



# Integrated Wind Solutions

## Interim Financial Report<sup>1</sup> – Fourth Quarter 2021

### HIGHLIGHTS

- Positive EBITDA of NOK 3 million for fourth quarter 2021 compared to a negative EBITDA of NOK 8 million in the previous quarter
- Good progress on the engineering work on the two first Construction Service Operation Vessels (CSOVs) on order with the first steel cut in January 2022. Expected delivery of the vessels in the first and second quarter of 2023 respectively.
- Signed committed term sheet for EUR 56.25 million debt financing in December 2021 for the financing of the two first CSOVs under construction
- Dialog with yard for the ordering of additional CSOVs for delivery early 2024
- Commitment letter received from Enova for support of environmental technology for optional vessels
- Commitment letter received from The Research Council of Norway for grants related to research and development of offshore charging facility to support development of zero emission battery powered vessels
- Management team complete after the appointment of Marius Magelie as CFO

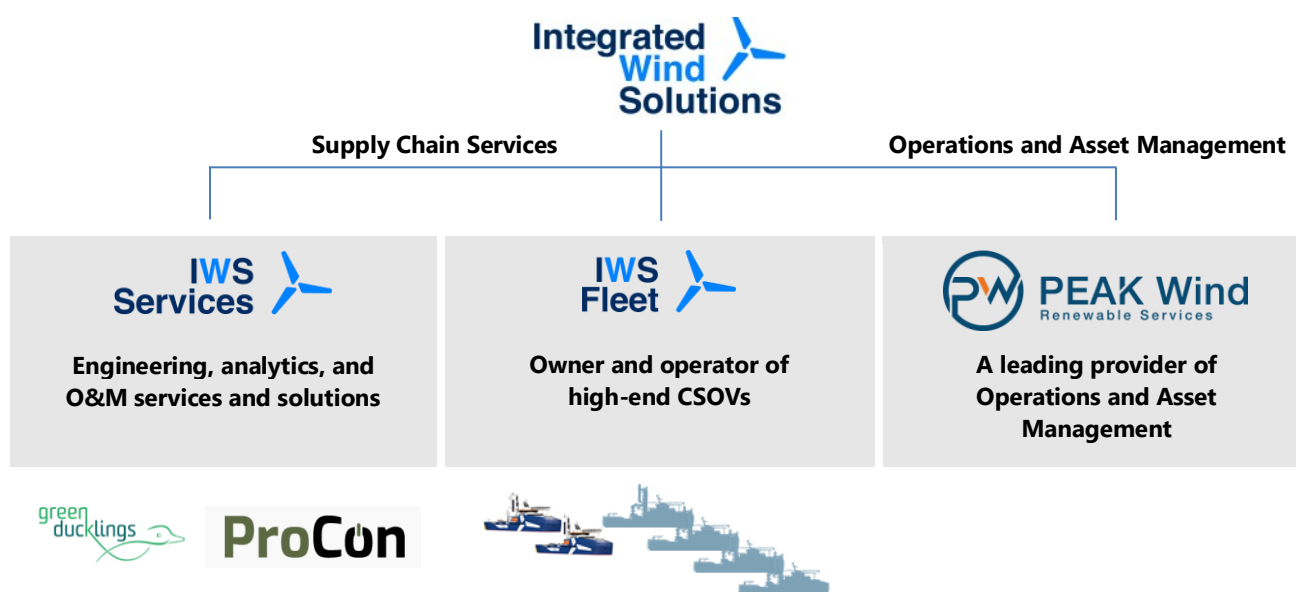
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<sup>1</sup> Please see Appendix A for definitions, explanations and reconciliations of Alternative Performance Measures (APMs)

## OPERATIONS

The acquisition of the two Danish offshore wind service/consulting companies ProCon Group ApS<sup>2</sup> and Green Ducklings A/S<sup>3</sup>, and the purchase of the 30% shareholding in PEAK Wind A/S<sup>4</sup> completed during the second half of 2021 forms important milestones in

Integrated Wind Solutions' (IWS) strategy of becoming the preferred service partner within the offshore wind sector. The activities in the Group will be organized in the following three business areas:



Green Ducklings and ProCon have operationally and financially been integrated in the IWS Group with effect from July and September 2021 respectively.

PEAK Wind is operationally and financially classified as an associated company.

## ORGANIZATION

### Group management

Marius Magelie was appointed CFO for the Group in January 2022, and the management team of IWS consists after this of CEO Lars-Henrik Røren, COO Christopher Andersen Heidenreich, in addition to Mr. Magelie who will join the organisation with effect from 21 February 2022. Marius Magelie comes from the position as Senior Vice President Finance & Investor Relations at Ocean Yield ASA, where he has been employed since 2014.

### IWS Fleet site office at CMHI

IWS Fleet site office personnel are in place at the China Merchants Heavy Industry (CMHI) facility in Jiangsu, China from the fourth quarter of 2021, and will follow up on the construction work on the newbuildings throughout the full construction period.

<sup>2</sup> 75% of the share capital and 100 % of the voting shares

<sup>3</sup> 100% of the voting shares

<sup>4</sup> Fixed price option exercisable within three years from original purchase date to acquire an additional 19% of shares

## FINANCIAL REVIEW

### *Comparative figures*

Integrated Wind Solutions AS was incorporated in July 2020 and had no operating activities of significance in the first three quarters of 2020. There are consequently not reported quarterly comparative figures for 2020.

### *Income statement*

Total revenue for the fourth quarter of 2021 ended at NOK 50 million, out of which ProCon contributed with NOK 46 million and IWS' share of net profit in PEAK Wind with NOK 2 million.

The closing of the acquisition of ProCon took place in September 2021 and fourth quarter 2021 is consequently the first period with consolidation of the company's revenues and expenses in the group accounts of IWS.

The investment in PEAK Wind A/S, where IWS has an ownership of 30%, is accounted for using the equity method of accounting. The Group's proportionate share of the net result in PEAK Wind is included in the consolidated accounts with effect from 1 September 2021 and recognised share of net result in the third and fourth quarter of 2021 amounts to NOK 1 million and NOK 2 million respectively.

EBITDA for the fourth quarter of 2021 was NOK 3 million compared to minus NOK 8 million in the previous quarter. ProCon and PEAK Wind contributed positively with NOK 8 million and NOK 2 million respectively, while the other entities in the Group had a combined negative EBITDA of NOK 7 million.

Net loss for the fourth quarter of 2021 ended at NOK 3 million compared to a net loss of NOK 9 million in the third quarter.

### *Liquidity and financial position*

Total cash and cash equivalents amounted to NOK 389 million at quarter end, down from NOK 411 million in the previous quarter. The reduction is mainly a consequence of an increase in trade receivables and inventory build-up.

In December 2021 IWS signed a committed term sheet for a EUR 56.25 million debt financing which will be used for long-term post-delivery financing of the two first CSOVs on order for delivery in 2023. The drawdown of the facility will be made at delivery from the yard of the respective vessel. The facility provided by Skandinaviska Enskilda Banken AB, SpareBank 1 SR-Bank ASA and Export Finance Norway is subject to customary conditions precedents and signing of final loan documentation, and is expected to be completed during first quarter of 2022.

The carrying value of two vessels under construction of NOK 91 million includes the first yard instalments on the vessels (10% of the contract price with CHMI) and accumulated directly attributable project costs during the construction period. Please see *Note 4 – Commitments and contingencies* for details on the payment structure on the newbuilding contracts.

The intangible assets of NOK 68 million include goodwill and other intangible assets recognized as part of the acquisition of ProCon and Green Ducklings in the third quarter of 2021.

Other current assets totalled NOK 42 million at quarter end, up from NOK 26 million in the previous period, and consist mainly of trade receivables related to construction contracts.

Book equity on 31 December 2021 was NOK 686 million and total assets was NOK 756 million, giving an equity ratio of 91% at quarter end.

## OUTLOOK

The outlook for the offshore wind industry remains highly positive.

The IWS group of companies is well positioned to take part of this growth within its relevant segments being

providing CSOVs (IWS Fleet), electrical works (ProCon), offshore wind consultancy (Green Ducklings) and the operations and asset management of wind farms provided by PEAK Wind.

## STATEMENT OF RESPONSIBILITY

We confirm, to the best of our knowledge, that the condensed set of financial statements for the fourth quarter of 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of Integrated Wind Solution's

consolidated assets, liabilities, financial position and income statement, and that the interim report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, February 10, 2022

Sigurd E. Thorvildsen  
*Chairman of the Board*

Cathrine Haavind  
*Board member*

Ole Christian Hvidsten  
*Board member*

Jens-Julius Ramdahl Nygaard  
*Board member*

Daniel Gold  
*Board member*

Lars-Henrik Røren  
*CEO*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

<i>In NOK thousands</i>	<b>Note</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>2021</b>	<b>23/07-31/12 2020</b>
Operating revenue		48 170	838	49 007	0
Share of net profit of associates		1 647	699	2 346	0
<b>Total revenue</b>		<b>49 817</b>	<b>1 536</b>	<b>51 353</b>	<b>0</b>
Operating expenses		-46 647	-9 070	-60 881	-24
<b>Earnings before interest, taxes and depr (EBITDA)</b>		<b>3 170</b>	<b>-7 534</b>	<b>-9 528</b>	<b>-24</b>
Depreciation and amortisation	2	-1 778	-462	-2 239	0
<b>Earnings before interest and taxes (EBIT)</b>		<b>1 392</b>	<b>-7 995</b>	<b>-11 767</b>	<b>-24</b>
Finance income		253	16	270	0
Finance expenses		-1 638	-21	-1 737	-1
Net foreign currency exchange gains/losses		-1 616	-887	-2 504	0
<b>Net finance income/(expense)</b>		<b>-3 001</b>	<b>-892</b>	<b>-3 971</b>	<b>-1</b>
<b>Profit/(loss) before taxes</b>		<b>-1 609</b>	<b>-8 887</b>	<b>-15 738</b>	<b>-26</b>
Income tax expense	5	-1 112	102	-1 010	0
<b>Profit/(loss) for the period</b>		<b>-2 720</b>	<b>-8 785</b>	<b>-16 748</b>	<b>-26</b>
Attributable to non-controlling interests		1 162	0	1 162	0
Attributable to shareholders of the parent		-3 883	-8 785	-17 910	-26

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In NOK thousands</i>	<b>Note</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>2021</b>	<b>23/07-31/12 2020</b>
Profit/(loss) for the period		-2 720	-8 785	-16 748	-26
Other comprehensive income					
<i>Cash flow hedge, net of tax effect</i>	4	-2 710	-452	-2 401	0
<b>Total comprehensive income/(loss)</b>		<b>-5 430</b>	<b>-9 238</b>	<b>-19 148</b>	<b>-26</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In NOK thousands</i>	<i>Note</i>	<b>31.12.2021</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Vessels under construction	2	90 671	88 992	0
Other fixed assets	2	1 913	2 218	0
Intangible assets	2/8	68 093	65 910	0
Investments accounted for using the equity method		130 942	129 227	0
Deferred tax assets	5	3 327	0	0
<b>Total non-current assets</b>		<b>294 946</b>	<b>286 346</b>	<b>0</b>
<b>Current assets</b>				
Cash and cash equivalents	3	388 876	410 842	212
Inventory		30 469	27 994	0
Other current assets		41 706	26 250	6
<b>Total current assets</b>		<b>461 051</b>	<b>465 086</b>	<b>218</b>
<b>Total assets</b>		<b>755 997</b>	<b>751 432</b>	<b>218</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	35 201	35 201	100
Share premium reserve	7	647 676	647 596	8
Retained earnings/other comprehensive income		-23 417	-13 790	-38
Non-controlling interests		26 209	18 918	0
<b>Total equity</b>		<b>685 668</b>	<b>687 925</b>	<b>70</b>
<b>Non-current liabilities</b>				
Non-current interest-bearing debt		14 263	15 689	0
Deferred tax liability	5	3 956	1 341	0
Other non-current liabilities		472	0	0
<b>Total non-current liabilities</b>		<b>18 691</b>	<b>17 031</b>	<b>0</b>
<b>Current liabilities</b>				
Trade payables		27 650	6 961	135
Borrowings		5 410	19 480	0
Other current liabilities		18 578	20 035	13
<b>Total current liabilities</b>		<b>51 638</b>	<b>46 476</b>	<b>147</b>
<b>Total equity and liabilities</b>		<b>755 997</b>	<b>751 432</b>	<b>218</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

<i>In NOK thousands</i>	Note	Q4 2021	Q3 2021	23/07-31/12 2021	2020
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax		-1 609	-8 887	-15 738	-26
Depreciation and amortisation	2	1 778	462	2 239	0
(Increase)/decrease in prepayments, accruals and stock		-23 804	-1 559	-25 931	-6
Increase/(decrease) in trade and other payables		15 559	-5 675	15 219	123
Net profit from associates		-1 647	-699	-2 346	0
<b>Net cash flow from operating activities</b>		<b>-9 723</b>	<b>-16 358</b>	<b>-26 556</b>	<b>92</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	2	-1 518	-209	-90 517	0
Purchase of subsidiaries and associates <sup>5</sup>	8	-3 077	-175 059	-178 136	0
<b>Net cash flow from investing activities</b>		<b>-4 595</b>	<b>-175 268</b>	<b>-268 653</b>	<b>0</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of share capital/minority shareholder		4 030	0	708 058	120
Equity issue costs		0	80	-21 259	0
Proceeds from/(repayment of) borrowings		-11 434	9 832	-1 602	0
<b>Net cash flow from financing activities</b>		<b>-7 404</b>	<b>9 912</b>	<b>685 197</b>	<b>120</b>
Cash and cash equivalents at beginning of the period		410 842	593 636	212	0
Net increase/(decrease) in cash and cash equivalents		-21 722	-181 714	389 988	212
Exchange rate effects		-243	-1 081	-1 323	0
<b>Cash and cash equivalents at the end of the period</b>	3	<b>388 876</b>	<b>410 842</b>	<b>388 876</b>	<b>212</b>

<sup>5</sup> Purchase consideration for subsidiaries includes the paid cash consideration net of cash acquired

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In NOK thousands</i>	Share capital	Share premium reserve	Other equity	OCI <sup>1)</sup>	NCI <sup>2)</sup>	Total equity
Equity at incorporation 23 July 2020	100	8	0	0	0	108
Share issue costs/incorporation costs	0	0	-12	0	0	-12
Total comprehensive income 2020	0	0	-26	0	0	-26
<b>Total equity at 31.12.2020</b>	<b>100</b>	<b>8</b>	<b>-38</b>	<b>0</b>	<b>0</b>	<b>70</b>
Profit/(loss) for the period	0	0	-17 910	0	1 162	-16 748
Other comprehensive income	0	0	0	-2 401	0	-2 401
Equity issue	35 101	668 927	0	0	0	704 028
Equity issue cost	0	-21 259	-27	0	0	-21 286
Acquisition of subsidiaries	0	0	-2 910	0	21 499	18 589
Paid in capital by NCI	0	0	0	0	4 030	4 030
Translation difference	0	0	-132	0	-483	-615
<b>Total equity at 31.12.2021</b>	<b>35 201</b>	<b>647 676</b>	<b>-21 017</b>	<b>-2 401</b>	<b>26 209</b>	<b>685 668</b>

<sup>1)</sup> Other comprehensive income is related to the Group's foreign currency hedges

<sup>2)</sup> Non-controlling interests are related to ProCon (25%) and IWS Services A/S (3%)



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 – Corporate information, basis for preparation and accounting policies

### Corporate information

Integrated Wind Solutions AS (the Company) is a public limited liability company incorporated and domiciled in Norway. The Company's registered office is Fjordalléen 16, 0250 Oslo, Norway.

The interim consolidated financial statements (the Statements) of the Company comprise the Parent Company and its subsidiaries, together referred to as the Group or IWS.

### Basis of preparation

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The consolidated financial statements are presented in

NOK rounded off to the nearest thousands, except as otherwise indicated. The interim consolidated financial statements are unaudited.

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The Statements do however not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2020, which includes a detailed description of the applied accounting policies.

## Note 2 – Tangible and intangible non-current assets

<i>In NOK thousands</i>	<b>Vessels under construction</b>	<b>Other fixed assets</b>	<b>Intangible assets</b>	<b>Total</b>
Acquisition cost at 1 Jan 2021	0	0	0	0
Acquisitions/instalments in the period	90 671	2 218	69 566	162 455
Disposals in the period	0	0	0	0
<b>Acquisition cost at 31 Dec 2021</b>	<b>90 671</b>	<b>2 218</b>	<b>69 566</b>	<b>162 455</b>
Accumulated depreciations at 31 Dec 2021	0	-305	-1 473	-1 778
<b>Net carrying amount at 31 Dec 2021</b>	<b>90 671</b>	<b>1 913</b>	<b>68 093</b>	<b>160 677</b>

IWS signed in February 2021 newbuilding contracts for two Construction Service Operation Vessels (CSOVs) with scheduled delivery in the first and second quarter of 2023. In the construction period, the carrying value includes yard instalments, other

directly attributable project costs, capitalized borrowing costs and guarantee fees. Depreciation commences when the vessels are available for intended use.

## Note 3 – Cash and cash equivalents

<i>In NOK thousands</i>	<b>31.12.2021</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
Bank deposits denominated in NOK	335 551	345 008	212
Bank deposits denominated in NOK, restricted	12 330	11 160	0
Bank deposits denominated in DKK	40 994	54 674	0
<b>Total cash and cash equivalents</b>	<b>388 876</b>	<b>410 842</b>	<b>212</b>

## Note 4 – Commitments and contingencies

### *Shipbuilding contracts*

IWS entered in February 2021 into new-building contracts for two CSOVs with scheduled delivery in the first and second quarter of 2023. The contracts are entered into with the yard China Merchants Industries Holdings Co Ltd and are based on a payment schedule where 10% was payable following signing of contract, 10% at steel cutting, 10% at launching and 70% at delivery of the vessels. IWS has an option contract with the yard for potential calling of four additional vessels.

### *Foreign currency hedging contracts*

IWS has entered into currency hedging contracts for the second instalment on the shipbuilding contracts payable in first quarter 2022 and on certain long-term construction contracts. The change in market value of the contracts is reported net of tax effect under *Other comprehensive income*.

## Note 5 – Corporation taxes

The Group's ship-owning subsidiaries will be subject to tonnage tax. Companies subject to the tonnage tax regime are exempt from ordinary tax on their shipping income. In lieu of ordinary taxation, tonnage taxed companies are taxed on a notional basis based on the net tonnage of the companies' vessels. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according to the ordinary taxation rules

applicable in the resident country of each respective company.

Deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## Note 6 – Related party transactions

### *Guarantees*

Awilco AS, which is the major shareholder in Integrated Wind Solutions AS, has issued a Parent Company Guarantee (PCG) in favour of the shipyard China Merchants Industries Holding Co Ltd (CMIH) related to the shipbuilding contracts signed by the two subsidiaries Awind 4 AS and Awind 5 AS. This agreement provides a guarantee which is limited to 50% of the total price of the firm units delivered from

the yard, which is to be adjusted for any change orders that may arise up until delivery. The PCG is reduced by a pro rata amount according to the instalments to the yard, which will be paid in three tranches of 10% each prior to delivery of the vessels.

The Company has provided a counter guarantee and indemnification on behalf of Awind 4 AS and Awind 5 AS in favour of Awilco AS for the PCG from

Awilco AS towards CMIH which is identical to the terms in the PCG.

### Technical services

Awilco Technical Services AS (ATS) assists IWS in management of the Group's newbuilding program. For these services IWS pays ATS a management fee based on an hourly rate which is subject to annual adjustment equal to 100% of any increase in the Norwegian consumer price index. ATS is 100% owned by Awilco AS, which is 100% owned by Awilhelmsen AS.

### Management services

Awilhelmsen Management AS (AWM) provides IWS with administrative and general services including accounting, payroll, legal, secretary function and IT. IWS pays AWM a yearly management fee based on AWM's costs plus a margin of 5%. The fee is subject to semi-annual evaluation and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

## Note 7 – Share capital and shareholder information

### Paid in capital

<i>In NOK thousands, unless stated otherwise</i>	Number of shares	Par value per share	Share capital	Paid-in premium	Total paid-in capital
Share capital at incorporation 23 July 2020	100 000		100	20	120
Share capital increase 9 March 2021	0		9 900	190 100	200 000
Share split 9 March 2021	4 900 000				
Share capital increase 22 March 2021	12 500 000	NOK 2.00	25 000	475 000	500 000
Share capital increase 29 April 2021	100 698	NOK 2.00	201	3 827	4 028
Equity issue costs			0	-21 271	-21 271
<b>Share capital at 31 December 2021</b>	<b>17 600 698</b>	<b>NOK 2.00</b>	<b>35 201</b>	<b>647 676</b>	<b>682 877</b>

All issued shares have a par value of NOK 2.00 and are of equal rights. Integrated Wind Solutions AS is

incorporated in Norway and the share capital is denominated in NOK.

### 10 largest shareholders as per 2 February 2022

Shareholder	Number of shares	Ownership (in %)
Awilco AS	5 000 000	28.4
Skandinaviska Enskilda Banken AB	1 286 492	7.3
BNP Paribas	1 250 000	7.1
Sundt AS	1 250 000	7.1
Danske Invest Norge Vekst	874 000	5.0
Verdipapirfondet Nordea Norge Verdi	695 362	4.0
J,P, Morgan Bank Luxembourg S,A,	625 000	3.6
The Bank of New York Mellon SA/NV	625 000	3.6
Verdipapirfondet Eika Spar	578 504	3.3
Skandinaviska Enskilda Banken AB	527 262	3.0
<b>Sub total</b>	<b>12 711 620</b>	<b>72.2</b>
Other shareholders	4 889 078	27.8

Total

17 600 698

100.0

## Note 8 – Business combinations

IWS acquired in the third quarter of 2021 100% of the voting shares of Green Ducklings A/S and 75% of the voting shares of ProCon Group ApS. Both companies are classified as subsidiaries and consolidated with effect from 1 July and 30 September respectively. The fair values of the identifiable assets and liabilities recognised at the acquisition date of the two

subsidiaries have in accordance with IFRS 3.45 been updated in the fourth quarter of 2021 in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The update of the balance sheet values does not impact the income statement for the Group.

## Note 9 – Events after the balance sheet date

### *Appointment of CFO*

Marius Magelie was appointed as Chief Financial Officer on 4<sup>th</sup> of January 2022. Mr. Magelie will start in the position on 21<sup>st</sup> of February 2022.

### *First steel cut for CSOV and payment of second instalment*

The first steel was cut for the CSOV “IWS Skywalker” at the China Merchants Heavy Industry facility in Jiangsu, China on 14<sup>th</sup> of January 2022. The second instalment, constituting 10% of the yard price, was in accordance with the contract terms paid to the yard and the currency hedge on the instalment was settled with the bank.

### *Conversion to public limited liability company and changes in the composition of the Board of Directors*

Integrated Wind Solutions AS was on the extraordinary general meeting held 10<sup>th</sup> February 2022 converted into a public limited liability company. On the same date Synne Syrrist was elected as a new board member for the period until the annual general meeting in 2023. She replaced Ole Christian Hvidsten, who resigned from the board.

## APPENDIX A – ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs), i.e. financial performance measures not within the applicable financial reporting framework, are used by the Group to provide supplemental information to the stakeholders. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is the Group's experience that these are frequently used by analysts and investors.

The APMs are adjusted IFRS measures which are defined, calculated and used consistently over time. Operational measures such as, but not limited to, volumes and utilization are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

The Group's financial APMs are:

- EBIT: Operating revenue - Operating expenses - Administration expenses - Depreciation and amortisation
- EBITDA: EBIT + Depreciation and amortisation
- Interest-bearing debt: Long-term interest-bearing debt + Short-term interest-bearing debt + Pension liabilities
- Book equity ratio: Total equity / Total assets

The reconciliation of Total revenue, EBIT and EBITDA with IFRS figures can be derived directly from the Group's consolidated Income Statement.