

Financial Report

Q2 2023

Integrated
Wind
Solutions





INTERIM FINANCIAL REPORT

Q2 2023¹

RECENT HIGHLIGHTS

- Total revenue of NOK 60.3m for Q2 2023, an increase of 7% from Q2 2022.
- IWS Services revenue of NOK 61.3m in Q2 2023, an increase of 13% from Q2 2022, with increased order backlog.
- PEAK Wind continues to grow according to expectations and revenue for Q2 increased by 19% compared with Q2 2022 (+31% year to date). The Group's share of the net profit in PEAK Wind in Q2 2023 was NOK -0.2m, before NOK -1.0m amortisation of acquisition-related intangible assets (NOK 2.7m profit before NOK -0.9m amortisation of intangibles in Q1). The share of net profit for the quarter includes accounting adjustments².
- Total EBITDA of NOK -11.6m for Q2 2023 compared with NOK -11.4m in Q1 2023 and NOK -3.5m in Q2 2022, reflecting the higher activity level of an organisation with six vessels on order that is ramping up for the delivery of the CSOVs and start-up of vessel operations. Furthermore, the Company has moved into new offices in the quarter and taken all commercial and technical management activities in-house.
- The Group signed the EUR 118.65 million 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 Skywalker, IWS Windwalker, IWS Seawalker and IWS Starwalker as an amendment to the pre-existing EUR 56.25 million facility.
- IWS has signed a strategic partnership agreement with Pan Ocean to market our fleet for commissioning and maintenance work in the growing South Korean offshore wind market.
- Continued strong market for CSOVs with increased charter rates and persistently high newbuilding prices, which is advantageous for owners with vessel availability.

Lars-Henrik Røren, CEO, commented: "We are moving forward to deliver on the commitments made during the company's IPO more than two years back. We are excited to take delivery of our first vessel, IWS Skywalker, during Q4, which marks the first of many important deliveries over the coming years. The offshore wind industry is still in its early days, and we look forward to continue the IWS journey and contributing to a more sustainable future – bring it on!"

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

² Adjustments of NOK 1.7m in respect of prior periods, primarily accounting for share-based incentives and losses in an associated company of PEAK Wind to build a larger organisation.

OPERATIONS

Group structure

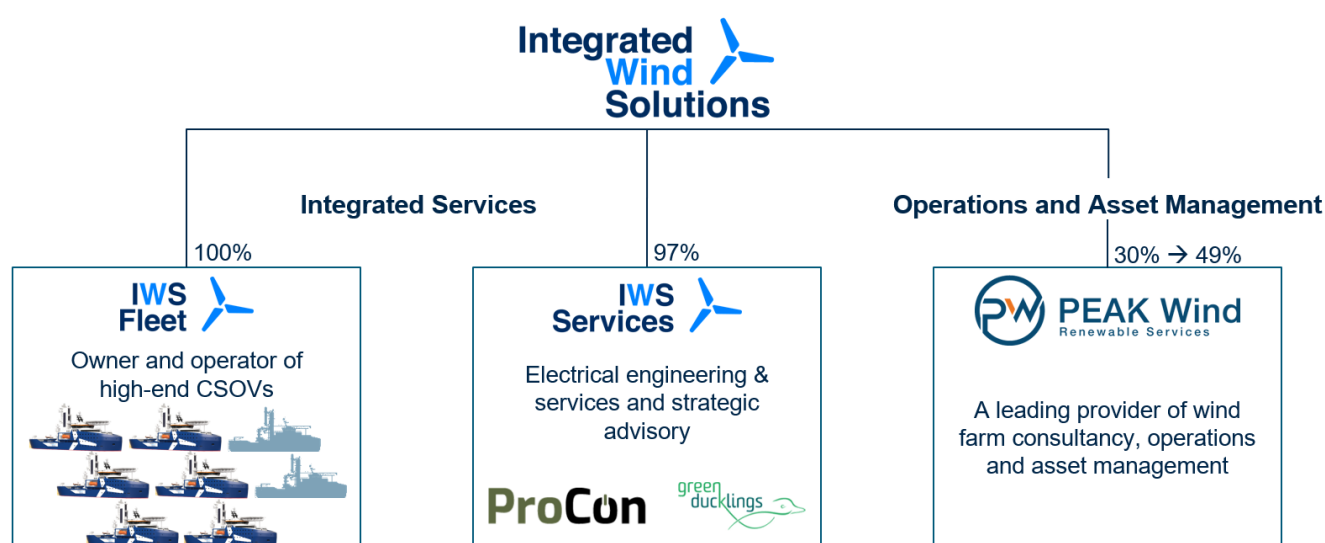
The activities of the Group are organised into IWS Fleet AS (“IWS Fleet”), IWS Services A/S (“IWS Services”), and the associated company PEAK Wind A/S (“PEAK Wind”).

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 Services³, the two Danish offshore wind service/consulting companies ProCon Group ApS⁴ (“ProCon”) and Green Ducklings A/S⁵ (“Green Ducklings”) form the base of the supply chain service offerings.

The 30%⁶ 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.



IWS Fleet | Pictures of IWS Skywalker from the CMI yard, August 2023



The beauty in the dry dock for final touch-ups



In commissioning and preparing for upcoming sea trials

³ 97% owned by Integrated Wind Solutions ASA

⁴ 75% owned by IWS Services A/S (100 % of the voting shares)

⁵ 100% of the voting shares

⁶ 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 GW⁷ 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.

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.

While offshore wind developers have recently been impacted by cost pressure from inflation and the rising cost of finance, resulting in some project delays and cancellations, it has not affected the outlook significantly.

We are, on the contrary, seeing increased final investment decisions ("FID") and permitting activity in 2023. After a record low in 2022, FID activity has picked up significantly with over 3 GW of European (UK and FR) projects reaching FID and also high activity in permitting with several permits being issued for projects across Sweden, UK, France, and Denmark.

The recent German auction, the biggest in Germany to date, saw 7 GW of new capacity awarded in an auction to large oil majors.

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 have increased 5% on average compared with Q1 2023 and 30% higher on average than Q2 2022 rates. Availability of high-end Tier 1 CSOV's in the short term is limited.

The offshore wind industry has seen high activity levels in terms of construction activity in Q2 2023 in all key markets with corresponding high vessel fixing activity. Charterers have, according to Clarksons, started to look for 2024 tonnage somewhat earlier than in previous years in response.

The overall macro environment is still positive, driven by a combination of high growth in offshore wind farm activity and a strong 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. However, the vessel market is not immune to delays and cancellations by offshore wind developers due to cost pressure and the rising cost of finance, which could slow the vessel demand growth rate over the medium term whilst the short-term market, where FID has already been reached, remains more certain.

The global fleet of CSOVs and SOVs counted 40 vessels in operations of which 29 are considered "Tier 1". The total orderbook consists of 43 vessels, of which six have been ordered by IWS.

We continue to see an attractive market for CSOVs due to continued growth in offshore wind farm development coupled with a stronger demand from the oil and gas market that continues to require walk-to-work vessels.

⁷ 4C Offshore, adaptations by Green Ducklings

MAIN EVENTS DURING Q2 AND POST-QUARTER EVENTS

Newbuildings

The Group has ordered a fleet of six identical Skywalker class vessels. The firm average yard price for the six vessels is about EUR 48 million 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 Group also has options for two additional vessels.

The yard is progressing well on the CSOVs under construction, and progress is in accordance with the delivery schedule presented in January.

The first vessel, IWS Skywalker, is scheduled to commence its first charter contract in Q4 2023.

The second vessel, IWS Windwalker, was launched in May and will be delivered in Q1 2024. The motion-compensated gangway and crane system for IWS Windwalker has successfully completed the factory acceptance test ("FAT") and is being shipped to the yard for installation.

The keel laying of IWS Seawalker and IWS Starwalker was completed on 18 April 2023 and construction is progressing according to plan.

The steel cut of IWS Moonwalker and IWS Sunwalker is scheduled for Q4 2023 and Q1 2024, respectively.

The global shipyards are not immune to the global supply-chain pressure, and there are general risks related to commissioning, and the timing of delivery of key components for vessels 3-6.

Financing

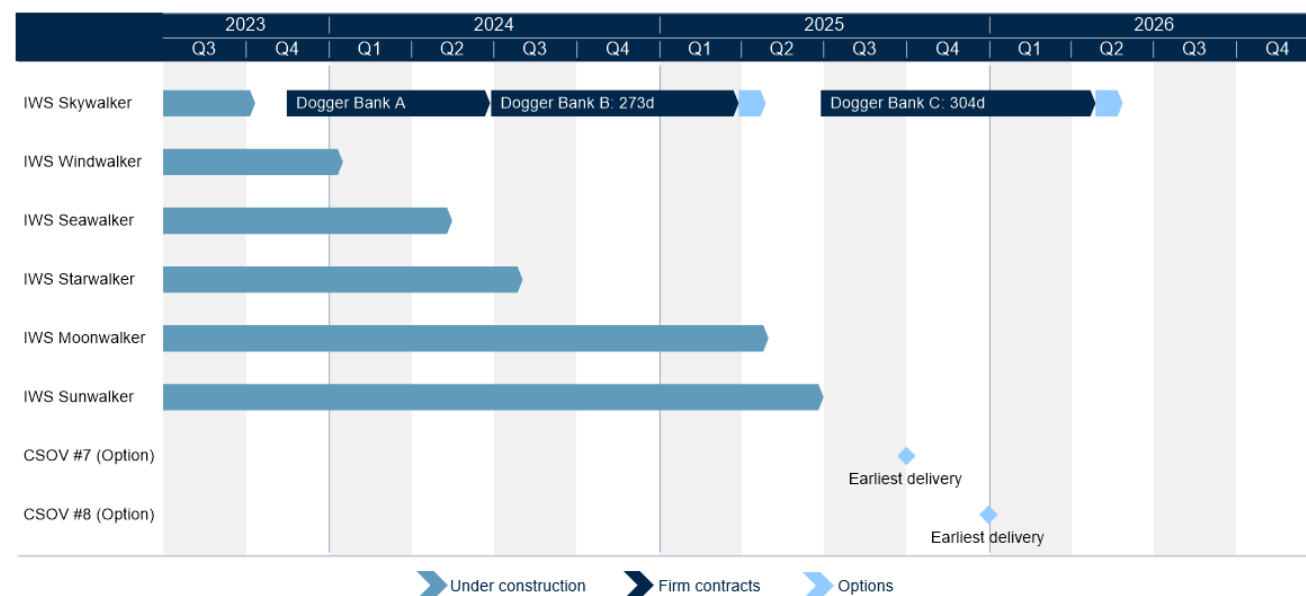
In June, the Group signed the EUR 118.65 million Green Senior Secured Credit Facility with Skandinaviska Enskilda Banken AB ("SEB"), SpareBank 1 SR-Bank ASA ("SR-Bank") and Export Finance Norway ("Eksfin") as an amendment to the pre-existing EUR 56.25 million facility.

The proceeds from the facility will be used for long-term post-delivery financing of the first four newbuildings under construction with delivery in 2023 and 2024.

Employment

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

Fleet and contract overview



FINANCIAL REVIEW

Income statement

Total revenue for the second quarter of 2023 was NOK 60.3 million (Q1: NOK 63.8 million), of which IWS Services contributed NOK 61.3 million and the group's share of net profit in PEAK Wind was NOK -1.2 million.

The Group's share of the net profit in PEAK Wind in the second quarter of 2023 was NOK -0.2 million before NOK -1.0 million amortisation of acquisition-related intangible assets (NOK 2.7 million before NOK -0.9 million amortisation in Q1) and includes accounting adjustments of NOK 1.7 million in respect of prior periods, primarily the accounting for share-based incentives and losses in an associated company of PEAK Wind to build a larger organisation.

Operating expenses for the second quarter of 2023 were NOK 71.9 million compared with NOK 75.2 million in the previous quarter. The decrease is primarily a result of seasonally higher personnel expenses in the previous quarter.

Group EBITDA was NOK -11.6 million for the second quarter of 2023 compared with NOK -11.4 million in the previous quarter. IWS Services and PEAK Wind contributed NOK -1.2 million (Q1: NOK 3.7 million) and NOK -1.2 million (Q1: NOK 1.8 million), respectively, with the other Group entities contributing a combined EBITDA of NOK -9.2 million (Q1: NOK -16.9 million). For IWS Services' project-driven business model, the margins are expected to fluctuate quarterly due to the various project mix and progress. Furthermore, Q2 experienced costs related to moving office for ProCon and ramp-up in staffing ahead of projects commencing in Q3.

The net loss for the second quarter of 2023 was NOK 8.1 million compared with a net loss of NOK 7.1 million in the first quarter. The NOK 1.0 million difference primarily relates to annual remuneration in Q1 and lower contributions from IWS Services and PEAK Wind in Q2.

Liquidity and financial position

Total cash and cash equivalents amounted to NOK 408.7 million at quarter-end, down from NOK 493.6 million at the end of the previous quarter. The net decrease is explained primarily by a

yard instalment of NOK 54.7 million paid after the launch of IWS Windwalker, a reduction in the overdraft balance in IWS Services, operating expenses, and exchange rate effects.

The carrying value of vessels under construction of NOK 713.9 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 7 – Commitments and contingencies*.

Other fixed assets of NOK 21.4 million include office and vehicle leases, and have increased due to the Group moving into new offices in Oslo and Aalborg in the second quarter.

The intangible assets of NOK 73.0 million include goodwill and other acquisition-related intangible assets.

Other non-current assets of NOK 6.5 million relate to borrowing costs, paid on the Green Senior Secured Credit Facility, that are amortised and capitalised as borrowing costs during the period of construction of the vessels. Additional fees became payable after the end of the quarter following the signing of the amended facility at the end of Q2.

Trade receivables and contract assets of NOK 75.3 million and NOK 29.4 million, respectively, consist mainly of trade receivables and work in progress related to construction contracts in IWS Services, and the movement in the quarter is primarily the result of the timing of invoicing.

Interest-bearing debt includes lease liabilities of NOK 18.4 million for offices, vehicles and office equipment and an overdraft facility of NOK 7.9 million.

Other non-current liabilities of NOK 7.7m relate to the fair value of synthetic share options granted under the Group's long-term incentive plan and pensions.

Book equity on 30 June 2023 was NOK 1 406.0 million and total assets were NOK 1 489.8 million, giving an equity ratio of 94% at quarter-end. The increase in equity is, despite the loss for the period and a deduction from equity of NOK 10.3 million transfer from cash flow hedge reserve to vessels under construction, the result of translation of foreign operations and cash flow hedge accounting.

OUTLOOK

The outlook for the offshore wind industry remains 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 delivered in Q1 2024. IWS Seawalker and IWS Starwalker will follow in Q2 and Q3 2024, respectively, and IWS Moonwalker and IWS Sunwalker are scheduled to be ready for operations in 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 has strengthened its order backlog going into the second half of the year and is well positioned for the increasing offshore wind activity from 2024.

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 continued strong growth. 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 as visible from our share of profit for Q2 before accounting adjustments. However, PEAK Wind is expected to secure another record year with about 30% top-line growth.

IWS Fleet will, during Q3 continue to ramp up 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 increase in accordance with budgets.

IWS has moved into a new office and separated from management- and technical agreements between IWS and Awilhelmsen subsidiaries. Office rental costs, IT / ERP investments and operating expenses, 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 second 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, 23 August 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	Q1 2023	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
Operating revenue	2	61 990	61 454	54 861	123 444	104 452	215 566
Share of net profit of associates		1 840	-1 191	1 302	649	2 580	3 685
Total revenue		63 830	60 263	56 163	124 093	107 032	219 251
Operating expenses	2	-75 238	-71 904	-59 625	-147 142	-117 503	-237 855
Earnings before interest, taxes and dep. (EBITDA)		-11 408	-11 641	-3 462	-23 049	-10 471	-18 604
Depreciation and amortisation	3	-1 067	-1 464	-1 330	-2 531	-3 020	-6 000
Earnings before interest and taxes (EBIT)		-12 475	-13 105	-4 792	-25 580	-13 491	-24 604
Finance income		2 267	4 475	143	6 742	432	1 599
Finance expenses		-527	-655	-1 196	-1 182	-1 954	-3 588
Net foreign currency exchange gains		4 032	1 420	1 533	5 452	1 614	2 648
Net finance income		5 772	5 240	480	11 012	92	659
Loss before taxes		-6 703	-7 865	-4 312	-14 568	-13 399	-23 945
Income tax expense	4	-428	-284	-193	-712	-65	-774
Loss for the period		-7 131	-8 149	-4 505	-15 280	-13 464	-24 719
Attributable to non-controlling interests		754	180	500	934	948	1 943
Attributable to shareholders of the parent		-7 885	-8 329	-5 005	-16 214	-14 412	-26 662
Weighted average number of shares		35 491 060	39 144 258	28 397 287	37 327 750	23 466 404	25 988 013
Basic and diluted earnings per share in NOK		-0.22	-0.21	-0.18	-0.43	-0.61	-1.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(interim financial information is unaudited)

<i>In NOK thousands</i>	Note	Q1 2023	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
Loss for the period		-7 131	-8 149	-4 505	-15 280	-13 464	-24 719
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
<i>Cash flow hedge, net of tax effect</i>	7	17 544	10 678	11 884	28 222	12 804	22 252
<i>Translation of foreign operations</i>		24 969	8 933	15 815	33 902	4 090	9 205
Total comprehensive income		35 382	11 462	23 194	46 844	3 430	6 738
Attributable to non-controlling interests		3 583	1 351	1 090	4 934	590	3 312
Attributable to shareholders of the parent		31 799	10 111	22 104	41 910	2 840	3 426

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

<i>In NOK thousands</i>	Note	30.06.2023	31.03.2023	31.12.2022	30.06.2022
ASSETS					
Non-current assets					
Vessels under construction	3	713 866	657 597	532 776	376 227
Other fixed assets	3	21 392	4 192	2 681	1 591
Intangible assets	3	73 002	71 479	66 611	67 846
Investments accounted for using the equity method		149 819	146 989	134 090	133 321
Deferred tax assets	4	2 503	1 963	1 691	5 573
Other non-current assets		6 503	6 705	7 182	6 973
Total non-current assets		967 085	888 925	745 031	591 531
Current assets					
Contract assets		29 396	52 195	30 531	17 943
Trade receivables		75 287	51 894	78 888	61 524
Other current assets		9 362	5 641	6 134	2 137
Cash and cash equivalents	5	408 678	493 565	248 007	443 309
Total current assets		522 723	603 295	363 560	524 913
Total assets		1 489 808	1 492 220	1 108 591	1 116 444
EQUITY AND LIABILITIES					
Equity					
Share capital	9	78 289	78 289	57 076	57 076
Share premium reserve	9	1 288 976	1 288 986	969 244	970 687
Retained earnings/other comprehensive income		3 196	3 359	-28 440	-20 578
Non-controlling interests		35 515	34 164	30 581	26 799
Total equity		1 405 976	1 404 798	1 028 461	1 033 984
Non-current liabilities					
Non-current interest-bearing debt	6	13 634	872	468	11 645
Deferred tax liability	4	5 307	4 180	3 050	8 411
Other non-current liabilities		7 716	4 705	3 943	930
Total non-current liabilities		26 657	9 757	7 461	20 986
Current liabilities					
Trade payables		15 423	19 989	16 901	27 099
Current interest-bearing debt	6	12 701	22 502	17 042	6 305
Other current liabilities		29 051	35 174	38 726	28 070
Total current liabilities		57 175	77 665	72 669	61 474
Total equity and liabilities		1 489 808	1 492 220	1 108 591	1 116 444

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

<i>In NOK thousands</i>	Note	Q1 2023	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
Cash flow from operating activities							
Loss before tax		-6 703	-7 865	-4 312	-14 568	-13 399	-23 945
Depreciation and amortisation	3	1 067	1 464	1 330	2 531	3 020	6 000
Gain on disposal of property, plant and equipment	3	-	-359	-	-359	-	-
Increase (-)/decrease (+) in trade and other receivables		5 823	-4 315	70	1 508	-9 252	-43 112
Increase (+)/decrease (-) in trade and other payables		-214	-10 382	1 038	-10 596	3 011	1 745
Net profit from associates		-1 840	1 191	-1 302	-649	-2 580	-3 685
Net cash flow from operating activities		-1 867	-20 266	-3 176	-22 133	-19 200	-62 997
Cash flow from investing activities							
Purchase of property, plant and equipment	3	-121 952	-67 485	-42 300	-189 437	-280 704	-442 120
Proceeds from sale of property, plant and equipment	3	-	620	-	620	-	-
Dividends received from associate		-	-	-	-	-	2 531
Net cash flow from investing activities		-121 952	-66 865	-42 300	-188 817	-280 704	-439 589
Cash flow from financing activities							
Proceeds from issue of share capital/minority shareholder		350 000	-	68 389	350 000	350 000	350 002
Equity issue costs		-9 046	-10	-556	-9 056	-6 556	-6 556
Proceeds from (+)/repayment of (-) borrowings and loan fees		4 241	-16 371	-16 527	-12 130	-10 672	-15 039
Government grants		-	-	-	-	-	8 664
Payment of lease liabilities		-192	-747	-	-939	-	-465
Net cash flow from financing activities		345 003	-17 128	51 306	327 875	332 772	336 606
Cash and cash equivalents at the beginning of the period		248 007	493 565	414 556	248 007	388 876	388 876
Net increase/(decrease) in cash and cash equivalents		221 184	-104 259	5 830	116 925	32 868	-165 980
Exchange rate effects		24 374	19 372	22 923	43 746	21 565	25 111
Cash and cash equivalents at the end of the period	5	493 565	408 678	443 309	408 678	443 309	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 ⁹	Total equity
	Share capital	Share premium reserve	Hedging reserve ⁸	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	-	-	-	-14 412	-14 412	948	-13 464
Other comprehensive income	-	-	14 081	3 171	17 252	-358	16 894
Equity issue per 22.03.2022	17 601	264 010	-	-	281 611	-	281 611
Equity issue per 12.04.2022	4 274	64 115	-	-	68 389	-	68 389
Equity issue costs ¹⁰	-	-5 114	-	-	-5 114	-	-5 114
Total equity at 30.06.2022	57 076	970 687	11 680	-32 258	1 007 185	26 799	1 033 984
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	-	-	-	-16 214	-16 214	934	-15 280
Other comprehensive income	-	-	28 053	30 070	58 123	4 000	62 123
Equity issue per 31.01.2023	21 213	328 787	-	-	350 000	-	350 000
Equity issue costs ¹⁰	-	-9 055	-	-	-9 055	-	-9 055
Transfer to vessels under construction ⁸	-	-	-10 273	-	-10 273	-	-10 273
Total equity at 30.06.2023	78 289	1 288 976	29 938	-26 742	1 370 461	35 515	1 405 976

⁸ Hedging reserve is related to the Group's foreign currency hedges, presented net of tax of NOK 0.6 million. A hedging gain of NOK 10.3 million relating to hedge accounting applied to EUR payments for vessels under construction has been transferred to vessels under construction as a basis adjustment upon payment of the hedged yard instalment

⁹ Non-controlling interests are related to ProCon (25%) and IWS Services A/S (3%)

¹⁰ 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 Støperigata 2, 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 second 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 Q2 2023 and Q2 2022, respectively:

	IWS Fleet		IWS Services		Group functions/ eliminations ¹¹		Consolidated	
<i>In NOK thousands</i>	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022
External customer revenue	-	-	61 283	54 399	171	462	61 454	54 861
Share of profit of associate PEAK Wind ¹²	-	-	-	-	-1 191	1 302	-1 191	1 302
Operating expenses	-1 960	-974	-62 511	-51 812	-7 433	-6 839	-71 904	-59 625
EBITDA	-1 960	-974	-1 228	2 587	-8 453	-5 075	-11 641	-3 462
Depreciation and amortisation	-	-	-1 234	-1 330	-230	-	-1 464	-1 330
EBIT	-1 960	-974	-2 462	1 257	-8 683	-5 075	-13 105	-4 792
Net finance income	-5	49	1 212	-1 001	4 033	1 432	5 240	480
Profit before tax	-1 965	-925	-1 250	256	-4 650	-3 643	-7 865	-4 312

The following table presents assets and liabilities information for the Group's operating segments as of 30 June 2023 and 2022, respectively:

<i>In NOK thousands</i>	IWS Fleet	IWS Services	Group functions/ eliminations ¹¹	Consolidated
Segment assets				
30 June 2023	748 268	234 627	506 913	1 489 808
30 June 2022	389 696	189 855	536 893	1 116 444
Segment liabilities				
30 June 2023	10 479	49 293	24 060	83 832
30 June 2022	3 409	69 164	9 887	82 460

¹¹ Group functions/eliminations include revenue, expenses, assets, and liabilities of the parent company.

¹² The Group's share of the net profit in PEAK Wind for the second quarter of 2023 is net of NOK 1.0 million amortisation of acquisition-related intangible assets (NOK 0.9 million in Q2 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	181 090	18 023	2 181	-	201 294
Disposals in the period	-	-	-511	-	-511
Foreign exchange translation adjustments	-	189	298	8 237	8 724
Acquisition cost at 30.06.2023	713 866	19 733	4 543	82 033	820 175
Accumulated depreciation at 01.01.2023	-	-193	-1 222	-7 185	-8 600
Depreciation and amortisation	-	-920	-606	-1 005	-2 531
Disposals in the period	-	-	250	-	250
Foreign exchange translation adjustments	-	-41	-152	-841	-1 034
Accumulated depreciation at 30.06.2023	-	-1 154	-1 730	-9 031	-11 915
Net carrying amount at 30.06.2023	713 866	18 579	2 813	73 002	808 260

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 4.0 million relating to the Green Senior Secured Credit Facility have been capitalised in the first half of 2023 (NOK 1.7 million in the first half of 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 five 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.

The Group has recognised a gain on disposal of NOK 0.4 million in the second quarter, which is included within operating revenue in the income statement.

Note 4 – Corporation taxes

<i>In NOK thousands</i>	Q2 2023	Q2 2022
Current income tax	-	-
Changes in deferred tax	-284	-193
Total income tax expense	-284	-193

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.

A 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>	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Bank deposits denominated in NOK	32 458	56 659	22 772	44 123
Bank deposits denominated in NOK, restricted	771	3 150	1 293	2 249
Bank deposits denominated in DKK	31 517	34 829	31 036	19 797
Bank deposits denominated in EUR	339 622	387 767	188 795	373 752
Bank deposits denominated in other currencies	4 310	11 160	4 111	3 388
Total cash and cash equivalents	408 678	493 565	248 007	443 309

Note 6 – Interest-bearing debt

<i>In NOK thousands</i>	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Borrowings	-	-	-	11 645
Lease liabilities	13 634	872	468	-
Non-current interest-bearing debt	13 634	872	468	11 645
Borrowings	-	-	-	5 974
Lease liabilities	4 817	842	598	-
Bank overdraft	7 884	21 660	16 444	331
Current interest-bearing debt	12 701	22 502	17 042	6 305
Total interest-bearing debt	26 335	23 374	17 510	17 950

The Group is continuously exploring alternatives to finance the remaining portion of its newbuilding program in the most cost-efficient way. This includes, but is not limited to, bank financing, lease financing and bond financing. The Group may as part of such exploration initiate formal and/or informal dialogue with potential lenders and/or investors to explore and conclude on the preferable financing structure.

Green Senior Secured Credit Facility

IWS signed a EUR 118.65 million Green Senior Secured Credit Facility with SEB, SR-Bank, and Eksfin in the second quarter of

2023 as an amendment to the pre-existing EUR 56.25 million facility. The proceeds of the facility will be used for long-term post-delivery financing of the Group's first four CSOVs. Final maturity of the EUR 36.1 million commercial tranche with SEB and SR-Bank is in 2028. Final maturity of the EUR 82.6 million Eksfin tranches, for which SEB and SR-Bank have provided bank guarantees of EUR 28.0 million, is in 2035 subject to the refinancing of the commercial tranche and bank guarantees. The Eksfin tranche qualifies for an attractive 12-year fixed interest rate option with the Commercial Interest Reference Rates ("CIRR") prevalent when the contracts and subcontracts for the vessels were signed.

Note 7 – Commitments and contingencies

Shipbuilding contracts

Remaining instalments to the yard CMI for vessels under construction amount to EUR 224.6 million, of which EUR 45.7 million is due in 2023, EUR 109.6 million in 2024 and EUR 69.3 million in 2025.

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 8 – 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*.

The technical services agreements have been terminated with effect from August 8th 2023, at which point technical services will be managed by the Group.

Management services

Awilhelmsen Management AS (“AWM”) has provided IWS with administrative and general services including accounting, payroll, legal, secretary, and IT. IWS has paid AWM a yearly

management fee based on AWM's costs plus a margin of 5%. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS. The management agreement has been terminated with effect from June 2023, from which point the relevant services have been managed by the Group.

Office rental

IWS subleased office space from AWM on market terms up until 31 May 2023 when IWS moved to new premises unrelated to AWM.

Address commission

The Group has agreements to pay an address commission to Awilco AS for services in assisting IWS with the conclusion and execution of the contracts for the first six vessels. The address commission amounts to 1% of the yard price and is payable to Awilco AS on the same payment schedule as payments to the yard. Address commission is capitalised as part of the acquisition costs of the vessels under construction.

Note 9 – 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				-9 055	-9 055
Share capital at 30.06.2023	39 144 258	NOK 2.00	78 289	1 288 976	1 367 265

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.

Share capital increase

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

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.

10 largest shareholders as of 15th August 2023

Shareholder	Number of shares	Ownership (in %)
Awilco AS	15 430 999	39.4
Skandinaviska Enskilda Banken AB	2 936 408	7.5
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
Clearstream Banking S.A.	1 762 134	4.5
Verdipapirfondet Nordea Norge Verdi	1 451 843	3.7
J.P. Morgan SE	1 430 452	3.7
Ludvig Lorentzen AS	736 151	1.9
Must Invest AS	667 798	1.7
Subtotal	30 873 270	78.9
Other shareholders	8 270 988	21.1
Total	39 144 258	100.0

Note 10 – Subsequent events

Pan Ocean

IWS has entered into a strategic partnership with Pan Ocean to market the Group's vessels for commissioning and maintenance work in the growing South Korean offshore wind market. A local partner improves the competitiveness of the Group's vessels in a market where there is a strong focus on local content.

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.

