802
Equity at 31 December 2022	**170,000**	**29,064**	**-340**	**593,434**	**792,158**

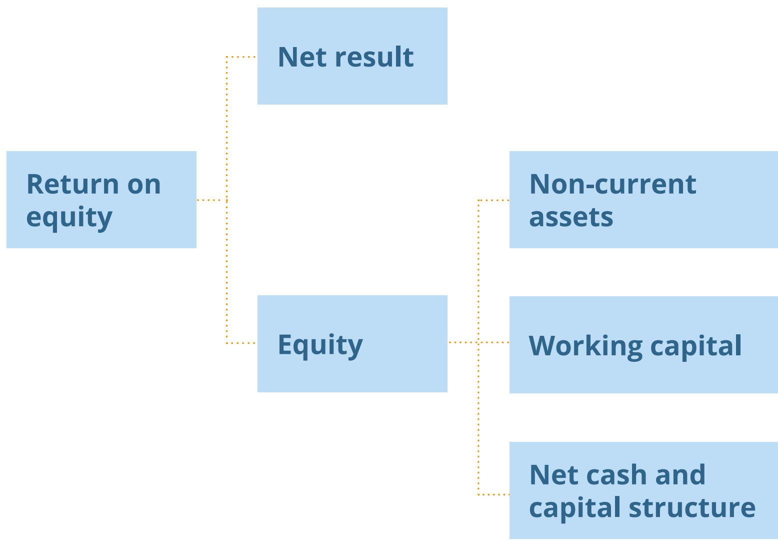
Notes overview

Reading instructions

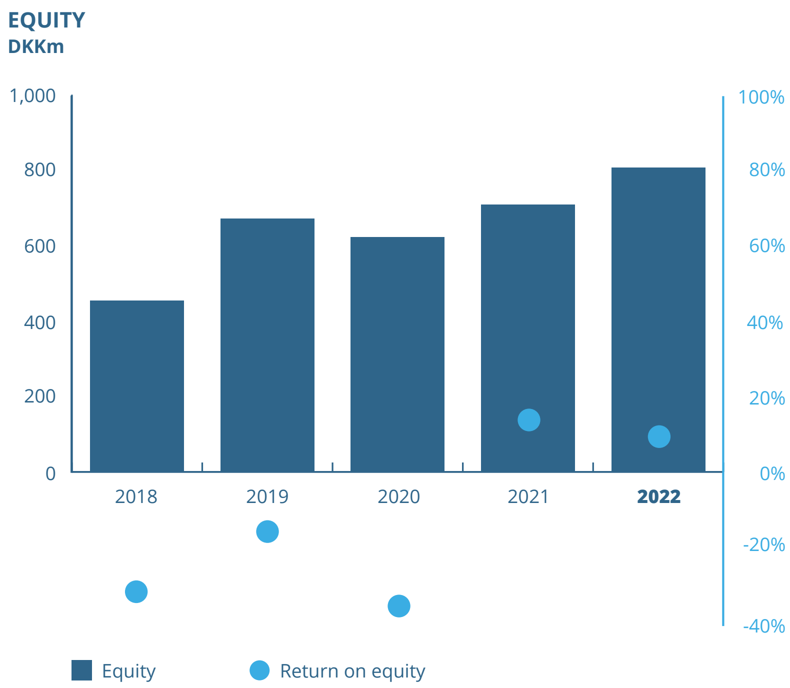
The financial statements have been presented in accordance with the Danish Financial Statements Act and in manner that attempts to make them less complex and more relevant to readers.

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 2018-2022



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: GENERAL ACCOUNTING POLICIES

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.
- 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.

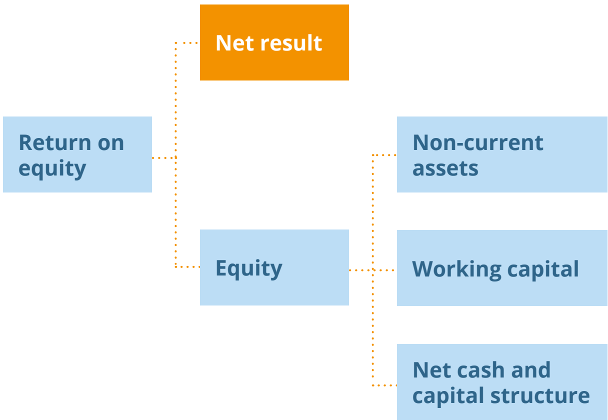
Going concern

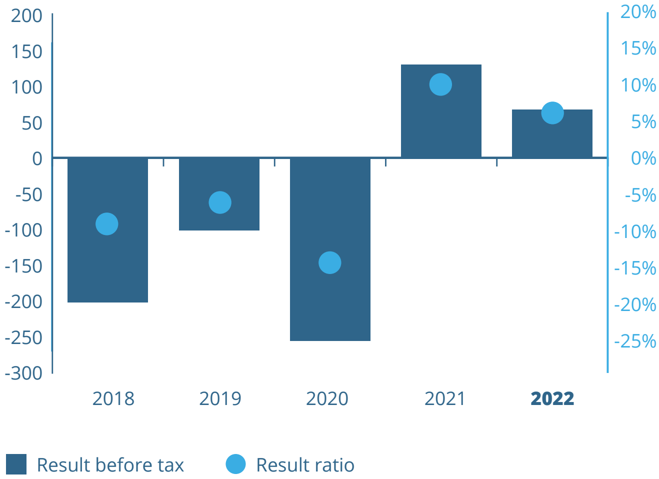
BWSC is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on budgets, forecast and expectations of future cash flow etc., BWSC is of the opinion that there are no factors giving reason to doubt whether BWSC can continue operating for at least 12 months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

Note section 2

Net result

Revenue of DKKm 1,033 (2021: DKKm 1,245) in a year with an operating result of DKKm 26 (2021: DKKm 119) and a net result of DKKm 64 (2021: DKKm 92).





The activity level measured in revenue has decreased by 18% compared to 2021. Revenue for 2022 amounts to DKKm 1,033 (2021: DKKm 1,245). 3% of the revenue is related to the EPC activities (2021: 19%). Revenue for the segment Europe, which mainly consists of biomass and waste projects in the UK accounts for 60% of the total revenue for 2022 (2021: 55%).

The average number of employees has decreased from 708 in 2021 to 608 in 2022. Due to restructuring in the Parent Company the average number of employees have decreased from 278 to 174 which amounts to a decrease of 104 employees. In addition, there was a decrease of 18 employees in the Subsidiaries. Staff costs has decreased by DKKm 29 to DKKm 350, a decrease of 8%.

NOTE 2.1: REVENUE
DKKt

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Final invoicing	576,919	661,981	672,474	866,965
Changes in contract work in progress	367,729	395,826	360,806	378,013
	944,648	**1,057,807**	**1,033,280**	**1,244,978**

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

	2022	**2021**	**2022**	**2021**
Europe	624,008	690,431	624,008	690,431
Africa and Middle East	127,190	100,146	163,905	124,422
South and Central America	164,022	241,285	172,060	331,697
South East Asia	29,428	25,945	73,307	98,428
	944,648	**1,057,807**	**1,033,280**	**1,244,978**

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	
	2022	**2021**	**2022**	**2021**
Wages and salaries	171,747	229,881	321,084	356,372
Pension contribution	1,374	2,389	10,517	7,429
Social security costs	1,235	1,734	18,348	14,812
	174,356	**234,004**	**349,949**	**378,613**
Average number of employees	174	278	608	708

For the Parent Company staff costs of DKKm 12,6 are allocated to Sales costs, DKKm 43,8 to Administrative costs and DKKm 118,0 to Production costs.

Staff costs include remuneration for:

	2022	**2021**	**2022**	**2021**
Executive Management of Parent Company	8,242	8,722	8,242	8,722
Board of Directors of Parent Company	988	1,094	988	1,094
	9,230	**9,816**	**9,230**	**9,816**

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	
	2022	**2021**	**2022**	**2021**
Audit fee	698	741	853	1,293
Other declaration assignments	0	0	0	0
Tax advisory fee	0	0	8	203
Other fees	0	19	119	211
	698	**760**	**980**	**1,707**

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.

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.

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

Tax on result for the year:	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Income tax payable	-4,751	7,232	9,619	13,849
Change in deferred tax	-6,741	23,715	-6,741	23,012
Adjustment of tax concerning previous years	-1,539	706	-1,363	425
Adjustment of deferred tax concerning previous years	1,261	-914	1,261	-914
	-11,770	**30,739**	**2,776**	**36,372**

Effective tax rate:

	2022	**2021**	**2022**	**2021**
Company tax rate in Denmark	22%	22%	22%	22%
Effective tax rate	-23%	25%	4%	28%

Specification of effective tax rate:	**Parent Company**		**The Group**	
	2022	**2021**	**2022**	**2021**
Company tax rate in Denmark	22%	22%	22%	22%
Tax on profit in subsidiaries and equity interests	-31%	-7%	-15%	-3%
Adjustment of calculated tax in foreign companies compared to 22%	0%	0%	2%	0%
Non-deductible costs	0%	5%	0%	5%
Other adjustments	-14%	5%	-5%	4%
Effective tax rate	**-23%**	**25%**	**4%**	**28%**

Taxes received for the BWSC Group in 2022 amounts to DKKm 0.1 (2021: paid DKKm 11.5).

Other adjustments relate to deferred taxes that have now been recognised.

Deferred tax:

	2022	**2021**	**2022**	**2021**
Deferred tax at 1 January	39,009	61,810	43,923	66,021
Adjustment concerning previous years	-1,261	914	-1,261	914
Changes in deferred tax	6,741	-23,715	1,617	-23,012
	44,489	**39,009**	**44,279**	**43,923**

Deferred tax can be specified as follows:

	2022	**2021**	**2022**	**2021**
Tangible fixed assets	3,052	4,140	2,842	4,045
Intangible fixed assets	660	1,100	660	1,100
Financial fixed assets	9,789	10,577	9,789	10,577
Contract work in progress	-42,914	-46,932	-42,914	-46,932
Provisions	9,287	10,641	9,287	15,650
Tax loss carried forward	64,615	59,483	64,615	59,483
	44,489	**39,009**	**44,279**	**43,923**

	2022	**2021**	**2022**	**2021**
Deferred tax asset	44,489	39,009	44,659	44,281
Deferred tax liability	0	0	-380	-358
	44,489	**39,009**	**44,279**	**43,923**

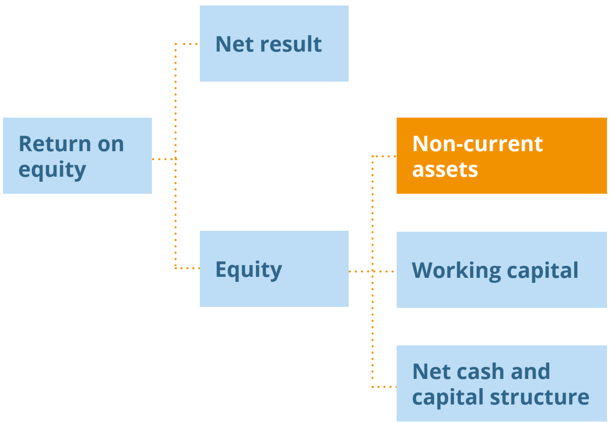
Note section 3

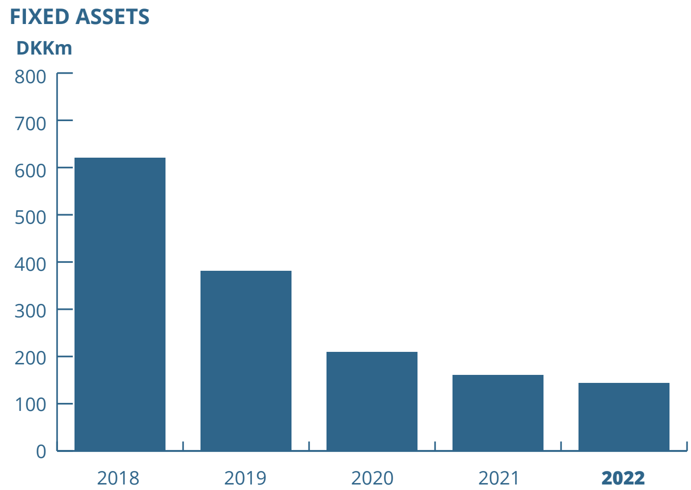
Non-current assets

Non-current assets decreased to DKKm 144 (2021: DKKm 161), mainly as a result of disposal of tangible assets.

In 2022, non-current assets have decreased by DKKm 17 (2021: decrease of DKKm 38). The decrease is mainly driven by the sale of land and buildings.

Investments in non-current assets amounted to DKKm 5 (2021: DKKm 6).





NOTE 3.1: INTANGIBLE ASSETS
DKKt

Parent Company

	Software	Goodwill	Total
Cost at 1 January 2022	102,721	7,000	109,721
Additions in the year	3,193	0	3,193
Disposals in the year		-7,000	-7,000
Cost at 31 December 2022	**105,914**	**0**	**105,914**
Amortisation at 1 January 2022	96,367	7,000	103,367
Amortisation for the year	5,900	0	5,900
Disposals in the year		-7,000	-7,000
Amortisation at 31 December 2022	**102,267**	**0**	**102,267**
Booked value at 31 December 2022	**3,647**	**0**	**3,647**
Booked value at 31 December 2021	6,354	0	6,354
Amortisation period	3-7 years	3 years	

The Group

	Contracts rights	Software	Goodwill	Total
Cost at 1 January 2022	18,014	102,744	8,889	129,647
Currency adjustments at 1 January 2022	0	1,124	0	1,124
Additions in the year	0	3,484	0	3,484
Disposals in the year	0	0	-7,000	-7,000
Cost at 31 December 2022	**18,014**	**107,352**	**1,889**	**127,255**
Amortisation at 1 January 2022	18,014	96,369	8,889	123,272
Currency adjustments at 1 January 2022	0	1,128	0	1,128
Amortisation for the year	0	5,953	0	5,953
Disposals in the year	0	0	-7,000	-7,000
Amortisation at 31 December 2022	**18,014**	**103,450**	**1,889**	**123,353**
Booked value at 31 December 2022	**0**	**3,902**	**0**	**3,902**
Booked value at 31 December 2021	0	6,375	0	6,375
Amortisation period	2 years	3-7 years	3 years	

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

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Administrative costs	5,900	6,755	5,953	10,134
	5,900	6,755	5,953	10,134

The intangible assets residual values and useful lives 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 2022	31,059	120,821	151,880
Additions in the year	79	0	79
Disposals in the year	0	-120,821	-120,821
Cost at 31 December 2022	**31,138**	**0**	**31,138**
Depreciation at 1 January 2021	30,501	85,815	116,316
Depreciation for the year	519	611	1,130
Depreciations of disposals	0	-86,426	-86,426
Depreciation at 31 December 2022	**31,020**	**0**	**31,020**
Booked value at 31 December 2022	**118**	**0**	**118**
Booked value at 31 December 2021	558	35,006	35,564
Depreciation period	3-10 years	10-100 years	

The Group

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2022	57,469	120,821	178,290
Currency adjustments at 1 January 2022	-1,136	0	-1,136
Additions in the year	1,818	0	1,818
Disposals in the year	-143	-120,821	-120,964
Cost at 31 December 2022	**58,008**	**0**	**58,008**
Depreciation at 1 January 2022	50,153	85,815	135,968
Currency adjustments at 1 January 2022	-923	0	-923
Depreciation for the year	3,580	611	4,191
Depreciations of disposals	-90	-86,426	-86,516
Depreciation at 31 December 2022	**52,720**	**0**	**52,720**
Booked value at 31 December 2022	**5,288**	**0**	**5,288**
Booked value at 31 December 2021	7,316	35,006	42,322

Depreciation period	3-10 years	10-100 years

The tangible fixed 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	
	2022	2021	2022	2021
Costs of production		0	3,053	3,759
Administrative costs	1,130	2,603	1,138	2,655
	1,130	**2,603**	**4,191**	**6,414**

NOTE 3.3: FINANCIAL ASSETS
DKKt

Parent Company

	Equity investments in group entities	Equity investments in associates	Total
Cost at 1 January 2022	25,432	105,580	131,012
Additions in the year	0	0	0
Disposals in the year	-8	0	-8
Cost at 31 December 2022	**25,424**	**105,580**	**131,004**
Revaluations/write-downs at 1 January 2022	80,045	6,553	86,598
Share of result for the year	24,932	44,543	69,475
Exchange rate differences	-1,156	-216	-1,372
Other changes	0	2,738	2,738
Distribution of dividend	0	-26,137	-26,137
Elimination intercompany profit	0	3,583	3,583
Disposals in the year	-287	-2,000	-2,287
Revaluations/write-downs at 31 December 2022	**103,534**	**29,064**	**132,598**
Booked value at 31 December 2022	**128,958**	**134,644**	**263,602**
Booked value at 31 December 2021	105,477	112,133	217,610

In the distribution of result for the year (note 5.3) for 2022, DKKt 46,000 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 2022	105,580	105,580
Additions in the year	0	0
Disposals in the year	0	0
Cost at 31 December 2022	**105,580**	**105,580**
Revaluations/write-downs at 1 January 2022	6,553	6,553
Share of result for the year	44,543	44,543
Exchange rate differences	-216	-216
Other changes	2,738	2,738
Distribution of dividend	-26,137	-26,137
Elimination intercompany profit	3,583	3,583
Disposals in the year	-2,000	-2,000
Revaluations/write-downs at 31 December 2022	**29,064**	**29,064**
Booked value at 31 December 2022	**134,644**	**134,644**
Booked value at 31 December 2021	112,133	112,133

As per 31 December 2022, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 44 (2021: DKKm 48) before tax has been deducted from the investments in equity interests.

BWSC has invested in six power plants via equity interests.

Note section 4
Working capital

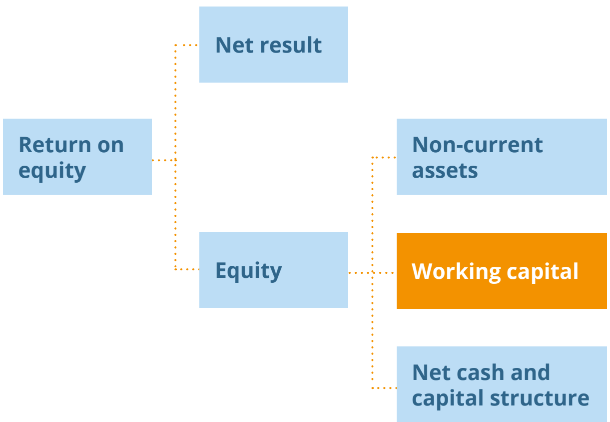
Working capital has increased compared to 2021.

Working capital amounts to DKKm 423 at the end of 2021 (2020: DKKm 316). A positive working capital represents that BWSC capital is tied into the assets and liabilities necessary to support the day-to-day running of the business. Working capital has increased by DKKm 107 in 2021.

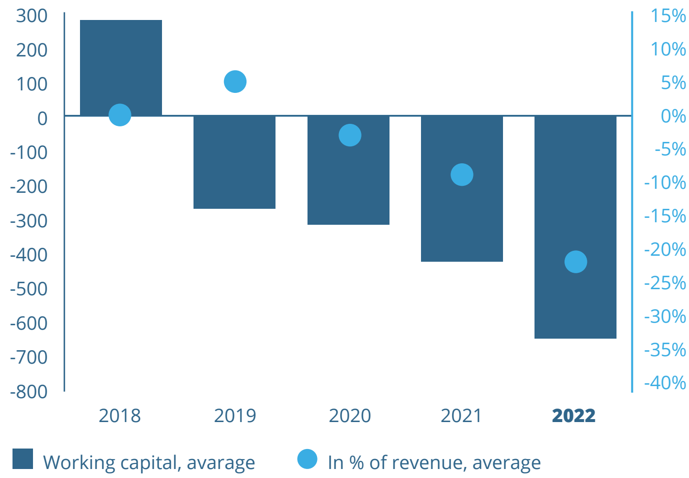
BWSC has funds tied up in working capital relating to two projects from 2016 that have not been settled. These relate to the two engine-based projects in the Middle East mentioned in the Financial review section of the Management review.

As an EPC contractor, working capital fluctuates during the year mainly due to the timing of large prepayments from customers and large 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.



WORKING CAPITAL
DKKm



NOTE 4.1: CONTRACT WORK IN PROGRESS
DKKt

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Sales value of production in progress	5,051,781	4,684,052	5,033,047	4,672,241
Invoiced on account	-4,375,043	-4,212,805	-4,375,819	-4,213,494
Contract work in progress, net	**676,738**	**471,247**	**657,228**	**458,747**

Classified as follows:

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Contract work in progress (receivables)	735,054	571,883	716,320	560,072
Prepayments received from customers (liabilities)	-58,316	-100,636	-59,092	-101,325
	676,738	**471,247**	**657,228**	**458,747**

NOTE 4.2: OTHER RECEIVABLES
DKKt

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
VAT receivable etc,	8,436	10,403	18,881	14,370
Financial instruments	25,768	2,629	25,768	2,629
Other	19,852	27,871	25,809	35,221
	54,056	**40,903**	**70,458**	**52,220**

NOTE 4.3: OTHER PAYABLES
DKKt

	Parent Company		The Group	
	2022	**2021**	**2022**	**2021**
Payroll related costs	16,141	35,729	25,556	42,622
Financial instruments	26,182	25,678	26,182	25,678
VAT payable	0	3,410	500	5,840
Other accrued costs	29,713	42,110	33,270	49,742
	72,036	**106,927**	**85,508**	**123,882**

NOTE 4.4: CHANGES IN WORKING CAPITAL
DKKt

	The Group	
	2022	**2021**
Changes in inventories	963	2,128
Changes in contract work in progress and prepayments received by customers, net	-198,481	-37,642
Changes in trade receivables	24,331	-13,716
Changes in receivables from related companies	-1,723	49,516
Changes in other receivables	-14,407	27,316
Changes in prepayments	2,070	-90
Changes in trade payables	14	-94,276
Changes in payables to related companies	6,469	-6,087
Changes in other payables	-34,825	-38,722
	-215,589	**-111,573**

Note section 5

Net cash and capital structure

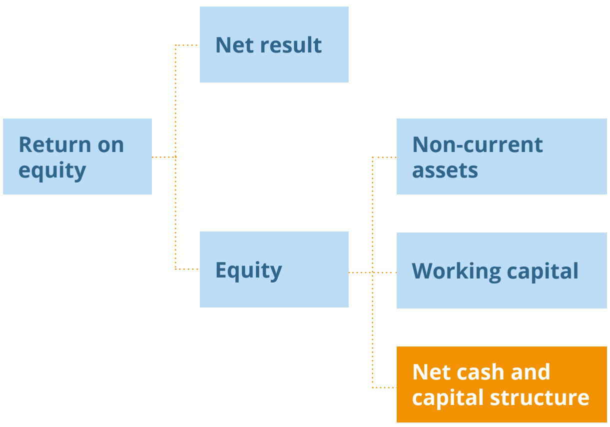
Cash at the end of 2022 reduced by DKKm 85 compared to 2021 and amounting to DKKm 271, equaling 20% of total assets (2021: 27%).

BWSC's capital structure at the end of 2022 consists of equity of DKKm 792 (2021: DKKm 709), interest bearing debt of DKKm 208 (2021: DKKm 106) and cash of DKKm 271 (2021: DKKm 356).

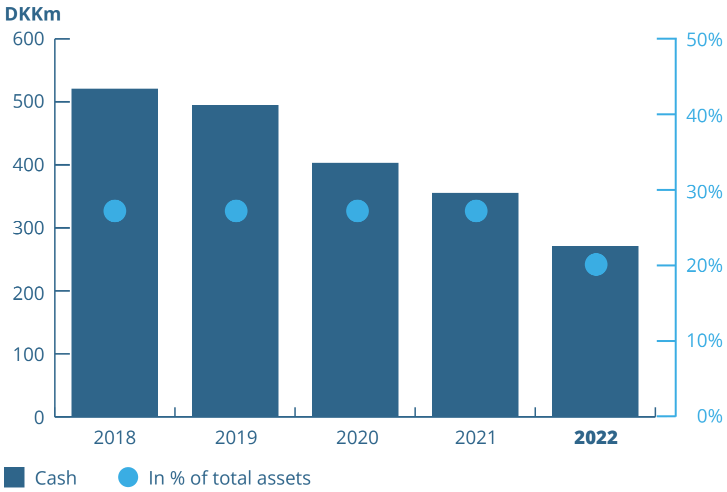
The equity has increased by DKKm 83 to DKKm 792 at the end of 2022 and the equity ratio (equity in relation to equity and total liabilities) is 59% (2021: 55%), which is an increase of 4 percentage-points compared to the end of 2021. The solidity is expected to remain at a similar level in 2023.

Cash has decreased by DKKm 85 to DKKm 271 at the end of 2022 whereas interest bearing debt has increased by DKKm 102 to DKKm 208. During the year cash has been impacted by more large movements, for instance sale of tangible assets, the increase in interest bearing debt, etc.

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.



CASH



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 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 59% at the end of 2022 is impacted by the increase in equity related to the gain for the year and currency adjustment.

The solidity is expected to remain at a comparable level to the above in 2023.

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 2022 amounts to DKKm 0 (2021: DKKm 0).

The mortgage debt amounts to DKKm 0 at the end of 2022 (2021: DKKm 6).

Other long-term liabilities DKKm 24 (2021: DKKm 28) are non-interest bearing. A major part of the long-term liabilities in 2022 relates to accrued holiday liabilities.

NOTE 5.3: DISTRIBUTION OF RESULT

It is recommended that the result for the year, DKKt 62,884 is distributed as follows:

DKKt

	Parent Company	
	2022	**2021**
Transferred to reserve for net revaluation according to the equity method	44,634	-37,441
Retained earnings	18,250	130,700
	62,884	**93,259**

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 meets 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 meets 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 2022 and at the end of 2021

DKKm	2022				2021			
	Amount	Drawn	Available	Expiry	Amount	Drawn	Available	Expiry
Mitsui E&S facility	200	200	0	2024	200	100	100	2022
Mortage debt	0	0	0		6	6	0	2023
Total	**200**	**200**	**0**		**206**	**106**	**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 2022 consists of drawn downs on the facility with Mitsui E&S.

The mortgage debt amounts to DKKm 0 (2021: DKKm 6).

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	2022			2021		
	Market value	Contract amount sold	Contract amount bought	Market value	Contract amount sold	Contract amount bought
GBP	-438	1,000,844	608,006	-22,661	432,980	84,712
EUR	0	624,604	1,013,466	0	81,301	402,762
Total	**-438**	**1,625,448**	**1,621,472**	**-22,661**	**514,281**	**487,474**

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	2022			2021		
	Market value	Recognised in income statement	Recognised in equity	Market value	Recognised in income statement	Recognised in equity
Currency financial instruments	-438	0	-438	-22,661	0	-22,661
Interest rate financial instruments	0	0	0	-388	0	-388
Total	**-438**	**0**	**-438**	**-23,049**	**0**	**-23,049**

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

DKKt	2022			2021		
	Currency financial instruments	Interest rate financial instruments	Total	Currency financial instruments	Interest rate financial instruments	Total
Within 1 year	1,988	0	1,988	-11,471	0	-11,471
Between 1 and 5 years	-2,426	0	-2,426	-11,190	-388	-11,578
Over 5 years	0	0	0	0	0	0
Total	**-438**	**0**	**-438**	**-22,661**	**-388**	**-23,049**

Note section 6

Other notes

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

NOTE 6.1: WARRANTY AND OTHER PROVISIONS

Warranty provisions amounts to DKKm 31 (2021: DKKm 55) where DKKm 13 has been added, DKKm 20 has been used, and DKKm 17 has been released during 2022.

Approximately DKKm 28 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 45 (2021: DKKm 86) where DKKm 0 has been added, DKKm 35 has been used, and DKKm 6 has been released during 2022.

Approximately DKKm 36 of the other provision is expected to be settled within the next 12 months and DKKm 9 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.

DKKt	Sales	Purchases	Receivables outstanding	Payables outstanding	Dividends received	Loans received	Interest payable
BWCC Ltd.	6,021	0	4,516	0	0	0	0
BWSC Benin SARL	0	9,883	0	3,698	0	0	0
BWSC Belgium Ltd	0	22,823	0	5,691	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	5,870	0	4,446	0	0	0
BWSC Lebanon Construction SARL	0	226	0	28,688	0	0	0
BWSC Macau Ltd.	125	0	0	6,074	0	0	0
BWSC Mali SARL	0	2,631	0	1,196	0	0	0
BWSC (Mauritius) Ltd.	0	0	0	2,980	0	0	0
BWSC Mindanao Inc.	0	0	0	68	0	0	0
BWSC Panama S.A.	0	396	0	2,997	0	0	0
BWSC Regional Services S.A.	0	0	0	555	0	0	0
BWSC Lanka (Private) Ltd.	0	0	0	0	0	0	0
BWSC Sweden AB	0	1,732	0	435	0	0	0
BWSC Generation Services Northern Ireland Ltd.	0	31,736	0	5,627	0	0	0
BWSC Generation Services UK Ltd.	0	346,675	0	26,367	0	0	0
Asia Power (Private) Ltd.	0	0	0	0	0	0	0
Subsidiaries total	**6,146**	**421,972**	**4,680**	**92,717**	**0**	**0**	**0**
Rabai Operation and Maintenance Ltd.	0	0	413	0	484	0	0
Western Biomass Operating Company Ltd.	5,412	0	19,139	266	0	0	0
APOM Ltd.	542	0	1,457	282	0	0	0
Rabai Power Holding Ltd.	30,722	0	1,080	0	4,960	0	0
Kent Power Corporation Ltd.	42,272	0	0	0	0	0	0
ERE LPS Holdings Ltd.	49,547	0	2,756	0	0	0	0
Mersey Bioenergy Holdings Ltd.	50,049	0	3,561	0	0	0	0
Albatros Energy Mali S.A	70,206	0	14,916	0	0	0	0
Tilbury Green Power Holding Ltd.	0	0	0	0	0	0	0
Associated companies total	**248,750**	**0**	**43,322**	**548**	**5,444**	**0**	**0**
Mitsui E&S Holdings Co. Ltd.	810	6,731	0	1,149	0	200,000	3,863
Parent company total	**810**	**6,731**	**0**	**1,149**	**0**	**200,000**	**3,863**
Dash Engineering Inc.	0	1,391	0	32	0	0	0
Sister companies total	**0**	**1,391**	**0**	**32**	**0**	**0**	**0**

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 income 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.

In December 2022 a bank deposit of DKKm 100 was provided as security for a bank engagement. The security has been released after year end.

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 2022 (2021: DKKm 0).

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 2022 guarantees given by banks and credit insurance institutions on behalf of BWSC for contract work, etc. amounted to DKKm 594 (2021: DKKm 686). 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	
	2022	**2021**
Amortisation, depreciation and impairment	10,144	16,580
Changes in provisions included in operating profit	-62,895	-106,990
Derivative financial intruments	22,611	0
Elimination of intercompany profit (note 3,3)	-3,583	-85,413
Other Operating income/loss	-11,186	-5,608
Other long-term liabilities	0	0
	-44,909	**-181,431**

NOTE 6.6: EVENTS AFTER THE BALANCE SHEET DATE

No significant events that could materially affect the financial position at 31 December 2022 have occurred after the balance sheet date.

NOTE 6.7: SUBSIDIARIES AND ASSOCIATES

Companies	Incorporated in country	Ownership in %
Parent company		
Burmeister & Wain Scandinavian Contractor A/S*	Denmark	
Subsidiaries		
BWCC Ltd.	The Bahamas	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 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%
BWSC Belgium B.V.	Belgium	100%
Asia Power (Private) Ltd.	Sri Lanka	55%
Associates		
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 India (Private) Ltd. has been sold during 2022.

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 lenght 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	$\frac{\text{Profit for the year (after tax)} \times 100}{\text{Average equity}}$

BWSC

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Ever better energy