

Financial Report

Q1 2023

Integrated
Wind
Solutions





INTERIM FINANCIAL REPORT

Q1 2023¹

RECENT HIGHLIGHTS

- Total revenue of NOK 64m for Q1 2023, an increase of 25% from Q1 2022.
- IWS Services revenue of NOK 61.7m in Q1 2023, an increase of 24% from Q1 2022.
- PEAK Wind revenue in Q1 2023 increased by more than 40% compared with Q1 2022. The Group's share of the net profit in PEAK Wind in Q1 2023 was NOK 2.7m, before NOK -0.9m amortisation of acquisition-related intangible assets (NOK 2.1m before -0.8m amortisation of intangibles in Q1 2022).
- Total EBITDA of NOK -11m for Q1 2023 compared with NOK -7m in Q1 2022, reflecting the higher activity level of an organisation with six vessels on order (four vessels on order at the end of Q1 2022).
- Entered into newbuilding contracts with China Merchants Industry Holdings Co. for the construction of two additional CSOVs with a firm yard price of EUR 52.5m and with scheduled delivery in Q2 2025. IWS will have a fleet of six identical Skywalker class vessels when delivered. The Group has also secured options for two additional vessels.
- Successfully completed a private placement of NOK 350m in January 2023 by issuing 10,606,060 shares at a subscription price of NOK 33 per share.
- The Company agreed on a term sheet for a Green Senior Secured Credit Facility with Skandinaviska Enskilda Banken AB ("SEB"), SpareBank 1 SR-Bank ASA ("SR Bank") and Export Finance Norway ("Eksfin") for the debt financing of IWS Seawalker and IWS Starwalker. Upon signing, the first four vessels will have secured bank financing.
- Continued strong market for CSOVs with increased charter rates and newbuilding prices, improving the first-mover advantage of early market entrants.

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

OPERATIONS

Group structure

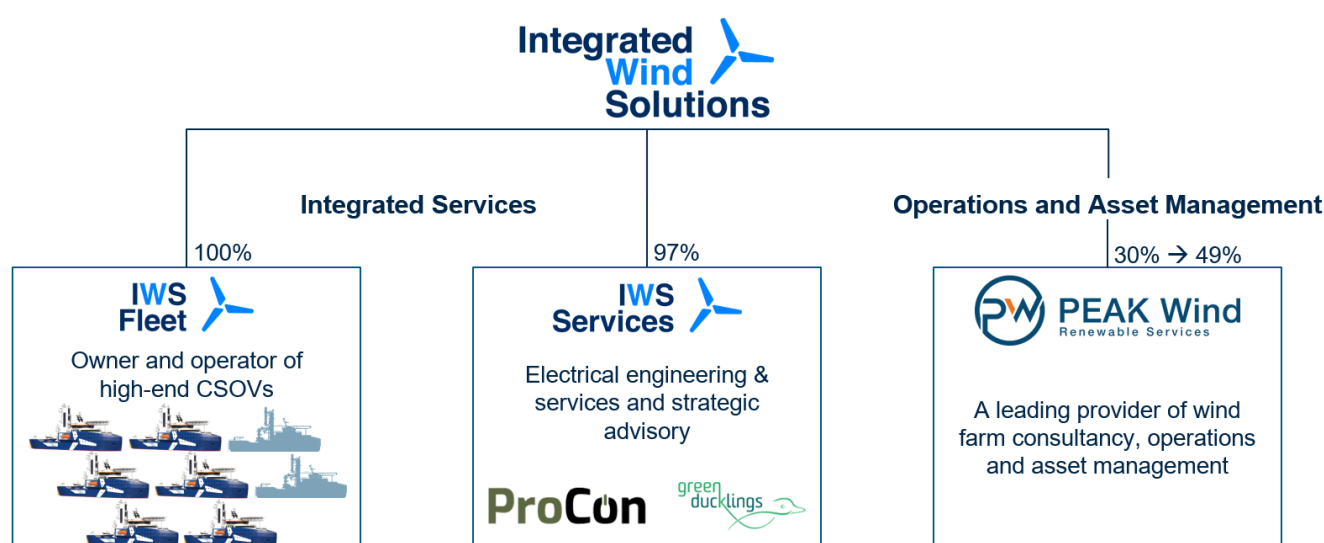
The activities in the Group are organised into IWS Fleet AS ("IWS Fleet"), IWS Services A/S ("IWS Services"), and the associated company PEAK Wind A/S ("PEAK Wind").

IWS Fleet is the owner and operator of high-end CSOVs with six newbuildings ordered from the leading shipyard CMI, with the first vessel to be delivered in 2023.

For IWS Services², the two Danish offshore wind service/consulting companies ProCon Group ApS³ ("ProCon") and Green Ducklings A/S⁴ ("Green Ducklings") form the base of the supply chain service offerings.

The 30%⁵ owned PEAK Wind is the leading provider of operations and asset management services to wind farms and is classified as an associated company.

These companies form the base of Integrated Wind Solutions' ("IWS" or the "Group") strategy of becoming the preferred service provider within the offshore wind sector.



² 97% owned by Integrated Wind Solutions ASA

³ 75% owned by IWS Services A/S (100 % of the voting shares)

⁴ 100% of the voting shares

⁵ Fixed price option exercisable by September 2024 to acquire an additional 19% of shares, pre-dilution from share-based option program to key employees

MARKET OBSERVATIONS

Offshore wind

Europe continues the ambitious renewable energy transition rollout; the outlook in 2030 of 126 GW⁶ of offshore wind capacity compared with an installed base of 30 GW⁶ year-end 2022 implies significant growth in the industry in the years ahead.

Although volatile energy prices and increased supply chain costs continue to impact offshore wind investment decisions, the 2030 outlook reflects an increasing number of European markets starting auctions that highlight the competitiveness and attractiveness of offshore wind as an energy source.

Planned auctions of about 40 GW across Europe in 2023 come on top of currently ongoing auctions of more than 20 GW in France, Germany, Poland and the UK.

Although still in its infancy, floating offshore wind is also starting to accelerate in Europe with auctions ongoing or planned in 2023 in the UK, France, Norway, Portugal and Italy.

With an average annual rate of 5 GW reaching the final investment decision in previous years (annual rate between 2015-2021), an accelerated FID rate of about 18 GW per annum is required to meet the 2030 European political targets alone.

Another key trend is the push for clever grid system integration across offshore wind projects leveraging benefits from Power-to-X ("PtX") and alternative fuel. A trend driven by the need to provide decarbonised energy to heavy transport and industry.

Market for CSOVs

Shorter term charter rates for walk-to-work ("W2W") vessels are consistent with Q4 2022 and 25-30% higher on average than Q1 2022 rates. Availability of high-end Tier 1 CSOV's in the short term is limited ahead of the 2023 high season.

The offshore wind industry has seen high activity levels in terms of construction activity in Q1 2023 in all key markets, and many charterers have, according to Clarksons, started to look for 2024 tonnage earlier than in previous years in response to the tight supply.

The macro environment is still positive, driven by a combination of high growth in offshore wind farm activity and an improved market for oil & gas and subsea globally that removes capacity from offshore wind. Several IMR/Subsea vessels have been fixed long-term at rates above historical levels in the W2W market, and we expect this trend to continue.

The global fleet of CSOVs and SOVs counted 39 vessels in operations of which 27 are considered "Tier 1". The total orderbook consists of 40 vessels, of which six have been ordered by IWS.

With limited new supply, coupled with continued growth in offshore wind farm development as well as a stronger oil and gas market that continues to require walk-to-work vessels, we see a continued strong market for CSOV vessels.

⁶ 4C Offshore, adaption by Green Ducklings

MAIN EVENTS DURING Q1 AND POST-QUARTER EVENTS

Newbuildings

The yard is progressing well on the CSOVs under construction, which is according to the delivery schedule presented in January.

The first vessel, IWS Skywalker, will commence its charter contract in Q4 2023. The first motion compensated gangway and crane system has successfully completed the factory acceptance test ("FAT") and is currently in shipment to the CMI shipyard, where installation on IWS Skywalker will commence in June. The second vessel, IWS Windwalker, is scheduled to launch in Q2 and will be ready for commercial operations in Q1 2024.

The keel laying of IWS Seawalker and IWS Starwalker was successfully completed on 18 April 2023.

The Group ordered vessel five, IWS Moonwalker, and vessel six, IWS Sunwalker, during Q1 with a firm yard price of EUR 52.5

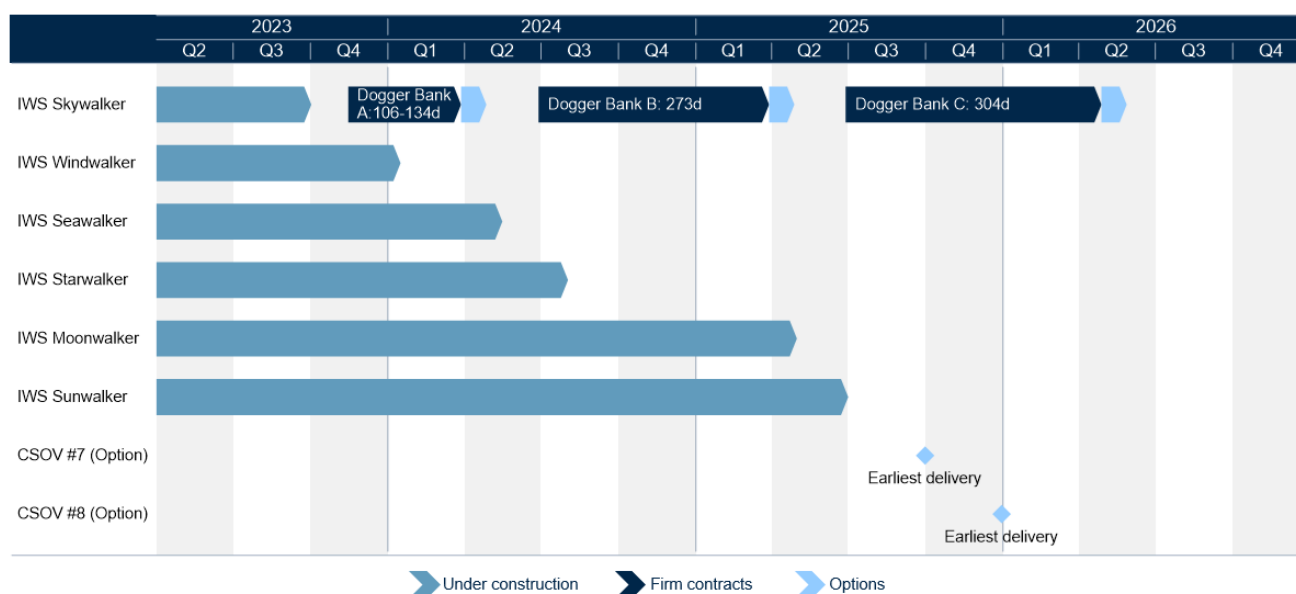
million and scheduled delivery in Q2 2025. After delivery, IWS will have a fleet of six identical Skywalker class vessels. The Group has also secured options for two additional vessels.

The firm average yard price for the six vessels is about EUR 48m per vessel (turnkey contracts). About 50% of the vessel value is related to Norwegian export companies providing advanced technology, ensuring safe and efficient operations. The global shipyards are not immune to the global supply-chain pressure, and there are general risks related to the timing of delivery of key components.

Employment

IWS Fleet has already secured three separate charter contracts with the Dogger Bank consortium with start-up in 2023, 2024 and 2025. The Group will have CSOVs available for charter in 2024.

Fleet and contract overview



Equity financing

The Company successfully completed the private placement of NOK 350 million gross proceeds in January by issuing 10,606,060 shares at a subscription price of NOK 33 per share. The proceeds will be used to finance yard payments for the construction of the company's CSOVs and general corporate purposes.

Debt financing

The Group has agreed on a term sheet for a Green Senior Secured Credit Facility with Skandinaviska Enskilda Banken AB ("SEB"), SpareBank 1 SR-Bank ASA ("SR Bank") and Export Finance Norway ("Eksfin") for the debt financing of IWS Seawalker and IWS Starwalker, which is expected to be finalised in Q2 2023. The debt facility for IWS Skywalker and IWS Windwalker was signed in Q2 2022.

FINANCIAL REVIEW

Income statement

Total revenue for the first quarter of 2023 was NOK 63.8 million (Q4: NOK 53.2 million), of which IWS Services contributed NOK 61.7 million and the group's share of net profit in PEAK Wind was NOK 1.8 million.

The Group's share of the net profit in PEAK Wind in the first quarter of 2023 was NOK 2.7 million (NOK 1.4 million in Q4 2022), before NOK -0.9 million amortisation of acquisition-related intangible assets.

Operating expenses for the first quarter of 2023 were NOK 75.2 million compared with NOK 57.1 million in the previous quarter. The increase is primarily a result of NOK 6.2 million higher project-related costs in IWS Services and seasonally higher personnel expenses in the quarter.

Group EBITDA was NOK -11.4 million for the first quarter of 2023 compared with NOK -3.9 million in the previous quarter. IWS Services and PEAK Wind contributed NOK 3.7 million (Q4: NOK 3.5 million) and NOK 1.8 million (Q4: NOK 0.5 million), respectively, with the other Group entities contributing a combined EBITDA of NOK -16.9 million (Q4: NOK -7.9 million). For IWS Services' project-driven business model, the margins are expected to fluctuate quarterly due to the various project mix and progress.

The net loss for the first quarter of 2023 was NOK 7.1 million compared with a net loss of NOK 3.9 million in the fourth quarter of 2022. The NOK 3.2 million difference primarily relates to costs incurred in preparation of moving into a new office in Q2 2023, annual remuneration and foreign exchange gains of NOK 4.0 million in Q1 (NOK 1.4 million in the previous quarter).

Liquidity and financial position

Total cash and cash equivalents amounted to NOK 493.6 million at quarter-end, up from NOK 248.0 million at the end of the previous quarter. The net increase is explained primarily by the net proceeds from the private placement in January of NOK 341 million, yard instalments of NOK 115.0 million, operating expenses and exchange rate changes.

The carrying value of vessels under construction of NOK 657.6 million includes yard instalments on all six CSOVs, and accumulated directly attributable project costs and borrowing costs during the construction period. Details on the payment structure of the newbuilding contracts are found in *Note 6 – Commitments and contingencies*.

The intangible assets of NOK 71.5 million include goodwill and other intangible assets recognised as part of the acquisitions of ProCon and Green Ducklings in the third quarter of 2021.

Other non-current assets of NOK 6.7 million relate to borrowing costs, paid on the Green Senior Secured Credit Facility, that will be capitalised as part of vessels under construction over time.

Contract assets and trade receivables of NOK 52.2 million and NOK 51.9 million, respectively, consist mainly of work in progress and trade receivables related to construction contracts in IWS Services, and is primarily the result of higher revenue in quarter and the timing of invoicing.

Book equity on 31 March 2023 was NOK 1 404.8 million and total assets were NOK 1 492.2 million, giving an equity ratio of 94% at quarter-end. The increase in equity is, in addition to the private placement and the loss for the period, a result of translation of foreign operations and cash flow hedge accounting.

OUTLOOK

The outlook for the offshore wind industry remains highly positive. The IWS group of companies is well positioned to take part in this growth within its relevant segments providing CSOVs (IWS Fleet), electrical works and above-waterline services (ProCon), offshore wind market intelligence and supply-chain consultancy (Green Ducklings), and the consultancy & advisory and operations & asset management services of wind farms provided by the PEAK Wind Group.

Our first vessel, IWS Skywalker, is expected to commence its first out of three Dogger Bank Wind Farm (UK) contracts in Q4 2023. The second vessel, IWS Windwalker, is scheduled to be ready for commercial operations in Q1 2024. IWS Seawalker and IWS Starwalker will follow in Q2 2024 and Q3 2024, respectively, and IWS Moonwalker and IWS Sunwalker are scheduled to be ready for operations mid-2025.

ProCon mainly works on long-lead contracts, secured 3-12 months in advance. Offshore wind developers have a somewhat lower activity level of foundation and transition piece ("TP") installation and construction in 2023 before the activity is back on a solid growth track from 2024 onwards, backed by already announced projects. ProCon is well positioned for the increasing offshore wind activity ahead, though it is not immune from the somewhat slower foundation installation and TP production market in 2023.

We expect PEAK Wind Group to continue its strong growth and expand its geographical scope and offerings. PEAK Wind has doubled in size (revenues and staff) over the last 18 months and foresees strong growth ahead. To secure and expand its position, PEAK Wind expects to allocate additional resources to strategic initiatives and strengthen the operational platform with system investments and more administrative team members. These initiatives will temporarily reduce the operating margin by a few percentage points in 2023 vs. 2022. However, the top line is expected to grow by about 30%, which is expected to secure another record year for PEAK Wind.

IWS Fleet will, during Q2 and Q3 prepare for its vessel operations, starting with IWS Skywalker in Q4 2023. All specialist positions related to ship operations and technical management will be filled. Hence, the cost base will gradually start to increase from Q2, which is according to budgets.

IWS will move into a new office and separate from management- and technical agreements between IWS and Awilhelmsen subsidiaries during Q2 2023. Our office rental costs, IT / ERP investments and opex, in general, will therefore be somewhat higher in 2023 versus 2022. Management continues to focus on building a strong platform to secure the long-term success of the Group.

STATEMENT OF RESPONSIBILITY

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first quarter of 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of Integrated Wind

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

Oslo, 24 May 2023

Sigurd E. Thorvildsen
Chair of the Board

Cathrine Haavind
Board member

Synne Syrrist
Board member

Jens-Julius Ramdahl Nygaard
Board member

Daniel Gold
Board member

Lars-Henrik Røren
CEO

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(interim financial information is unaudited)

<i>In NOK thousands</i>	Note	Q4 2022	Q1 2023	Q1 2022	2022
Operating revenue	2	52 726	61 990	49 591	215 566
Share of net profit of associates		500	1 840	1 278	3 685
Total revenue		53 226	63 830	50 869	219 251
Operating expenses	2	-57 122	-75 238	-57 879	-237 855
Earnings before interest, taxes and dep. (EBITDA)		-3 896	-11 408	-7 009	-18 604
Depreciation and amortisation	3	-1 646	-1 067	-1 690	-6 000
Earnings before interest and taxes (EBIT)		-5 542	-12 475	-8 699	-24 604
Finance income		924	2 267	289	1 599
Finance expenses		-701	-527	-758	-3 588
Net foreign currency exchange gains		1 449	4 032	81	2 648
Net finance income		1 672	5 772	-388	659
Loss before taxes		-3 870	-6 703	-9 087	-23 945
Income tax expense	4	-65	-428	127	-774
Loss for the period		-3 935	-7 131	-8 959	-24 719
Attributable to non-controlling interests		768	754	448	1 943
Attributable to shareholders of the parent		-4 703	-7 885	-9 407	-26 662
Weighted average number of shares		28 538 198	35 491 060	18 480 733	25 988 013
Basic and diluted earnings per share in NOK		-0.16	-0.22	-0.51	-1.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(interim financial information is unaudited)

<i>In NOK thousands</i>	Note	Q4 2022	Q1 2023	Q1 2022	2022
Loss for the period		-3 935	-7 131	-8 959	-24 719
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
<i>Cash flow hedge, net of tax effect</i>	6	2 587	17 544	920	22 252
<i>Translation of foreign operations</i>		-1 954	24 969	-11 725	9 205
Total comprehensive income		-3 302	35 382	-19 764	6 738
Attributable to non-controlling interests		1 665	3 583	-500	3 312
Attributable to shareholders of the parent		-4 967	31 799	-19 264	3 426

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (interim financial information is unaudited)

<i>In NOK thousands</i>	Note	31.03.2023	31.12.2022	31.03.2022
ASSETS				
Non-current assets				
Vessels under construction	3	657 597	532 776	330 179
Other fixed assets	3	4 192	2 681	1 331
Intangible assets	3	71 479	66 611	65 065
Investments accounted for using the equity method		146 989	134 090	123 877
Deferred tax assets	4	1 963	1 691	4 133
Other non-current assets		6 705	7 182	-
Total non-current assets		888 925	745 031	524 584
Current assets				
Contract assets		52 195	30 531	36 212
Trade receivables		51 894	78 888	40 908
Other current assets		5 641	6 134	4 376
Cash and cash equivalents	5	493 565	248 007	414 556
Total current assets		603 295	363 560	496 052
Total assets		1 492 220	1 108 591	1 020 637
EQUITY AND LIABILITIES				
Equity				
Share capital	8	78 289	57 076	52 802
Share premium reserve	8	1 288 986	969 244	907 006
Retained earnings/other comprehensive income		3 359	-28 440	-42 682
Non-controlling interests		34 164	30 581	25 709
Total equity		1 404 798	1 028 461	942 835
Non-current liabilities				
Non-current interest-bearing debt		872	468	12 258
Deferred tax liability	4	4 180	3 050	3 531
Other non-current liabilities		4 705	3 943	472
Total non-current liabilities		9 757	7 461	16 260
Current liabilities				
Trade payables		19 989	16 901	27 581
Current interest-bearing debt		22 502	17 042	450
Other current liabilities		35 174	38 726	33 509
Total current liabilities		77 665	72 669	61 541
Total equity and liabilities		1 492 220	1 108 591	1 020 637

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (interim financial information is unaudited)

In NOK thousands

	Note	Q4 2022	Q1 2023	Q1 2022	2022
Cash flow from operating activities					
Loss before tax		-3 870	-6 703	-9 087	-23 945
Depreciation and amortisation	3	1 646	1 067	1 690	6 000
Increase (-)/decrease (+) in prepayments, accruals and contract assets		-35 322	5 823	-9 322	-43 112
Increase (+)/decrease (-) in trade and other payables		108	-214	1 973	1 745
Net profit from associates		-500	-1 840	-1 278	-3 685
Net cash flow from operating activities		-37 938	-1 867	-16 024	-62 997
Cash flow from investing activities					
Purchase of property, plant and equipment	3	-156 910	-121 952	-238 404	-442 120
Dividends received from associate		2 531	-	-	2 531
Net cash flow from investing activities		-154 379	-121 952	-238 404	-439 589
Cash flow from financing activities					
Proceeds from issue of share capital/minority shareholder		-	350 000	281 611	350 002
Equity issue costs		-	-9 046	-6 000	-6 556
Proceeds from (+)/repayment of (-) borrowings and loan fees		-1 731	4 241	5 855	-15 039
Government grants		8 664	-	-	8 664
Payment of lease liabilities		-465	-192	-	-465
Net cash flow from financing activities		6 468	345 003	281 466	336 606
Cash and cash equivalents at beginning of the period		437 868	248 007	388 876	388 876
Net increase/(decrease) in cash and cash equivalents		-185 849	221 184	27 039	-165 980
Exchange rate effects		-4 012	24 374	-1 358	25 111
Cash and cash equivalents at the end of the period	5	248 007	493 565	414 556	248 007

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (interim financial information is unaudited)

In NOK thousands	Attributable to owners of the Company					NCI ²⁾	Total equity
	Share capital	Share premium reserve	Hedging reserve ¹⁾	Other equity	Total		
Equity at 01.01.2022	35 201	647 676	-2 401	-21 017	659 459	26 209	685 668
Profit for the period	-	-	-	-9 407	-9 407	448	-8 959
Other comprehensive income	-	-	2 389	-12 246	-9 857	-948	-10 805
Equity issue per 22.03.2022	17 601	264 010	-	-	281 611	-	281 611
Equity issue costs ³⁾	-	-4 680	-	-	-4 680	-	-4 680
Total equity at 31.03.2022	52 802	907 006	-12	-42 670	917 126	25 709	942 835
Equity at 01.01.2023	57 076	969 244	12 158	-40 598	997 880	30 581	1 028 461
Profit/Loss for the period	-	-	-	-7 885	-7 885	754	-7 131
Other comprehensive income	-	-	17 251	22 433	39 684	2 829	42 513
Equity issue per 31.01.2023	21 213	328 787	-	-	350 000	-	350 000
Equity issue costs ³⁾	-	-9 045	-	-	-9 045	-	-9 045
Total equity at 31.03.2023	78 289	1 288 986	29 409	-26 050	1 370 634	34 164	1 404 798

1) Hedging reserve is related to the Group's foreign currency hedges, presented net of tax of NOK 0.3 million.

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

3) Equity issue costs and other transactions in equity are recorded net of tax to the extent the company will be able to utilise the tax deductions

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Corporate information, basis of preparation and accounting policies

Corporate information

Integrated Wind Solutions ASA (the “Company”) is a public limited liability company incorporated and domiciled in Norway. The Company's registered office is Beddingen 8, 0250 Oslo, Norway.

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

Basis of preparation

The condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Statements are presented in NOK rounded to the nearest thousand, except as otherwise indicated. The condensed consolidated interim financial statements are unaudited.

Accounting policies

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022. The Statements do not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022, which includes a detailed description of the applied accounting policies. No new or revised International Financial Reporting Standards (IFRSs) have had a material impact on the Statements of the Group in the first quarter of 2023.

Note 2 – Operating segments

The Group is organised into business units based on its services and has two reportable segments:

- IWS Fleet, which is the owner-operator of CSOVs currently under construction.
- IWS Services, which provides design, engineering and construction along with operations- and management services to the offshore wind industry.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. It includes inter-segment cost allocations, and excludes inter-segment management fees, guarantee fees and interests.

The following table presents revenue and profit information for the Group's operating segments for the quarters ended 31 March 2023 and 2022, respectively:

	IWS Fleet		IWS Services		Group functions/ eliminations ¹		Consolidated	
<i>In NOK thousands</i>	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
External customer revenue	-	-	61 709	49 591	281	-	61 990	49 591
Share of profit of associate PEAK Wind ²	-	-	-	-	1 840	1 278	1 840	1 278
Operating expenses	-3 040	-1 220	-58 012	-47 095	-14 186	-9 563	-75 238	-57 878
EBITDA	-3 040	-1 220	3 697	2 496	-12 065	-8 285	-11 408	-7 009
Depreciation and amortisation	-	-	-1 067	-1 690	-	-	-1 067	-1 690
EBIT	-3 040	-1 220	2 630	806	-12 065	-8 285	-12 475	-8 699
Net finance income	77	-13	-688	-570	6 383	195	5 772	-388
Profit before tax	-2 963	-1 233	1 942	236	-5 682	-8 090	-6 703	-9 087

The following table presents assets and liabilities information for the Group's operating segments as of 31 March 2023 and 2022, respectively:

<i>In NOK thousands</i>	IWS Fleet	IWS Services	Group functions/ eliminations ¹	Consolidated
Segment assets				
31 March 2023	675 765	238 668	577 787	1 492 220
31 March 2022	334 038	184 411	502 188	1 020 637
Segment liabilities				
31 March 2023	16 138	58 117	13 167	87 422
31 March 2022	5 848	67 701	4 252	77 801

- 1) Group functions/eliminations includes revenue, expenses, assets, and liabilities of the parent company.
- 2) The Group's share of the net profit in PEAK Wind for the first quarter of 2023 is net of NOK 0.9 million amortisation of acquisition-related intangible assets (NOK 0.8 million in Q1 2022).

Note 3 – Tangible and intangible non-current assets

<i>In NOK thousands</i>	Vessels under construction	Leased fixed assets	Other fixed assets	Intangible assets	Total
Acquisition cost at 01.01.2023	532 776	1 521	2 575	73 796	610 668
Acquisitions/instalments in the period	124 821	718	1 020	-	126 559
Foreign exchange translation adjustments	-	151	251	6 050	6 452
Acquisition cost at 31.03.2023	657 597	2 390	3 846	79 846	743 679
Accumulated depreciation at 01.01.2023	-	-193	-1 222	-7 185	-8 600
Depreciation and amortisation	-	-222	-273	-572	-1 067
Foreign exchange translation adjustments	-	-24	-110	-610	-744
Accumulated depreciation at 31.03.2023	-	-439	-1 605	-8 367	-10 411
Net carrying amount at 31.03.2023	657 597	1 951	2 241	71 479	733 268

The carrying value of vessels under construction includes yard instalments, other directly attributable project costs, guarantee fees and capitalised borrowing costs. Borrowing costs of NOK 1.8 million relating to the Green Senior Secured Credit Facility have been capitalised in the first quarter of 2023 (nil in Q1 2022).

Depreciation commences when the vessels are available for their intended use. Depreciation will be calculated on a straight-line basis over the useful life of the assets. Expected

useful lives for vessels and dry-docking will be 30 years and 5 years, respectively.

The group leases offices and vehicles. Rental contracts are for periods up to four years. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and/or leases of low-value items.

Intangible assets include goodwill and other intangible assets recognised as part of the acquisitions of ProCon and Green Ducklings.

Note 4 – Corporation taxes

<i>In NOK thousands</i>	Q1 2023	Q1 2022
Current income tax	-	-29
Changes in deferred tax	-428	-98
Total income tax expense	-428	-127

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

according to the ordinary taxation rules applicable in the resident country of each respective company.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Note 5 – Cash and cash equivalents

<i>In NOK thousands</i>	31.03.2023	31.12.2022	31.03.2022
Bank deposits denominated in NOK	56 659	22 772	138 878
Bank deposits denominated in NOK, restricted	3 150	1 293	766
Bank deposits denominated in DKK	34 829	31 036	27 848
Bank deposits denominated in EUR	387 767	188 795	245 293
Bank deposits denominated in other currencies	11 160	4 111	1 771
Total cash and cash equivalents	493 565	248 007	414 556

Note 6 – Commitments and contingencies

Shipbuilding contracts

Remaining instalments to the yard CMI for vessels under construction amounts to EUR 229.3 million, of which EUR 50.4 million is due in 2023, EUR 109.6 million in 2024 and EUR 69.3 million in 2025.

Financing

IWS signed a EUR 56.25 million Green Senior Secured Credit Facility with SEB, SR-Bank, and Eksfin in the second quarter of 2022. The proceeds of the facility will be used for long-term post-delivery financing of the Group's first two CSOVs.

Foreign currency hedging contracts

IWS, including subsidiaries, has and will enter into foreign currency hedging contracts for certain long-term construction contracts. The change in the market value of these hedging contracts is reported net of tax effect under *Other comprehensive income*.

Note 7 – Related party transactions

Technical services

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

The Company also provides management services to ATS, reported as external revenue within Group functions/eliminations in *Note 2 – Operating segments*.

Management services

Awilhelmsen Management AS ("AWM") provides IWS with administrative and general services including accounting,

payroll, legal, secretary, 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. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS. The management agreement has been terminated with effect from June 2023, at which point the relevant services will be managed by the Group.

Office rental

IWS subleases office space from AWM on market terms up until 31 May 2023 when IWS will move to new premises unrelated to AWM.

Note 8 – Share capital and shareholder information

Paid in capital

<i>In NOK thousands, unless stated otherwise</i>	Number of shares	Par value per share	Share capital	Paid-in premium	Total paid-in capital
Share capital at 01.01.2023	28 538 198	NOK 2.00	57 076	969 244	1 026 320
Share capital increase 31 January 2023	10 606 060	NOK 2.00	21 213	328 787	350 000
Equity issue costs				-9 045	-9 045
Share capital at 31.03.2023	39 144 258	NOK 2.00	78 289	1 288 986	1 367 275

All issued shares have a par value of NOK 2.00 and are of equal rights. Integrated Wind Solutions ASA is incorporated in Norway and the share capital is denominated in NOK.

new shares at a subscription price of NOK 33 per share.

Following the registration and issuance of the shares, the share capital of the Company is NOK 78,288,516 divided into 39,144,258 shares, each with a nominal value of NOK 2.00.

Share capital increase

In January, the Company successfully raised gross proceeds of NOK 350 million in a private placement by issuing 10,606,060

10 largest shareholders as of 15th May 2023

Shareholder	Number of shares	Ownership (in %)
Awilco AS	15 430 999	39.4
Skandinaviska Enskilda Banken AB	3 021 465	7.7
State Street Bank and Trust Company	2 780 021	7.1
Sundt AS	1 853 106	4.7
Danske Invest Norge Vekst	1 824 358	4.7
Verdipapirfondet Nordea Norge Verdi	1 451 843	3.7
J.P. Morgan SE	1 430 452	3.7
Clearstream Banking S.A.	1 162 134	3.0
Toluma Norden AS	763 068	1.9
Ludvig Lorentzen AS	736 151	1.9
Subtotal	30 453 597	77.8
Other shareholders	8 690 661	22.2
Total	39 144 258	100.0

APPENDIX A – ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs), i.e. financial performance measures not within the applicable financial reporting framework, are used by the Group to provide supplemental information to the stakeholders. Financial APMs are intended to enhance the 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 that are defined, calculated, and used consistently over time. Operational measures such as, but not limited to, volumes and utilisation are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

The Group's financial APMs are:

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

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

