Mesco Denmark A/S

Registration No. 13 25 53 77

Annual Report
2020

32nd Financial Year

The Annual Report is adopted at the Annual General Meeting of shareholders on 16 March 2021.

Chairman …………………..

c/o DLA Piper, Oslo Plads 2, DK-2100 Copenhagen Ø, Denmark

Contents

Management's Statement

Today, the Executive Management and Board of Directors have discussed and adopted the Annual Report for 2020 of Mesco Denmark 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 Company's assets, liabilities and financial position at 31 December 2020, 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 2020.

In addition, it is our opinion, that the Management Report 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, 16 March 2021

Executive Management

…………………………
Artur Bugsgang
Managing Director

Board of Directors

…………………………	…………………………	…………………………
Toshihiko Uchida (Chairman)	Artur Bugsgang	Torkil Bentzen

Independent Auditors' Report

To the Shareholder of Mesco Denmark A/S

Opinion

We have audited the consolidated Financial Statements and the Parent Company Financial Statements of Mesco Denmark A/S for the financial year 1 January – 31 December 2020 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 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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, 16 March 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Niels Vendelbo	Christian Granhøj
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE-no. 34532	MNE-no. 46615

Company Information

The Company	**Mesco Denmark A/S** c/o DLA Piper Oslo Plads 2 DK-2100 Copenhagen Ø Denmark Registration No. (CVR-nr.) 13 25 53 77
Board of Directors	Toshihiko Uchida, Chairman Artur Bugsgang Torkil Bentzen
Executive Management	Artur Bugsgang, Managing Director
Sole shareholder	Mitsui E&S Holdings Co. Ltd., Tokyo, Japan
Subsidiary	Burmeister & Wain Scandinavian Contractor A/S Gydevang 35 DK-3450 Allerød Denmark Registration No. (CVR-nr.) 87 92 91 16
Auditors	KPMG Statsautoriseret Revisionspartnerselskab
Bankers	Danske Bank A/S

Group Company Overviews

Mesco Denmark A/S is the Parent Company in the Burmeister & Wain Scandinavian Contractor A/S Group

Company Name	Incorporated in:	Ownership
Parent Company in the Burmeister & Wain Scandinavian Contractor A/S Group		
Burmeister & Wain Scandinavian Contractor A/S*	Denmark	100%
Subsidiaries in the Burmeister & Wain Scandinavian Contractor A/S Sub-Group		
BWCC Ltd.	The Bahamas	100%
BWSC Benin SARL	Benin	100%
BWSC Cayman Ltd.	Cayman	100%
BWSC Cyprus Ltd.	Cyprus	100%
BWSC Foreign Investments ApS	Denmark	100%
BWSC Generation ApS	Denmark	100%
BWSC India (Private) Ltd.	India	100%
BWSC Japan Ltd.	Japan	100%
BWSC Lebanon Construction SARL	Lebanon	100%
BWSC Macau Ltd.	Macau	100%
BWSC Mali SARL	Mali	100%
BWSC (Mauritius) Ltd.	Mauritius	100%
BWSC Panama S.A.	Panama	100%
BWSC Regional Services S.A.	Panama	100%
BWSC Mindanao Inc.	The Philippines	100%
BWSC Lanka (Private) Ltd.	Sri Lanka	100%
BWSC Sweden AB	Sweden	100%
BWSC Generation Services Northern Ireland Ltd.	United Kingdom	100%
BWSC Generation Services UK Ltd.	United Kingdom	100%
Asia Power (Private) Ltd.	Sri Lanka	55%
Equity interests in the Burmeister & Wain Scandinavian Contractor A/S Sub-Group		
Rabai Operation and Maintenance Ltd. **	Kenya	51%
Western Biomass Operating Company Ltd. **	United Kingdom	51%
APOM Ltd. **	United Kingdom	50%
BWSC Power Corporation Ltd.	United Kingdom	34%
Rabai Power Holding Ltd.	United Kingdom	25.5%
Kent Power Corporation Ltd.	United Kingdom	18%
ERE LPS Holdings Ltd.	United Kingdom	17.2%
Mersey Bioenergy Holdings Ltd.	United Kingdom	10.6%
Albatros Energy Mali S.A	Mali	8%
Pedregal Power Company S.D.E.R.L	Panama	7.6%
Tilbury Green Power Holding Ltd.	United Kingdom	3%

* The Subsidiary Burmeister & Wain Scandinavian Contractor A/S has branches in the United Kingdom, Mali, Benin and Suriname.

** Mesco Denmark A/S does not have controlling influence in these companies and therefore classified as equity interests

Companies and branches without material activity and assets and liablities and dormant companies are omitted from the list.

Group Financial Highlights

KEY FIGURES	2020	2019	2018	2017	2016
Income Statement (mDKK):					
Revenue	1,814	1,609	2,158	2,882	2,946
Gross profit	131	99	105	179	292
Net financials	-14	2	-18	3	-11
Net result	-232	-86	-173	-43	79
Balance Sheet (mDKK):					
Total assets	1,528	1,770	1,928	1,959	1,850
Cash	413	504	529	381	237
Equity	629	680	464	680	782
Interest-bearing debts	109	213	216	169	172

FINANCIAL RATIOS

Gross margin	7%	6%	5%	6%	10%
Profit ratio	-14%	-6%	-9%	-2%	3%
Equity ratio	41%	38%	24%	35%	42%
Return on equity	-36%	-15%	-31%	-6%	10

According to the custom of the sector profit ratio has been calculated as the profit before tax proportional to the revenue. The calculations of the remaining financial ratios are described in the accounting policy section of the Annual Report.

2020 Review

Mesco Denmark A/S (the Company) is mainly a holding company with no revenue in the parent company. The Company employed one employee and the group employed an average of 768 employees during 2020 (2019: 767 employees), one in the parent company and 767 in the group.

Further description of the activity in the subgroup is available in the 2020 annual report of Burmeister & Wain Scandinavian Contractor A/S (hereinafter BWSC), which is accessible on the homepage of BWSC (www.bwsc.com).

Development in activities and finances

The Group's financial statements and the financial statements of the Parent Company show a result for the year of DKKm -232 (2019: DKKm -86) and equity at 31 December 2020 of DKKm 629 (2019: DKKm 680).

The expectation for 2020 stated in the Annual Report for 2019 of higher revenue and higher profit before tax have not been realised.

Events after the balance sheet date

No significant events subsequent to 31 December 2020, which could materially impact the financial position, have occurred.

Main Activities

The group has three main activities:

- Provider of tailored power plants
- Power plants generation service
- Investments in power plants

Knowledge sharing

The group is knowledge-based. People and internal processes are key resources to solve customers' challenges in the best and most efficient way possible. Furthermore, the group continuously focuses on maintaining and developing its employees.

Knowledge key figures of the group:

- 768 employees
- Emphasis on further education and training of the employees

Order intake and backlog

The order intake for 2020 amounted to DKKm 1,206 compared to DKKm 474 in 2019. The EPC order intake improved compared to 2019 and amounted to DKKm 453. The order intake in O&M amounted to DKKm 390 and in Service DKKm 363. The order backlog at the end of 2020 amounted to DKKm 6,031 (2019: DKKm 6,797). EPC projects, that ensure revenue over the construction period – typically around 2-3 years per project, have been below expectations in 2020, whereas service order intake have met expectations. O&M projects which ensure revenue over the lifetime of the contract (up to 20 years), will to some extend follow the EPC projects and have consequently also been below expectations.

EBIT

The financial performance has been below expectations, which has resulted in a loss before interest and tax (operating result or EBIT) of DKKm -175 for 2020 compared to a loss of DKKm -77 in 2019. The unsatisfactory EBIT is mainly the result of restructuring costs of DKKm 95, lacking orders and cost overruns on a few projects. Despite cost overruns on projects gross profit improved to DKKm 131 from DKKm 99 in 2019.

Restructuring costs and adjusted EBIT

EBIT is impacted negatively by costs relating to the restructuring one-time costs of a total of DKKm 95. In November 2020 BWSC announced a large restructuring of its business and a changed focus going forward where the focus will be on the O&M activities and on the Service activities – both are areas where BWSC over the past years have gained a solid market position. The restructuring gives rise to a significant reduction of the number of employees, abandonment of development projects, impairment of assets no longer to be used, etc. The restructuring costs comprise of write down of assets for a total of DKKm 56 and other restructuring costs, mainly relating to employees, for a total of DKKm 39.

Uncertainties

In 2014, two engine-based projects in the Middle East were 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, we decided in 2018 to file for arbitration through ICC, France. The arbitration has been on stay (on hold) from 2019 until the beginning of 2021 due to settlement negotiations with the Client and the Client's Representative. The arbitration case at ICC re-started in January 2021 when the latest extension of the Stay expired, and BWSC expects to submit 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.

Financial income and expenses

The subsidiary BWSC has made a number of investments in power plants together with partners. The main investments are the Brigg, Snetterton and Kent biomass power plants in the UK. Key elements for the financial performance of the plants are the sales price for the power produced and fuel prices. In 2020, power prices in the UK were below expectations, which had a negative impact on profit from investments in and impairments of equity interests compared to expectations. Result from investments in equity interests amounts to DKKm -67 (2019: DKKm -27).

Working capital

At year end 2020 net working capital amounted to DKKm 313, an increase of 45 DKKm compared to 2019. The main reason for the increase is a decrease in prepayments from customers.

Cash flow

Cash flows from operating activities amounts to DKKm -157, which is an increase/an improvement of DKKm 388 compared to last year. The increase is mainly caused by less cash being spent on projects in 2020 compared to 2019. Cash flows from investing activities amounts to DKKm -30 versus DKKm 215 last year. Cash flows from investing activities mainly relates to development projects under intangible assets. Cash flow from financing activities amounts to DKKm 97 compared to DKKm 297 last year. In 2020 cash flow from financing activities is mainly due to a loan from the ultimate parent company.

Risk Management

Risk management is a fundamental part of the Group's business. The groups' business includes large construction and service projects in various jurisdictions and related contracts with sub-suppliers and consortium partners, which expose the group to a number of risks.

The group holds comprehensive experience within engineering, procurement, construction and servicing, which has been accumulated during construction of 184 power plants in more than 54 countries and a large number of service projects. The experience contributes to reducing potential risks. Risk will always be a significant factor in large construction and service projects, and each project is carefully evaluated in the planning and execution phases.

Beside the operational risks, the group is also exposed to currency, interest, counterpart, investment and credit risks which are mitigated and considered less material. For additional information please see the Annual Report for the subsidiary Burmeister & Wain Scandinavian Contractor A/S on their homepage (www.bwsc.com).

Corporate social responsibility

The Company is mainly a holding company and consequently the Company has not itself implemented any policies for corporate social responsibility. This includes all 5 main focus areas of CSR:

- Environment and climate
- Human & labour rights
- Business integrity
- Social and staff matters
- Community engagement and social impact

The Company's Sub-Group has a separate CSR statement which is incorporated in their financial statement and available on their homepage (www.bwsc.com/sustainability). Equal opportunities for all employees is important to the group and accordingly we do not differentiate based on gender, race or religion when people are employed, or when training programs are offered to employees or when employees are promoted. The Company has implemented a policy regarding gender parity. For Mesco Denmark A/S the policy reflects the fact that the Company is a holding company with only one employee and a Board of Directors of three members with an expected long term of service and anticipated little rotation. Burmeister & Wain Scandinavian Contractor A/S has furthermore implemented a gender parity policy.

2021 Outlook

The restructuring of BWSC announced in November 2020 will lead to reduced EPC activity and overall a lower revenue level in 2021. We expect to see an effect from the restructuring on our profitability on a medium to long-term basis. For 2021 we expect an improved and positive net result. The result for 2021 is however expected to be of limited size.

Forward looking statements like the 2021 outlook are uncertain and depend on a number of factors. Furthermore, BWSC disclaims any liability to update or adjust statements in the Annual Report 2020 about future or possible reasons for differences between actual and anticipated results except where required by law.

Income Statement

(In DKK thousands)

Parent company 2019	Parent company 2020	Notes		The Group 2020	The Group 2019
0	0	2	Revenue	1.814.434	1.609.152
0	0		Costs of production	-1.683.630	-1.509.822
0	0		**Gross profit**	130.804	99.330
0	0		Sales costs	-58.516	-51.568
-1.499	-1.560		Administrative costs	-247.519	-133.608
0	0		Other operating income	0	8.897
-1.499	-1.560		**Operating result**	-175.231	-76.949
-85.105	-230.369	6	Result on investments in subsidiaries	0	0
0	0	6	Result on investments in equity interests	-66.734	-27.059
0	0		Financial income	5.882	7.549
-47	-46		Financial costs	-19.409	-5.878
-86.651	-231.975		**Result before tax**	-255.492	-102.337
340	-340	3	Tax on result for the year	24.872	16.603
-86.311	-232.315		**Net result for the year**	-230.620	-85.734
			Attributable to:		
			Non-controlling interests	1.695	577
			Shareholders in Mesco Denmark A/S	-232.315	-86.311

Distribution of net result for the year is specified in note 19

Balance Sheet 31 December
Assets
(In DKK thousands)

Parent Company 2019	Parent Company 2020	Notes		The Group 2020	The Group 2019
0	0		Software and goodwill	10.627	13.475
0	0		Development costs	0	3.671
0	0		Contract rights	3.263	15.901
0	0	4	**Intangible fixed assets**	13.890	33.047
0	0		Land and buildings	36.500	67.238
0	0		Fixture and fittings, tools and equipment	8.511	13.644
0	0	5	**Tangible fixed assets**	45.011	80.882
661.333	614.581		Investments in subsidiaries	0	0
0	0		Investments in equity interests	150.054	225.225
661.333	614.581	6	**Financial fixed assets**	150.054	225.225
661.333	614.581		**Total fixed assets**	208.955	339.154
0	0		Raw materials and consumables	3.751	6.566
0	0		**Inventories**	3.751	6.566
0	0		Trade debtors	110.182	133.806
0	0	8	Contract work in progress	590.497	543.321
0	0		Amounts owed by related companies	51.072	64.416
340	0		Receivable corporate taxes	7.015	52.233
0	0	9	Deferred tax assets	66.463	35.166
0	0		Other debtors	71.859	87.025
0	0		Prepayments	5.312	4.561
340	0		**Debtors**	902.400	920.528
8.541	10.273		**Cash and cash equivalents**	412.800	503.784
8.881	10.273		**Total current assets**	1.318.951	1.430.878
670.214	624.854		**TOTAL ASSETS**	1.527.906	1.770.032

Balance Sheet 31 December
Equity and Liabilities
(In DKK thousands)

Parent Company 2019	Parent Company 2020	Notes		The Group 2020	The Group 2019
61.000	62.000		Share capital	62.000	61.000
501.333	444.580		Revaluation reserve according to the equity method	79.340	80.677
0	0		Reserves for financial instruments	-6.278	-13.053
0	0		Reserves for development costs	0	2.863
0	608.000		Share premiums	0	0
107.553	-493.393		Retained earnings	486.125	538.399
669.886	621.187		**Equity owned by the shareholders of Mesco Denmark A/S**	621.187	669.886
0	0		Non-controlling interest	7.860	9.917
669.886	621.187		**Total Equity**	629.047	679.803
0	0	9	Deferred tax	442	677
0	0		Warranty provisions	68.404	86.497
0	0	10	Other provisions	165.498	210.492
0	0		**Provisions**	234.344	297.666
0	0		Mortgage debt	6.245	9.360
0	0		Loan from Parent Company	100.000	0
0	0		Other long-term liabilities	29.288	4.963
0	0	11	**Long-term liabilities**	135.533	14.323
0	0		Mortgage debt, short-term	3.119	3.119
0	0		Loan from Parent Company	0	200.064
0	0	8	Prepayments received from customers	185.736	262.198
0	0		Trade creditors	167.701	180.360
0	3.283		Amounts owed to related companies	10.770	4.026
0	0		Corporate tax	5.737	3.741
328	384	12	Other creditors	155.919	124.732
328	3.667		**Current liabilities**	528.982	778.240
328	3.667		**Total long-term and current liabilities**	664.515	792.563
670.214	624.854		**TOTAL EQUITY AND LIABILITIES**	1.527.906	1.770.032

Other notes without reference to the financial statements

Note 13:	Audit fees	Note 18:	Guarantees
Note 14:	Staff costs etc.	Note 19:	Distribution of profit
Note 15:	Financial instruments	Note 20:	Cash flow adjustments
Note 16:	Transactions between related parties	Note 21:	Changes in working capital
Note 17:	Contingency liabilities, security for loans, etc.	Note 22:	Events after the balance sheet date

Statement of Changes in Equity

(In DKK thousands)

Parent Company

	Share capital	Revaluation reserve	Share premiums	Retained earnings	Total
Balance at 1 January 2020	61.000	501.333	0	107.553	669.886
Transfer	0	0	409.000	-409.000	0
Capital injection, parent	1.000	0	199.000	0	200.000
Capital injection, subsidiaries		190.000		-190.000	0
Profit of the year	0	-230.369	0	-1.946	-232.315
Changes in financial instruments	0	8.328	0	0	8.328
Tax on changes in equity	0	-1.553	0	0	-1.553
Foreign exchange adjustment etc. of subsidiaries and equity interests	0	-23.159	0	0	-23.159
Equity at 31 December 2020	62.000	444.580	608.000	-493.393	621.187

Besides the increase of nominal 1 mDKK in 2019 and mDKK 1 in 2020 there have been no changes in the share capital during the last 5 years. The share capital is divided into 62 shares of DKK 1 million each.

The Group

	Share capital	Revaluation reserve	Financial instrum.	Development costs	Retained earnings	Total
Balance at 1 January 2020	61.000	80.677	-13.053	2.863	538.399	669.886
Capital injection	1.000	0	0	0	199.000	200.000
Profit of the year	0	21.822	0	-2.863	-251.274	-232.315
Changes in financial instruments	0	0	8.328	0	0	8.328
Tax on changes in equity	0	0	-1.553	0	0	-1.553
Foreign exchange adjustment etc. of subsidiaries and equity interests	0	-23.159	0	0	0	-23.159
Equity owned by shareholders of Mesco Denmark A/S at 31 December 2020	62.000	79.340	-6.278	0	486.125	621.187
Non-controlling interest					7.860	7.860
Equity at 31 December 2020	62.000	79.340	-6.278	0	493.985	629.047

Cash Flow Statement
(In DKK thousands)

The Group

	Notes	2020	2019
Operating profit		-175.231	-76.949
Adjustments	20	44.572	85.425
Changes in working capital	21	-44.168	-525.913
Cash flows from operating activities before net financials		-174.827	-517.437
Financial income		5.882	615
Financial costs		-24.404	-5.814
Cash flows from ordinary activities		-193.349	-522.636
Taxes paid		35.860	-22.829
Cash flows from operating activities		-157.489	-545.465
Additions of tangible assets		-1.358	-3.502
Additions of intangible assets		-29.462	-9.776
Dividends received from equity interests		1.323	7.773
Investments in equity interests		-884	-3.139
Disposals of investments in equity interests		0	224.105
Cash flows from investing activities		-30.381	215.461
Bank loan		0	-200.000
Loan from Parent Company		100.000	200.000
Capital increase		0	300.000
Repayment of mortgage debt		-3.114	-3.041
Cash flows from financing activities		96.886	296.959
Cash at beginning of year		503.784	529.447
Cash from acquired entities		0	7.382
Changes in cash		-90.984	-33.045
Cash at year-end		412.800	503.784

The cash flow statement cannot be derived directly from the Income Statement and Balance Sheets.

Note 1 Accounting Policies

General

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

Change in accounting policies

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

Accounting estimates and Judgements

In preparing the financial statements, the subsidiary 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.

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. Particular risks referred to in the Risk management section of the Management review may have a substantial influence on the accounting risks. 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:

- Construction 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. The contract value is measured based on the total expected income of the individual contracts – claim income is further mentioned below. The total expected expenses are partly based on estimates and contingency are included for unforeseen cost deviations to plan cost due to project risks, disputes etc.

- The subsidiary BWSC has a material claim related to engine-based projects in the Middle East. Currently, the claim negotiations have not been finalised, and a material part of claim income cannot be recognised as income. The settlement is uncertain and could have a materially positive impact on the result when the claim has been final settled. It is considered less likely that the settlement would have a negative impact on the result

- Provisions are based on the subsidiary 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.

- Investments in equity interests are recognised at the subsidiary BWSC's proportionate share of the net assets of the Companies (the equity method). 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. The impairment loss relates to investments in equity interests in the UK operating a number of power plants. The impairment is caused by underlying lower than expected earnings of the companies as well as lower than expected long term outlook for the companies. The impairment is based on a discounted cash flow model calculation and budgets for the power plants throughout the expected life of the plants.

Accounting judgements

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

Defining materiality

The subsidiary 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

The company 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., the company is of the opinion that there are no factors giving reason to doubt whether the company can continue operating for at least 12 months from the balance sheet date.

Recognition and measurement in general

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

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

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

Consolidation

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

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

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

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

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

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

Foreign currency translation

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

Receivables, payables and other monetary items in foreign currency, which are not paid at the balance sheet date, are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time when the receivable or payable is incurred is recognised in the income statement.

Financial instruments

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

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

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

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

INCOME STATEMENT

Revenue

The Group's revenue is derived from contract activities, service contracts, etc.

Contract work and operational contracts are recognised according to the percentage-of-completion method. Profits on contracts are recognised by reference to actual stage of completion based on an estimate of both known and expected additional costs. In connection with consortiums, only the Group's share is taken into account.

Stage of completion is determined on the basis of an assessment of the work carried out, evaluated on the basis of costs incurred on the project, compared to the total estimated costs.

Realised profits on completed contracts are recognised net of provisions for warranties. Income from spare part contracts and the sale of electricity is recognised when delivered.

Production costs

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

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

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

Sales costs

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

Administrative costs

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

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

Financial items

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

Tax

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

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

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

BALANCE SHEET

Intangible and tangible fixed assets

Intangible and tangible fixed 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:

Goodwill	3 years
Contract rights	2 years
IT software	3-7 years
IT hardware	3 years
Development costs	3 years
Office building	100 years
Warehouse	25 years
Installations	10 years
Cars	5 years
Plant and equipment	5 years
Fixtures, fittings and tools	3-10 years
Land is not depreciated	

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

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

Financial fixed assets

Investments in subsidiaries and equity interests 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).

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

Net revaluation of investments in subsidiaries and equity interests is taken to equity as a net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost.

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 subsidiaries and equity interests 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 subsidiaries and equity interests. 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 associated company becomes a subsidiary company, through step acquisition of more shares in the associated company, 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.

Other securities including equity investments are investments in unlisted shares that management considers investment securities. The equity investments are measured at cost

Other securities

Other securities including equity investments are investments in unlisted shares that management considers investment securities. The equity investments are measured at cost.

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.

Debtors

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

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

Contract work in progress

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

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

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

Prepayments

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

Warranty provisions

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

Other provisions

Other provisions comprise expected remaining costs relating to delivered contracts.

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

Proposed dividend

Proposed dividend for the year is included in the equity.

Financial liabilities

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

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

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

CASH FLOW STATEMENT

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

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Financial Ratio

Analysis of the financial ratios included in the group financial highlights:

Gross margin	$\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit ratio	$\dfrac{\text{Profit before tax x 100}}{\text{Revenue}}$
Solidity ratio	$\dfrac{\text{Equity at year-end x 100}}{\text{Total equity and liabilities at year-end}}$
Return on equity	$\dfrac{\text{Profit after tax x 100}}{\text{Average equity}}$

Notes
(in DKK thousands)

Note 2 Revenue

Parent Company 2019	Parent Company 2020		The Group 2020	The Group 2019
0	0	Final invoicing	1.639.356	2.065.324
0	0	Changes in contract work in progress	175.078	-456.172
0	0		1.814.434	1.609.152

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

Parent Company 2019	Parent Company 2020		The Group 2020	The Group 2019
0	0	South and Central America	470.351	478.291
0	0	Southeast Asia	199.848	45.566
0	0	Africa and Middle East	103.551	269.367
0	0	Europe	1.040.684	815.928
0	0		1.814.434	1.609.152

Note 3 Tax on profit for the year

Parent Company 2019	Parent Company 2020		The Group 2020	The Group 2019
-340	0	Income tax payable	9.066	5.947
0	340	Deferred tax	-34.278	-41.621
0	0	Tax on changes in equity	-1.553	-144
0	0	Adjustment of tax concerning previous years	4.167	6.012
0	0	Adjustment of deferred tax concerning previous years	-2.274	12.482
0	0	Paid dividend tax abroad	0	721
-340	340		-24.872	-16.603

Notes
(in DKK thousands)

Note 4 Intangible assets

	The Group				
	Contract rights	**Software**	**Goodwill**	**Development costs**	**Total**
Cost at 1 January 2020	18.328	90.553	9.087	19.671	137.639
Currency adjustment at 1 January 2020	-1.697	-95	-198	0	-1.990
Acquisition of entities	0	0	0	0	0
Additions in the year	0	9.791	0	19.671	29.462
Cost at 31 December 2020	16.631	100.249	8.889	39.342	165.111
Depreciation at 1 January 2020	2.427	79.995	6.170	16.000	104.592
Currency adjustment at 1 January 2020	-225	-52	-198	0	-475
Amortisation for the year	11.166	7.982	1.400	0	20.548
Impairment	0	1.697	1.517	23.342	26.556
Depreciation at 31 December 2020	13.368	89.622	8.889	39.342	151.221
Book value at 31 December 2020	3.263	10.627	0	0	13.890
Book value at 31 December 2019	15.901	10.558	2.917	3.671	33.047

Amortisation and impairment of DKKt 47,104 thousand is included in administrative costs (DKKt 23,277 in 2019)

Notes
(in DKK thousands)

Note 5 Tangible fixed assets

	The Group	
	Fixture and fittings, tools and equipment	**Land and buildings**
Cost at 1 January 2020	52.816	120.821
Currency adjustment at 1 January 2020	-1.504	0
Additions in the year	1.358	0
Cost at 31 December 2020	52.670	120.821
Depreciation at 1 January 2020	39.172	53.583
Currency adjustment at 1 January 2020	-782	0
Depreciation for the year	5.769	1.535
Impairment	0	29.203
Depreciation at 31 December 2020	44.159	84.321
Book value at 31 December 2020	8.511	36.500
Book value at 31 December 2019	13.644	67.238

Depreciation and impairment for the year is included in:

	2020	**2019**
Cost of production	3.804	3.955
Administrative costs	32.703	4.251
	36.507	8.206

Notes
(in DKK thousands)

Note 6 Financial fixed assets

Parent Company	Investments	The Group
Subsidiaries		Equity Interests
160.000	Cost at 1 January 2020	527.879
10.000	Capital injection	0
0	Additions in the year	884
170.000	Cost at 31 December 2020	528.763
501.333	Revaluations/write-downs at 1 January 2020	-302.654
190.000	Capital injection	0
-230.369	Profit share	-66.734
6.775	Changes in financial instruments	0
-23.158	Foreign exchange adjustments etc.	-16.789
0	Distribution of dividend to parent company	-1.323
0	Elimination intercompany profit	8.791
444.581	Revaluations/write-downs at 31 December 2020	-378.709
614.581	**Book value at 31 December 2020**	150.054
661.333	Book value at 31 December 2019	225.225

As per 31 December 2020, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 133 (2019: DKKm 145) before tax has been deducted from the investments in associated companies

Notes
(in DKK thousands)

Note 7 Business combination

On the 25 September 2019 BWSC acquired an additional 48.5% of the company Asia Power (Private) Ltd. Before the acquisition BWSC owned 6.8% of this company and the acquisition brings the total ownership share to 55.3%

The purchase price is allocated as follows:	**2020**	**2019**
Intangible assets	0	18.328
Deferred tax assets	0	5.641
Inventory	0	8.440
Receivables	0	29.772
Provisions	0	-20.028
Payables	0	-21.970
Net asset acquired	0	20.183
Gain on bargain purchase	0	8.897
Estimated fair value	0	29.080
Cash acquired	0	-7.382
Non-controlling interest	0	-12.999
Previously owned shares, revaluated	0	-7.097
Total consideration	0	1.602

Gain on bargain purchase is recognised as other operating income

Notes
(in DKK thousands)

Note 8 Contract work in progress

Parent Company 2019	Parent Company 2020		The Group 2020	The Group 2019
0	0	Sales value of production in progress	4.695.702	4.520.625
0	0	Invoiced on account	-4.290.941	-4.239.502
0	0	Contract work in progress, net	404.761	281.123
		Classified as follows:		
0	0	Receivables	590.497	543.321
0	0	Prepayments received from customers	-185.736	-262.198
0	0		404.761	281.123

Note 9 Deferred tax

Parent Company 2019	Parent Company 2020		The Group 2020	The Group 2019
0	0	Deferred tax at 1 January	-34.489	-40.291
0	0	Adjustment concerning previous years	-1.242	0
0	0	Acquisition of entities	0	-5.653
0	0	Adjustment for tax credit scheme	4.328	0
0	0	Deferred tax	-34.618	11.455
0	0		-66.021	-34.489
		Deferred tax can be specified as follows:		
0	0	Acquisition of entities	0	-5.653
0	0	Tangible fixed assets	-2.798	-6.514
0	0	Financial fixed assets	-29.368	12.314
0	0	Intangible fixes assets	-1.424	-229
0	0	Contract work in progress etc.	45.254	-42.964
0	0	Provisions	-12.897	0
0	0	Tax loss carried forward	-64.788	8.557
0	0		-66.021	-34.489
		Deferred tax distributed on		
0	0	Tax assets	-66.463	-35.166
0	0	Tax liabilities	442	677
0	0		-66.021	-34.489

Notes
(in DKK thousands)

Note 10 Other Provisions

Other Provisions DKKm 165 (2019: DKKm 210) cover estimated remaining liabilities in connection with finalised contracts including loss making projects, other than warranty provisions.

Approximately 90% of other provisions is expected to be settled within the next 12 months from the balance sheet date.

Note 11 Other long-term liabilities

Long-term debts maturing after 5 years from the end of the fiscal year amount to DKKm 0 (2019: DKKm 0).

The other long-term liabilities DKKm 29 (2019: DKKm 5) are non-interest bearing.

Note 12 Other creditors

Parent Company			The Group	
2019	**2020**		**2020**	**2019**
163	94	Payable payroll related costs	54.251	53.520
0	0	Financial instruments	12.383	27.642
0	0	Payable VAT	7.578	4.624
165	265	Other accrued expenses, etc.	81.707	38.946
328	359		155.919	124.732

Note 13 Audit fees

Parent Company			The Group	
2019	**2020**		**2020**	**2019**
55	73	Audit fee	897	914
0	46	Other declaration assignments	115	250
0	0	Tax advisory fee	1.077	1.073
0	0	Other fees	385	138
55	119		2.474	2.375

Notes
(in DKK thousands)

Note 14 Staff costs etc.

Parent Company			The Group	
2019	**2020**		**2020**	**2019**
1.120	980	Wages and salaries	417.871	450.619
0	0	Pension contribution	7.599	8.659
4	4	Social security costs	13.271	15.369
1.124	984		438.741	474.647
		Including remuneration for:		
1.124	984	Board of Directors of Parent Company	984	1.124
1	1	Average number of employees	768	767

Note 15 Financial instruments

The subsidiary BWSC manages the currency hedging as well as the Group cash management. The major part of BWSC's cash flow are in DKK, EUR, USD and GBP. The future cash flow and net positions in currencies other than EUR and DKK will be hedged initially upon contract signing and during the project execution, if changes in currency net positions occur. Subsequently, investment in subsidiaries, and associated companies in foreign currency are not hedged.

Foreign exchange forwards contracts are used to hedge future cash flow and net positions. Interest rate swaps are used to hedge interest rate exposure on borrowings which is not within the treasury policy.

The Company has made interest swaps to hedge payment of interest on a mortgage loan with variable interest. The principal of the loan at 31 December 2020 is DKKm 9 (2019: DKKm 13) with a maturity of 3 years. The market value of the interest swaps as per 31 December 2020, amounted to DKKm -1 (2019: DKKm -1) which has been accounted for in the equity. The net market value for foreign exchange hedging DKKm -8 is recognised in the equity.

Notes

(in DKK thousands)

Note 15. Derivative financial instruments (continued)

The market value of foreign exchange hedging and interest rate hedging recognised in the equity amounts to DKKm -7 (2019: DKKm -15). The maturity is as follows:

- Within one-year DKKm 2 (2019: DKKm 1)
- Between one and five years DKKm -9 (2019: DKKm -16)
- Later than five years DKKm 0 (2019: DKKm 0)

Note 16. Transactions between related parties

Purchase of diesel engines, spare parts, guarantees etc. from Mitsui E&S Holdings Co., Ltd., Japan and sale of goods to subsidiaries and equity interests have taken place at market conditions and accordingly the amounts are not stated.

During the year a capital increase of DKK 1 million with a premium of DKK 199 million, in total DKK 200 million was carried out. Subsequently the amount was injected as a capital increase in the subsidiary Burmeister & Wain Scandinavian Contractor A/S with DKK 10 million as increase of share capital and DKK 190 million as premium

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

Group relationships

Burmeister & Wain Scandinavian Contractor A/S is 100% owned by Mesco Denmark A/S, which prepares its own consolidated financial statements. The Mesco Denmark financial statements can be obtained via BWSC or www.datacvr.virk.dk. The ultimate Parent Company is Mitsui E&S Holdings Co., Ltd., which prepares consolidated financial statements for the group in which BWSC is included. Group Financial Statements for the ultimate Parent Company can be obtained from: Mitsui E&S Holdings Co., Ltd., 6-4, Tsukiji

Notes

(in DKK thousands)

Note 16. Transactions between related parties (continued)

	Sales	Purchases	Receivables outstanding	Payables outstanding	Dividends received	Loans received	Interest payable
BWSC Mindanao Inc.	0	0	0	68	0	0	0
BWSC Cayman Ltd.	0	0	0	3.215	0	0	0
BWSC Cyprus	0	0	0	164	0	0	0
BWSC Generation Services Northern Ireland Ltd	0	31.508	0	741	0	0	0
BWSC Lanka (Private) Ltd.	0	0	0	0	0	0	0
BWSC Panama S.A.	0	4.771	0	534	0	0	0
BWSC Mali SARL	0	3.879	0	5.069	0	0	0
BWCC Ltd.	0	0	0	17.813	0	0	0
BWSC (Mauritius) Ltd.	0	0	0	3.858	0	0	0
BWSC Regional Services S.A.	0	0	0	1.025	0	0	0
BWSC Macau Ltd.	0	0	0	4.960	0	0	0
BWSC Sweden AB	0	2.281	0	774	0	0	0
BWSC Lebanon SARL	0	0	0	29.306	0	0	0
BWSC Foreign Investments ApS	0	0	0	71	0	0	0
BWSC Generation Services UK	0	227.376	0	33.110	0	0	0
BWSC Generation ApS	0	0	0	412	0	0	0
BWSC Japan Ltd.	0	6.811	239	0	0	0	0
BWSC Benin SARL	0	3.149	1.591	0	0	0	0
Asia Power (Private) Ltd.	0	0	0	0	0	0	0
Subsidiaries Total	0	279.775	1.830	101.120	0	0	0
Western Biomass Operating Company Ltd.	3.668	1.609	20.445	2	0	0	0
Asia Power (Private) Ltd.	0	0	0	0	3.357	0	0
Rabai Power Holding Ltd.	25.554	170	1.218	0	1.323	0	0
APOM Ltd.	7.811	930	3.325	69	0	0	0
ERE LPS Holdings Ltd.	35.058	0	892	0	0	0	0
BWSC Power Corporation Ltd.	8	0	0	0	0	0	0
BWSC North Lincs Ltd.	47.161	0	0	0	0	0	0
BWSC East Anglia Ltd.	49.439	4.391	0	0	0	0	0
Rabai Operation and Maintenance Ltd.	429	0	352	0	0	0	0
Tilbury Green Power Holding Ltd.	-39.323	27	8.428	37	0	0	0
Albatros Energy Mali S.A	11.614	0	1.172	0	0	0	0
Mersey Bioenergy Holdings Ltd.	20.999	0	1.884	0	0	0	0
Kent Power Corporation Ltd.	32.067	9.701	14.048	6.763	0	0	0
Associated companies Total	194.485	16.828	51.764	6.871	4.680	0	0
Mitsui E&S Holdings Co. Ltd.	0	14.952	0	1.114	0	100.000	0
Parent company Total	0	14.952	0	1.114	0	100.000	0
Dash Engineering Inc.	0	7.408	0	37	0	0	0
Sister companies Total	0	7.408	0	37	0	0	0

Notes

(in DKK thousands)

Note 17. Contingency liabilities, security for loans, etc.

The Group has not entered into any material leasing obligations.

The Group 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.

The Group 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 management Company, the Company 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 taxes entities. Any subsequent adjustments of the joint taxable income or withholding taxes may result in an increase of the Company's liability.

Land and buildings with a book value of DKKm 37 (2019: DKKm 69) has been provided as security for mortgage debt. The total mortgage debt is DKKm 9 (2019: DKKm 13).

The Group has invested in power plants via equity interests and the not paid in committed capital in equity interests amounts to DKKm 1 at 31 December 2020 (2019: DKKm 0).

The Group has received DKKm 50 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 50 shall be paid back to the guarantee provider

Note 18. Guarantees

At 31 December 2020 guarantees given by banks and credit insurance institutions on behalf of the subsidiary BWSC for contract work, etc. amounted to DKKm 829 (2019: DKKm 1,256). 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.

Notes
(in DKK thousands)

Note 19 Distribution of profit

It is recommended that the profit for the year, tDKK -232,315 is appropriated as follows:

	Parent company	
	2020	**2019**
Transferred to net revaluation reserves	-230.369	-67.691
Retained profit	-1.946	-18.620
	-232.315	-86.311

Note 20 Cash flow adjustments

	The Group	
	2020	**2019**
Amortization, deprecation and impairment	83.611	31.481
Changes in provisions	-63.087	100.007
Financial instruments	8.514	-29.012
Elimination of intercompany profit	-8.791	-8.794
Other long-term liabilities	24.325	0
Effect from purchase of entities	0	-8.257
	44.572	85.425

Note 21 Changes in working capital

	The Group	
	2020	**2019**
Changes in inventories	2.815	324
Changes in contract work in progress	-123.638	-434.320
Changes in trade debtors	23.624	43.970
Changes in amounts owed by related companies	13.344	-47.809
Changes in other debtors	15.166	10.408
Changes in prepayments and deferred income	-751	2.284
Changes in trade creditors	-12.659	-123.160
Changes in amounts owed to related companies	6.744	1.439
Changes in other creditors	31.187	20.951
	-44.168	-525.913

Notes
(in DKK thousands)

Note 22 Events after the balance sheet date

No significant events that could materially affect the financial position at 31 December 2020 have occurred after the balance sheet date.