Annual Report

2021

Integrated Wind Solutions

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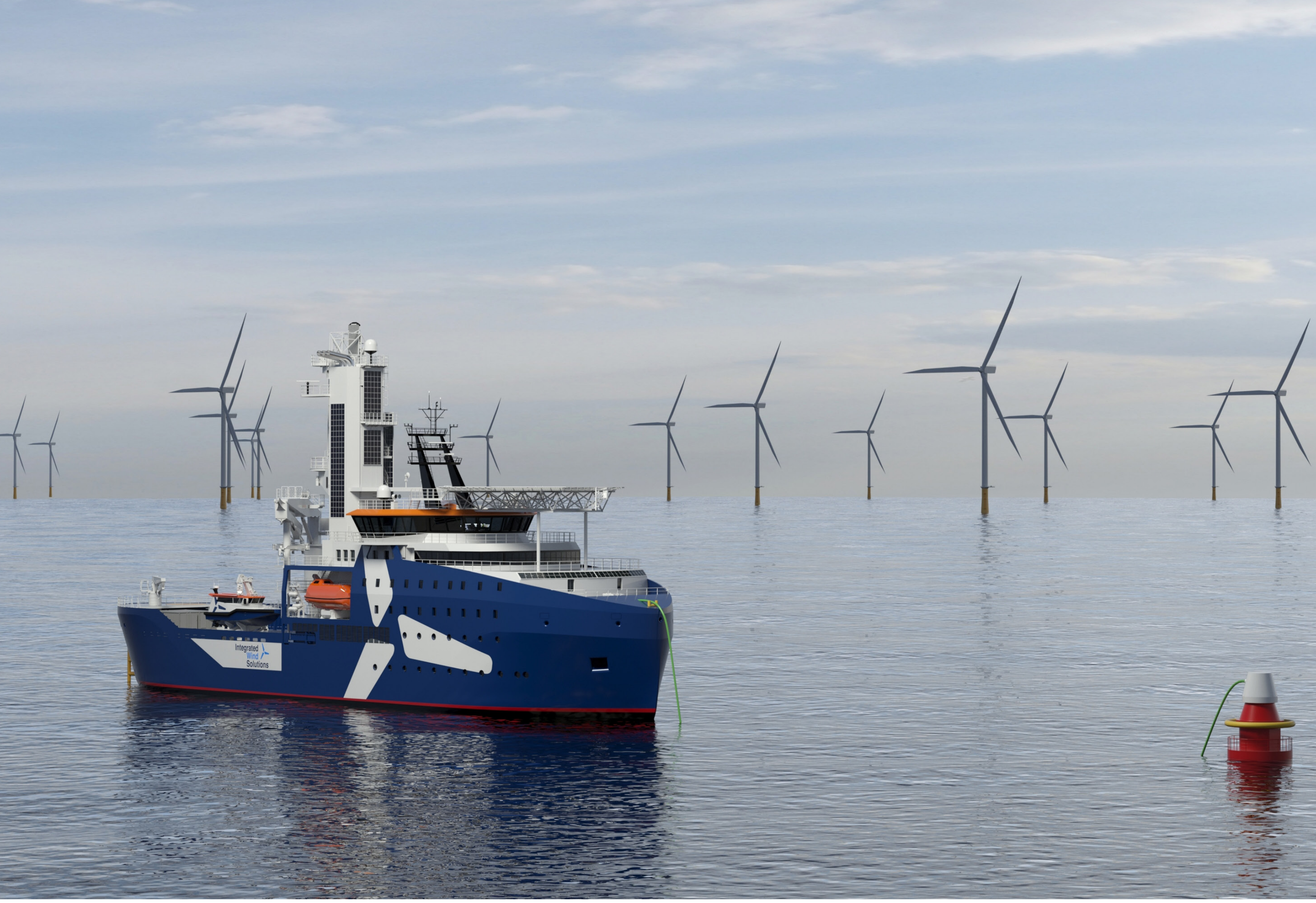


About IWS

Integrated Wind Solutions ASA ("IWS") aims to be a leading offshore wind service provider by integrating construction and service operation vessels (CSOVs) with engineering, product and manpower services in a windfarm's installation, commissioning and operations phase.

The strategy of IWS is to provide a fleet of state-of-the-art service vessels to the offshore wind-industry, combined with a suite of adhering services, to reduce levelized cost of energy ("LCOE") for the offshore wind sector.

Year around, we will strive to prove that the offshore wind business is a powerful place to invest and a safe place to work.

Integrated Wind Solutions was established in July 2020 by the Awilco group and stock listed on the Euronext Growth (Oslo) on 25 March 2021. The Awilco group offers more than 80 years' experience from projects and operations in shipping and offshore.

IWS conduct its businesses through i) IWS Fleet, ii) IWS Services, and iii) Peak Wind.

"

Year around, we will strive to prove that the offshore wind business is a powerful place to invest.

IWS FLEET

Through its wholly owned subsidiary, IWS Fleet AS, the Group has four CSOVs under construction at the leading and reputable Chinese shipyard, China Merchants Industry Holdings Co., Ltd. The vessels are based on the leading UT5519DE design by Kongsberg Maritime. The two first vessels will be named IWS Skywalker and IWS Windwalker, and shall be ready for operations in the second and third quarter of 2023 respectively. Vessel number three and four are scheduled for delivery from the yard in the first half of 2024.

The Company has options for the construction of additional two sister vessels in the Skywalker class at CMIH.

IWS SERVICES

Through its 97% owned (100% controlled) and fully consolidated subsidiary, IWS Services AS ("IWS Services"), the Company manages a portfolio of services and solutions for the offshore wind industry. By integrating commissioning and service operation vessels with engineering, product, and manpower services in a windfarm's installation, commissioning, and operations phase, IWS Services aims to be a leading offshore wind service player

The two main investments in IWS Services are i) the 75% ownership in ProCon Group, which is a Danish engineering, construction, and service solution provider specialized in electrical and technical solutions to the global renewable industry with a focus on offshore and onshore wind and ii) the 100% owned Danish offshore wind specialist consultancy firm Green Ducklings A/S.

PEAK WIND

IWS owns 30% of the leading independent provider of operations and asset management advisory and services for global offshore wind, PEAK Wind, with a fixed price option to increase the ownership to 49% within September 2024. PEAK Wind is headquartered in Aarhus, Denmark and has a global footprint.

Organisation

Management

Lars-Henrik Røren

Chief Executive Officer

Mr. Røren has 30 years of experience from the Investment Banking and Asset Management Industry with a particular focus on Energy Markets. He has previously held several senior positions, among them Head of Equities in Formuesforvaltning, Head of Equity Capital Markets and Head of E&P research in SEB Markets, Investment Director in SEB Wealth Management Norge and Chairman of the Board of Nordic Aquafarms AS. Mr. Røren holds an MSc in BA from Copenhagen Business School. Mr. Røren is a Norwegian citizen.

Christopher Andersen Heidenreich

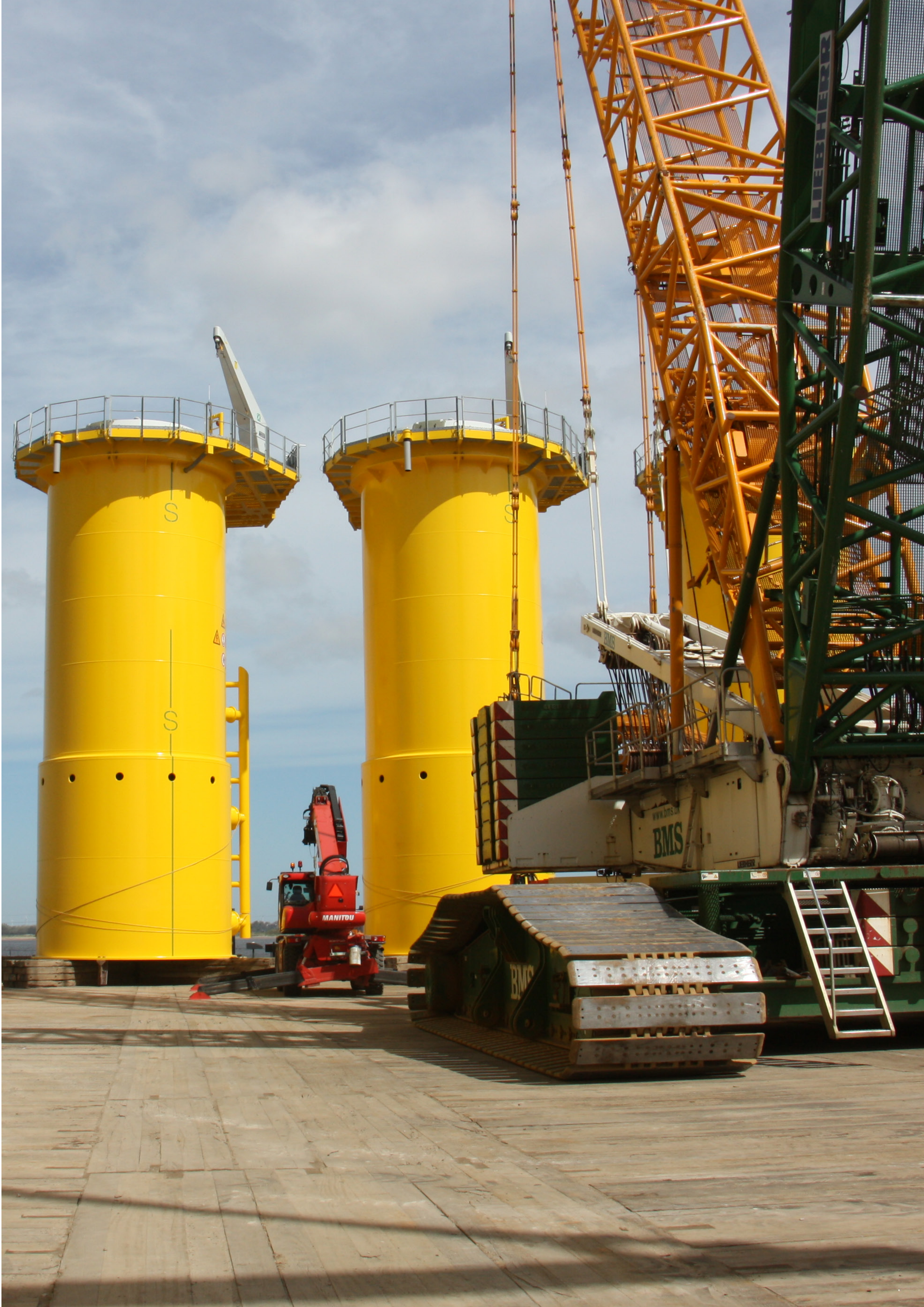
Chief Operating Officer

Mr. Heidenreich has close to 20 years of experience from managing offshore and shipping assets. He was part of the founding team of Fred. Olsen Windcarrier in 2008 and was heavily involved in the development of the offshore wind segment until 2014 when he took the position as Managing Director at Awilco Technical Services. He also has experience from Knutsen OAS and V.Ships. Mr. Heidenreich holds an MSc in Naval Architecture and Marine Engineering from Norwegian University of Science and Technology (NTNU). Mr. Heidenreich is a Norwegian citizen.

Marius Magelie

Chief Financial Officer

Mr. Magelie has close to 15 years of experience from ship-leasing and investment banking. He held several senior positions and most recently served as Senior Vice President Finance & Investor Relations at Ocean Yield, where he was employed since 2014. Prior to Ocean Yield, Mr. Magelie was Partner in the Nordic investment bank ABG Sundal Collier. He has a Master of Science degree in Financial Economics from the Norwegian Business School. Mr. Magelie is a Norwegian citizen.


LIEBHERR
BMS
MANITOU

Board of directors

Sigurd E. Thorvildsen

Chairman and Non-Executive Director

Mr. Thorvildsen is the CEO of the Awilhelmsen Group, the Chairman of the Board of Directors of Awilco Drilling Plc and a member of the Company's Remuneration Committee. He has more than 30 years of experience from the shipping and offshore industry. Mr. Thorvildsen has previously held several senior positions, among them the position as CEO of Awilco AS, the Chairman of the Board of Directors of Awilco Offshore ASA and Awilco Heavy Transport ASA (later Ocean HeavyLift ASA). He holds an MSc in business and economics from the Norwegian School of Management. Mr. Thorvildsen is a Norwegian citizen.

Jens-Julius R. Nygaard

Non-Executive Director

Mr. Nygaard is the CEO of Awilco AS. He has over 15 years of experience from shipping and investment companies through various positions in the Awilco group of companies and is a member of the board of Awilco LNG ASA. Mr. Nygaard has a BA Honours in Finance from Strathclyde University and an MSc in Shipping, Trade & Finance from CASS Business School. Mr. Nygaard is a Norwegian citizen.

Cathrine Haavind

Non-Executive Director

Mrs. Haavind is Head of Strategic Planning and Corporate Communications in the Awilhelmsen Group. She has more than 10 years' experience with strategy processes, stock exchange rules for listed companies, Board work and investor relations. Before joining the Awilhelmsen Group in 2010, she was investor relations manager in Awilco Offshore ASA and worked 10 years as a management consultant in PWC Consulting and IBM. Mrs. Haavind holds an MSc in BA from Université de Fribourg, Switzerland. Mrs. Haavind is a Norwegian citizen.

Daniel Gold

Non-Executive Director

Mr. Gold is the CEO of QVT Financial LP, an asset management company with offices including New York, London, Singapore, and New Delhi. QVT Financial, through its managed funds, is an experienced global investor in the shipping and offshore industries. Mr. Gold is a board member of Awilco Drilling. Mr. Gold holds an AB in Physics from Harvard College. Mr. Gold is an American citizen.

Synne Syrrist

Non-Executive Director

Mrs. Syrrist has work experience as an independent consultant for Norwegian companies and as financial analyst in Elcon Securities ASA and First Securities ASA. She has extensive non-executive experience from both listed and private companies and is among others currently a member of the boards of Awilco LNG ASA, Awilco Drilling Plc and AqualisBraemar LOC ASA. Mrs. Syrrist holds a MSc from NTNU and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen.

Shareholder Information

20 larges shareholders as per 19.04.2022

Shareholder	Number of shares	Ownership in %
Awilco AS	11 250 000	39,4
Skandinaviska Enskilda Banken AB	1 950 000	6,8
Sundt AS	1 562 500	5,5
Danske Invest Norge Vekst	1 330 116	4,7
BNP Paribas	1 250 000	4,4
Verdipapirfondet Nordea Norge Verd	1 058 283	3,7
J.P. Morgan SE	1 042 691	3,7
BNP Paribas	776 780	2,7
The Bank Of New York Mellon	625 000	2,2
Skandinaviska Enskilda Banken AB	599 880	2,1
Verdipapirfondet Eika Spar	578 504	2,0
Toluma Norden AS	556 250	2,0
Ludvig Lorentzen AS	536 151	1,9
Must Invest AS	486 859	1,7
Verdipapirfondet Eika Norden	417 817	1,5
Verdipapirfondet Nordea Avkastning	380 215	1,3
Verdipapirfondet Eika Norge	347 586	1,2
Arepo AS	318 750	1,1
Skeie Technology AS	304 374	1,1
Skandinaviska Enskilda Banken AB	230 677	0,8
Sub-total	**25 602 433**	**89,7**
Other shareholders	2 935 765	10,3
Total	**28 538 198**	**100,0**

The Group raised in March 2022 gross proceeds of NOK 350 million in a private placement by allocating 10,937,500 new shares at a subscription price of NOK 32 per share. Additional information on the capital raise is presented in Note 24 to the consolidated accounts.

Board of directors` report

Board of directors` report

BUSINESS SUMMARY

Energy transition

To reach the ambitious targets for reduction in CO2 emissions according to the Paris Agreement, the global energy systems are deeply reliant on the development of renewable energy sources, including offshore wind, in combination with frontier technologies to reduce the carbon footprint in the current energy value chain. According to the International Energy Agency ("IEA"), the pace of the ongoing energy transition has been accelerating, with estimates implying that around 90% of the increase in global power capacity in 2020 was accounted for by renewable sources. Measured in power generation, IEA currently expects renewable energy sources to surpass coal in the energy mix by 2024, and by 2050, such sources are expected to account for more than 60% of the world's electricity generation. In Europe, the continent leading the transition, renewable energy is expected to constitute +80% of the power generation, according to Statnett.

Combined with the United Nation's focus on the Sustainability Development Goals, the Green Deal Zero-emission target by 2050, and increasing public awareness towards sustainability, the energy transition is inevitable, and IWS sees both an opportunity and a responsibility to contribute to a cleaner, more sustainable future by taking a leading role in the offshore wind industry.

Offshore wind

The offshore wind market has developed rapidly over the last decade and today represents a total installed base of around 26 GW globally excluding China, with most of the capacity located in Europe. By 2030, the global installed capacity in GW excluding China is expected to grow eight times to about 200 GW according to Rystad Energy, with the largest offshore wind regions being Europe and Asia.

The substantial growth in the installed offshore wind base is directly correlated to a corresponding increase in the installed base of number of wind turbines, which is the main demand driver for installation and commissioning vessels and later operations and maintenance ("O&M") services during the operations of the wind farms.

The annual spending on O&M services is expected to grow from about EUR 2.4bn in 2020 by about 8x to EUR

18.6bn in 2030, according to BVG Associates and Rystad Energy.

Given the nature of the developments, with projects becoming increasingly complex as they move farther away from shore into deeper waters with larger turbines, and with Europe being a key region, the opportunity for IWS given its geographical focus as well as strong value proposition via its CSOV fleet bundled with the service offerings should be very attractive.

Operations

For IWS Fleet, two CSOV newbuildings, IWS Skywalker and IWS Windwalker, were under construction at the China Merchants Heavy Industry facility in Jiangsu, China at year-end 2021. The construction is proceeding according to schedule; the first steel was cut for IWS Skywalker in January 2022 and for IWS Windwalker in March 2022. IWS has a full site-team in place to ensure satisfactory progress. The vessels shall be ready for operations in the second and third quarter of 2023 respectively.

IWS has also entered into contracts for additional two CSOV vessels at the same yard for delivery in the first half of 2024.

For IWS Services, the acquisition of the two Danish offshore wind service/consulting companies ProCon Group ApS and Green Ducklings A/S forms important milestones in IWS' strategy of becoming the preferred service partner within the offshore wind sector.

The Company also purchased a 30% ownership stake in PEAK Wind Group ApS in September 2021. PEAK Wind is a leading independent provider of operatorship and asset management advisory and consultancy services for offshore wind globally and supplements IWS' strategy of offering a broad range of services to the offshore wind industry.

The acquisitions completed in the third quarter of 2021 are expected to at least grow in line with the industry and are so far meeting the expectations.

CONSOLIDATED FINANCIAL STATEMENTS

Incorporation, acquisitions, and business combinations

Integrated Wind Solutions ASA (the "Company" or the "Parent Company") was incorporated 23 July 2020 and has its registered office at Beddingen 8, 0250 Oslo, Norway. The Parent Company and its subsidiaries (collectively "IWS" or the "Group") had no operating activities of significance in 2020.

In March 2021, IWS signed the contracts for the Group's two first CSOVs with China Merchants Heavy Industries Co Ltd. Instalments paid to the yard are presented as Vessels under construction in the statement of financial position.

In the third quarter of 2021, IWS acquired 100% of the shares in Green Ducklings A/S and 75% of the shares in ProCon Group ApS . The two companies are classified as subsidiaries and consolidated with effect from 1 July and 30 September respectively.

In September 2021, IWS acquired 30% of the shares in PEAK Wind Group ApS, and the Group's proportionate share of the net result in this company is recognised in the consolidated accounts.

Further details on the business combinations and vessels under construction are presented in Note 10, 18, 19 and 23 to the consolidated accounts.

Operating revenue, operating expenses, and depreciation charges

Total revenues for the Group in 2021 was NOK 51 million (NOK 0 million in 2020), out of which ProCon contributed with NOK 46 million and IWS' share of net profit in PEAK Wind with NOK 2 million. The amount recognized for ProCon represents the company's revenue from October to December 2021, and for PEAK Wind the reported amount is the Group's proportionate share of the net result from September to December 2021.

Operating expenses for 2021 totalled NOK 61 million, which gave an EBITDA for the year of minus NOK 10 million (NOK 0 million in 2020).

Depreciation charges and amortizations for 2021 of NOK 2 million (NOK 0 million in 2020) include the amortization of intangible assets recognized in the statement of financial position as part of the acquisitions of Green Ducklings and ProCon.

Charter revenues from vessel operation will be recognized in 2023 when the vessels commence operation in the second half of the year.

Financial items

Full-year net financial expense for 2021 was NOK 4 million (NOK 0 million in 2020) and include interest expenses of NOK 1 million related to interest-bearing debt in ProCon and net foreign currency exchange losses of NOK 3 million. The foreign currency exchange losses are caused by inter-company loans between group entities with different functional currency, and net currency losses on bank deposits, accounts receivable and accounts payable denominated in foreign currencies.

Net loss on foreign currency hedges is reported under Other comprehensive income and totals NOK 2 million net of tax effects for 2021 (NOK 0 million in 2020).

Tax expense, net result and earnings per share

Total tax expense for the year was NOK 1 million (NOK 0 million in 2020) and relates to the Group's activities in Denmark. No deferred tax assets are recognized for the activities in Norway.

Net loss for the full year was NOK 17 million (NOK 0 million in 2020).

Earnings per share is presented in Note 22 to the consolidated accounts.

Financial position

In March 2021, IWS completed a private placement with gross proceeds of NOK 704 million and was listed on Euronext Growth Oslo 25 March 2021. The proceeds have mainly been used to finance the Group's newbuilding program and for the investments in ProCon, Green Ducklings and PEAK Wind.

In December 2021, IWS signed a committed term sheet for a EUR 56 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 debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels. For the second vessel the leverage ratio is reduced to 54% in the event that the contracted back-log for the vessel is below a specified level upon delivery from the yard.

The EUR 56 million debt 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 is expected to be completed in the second quarter of 2022.

The carrying value of the Group's two vessels under construction amounts to NOK 91 million on 31 December 2021 and 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. The second instalments on the two vessels (10% of the contract price) were made in January and March 2022 at commencement of steel cutting at the yard. The next i (10% of the contract price) will be made at launching of the vessels and the last 70% at delivery from the yard.

Intangible assets of NOK 68 million recognised in the balance sheet at year-end include goodwill and other intangible assets recognized as part of the acquisition of ProCon and Green Ducklings. Details on the investments are presented in Note 23 to the consolidated accounts. Other current assets totaled NOK 42 million at year-end (NOK 0 million on 31 December 2020) and consist mainly of trade receivables related to construction contracts in ProCon.

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

Cash flow and liquidity

The Group had a negative cash flow from operating activities of NOK 27 million in 2021 (NOK 0 million in 2020) mainly due to the negative net profit in the period in combination with an increase in inventory levels related to ongoing construction projects.

Net cash used in investing activities was NOK 269 million (NOK 0 million in 2020), out of which NOK 91 million is related to the two CSOVs under construction, NOK 50 million to the acquisition of ProCon and Green Ducklings and NOK 129 million to the 30% ownership in PEAK Wind ApS.

In March 2021, the Group raised new equity of NOK 687 million net of transaction cost for the financing of the two vessels under construction and for the investments in the three Danish offshore wind companies commented on above. Total cash flow from financing activities was NOK 685 million (NOK 0 million in 2020).

At year-end 2021 total cash and cash equivalents amounted to NOK 389 million (NOK 0 million 31 December 2020) exclusive of undrawn committed bank facilities.

In March 2022, the Group raised gross proceeds of NOK 350 million in a private placement by allocating 10,937,500 new shares at a subscription price of NOK 32 per share. Additional information on the capital raise is presented in Note 24 Events after the reporting date.

The Board of Directors consider the Group's liquidity to be good.

PARENT COMPANY FINANCIAL STATEMENTS

The Parent Company's operating income for 2021 totalled NOK 0.2 million (NOK 0.0 million in 2020) and operating expenses for the year was NOK 17.0 million (NOK 0.0 million in 2020)

Net finance expense amounted to NOK 2.2 million (NOK 0.0 million in 2020) out of which currency losses on inter-company loans constituted NOK 2.5 million. Loss for the period was NOK 19.3 million (NOK 0.0 million in 2020).

The Board of Directors propose that the Parent Company's loss for the period of NOK 19.3 million is covered by retained earnings.

Dividends

The Board will propose to the General Meeting scheduled for 9 May 2022 that there will be no dividend distributed for the fiscal year 2021.

PRESENTATION OF ANNUAL ACCOUNTS

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and the additional requirements of the Norwegian Accounting Act as of 31 December 2021. The financial statements of the Parent Company have been prepared and presented in accordance with the Norwegian Accounting Act.

GOING CONCERN ASSUMPTION

It is in the opinion of the Board of Directors that the consolidated financial statements for IWS provide a true and fair view of the Group's financial performance for 2021 and 2020 and its financial position on 31 December 2021 and 2020. According to section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements of the Parent Company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

RISK FACTORS

IWS operates as a service provider to the offshore wind industry. For the industry to continue its growth, authorities must allow for the development of offshore wind farms. For the CSOVs, the freight market has historically been volatile, and the financial results will as a consequence vary significantly on a yearly basis. The key risk factors can be divided into the following three components: market risk, operational risk and financial risk.

Market risk

The demand for offshore wind services could be affected by delay in offshore wind farm development activity and oversupply of tonnage. Periods of low demand and excess supply intensifies the competition which means that the vessels could earn lower day rates.

Russia's invasion of Ukraine in February 2022 is expected to have limited impact on the offshore wind sector in the short-term perspective. In a medium to long-term perspective, the invasion can potentially impact the overall pace in the transition to renewable energy sources.

Operational risk

Construction risk

The Group's newbuildings that are under construction at the China Merchants Industry Holdings Co., Ltd. Shipyard in China can be subject to risk, which also include Covid-19 infection rates, that may cause delays at the yard and for sub-suppliers, and to increased costs. Further, Russia's invasion of Ukraine can impact the supply situation for raw materials and components required in the construction of the vessels and thereby cause delays.

Employment risk

The Groups ability to obtain charter contracts depends on the prevailing market conditions in the industry. If the Group is unable to employ its vessels, revenue will be substantially reduced.

Laws and regulations

The operations and vessels are subject to international laws and regulations, which have become stricter. Changes to laws and regulations may expose the Company.

Piracy, war and cyber risk

Risk of war, piracy attacks or various forms of cyber-attacks could affect the trading and earnings generated by the vessels or income generated by other forms of services.

Employees

With the expected strong growth in the offshore wind industry and the global fleet during this decade, it is a risk that IWS is not able to attract qualified personnel to its operations.

Financial risk

Financing risk and liquidity risk

IWS is exposed to financing and liquidity risk since the Group will raise external debt on a regular basis for a portion of its investments in vessels, either in the bank market or the bond market.

IWS' strategy for mitigating financing risk is to maintain a solid financial position and at all times have a cash position that covers short- and medium-term needs.

In December 2021, IWS signed a committed term sheet for a EUR 56 million debt facility for the financing of the Group's two first CSOVs. Signing of the final contract is subject to customary conditions precedents. The leverage ratio for the second vessel will either be 65% or 54% depending on the contracted backlog at the time of delivery of the vessel from the yard.

Currency risk

The main companies in the Group have NOK or DKK as the functional currency. Currency risks arise in connection with transactions denominated in other currencies than the functional currencies.

The Group may use financial derivatives to reduce the currency risk, and has at year-end 2021 hedged the currency risk on the second instalments on the two vessels under construction which is denominated in EUR, and the currency risk on certain construction contracts in ProCon denominated in USD.

Interest rate risk

The Group's overall exposure to interest rate fluctuations is currently considered low, as most financing at year-end 2021 is made with paid-in equity.

Counterparty- / credit risk

IWS has inherent credit risk as counterparties may not be able to meet their obligations under construction contracts and long-term charter contract. To mitigate this risk, the Group assesses the creditworthiness of all significant counterparties and will charter out the vessels and sign material construction contracts to internationally recognized companies within the offshore wind industry.

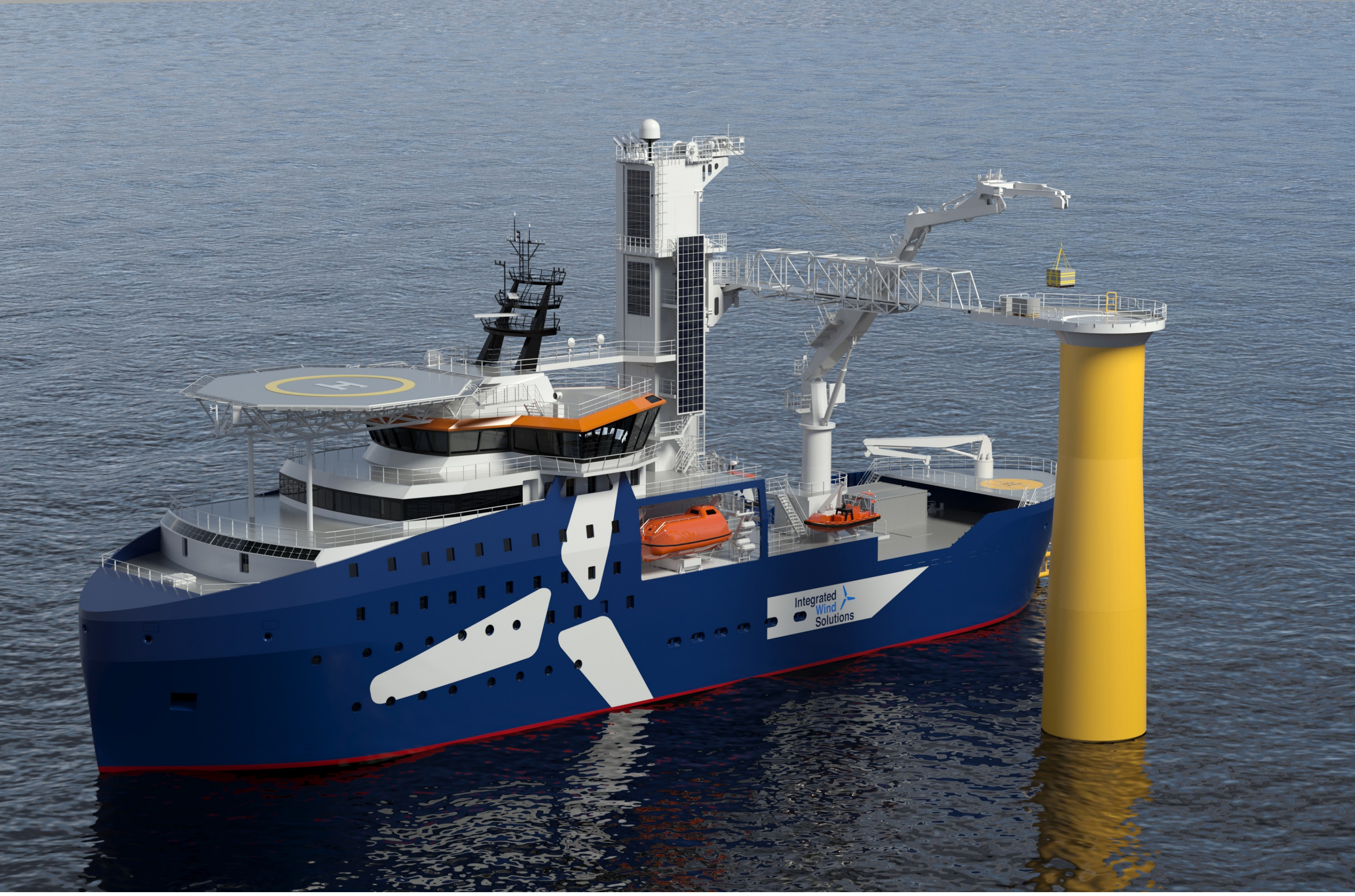
The Group's cash funds are only deposited with internationally recognised financial institutions which have a high credit rating.

HEALTH, SAFETY AND ENVIRONMENT

Based on the goal of environmental excellence, IWS will continuously strive to minimise the environmental impact from its rendered services and vessel operations. The Group has zero tolerance for environmental spills, emissions of ozone depleting substances and unauthorised disposal of any type of garbage or waste to the marine environment.

There is currently no female representation among management in IWS. The Group is aware of this imbalance and aims to improve this ratio in the future. The Board of Directors of the Company has two female directors, representing 40% of the Board.

Absence due to illness for employees in the Parent Company was 0% in 2021. The Parent Company had no employees in 2020.



For further information about the Company's policies concerning health, safety, and the environment, please see the ESG section later in this report.

BOARD LIABILITIES INSURANCE

The Group has a directors and officers (D&O) liability insurance for its non-executive directors and CEO signed with a reputable insurance company.

CORPORATE GOVERNANCE

IWS strives to protect and enhance shareholder equity through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Group's strategy.

The corporate governance principles of the Company are adopted by the Board of Directors.

Reference is also made to the ESG section later in this report.

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 (PEAK Wind).

Some seasonal volatility is expected for the offshore wind sector, and earnings for the Group can fluctuate due to timing of start-up and finalization of construction contracts and commencement of charter contracts.

From a short to medium term perspective, the Covid-19 pandemic and its side effect continue to represent a significant challenge to international logistics.

STATEMENT OF RESPONSIBILITY BY THE BOARD AND THE CEO OF INTEGRATED WIND SOLUTIONS ASA

The Board of Directors and the CEO have today considered and approved the Parent Company's and the Group's financial statements for 2021.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Parent Company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

We confirm to the best of our knowledge that:

- The 2021 financial statements for the Parent Company and the Group have been prepared in accordance with applicable accounting standards.

- The information in the financial statements gives a true and fair view of the Parent Company's and the Group's assets, liabilities, financial position and result as of 31 December 2021.

- The information in Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Parent Company and the Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 7 April 2022

Sigurd E. Thorvildsen
Chairman of the Board

Cathrine Haavind
Board member

Synne Syrrist
Board member

Jens-Julius R. Nygaard
Board member

Daniel Gold
Board member

Lars-Henrik Røren
CEO

Consolidated Financial Statements And Notes

CONSOLIDATED INCOME STATEMENT

In NOK thousands	Note	2021	2020
Operating revenue	5	49 007	0
Share of net profit of associates	19	2 346	0
Total revenue		**51 353**	**0**
Cost of materials and other project costs	6	-28 061	0
Payroll and remuneration	7	-18 784	0
Other operating expenses	8	-14 035	-24
Depreciation and amortisation	10/11	-2 239	0
Earnings before interest and taxes (EBIT)		**-11 767**	**-24**
Finance income		270	0
Finance expenses		-1 737	-1
Net foreign currency exchange gains/losses		-2 504	0
Net finance income/(expense)	**9**	**-3 971**	**-1**
Profit/(loss) before taxes		**-15 738**	**-26**
Income tax expense	17	-1 010	0
Profit/(loss) for the period		**-16 748**	**-26**
Attributable to equity holders of the Parent Company		-17 910	-26
Attributable to non-controlling interests		1 162	0
Basic and diluted earnings per share (NOK)	22	-1.29	-0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In NOK thousands	Note	2021	2020
Profit/(loss) for the period		-16 748	-26
Other comprehensive income			
Cash flow hedge, net of tax effect	21	-2 401	0
Exchange differences on translation of foreign operations		0	0
Total comprehensive income/(loss)		**-19 148**	**-26**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In NOK thousands	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Vessels under construction	10	90 671	0
Other fixed assets	10	1 913	0
Intangible assets	11/23	68 093	0
Investments accounted for using the equity method	19	130 942	0
Deferred tax assets	17	3 327	0
Total non-current assets		**294 946**	**0**
Current assets			
Cash and cash equivalents	12	388 876	212
Inventory	16	30 469	0
Other current assets	13	41 706	6
Total current assets		**461 051**	**218**
Total assets		**755 997**	**218**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	35 201	100
Share premium reserve	22	647 676	8
Retained earnings		-23 417	-38
Non-controlling interests		26 209	0
Total equity		**685 668**	**70**
Non-current liabilities			
Non-current interest-bearing debt	14	14 263	0
Deferred tax liability	17	3 956	0
Other non-current liabilities		472	0
Total non-current liabilities		**18 691**	**0**
Current liabilities			
Trade payables	21	27 650	135
Current interest-bearing debt	14	5 410	0
Other current liabilities		18 578	13
Total current liabilities		**51 638**	**148**
Total equity and liabilities		**755 997**	**218**

CONSOLIDATED CASH FLOW STATEMENT

In NOK thousands	Note	2021	2020
Cash flow from operating activities			
Profit/(loss) before tax		-15 738	-26
Depreciation and amortisation	10	2 239	0
(Increase)/decrease in prepayments, accruals and stock		-25 931	-6
Increase/(decrease) in trade and other payables		15 219	123
Net profit from associates	19	-2 346	0
Net cash flow from operating activities		**-26 556**	**92**
Cash flow from investing activities			
Purchase of property, plant and equipment	10	-90 517	0
Purchase of associates	19	-128 600	
Purchase of subsidiaries	23	-49 536	0
Net cash flow from investing activities		**-268 653**	**0**
Cash flow from financing activities			
Proceeds from issue of share capital		708 058	120
Equity issue costs		-21 259	0
Repayment of borrowings		-1 602	0
Net cash flow from financing activities		**685 197**	**120**
Cash and cash equivalents at beginning of the period		212	0
Net increase/(decrease) in cash and cash equivalents		389 988	212
Exchange rate effects		-1 323	0
Cash and cash equivalents at the end of the period	**12**	**388 876**	**212**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In NOK thousands	Share capital	Share premium reserve	Other equity	Other comprehen-sive income	Non-controlling interest	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
Total equity at 31.12.2020	**100**	**8**	**-38**	**0**	**0**	**70**
Total equity at 01.01.2021	100	8	-38	0	0	70
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
Total equity at 31.12.2021	**35 201**	**647 676**	**-21 017**	**-2 401**	**26 208**	**685 668**

Notes to the consolidated financial statements

NOTE 1 CORPORATE INFORMATION

Integrated Wind Solutions ASA is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated 23 July 2020 as a limited liability company and converted to a public limited liability company at the extraordinary general meeting held on 10 February 2022. The disclosure requirements for the annual accounts are based on the Parent Company's legal form as at 31 December 2021. The Company is listed on Euronext Growth at the Oslo Stock Exchange with the ticker IWS.

The consolidated financial statements of the Company comprise Integrated Wind Solutions ASA and its subsidiaries, together referred to as IWS or the Group. The consolidated financial statements for the period ended 31 December 2021 were authorised for issue by the Board of Directors on 7 April 2022 and will be presented for approval at the Annual General Meeting on 9 May 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of IWS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional applicable disclosure requirements of the Norwegian accounting act. The consolidated financial statements have been prepared on a historical cost basis, except for liabilities for cash-settled share-based payments which are measured at fair value, pensions which are measured according to IAS 19 and receivables and payables denominated in foreign currencies which are translated at period-end exchange rates.

The consolidated financial statements are presented in NOK rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern assumption.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements include Integrated Wind Solutions ASA and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany transactions and balances are eliminated in the consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control over the subsidiaries and continue to be consolidated until the date that such control ceases.

Revenue recognition

Under IFRS 15, the Group recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

For each contract with a customer, the Group identifies the performance obligations, determines the transaction price, allocates the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determines whether revenue should be recognized over time or at a point in time, and, finally recognize revenue when or as performance obligations are satisfied

A performance obligation is satisfied when or as the customer obtains control with the goods or services delivered.

Revenue from sale of physical products is recognized when control is transferred to the customer, which usually occurs at delivery.

As a practical expedient, no adjustment of the promised amount of consideration is made for the effects of a financing component when payments are made for goods or services in one year or less.

Prepayments from customers for which the service component has yet to be provided are recognized as deferred income (contract liability) and recognized as revenue over the period when service are performed.

The Group’s two first vessels shall be ready for operations in the second and third quarter of 2023 respectively. No charter revenues have thus been recognized in 2020 and 2021. After the vessels are delivered from the yard, and commence operation, the revenue recognition will be based on the principles outlined below.

Revenue from time charter contracts is generated from leasing of vessels and provision of services within the wind farming projects, catering, accommodation, mobilization, and other sundry services that might be agreed in the contracts. Consequently, a time charter contract consists of a leasing component of the vessel (the bareboat element) and a service component. The service component is within the scope of IFRS 15, whilst the leasing component is within the scope of IFRS 16.

In addition, some contracts will have regulations regarding sundry income, which comprises income for the mark-up on costs recharged to customers, e.g. specific equipment requests made by the customers. Revenue is recognized on consumption or delivery of the requested charter equipment.

Income from contract cancellation fee is based on contractual penalties triggered by the customer’s cancellation of contracts and is recognized as income when such fee is certain.

Leasing

Any right-of-use assets will be recorded according to principles as outlined in IFRS 16. IFRS 16 requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities.

After initial recognition, the right-of-use assets are depreciated in accordance with IAS 16 Property, Plant and Equipment over the shorter of each contract's term and the useful life of the asset. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Foreign currency

The consolidated financial statements are presented in NOK, which is also the functional currency of the Parent Company. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates applicable at the dates of the initial transactions.

Classification of items in the statement of financial position

Current assets and current liabilities include items that fall due for payment within one year after the reporting date. The short-term part of long-term debt maturing within 12 months after the balance sheet date is classified as short-term debt.

Vessels, vessels under construction and other fixed assets

Tangible non-current assets such as vessels, vessels under construction and other fixed assets are carried at historical cost less accumulated depreciation and impairment losses.

Cost of acquired vessels include expenditures that are directly attributable to the acquisition of the vessels. Costs related to vessels under construction include all directly attributable costs incurred to bringing the vessel to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples of such costs include supervision costs, site team costs, yard instalments, major spare parts and borrowing costs, legal fees and guarantee fees. Borrowing costs consist of interest cost and other costs that are incurred in connection with the borrowing of funds and are determined by applying an interest rate to the average amount of accumulated expenditures during the construction period, limited to the interest expense incurred during the reporting period.

Costs of vessels under construction are capitalised, classified as vessels under construction and presented as a tangible asset. The capitalised costs are reclassified from vessels under construction to vessels when the asset is available for its intended use.

In accordance with IAS 16 each component of the vessels with a cost that is significant in relation to the total cost of the item is separately identified and depreciated. Components with similar useful lives are grouped into one single component.

The depreciable amount of an asset is calculated as cost less residual value and impairment charges. Residual value is based on estimated salvage value of the vessel. Depreciation is calculated on a straight-line basis over the useful life of the assets, and depreciation is commenced when the asset is available for its intended use. Expected useful lives, methods of depreciation and residual values are reviewed yearly and adjusted prospectively, if appropriate. The following estimated useful lives are applied to the respective components of the asset:

Vessels	30 years
Vessel dry-docking	5 years
Other fixed assets	3 - 5 years

Costs related to dry-docking are recognised in the carrying amount of the vessels if certain recognition criteria are satisfied. The recognition is made as the dry-docking is being performed, and depreciation is recognised from completion of the dry-docking until the estimated time to the next dry-docking or overhaul.

Ordinary repairs and maintenance expenses are recognised in the income statement as incurred. Upgrades and material replacement of parts and equipment are capitalised as costs of vessels and depreciated together with the respective component.

Impairment

As many assets do not generate cash flows fully independently of other assets, they are tested for impairment in groups of assets described as cash-generating units (CGUs). A CGU is the smallest identifiable group of assets that generates inflows that are largely independent from the cash flows from other CGUs. The impairment review of a CGU covers all of its tangible assets, intangible assets and attributable goodwill.

Goodwill acquired in a business combination is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination Vessels, vessels under construction and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified the recoverable amount is estimated, and if the carrying amount of an asset or CGU exceeds its recoverable amount an impairment loss is recognised.

The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount; the reversal is limited up until the carrying amount net of accumulated depreciation if no impairment loss had been recognised in prior periods. Such reversals are recognised in the income statement.

Inventory

Inventories are measured at the lower of cost and net realisable value. Cost is determined in accordance with the first-in-first-out principle (FIFO).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is recognised through profit and loss net of any reimbursement.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Share-based payments

For cash-settled share-based payments a provision is recorded for the rights granted reflecting the vested portion of the fair value of the rights at the reporting date. The provision is accrued over the period the beneficiaries are expected to perform the related service (vesting period). The cash-settled share-based payments are remeasured to fair value at each reporting date until the award is settled. Any changes in the fair value of the provision are recognised as administration expenses in the income statement. The amount of unrecognised compensation expense related to non-vested share-based payment arrangements granted in the cash-settled plans is dependent on the final intrinsic value of the awards. Social security tax liability is recognised on the intrinsic value of the cash-settled share-based payments.

Pensions

The Group is required to provide a pension plan for its onshore employees, and the Group has implemented a defined contribution plan. The plan, which is fully funded, complies with the requirements in the Mandatory Occupational Pension act in Norway (“Lov om obligatorisk tjenestepensjon”). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

Contributions to the pension plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is expected. The Group has no further payment obligations once the contributions have been paid.

The liability arising from the plan >12G is classified as a non-current liability in the statement of financial position. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

Taxes

The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities is determined using tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax liabilities and deferred tax assets are recognised at nominal values and classified as non-current liabilities and non-current assets in the statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current income tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Group's vessel-owning companies will be subject to the Norwegian tonnage tax (NTT) regime, where incurred tonnage tax is recognized as an operating expense. Companies subject to NTT are exempt from ordinary tax on income derived from operations in international waters.

Financial instruments

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legal right to offset the amounts and an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement: Financial assets are classified at initial recognition and subsequently measured at either i) amortised cost or ii) fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

For a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement: Financial assets are classified in two categories;

i. Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met: i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables.

ii. Financial assets at fair value through profit or loss

The category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments.

Derecognition: A financial asset is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when either i) The rights to receive cash flows from the asset have expired or ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

At initial recognition financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

i) Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

ii) Financial liabilities measured at amortised cost: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Cash flow hedges

The Group applies cash flow hedge accounting for parts of its risk management positions related to currency risk. Gains and losses on the hedge derivatives are recognized in Other comprehensive income, to the extent that the hedge is effective, and accumulated in the hedging reserve in equity and reclassified into operating revenues or cost when the corresponding forecasted sale or consumption is recognized.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Voting rights relating to treasury shares are nullified and no dividends are allocated to them.

Dividends

Dividend payments are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting. A corresponding amount is recognised directly towards equity.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Cash flow statement

The cash flow statement is presented using the indirect method.

Cash and cash equivalents

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

New and amended standards and interpretations

Revised IFRS standards during 2021 include amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the Interest Rate Benchmark Reform – Phase 2. These amendments had no impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective. The preliminary review of the impacts of standards and interpretations that are not yet effective has not identified any material effect from these on the Group's financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Management bases its estimates and judgments on historical experience and on various other factors that are expected to be reasonable under the circumstances, the results of which form the basis for making judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources.

Critical judgements in applying accounting policies

In general, management must apply judgement, make assumptions, and apply estimates when preparing the financial statements.

Estimates are based on the actual underlying business, and external factors such as forecasted interest rates, foreign exchange rates and market fluctuations outside of the control of the Group. Consequently, there will be a substantial risk that estimates will deviate from actual conditions.

Management has applied significant estimates and assumptions mainly relating to the following items:

i. Valuation of assets and liabilities, and allocation of the purchase price as part of business combinations

ii. Recognition of deferred tax assets

iii. Impairment testing of vessels and vessels under constructions

i. Valuation of business combinations

Valuations were performed by independent valuers in order to determine the fair value of the tangible and intangible assets purchased as part of the acquisitions in 2021 of the two subsidiaries ProCon and Green Ducklings, Further, the valuation process included the allocation of goodwill and determined the useful lives of the intangible assets acquired. Management has reviewed the assumptions applied in the valuation and are satisfied with this allocation and the estimated useful life of the recognized assets. Additional details on the business combinations are presented in Note 23.

ii. Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

iii. Impairment testing of vessels and vessels under constructions

The carrying values of vessels and vessel under construction are tested for impairment whenever there are indications that the value may be impaired. Such impairment assessment calculations demand a high degree of estimation, where management must make complex assessment of expected future cash flows and for which discount rates to use.

NOTE 4 SEGMENT INFORMATION

The Board of Directors and CEO Group Management team is the Chief Operating Decision Maker (CODM) for the IWS Group. CODM monitors the operating results of the Group's financial performance on a consolidated level for the Parent company without further sub-consolidated levels. The Group therefore currently have one reportable segment under IFRS.

NOTE 5 REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenue by geographical markets

In NOK thousands	2021	2020
Norway	2 671	0
Denmark	4 650	0
Taiwan	30 748	0
Belgium	1 506	0
France	5 187	0
Sweden	3 979	0
UK	266	0
Total	**49 007**	**0**

Geographical distribution of revenue is based on the location of clients. The revenue for 2021 is mainly generated from the rendering of advisory services and construction work related to electrical and technical solutions to the global offshore wind sector. The performance obligations in the contracts with customers have an original expected duration of one year or less. Closing balances of receivables from contracts with customers are disclosed in Note 13.

Largest customers

In NOK thousands	2021	2020
Bladt (Denmark)	22 993	0
SDMS (Taiwan)	8 349	0
Smulders (Belgium)	6 693	0
Others	10 971	0
Total	**49 007**	**0**

Location of the largest customers is based on the location of the parent company, in case of the customer being part of a group.

Contract status and coverage for vessels under construction

The CSOV *IWS Skywalker* will directly after delivery from yard commence its first contract at the Dogger Bank Wind Farm in summer 2023. The firm contract duration is 546 days in total. In addition to 60 optional days on Dogger Bank A and B, there is an option for 331 days at Dogger Bank C. The CSOV *IWS Windwalker* is currently uncommitted.

NOTE 6 COST OF MATERIALS AND OTHER PROJECT COSTS

In NOK thousands	2021	2020
Materials directly to projects	−27 629	0
Other costs of goods sold	−432	0
Total	**−28 061**	**0**

NOTE 7 PAYROLL AND REMUNERATION

Employee benefits

In NOK thousands	2021	2020
Salary and holiday pay	-14 653	0
Employer`s national insurance contribution	-1 125	0
Pension expenses	-2 154	0
Other personnel expenses	-852	0
Total employee benefits	**-18 784**	**0**

Number of employees	48	0

Remuneration to Group Management 2021

In NOK thousands	Salary	Bonus	Pension cost	Long-term incentives	Other	Total
CEO Lars-Henrik Røren	2 011	0	370	152	181	2 715
COO Christopher Andersen Heidenreich	857	0	187	117	20	1 182
Total	**2 868**	**0**	**558**	**270**	**201**	**3 897**

Remuneration to senior executives consists of fixed and variable compensation. The fixed compensation consists of a base salary and also includes insurance and pension schemes, car allowance, parking, newspaper and communications to the extent deemed appropriate. The fixed compensation will normally constitute the main part of the remuneration to senior executives. The variable compensation consists of a variable bonus limited to 12 months' salary. The CEO was employed by the company as of 1 April 2021. The COO was engaged by the company since 1 January 2021 and permanently employed by the company as of 1 December 2021.

Pension

Post-employment benefits are recognized in accordance with IAS 19 Employee Benefits. Contributions to defined contribution plans are recognized in the income statement in the period in which they accrue.

For employees in the Norwegian companies the Group offers a defined contribution plan whereby contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount. Plans and benefit levels in the Group's foreign subsidiaries vary between companies and countries.

Directors and key management's shares and options in the Company

In NOK thousands	2021		2020	
	Shares	Options	Shares	Options
CEO Lars-Henrik Røren	62 500	228 809	0	0
COO Christopher Andersen Heidenreich	25 000	176 006	0	0
Total	**87 500**	**404 815**	**0**	**0**

NOTE 7 PAYROLL AND REMUNERATION CONT

The Group has a share option plan under which CEO and COO in 2021 have been granted a total of 404 815 synthetic share options of the Parent Company. No options have been forfeited during the year. The exercise price of the share options is NOK 40 subject to certain adjusting events, including payment of dividend and issue of new shares. The options vest and become exercisable with 1/3 on 1 January 2024, 2025 and 2026. The exercise period for all options ends on 21 June 2026 and the settlement of the option value is paid in cash.

The fair value of the share options is estimated by an external party at the grant date using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions on which the share options were granted. The expensed amount under the share option plan in 2021 totals NOK 0.3 million.

CEO’s and COO’s holding of shares in the Parent Company is made via their 100% owned private limited companies Røren Invest AS and Aconcagua AS respectively.

Audit fee

In NOK thousands	**2021**	**2020**
Statutory audit (expensed)	-629	5
Other assurance services	0	0
Tax advisory	0	0
Total fees to auditor, excl. VAT	**-629**	**5**

The audit fee is recognised as operating expenses in the income statement.

Remuneration to Board of Directors

In NOK thousands	**2021**	**2020**
Sigurd E. Thorvildsen	-563	0
Cathrine Haavind	-438	0
Ole Christian Hvidsten	-438	0
Jens-Julius Ramdahl Nygaard	-438	0
Daniel Gold	-175	0
Total	**-2 050**	**0**

The remuneration to the Board of Directors is recognised as operating expense in the income statement.

NOTE 8 OPERATING EXPENSES

In NOK thousands	**2021**	**2020**
Rental and leasing costs	-574	0
Management fee	-3 268	-13
Consultancy fees and external personnel	-7 812	-11
Provisions for bad debts	0	0
Miscellaneous	-2 381	0
Total operating expenses	**-14 035**	**-24**

NOTE 9 FINANCE INCOME AND EXPENSES

In NOK thousands	2021	2020
Interest income	270	0
Other finance income	0	0
Total financial income	**270**	**0**
Interest expenses	-1 459	0
Other finance expenses	-278	-1
Total financial expenses	**-1 737**	**-1**
Net foreign currency exchange gains/losses	-2 504	0
Net finance income/(expense)	**-3 971**	**-1**

Currency gains and losses mainly relate to translation effects from bank deposits and inter-company loans to subsidiaries denominated in foreign currencies.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

2020

In NOK thousands	Vessels under construction	Other tangible assets	Total
Cost 1 January	0	0	0
Additions	0	0	0
Disposals	0	0	0
Currency translation differences	0	0	0
Cost 31 December	**0**	**0**	**0**
Accumulated depreciations 1 January	0	0	0
Depreciations	0	0	0
Disposals	0	0	0
Currency translation differences	0	0	0
Accumulated depreciations 31 December	**0**	**0**	**0**
Carrying amount 31 December	**0**	**0**	**0**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT CONT

2021

In NOK thousands	Vessels under construction	Other tangible assets	Total
Cost 1 January	0	0	0
Additions	90 671	2 134	92 806
Disposals	0	0	0
Currency translation differences	0	0	0
Cost 31 December	**90 671**	**2 134**	**92 806**
Accumulated depreciations 1 January	0	0	0
Depreciations	0	-221	-221
Disposals	0	0	0
Currency translation differences	0	0	0
Accumulated depreciations 31 December	**0**	**-221**	**-221**
Carrying amount 31 December	**90 671**	**1 913**	**92 585**

All additions of Other tangible assets in the period are related to the business combinations disclosed in Note 23 Business combinations and acquisitions of non-controlling interests. Information on the Group's commitments related to its vessels under construction is presented in Note 15 Commitments, contingencies and guarantees.

Impairment indicators

Identification of impairment indicators for the Group's vessels under construction is based on an assessment of the progress in the construction work at the yard, development in market rates, forecasted operating expenses, technological development, changes in regulatory requirements, interest rates and discount rate. The conditions mentioned supporting the conclusion that there are no impairment indicators identified as per 31 December 2021.

NOTE 11 INTANGIBLE ASSETS

2020

In NOK thousands	Goodwill	Other intangible assets	Total
Cost 1 January	0	0	0
Additions	0	0	0
Disposals	0	0	0
Currency translation differences	0	0	0
Cost 31 December	**0**	**0**	**0**
Accumulated depreciations 1 January	0	0	0
Depreciations	0	0	0
Disposals	0	0	0
Currency translation differences	0	0	0
Accumulated depreciations 31 December	**0**	**0**	**0**
Carrying amount 31 December	**0**	**0**	**0**

NOTE 11 INTANGIBLE ASSETS

2021

In NOK thousands	Goodwill	Other tangible assets	Total
Cost 1 January	0	0	0
Additions	50 112	19 999	70 111
Disposals	0	0	0
Currency translation differences	0	0	0
Cost 31 December	**50 112**	**19 999**	**70 111**
Accumulated depreciations 1 January	0	0	0
Depreciations	0	-2 018	-2 018
Disposals	0	0	0
Currency translation differences	0	0	0
Accumulated depreciations 31 December	**0**	**-2 018**	**-2 018**
Carrying amount 31 December	**50 112**	**17 981**	**68 093**

Details on goodwill and other intangible assets are presented in Note 23 Business combinations and acquisitions of non-controlling interests.

Impairment review

At the end of each reporting period, all intangible assets, including goodwill, are reviewed to identify any indication that they may be impaired. The same assets are tested annually irrespective of whether there is any indication of impairment. The annual test has not indicated any impairment loss to be recognized for 2021.

NOTE 12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents per currency	31.12.2021		31.12.2020	
	Exchange rate	Deposits	Exchange rate	Deposits
Currency				
NOK	1,00	347 828	1,00	212
DKK	1,34	29 427	-	0
EUR	9,99	5 093	-	0
USD	8,82	5 658	-	0
PLN	2,17	11	-	0
GBP	11,89	265	-	0
TWD	31,86	593	-	0
Total cash and cash equivalents		**388 876**		**212**

NOTE 12 CASH AND CASH EQUIVALENTS CONT

Restricted cash and cash equivalents

In NOK thousands	**31.12.2021**	**31.12.2020**
Restricted cash and cash equivalents	12 330	0
Unrestricted cash and cash equivalents	376 545	212
Total cash and cash equivalents	**388 876**	**212**

The restricted cash and cash equivalents include deposits held as collateral for the Group’s currency hedging contracts and withholding tax from the employee's salary.

NOTE 13 RECEIVABLES

Restricted cash and cash equivalents

In NOK thousands	**31.12.2021**	**31.12.2020**
Undue	27 925	0
0–30 days	9 688	0
31–60 days	68	0
61–90 days	0	0
> 90 days	0	0
Total gross trade receivables	**37 682**	**0**
Allowance for doubtful debt	0	0
Trade receivables carrying value	**37 682**	**0**
Other receivables	4 025	6
Total receivables	**41 706**	**6**

No losses have been realized on trade receivables in 2021 or 2020. See Note 21 for information about the Group’s policies related to credit risk.

NOTE 14 FINANCIAL INSTRUMENTS

Debt instruments

In NOK thousands	Currency	Interest rate	Maturity	31.12.2021	31.12.2020
Vækstfonden	DKK	7.8%	01/04/2025	-19 209	0
Sydbank overdraft facility	USD	2.5%	-	-463	0
Total interest-bearing debt				-19 673	0

The overdraft facility has an approved limit of DKK 17.5 million.

Debt repayment schedule

In NOK thousands	31.12.2021	31.12.2020
Due in year 1	-5 528	0
Due in year 2	-5 356	0
Due in year 3	-5 798	0
Due in year 4	-2 990	0
Due in year 5 and later	0	0
Total interest-bearing debt	**-19 673**	**0**

Net interest-bearing debt

In NOK thousands	31.12.2021	31.12.2020
Non-current interest-bearing debt	-14 263	0
Current interest-bearing debt	-5 410	0
Total interest-bearing debt	**-19 673**	**0**
Cash and cash equivalent	388 876	212
Net interest-bearing debt	**369 203**	**212**

Fair value of financial instruments

Fair value of trade receivables, currency hedges, other short-term assets, cash and cash equivalents and trade payables approximate their carrying amounts, due to the short-term maturities of these instruments, all categorised in fair value level 2.

The fair value of other non-current liabilities is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities, categorised in fair value level 3. The fair value of these approximates the carrying amounts, as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date. Information about the Group's foreign exchange hedges, which is reported under Other comprehensive income, is presented in Note 21.

NOTE 14 FINANCIAL INSTRUMENTS CONT

Changes in liabilities arising from financing activities in 2021

In NOK thousands	Non-current interest-bearing debt	Current interest-bearing debt	Other non-current liabilities	Total
Balance as at 1 January 2021	0	0	0	0
Proceeds from borrowings	0	0	0	0
Proceeds from business combinations	-14 263	-7 012	0	-21 275
Repayment of borrowings	0	1 602	0	1 602
Interest and borrowing costs paid	0	0	0	0
Reclassifications	0	0	0	0
Non-cash movements	0	0	0	0
Total changes from financing cash flow	**-14 263**	**-5 410**	**0**	**-19 673**
Foreign exchange adjustments	0	0	0	0
Balance as at 31 December 2021	**-14 263**	**-5 410**	**0**	**-19 673**

Financing of vessels under construction

IWS signed in December 2021 a committed term sheet for a EUR 56 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 debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels. For the second vessel the leverage ratio is reduced to 54% in the event that the contracted backlog for the vessel is below a specified level upon delivery from the yard.

The debt facility provided by Skandinaviska Enskilda Banken AB (“SEB”), SpareBank 1 SR-Bank ASA (“SR Bank”) and Export Finance Norway (“Eksfin”) is subject to customary conditions precedents and signing of final loan documentation and is expected to be completed in the second quarter of 2022.

The facility has a 12 years amortisation profile with final maturity for the commercial tranche with SEB and SR Bank (EUR 22.5 million) and the Eksfin tranche (EUR 33.75 million) after five and 12 years respectively. The 12 years amortisation profile on the Eksfin tranche is subject to the refinancing of the commercial tranche after five years.

NOTE 15 COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments on shipbuilding contracts

Through its wholly owned subsidiary, IWS Fleet AS, the Group had two CSOVs under construction at the shipyard China Merchants Industry Holdings Co., Ltd at year-end 2021. The vessels shall be ready for operations in the second and third quarter of 2023 respectively. Total contracted yard cost for each vessel is EUR 44 million, out of which 10% of the contract price was paid at signing of contract and 10% at steel cutting. 10% is to be paid at launching and 70% at delivery.

In the first quarter of 2023 the Group signed construction contracts for additional two CSOVs, with scheduled delivery from the yard in the first half of 2024. Additional information on the contracts is disclosed in Note 24 Events after the reporting date.

NOTE 15 COMMITMENTS, CONTINGENCIES AND GUARANTEES CONT

IWS has options for the construction of additional two sister vessels in the Skywalker class at CMIH.

Commitments on mortgages

ProCon has signed ownership mortgages totalling DKK 17.5 million on goods receivables, inventory, intellectual property rights and other tangible fixed assets with a total carrying amount of DKK 40 million.

Bank guarantees on advance payments, performance guarantees and vendor credit

ProCon has signed bank advance payments, performance guarantees for contracted projects and payment guarantees for specific vendor credits totalling DKK 26.5 million.

Guarantees, yard contracts

Awilco AS, which has a shareholding of 28.4% in the Company, has issued a guarantee in favour of the shipyard China Merchants Industries Holding Co Ltd (CMIH) related to the shipbuilding contract signed by the subsidiaries Awind 4 AS and Awind 5 AS. This agreement provides a guarantee which is limited to 40% 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 guarantee 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 yard will waive the right to the guarantee upon the signing of the EUR 56.3 million credit facility for the financing of the two first CSOVs.

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 guarantee from Awilco AS towards CMIH.

NOTE 16 INVENTORIES

In NOK thousands	**31.12.2021**	**31.12.2020**
Work in progress, at cost	30 146	0
Raw materials, at cost	323	0
Finished goods	0	0
Total inventories	**30 469**	**0**

NOTE 17 INCOME TAXES

Income tax expense

In NOK thousands	**2021**	**2020**
Current income tax	–17	0
Changes in deferred tax	–992	0
Correction of previous years current income taxes	0	0
Total income tax expense/(income)	**–1 010**	**0**

NOTE 17 INCOME TAXES CONT

Specification of changes in deferred tax

In NOK thousands	2021	2020
Other fixed assets	2 006	0
Gain/loss account	0	0
Net pension liabilities	0	0
Intangible assets	-5 052	0
Amortised loan costs	242	0
Currency effects on long term debt	0	0
Tax loss carry forward	4 717	12
Basis for deferred tax asset/(liability)	**1 913**	**12**
Not recognised deferred tax assets (basis)	-4 772	-12
Basis for deferred tax asset/(liability)	**-2 859**	**0**
Tax rate (%)	22%	22%
Net deferred tax asset/(liability)	**-629**	**0**

The calculated net deferred tax liability of NOK 0.7 million includes deferred tax assets of NOK 3.3 million and deferred tax liability of NOK 4.0 million.

Reconciliation of effective tax rate

In NOK thousands	2021	2020
Pre-tax profit (including discontinued operations)	-15 738	0
Share of net profit of associates	2 346	0
Pre-tax profit, excluding net profit of associates	-18 084	-12
Income taxes calculated at 22%	4 012	-3
Adjustment in respect of current income tax of previous years	0	0
Changes in unrecognised deferred tax asset	-4 772	3
Tax effect on cash flow hedge	-263	0
Non deductible expenses	0	0
Non-taxable income	0	0
Effect of other tax rates in subsidiaries	4	0
Effect of change in tax rate	0	0
Other	8	0
Tax expense	**-1 010**	**0**

Recognition of deferred tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Group, deferred tax assets arising from tax loss carry forward has not been recognised for the activities in Norway. Utilisation of the tax loss carry forward is not limited in time.

NOTE 18 SUBSIDIARIES

The consolidated financial statements include the financial statements of Integrated Wind Solutions ASA and its subsidiaries listed in the tables below.

Companies owned by Integrated Wind Solutions ASA

Company	Country	Date of acquisition	Nature of business	Ownership/ voting rights
IWS Fleet AS	Norway	23 July 2020	Commercial and technical mgmt services	100%
IWS Services A/S	Denmark	29 June 2021	Consulting and advisory services	97%

Companies owned by IWS Fleet AS

Company	Country	Date of acquisition	Nature of business	Ownership/ voting rights
Awind 1 AS	Norway	25 January 2021	No current activities	100%
Awind 2 AS	Norway	25 January 2021	No current activities	100%
Awind 3 AS	Norway	25 January 2021	No current activities	100%
Awind 4 AS	Norway	1 January 2021	Vessel owner [1)]	100%
Awind 5 AS	Norway	1 January 2021	Vessel owner [1)]	100%
Awind 6 AS	Norway	1 January 2021	No current activities	100%

[1)] Vessel is currently under construction

Companies owned by IWS Services A/S

Company	Country	Date of acquisition	Nature of business	Ownership/ voting rights
Green Ducklings A/S	Denmark	15 July 2021	Consulting and advisory services	100%
ProCon Group ApS	Denmark	17 September 2021	Holding company	75% [1)]
ProCon Technic A/S	Denmark	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy A/S	Denmark	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy Taiwan Co. Ltd	Denmark	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy USA Ltd.	USA	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy Ltd.	UK	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy Sp. z o.o.	Poland	17 September 2021	Engineering, construction and service	75% [1)]
ProCon Wind Energy GmbH	Germany	17 September 2021	Engineering, construction and service	75% [1)]

[1)] 100% of voting rights

All subsidiaries are included in the consolidated financial statement from their respective dates of acquisition. There have been no changes to the ownership/voting rights since the date of acquisition as stated above

NOTE 19 ASSOCIATES

IWS acquired in September 2021 30% of the shares in PEAK Wind Group ApS, a Danish non-listed company providing operations and asset management advisory and services for the offshore wind sector globally. Final closing of the transaction took place on 3 September 2021. IWS has a fixed priced option to increase its ownership to 49% within September 2024.

The investment in PEAK Wind Group ApS is classified as an associated company and accounted for using the equity method of accounting. The Group's proportionate share of the net result in PEAK Wind is recognised in the consolidated accounts with effect from 1 September 2021.

Gross consideration including transaction costs paid for the 30% ownership amounts to NOK 128.6 million. The Group's share of net profit after tax constitutes NOK 2.4 million for the period from 1 September 2021 to 31 December 2021 and carrying value at year-end is NOK 130.9 million. No dividend has been paid out in the ownership period and no additional equity has been paid in subsequent to the acquisition.

Retrospectively adjustments of the purchase price allocation in accordance with IFRS 3.45 of the amounts recognised at the acquisition date may occur in order to reflect new information obtained about facts and circumstances that existed at the acquisition date.

The PEAK Wind group encompasses the parent company PEAK Wind Group ApS and in total five subsidiaries. The PEAK Wind group is according to Danish legislation exempted from the requirement to prepare consolidated accounts for 2021 based on the size of the group.

NOTE 20 RELATED PARTY TRANSACTIONS

To provide the Group with access to important and required knowledge, services and guarantees, the Group has entered into agreements with Awilhelmsen Management AS (AWM) for the rendering of administrative services, Awilco Technical Services AS (ATS) for the rendering of technical sub-management services and with Awilco AS which has issued a Parent Company Guarantee and assisted with the execution of the shipbuilding contracts.

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.

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.

NOTE 20 RELATED PARTY TRANSACTIONS CONT

Guarantees and address commission

Awilco AS, which is the major shareholder in Integrated Wind Solutions ASA, 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 40% of the total price of the two first vessels 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. The guarantee fee is capitalized as part of the acquisition costs of the vessels under construction and constitutes NOK 2.8 million at year-end 2021.

The Group has also paid an address commission to Awilco AS for the services in assisting IWS with the conclusion and execution of the shipbuilding contracts. The address commission is capitalized as part of the acquisition costs of the vessels under construction and constitutes NOK 0.8 million at year-end 2021.

Purchases and sales to/from related parties

In NOK thousands	2021		2020	
	Sales	**Purchases**	**Sales**	**Purchases**
Awilhelmsen Management AS	0	1 875	0	0
Awilco Technical Services AS	75	1 393	0	0
Total	**75**	**3 268**	**0**	**0**

Balances with related parties

In NOK thousands	31.12.2021		31.12.2020	
	Receivables /assets	**Payables /liabilities**	**Receivables /assets**	**Payables /liabilities**
Awilhelmsen Management AS	0	0	0	0
Awilco Technical Services AS	0	0	0	0
Awilco AS	0	0	3	-121
Total	**0**	**0**	**3**	**-121**

NOTE 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management identifies, evaluates and implements necessary actions to manage and mitigate these risks and the Board of Directors reviews and agrees to the policies for managing them. The policies are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

Interest rate risk

At year-end 2021 the Group had interest-bearing debt of NOK 19.6 million consisting of a bank overdraft facility and a debt facility issued by The Danish Growth Fund. A change in the interest rate of +/- 100 bps would impact the interest expense for the Group with approximately NOK 0.2 million per year.

The Group also had bank deposits of NOK 388.9 million with a floating interest rate which is impacted mainly by the development in the Norwegian Interbank Offered Rate (NIBOR).

The Group continually assesses the need for hedging its interest rate risk exposure. At year-end 2020 and 2021 the Group had no interest rate hedging contracts.

Foreign currency risk

The main functional currencies of the legal entities in the Group are NOK and DKK, while revenue is denominated primarily in EUR, DKK, USD and NOK. The yard contracts for the two vessels under construction is denominated in EUR. A change of +/- one percentage point in the NOK EUR currency exchange rate at year-end 2021 would impact the remaining contractual obligation on the yard instalments for one vessel with approximately NOK 3.5 million.

The currency risk exposure is assessed individually for each major contract and currency hedging contracts are signed when the risk is considered to be unacceptably high.

At year-end 2021 the Group had currency hedging contracts mitigating the currency risk on the second instalment on the Group's two vessels under constructions and on parts of the contracted revenue denominated in USD. The currency hedging contracts had a combined unrealized negative value on 31 December 2021 of NOK 7.7 million. The value changes on the currency hedges are reported as Other Comprehensive income.

Commodity price risk

The Group has in 2020 and 2021 had limited exposure to risks associated with price fluctuations on commodities.

NOTE 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT

Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities through trade receivables and from its financing activities, including deposits with banks.

The Group aims to do business with creditworthy counterparties only. Prior to entering into a customer contract, the Group evaluates the credit quality of the customer, its financial position, credit rating, past experience and other factors. If the counterparty is not assessed as of adequate credit quality the Group may demand guarantees and/or prepayment of charter hire to reduce credit risk to an acceptable level.

The group has applied the practical simplified approach in accordance with IFRS 9 to calculate loss on receivables. When calculating loss provisions receivables are reviewed and assessed on an individual level, taking into account facts and circumstances for the individual customer. No loss provisions have been recognised for receivables in 2020 and 2021.

Liquidity risk

TThe Group's approach to managing liquidity risk is to ensure, to the extent possible, that it has sufficient liquidity and undrawn committed credit facilities at all times to meet its obligations without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors monthly forecasts of the Group's liquidity reserve on the basis of expected cash flows.

IWS signed in December 2021 a committed term sheet for a EUR 56 million debt financing which is expected to be signed in Q2 2022.

The table below summarizes the maturity profile on the Group's financial liabilities based on contractual undiscounted payments as at 31 December 2021. The Group's overdraft facility, which on 31 December 2021 has a balance of NOK 0.5 million, is not included in the maturity profile.

In NOK thousands	**< 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Trade payables	27 650	0	0	0	**0**
Interest-bearing debt	1 266	3 799	14 145	0	**19 209**
Minimum interest payment	424	1 272	2 574	0	**4 270**
Total	**29 340**	**5 071**	**16 719**	**0**	**51 130**

NOTE 22 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital

	Number of shares	Par value	Share capital	Paid-in premium	Total paid-in capital
Share capital at incorporation 23 July 2020	100 000	NOK 1,00	100	20	120
Share issue costs/incorporation costs	–		0	-12	-12
Share capital 31 December 2020	**100 000**		**100**	**8**	**108**
Share capital 1 January 2021	100 000		100	8	108
Equity issue/share split 9 March 2021	4 900 000		9 900	190 100	200 000
Equity issue 22 March 2021	12 500 000	NOK 2.00	25 000	475 000	500 000
Equity issue 29 April 2021	100 698	NOK 2.00	201	3 827	4 028
Equity issue costs	–		0	-21 259	-21 259
Share capital 31 December 2021	**17 600 698**	NOK 2.00	**35 201**	**647 676**	**682 877**

All issued shares are of equal rights. The share capital is denominated in NOK.

Earnings per share

Basic earnings per share are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares to ordinary shares. The Company did not have any potentially dilutive ordinary shares as per 31 December 2021 or 31 December 2020.

	2021	2020
Profit/(loss) attributable to equity holders of the Parent Company	-17 910	-26
Weighted average number of shares outstanding, basic and diluted	13 928 965	100 000
Basic and diluted earnings per share (NOK)	-1.29	-0.26

NOTE 23 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of ProCon Group ApS

In July 2021, IWS acquired 75 % of the voting shares of ProCon Group ApS, a non-listed engineering, construction and service solution provider company based in Denmark and specialized in electrical and technical solutions to the global renewable industry with focus on offshore and onshore wind as well as solar power. IWS has elected to measure the non-controlling interests in the acquiree at fair value. Final closing of the transaction took place on 17 September 2021.

Acquisition of Green Ducklings A/S

In July 2021, IWS acquired 100 % of the voting shares of Green Ducklings A/S, a Danish non-listed specialist advisory company to the global renewable industry with sole focus on offshore wind power. Final closing of the transaction took place on 15 July 2021.

Summary of assets acquired, and liabilities assumed in companies classified as subsidiaries

The fair values of the identifiable assets and liabilities of the two subsidiaries ProCon and Green Ducklings as at the date of acquisition are summarized in the table below. Gross consideration paid in cash and cash equivalents for the 100% ownership in Green Ducklings A/S and the 75% ownership in ProCon amounts to NOK 94.3 million. Net cash and cash equivalents in the two acquired subsidiaries totalled NOK 47.8 million as at the date of acquisitions.

Retrospectively adjustments in accordance with IFRS 3.45 of the amounts recognised at the acquisition date may occur in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

The recognized goodwill is related to the expected market synergy effects between the services and products provided by Green Duckling and ProCon with the operations of the CSOVs by IWS Fleet.

Operational and financial performance of the acquired businesses, which both took place in the second half of 2021, have been in accordance with expectations, and no impairment indicators related to the acquired businesses have been identified as per 31 December 2021.

In DKK thousands	**Green Ducklings**	**ProCon**
Assets		
Fixed assets	0	1 515
Goodwill	8 292	27 803
Other intangible assets	931	13 949
Cash and cash equivalents	1 759	71 029
Other current assets	0	2 390
Liabilities		
Deferred tax	205	3 069
Interest-bearing debt	0	25 727
Other liabilities	277	10 624

NOTE 24 EVENTS AFTER THE REPORTING DATE

Conversion to ASA

The Company was converted from a limited liability company to a public limited liability company at the extraordinary general meeting held 10 February 2022.

Appointment of CFO

Marius Magelie was appointed Chief Financial Officer on 4 January 2022. Mr. Magelie commenced the position on 21 February.

First steel cut for two CSOV newbuildings

The first steel was cut for the CSOV *IWS Skywalker* and *IWS Windwalker* at the China Merchants Heavy Industry facility in Jiangsu, China 14 January 2022 and 1 March 2022 respectively. The second instalments, constituting 10% of the contracted yard price, were in accordance with the contract terms paid to the yard and the currency hedges on the instalments was settled with the bank.

Shipbuilding contracts

In March 2022, the fully owned subsidiary IWS Fleet AS, entered into shipbuilding contracts for the construction of two CSOVs at China Merchants Industry, Hong Kong, with delivery in the first half of 2024. The firm yard price for the two vessels is about EUR 48 million per vessel, out of which 15% of the contract price is paid at signing of contract, 10% at steel cutting, 10% at launching and 65% at delivery.

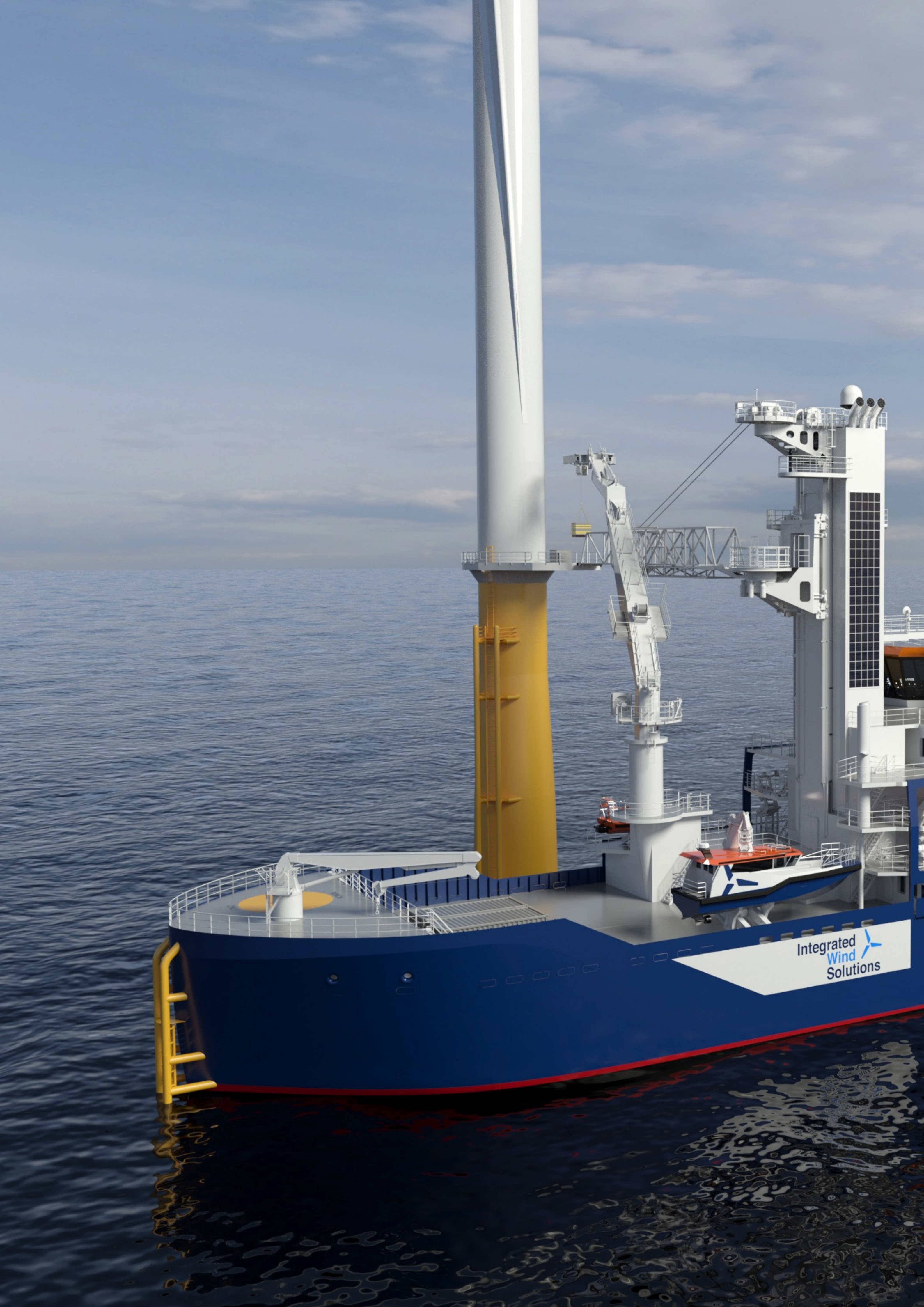
After delivery, IWS will have a fleet of four identical Skywalker class vessels.

Private placement

Also in March 2022, IWS raised gross proceeds of NOK 350 million in a private placement by allocating 10,937,500 new shares at a subscription price of NOK 32 per share. The proceeds from the private placement will be used to finance the equity required for the two additional CSOV newbuildings placed at China Merchants Industry, Hong Kong. The private placement was divided in two tranches. Tranche one was allocated 8,800,349 shares which equals the number of shares the Board may issue based on the current outstanding authorisation to issue new shares granted by the ordinary general meeting. Tranche two was allocated 2,137,151 shares and was completed on 6 April on the extraordinary general meeting. Only existing investors, board members and employees of the Company have been allocated shares in the private placement.

New charter contract at Dogger Bank

The fully owned subsidiary IWS Fleet AS, has been notified by Dogger Bank Wind Farm that they intend to sign a charter contract for one CSOV for the third phase of the wind farm, Dogger Bank C. The charter contract will have a firm duration of 331 days with commencement in 2025. The contract will be effective when contractual documentation is completed, expected in the second quarter of 2022.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Parent Company Financial Statements and Notes

PARENT COMPANY INCOME STATEMENT

In NOK thousands	Note	31.12.2021	31.12.2020
Operating revenue	8	233	0
Payroll and remuneration	3	-4 957	0
Other operating expenses	4	-12 050	-11
Depreciation and amortisation		0	0
Earnings before interest and taxes (EBIT)		**-16 774**	**-11**
Finance income		348	0
Finance expenses		-84	-1
Net foreign currency exchange gains/losses		-2 510	0
Net finance income/(expense)	**5**	**-2 247**	**-1**
Profit/(loss) before taxes		**-19 021**	**-12**
Income tax expense	6	-263	0
Profit/(loss) for the period		**-19 284**	**-12**
Allocations/transfers of profit/(loss) for the period:			
Allocated to/(transferred from) retained earnings		-19 284	-12
Total allocations and transfers		**-19 284**	**-12**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

In NOK thousands	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Shares in subsidiaries	7	181 948	120
Shares in other group companies	7	128 605	0
Intercompany receivables and loans	8	14 152	0
Total non-current assets		**324 705**	**120**
Current assets			
Cash and cash equivalents	9	340 808	106
Intercompany receivables and loans	8	216	3
Other current assets		634	0
Total current assets		**341 658**	**109**
Total assets		**666 362**	**229**
EQUITY AND LIABILITIES			
Equity			
Share capital		35 201	100
Share premium reserve		647 676	8
Other equity		-932	0
Retained earnings		-19 296	-12
Total equity	**10**	**662 649**	**96**
Non-current liabilities			
Deferred tax liability	6	0	0
Pension liabilities	3	472	0
Non-current interest-bearing debt		0	0
Total non-current liabilities		**472**	**0**
Current liabilities			
Trade payables		370	6
Intercompany payables	8	0	121
Current interest-bearing debt	0	0	
Other current liabilities	9	2 872	6
Total current liabilities		**3 242**	**133**
Total equity and liabilities		**666 362**	**229**

PARENT COMPANY CASH FLOW STATEMENT

In NOK thousands	Note	2021	2020
Cash flow from operating activities			
Profit/(loss) before tax		-19 021	-12
Depreciation and amortisation		0	0
(Increase)/decrease in prepayments, accruals and stock		1 509	0
Increase/(decrease) in trade and other payables		30	118
Net cash flow from operating activities		**-17 482**	**106**
Cash flow from investing activities			
Purchase of property, plant and equipment		0	0
Purchase of subsidiaries and associates	13	-310 433	-120
Net cash flow from investing activities		**-310 433**	**-120**
Cash flow from financing activities			
Paid-in equity		704 028	120
Equity issue costs		-21 259	0
Repayment of borrowings		0	0
Loans to group companies		-14 152	0
Net cash flow from financing activities		**668 617**	**120**
Cash and cash equivalents at beginning of the period	9	106	0
Net increase/(decrease) in cash and cash equivalents		340 703	106
Exchange rate effects		0	0
Cash and cash equivalents at the end of the period	**9**	**340 809**	**106**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

In NOK thousands	Share capital	Share premium reserve	Retained earnings	Other comprehen-sive income	Total
Equity at incorporation 23 July 2020	100	20	0	0	120
Share issue costs/incorporation costs	0	-12	0	0	-12
Total comprehensive income 2020	0	0	-12	0	-12
Total equity at 31.12.2020	**100**	**8**	**-12**	**0**	**96**
Total equity at 01.01.2021	100	8	-12	0	96
Equity issue 2021	35 101	668 927	0	0	704 028
Equity issue costs 2021	0	-21 259	0	0	-21 259
Total comprehensive income 2021	0	0	-19 284	-932	-20 216
Total equity at 31.12.2021	**35 201**	**647 676**	**-19 296**	**-932**	**662 649**

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

Integrated Wind Solutions ASA (the "Company" or the "Parent Company") is domiciled in Norway and has its registered office at Beddingen 8, 0250 Oslo. The Company was incorporated 23 July 2020 as a limited liability company and converted to a public limited liability company at the extraordinary general meeting held 10 February 2022. The disclosure requirements for the annual accounts are based on the Parent Company's legal form as at 31 December 2021. The Company is listed on Euronext Growth with the ticker IWS.

Integrated Wind Solutions ASA is through its subsidiaries engaged in the offshore wind industry.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The financial statements of Integrated Wind Solutions ASA have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The financial statements are presented in Norwegian kroner (NOK) rounded off to the nearest thousands, except as otherwise indicated. The financial statements are prepared in English, as approved by the Norwegian Directorate of Taxes.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a lather period. Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividend/group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate applicable at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates are recognized in the income statement as financial income or expense.

Recognition of revenue and expenses

Revenue from the sale of services is recognized in the income statement in the period that services are rendered at rates established in the relevant contracts. Costs are expensed in the same period as related revenue.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. Any component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation schedule and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset over its expected useful lives after taking into account the estimated residual value. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives. No charge for depreciation is recorded made until the asset is available for its intended use.

Impairment

Property, plant and equipment are assessed for impairment when events or circumstances indicate the carrying amount of the assets may not be recoverable. When such indicators are present, the carrying values of the assets are tested for recoverability. If the carrying amount exceeds the recoverable amount for the asset, an impairment loss is recognized, and the asset is written down to its recoverable amount. The impairment is reversed when the basis for the write-down no longer exists.

Cash and cash equivalents

Cash represents cash on hand and deposits at bank that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value. The cash flow statement for the Company is presented using the indirect method.

Accounts receivable

Accounts receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flow is recognized as a loss, discounted by the receivable amount's effective interest rate.

Share capital and dividends

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognized as a reduction of equity, net of tax if deductible, from the proceeds.

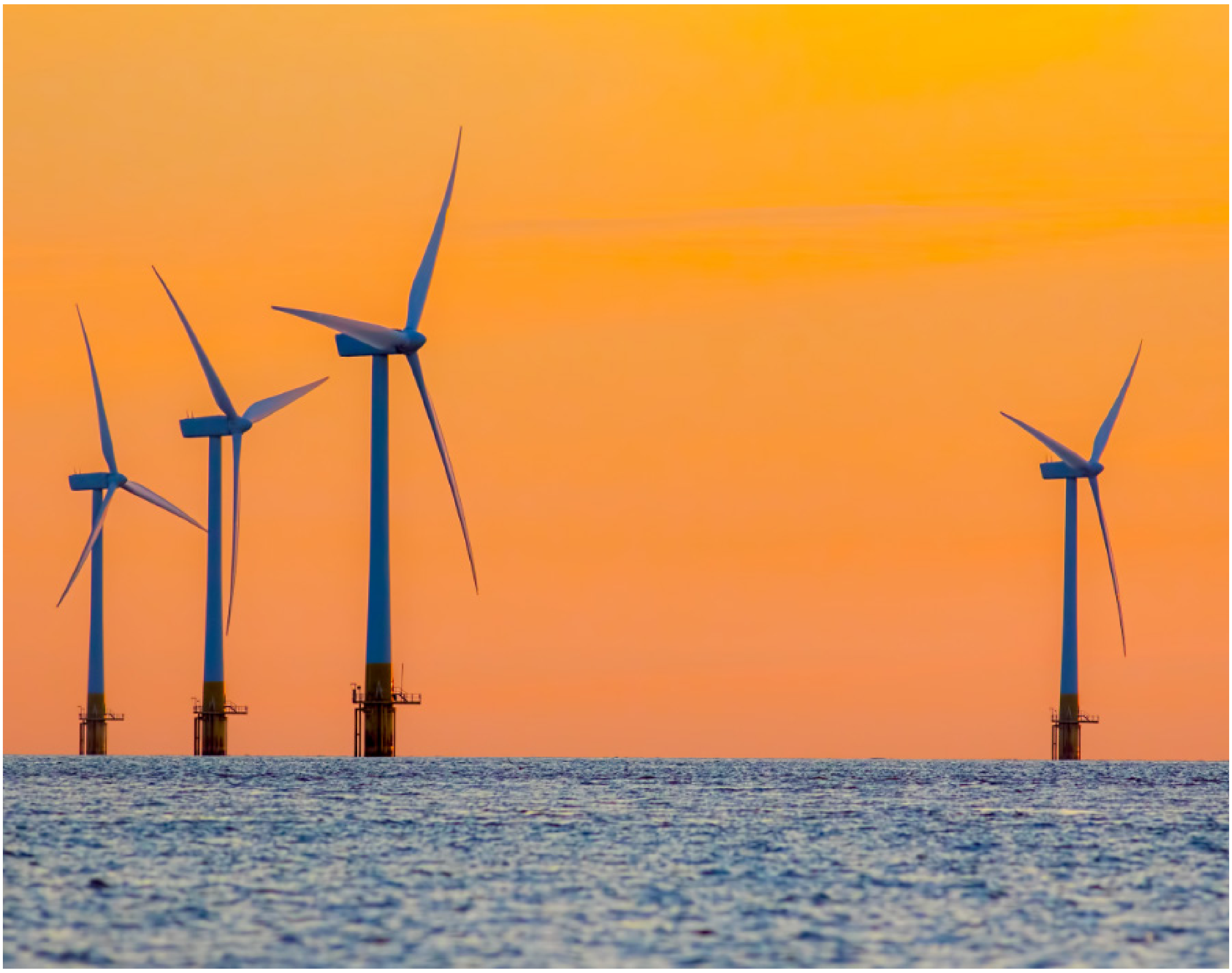
Proposed dividend payments from the Company are recognized as a liability in the financial statements on the balance sheet date.

Non-current interest-bearing debt

All borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Debt repayable within one year is classified as a current liability.

Pensions

The Company is required to provide a pension plan towards its onshore employees and has implemented a defined contribution plan. Under a defined contribution plan, the Company is responsible for making an agreed contribution to the employee`s pension savings. The Company has no further payment obligations once the contributions have been paid. Contributions are recognized as an employee benefit expense in the income statement when they fall due.



Tax

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated at the nominal income tax rate of net temporary differences existing between accounting and tax values, and any carry forward losses for tax purposes at year-end. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

NOTE 3 PAYROLL AND REMUNERATION

Employee benefits

In NOK thousands	2021	2020
Salary and holiday pay	-3 476	0
Employer`s national insurance contribution	-790	0
Pension expenses	-608	0
Other personnel expenses	-83	0
Total employee benefits	-4 957	0
Number of employees at year-end	**2**	**0**

Specification of remuneration to the Board of Directors and to key management is presented in Note 7 to the consolidated financial statements.

Pension

The Company has a defined contribution plan for its employees which complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded by a life insurance company, whereas contributions on salary over 12G are set aside in a pension scheme administered by the Company.

The Company's ordinary retirement age is 70 years. If the Company wants to terminate the employment due to age, the Company will notify the employee of this no later than six months prior to the set retirement age.

Audit fee

In NOK thousands	2021	2020
Statutory audit (expensed)	-386	-5
Other assurance services	0	0
Tax advisory	0	0
Total fees to auditor, excl. VAT	**-386**	**-5**

NOTE 4 OTHER OPERATING EXPENSES

In NOK thousands	Note	2021	2020
Rental and leasing costs		-201	0
Travel expenses		-239	0
Consultancy fees and external personnel		-1 028	0
Management fee	8	-3 268	0
Board of Directors remuneration		-2 050	0
Miscellaneous		-5 263	-11
Total		**-12 050**	**-11**

NOTE 5 FINANCE INCOME AND EXPENSES

In NOK thousands	2021	2020
Interest income	267	0
Interest income group companies	81	0
Other finance income	0	0
Total financial income	**348**	**0**
Interest expenses	–1	0
Interest expenses group companies	0	0
Other finance expenses	–84	–1
Total financial expenses	**–84**	**–1**
Net foreign currency exchange gains/losses	–2 510	0
Net finance income/(expense)	**–2 247**	**–1**

Currency gains and losses mainly relate to translation effects from bank accounts and balances with subsidiaries denominated in foreign currencies.

NOTE 6 INCOME TAX

Income tax expense

In NOK thousands	2021	2020
Current income tax	0	0
Changes in deferred tax	–263	0
Correction of previous years current income taxes	0	0
Total income tax expense/(income)	**–263**	**0**

Specification of basis deferred tax

In NOK thousands	2021	2020
Other fixed assets	0	0
Gain/loss account	0	0
Net pension liabilities	0	0
Currency effects on long term debt	0	0
Tax loss carry forward	4 185	12
Basis for deferred tax asset/(liability)	**4 185**	**12**
Not recognised deferred tax assets (basis)	–4 185	–12
Basis for deferred tax asset/(liability)	**0**	**0**
Tax rate (%)	22%	22%
Deferred tax asset/(liability)	**0**	**0**

NOTE 6 INCOME TAX CONT

Reconciliation of effective tax rate

In NOK thousands	2021	2020
Pre-tax profit (including discontinued operations)	-19 021	-12
Income taxes calculated at 22%	4 185	-3
Adjustment in respect of current income tax of previous years	0	0
Changes in unrecognised deferred tax asset	-4 185	3
Tax effect on cash flow hedge	-263	0
Non deductible expenses	0	0
Non-taxable income	0	0
Effect of other tax rates in subsidiaries	0	0
Effect of change in tax rate	0	0
Other	0	0
Tax expense	**-263**	**0**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

NOTE 7 SUBSIDIARIES AND ASSOCIATES

Subsidiaries, direct ownership

		31.12.2021		31.12.2020	
Company *In NOK thousands*	**Country of incorporation**	**Ownership**	**Carrying value**	**Ownership**	**Carrying value**
IWS Fleet AS	Norway	100%	85 120	100%	120
IWS Services A/S	Denmark	97%	96 828	0%	0
Total			**181 948**		**120**

Indirect ownerships in subsidiaries are presented in Note 18 to the consolidated accounts for the Group.

Associates

		31.12.2021		31.12.2020	
Company	**Country of incorporation**	**Ownership**	**Carrying value**	**Ownership**	**Carrying value**
PEAK Wind Group ApS	Denmark	30%	128 605	0%	0

Integrated Wind Solutions ASA has an option to increase its ownership in PEAK Wind Group ApS to 49% within three years from 1 September 2021. Additional information on the acquisition of the shareholding in the company is disclosed in Note 23 to the consolidated accounts.

NOTE 8 RELATED PARTY TRANSACTION

Intercompany loans and receivables/payables

In NOK thousands	31.12.2021 Receivables/ assets	31.12.2021 Payables/ liabilities	31.12.2020 Receivables/ assets	31.12.2020 Payables/ liabilities
IWS Fleet AS	14 152	0	0	0
Awilco AS [1]	-	-	3	-121
Total	**14 152**	**0**	**3**	**-121**

Intercompany interest income and interest expense

In NOK thousands	2021 Income	2021 Expense	2020 Income	2020 Expense
IWS Fleet AS	81	0	0	0
Awilco AS [1]	0	0	0	1
Total	**81**	**0**	**0**	**1**

[1] Awilco AS reduced its ownership from 100% to 28.4% as part of the private placement and listing on Euronext Growth in March 2021.

Intercompany management fee

In NOK thousands	31.12.2021 Income	31.12.2021 Expense	31.12.2020 Income	31.12.2020 Expense
Awind 4 AS	79	0	0	0
Awind 5 AS	79	0	0	0
Total	**158**	**0**	**0**	**0**

Other related party transactions

Management services and office rental

Awilhelmsen Management AS (AWM) provides the Company with its office premises, administrative and general services including accounting, payroll, legal, secretary function and IT. The Company 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.

Hired in personnel from Awilco Technical Services AS

The COO Christopher Andersen Heidenreich was prior to being employed by the Company hired in from Awilco Technical Services AS (ATS) for a period of eight months in 2021. Subsequent to being hired by the Company he has been hired out to ATS on a part-time basis. ATS is 100% owned by Awilco AS.

NOTE 9 FINANCIAL INSTRUMENTS

Cash and cash equivalents

In NOK thousands	**31.12.2021**	**31.12.2020**
Restricted cash and cash equivalents	12 080	0
Unrestricted cash and cash equivalents	328 728	106
Total cash and cash equivalents	**340 808**	**106**

The restricted bank deposits are related to tax deduction on employees' salaries deposited on separate bank accounts and to deposits held as collateral related to the foreign currency hedges for the second instalments on the two vessels under construction.

Currency hedging contracts

In NOK thousands	**31.12.2021**	**31.12.2020**
Market value, currency hedges	–1 195	0

The two currency hedges are designated to the second instalments on the Group's two vessels under construction. Both currency hedges are maturing in the first quarter of 2022.

NOTE 9 FINANCIAL INSTRUMENTS

Information about the Company's share capital is presented in Note 19 to the consolidated accounts.

NOTE 11 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

General information regarding capital and financial risk management is provided in Note 21 to the consolidated accounts. The Company presents its financial statement in NOK, and is thus exposed to foreign exchange translation risk on monetary items denominated in foreign currencies.

NOTE 12 COMMITMENTS, CONTINGENCIES AND GUARANTEES

Information on commitments, contingencies and guarantees is disclosed in Note 15 to the consolidated accounts.

NOTE 13 BUSINESS COMBINATIONS

Information on business combinations is disclosed in Note 23 to the consolidated accounts.

NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE

Information on events after the reporting date is disclosed in Note 24 to the consolidated accounts.

Auditor’s Report

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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Integrated Wind Solutions ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Integrated Wind Solutions ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise statement of financial position as at 31 December 2021 and the income statement, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 15 March 2021.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 will always detect a material misstatement when it exists.

Misstatements can 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 users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's and the Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to

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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 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 Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the board of directors 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.

Oslo, 7 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Finn Ole Stephansen-Smith Edstrøm
State Authorised Public Accountant (Norway)
Serial number: 9578-5995-4-951045
IP: 77.16.xxx.xxx
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Environmental social and governance (ESG)

INTRODUCTION

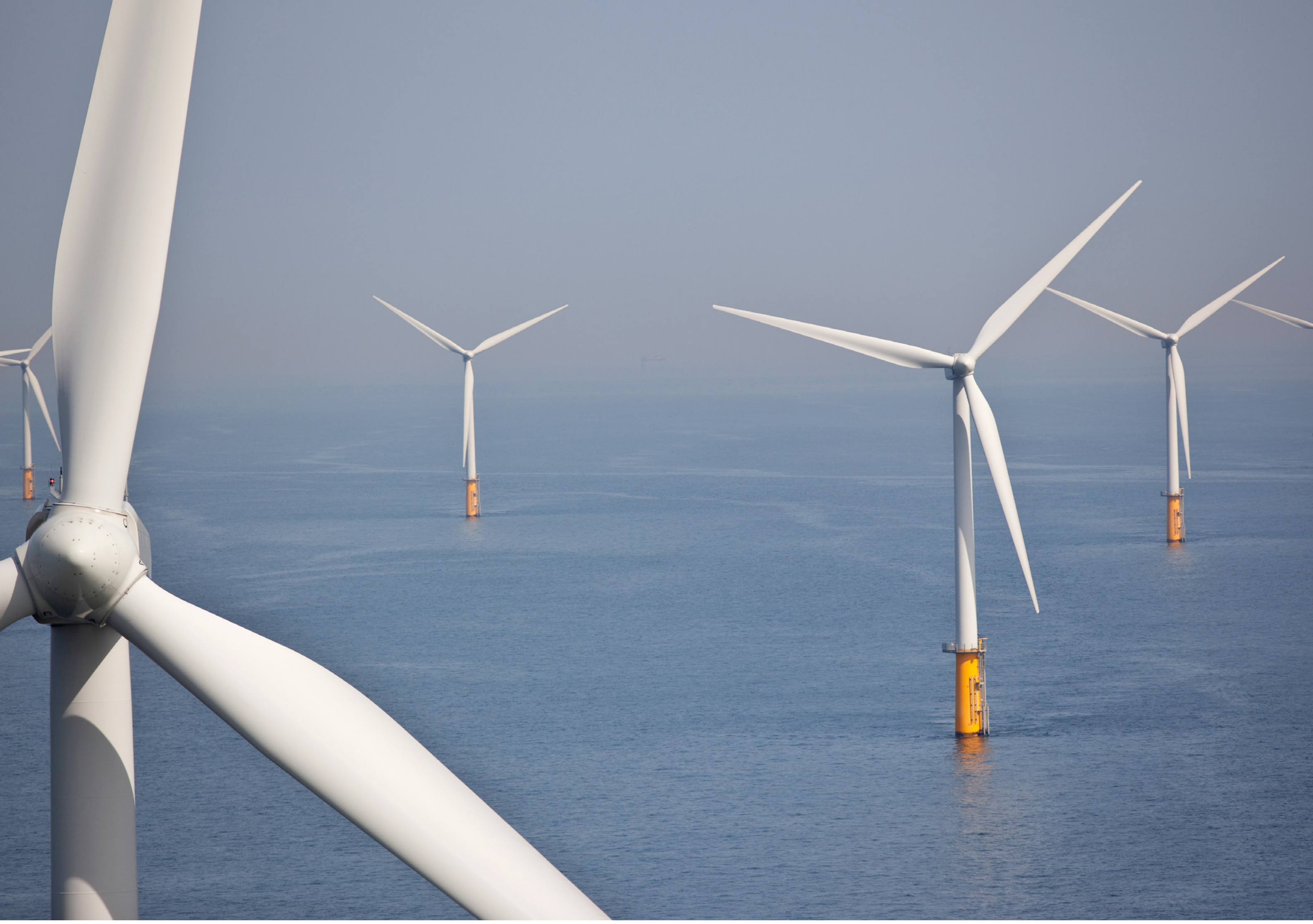
Approach to ESGIntegrated

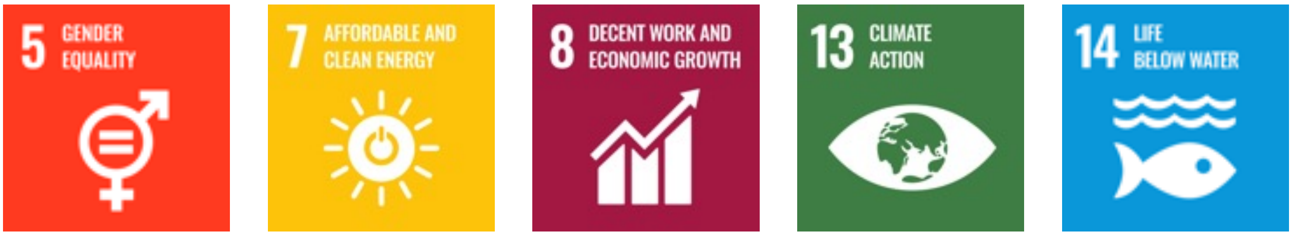
Wind Solutions ASA was established with the ambition of contributing to the ramp-up of offshore wind power as a part of the transition to renewable energy sources. The Company aims to take a leading role in this transition by providing a suite of services ranging from operation of service vessels, engineering, construction and maintenance services as well as consultancy for different stages of windfarm construction and operations.
To a large degree the services are supplied through the Company's subsidiaries IWS Fleet, IWS Services and the associated company PEAK Wind. This means that the largest opportunity for IWS to have a significant impact on environmental, social and governance issues is through the influence and the requirements provided to these companies. The below sections outline not only matters for IWS directly, but also give a summary of expectations and actions from the individual group companies.

As a step towards structuring and focusing the work on social responsibility across all companies in the group, IWS has implemented a common set of KPIs that is reported by each group company on a quarterly basis, starting from the first quarter of 2022. The KPIs include information on Social, Environmental, Quality, and Governance, and will allow comparison and aggregation to evaluate the status and progress of the Group in each area.

Stakeholders and material issues

IWS' main stakeholders are our employees, customers, suppliers, regulators, and investors. An assessment of the issues that are important to our stakeholders is guiding where we focus our efforts and are considered most material for the Company. These areas also outline where we believe IWS can make a meaningful contribution toward solving the global challenges summarized in UN's Sustainable Development Goals (SDGs).





Based on the assessment, the primary material issues for IWS are environmental impact of our operations, in particular greenhouse gas emissions, and health and safety of personnel employed in the group companies and working on group vessels and sites.

These primary issues mentioned aligning with the UN SDG No. 7 – Affordable and clean energy, 13 – Climate action and 14 – Life below water.

In addition, we will strive to contribute toward SDG's 8 – Decent work and economic growth and SDG 5 – Gender equality.

Finally, IWS will focus on upholding high ethical standards and potential issues of human trafficking, modern slavery and human rights both within the Group and in our supply chain.

ENVIRONMENTAL IMPACTS

The companies in the Group provide services of different nature, and therefore have significantly different impacts on the environment. Environmental goals and actions are therefore stated separately by company/sub-group of companies. From the beginning of 2022, environmental KPIs for Scope 1 & 2 emissions as per the GHG Protocol, energy mix and company policies and strategies are gathered and aggregated for all subsidiaries in the Group.

Integrated Wind Solutions ASA

Integrated Wind Solutions ASA operates with a low number of employees in an office environment, and direct negative environmental impacts are mainly related to energy use and waste for office facilities, and emissions related to employee travel. Starting from 2022, IWS will record the share of renewable energy used for office facilities, as well as carbon emissions from employee travels.

Through its role as a leading service provider in the renewable energy sector, IWS has a significant positive impact on reductions of greenhouse gas emissions both directly through the use of modern, low emissions vessels and equipment, and increased efficiency in the operation of the wind farms.

IWS aims at being an integrated part of the renewables industry, and does not have any revenue stream from the exploration, production or distribution of fossil fuels.

IWS Fleet

IWS Fleet, as an operator of CSOVs, will have environmental impacts from the construction and operations of the vessels. The company has a goal of zero emissions to sea or land.

CSOV construction

At the current stage of operations, the main impacts are the resource use and emissions related to the construction of the two first CSOVs. IWS Fleet has conducted a preliminary assessment of the total equivalent GHG emissions resulting from the construction and mobilization of these vessels, and is evaluating the best ways to compensate for this environmental impact in order to provide vessels that are constructed in a carbon neutral manner.

The vessels' design is optimized for high efficiency and consequently low emissions to air, estimated to be 20% lower than other CSOVs currently under construction. Among the features contributing to the high efficiency are:

- Double-ended design - improving dynamic positioning (DP) capability and quick turn-around at wind turbines

- Extended battery capacity, enabling optimized and part-time zero-emissions operation

- Solar panels

- Energy-saving features for onboard HVAC and lighting systems

The Norwegian Ministry of Climate and Environment through Enova granted funding to support the environmental initiatives on IWS' CSOVs advanced technology that will help in reducing annual emissions by more than 1300t CO_2 equivalents.

The vessels are the first in the industry to have the "DNV SILENT" notation, which focuses on minimizing the impact of noise on marine life below water.

CSOV operation

IWS Fleet has in place a management system certified according to ISO 14001 – Environmental management. The management system and processes in place ensure that the vessels will be operated in a way that continuously improves and reduces our environmental impacts.

Future vessels

IWS Fleet is taking part in the development of design for future vessels with low- or zero-carbon emissions through the use of alternative fuels or fully electric operations with offshore charging. The company has received funding from the Research Council of Norway to develop offshore charging infrastructure enabling full electrical vessel operations.

IWS Services

IWS Services' environmental impacts differ between its two main investments.

Green Ducklings

As an offshore wind specialist consultancy company, Green Ducklings environmental impact is mainly related to office facilities and travel, and their positive impacts as an integral part of the transition to renewable energy.

ProCon

ProCon, a Danish wind electrical solution provider, has a large focus on sustainability and are certified according to the UN Sustainable Development Goals and ISO 14001 – Environmental management. ProCon works actively in reducing its environmental impact by minimizing travel, compensating for travel and choosing more environmentally friendly company cars, offices, consumables and components.

HEALTH AND SAFETY

The safety and well-being of the employees of IWS and our subsidiaries are a main priority for the company. Our objective is to have zero accidents and zero personnel injuries. We will work towards this goal by sharing a clear culture of prioritizing safety and always taking the time to do operations in a safe manner, as well as by continuously improving by promoting best practices identified through our own operations and from the rest of the industry.

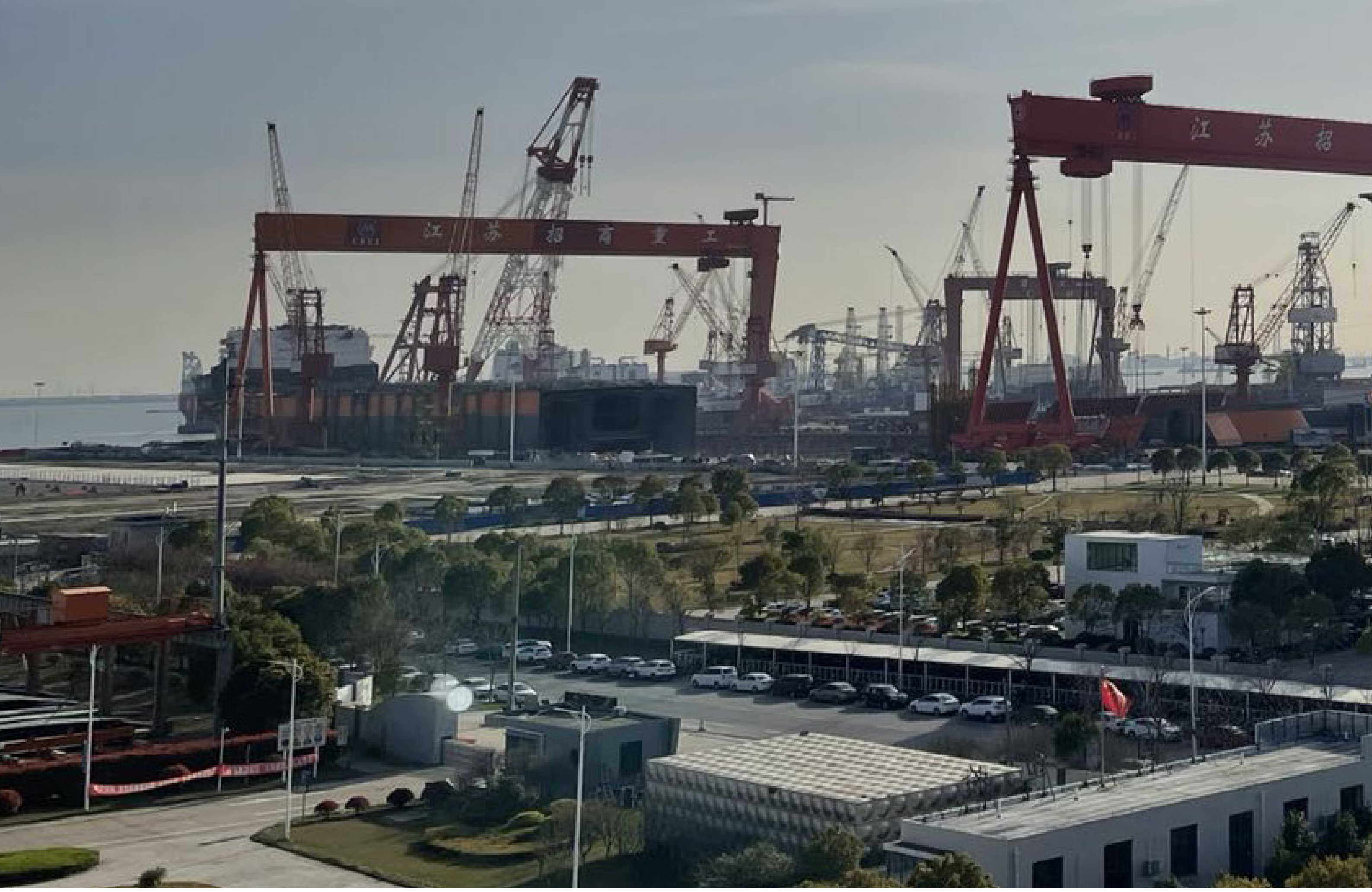
KPIs on incidents, injuries, near miss reporting and sick days are recorded for IWS and subsidiaries from 2022. Integrated Wind Solutions ASA

The operations of IWS are conducted in a controlled environment, with risks to a large extent related to travels and visits to sites of the subsidiaries or suppliers.

There have been no fatalities, personnel injuries or accidents in IWS in 2021.

IWS Fleet

The construction of vessels at a shipyard is an activity with significant hazards for personnel on site, and IWS Fleet has a high priority on ensuring that the site team present at the shipyard are experienced, well trained and with the proper equipment and safety mindset to minimize the risk of injuries during the construction period. The company's management system is certified according to ISO 45001 – Occupational health and safety and ISO 9001 – Quality management systems, including project specific procedures for the construction project. The procedures include the identification and reporting of hazardous situations occurring at the shipyard, integration with the yard procedures for work planning and risk assessment, and regular follow up of any accidents, near misses or non-conformities occurring in the yard, with the aim to identify lessons that reduce the risk of reoccurrence.



There have been no fatalities, personnel injuries or accidents in IWS Fleet in 2021.

The preparation for the operation of the CSOVs in 2023 is underway, with a focus on employing and training suitable and motivated crew, constructing safe and effective vessels, and preparing complete, suitable and safe procedures.

IWS Services

Green Ducklings

The operations of Green Ducklings are conducted in a controlled environment, with risks to a large extent related to travels and visits to sites of customers.

ProCon

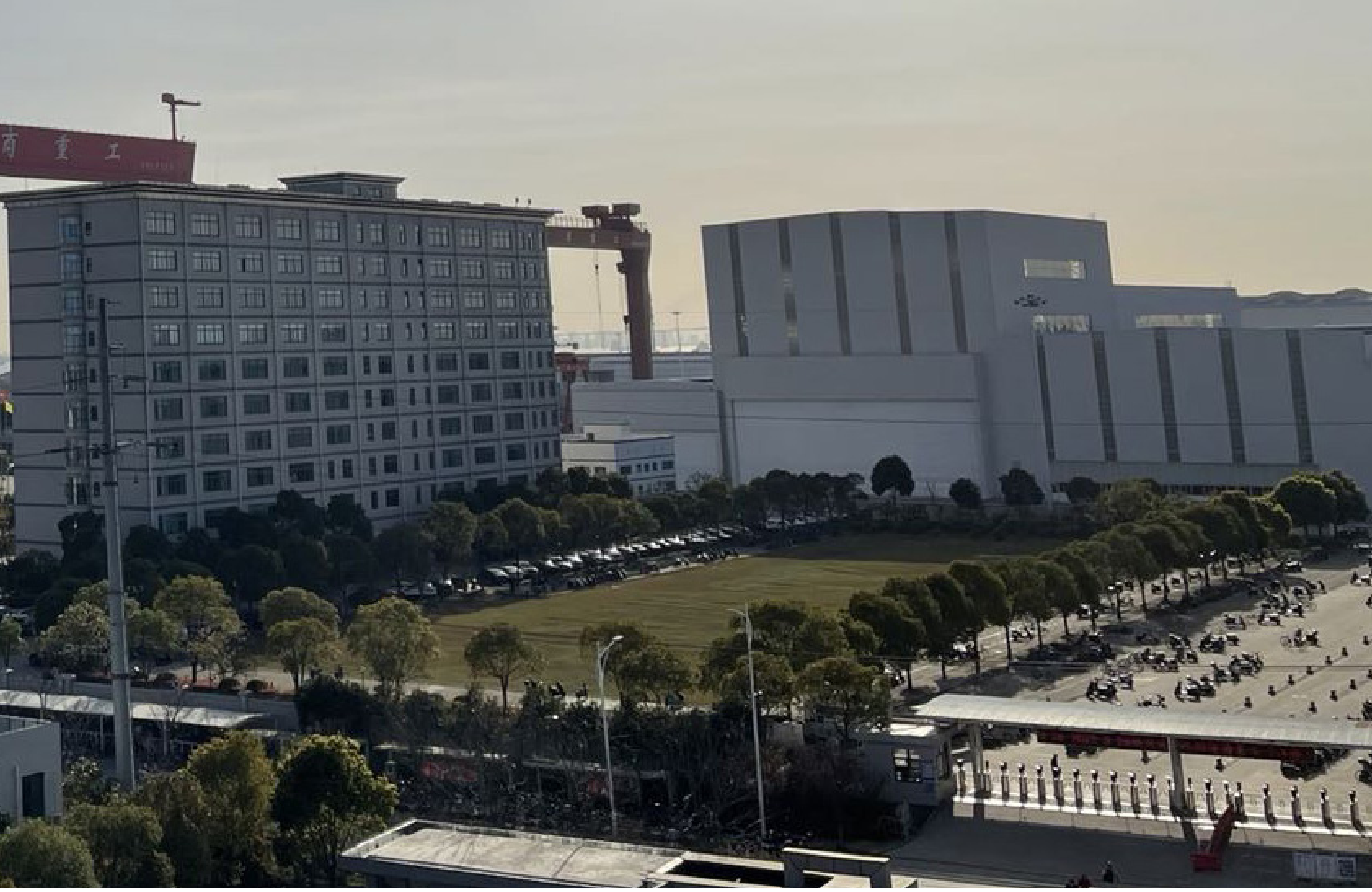
Through the activities related to engineering, pre-assembly and installation, ProCon have significant hazards related to its operations. To minimize risk to their personnel, ProCon have extensive policies and procedures guiding their safe operations, and their management system is certified to ISO 9001 – Quality management systems and ISO 45001 – Occupational health and safety.

There have been no fatalities in ProCon in 2021. The Lost time injury frequency for the company was 21,7 injuries per million hours worked during the year.

Gender equality

One of the material issues of IWS is the issue of gender equality. The company will strive to ensure equal opportunities and effective participation in all areas of the organization. This includes onboard the vessels, which has traditionally been a male-dominated area.

Tracking and reporting on gender balance in IWS and subsidiaries have been started in 2022. The company has a target of minimum 15% female employees in the group.



Modern slavery

IWS strictly prohibits the use of forced labour, child labour, and human trafficking in all company operations and in our global supply chain.

Suppliers are going through a screening process, with thoroughness based on the scope of their delivery. Major suppliers such as the shipyard constructing CSOVs for IWS Fleet are audited for compliance with the expected standards, and areas of improvement are followed up with the supplier.

Any employee of IWS and its subsidiaries is expected to report any concerns regarding modern slavery or human trafficking as per the company reporting procedure. There were no reports in 2021.

Anti-corruption

IWS has a zero-tolerance approach to bribery and corruption in any form. IWS desires fair and open competition in all markets, both nationally and internationally. Our policy is to comply with all applicable laws and governmental rules and regulations in the countries in which we are operating.

This policy applies to all entities controlled by the company and their employees, as well as for workers and third-party consultants acting on behalf of the Company, wherever they are located.

The company has guidelines for hospitality, gifts and entertainment to ensure employees are aware of when and how such practices may be acceptable.

Tracking of KPIs related to corruption is started from 2022 for IWS and subsidiaries. This includes operations in areas with high corruption risk (according to the TICP index), monetary fines, and number of requested facilitation payments.

IWS has not become aware of any breaches of the company's Code of Conduct in 2021.

Corporate Governance

Corporate Governance

Integrated Wind Solutions ASA was incorporated 23 July 2020 as a limited liability company and converted to a public limited liability company at the extraordinary general meeting held 10 February 2022. The Company will in 2022 implement the governance principles that follow from this conversion and has elected to adopt the principles which follow from the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018 (the «Code of Practice»), as outlined in the sections below. This description follows the same structure as the Code of Practice and covers all sections thereof. Expected deviations from the Code of Practice, if any, are discussed under the relevant section.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors shall ensure that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles shall also contribute to ensuring that the activities of the Company are subject to adequate controls. Appropriate distribution of roles and adequate controls shall contribute to the largest possible value creation over time, for the benefit of the owners and other stakeholders.

2 THE BUSINESS

According to the Company's articles of association, its purpose is to "contract, own and operate vessels for the offshore wind sector, as well as rendering of services to the offshore wind sector and everything related to this.

The principal objectives and strategies of the Company are presented in the annual report and are subject to annual assessments.

A description of the Company's social responsibility policy is set out in a separate section in the annual report.

3 EQUITY AND DIVIDENDS

The Group's equity is assessed as appropriate based on its objectives, strategies and risk profile. Book equity on 31 December 2021 was NOK 686 million and total assets were NOK 756 million, giving an equity ratio of 91% at year-end.

The Group's long-term objective is to pay a regular dividend and to maximise return on invested capital. Any future potential dividends declared will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, debt covenants, capital requirements and other factors. Dividends will be proposed by the Board for approval by the General Meeting.

To the extent it is considered desirable, the Company will raise new equity in the capital markets.

4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The Company has one class of shares, and each share has one vote at the General Meeting.

Any transactions the Company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices.

In the event of any material transactions between the Company and shareholders, Directors or close associates thereof, the transactions will be conducted on arm's length terms and the Board of Directors shall consider arranging for an independent assessment of the transaction.

The Group has entered into a sub-management agreement with Awilco Technical Services AS (ATS) for assistance in technical management of the fleet. Furthermore, the Group has entered into an agreement with Awilhelmsen Management AS (AWM) for administrative services. Both ATS and AWM are related companies to Awilco AS, which owns 28.4% of the shares in Integrated Wind Solutions ASA at year-end 2021. The management fees are, in the Company's opinion, made at market terms. Information regarding transactions with related parties is described in Note 20 to the consolidated financial statements.

5 FREELY NEGOTIABLE SHARES

The shares of the Company are listed on the Euronext Growth stock exchange. All issued shares carry equal shareholder rights in all respects, and there are no restrictions on the transfer of shares. The articles of association place no restrictions on voting rights.

6 GENERAL MEETINGS

The Annual General Meeting will normally take place in the second quarter of each year, and latest by 30 June. Notice of the meeting will normally be published through the Oslo Stock Exchange distribution channel and the Company's website. Documentation containing the information necessary for the shareholders to make decisions on all the items on the agenda will simultaneously be made available on the Company's website and will only be sent to shareholders who request the documentation on paper. The Board may decide by the notice of the meeting that shareholders who intend to attend the General Meeting shall give notice to the Company within five days prior to the General Meeting.

Registration is made in writing or by e-mail. The Board wishes to make efforts to enable as many shareholders as possible to attend. Shareholders who are not able to attend are invited to meet by proxy, and efforts will be made for the proxies to relate to each individual item on the agenda.

The General Meeting will be chaired by the Chairman of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

7 NOMINATION COMMITTEE

The Company will in 2022 consider establishing a Nomination Committee which will have the responsibility of proposing members to the Board of Directors and members of the Nomination Committee.

The members of the Nomination committee's period of service shall be two years unless the General Meeting decides otherwise.

The Nomination Committee is to maintain contact with shareholder groups, members of the Board of Directors and the Company's executive personnel in its works with proposing members to the Board of Directors

8 THE BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

The Company's Board of Directors shall comprise one to five directors pursuant to the decision of the General Meeting. The Directors are elected for a period of two years unless otherwise determined by the General Meeting. The Board appoints the Chairman amongst the elected Board members.

The composition of the Board of Directors aims to ensure that the interests of all shareholders are represented. Currently two of the five directors are independent from the principal shareholder of the Company.

9 THE WORK OF THE BOARD OF DIRECTORS

The Board's statutory duties include the overall administration and management of the Company. The allocation of responsibilities and tasks within the Board of Directors is regularly discussed and monitored. The Board is regularly briefed on the Company's financial and operational situation, the market situation, liquidity situation and cash flow forecast, as well as any changes in the competition situation. The Board performs a yearly evaluation of its work.

The Board will in 2022 consider establishing an Audit committee and a Remuneration committee following the conversion to a public limited liability company in February 2022.

10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has satisfactory internal control procedures to manage its exposure to risks related to the conduct of the Company's business, including social responsibility, to ensure compliance with laws and regulations and to support the quality of its financial reporting. Additionally, the Board is regularly briefed on the Company as described under section 9 above.

The Group's main goal is safe and efficient operation of its vessels and its rendering of adjacent services, with no accidents, personal injury, environmental damage, or damage to equipment. The operation of technical management and newbuildings is closely monitored through dedicated supervision and safety reporting systems.

11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board shall reflect the Board's responsibilities, knowhow, time commitment and the complexity of the business activities. The directors do not receive profit related remuneration, share options or retirement benefits from the Company. More information about the remuneration of the individual directors is provided in Note 7 to the consolidated accounts.

Directors or their related companies shall normally not undertake special tasks for the Company in addition to the directorship. However, the Company utilises outsourcing of technical sub-management, accounting and administrative services to ATS and AWM which are related companies.

12 REMUNERATION OF EXECUTIVE PERSONNEL

The Board has drawn up guidelines for determining remuneration to executive personnel. The remuneration to executive personnel is based on a base salary and a bonus program.

For information about remuneration of executive personnel see Note 7 to the consolidated accounts.

13 INFORMATION AND COMMUNICATION

The Company aims to keep shareholders, analysts, investors and other stakeholders continuously updated on the Company's operations and performance. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website. Information of importance are made available to the stock market through notifica-tion to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Informa-tion is provided in English.

All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

14 TAKE-OVER

The Company's Articles of Association contain no defence mechanism against the acquisition of shares, and no other actions have been taken to limit the opportunity of acquiring shares in the Company.

In the event of a takeover bid the Board will seek to comply with the recommendations outlined in item 14 of the Code of Practice. If a bid has been received, the Board will seek to issue a statement evaluating the offer and make recommendations as to whether the shareholders should accept the offer or not. Normally it will be required to arrange a valuation from an independent expert. If the Board finds that it is unable to give a recommendation, the Board will explain the reason for not giving a recommendation. The statement should show whether the decision was unanimous, and if not, the background for why certain Board members did not adhere to the statement.

If a situation occurs where the Board proposes to dispose of all or a substantial part of the activities of the Company such a proposal will be placed before the General Meeting.

15 AUDITOR

The auditor is appointed by the General Meeting, which also determines the auditor's fee. The auditor attends the Board of Directors' review and discussion of the annual accounts. The Board of Directors minimum holds one annual meeting with the auditor without the CEO or other members of the executive group being in attendance.

The Company's management regularly holds meetings with the auditor, in which accounting principles and internal control routines are reviewed and discussed. The auditor shall annually confirm compliance with the applicable independence rules and regulations in legislation and the audit firm's internal independence standards. Auditor's fees are disclosed in Note 7 to the consolidated accounts.

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.

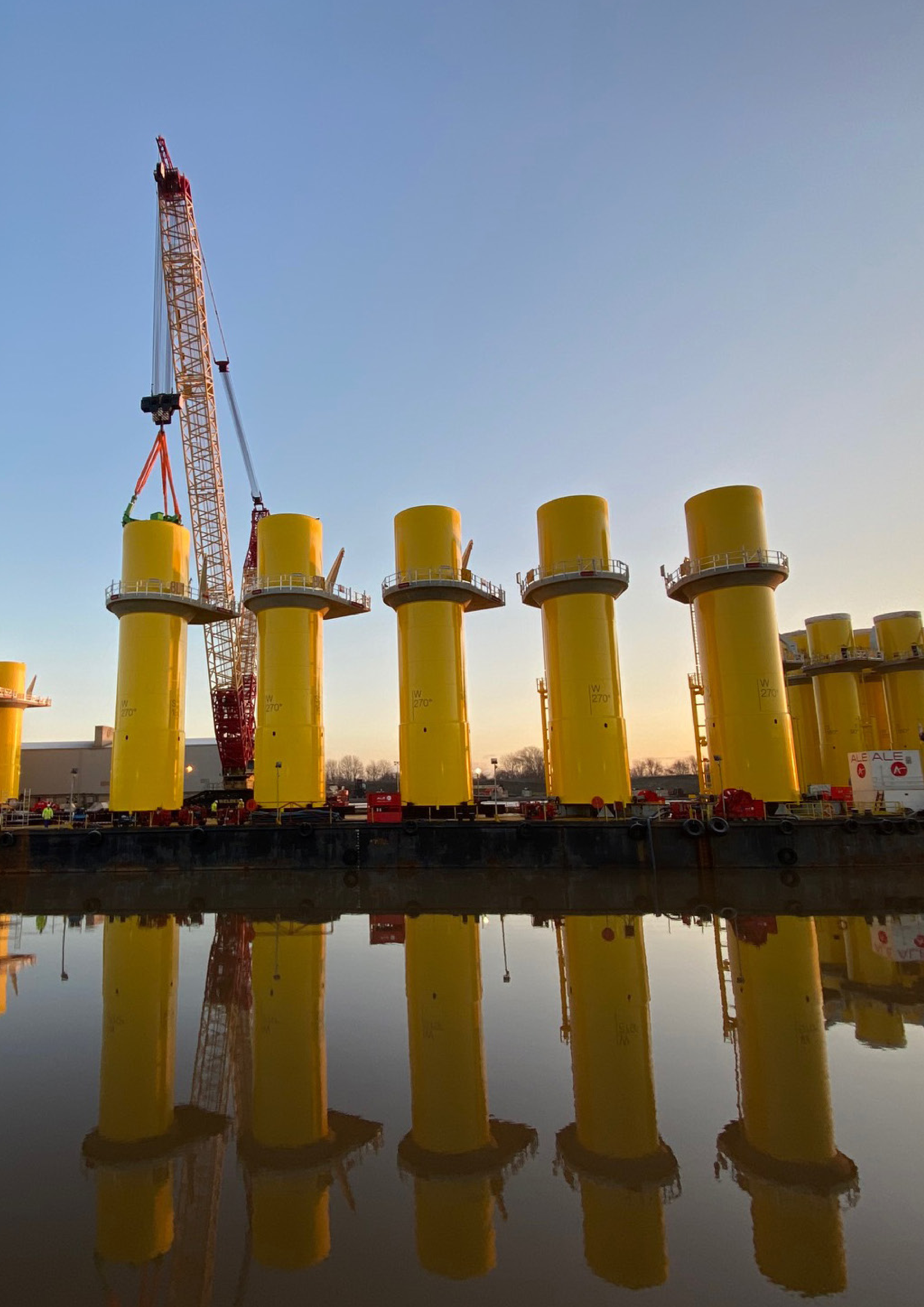
The Group's financial APMs are:

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

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.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