BWSC

Burmeister & Wain
Scandinavian Contractor A/S

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Annual Report 2023

Content


We firmly believe in the term *'Ever Better Energy,'* wherein our commitment is to consistently enhance the efficiency of existing power plants and introduce new facilities that align with the principles of the green energy transition.
bmszealand / Shutterstock

Message to stakeholders

In 2023, we witnessed a significant shift in the energy landscape, marked by the stabilization of energy markets after a tumultuous 2022 of volatility. This period was characterized by heightened geopolitical tensions, prompting an increased focus on national energy security. The imperative for sustainable energy sources gained further urgency, a sentiment reinforced during the proceedings of COP28.

At BWSC, we remained steadfast in our commitment to supporting our customers daily, offering an extensive range of services and solutions tailored for power plants and green energy facilities. The escalating demand for sustainable energy underscored the continued relevance of our current services, compelling us to adapt and innovate in alignment with societal and customer needs.

For 2023, we report a profit before tax of 60 mDKK and a revenue of 1,302 mDKK. Notably, the positive financial result was influenced by strategic sale of shares. However, the unsatisfactory operational results were impacted by ongoing investments aimed at enhancing the conditions of our O&M sites. Additionally, challenges in a few of our projects impacted negatively on the operational result.

Cash flow from operations has improved since last year but was in 2023 still negative. Efforts are being taken to improve this further as part of the ongoing turnaround of BWSC.

On the 4th of January 2024 we experienced a fatal road accident when one of our shift cars was involved in a traffic accident bringing our shift operators back from site to their homes. We are devastated about the loss of two valued colleagues and the sorrow it brings to their families. We are currently investigating which actions we can take to increase road safety for our employees.

Green energy transition

Our vision at BWSC is to build a world of sustainable energy, recognizing that the green energy transition manifests in various forms. We firmly believe in the term 'Ever Better Energy,' wherein our commitment is to consistently enhance the efficiency of existing power plants and introduce new facilities that align with the principles of the green energy transition.

An integral aspect of our approach is the dedication to improving the performance of already established power plants. We are selective in adding new facilities, ensuring they actively contribute to advancing the cause of green energy.

It is a source of pride for us that a significant portion of our revenue, currently at 76% (compared to 58% in 2022), is derived from renewable energy businesses. This underscores our success in driving the adoption of sustainable energy solutions. Equally noteworthy is our pride in leveraging our extensive experience and expertise to support conventional energy providers optimizing their facilities. Through our comprehensive O&M services, upgrades, and digital solutions, we stand among the best in assisting these providers in making their facilities more sustainable.

Making Power-to-X our third strong leg

Our aspiration is to establish ourselves as a preeminent supplier in the Power-to-X sector, with a particular emphasis on Power-to-Hydrogen. Drawing from our extensive experience in the construction of energy facilities, we are strategically positioned to realize this ambition, leveraging our core expertise in working with high-pressure gases, engineering intricate piping and cable layouts, designing automated control systems, and proficiently managing projects from conception to completion.

This ambition has already been translated into tangible progress, as evidenced by our successful delivery of two green hydrogen projects in 2023. One project involved a partnership focused on converting CO_2 to natural gas through the addition of hydrogen. The other collaboration, with a leading electrolysis provider, aimed at producing green hydrogen exclusively from renewable energy sources. These endeavors showcase our commitment to innovation and sustainability in the Power-to-Hydrogen space.

Moreover, we closed our most significant Power-to-X order to date in 2023. This contract, secured with a prominent energy provider, positions us as the supplier for their e-methanol project.

Operating as a Service provider

In 2023, as part of our strategic evolution from a focused EPC provider to a Service provider, we undertook a comprehensive Target Operating Model project. This initiative aimed to evaluate and align our operational practices with our strategic focus and re-establish BWSC as a sustainable and profitable company. Recognizing the imperative for heightened operational efficiency and excellence to facilitate our growth as a Service provider, we implemented a new and more simple functional organization.

This transformation has been instrumental in establishing centers of excellence, bolstering, and advancing our technical and executional capabilities. Furthermore, it serves as the foundation for streamlining and digitalizing our operational processes.

The adoption of a simpler and data-driven operating model empowers us to concentrate our efforts on creating substantial value for our customers.

Increased customer focus has yielded significant results, with our Service order intake experiencing a notable 48% improvement compared to 2022. This impressive increase is attributed to a higher volume of orders and the expansion of our customer base, underscoring our commitment to operating as a dedicated Service provider rather than relying on a few large orders.

Strengthening our position as a leading O&M provider

Throughout the year, we have made substantial investments aimed at enhancing the performance of our O&M sites, resulting in the highest power production availability ever recorded across the power plants we operate and maintain. By strategically leveraging and comparing performance data from various sites, we have implemented a range of optimization initiatives. These initiatives are designed to minimize unplanned outages and improve overall operational efficiency. Ongoing efforts are in place to identify and capitalize on synergies across the power plants, ensuring a cohesive and streamlined approach to plant performance.

Our unwavering commitment to optimizing plant performance extends to both our existing markets and our pursuit of expansion opportunities.

With a solid pipeline in place, we are actively seeking to establish a presence in new markets. In a significant milestone for 2023, we seamlessly took over the operation and maintenance of the Templeborough Biomass Power Plant near Sheffield, UK. Notably, this transition occurred without the loss of a single MW hour during the handover process.

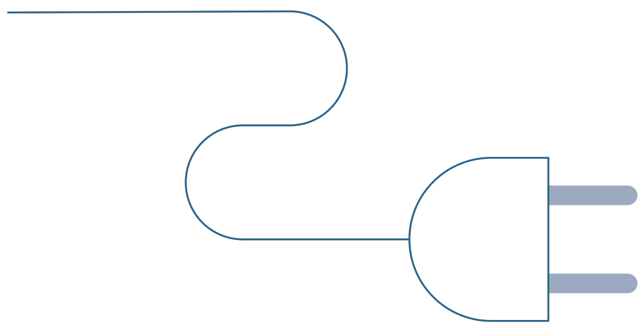
Thanks to our colleagues, customers, and partners!

A big thank you goes to our colleagues, both across our numerous sites worldwide and at our HQ. It is their unwavering dedication and hard work that truly make BWSC the exceptional company it is. The collective knowledge, commitment, and passion of each individual contribute significantly to our ability as a company to provide our customers with a high service level and innovative solutions.

We extend a sincere thank you to our valued customers and partners for the positive collaborations and the trust they place in us and our services.

As we reflect on the achievements of the past year, we eagerly anticipate the opportunities and challenges that 2024 will bring. Our commitment to building a world of sustainable energy remains steadfast, and we look forward to continuing our efforts alongside our dedicated team, customers, and partners.

Executive Management
Jens Peter Koch, CEO & Benny Lynge Sørensen, CFO



Group financial highlights:
5-year summary

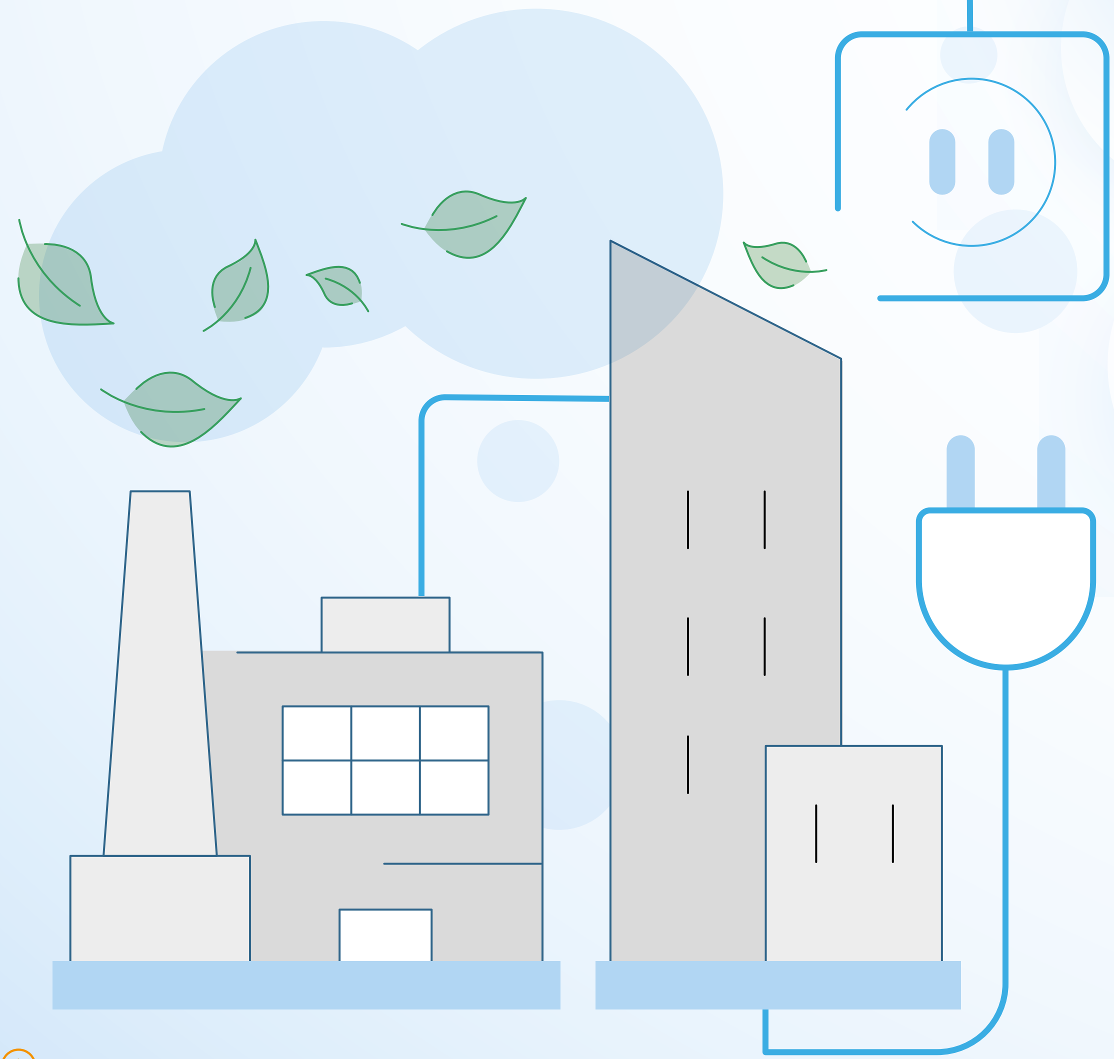
	2023 EURm*	2023 DKKm	2022 DKKm	2021 DKKm	2020 DKKm	2019 DKKm
Income statement						
Revenue	175	1,302	1,033	1,245	1,814	1,609
Gross profit	10	73	167	305	131	99
Operating result (EBIT)	-7	-49	26	119	-174	-75
Financial items, net	-0	-3	-5	2	-13	2
Result before tax	8	60	66	129	-254	-101
Net result	9	66	64	92	-229	-85
Balance sheet						
Total assets	179	1,335	1,341	1,299	1,518	1,761
Cash	19	140	271	356	403	495
Net working capital	92	685	646	423	316	269
Equity	102	762	792	709	622	671
Net interest-bearing debt	15	115	208	106	109	213
Cash flow						
From operating activities	-19	-140	-235	-189	-159	-545
From investment activities	14	108	61	147	-30	215
From financing activities	-13	-100	89	-4	97	297
Financial ratio (%)						
Gross margin	6	6	16	24	7	6
Profit ratio	5	5	6	10	-14	-6
Equity ratio	57	57	59	55	41	38
Return on equity	9	9	8	14	-35	-15
Other information						
Order intake	71	527	819	899	1,206	474
Order backlog	911	6,784	6,659	6,325	6,031	6,797
Number of full-time employees	642	642	608	708	767	766
Of which employed by the Parent Company	172	172	174	278	366	442

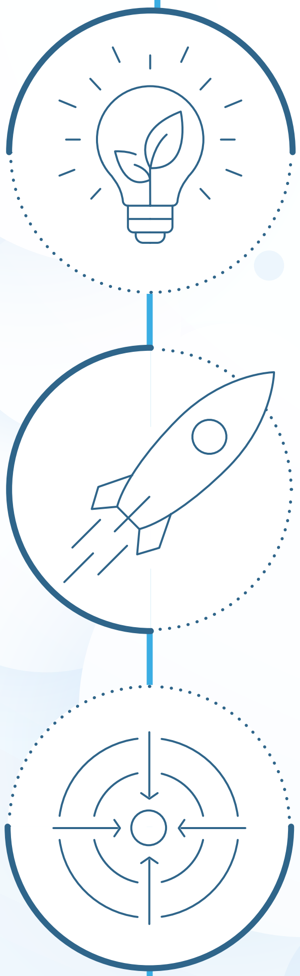
The calculation of the financial ratios are described in note 7.2 in the financial statements.

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

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:

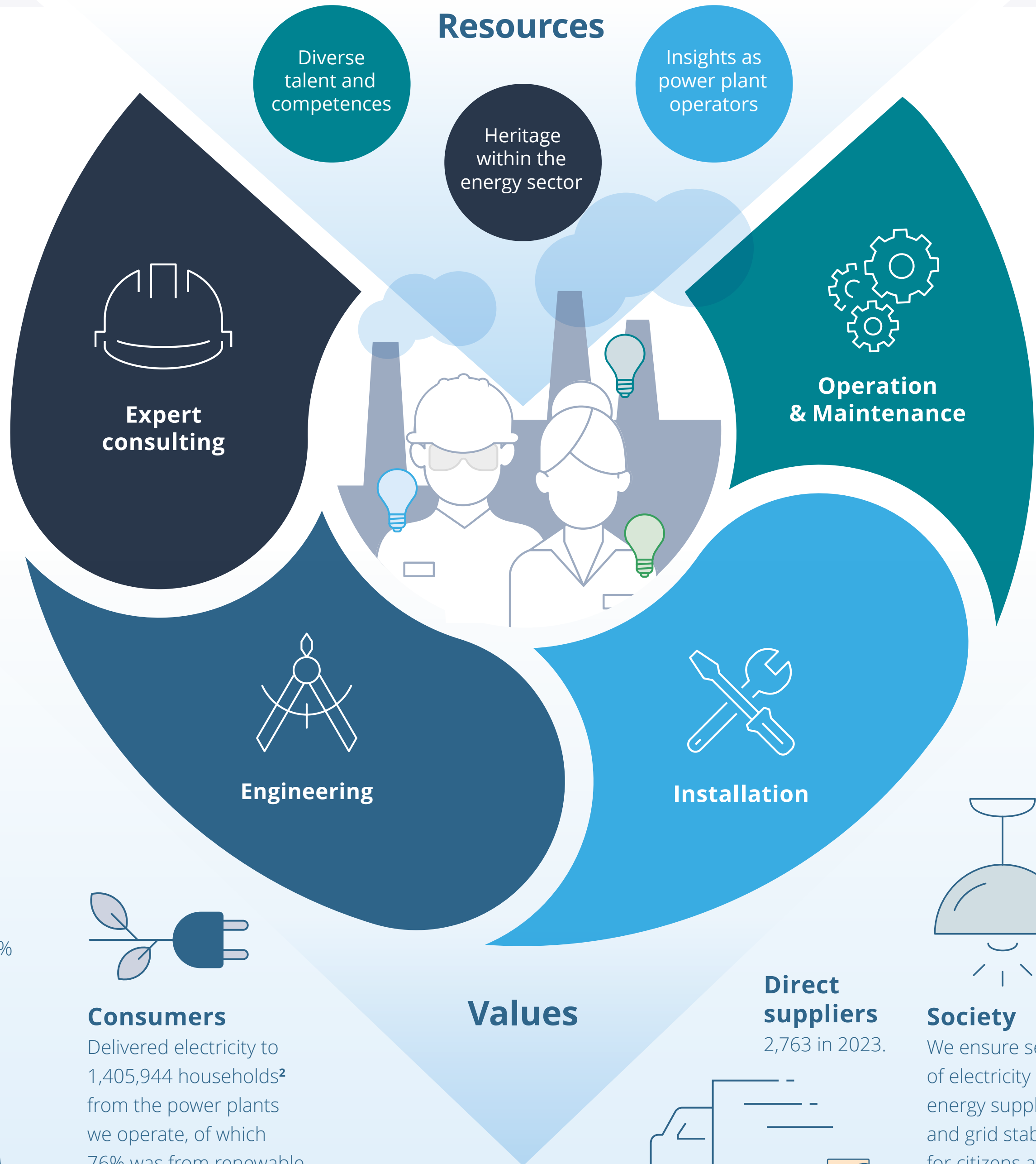
- Accelerate our position as market leading O&M provider to plant developers and owners
- Develop our business next generation sustainable energy solutions
- Grow as preferred boiler service provider building on long-term customer relations
- Sustain our position as preferred engine service provider 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.

We apply decades of expertise in operating, maintaining and upgrading power plants as well as building new green energy facilities.

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.



Climate

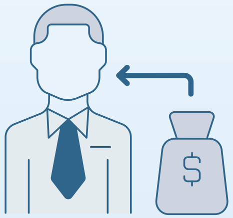
Help customers reduce emissions and transition to green energy. 76% revenue from renewable[1] energy business in 2023 (2022: 58%).

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 60 mDKK corresponding to 4.61% of revenue in 2023.



Consumers

Delivered electricity to 1,405,944 households[2] from the power plants we operate, of which 76% was from renewable energy.

Direct suppliers

2,763 in 2023.

Society

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

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.

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

2023 stood out as a stabilizing year for the energy industry, characterized by the easing of pressure on the energy markets, but the current geopolitical situation could lead to future volatility. The global geopolitical crisis, resulting from the wars taking place in Ukraine and the Middle East, continues to drive the need for economies to become more energy independent and rethink their supply strategies. These strategies are further influenced by the urgent need to reduce CO_2 emissions.

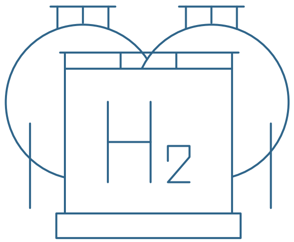
The outcome of the COP28 marked the beginning of the end for fossil fuels, as the COP, for the first time, officially acknowledged that fossil fuels are at the root of climate change. At the COP, 118 of the participating countries pledged that, by 2030, they will triple renewable energy capacity and double the global rate of energy efficiency. BWSC has vast experience in operating, maintaining, and upgrading renewable energy facilities, such as biomass and waste boiler plants, both private and public owned.

As most of the people in the world still rely on energy produced based on fossil fuels, it is important to ensure energy supply while transitioning away from fossil fuels.

Even though the Power-to-X market is still in its developing stage, the number of tenders in the EU and Denmark are increasing. In Denmark, the ambition for the Power-to-Hydrogen segment is to achieve an installation of 4-6 GW electrolyser capacity. This will require the industry to speed up through political agreements, ensuring a further development of the hydrogen infrastructure, as well as access to green electrons. At BWSC, we have already successfully executed multiple Power-to-Hydrogen projects and can foresee ourselves becoming a significant supplier in this market.

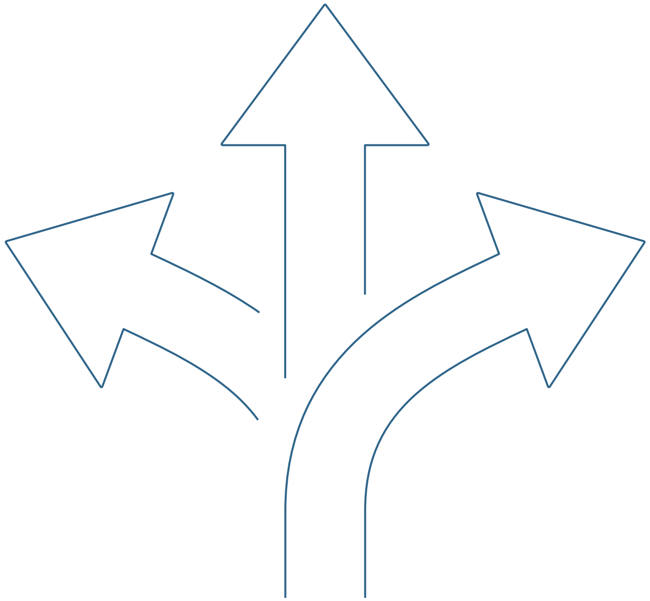
In our view, the green energy transition can take many shapes. At BWSC, we seek to support our customers in varied ways, from improving efficiency on conventional power plants to constructing new Power-to-X facilities, – all of it makes us move in the right direction towards Ever Better Energy.

BWSC supports its customers in improving the efficiency of their conventional power plants to reduce emissions, which in many cases further improves their capacity and profitability.



Our strategy

With our major change in strategic direction in 2020, we have shifted our focus from being a power plant turnkey provider towards becoming a service partner for energy transition players and traditional power plants. It is our vision to build a world of sustainable energy within our three technology tracks, these being Power-to-X, Boiler and Engine based power plants.



Balance-of-plant equipment
BWSC has designed and delivered the balance-of-plant equipment, including a demineralized water system and a nitrogen supply system to Glansager Biogas in Denmark – systems that are more or less traditional technology. However, the PtH plant also involves a hydrogen export and treatment system which is completely new technology. This system cleans the hydrogen for remains of oxygen and water vapor, measures the flow, and further reduces temperature and pressure before supply to the off taker.

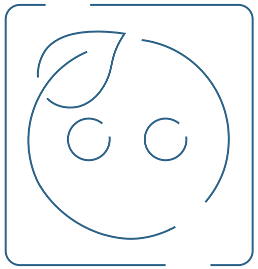
Strategic aspirations

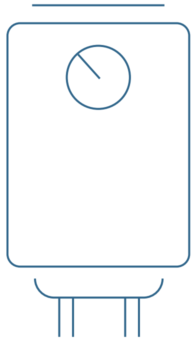
Develop our business enabling next generation sustainable energy solutions

BWSC has worked with sustainable energy solutions for decades with a focus on biogas, biomass, and waste-to-energy projects. Our decision to further develop our company to support the green energy transition has come easy, as we believe we can apply our competences to make a difference. With a focus on Power-to-X, in 2023, we have successfully executed two green hydrogen projects and closed yet another contract to be executed in the coming years. Based on our vast experience as technology integrators, supplier of engineering solutions and installation services, we trust that we can establish ourselves as a leading supplier in the new green energy transition.

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

Our ambition is to further develop our position as a leading and independent O&M provider. Thanks to our broad portfolio and extensive experience, we can optimize operation and maintenance practices across plants to ensure operational efficiency and high availability. We have an impressive market share of 16% in biomass installed base in the UK and, in 2023, mobilized two sites as an independent O&M provider. In the coming years, our aim is to become truly global by expanding our O&M footprint both in the EU and other markets where we currently do business.





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

Our efforts in growing our boiler service business have proven fruitful, with high activity and many new orders with current and new customers in 2023. Moving forward, our focus will continue to be on developing our business in the UK, Sweden, and Denmark, where we want to get even closer to our customers to be in the best position to support them in solving their challenges. In 2023, we expanded our local setup in the UK to be closer to our customers, focusing an increased attention on developing relations with new customers in the market. Likewise in Denmark and Sweden, we take on a partnership-based approach and work closely with our customers, so as to maintain their plants in optimal condition.

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

As many remote locations and industrialized islands are reliant, and will for a period continue to be reliant, on energy produced using fossil fuel, and so, it is essential to secure energy stability while addressing de-carbonization efforts. Due to our long life-cycle experience within engine-based power plants, BWSC has a unique position that allows us to better support our customers in servicing their facilities, thus ensuring efficiency improvements that result in lower CO_2 emissions and operating costs. Our specialists optimize plant performance through scheduled maintenance and evaluate upgrade potentials of e.g. state-of-the-art distributed control systems (DSC).

BWSC at a glance

Order backlog
6.8
DKKbn
2022: 6.7

Revenue
1,302
DKKm
2022: 1,033

Revenue from renewable energy business
76%
2022: 58

Number of employees
642
2022: 608

16* **nationalities**
2022: 16

12 % 88**
2022: 11/89

Profit ratio
5%
2022: 6

O&M references
28
2022: 28

Total CO_2 emission
1.6
tCO_2/DKKm
2022: 1.43

Lost time injury frequency
3.6
2022: 2.0

*Number is based on the office in Allerød.

2023 highlights

Enable next generation sustainable energy solutions

BWSC as mechanical balance-of-plant supplier to groundbreaking technology project with Andel

On November 3rd, the Glansager Bio Power-to-X plant, in Sønderborg, Denmark, celebrated its official inauguration. The hydrogen plant is supplied by Andel, with BWSC having a role as sub-supplier of mechanical balance-of-plant equipment and installation. The off taker of hydrogen is a so-called methanation plant that upgrades the CO_2 contents in biogas to methane. Biogas contains 40% CO_2, and traditionally this carbon is extracted from the biogas, and vented to the atmosphere before the remaining methane is pumped into the natural gas grid. Through the methanation process with hydrogen, a biogas plant can increase its yield of natural gas with up to 67%.

Glansager Biogas is owned and operated by Nature Energy who, together with Andel, have invested in the new methanation and PtX plant.

Photo: Skive Kommune

BWSC as EPC-package partner to Green Hydrogen Systems on their X-Series project at GreenLabSkive

Our support for Green Hydrogen Systems in their GreenLab Skive installation has been a rewarding journey. During the project BWSC has taken on the role of project and site management, as well as provided minor engineering packages and installation of key connections, power source and utility connections.

Photo: FlagShipONE

BWSC to support the Ørsted FlagShipONE project

FlagShipONE, taking place in Sweden, is the largest e-methanol project under construction in Europe and is set to produce 50,000 tons of e-methanol annually. The e-methanol will be produced with hydrogen made using renewable energy, and carbon captured from Övik Energi's biomass-fired combined heat and power plant, Hörneborgsverket, located next to FlagShipONE. BWSC will support the project with consultancy services for the mechanical and electrical installation work, as well as site supervision expertise ensuring a safe journey to first e-methanol.

Accelerate position as market leading O&M provider

Successfully mobilization and takeover of O&M responsibility of existing plant

The operation of Schroders Greencoat Templeborough Biomass Power Plant in Rotherham, UK was taken over in the beginning of the year and the plant is in stable operation. The Annual Outage was successfully completed by BWSC in May which then led into an extended turbine outage to undertake essential repairs.

Since the plant was brought back in operation in August, generation has been stable with few disruptions, resulting in more than 80GWh of generation in Q4. The focus, besides efficient operation and maintenance of the facility, is to get the BWSC Management Systems and Operating Standards fully implemented throughout the project.

Continuous improvements through predictive maintenance programs

Through data collection, analysis and knowledge sharing between plants and head office, our engineering team continuously develops and improves predictive maintenance programs that ensure a minimum of unplanned outages. Having a large number of power plants in the O&M portfolio allows us to easily share best practices and experiences, consequently increasing plant availability and output to the benefit of the owners.

Grow as preferred boiler service provider

Ørsted Avedøreværket fuel conversion

As part of the lifetime extension of the Ørsted-owned Avedøreværket, a conversion from Heavy Fuel Oil (HFO) to Light Fuel Oil (LFO) as support burner fuel was carried out by BWSC during 2023.

The conversion from HFO to LFO is designed for unchanged power load, availability and load change rate (MW/s) by installation of new components such as pumps, filters and valves.

The steam atomizing system was changed to compressed air atomizing which required installation of a new screw compressor system for both units.

Installation and commissioning were finalized at the end of 2023, and now both units are back in commercial operation.

Photo: Ørsted

Kent heat transfer to vertical farming

At the Kent renewable energy power plant, BWSC has designed and is delivering a new heat supply system to a vertical farming project. Vertical farming can become viable on a large scale by utilizing renewable heat, which in this case will be supplied from the existing Kent plant. Here the heat is generated in combination with electricity based on biomass. The project is being expanded in two phases, in which the first phase, comprising a central heat exchanger as well as pumps and piping, is being delivered over the first months of 2024. Phase two will mainly consist of a large hot water tank for heat storage (40 million liters). The heat storage tank is required to level out the big difference between night and day heat consumption for vertical farming. First heat storage operation is scheduled for early 2025.

Sustain position as preferred engine service provider

Caribbean Utilities Company lifetime extension and control upgrade

Caribbean Utilities Company is currently conducting a Life Cycle Upgrade, to secure the energy supply and improve the availability of power to the Cayman Island. MAN Energy Solutions has been chosen as the supplier for the Engine upgrade, while BWSC will provide the Control system upgrade and Auxiliary equipment.

BWSC's responsibilities include upgrading the obsolete control system and replacing with latest technologies. All programs will be converted to align with the new controller/design control system.

Furthermore, as part of the 25-year lifetime extension, BWSC will provide mandatory equipment such as ducting, pumps, separator units, and piping.

The upgrade is expected to be completed by end of 2025.


Photo: cuc-cayman


Photo: Nukissiorfiit

Nukissiorfiit replacement of engine to extend lifetime and improve efficiency

BWSC has been a key player in Greenland's energy infrastructure since its early days. In the final quarter of 2023, BWSC signed a contract with Nukissiorfiit, the public utility company in Greenland, for a lifetime extension of the combined heat and power plant in the town of Aasiaat, situated on Greenland's west coast along the Disco Bay.

The project involves the removal of an outdated diesel unit, making way for the installation and hauling of a new MAN genset. The comprehensive upgrades also include modifications to the foundation and balance of the plant, including heat exchangers, pumps, piping, ventilation, VLT's, instrumentation, cabling, noise enclosure and more, as well as an upgrade and adaptation of the existing control system. This entire process is managed seamlessly as a turn-key operation, covering engineering, equipment supply, installation, and final testing and commissioning of the plant.

What makes this project even more exciting is the integration of contemporary technology, which will result in significant improvement in plant performance and availability.

This marks the beginning of our journey towards helping the Aasiaat power plant become more technologically advanced and efficient, contributing further to the growth of Greenland's energy landscape.

Financial review

The financial results of BWSC exceed the outlook laid down at the beginning of the year; due to gain on sale of investments making up for a lower-than-expected operating result. The operating result is negatively impacted by increased costs to complete the last EPC projects under completion as well as cost increases caused by challenges on a few of the ongoing projects.

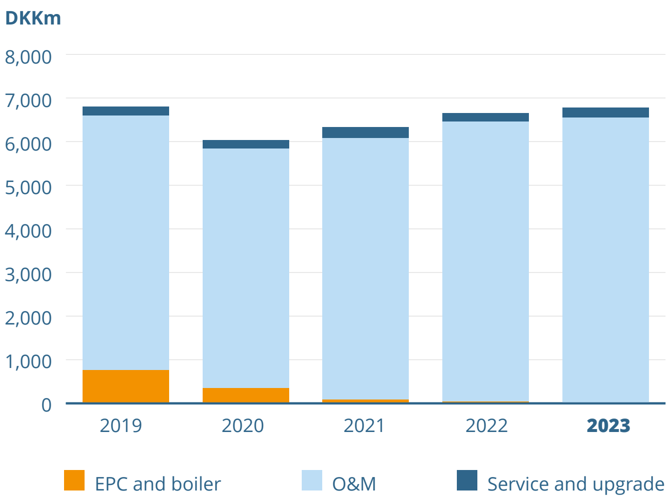
Financial review

The net result for the year amounts to DKKm 66 (2022: DKKm 64). The result for 2023 is impacted positively by ie. gains from the sale of investments. Excluding these one-time gains, the result before tax amounts to DKKm -30 (2022: DKKm 57). At the beginning of 2023 BWSC changed accounting policies with regard to recognition and measurement of revenue, which has had a positive impact on the net result for the year of 12 mDKK.

Order intake and backlog

The order intake for 2023 amounted to DKKm 527 compared to DKKm 819 in 2022. The order intake in O&M amounted to DKKm 128 compared to DKKm 548 in 2022 and in Service DKKm 395 compared to DKKm 267 in 2022. The order backlog at the end of 2023 amounted to DKKm 6,784 (2022: DKKm 6,659). The order backlog is specified as follows:

ORDER BACKLOG



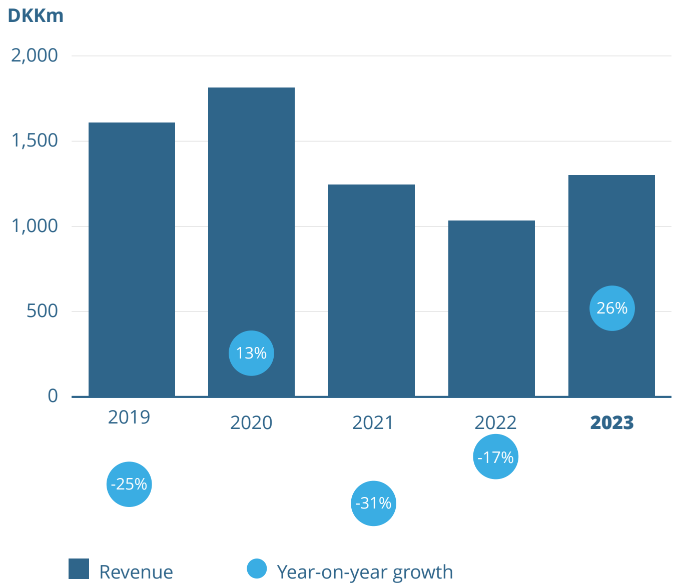
The O&M order intake has been lower than expected due to the delay in a few of the potential projects. The Service order intake was in line with the expected.

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 2023 amounted to DKKm 1,302 compared to DKKm 1,033 in 2022. The increase is mainly due to an increase in the O&M activities during the year as a result of new contracts and price increases.

REVENUE



EBIT

Result before interest and tax (operating result or EBIT) in 2023 amounted to DKKm -49. Excluding the result from turnkey power plants activity that is under closure, EBIT amounted to mDKK 13. In 2022 EBIT amounted to DKKm 26 and excluding the result from turnkey power plants activity that is under closure, EBIT amounted to DKKm 67.

Financial income and expenses

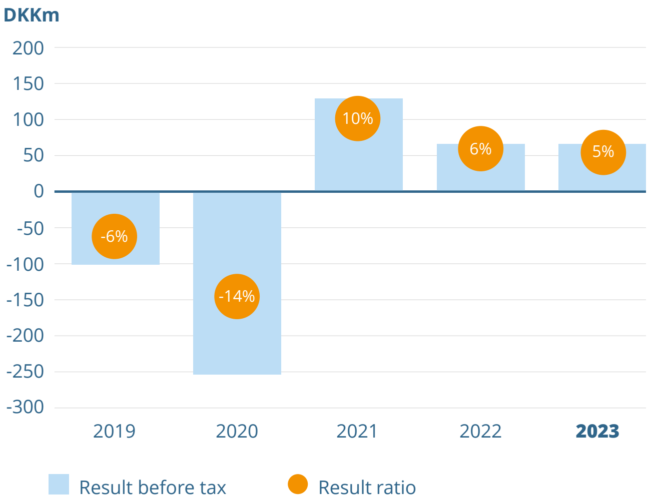
BWSC has made a number of investments in power plants together with partners, and over recent years divested some of these investments.

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 decreased or remained stable compared to 2022, decreasing the financial performance of the plants compared to 2022. Result from investments in equity interests amounts to DKKm 16 (2022: DKKm 43).

Result before tax

Result before tax for 2023 amounts to DKKm 60, which is a decrease of DKKm 6 compared to 2022. Compared to 2022, the result for 2023 has been impacted by significant gains from the sale of investments in power plants.

RESULT BEFORE TAX



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.

Tax

Tax for the year is an income of DKKm 6 compared to an expense of DKKm 3 in 2022. The tax income for the year is a net amount of payable and deferred taxes, etc. The tax payable for the year is an expense of DKKm 12 (2022: DKKm 10). 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 66 compared to DKKm 64 in 2022. 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, 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 2023, unchanged from 2022.

Working capital

At the end of 2023 net working capital amounted to DKKm 685, an increase of DKKm 39 compared to 2022. The main reason for the increase is an increase in receivables.

Cash flow

Cash flows from operating activities amounts to DKKm -140 compared to DKKm -235 in 2022. The negative cash flow from operating activities is primarily a result of binding more capital in projects. Cash flows from investing activities amounts to DKKm 108 compared to DKKm 61 last year. Cash flows from investing activities mainly relates to proceeds from sale of investments. Cash flow from financing activities amounts to DKKm -100 compared to DKKm 89 last year.

In 2023 cash flow from financing activities was mainly due to the repayment of a loan from the ultimate parent company.

Equity

Equity amounts to DKKm 762 (2022: DKKm 792), and the equity ratio is 57% (2022: 59%). At the beginning of 2023 equity was reduced by 84 mDKK as a result of change in accounting policies. Besides the result, 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 36 (2022: DKKm 44). The total eliminated profit will be taken to income over the operational lifetime of the power plants or if earlier, at the time of divestment of the investments in the power plants.

EQUITY

2024 outlook

Revenue in 2024 is expected to decrease by 7-10% compared to 2023 due to decreasing activity on the power plants operated and maintained by BWSC. The profit before tax for 2024 is expected to be in the level of DKKm 80. This is an increase compared to 2023, which is caused by an expected increase in earnings from operational activities. Furthermore, the result in 2023 has been impacted by some non-recurring items, with a net negative impact on 2023, as mentioned in the Financial Review section.

Forward looking statements like the 2024 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 2023 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.

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

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 2023, BWSC has investments in four power plants in four countries, including one biomass (boiler-based) plant and three hybrid (engine-based) plants. The plant investments are in the UK, Kenya, Sri Lanka and Mali. The plant in Sri Lanka has been sold and the company is in the process of being wound up.

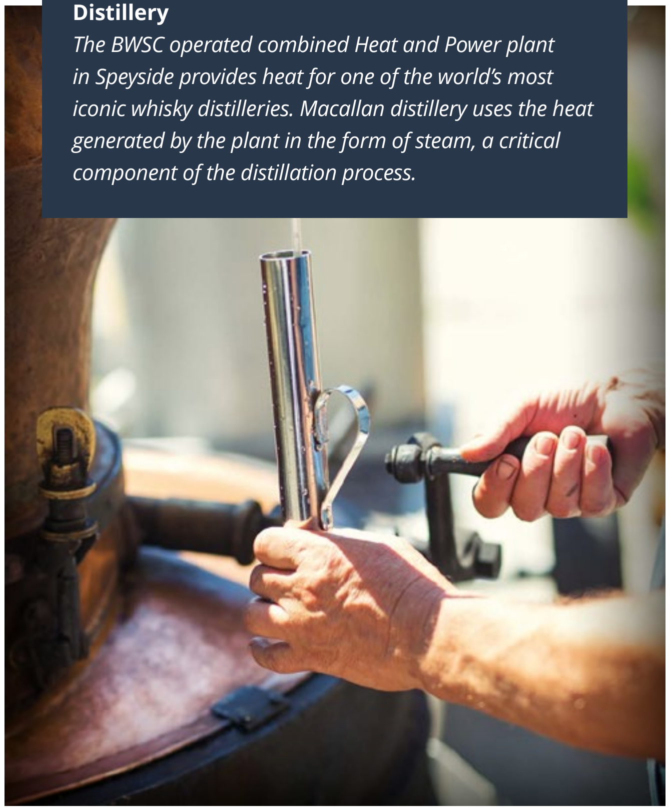
BWSC has entered into long-term O&M contracts for all of these plants, which mitigates a material part of BWSC's investment risks.

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 consider itself having 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.

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.



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 risk check procedure covering all material aspects of the project, including technical issues, contractual terms and conditions, profitability, project planning and general risk assessment. The risk check 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 carried out.

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 Speak-up 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. 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 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 investment in a biomass plant 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 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.

Photo: Shutterstock/Guam Cetti Bay

At BWSC, sustainability means actively pursuing environmental, social, and governance objectives simultaneously and with equal vigour.

Sustainability forms the bedrock of our long-term business success, and we are in a continuous state of evolution to make it an intrinsic part of our operations. We closely monitor our Environmental, Social, and Governance (ESG) practices and performance, committing to transparently report our progress across these three essential ESG areas.

The BWSC Code of Conduct, available on bwsc.com, serves as the foundation for our sustainability efforts. Together with other policies, guidelines, and a pervasive 'tone from the top,' it guides our sustainability work. All employees are obligated to adhere to the code and the principles seamlessly integrated into BWSC's business processes. Furthermore, the BWSC Business Code of Conduct addresses the UK Modern Slavery Act, outlining initiatives taken to prevent offenses related to slavery, servitude, and forced compulsory labour. Our detailed statement on this matter can be found on bwsc.com.

We recognize that the sustainability agenda resonates with our employees and contributes to the well-being of communities and the environment. This is why we are actively working to integrate our sustainability commitments into our strategy.

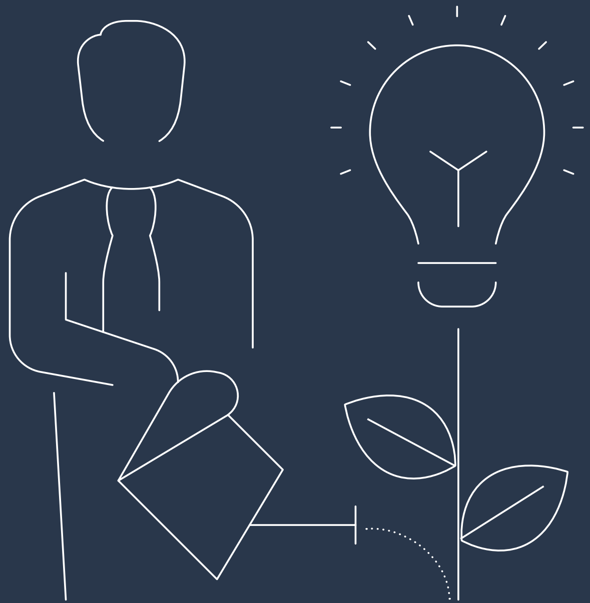
Basis of reporting

We are committed to adhering to the principles as defined by the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD). The "BWSC Business Code of Conduct" is built 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.

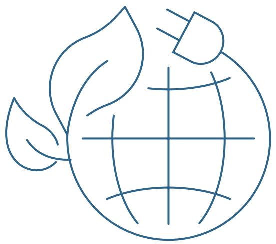
Lost time injury frequency (LTIF) data, however, is collected using an operational scope, meaning that, irrespective of our ownership status, we include 100% of injuries, incidents, hours worked, etc. from all operations where BWSC is responsible for safety measures, including the safety of our external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

In 2022 we took the first steps to begin alignment with the European Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. This developed throughout 2023, as BWSC worked towards completing its first human rights impact assessment, in line with the upcoming guidelines under the Corporate Sustainability Due Diligence Directive (CSDDD). 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.

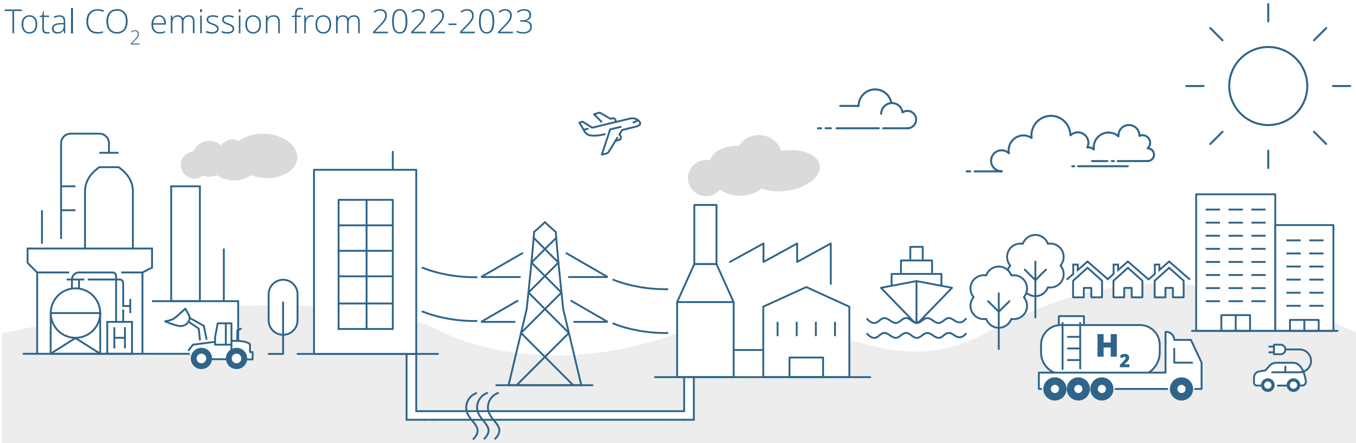


Environment

For more than 40 years, BWSC has been providing energy infrastructure to meet the world's energy needs. Today, our vision is to build towards a world of greater sustainable energy solutions, 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.



Total CO_2 emission from 2022-2023



	2023	2022	2021
Employees	643	608	708
Revenue (DKKm)	1,302	1,033	1,245
CO_2 Scope 1 and 2[(1)] (Tonnes)	37	149	9,225
CO_2 Scope 3[(2)] (Tonnes)	2,011	1,325	1,029
CO_2 total (Tonnes)	2,048	1,474	10,254
Total CO_2 in relation to revenue	1.6	1.43	8.24
Total CO_2 in relation to employees	3.19	2.42	14.46

(1) This includes consumption of m^3, natural gas and heating oil kWh consumption from the electricity grid and MWh consumption from the district heating grid at BWSC's assets. Liter fuel consumption of gas/diesel in own vehicles is also included.

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

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

Minimizing our carbon emission

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.

Looking at figures for the BWSC Group, our total CO_2 footprint in 2023 was 2,048 tonnes or 1.6 tCO_2/DKKm in revenue, against 1,474 tonnes CO_2 in 2022 or 1.43 tCO_2/DKKm revenue.

The office in Allerød is now within Scope 3. It is not yet possible to get the landlord to make heating and electricity accounts with the associated distribution key among the other tenants. The rented area has been reduced by ~ 50% and the number of employees has also been reduced. We have chosen to take the consumption figure for 2022 and reduce it by 50%

The total consumption in Allerød for the whole of 2022 was 383 tonnes of CO_2. This figure was divided into scope 1+2 with 149 tonnes of CO_2 and 234 tonnes of CO_2 scope 3. The figure for scope 3 was for the entire location at Gydevang 35-37. We have in the 2023 report logged 383/2 tonnes of CO_2 ~ 192 tonnes CO_2.

We will continue the improvement of 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, which will reflect 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 planned to determine a more digital process and workflow for data gathering to ease compliance with the CSRD and EU taxonomy by financial year 2025. This has been partly concluded and will continue in 2024. In 2023 we commenced our first human rights impact assessment which will be concluded in 2024 and enable us to determine gaps and action points for future compliance with upcoming legal requirements.

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 2023 we successfully completed two power to hydrogen projects, harvesting on our experience of working with new and many different technologies and technology providers.

In 2023 we produced in total 3,796,049 MWh(e) of which 2,707,492 MWh(e) was from renewable energy, corresponding to 76% of the electricity delivered from renewable energy, against 58% in 2022. This highlights 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 source[1].

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 2023 BWSC operated 17 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 and recommendations on water-saving technologies throughout all operations. In 2024 we will continue efficiency and optimization efforts.

We always ensure that the quality of our wastewater 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 2024 we will continue to focus on bringing down the amount of waste produced at O&M sites and at our office facilities.

[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.*

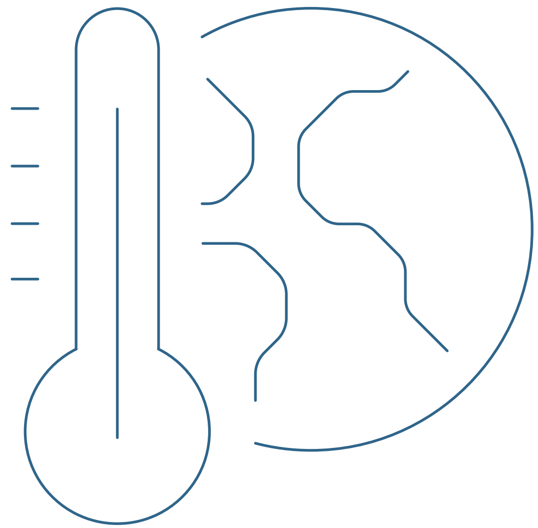
When referring to our "renewable energy business" we include revenue from our green energy solutions, service and O&M jobs on renewable energy plants. We do not include de-carbonization jobs on fossil-based plants.

Risk management (environment and climate)

Unlike traditional types of business risk, climate and environmental risks manifest themselves over a longer term, often affect a business on many dimensions and are largely outside an organization's control. While discussions on greenhouse gas mitigation often focus on the energy sector, the sector is itself vulnerable to projected changes in climate, including the following:

- 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.

Today BWSC, is less vulnerable to projected changes in climate and related government regulations. Our 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.

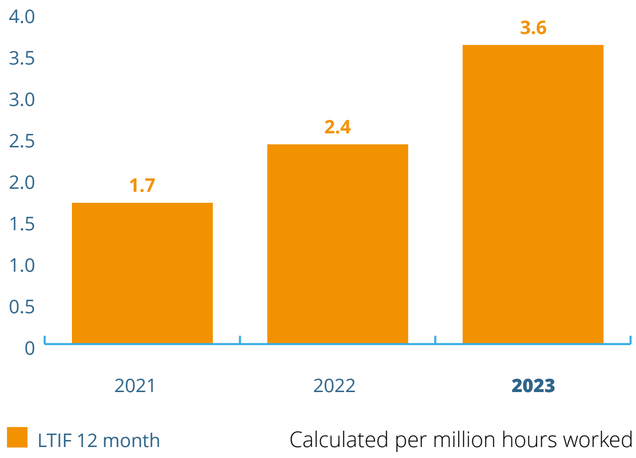
BWSC actively follows the policy developments regarding corporate sustainability and due diligence at the EU level, and we will take adequate action to ensure compliance and best practise in our implementation. We continue to support collective action efforts and initiatives to promote a level playing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

Health and safety

In BWSC we are 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. One injury is still one too many and we will continue our dedicated efforts to reduce injuries in all areas of operation.

In 2023 the Lost Time Injuries Frequency (LTIF) has increased due to 4 LTI's in the month of July and August. This brings the total up to 8 LTI's for 2023. Several initiatives has been launched to change the negative development in LTI's incl. mandatory safety training of employees and subcontractors.

LOST TIME INJURY FREQUENCY (LTIF)



In 2023 we continued the initiatives from 2022 to improving the health and safety of our workforce. The Work Place Assessment (WPA) from 2022 was completed and we have followed up in the Work Environment Organisation with all actions being completed. The "welfare kits" have been distributed to more than 160 employees in the cause of 2023. The welfare kit is used to secure that the ergonomics when working from home or on the road is a good as possible to prevent long term injuries caused to a wrong working position.

A new WPA will be made in 2024 because of organizational changes introduced in 2023 and being operational as of the 1st of January 2024. It is planned for Q2 – 2024 giving all the staff time to get settled into the new structure.

We have continued the QHSE training values across all UK O&M sites during 2023, introducing core values and standards for our work with health and safety. This has now resulted in over 90% of the UK workforce completing this training. This has given a strong foundation on which to roll out the new Working at Height Life Saving Standard with a particular focus on Dropped Object prevention.

In addition, the Hazardous Substances Life Saving Standard was delivered increasing awareness of the Control of Hazardous substances Regulations (COSHH).

A major focal point for the UK Group in 2023 was a drive on Safety Observation with over 3,000 observations being completed in the calendar year. This was a regular topic for discussion on the newly introduced monthly QHSE cascade where the O&M SVP, Director, Project Directors, Plant Managers, Central Office and QHSE Leads all joined a meeting to review the previous months incidents, discuss lessons learned and share information. This have been a resounding success in clearly communicating performance and initiatives in the portfolio.

There has also been a drive on improving Health & Wellbeing within the UK Group kicking off with the Life Saving Standard launch in January and delivery of face-to-face Mental Fitness sessions to 200 staff. There was also a Wellbeing month held in November with several activities and awareness sessions held across the fleet.

2024 will see the launch of the Fire & Explosion, Confined Space and Lifting Operations life saving standards. There is also going to be a new Permit for Work acceptor training package delivered with support hot work and confined space modules.

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 was recertified in a 2 weeklong external audit process in all the standards with a satisfactory result in 2023. We are now in a new 3-year period whit control audits planned for Q3 2024, and during the year on the certified plants. By the end of 2024 our UK plants, will be part of the mother certificate in the HQ in Allerød.

We will 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 2023 we have continued to increase 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 1,629 in 2022, to 3,176 in 2023. This is almost a 100% increase in the number of pro-active reports.

In 2023 the aim was to get 6 of our sites in the UK certified against the three ISO management standards. However, due to operational demands this was reduced to 4. This still brings the numbers of certified sites in the UK up to 9. In 2024 the Hooton and Templeborough plants will go through the ISO process.

As BWSC's strategic focus has changed, we have in 2023 commissioned two Power to Hydrogen plant with no actual incidents or potential high-risk incidents. We will continue to focus on the safe performance of this new business area and have some new projects in the pipeline.

Diversity and inclusion

At BWSC we are committed to promoting diversity and inclusion in our workforce, and we will take proactive steps to achieve this goal. We recognize that the renewable energy sector globally needs to triple its workforce by 2030 to meet the global climate commitments. As such, attracting and retaining diverse talent has become a challenge for us, our peers, and competitors. We believe that embracing diversity and fostering inclusion is essential to tap into a larger pool of talent and to promote innovation and outperformance.

Therefore, at BWSC we are committed to creating a vibrant and successful workplace that respects and values differences, promotes fairness and equal opportunity, and cultivates an inclusive culture. We believe that diversity is a strength, and we aim to diversify our workforce on multiple parameters.

DIVERSITY IN BWSC A/S

- In 2023 we employed 16 different nationalities (same as 2022).
- The average age of the workforce by the end of 2023 is 52 years with 18% being below 40 years and 47% above 55 years (2022: average age 51.5 years with 19% being below 40 years and 33% being above 55 years).
- The share of female employees at BWSC in 2023 was 12% (2022: 11%).
- The share of female managers at all management levels was 11% in 2023 (2022: 8.3%). In 2021 we defined a target of increasing the share of women in management to 15% by 2024. We are still working towards this target.

DIVERSITY IN SUPREME GOVERNING BODY AND OTHER MANAGEMENT LEVELS

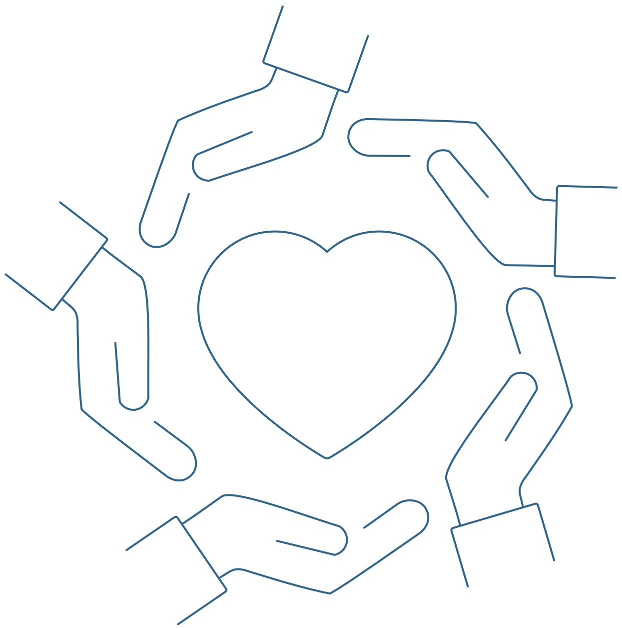
	2023
Board of Directors	
The total number of members	5
Underrepresented gender in %	0%
Target figure in %	20%
Year in which target figure is fulfilled	2026
Other management levels*	
The total number of members	5
Underrepresented gender in %	20%
Target figure in %	25%
Year in which the target figure is fulfilled	2026

* "Other management levels" are here referring to the two levels below the Board of Directors.

For details on the composition of the supreme governing body and the other management levels, please see page 36.

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 has therefore been a key focus in our People Strategy 2022 – 2024.



Employee engagement

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. We measure engagement on a regular 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 2024 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, on the job training and continues professional development. 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 2023 we have continued to offer our 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.

We have launched a Leadership Development Programme in 2023, with the purpose of giving BWSC's people managers across departments and levels a strong foundation and common approach to leadership and management.

The programme will run for at least two years and 3 modules were held in 2023. The programme includes modules on general management strategies and tools, strategic & performance management, communication, and prevention of stress etc.

BWSC operates and maintains 17 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 O&M sites during 2023, introducing core values and standards for our work with health and safety.

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 2023, 2 interns and 3 apprentices were employed. This number surpasses the minimum requirements set by the Danish authorities. 2 out of the interns and apprentices we employed during 2023 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.

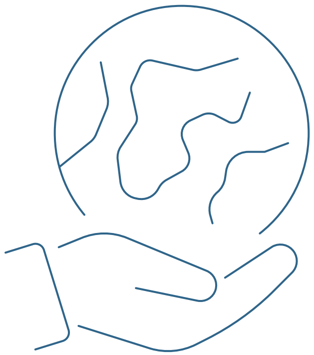
Community engagement and social impact

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.

On 20 September 2023 Rabai Power Limited held its biennial community open day which was presided over by Rabai Power Limited Chairman, flanked by the Board Members, the local community, various local leaders, stakeholders, the local administration and the ROML employees. The objective of the event is to interact, update and get feedback from the Rabai community regarding the plant and its overall operations within the community.

During the event there was the handover of the third phase of the offices at the Rabai Subcounty hospital alongside the groundbreaking for a twenty (20) bed ward at the Ribe dispensary. Previously Rabai Power Limited had built and furnished a 20 bed ward and a diagnostic laboratory at the facility which resulted into the elevation of the facility from a health center to a Subcounty hospital with improved facilities from the Kenyan government.

As part of a CSR initiative in Benin our Benin Site gifted some of the 'old but good' office furniture received from BWSC head office to SOS villages D'Enfants which is a social organization working on the development of children lacking parental support. A small ceremony was conducted on 5th August 2023 at the Social Organization site in Cotonou.



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 both for ourselves and among our various stakeholders, to ensure BWSC remains committed to adherence with our Code of Conduct and our Business Associates remain committed to our Code of Conduct for Business Associates.

This is achieved through continuous monitoring of regulations, yearly risk assessments, yearly ethics surveys, human rights impact assessments, through our due diligence programme and through the monitoring of our Speak-up 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 Speak-up Line

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

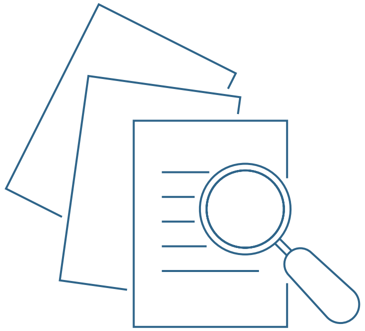
We recognize that sometimes we may fail to live up to our commitments and standards, or individuals may violate internal policies and standards. In these cases, we wish to encourage anyone to speak up about suspected or proven misconduct and adverse impact. In most cases, we hope this can be done via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

Our Speak-up Line is open to all BWSC employees, external stakeholders or other impacted third parties. Please note that the Speak-up 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 2023 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:



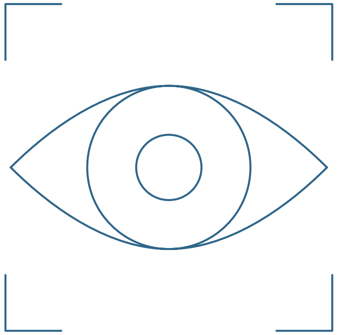
Governance objectives	Performance indicator	Status 2023
Maintain best-practise compliance programme	External audit of the effectiveness of the BWSC compliance programme.	Postponed to 2025
To promote awareness of BWSC values	100% attendance at Code of Conduct session during BWSC intro for new employees in Denmark.	Achieved
	99% completion of online business integrity training course in 2023 by all relevant staff (Denmark and sites).	90% 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

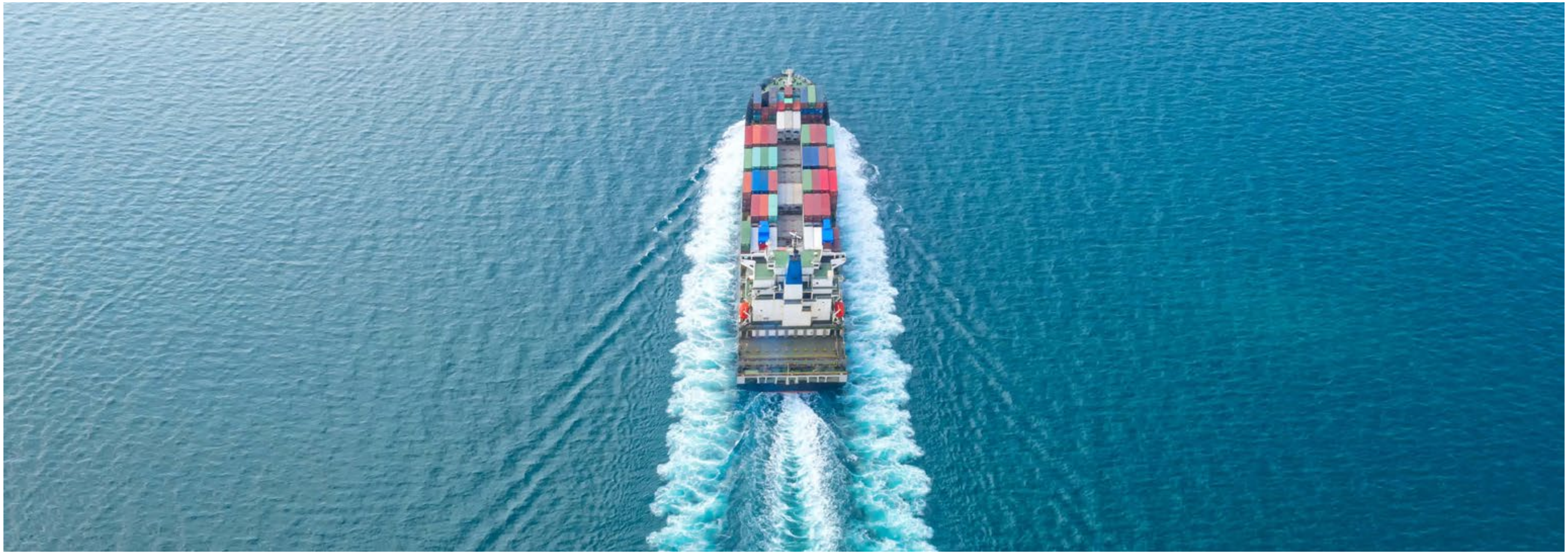
Data ethics

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

Board of Directors

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

The members contribute with valuable knowledge and experience 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 38 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 2023, four ordinary and 3 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 2023 the committee has held seven meetings.

Management

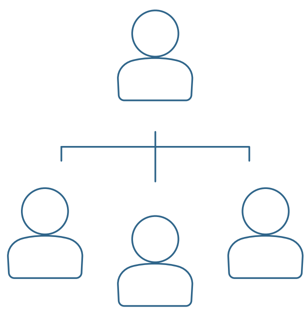
The Executive Management of BWSC consists of Jens Peter Koch, CEO and Benny Lynge Sørensen, CFO. Jens Peter Koch joined BWSC 1 March 2023 taking over the CEO position from Nikolaj Holmer Nissen. The Management Group consists of the Executive Management and of Karsten Valsted Larsen, Chief Operating Officer; Natascha Linn Felix, Chief People and Compliance Officer; Lars Guillaume Gammelgaard, Chief Technology Officer; Dimitris Likouressis, Chief Commercial Officer and Toshihiko Uchida, Mitsui E&S Liaison officer.

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

Remuneration

The members of the Board of Directors receive a fixed annual fee. The Chairman receives double the base amount of the ordinary board members. If a Board of Directors committee is set up, the members may receive a fee for the assignment. The members of the Audit, Risk & Compliance committee receive an additional fixed annual fee for their role in the committee; and the fee to the chairman of the committee is double the fee 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 22-33.

Audit

KPMG was re-elected as BWSC's auditors for 2023 and will be proposed as auditors for 2024 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 meetings. The auditors prepare an auditors' long-form report for the Board of Directors which gives an overview of for instance the Group audit plan, observations and recommendations.

Group structure

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

Financial year

2023 is the Company's 44th financial year.

Board of Directors

*Employee-elected

Management Group

*Executive Management **Will be leaving BWSC 31 March 2024. ***From 1 March 2024

Management's statement

Today, the Executive Management and Board of Directors have discussed and adopted the Annual Report for 2023 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 2023, 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 2023.

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, 19 March 2024

Executive Management

Jens Peter Koch
CHIEF EXECUTIVE OFFICER

Benny Lynge Sørensen
CHIEF FINANCIAL OFFICE

Board of Directors

Michael Hedegaard Lyng
(CHAIRMAN)

Taketsune Matsumura
(DEPUTY CHAIRMAN)

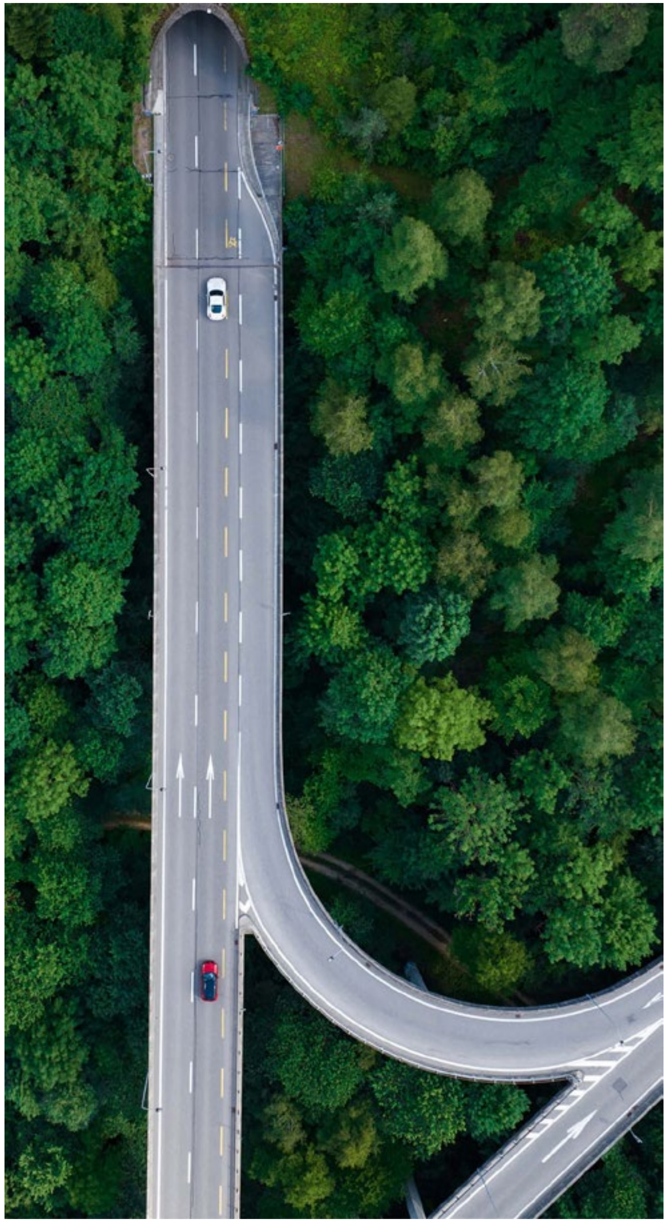
Thomas Knudsen

Søren Hubert Petersen*

Lars Ellegaard*

The Annual Report 2023 is adopted at the Annual General Meeting on 19 March 2024.

*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 2023 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 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 2023 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.

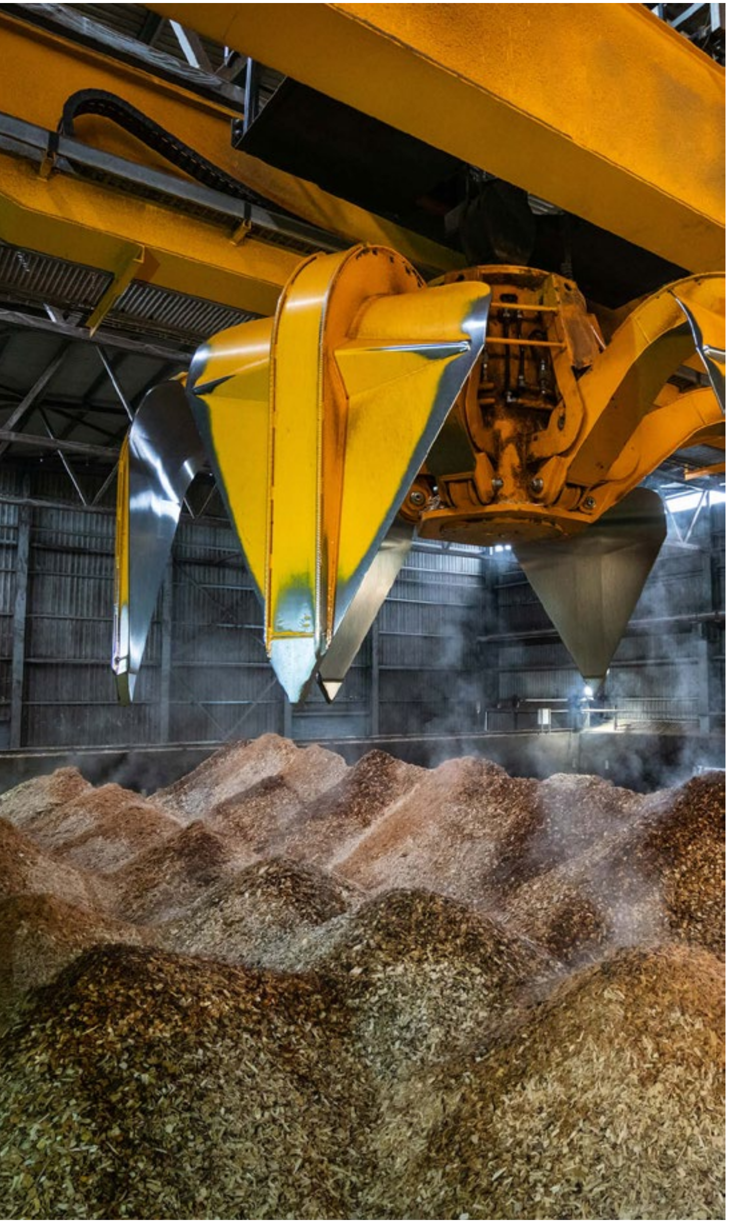
In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern 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, 19 March 2024

KPMG
Statsautoriseret Revisionspartnerselskab,
CVR No. 25578198

Kåre Kansonen Valtersdorf
STATE AUTHORISED
PUBLIC ACCOUNTANT
MNE34490

Income statement

DKKt		Parent Company		The Group	
NOTES		2023	2022	2023	2022
2.1	Revenue	1,207,993	944,648	1,302,013	1,033,280
2.2	Production costs	-1,179,986	-821,394	-1,229,476	-866,280
	Gross profit	**28,007**	**123,254**	**72,537**	**167,000**
2.2	Sales costs	-22,797	-14,837	-22,978	-15,253
2.2 - 2.3	Administrative costs	-108,745	-135,977	-112,990	-141,778
	Other operating income	13,100	12,601	14,234	16,493
	Operating result	**-90,436**	**-14,959**	**-49,196**	**26,462**
3.3	Result on investments in subsidiaries	33,476	24,932	0	0
3.3	Result on investments in equity interests	16,043	42,543	16,043	42,543
	Gain (loss) on sale of investments	96,444	2,000	96,444	2,000
	Financial income	11,253	13,926	13,575	14,351
	Financial costs	-15,541	-17,328	-16,827	-18,937
	Result before tax	**51,240**	**51,114**	**60,038**	**66,419**
2.4	Tax on result for the year	15,023	11,770	6,322	-2,776
	Net result for the year	**66,263**	**62,884**	**66,360**	**63,643**
	Attributable to:				
	Non-controlling interests			97	759
	Shareholders in BWSC A/S			66,263	62,884

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

Balance sheet, assets

DKKt		Parent Company		The Group	
NOTES		**2023**	**2022**	**2023**	**2022**
	Software and goodwill	2,198	3,647	2,270	3,902
3.1	**Intangible assets**	**2,198**	**3,647**	**2,270**	**3,902**
	Fixtures and fittings, tools and equipment	692	118	4,399	5,288
3.2	**Tangible assets**	**692**	**118**	**4,399**	**5,288**
	Investments in subsidiaries	162,322	128,958	0	0
	Investments in equity interests	135,184	134,644	135,184	134,644
3.3	**Financial assets**	**297,506**	**263,602**	**135,184**	**134,644**
	Total non-current assets	**300,396**	**267,367**	**141,854**	**143,834**
	Raw materials and consumables	0	0	2,651	660
	Inventories	**0**	**0**	**2,651**	**660**
	Trade receivables	69,931	48,936	86,966	85,379
4.1	Work in progress	777,833	735,054	761,542	716,320
	Amounts owed by related companies	6,002	3,821	3,279	3,279
	Receivable corporate taxes	0	592	1,333	1,747
2.4	Deferred tax assets	86,167	44,489	86,707	44,659
4.2	Other receivables	66,754	54,056	108,668	70,458
	Prepayments	2,207	3,244	2,253	3,332
	Receivables	**1,008,893**	**890,192**	**1,050,748**	**925,174**
	Cash	**91,646**	**227,766**	**139,677**	**271,269**
	Total current assets	**1,100,540**	**1,117,958**	**1,193,075**	**1,197,103**
	TOTAL ASSETS	**1,400,936**	**1,385,325**	**1,334,929**	**1,340,937**

Balance sheet, equity and liabilities

DKKt		Parent Company		The Group	
NOTES		2023	2022	2023	2022
	Share capital	170,000	170,000	170,000	170,000
	Revaluation reserve acc. to the equity method	213,641	132,598	72,875	29,064
	Reserve for financial instruments	-11,716	-340	-11,716	-340
	Retained earnings	381,524	481,098	522,289	584,632
	Equity owned by the shareholders of BWSC A/S	**753,448**	**783,356**	**753,448**	**783,356**
	Non-controlling interests	0	0	8,347	8,802
	Total equity	**753,448**	**783,356**	**761,795**	**792,158**
2.4	Deferred tax	0	0	369	380
	Warranty provisions	27,408	31,039	27,408	31,039
6.1	Other provisions	115,553	44,435	116,741	45,127
	Total provisions	**142,962**	**75,474**	**144,519**	**76,546**
5.4	Mortgage debt	0	0	0	0
5.4	Loan from Parent Company	115,336	107,666	115,336	107,666
	Other long-term liabilities	23,926	23,569	23,926	23,569
5.2	**Total long-term liabilities**	**139,262**	**131,235**	**139,262**	**131,235**
5.4	Loan from Parent Company	0	100,000	0	100,000
4.1	Prepayments received from customers	108,656	58,316	108,656	59,092
	Trade payables	43,234	40,134	94,796	73,439
	Payables to related companies	153,627	121,038	3,568	15,473
	Corporate tax	3,649	3,736	7,248	7,486
4.3	Other payables	56,098	72,036	75,085	85,508
	Total current liabilities	**365,264**	**395,260**	**289,353**	**340,998**
	Total long-term and current liabilities	**504,526**	**526,495**	**428,616**	**472,233**
	TOTAL EQUITY AND LIABILITIES	**1,400,936**	**1,385,325**	**1,334,929**	**1,340,937**

Cash flow statement

DKKt		The Group	
NOTES		**2023**	**2022**
	Operating result	-49,196	26,462
6.5	Adjustments	62,199	-44,909
4.4	Changes in working capital	-146,916	-215,589
	Cash flows from operating activities before financial income and costs	-133,913	-234,036
	Financial income received	13,575	1,153
	Financial cost paid	-9,792	-2,542
	Cash flows from ordinary activities	-130,130	-235,425
	Taxes (paid) / received	-9,377	84
	Cash flows from operating activities	**-139,507**	**-235,341**
	Additions of tangible assets	-1,429	-1,818
	Additions of intangible assets	-2,520	-3,484
	Dividends received from equity interests in associates	7,104	26,137
	Disposals of tangible assets	0	35,010
	Disposals of business activities	2,441	5,275
	Disposals of equity investments in associates	101,962	0
	Cash flows from investing activities	**107,558**	**61,120**
	Loan from Parent company	-100,000	100,000
	Additional / (repayment) of other long-term liabilities	357	-4,580
	Repayment of mortgage debt	0	-6,242
	Cash flows from financing activities	**-99,643**	**89,178**
	Cash at 1 January	271,269	356,312
	Changes in cash	-131,593	-85,043
	Cash at 31 December	**139,677**	**271,269**

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 2023	170,000	132,598	-340	481,098	783,356
Impact from changes in accounting policies				-84,159	-84,159
Result for the year		81,678		-15,415	66,263
Changes in financial instruments			-14,584		-14,584
Tax on changes in equity			3,208		3,208
Exchange rate differences related to subsidiaries and equity interests		-635			-635
Equity at 31 December 2023	**170,000**	**213,641**	**-11,716**	**381,524**	**753,448**

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 2023	170,000	29,064	-340	584,632	783,356
Impact from changes in accounting policies				-84,159	-84,159
Result for the year		43,377		22,886	66,263
Changes in financial instruments			-14,584		-14,584
Tax on changes in equity			3,208		3,208
Exchange rate differences related to subsidiaries and equity interests		434		-1,070	-636
Equity owned by shareholders of BWSC at 31 December 2023	**170,000**	**72,875**	**-11,716**	**522,289**	**753,448**
Non-controlling interests	0	0	0	8,347	8,347
Equity at 31 December 2023	**170,000**	**72,875**	**-11,716**	**530,636**	**761,795**

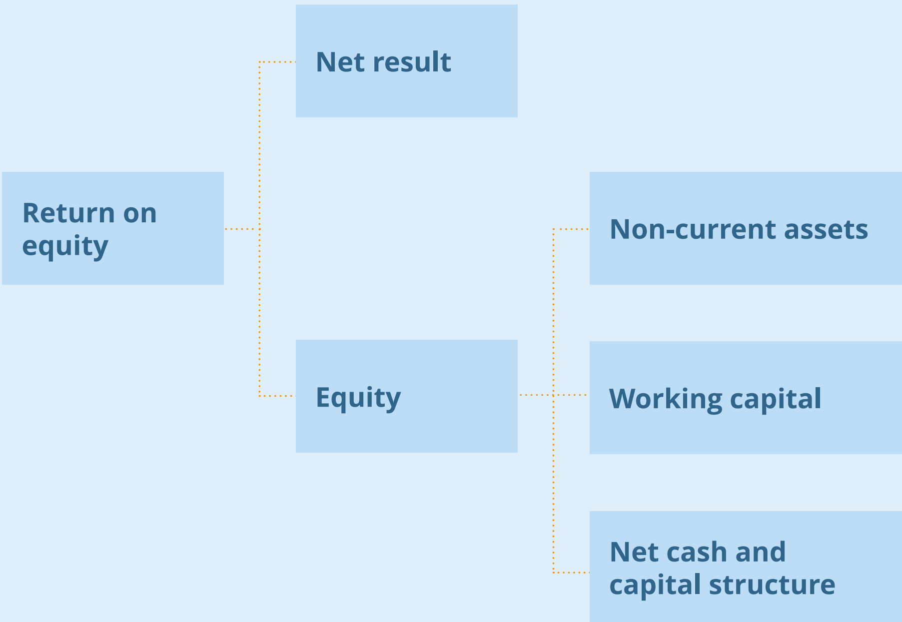
Notes overview

Reading instructions

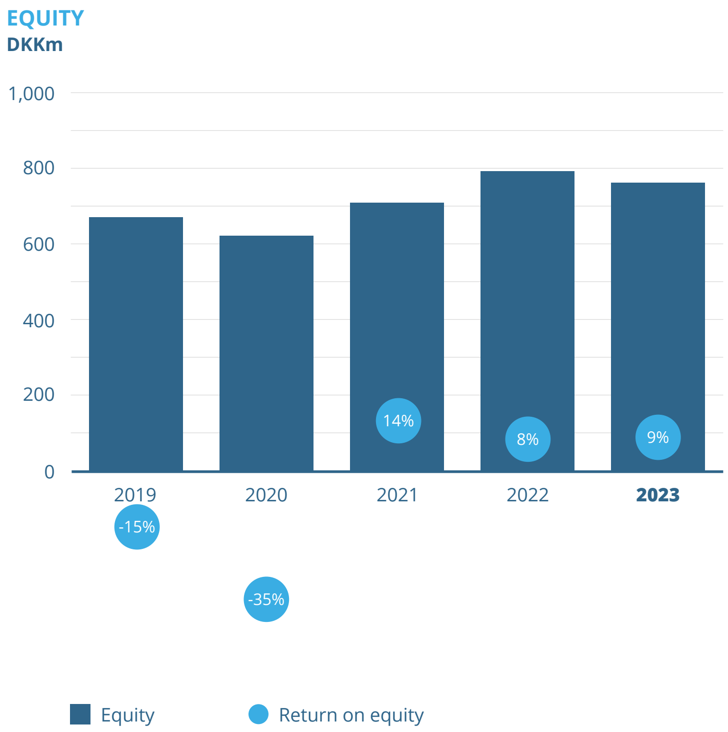
The financial statements have been presented in accordance with the Danish Financial Statements Act and in a manner that attempts to make them less complex and more relevant to readers.

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 2019-2023



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 have been changed regarding revenue with implementation of IFRS 15, Revenue from Contracts with Customers, as further described in note 7.1, Besides that 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 consideration from the individual contracts – claim income is further mentioned below. The total expected expenses, that together with actual incurred costs, are used to determine the progress of satisfying the performance obligation (percentage of completion), are partly based on estimates and contingencies 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.

Accounting judgements

In applying the accounting policies, BWSC makes judgements concerning recognition principles to use. Especially related to contracts with customers and whether performance obligations are satisfied and revenue recognised over time or at a point in time. 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.

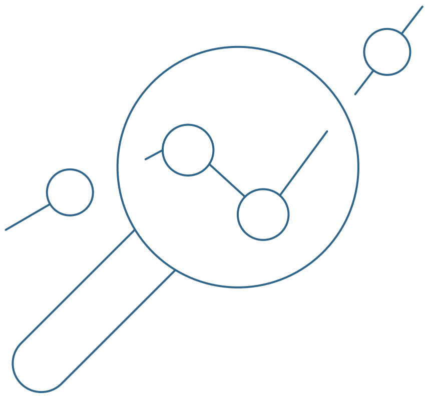
Defining materiality

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

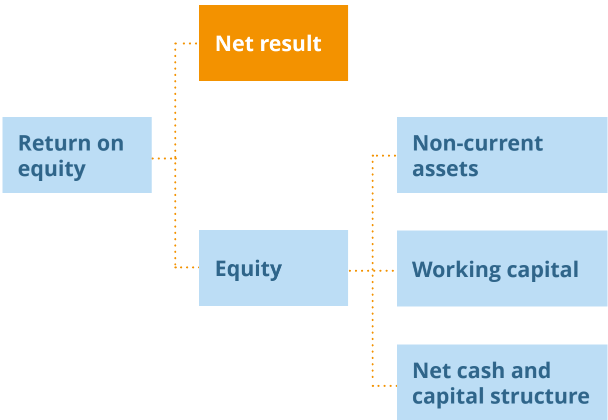
BWSC is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on budgets, forecast and expectations of future cash flow etc., BWSC is of the opinion that there are no factors giving reason to doubt whether BWSC can continue operating for at least 12 months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

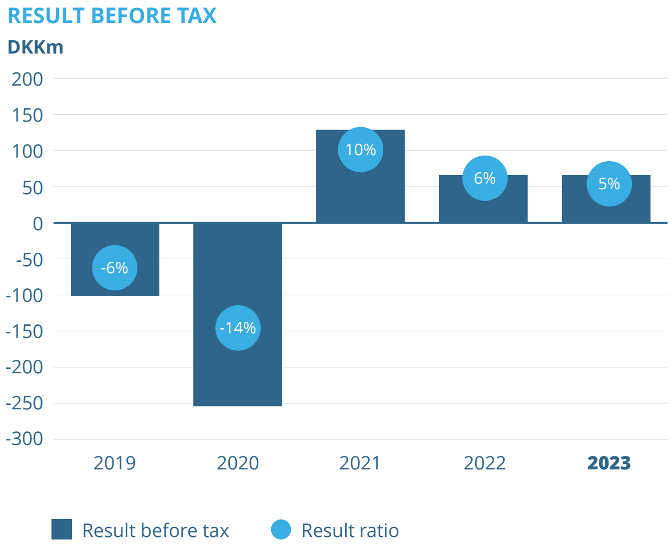


Note section 2

Net result

Revenue of DKKm 1,302 (2022: DKKm 1,033) in a year with an operating result of DKKm -49 (2022: DKKm 26) and a net result of DKKm 66 (2022: DKKm 64).





The activity level measured in revenue has increased by 26% compared to 2022. Revenue for 2023 amounts to DKKm 1,302 (2022: DKKm 1,033). 3% of the revenue is related to the EPC activities that are being closed down (2022: 3%). Revenue for the segment Europe, which mainly consists of biomass and waste projects in the UK, accounts for 75% of the total revenue (2022: 60%).

The average number of employees has increased from 608 in 2022 to 642 in 2023. The increase is mainly due to an increase in the operational activities. In the Parent Company the average number of employees have decreased from 174 to 172. Staff costs have increased by DKKm 30 to DKKm 380, an increase of 8.6%

NOTE 2.1: REVENUE
DKKt

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Final invoicing	1,800,128	576,919	1,891,705	672,474
Changes in contract work in progress	-592,135	367,729	-589,692	360,806
	1,207,993	**944,648**	**1,302,013**	**1,033,280**

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

	2023	2022	2023	2022
Europe	958,235	624,008	982,924	624,008
Africa and Middle East	137,978	127,190	164,686	163,905
South and Central America	88,044	164,022	105,441	172,060
South East Asia	23,736	29,428	48,962	73,307
	1,207,993	**944,648**	**1,302,013**	**1,033,280**

For the Parent Company staff costs of DKKm 19,7 are allocated to Sales costs, DKKm 41,2 to Administrative costs and DKKm 111,1 to Production costs.

NOTE 2.2: STAFF COSTS ETC.
DKKt

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Wages and salaries	168,674	171,747	340,807	321,084
Pension contribution	2,184	1,374	16,797	10,517
Social security costs	1,189	1,235	22,290	18,348
	172,047	**174,356**	**379,894**	**349,949**
Average number of employees	172	174	642	608

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:

	2023	2022	2023	2022
Executive Management of Parent Company	7,816	8,242	7,816	8,242
Board of Directors of Parent Company	1,025	988	1,025	988
	8,841	**9,230**	**8,841**	**9,230**

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	
	2023	**2022**	**2023**	**2022**
Audit fee	713	698	885	853
Other declaration assignments	0	0	23	0
Tax advisory fee	0	0	16	8
Other fees	0	0	119	119
	713	**698**	**1,043**	**980**

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	
	2023	**2022**	**2023**	**2022**
Income tax payable	3,388	-4,751	12,307	9,619
Change in deferred tax	-18,505	-6,741	-18,505	-6,741
Adjustment of tax concerning previous years	-35	-1,539	-253	-1,363
Adjustment of deferred tax concerning previous years	-196	1,261	-196	1,261
Paid dividend tax abroad	325		325	0
	-15,023	**-11,770**	**-6,322**	**2,776**

Effective tax rate:

	2023	**2022**	**2023**	**2022**
Company tax rate in Denmark	22%	22%	22%	22%
Effective tax rate	-29%	-23%	-11%	4%

Specification of effective tax rate:	**Parent Company**		**The Group**	
	2023	**2022**	**2023**	**2022**
Company tax rate in Denmark	22%	22%	22%	22%
Tax on profit in subsidiaries and equity interests	-37%	-31%	-23%	-15%
Adjustment of calculated tax in foreign companies compared to 22%	0%	0%	-1%	2%
Non-deductible costs	0%	0%	0%	0%
Other adjustments	-12%	-14%	9%	-5%
Effective tax rate	**-29%**	**-23%**	**-11%**	**4%**

Taxes paid for the BWSC Group in 2023 amounts to approx. DKKm 9,4 (Received 2022: DKKm 0,1).

Deferred tax:				
	2023	**2022**	**2023**	**2022**
Deferred tax at 1 January	44,489	39,009	44,279	43,923
Adjustment concerning previous years	23,173	-1,261	23,549	-1,261
Changes in deferred tax	18,505	6,741	18,510	1,617
	86,167	**44,489**	**86,338**	**44,279**

Deferred tax can be specified as follows:				
	2023	**2022**	**2023**	**2022**
Tangible fixed assets	3,851	3,052	4,392	2,842
Intangible fixed assets	660	660	660	660
Financial fixed assets	9,001	9,789	8,999	9,789
Contract work in progress	-57,688	-42,914	-58,056	-42,914
Provisions	33,380	9,287	33,380	9,287
Tax loss carried forward	96,964	64,615	96,965	64,615
	86,167	**44,489**	**86,338**	**44,279**

	2023	**2022**	**2023**	**2022**
Deferred tax asset	-86,167	44,489	86,707	44,659
Deferred tax liability	0	0	-369	-380
	-86,167	**44,489**	**86,338**	**44,279**

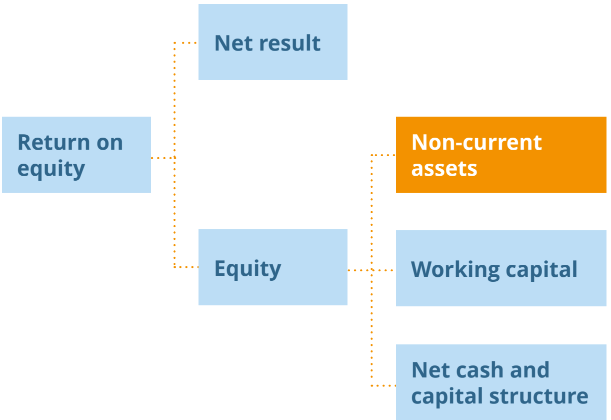
Note section 3

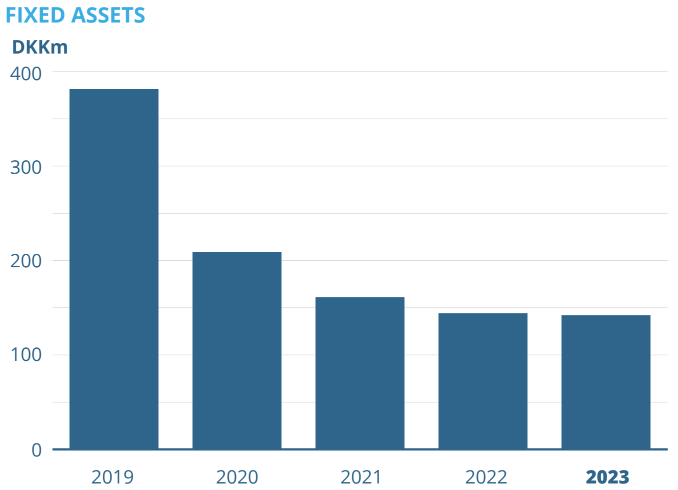
Non-current assets

Non-current assets decreased to DKKm 142 (2022: DKKm 144).

In 2023, non-current assets have decreased by DKKm 2 (2022: decrease of DKKm 17). The decrease is mainly driven by a decrease in the value of intangible assets.

Investments in non-current assets amounted to DKKm 4 (2022: DKKm 5).





NOTE 3.1: INTANGIBLE ASSETS
DKKt

Parent Company

	Software	Goodwill	Total
Cost at 1 January 2023	105,914	0	105,914
Additions in the year	2,516		2,516
Disposals in the year			0
Cost at 31 December 2023	**108,429**	**0**	**108,429**
Amortisation at 1 January 2023	102,267	0	102,267
Amortisation for the year	3,964		3,964
Disposals in the year			0
Amortisation at 31 December 2023	**106,231**	**0**	**106,231**
Booked value at 31 December 2023	**2,198**	**0**	**2,198**
Booked value at 31 December 2022	3,647	0	3,647
Amortisation period	3-7 years	3 years	

The Group

	Contracts rights	Software	Goodwill	Total
Cost at 1 January 2023	18,014	107,352	1,889	127,255
Currency adjustments at 1 January 2023		-15	0	-15
Additions in the year		2,520		2,520
Disposals in the year	-18,014	-155	-1,889	-20,058
Cost at 31 December 2023	**0**	**109,703**	**0**	**109,703**
Amortisation at 1 January 2023	18,014	103,450	1,889	123,353
Currency adjustments at 1 January 2023		0	0	0
Amortisation for the year		3,982		3,982
Disposals in the year	-18,014		-1,889	-19,903
Amortisation at 31 December 2023	**0**	**107,432**	**0**	**107,432**
Booked value at 31 December 2023	**0**	**2,270**	**0**	**2,270**
Booked value at 31 December 2022	0	3,902	0	3,902
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	
	2023	**2022**	**2023**	**2022**
Administrative costs	3,964	5,900	3,982	5,953
	3,964	5,900	3,982	5,953

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

NOTE 3.2: TANGIBLE FIXED ASSETS
DKKt

	Fixtures and fittings, tools and equipment	Total
Parent Company		
Cost at 1 January 2023	31,138	31,138
Additions in the year	691	691
Disposals in the year		0
Cost at 31 December 2023	**31,829**	**31,829**
Depreciation at 1 January 2023	31,020	31,020
Depreciation for the year	118	118
Depreciations of disposals		0
Depreciation at 31 December 2023	**31,138**	**31,138**
Booked value at 31 December 2023	**692**	**692**
Booked value at 31 December 2022	118	118
Depreciation period	3-10 years	

	Fixtures and fittings, tools and equipment	Total
The Group		
Cost at 1 January 2023	58,008	58,008
Currency adjustments at 1 January 2023	-48	-48
Additions in the year	1,429	1,429
Disposals in the year	-1,326	-1,326
Cost at 31 December 2023	**58,063**	**58,063**
Depreciation at 1 January 2023	52,720	52,720
Currency adjustments at 1 January 2023	44	44
Depreciation for the year	1,936	1,936
Depreciations of disposals	-1,036	-1,036
Depreciation at 31 December 2023	**53,664**	**53,664**
Booked value at 31 December 2023	**4,399**	**4,399**
Booked value at 31 December 2022	5,288	5,288
Depreciation period	3-10 years	

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

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Costs of production	0		1,911	3,053
Administrative costs	118	1,130	264	1,138
	118	**1,130**	**2,175**	**4,191**

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

NOTE 3.3: FINANCIAL ASSETS
DKKt

Parent Company

	Equity investments in group entities	Equity investments in associates	Total
Cost at 1 January 2023	25,424	105,580	131,004
Additions in the year	0	0	0
Disposals in the year	-3,868	-43,271	-47,139
Cost at 31 December 2023	**21,556**	**62,309**	**83,865**
Revaluations/write-downs at 1 January 2023	103,534	29,064	132,598
Share of result for the year	33,476	16,043	49,519
Exchange rate differences	-1,070	434	-635
Other changes	2,155	-2,698	-544
Distribution of dividend		-7,104	-7,104
Elimination intercompany profit		1,760	1,760
Disposals in the year	2,670	35,376	38,046
Revaluations/write-downs at 31 December 2023	**140,766**	**72,875**	**213,641**
Booked value at 31 December 2023	**162,322**	**135,184**	**297,506**
Booked value at 31 December 2022	128,958	134,644	263,602

In the distribution of result for the year (note 5.3) for 2023, DKKt 81,678 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 2023	105,580	105,580
Additions in the year	0	0
Disposals in the year	-43,271	-43,271
Cost at 31 December 2023	**62,309**	**62,309**
Revaluations/write-downs at 1 January 2023	29,064	29,064
Share of result for the year	16,043	16,043
Exchange rate differences	434	434
Other changes	-2,698	-2,698
Distribution of dividend	-7,104	-7,104
Elimination intercompany profit	1,760	1,760
Disposals in the year	35,376	35,376
Revaluations/write-downs at 31 December 2023	**72,875**	**72,875**
Booked value at 31 December 2023	**135,184**	**135,184**
Booked value at 31 December 2022	134,644	134,644

As per 31 December 2023, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 44 (2022: DKKm 48) before tax has been deducted from the investments in equity interests.

BWSC has invested in four power plants via equity interests.

Note section 4

Working capital

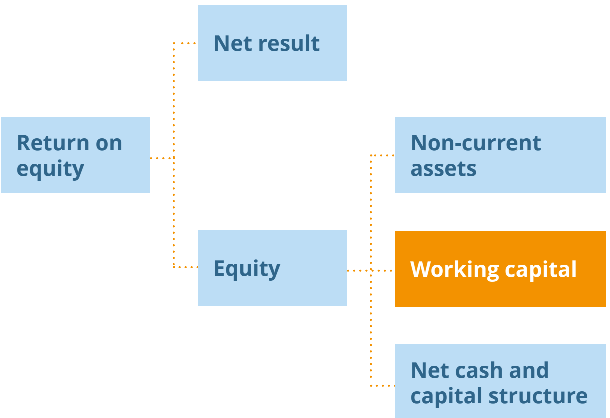
Working capital has increased compared to last year.

Working capital amounts to DKKm 685 at the end of 2023 (2022: DKKm 646). 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 146 in 2023, when taking into account the impact from changes in accounting policies 1 January 2023.

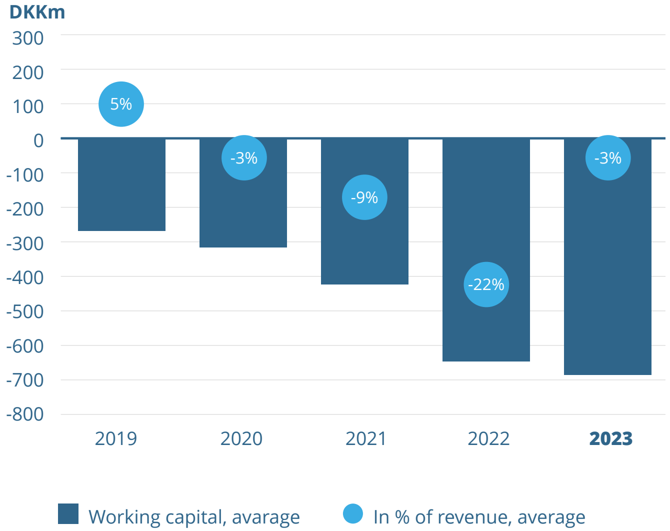
BWSC has funds tied up in working capital relating to two projects from 2016 that have not been settled. These relate to the two engine-based projects in the Middle East mentioned in the Financial review section of the Management review.

As a service provider for and an operator of power plants, 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



NOTE 4.1: CONTRACT WORK IN PROGRESS
DKKt

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Sales value of production in progress	4,459,646	5,051,781	4,443,355	5,033,047
Invoiced on account	-3,790,470	-4,375,043	-3,790,470	-4,375,819
Contract work in progress, net	**669,176**	**676,738**	**652,885**	**657,228**

Classified as follows:

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Contract work in progress (receivables)	777,833	735,054	761,542	716,320
Prepayments received from customers (liabilities)	-108,656	-58,316	-108,656	-59,092
	669,176	**676,738**	**652,885**	**657,228**

NOTE 4.2: OTHER RECEIVABLES
DKKt

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
VAT receivable etc,	10,373	8,436	41,593	18,881
Financial instruments	9,486	25,768	9,486	25,768
Other	46,895	19,852	57,588	25,809
	66,754	**54,056**	**108,668**	**70,458**

NOTE 4.3: OTHER PAYABLES
DKKt

	Parent Company		The Group	
	2023	**2022**	**2023**	**2022**
Payroll related costs	20,612	16,141	31,561	25,556
Financial instruments	24,485	26,182	24,485	26,182
VAT payable	2,439	0	2,460	500
Other accrued costs	8,563	29,713	16,579	33,270
	56,098	**72,036**	**75,085**	**85,508**

NOTE 4.4: CHANGES IN WORKING CAPITAL
DKKt

	The Group	
	2023	**2022**
Changes in inventories	-1,991	963
Changes in contract work in progress and prepayments received by customers, net	-102,795	-198,481
Changes in trade receivables	-1,587	24,331
Changes in receivables from related companies	0	-1,723
Changes in other receivables	-38,210	-14,407
Changes in prepayments	1,079	2,070
Changes in trade payables	21,357	14
Changes in payables to related companies	-11,905	6,469
Changes in other payables	-12,863	-34,825
	-146,916	**-215,589**

Note section 5

Net cash and capital structure

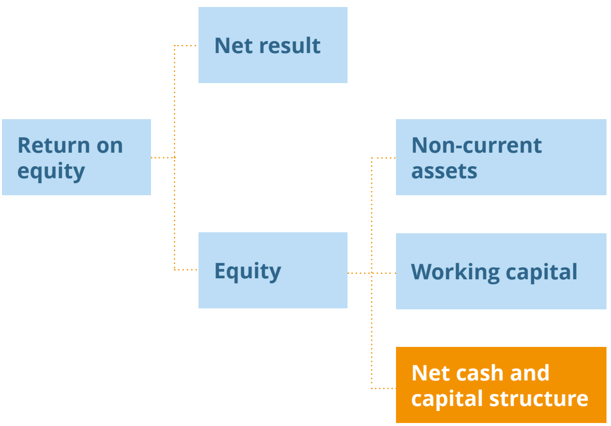
Cash at the end of 2023 reduced by DKKm 131 compared to 2022 and amounting to DKKm 140 equaling 10% of total assets (2022: 20%).

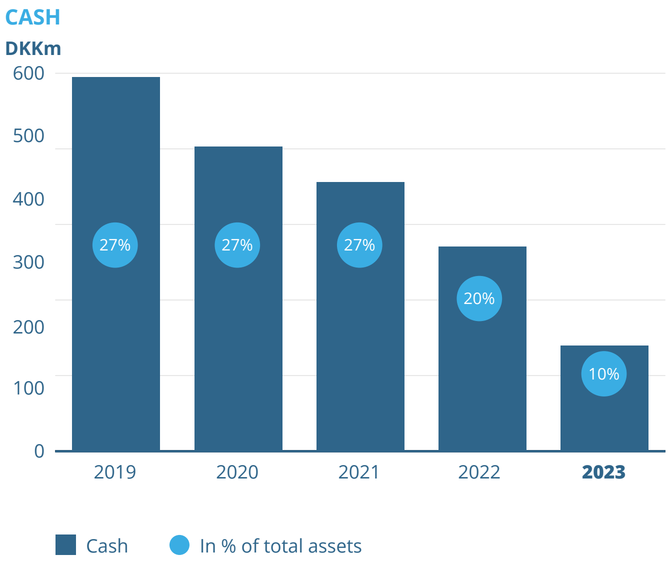
BWSC's capital structure at the end of 2023 consists of equity of DKKm 762 (2022: DKKm 792), interest bearing debt of DKKm 115 (2022: DKKm 208) and cash of DKKm 140 (2022: DKKm 271).

The equity has decreased by DKKm 30 to DKKm 762 at the end of 2023 and the equity ratio (equity in relation to equity and total liabilities) is 57% (2022: 59%). Equity is impacted by the effect of changes in accounting policies 1 January 2023 with an amount of DKKm -84. The solidity is expected to remain at a similar level in 2024.

Cash has decreased by DKKm 131 to DKKm 140 at the end of 2023, and interest bearing debt has decreased by DKKm 93 to DKKm 115. During the year cash has been impacted by several large movements, for instance sale of investments in equity interests, repayment of 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.





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 57% at the end of 2023 is mainly impacted by a decrease in equity 1 January 2023 of 84 mDKK as a result of changes in accounting policies and by the profit for the year.

The solidity is expected to remain at a comparable level to the above in 2024.

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 2023 amounts to DKKm 0 (2022: DKKm 0).

Other long-term liabilities DKKm 24 (2022: DKKm 22) are non-interest bearing. A major part of the long-term liabilities in 2023 relates to accrued holiday liabilities.

NOTE 5.3: DISTRIBUTION OF RESULT

It is recommended that the result for the year, DKKt 66,263 is distributed as follows:

DKKt	Parent Company	
	2023	**2022**
Transferred to reserve for net revaluation according to the equity method	81,678	44,634
Retained earnings	-15,415	18,250
	66,263	**62,884**

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 has sufficient liquidity to meets its liabilities when they fall due.

It is important for BWSC to ensure 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 2023 and at the end of 2022.

DKKm	2023				2022			
	Amount	Drawn	Available	Expiry	Amount	Drawn	Available	Expiry
Mitsui E&S facility	200	100	0	2026	200	200	0	2024
Total	**200**	**100**	**0**		**200**	**200**	**0**	

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 2023 consists of drawn downs on the facility with Mitsui E&S.

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 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 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 that are estimated as ineffective are recognised in the income statement as a financial income or cost.

The Operation & Maintenance projects have a lifetime of up to twenty years and larger Service projects typically have a lifetime of up to three years.

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

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% 0f 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 2027.

DKKt	2023			2022		
	Market value	Contract amount sold	Contract amount bought	Market value	Contract amount sold	Contract amount bought
GBP	-15,023	1,362,108	892,194	-438	1,000,844	608,006
EUR	-	899,179	1,358,547	0	624,604	1,013,466
Total	**-15,023**	**2,261,287**	**2,250,741**	**-438**	**1,625,448**	**1,621,472**

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	2023			2022		
	Market value	Recognised in income statement	Recognised in equity	Market value	Recognised in income statement	Recognised in equity
Currency financial instruments	-15,023	0	-15,023	-438	0	-438
Total	**-15,023**	**0**	**-15,023**	**-438**	**0**	**-438**

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

DKKt	2023			2022		
	Currency financial instruments	Interest rate financial instruments	Total	Currency financial instruments	Interest rate financial instruments	Total
Within 1 year	-15,023	0	-15,023	1,988	0	1,988
Between 1 and 5 years	0	0	0	-2,426	0	-2,426
Over 5 years	0	0	0	0	0	0
Total	**-15,023**	**0**	**-15,023**	**-438**	**0**	**-438**

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 27 (2022: DKKm 31) where DKKm 17 has been added, DKKm 19 has been used, and DKKm 2 has been released during 2023.

Approximately DKKm 15 of the warranty provision is expected to be settled within the next 12 months and DKKm 12 is expected to be settled within 1-5 years.

Other provisions amounts to DKKm 117 (2022: DKKm 45) where DKKm 81 has been added, DKKm 3 has been used, and DKKm 6 has been released during 2023.

Approximately DKKm 116 of the other provision is expected to be settled within the next 12 months and DKKm 1 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 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 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 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.	6,549		0	1,911			
BWSC Benin SARL		7,925	0	1,646			
BWSC Belgium Ltd		36,177	3,001	0			
BWSC Cayman Ltd.		0	0	3,583			
BWSC Cyprus Ltd.		0	165	0			
BWSC Foreign Investments ApS		0	0	69			
BWSC Generation ApS		0	0	412			
BWSC Japan Ltd.		23,852	0	827			
BWSC Lebanon Construction SARL		146	0	27,851			
BWSC Macau Ltd.		0	0	9,591			
BWSC Mali SARL		428	0	3,420			
BWSC (Mauritius) Ltd.		0	0	2,857			
BWSC Mindanao Inc.		0	0	0			
BWSC Panama S.A.		0	0	2,876			
BWSC Regional Services S.A.		0	545	0			
BWSC Lanka (Private) Ltd.		0	0	0			
BWSC Sweden AB		513	0	674			
BWSC Generation Services Northern Ireland Ltd.		39,965	0	9,484			
BWSC Generation Services UK Ltd.		523,558	0	84,906			
Asia Power (Private) Ltd.		0	0	0			
Subsidiaries total	**6,549**	**632,563**	**3,711**	**150,107**	**0**	**0**	**0**

DKKt	Sales	Purchases	Receivables outstanding	Payables outstanding	Dividends received	Loans received	Interest payable
Rabai Operation and Maintenance Ltd.	451	0	237	0	1,778		
Western Biomass Operating Company Ltd.	7,056	0	20,515	0			
APOM Ltd.		0	297	0			
Rabai Power Holding Ltd.		0	0	0	5,326		
Kent Power Corporation Ltd.	77,814	0	24,508	0			
Albatros Energy Mali S.A	19,729	0	2,802	0			
Equity interests total	**105,050**	**0**	**48,359**	**0**	**7,104**	**0**	**0**
Mitsui E&S Holdings Co. Ltd.	0	9,528	0	2,744		100,000	15,336
Parent company total	**0**	**9,528**	**0**	**2,744**	**0**	**100,000**	**15,336**
Dash Engineering Inc.	0	274	0	108	0	0	0
Sister Companies Total	**0**	**274**	**0**	**108**	**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.

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 2023 (2022: DKKm 0).

BWSC has received DKKm 29 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 29 shall be paid back to the guarantee provider.

NOTE 6.4: GUARANTEES

At 31 December 2023 guarantees given by banks and credit insurance institutions on behalf of BWSC for contract work, etc. amounted to DKKm 406 (2022: DKKm 594). 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	
	2023	**2022**
Amortisation, depreciation and impairment	5,918	10,144
Changes in provisions included in operating profit	67,984	-62,895
Derivative financial intruments	-14,584	22,611
Elimination of intercompany profit (note 3.3)	-1,760	-3,583
Other adjustments	4,642	-11,186
	62,199	**-44,909**

NOTE 6.6: EVENTS AFTER THE BALANCE SHEET DATE

No significant events that could materially affect the financial position at 31 December 2023 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		
Burmeister & Wain Caribbean Contractors Ltd	The Bahamas	100%
BWSC Benin SA	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 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%
AP Operation & Maintenance Limited	United Kingdom	50%
Rabai Power Holding Ltd.	United Kingdom	26%
Kent Power Corporation Ltd.	United Kingdom	18%
Albatros Energy Mali S.A	Mali	8%

* The Company has branches in the United Kingdom, Belgium and Sweden.

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

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
With effect from 1 January 2023, International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers, has been implemented.

The implementation has impacted revenue recognised over time related to the long-term operation and maintenance contracts. Considering IFRS 15's provisions and guidance related to revenue recognised over time, progress of satisfying the individual performance obligation is measured using the cost-to-cost method, whereby percentage of completion is calculated as costs incurred on the contract divided by the total estimated costs. In prior years, percentage of completion was based on time lapsed out of the total duration of the contract.

Furthermore, costs during the mobilization phase of an operation and maintenance project is deemed to be costs incurred to fulfil the contract and are capitalized as mobilisation costs as part of contract work in progress, and amortized over the length of the contract.

Since a few of the operation and maintenance contracts are performed in associated companies, measured using the equity-method, there is also an impact on this balance sheet item.

With reference to the modified retrospective method, the impact as at 1 January 2023 from the change in accounting policy has been adjusted as follows, with no further adjustments of comparative numbers:

- Contract work in progress 1 January 2023:
  Decreased by 95 mDKK
- Receivable with/investment in associated company 1 January 2023:
  Decreased by 12 mDKK
- Deferred tax asset 1 January 2023:
  Increased by 23 mDKK
- Equity (retained earnings) 1 January 2023:
  Decreased by 84 mDKK

There are no other changes to the accounting policies compared to 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 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 the exchange rates at the balance sheet date. 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 the exchange rates at the balance sheet date, whereas fixed assets and long-term liabilities are translated at historical rates. Exchange rate adjustments are recognised in the income statement.

The income and balance sheet 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 under the consolidated 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 debitors (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
IFRS 15, Revenue from Contracts with Customers, is applied.

The Group's revenue is derived from operation and maintenance contracts, service contracts and other related activities.

Revenue from operation and maintenance as well as service contracts is mainly determined to have one performance obligation and a fixed transaction price satisfied and recognised over time. Progress of performance obligations recognised over time is determined on the basis of work carried out based on input of resources (costs incurred) compared to the total estimated costs (cost-to-cost method). Realised profits on completed contracts are recognised net of provisions for warranties. Certain contracts include additional performance obligations that are recognised at a point in time upon satisfaction of the performance obligation.

Revenue from other related activities, such as services relating to work orders (time and material work) and spare part contracts is recognised at a point in time, usually when the service or the goods are delivered.

In connection with consortiums, only the Group's share of revenue is recognised.

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, and similar costs are recognised as sales costs.

Administrative costs
Costs related to management and administration, including costs related to administrative officers, management, IT, insurances, 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 related to restructuring 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 hedge accounting, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme, etc.

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 are 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 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 exceed 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 amount of the negative 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

Trade receivables 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. Costs during the mobilization phase of an operation and maintenance project are capitalized as mobilization costs and included as part of contract work in progress. Mobilization costs are amortized over the length of the contract.

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 receivables 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 guaranteed 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 payables, payables to related companies and other payables 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, tangible and financial 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 5:

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

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