Annual Report

2023

Integrated Wind Solutions

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Design: Big Fish AS

Photo: Tim Boerner

About IWS

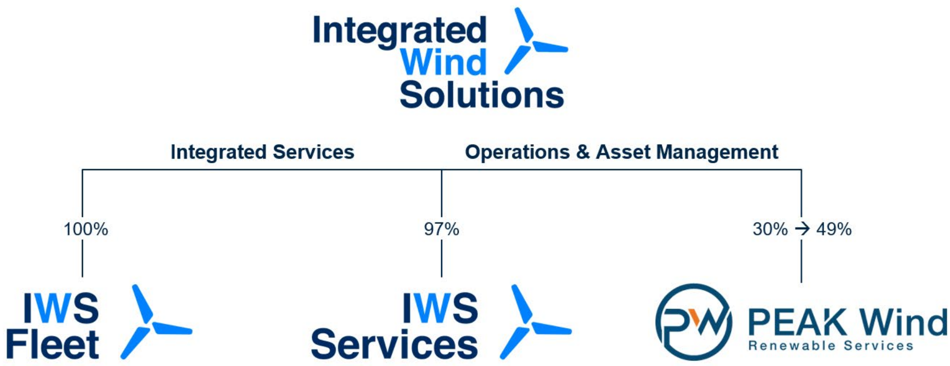
Integrated Wind Solutions ASA (“IWS”) is a leading offshore wind service provider that aims to integrate construction and service operation vessels (CSOVs) with engineering, product and manpower services in a windfarm’s installation, commissioning, and operations phase.

The strategy of IWS is to provide a fleet of state-of-the-art service vessels to the offshore wind-industry, combined with a range of complementary services, to reduce the levelised cost of energy (“LCOE”) for the offshore wind sector.

We 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 listed on 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.



IWS FLEET

Through its wholly owned subsidiary, IWS Fleet AS, the Group has placed orders for a fleet of six CSOVs, the first of which has been delivered, and five of which are still 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 first vessel, IWS Skywalker, commenced operations in late first quarter of 2024. The second, third and fourth vessels, IWS Windwalker, IWS Seawalker and IWS Starwalker, are scheduled for delivery from the yard in late Q1, and two in Q3 2024, respectively. IWS Fleet will take delivery of vessels five and six, IWS Moonwalker and IWS Sunwalker, in Q1 and Q2 2025.

IWS SERVICES

Through its subsidiary, IWS Services A/S (“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 company.

The two main investments in IWS Services are i) the 75% ownership in ProCon Group, a Danish engineering, construction, and service solution provider specialised in electrical and technical solutions for the global renewable industry, with a focus on offshore and onshore wind, and ii) the 100% owned Green Ducklings A/S, a Danish specialised offshore wind advisory firm that provides tailored industry support to authorities, developers and supply chain companies.

PEAK WIND

IWS owns 30% of Peak Wind, the leading independent provider of operations and asset management advisory and services for global offshore wind. IWS has a fixed-price option to increase its ownership to 49% (pre-dilution from share-based option program to key employees) by September 2024. PEAK Wind is headquartered in Aarhus, Denmark and has a global footprint.

Management

Lars-Henrik Røren

Chief Executive Officer

Mr. Røren has been the CEO in Integrated Wind Solutions ASA since March 2021. He 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, latest as Head of Equities in Formue AS, Head of Equity Capital Markets and Head of E&P research in SEB Markets, Investment Director in SEB Wealth Management Norway, and Chair of the Board of Nordic Aquafarms AS. He holds an MSc in Economics 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 been the CFO in Integrated Wind Solutions since February 2022. He has 16 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.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Board of directors

Sigurd E. Thorvildsen

Chair and Non-Executive Director / Remuneration Committee

Mr. Thorvildsen is the CEO of the Awilhelmsen Group. He has more than 30 years of experience from the shipping and offshore industry. He has previously held several senior positions, among them the position as CEO of Awilco AS. Mr. Thorvildsen is the Chair of the Board of Directors of AWC AS (New Industrial Investments), Linstow AS (Real Estate), Awilco AS and Awilco Drilling PLC (shipping and offshore). 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 / Audit Committee

Mr. Nygaard is the CEO of Awilco AS. He has close to 20 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 Bayes Business School. Mr. Nygaard is a Norwegian citizen.

Cathrine Haavind

Non-Executive Director / Remuneration Committee

Mrs. Haavind is Head of Strategic Planning and Corporate Communications in the Awilhelmsen Group. She has more than 15 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 of Awilco Offshore ASA and worked 10 years as a management consultant at 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 / Remuneration Committee

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

Synne Syrrist

Non-Executive Director / Audit Committee

Mrs. Syrrist has experience as an independent consultant for Norwegian companies and as financial analyst for 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, Naxs AB and ABL Group ASA. Mrs. Syrrist holds an MSc from NTNU and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen.

Shareholder Information

20 LARGEST SHAREHOLDERS (AS PER 27.03.2024)

Shareholder	Number of shares	Ownership in %
Awilco AS	15 430 999	39.4
Clearstream Banking S.A	10 552 267	27.0
State Street Bank and Trust Company	2 780 021	7.1
Skandinaviska Enskilda Banken AB	1 871 074	4.8
Danske Invest Norge Vekst	1 774 358	4.5
J.P. Morgan SE	1 333 672	3.4
Verdipapirfondet Nordea Norge Verdi	1 229 064	3.1
Must Invest AS	667 798	1.7
Skeie Kapital AS	535 303	1.4
Verdipapirfondet Nordea Avkastning	456 913	1.2
Wieco AS	350 060	0.9
Verdipapirfondet Nordea Norge Pluss	240 075	0.6
Verdipapirfondet Nordea Kapital	177 130	0.5
Millennium Falcon AS	156 250	0.4
J.P. Morgan SE	150 000	0.4
Emkay Invest AS	135 606	0.3
Bergen Kommunale Pensjonskasse	120 017	0.3
Skyfri Vol2	103 439	0.3
J.P. Morgan SE	101 284	0.3
Xfile AS	100 000	0.3
Sub-total	**38 265 330**	**97.8**
Other shareholders	878 928	2.2
Total	**39 144 258**	**100.0**

Letter from the CEO

Integrated Wind Solutions ASA ("IWS") has developed significantly since the initial public offering in March 2021. Let me briefly summarise what we have achieved over the past three years that has transformed IWS into the company it is today.

- Established our vessel offering company, IWS Fleet, and ordered six interchangeable Skywalker class CSOV (Commissioning Service Operation Vessels) newbuildings at CMIH
- Established our supply-chain services business, IWS Services, with headquarter in Aarhus, Denmark
- Acquired a controlling stake in the electrical and technical solutions company ProCon
- Acquired the strategic consultancy and advisory firm Green Ducklings
- Invested in the leading independent provider of operations and asset management advisory and services for global offshore wind firm PEAK Wind
- Raised gross proceeds of NOK 1.4 billion in equity, divided into three rounds
- Secured green bank loans for our first four vessels under construction, with bank financing for the last two vessels expected to be secured in 2024
- Secured a firm backlog of more than 2,000 charter days for our CSOV newbuildings with Tier 1 clients like Siemens Gamesa, Dogger Bank, Asso.subsea, and TenneT
- Entered into a commercial and strategic joint venture with Havfram for the technical management of the two Wind Turbine Installation Vessels (WTIVs)

TURNING OUR ATTENTION TO VESSEL OPERATIONS

Our first Skywalker class CSOV, the IWS Skywalker, was delivered in late 2023. Until then, the primary focus of IWS Fleet was to ensure good quality and timely progress for our six vessels under construction at the CMIH shipyard in China.

In 2023, the focus gradually shifted towards preparing the IWS Fleet organisation for an imminent operational phase. An excellent job has been done to staff and establish the organisation, both on land and at sea, to be fully prepared to deliver on the important charter contract obligations we have undertaken safely and effectively. By the end of 2023, we were well-placed to handle all aspects of what operating our ships will entail. We will deliver a total of four vessels into operation by the end of 2024, which will be a transformative year for IWS Fleet, with well-established plans and routines already in place.

WE HAVE TIME FOR SAFETY

Whilst 2024 will be a transformative year with the start of vessel operations and delivering our charter obligations, safety is always in focus in all our plans and decisions.

Our ships will have our own employees, the client's employees, and occasionally third parties on board. Each of these individuals trusts IWS to deliver a safe place to work. In full operation, our fleet will annually carry out thousands of walk-to-work transfers between wind turbines and our ships via the gangway system. These operations take place in a range of weather conditions, and our responsibility is to ensure that the activities are performed to the highest safety standards.

In the days before New Year's Eve, we redirected IWS Skywalker to sail south of Africa on its transit to Europe due to the escalated situation in the Red Sea, instead of the shorter route through the Suez Canal as initially planned. In our risk assessment, we never doubted that it was best for the safety of the crew and the other people on board to reroute and accept the extra 2-3 weeks of additional transport time.

We have time for safety, which is embedded throughout our organisation. It's that simple.

GREATER THAN EVER FOCUS ON GREEN ENERGY

When you read the newspapers, watch the news, or scroll through social media, you can quickly get the impression that there are doubts about developing green energy as an industry and investment option. We, and most industrial players, do not share this perception.

On the contrary, the current fundamentals suggest the opposite. Government ambitions have never been higher, and this year will see the highest value and capacity of new awards of offshore wind areas in terms of developers' spending and the number of GWs awarded. The aim is to increase the speed of the green shift, including supporting the development of as much offshore wind as possible at the lowest possible cost per MW installed and as quickly as possible.

That said, even high ambitions and an ample supply of capital do not protect this industry from issues like supply-chain bottlenecks and some delays in regulators issuing project approvals. However, the ruling trend is that green energy is crucial to achieving a green transition. Hence, it's not a question of if, but of how soon.

The rapidly growing need for service vessels and supply-chain products, people, and tech services remains a risk to industry timelines.

"

IWS is prepared to service the future of the green transition by delivering on our part every day!

SUPPLY-CHAIN RECOVERY AND GROWTH

2022 and 2023 were challenging years for offshore wind companies due to rising interest rates and inflationary pressure on key components that ruined project economics. From Q4 2023 onwards, we have, however, seen a clear change in direction. Projects that were earlier put on hold are again live and put into a project timeline with the ambition to reach the final investment decision stage within a reasonable time.

We see the same activity pick-up for our supply-chain service business under the IWS Services umbrella. After delivering an almost flat revenue development for 2023, we expect both companies under IWS Services, ProCon and Green Ducklings, to have significant revenue growth in 2024. We also expect several years of good activity development for IWS Services backed by strong signals in the industry that activity within the development of offshore wind farms is increasing. Offshore wind is now no longer a European industry, but increasingly a global one, which gives us confidence in the strength and duration of the improved industry trend.

PEAK Wind, the consultancy and asset management firm, continues to grow, and 2024 will be the seventh consecutive year with annual revenue growth above 20%. PEAK Wind currently has ten offices in eight countries and is set to open at least one new office in a new country later this year.

We are confident that IWS Services and PEAK Wind will deliver record-high revenues this year.

POSITIONED FOR SUCCESS

IWS is a growth company, and the industry we operate within has plenty of growth segments. We have invested heavily over the past three years and will continue to do so, at least through our current newbuilding program. Whilst capital expenditure continues, the ratio of capex versus operating cash flow will gradually improve over the coming years, and we forecast that 2024 will be the first year of generating a net profit for the IWS Group.

Combining the IWS Fleet CSOV business and our supply-chain services business through IWS Services makes IWS unique. We will continue to build and protect our business going forward, and 2024 will be another step towards our vision to become a leading integrated offshore wind service company. We are well underway to achieve that position in the CSOV space, and through PEAK Wind and ProCon, we have powerful global positions within their respective business areas.

The Green Ducklings team is somewhat more concentrated geographically for now, although we will see them establish a presence outside of Europe in the coming year.

The business environment within the offshore wind industry is favourable. We will strive to deliver on the trust that our clients, banking partners, and investors have given us. IWS is focused on improving our clients' probability of success in the offshore wind industry by providing CSOVs, electrical works, offshore wind and renewables consultancy, advisory, and operations & asset management services.

Our great employees and partners will work hard to deliver on this mindset in 2024, as they did in 2023. IWS is prepared to service the future of the green transition by delivering on our part every day!

Best regards,

Lars-Henrik Røren
Chief Executive Officer

Board of Directors' Report

Board of Directors' Report

BUSINESS SUMMARY

Offshore wind

Europe continues to lead the way towards greater renewable energy adoption. High political ambitions combined with improved market conditions are currently driving the strong growth of the offshore wind industry. According to our estimates (Green Ducklings), European offshore wind will obtain a total of 107 GW installed capacity by 2030, implying a CAGR of 19%. APAC (excluding China) is expected to become the second-largest region, with a target of 18 GW by 2030, followed by the Americas with 13 GW.

2023 concluded as a record year in terms of new offshore wind projects going into operation, with a 40% increase from 2022. In Europe, 4.2 GW of new capacity was commissioned, notably driven by efforts in The Netherlands, France, and the UK. A key project, the Hollandse Kust Zuid in the Netherlands was central to this development and is currently recognised as the world's largest offshore wind farm. 2023 also saw a record level of final investment decision ("FIDs"), with over 12 GW of projects reaching financial close globally (excluding China). Notably, Europe contributed 9 GW to this total, highlighting the region's active participation in the sector's expansion.

The surge in FID activity has yielded beneficial outcomes, especially by stimulating investments in supply chain development. This enhancement in the supply chain is expected to enable further growth by relieving existing constraints and facilitating smoother operations.

Another significant outcome of the strong FID activity has been a buildup of firm orders for offshore wind turbines. This trend is steering major Original Equipment Manufacturers (OEMs) towards profitability. For instance, Vestas closed 2023 with a modest profit, while Siemens further reduced its losses. Furthermore, the increasing number of offshore turbines is expected to drive demand for installation and commissioning vessels, along with the need for operations and maintenance (O&M) services.

While several recent trends indicate a positive trajectory, the industry continues to grapple with factors such as high interest rates, supply chain bottlenecks, and wavering political commitments. To navigate these hurdles, European developers are seen temporarily adjusting their strategic scopes, specifically by shifting their focus towards core markets. Despite these shifts, the overall outlook for offshore wind in Europe remains largely unaffected, according to Green Ducklings.

Considering the industry's development, marked by a rise in both the complexity and quantity of projects, supply chain companies and service providers are favourably positioned. Within this segment, IWS stands out with its comprehensive service offering, including a fleet of state-of-the art CSOVs, the extensive expertise of IWS Services, as well as the advisory and asset management services provided by PEAK Wind.

Operations

For IWS Fleet, IWS Skywalker was successfully delivered on 12 December 2023 and commenced operations in late March 2023. IWS Windwalker was delivered in the first quarter of 2024.At the year-end 2023, IWS Windwalker was, along with the remaining four CSOV newbuildings, IWS Seawalker, IWS Starwalker, IWS Moonwalker, and IWS Sunwalker under construction at CMIH. The IWS Seawalker and IWS Starwalker were launched on 30 October 2023 and are scheduled for delivery later in 2024. The first steel cut for IWS Moonwalker and IWS Sunwalker was completed on 10 December 2023. IWS has a full site-team in place to ensure quality control and satisfactory progress.

IWS Services is meeting expectations and performing well after the acquisitions in 2021 of the two Danish offshore wind service/consulting companies ProCon Group AS and Green Ducklings A/S. IWS Services strengthened its order back log in the second half of the year and is well-positioned for solid growth in 2024.

PEAK Wind, in which the Company has a 30% ownership stake, is growing strongly. 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.

CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

Integrated Wind Solutions ASA (the "Company" or the "Parent Company") was incorporated 23 July 2020 and has its registered office at Støperigata 2, 0250 Oslo, Norway. The Parent Company and its subsidiaries makes up Integrated Wind Solutions Group (collectively "IWS" or the "Group").

Operating revenue, operating expenses, and depreciation charges

Total revenue for the Group in 2023 was EUR 23.0 million (EUR 21.7 million in 2022), of which IWS Services contributed EUR 22.3 million (EUR 21.3 million in 2022) and IWS' share of net profit in PEAK Wind contributed EUR 0.4 million (EUR 0.4 million in 2022).

Operating expenses for 2023 totalled EUR 25.6 million (2022: EUR 23.6 million), giving EBITDA for the year EUR -2.6 million (EUR -1.8 million in 2022).

Depreciation and amortisation of EUR 0.6 million in 2023 (EUR 0.6 million in 2022) includes depreciation of right-of-use assets and amortisation of acquisition-related intangible assets.

Financial items

Full-year net financial income for 2023 was EUR 2.2 million (EUR 0.2 million in 2022) and includes interest income of EUR 1.0 million (2022: EUR 0.2 million), a fair value gain of EUR 1.2 million on the option to acquire additional shares in PEAK Wind (2022: nil), and finance expenses of EUR 0.2 million (2022: 0.4 million) primarily in IWS Services. The net foreign currency exchange gains are caused by bank deposits, accounts receivable and accounts payable denominated currencies other than the functional currency.

Net gain on foreign currency hedges is reported under Other comprehensive income and totals EUR 1.6 million net of tax effects for 2023 (EUR 2.2 million in 2022).

Tax expense, net result and earnings per share

Total tax expense for the year was EUR -0.2 million (EUR -0.1 million in 2022) and relates to the Group's activities in Denmark. No deferred tax assets are recognised for the activities in Norway.

Net loss for the full year was EUR 1.2 million (EUR 2.5 million in 2022).

Earnings per share is presented in Note 17 to the consolidated accounts.

Financial position

The carrying value of the Group's six vessels under construction amounts to EUR 95.7 million as of 31 December 2023 (EUR 50.7 million for the first four vessels as of 31 December 2022) and includes yard instalments 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 10 of the financial statements.

Other fixed assets of EUR 1.7 million include office and vehicle leases (2022: EUR 0.3 million).
Intangible assets of EUR 6.2 million recognised in the balance sheet at year-end include goodwill and other acquisition-related intangible assets (EUR 6.4 million at the previous year-end).

Other non-current assets of EUR 0.9 million (EUR 0.7 million in 2022) relate to borrowing costs, paid on the Green Senior Secured Credit Facility, that are amortised over the term of the facility and capitalised as borrowing costs during the period of construction of the vessels.

Contract assets and trade receivables of EUR 4.4 million and EUR 5.1 million, respectively (EUR 2.9 million and EUR 7.5 million for 2022), consist mainly of work in progress and trade receivables related to construction contracts in IWS Services. Fluctuations are primarily the result of the timing of invoicing.

Total cash and cash equivalents amounted to EUR 31.0 million at year-end, up from EUR 25.6 million at the previous year-end. The net increase is, in addition to the loss for the year and changes in working capital, explained primarily by investments in vessels under construction of EUR 49.1 million financed in part by gross proceeds of EUR 32.1 million from the private placement in January 2023, and partly by the drawdown of debt to finance the delivery of the Group's first vessel. The Group has also received government grants of EUR 0.5 million (EUR 0.8 million in 2022).

IWS signed a EUR 118.7 million Green Senior Secured Credit Facility with SEB, SR-Bank, and Eksfin in the second quarter of 2023. The proceeds of the facility will be used for long-term post-delivery financing of the Group's first two CSOVs. The debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels. The leverage ratio is reduced towards 54% if the vessel's contracted backlog is below a specified level upon delivery from the yard. The drawdown of the facility will be made at delivery from the yard of the respective vessel. The loan has been classified as green by the lenders. The Group has in 2023 drawn down the first tranche of its Green Senior Secured Credit Facility, EUR 28.1 million, as detailed in Note 16 of the financial statements.

Other current liabilities include liability for government grants received but not recognised as a reduction in the cost price of vessels, contract liabilities, and fair value of forward contracts designated as hedging instruments.

After the balance sheet date, the Group has received an indicative term sheet for an expanded facility that also covers the long-term post-delivery financing of the fifth and sixth CSOVs.

Book equity on 31 December 2023 was EUR 123.1 million, and total assets were EUR 160.2 million, giving an equity ratio of 77% at year-end (EUR 97.8 million, EUR 105.4 million and 93%, respectively, as of 31 December 2022).

Cash flow and liquidity

The Group had a negative cash flow from operating activities of EUR 0.7 million in 2023 (EUR 6.2 million in 2022) mainly due to the net loss for the period in combination with a decrease in trade receivables related to ongoing construction projects and increase in trade and other payables.

Net cash used in investing activities was EUR 49.0 million (EUR 43.5 million in 2022). Cash outflow related to CSOVs under construction was EUR 49.1 million (EUR 43.8 million in 2022).

Net cash from financing activities was EUR 57.2 million (2022: 33.8 million). In January 2023, the Group raised gross proceeds of EUR 32.1 million in a private placement. In December 2023, the Group made the first drawdown of its Green Senior Secured Credit Facility, refer to Note 16

At year-end 2023, total cash and cash equivalents amounted to EUR 31.0 million (EUR 23.6 million on 31 December 2022), excluding overdrafts.

PARENT COMPANY FINANCIAL STATEMENTS

The Parent Company's operating income for 2023 was NOK 14.6 million (NOK 8.9 million in 2022) and operating expenses for the year was NOK 43.4 million (NOK 29.3 million in 2022).

Net finance income amounted to NOK 67.0 million (NOK 36.9 million in 2022) out of which currency gains constituted NOK 34.1 million (NOK 27.1 million in 2022) and interest income from group companies constituted NOK 21.6 million (NOK 5.1 million in 2022).

Profit for the year was NOK 36.4 million (NOK 16.8 million loss in 2022).

The Board of Directors proposes that the Parent Company's profit for the period of NOK 36.4 million is transferred to retained earnings and that group contributions of NOK 7.6 million are made to subsidiaries.

Dividends

The Board will propose to the General Meeting scheduled for 7 May 2024 that there will be no dividend distributed for the fiscal year 2023.

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 2023, and are presented in EUR, which has been considered to provide more relevant information about the Group's transactions going forward (2022 consolidated financial statements presented in NOK). The financial statements of the Parent Company have been prepared and presented in accordance with the Norwegian Accounting Act, and are presented in NOK.

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 2023 and 2022 and its financial position on 31 December 2023 and 2022.

The Board of Directors consider the Group to require additional liquidity in 2024, and is assessing alternatives to finance the Group's commitments in the most cost-efficient way. This includes, but is not limited to, bank financing, lease financing, bond financing, and equity financing.

According to section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements of the Parent Company and the Group 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 growing, authorities must allow the development of offshore wind farms. For the CSOVs, the charter market has historically been cyclical, and as a consequence, the financial results will 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

Supply and demand risk

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

Developers of offshore wind farms are also experiencing cost inflation, which can impact the overall economics and appetite for developing new wind farms in the medium to long term.

Climate risk

Climate change may impact the Group's business through changes in the operating environment, changes in demand for services, or regulatory changes.

The vessels under construction are equipped to handle harsh weather conditions. However, increased frequency of extreme weather conditions may increase the risk of personal injury or damage to property.

Regulatory changes may include taxation of CO_2 emissions or other requirements that would increase the operating costs of the Group or impact the offshore wind market by favouring other green energy sources.

Operational risk

Newbuilding 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 that may cause delays at the yard or sub-suppliers, and lead to increased costs. Political conflicts can impact the supply chain for raw materials and components required in the construction of the vessels, or the availability of safe shipping routes, and thereby cause delays.

Charter contract risk

The Group's 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.

Construction contract risk

The Group's construction activities are dependent on maintaining an adequate order book, which depends on prevailing market conditions in the industry. If the Group is unable to continue to secure additional contracts with customers, revenue will be substantially reduced.

Employees

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

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 to new risks.

War, piracy, 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.

Financial risk

Financing risk and liquidity risk

IWS is exposed to financing and liquidity risk to finance its commitments. The Group is continuously exploring alternatives to finance its commitments in the most cost-efficient way. This includes, but is not limited to, bank financing, lease financing, bond financing, and equity financing. 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. The Group is exposed to the risk of not being able to access external financing.

In June 2023 IWS signed a Green Senior Secured Credit Facility of up to EUR 118.7 million for the financing of the Group's four first CSOVs. The loan agreement contains financial covenants relating to minimum liquidity, working capital, equity ratio and loan to value.

After the balance sheet date, the Group has received an indicative term sheet for an expanded facility that also covers the long-term post-delivery financing of the fifth and sixth CSOVs.

IWS monitors monthly liquidity forecasts based on expected cash flows and aims to ensure it has sufficient liquidity and undrawn committed credit facilities at all times to meet its short- and medium-term obligations.

Additional liquidity is needed in 2024, and the Group is exploring the most cost-efficient way to address the requirement. This includes, but is not limited to, bank financing, lease financing, bond financing, and equity financing.

Currency risk

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

The Group may use financial derivatives to reduce the currency risk and has, at year-end 2023, hedged the currency risk on certain construction contracts in IWS Services denominated in USD.

Interest rate risk

The Group has raised financing from debt, and will continue to raise additional debt financing that will increase the Group's exposure to interest rate fluctuations. The Group's Green Senior Secured Credit Facility consists of a commercial facility with variable interest rate, and an Eksfin facility with a fixed rate option. The Group has exercised its fixed-rate option on Eksfin portion of the first tranche of the facility and is exposed to variable interest rates on the commercial portion of the facility.

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 contracts. To mitigate this risk, the Group assesses the creditworthiness of all significant counterparties and will charter out the vessels and sign material construction contracts with internationally recognised companies.

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 of its rendered services and vessel operations. The Group has zero tolerance for environmental spills, emissions of ozone-depleting substances, or unauthorised disposal of any type of garbage or waste in 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 Company's Board of Directors has two female directors, representing 40% of the Board.

Absence due to illness for employees in the Parent Company was 3% in 2023 (2% in 2022).

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

BOARD LIABILITY 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. Sound corporate governance is a key element in 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 has returned to being positive after a turbulent year with increased interest rate levels and supply-chain issues in 2023.

The IWS group of companies is well positioned to take part of 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 commenced its first out of three Dogger Bank Wind Farm (UK) contracts in late March 2024. IWS Windwalker will start the charter contract with TenneT after arriving in Europe late in May. Deliveries of IWS Seawalker and IWS Starwalker will follow in Q3 2024, and IWS Moonwalker and IWS Sunwalker are scheduled to be ready for operations in Q2 and Q3 2025, respectively.

The construction and engineering subsidiary of IWS Services (ProCon) mainly works on long-lead contracts, secured 3-12 months in advance. IWS Services strengthened its order backlog in the second half of the year and is well-positioned to achieve revenue growth of more than 20% in 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 two years and foresees continued strong revenue growth of more than 20% in 2024.

IWS Fleet will continue to ramp up operations, with the delivery of three additional vessels in 2024. IWS Fleet will contribute positively towards the Group's net profit from the second half of the year.

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 2023.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and additional information requirements as per the Norwegian Accounting Act. The Parent Company's financial statements 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 2023 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 2023.
- 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, 18 April 2024

Sigurd E. Thorvildsen Chairman of the Board	**Jens-Julius Ramdahl Nygaard** Board member	**Synne Syrrist** Board member
Cathrine Haavind Board member	**Daniel Gold** Board member	**Lars-Henrik Røren** CEO

Consolidated Financial Statements and Notes

CONSOLIDATED INCOME STATEMENT

In EUR thousand	Note	2023	2022
Operating revenue	5	22 600	21 344
Share of net profit of associates	12	370	367
Total revenue		**22 970**	**21 711**
Cost of materials and other project costs	6	–11 952	–14 046
Payroll and remuneration	7	–10 938	–7 166
Other operating expenses	8	–2 728	–2 345
Earnings before interest, taxes and depreciation (EBITDA)		**–2 648**	**–1 846**
Depreciation and amortisation	10/11	–557	–594
Earnings before interest and taxes (EBIT)		**–3 205**	**–2 440**
Finance income	9	2 239	156
Finance expenses		–229	–356
Net foreign currency exchange gains		174	260
Net finance income	9	**2 184**	**60**
Profit/(loss) before taxes		**–1 021**	**–2 380**
Income tax expense	13	–159	–78
Profit/(loss) for the period		**–1 180**	**–2 458**
Attributable to shareholders of the Company		–1 299	–2 649
Attributable to non-controlling interests		119	191
Basic and diluted earnings per share (EUR)	17	–0.03	–0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	Note	2023	2022
Profit/(loss) for the period		**–1 180**	**–2 458**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge, net of tax effect	20	1 643	2 172
Exchange differences on translation		–5 593	–5 648
Total other comprehensive income/(expense)		**–3 950**	**–3 476**
Total comprehensive income/(loss)		**–5 130**	**–5 934**
Attributable to shareholders of the Company		–5 330	–6 118
Attributable to non-controlling interests		200	184
		–5 130	**–5 934**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EUR thousand	Note	31.12.2023	31.12.2022	01.01.2022
ASSETS				
Non-current assets				
Vessels under construction	10	95 672	50 674	9 077
Other fixed assets	10	1 692	255	192
Intangible assets	11	6 158	6 336	6 817
Investments accounted for using the equity method	12	13 127	12 754	13 109
Deferred tax assets	13	201	161	333
Other non-current assets		915	682	–
Total non-current assets		**117 765**	**70 862**	**29 528**
Current assets				
Contract assets	5	4 431	2 904	3 050
Trade receivables	14	5 127	7 504	3 772
Other current assets	14	1 852	583	404
Cash and cash equivalents	15	30 975	23 589	38 931
Total current assets		**42 385**	**34 580**	**46 157**
Total assets		**160 150**	**105 442**	**75 685**
EQUITY AND LIABILITIES				
Equity				
Share capital	17	7 703	5 758	3 477
Share premium reserve	17	126 809	97 497	63 964
Retained earnings		−14 551	−8 344	−1 421
Non-controlling interests		3 108	2 909	2 624
Total equity		**123 069**	**97 820**	**68 644**
Non-current liabilities				
Non-current interest-bearing debt	16	25 658	44	1 428
Deferred tax liability	13	420	290	396
Other non-current liabilities		745	376	47
Total non-current liabilities		**26 823**	**710**	**1 871**
Current liabilities				
Trade payables	20	1 689	1 607	2 768
Current interest-bearing debt	16	4 240	1 621	542
Other current liabilities	18	4 329	3 684	1 860
Total current liabilities		**10 258**	**6 912**	**5 170**
Total equity and liabilities		**160 150**	**105 442**	**75 685**

CONSOLIDATED CASH FLOW STATEMENT

In EUR thousand	Note	2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		–1 021	–2 380
Depreciation and amortisation	10/11	557	594
Gain on disposal of property, plant and equipment		–40	–
Net profit from associates	12	–370	–367
Fair value gain on financial instruments	9	–1 200	–
Increase (–)/decrease (+) in trade and other receivables		782	–4 185
Increase (+)/decrease (–) in trade and other payables		763	176
Taxes paid		–165	–
Net cash flow from operating activities		**–694**	**–6 162**
Cash flow from investing activities			
Purchase of property, plant and equipment	10	–49 059	–43 770
Proceeds from sale of property, plant and equipment		53	–
Dividends received from associate	12	–	244
Net cash flow from investing activities		**–49 006**	**–43 526**
Cash flow from financing activities			
Proceeds from issue of share capital/minority shareholder	17	32 086	35 175
Equity issue costs	17	–829	–660
Proceeds from (+)/repayment of (–) borrowings and loan fees		25 656	–1 487
Government grants		516	834
Payment of lease liabilities		–274	–45
Net cash flow from financing activities		**57 155**	**33 817**
Cash and cash equivalents at the beginning of the period		23 589	38 931
Net increase/(decrease) in cash and cash equivalents		7 455	–15 871
Exchange rate effects		–69	529
Cash and cash equivalents at the end of the period	15	**30 975**	**23 589**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
In EUR thousand	Share capital	Share premium reserve	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Total equity at 01.01.2022	**3 477**	**63 964**	**-204**	**542**	**-1 759**	**66 020**	**2 624**	**68 644**
Profit/(loss) for the period	–	–	–	–	-2 649	-2 649	191	-2 458
Other comprehensive income	–	–	2 122	-5 592	–	-3 470	-7	-3 477
Transfer to vessels under construction [1]	–	–	-804	–	–	-804	–	-804
Transactions with non-controlling interests	–	–	–	–	–	–	101	101
Equity issue	2 281	34 215	–	–	–	36 496	–	36 496
Equity issue cost	–	-682	–	–	–	-682	–	-682
Total equity at 31.12.2022	**5 758**	**97 497**	**1 114**	**-5 050**	**-4 408**	**94 911**	**2 909**	**97 820**
Total equity at 01.01.2023	**5 758**	**97 497**	**1 114**	**-5 050**	**-4 408**	**94 911**	**2 909**	**97 820**
Profit/(loss) for the period	–	–	–	–	-1 299	-1 299	119	-1 180
Other comprehensive income	–	–	1 509	-5 539	–	-4 030	80	-3 950
Transfer to vessels under construction [1]	–	–	-878	–	–	-878	–	-878
Impact of functional currency change	–	–	-1 593	1 593	–	–	–	–
Equity issue	1 945	30 141	–	–	–	32 086	–	32 086
Equity issue costs	–	-829	–	–	–	-829	–	-829
Total equity at 31.12.2023	**7 703**	**126 809**	**152**	**-8 996**	**-5 707**	**119 961**	**3 108**	**123 069**

1 Hedging reserve is related to the Group's foreign currency hedges, presented net of tax of EUR 0.1 million (2022: EUR 0.0 million). A hedging gain of EUR 0.9 million (2022: EUR 0.8 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.

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 Støperigata 2, 0250 Oslo, Norway. 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 2023 were authorised for issue by the Board of Directors on 18 April 2024 and will be presented for approval at the Annual General Meeting on 7 May 2024.

NOTE 2 MATERIAL 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 and a fixed-price option to acquire additional shares in PEAK Wind 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 EUR rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern basis.

The material 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

Time charter revenue

The Group's first vessel was not ready for operations before the end of 2023. No charter revenues have thus been recognised in 2023 or 2022. Upon commencement of operations, 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 farm projects, accommodation, victualling, mobilisation, 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 recognised on consumption or delivery of the requested charter equipment.

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

Service Revenue

Engineering fees, service fees, management fees, management-on-hire fees and consulting fees are recognised as services are rendered. Revenue for these types of revenue streams is earned by satisfaction of performance obligations over time as the customer simultaneously receives and consumes the benefits provided as the Group performs.

Construction revenue

Construction revenue is earned over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Progress towards completion of performance obligations in construction contracts is measured using an input method. The measure of completion is calculated by comparing the cost to date with the total expected cost to complete. Inputs that do not contribute towards transferring control of goods of services to the customer are excluded from the measure of progress towards completion.

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 recognised as deferred income (contract liability) and recognised as revenue over the period when services are performed.

Leasing

Right-of-use assets are recorded according to principles as outlined in IFRS 16.

The Group applies recognition exemptions in respect of short-term leases and leases of low-value items.

Foreign currency

The consolidated financial statements are presented in EUR, 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 includes 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, hedging losses or gains, major spare parts, borrowing costs, legal fees and guarantee fees.

The Group hedges payments of yard instalments where appropriate. Hedging gains or losses are transferred to vessels under construction as a basis adjustment upon payment of yard instalments.

Borrowing costs consist of interest cost and other costs that are incurred in connection with the borrowing of funds specifically for the purpose of vessels and vessels under construction.

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.

The depreciable amount of an asset is calculated as cost less residual value and impairment charges. The residual value is based on the estimated salvage value of the vessel. Depreciation is calculated on a straight-line basis over the useful life of the assets, and depreciation commences when the asset is available for its intended use. Expected useful lives, methods of depreciation and residual values are reviewed annually 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 of 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.

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 pledged towards the participating employees in a separately administered scheme. 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 >12G plan 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 retirement or termination, voluntary or involuntary, of employment.

Government Grants

Grants are recognised when it is reasonably certain that the Group will comply with the conditions and the grants will be received. Grants related to income are deducted in reporting the related expense. Grants related to assets are deducted in arriving at the carrying amount of the asset and recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

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 are 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 other comprehensive income.

The Group's vessel-owning companies are subject to the Norwegian tonnage tax (NTT) regime, where incurred tonnage tax is recognised 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 is 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 to 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. Receivables are reviewed and assessed on an individual level, taking into account facts and circumstances for the individual customer. 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 hedging instruments are recognised 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 recognised. When a hedged transaction results in the recognition of a non-financial asset, the accumulated hedging gain or loss is transferred from hedging reserve to carrying amount of the asset.

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 2023 have been assessed not to have an impact on the consolidated financial statements of the Group.

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the financial statements of the Group.

The Group has not early adopted any standard, 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, judgements and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates and judgements on historical experience and various other factors that are expected to be reasonable under the circumstances, the results of which form the basis for making judgements 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. Recognition of revenue from construction contracts
ii. Valuation of financial instruments
iii. Impairment testing of vessels and vessels under construction.

i. *Recognition of revenue from construction contracts*

The estimation technique used for revenue and profit recognition with respect to construction contracts requires forecasts to be made of the outcomes, changes in the scope of work and changes in costs. Contract assets on one contract requires significant accounting estimates and have been recognised on the basis that they are considered highly probable not to reverse.

The key judgements and estimates related to the revenue and profit of construction contracts are:

- cost to complete; and
- recoverability of claims and variations in accordance with IFRS 15

Each contract is subject to regular review of revenue and cost to complete by management.

ii. *Valuation of financial instruments*

Valuation of level 3 financial instruments, including the fixed-price option to acquire additional shares in Peak Wind, requires the use of unobservable inputs that demand management to make estimates and judgements about inputs that reflect the assumptions that market participants would use when pricing the asset, including assumptions about risk.

iii. *Impairment testing of vessels and vessels under construction*

The carrying values of vessels and vessels 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 assessments of expected future cash flows and 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 at the business unit level. The Group is organised into business units based on its services and has two reportable segments:

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

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 some 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 year ended 31 December 2023 and 2022, respectively:

NOTE 4 SEGMENT INFORMATION CONT

In EUR thousand	IWS Fleet 2023	IWS Fleet 2022	IWS Services 2023	IWS Services 2022	Group functions/ eliminations[1] 2023	Group functions/ eliminations[1] 2022	Consolidated 2023	Consolidated 2022
External customer revenue	244	–	22 253	21 250	103	94	22 600	21 344
Share of profit of associate								
PEAK Wind2	–	–	–	–	370	367	370	367
Operating expenses	–823	–892	–21 140	–20 205	–3 655	–2 460	–25 618	–23 557
EBITDA	**–579**	**–892**	**1 113**	**1 045**	**–3 182**	**–1 999**	**–2 648**	**–1 846**
Depreciation and amortisation	–	–	–406	–594	–151	–	–557	–594
EBIT	**–579**	**–892**	**707**	**451**	**–3 333**	**–1 999**	**–3 205**	**–2 440**
Net finance income	–10	–11	–350	–107	2 544	178	2 184	60
Profit before tax	**–589**	**–903**	**357**	**344**	**–789**	**–1 821**	**–1 021**	**–2 380**

The following table presents assets and liabilities information excluding inter-segment balances for the Group's operating segments as of 31 December 2023 and 2022, respectively:

In EUR thousand	IWS Fleet	IWS Services	Group functions/ eliminations[1]	Consolidated
Segment assets				
31 December 2023	103 188	20 466	36 496	160 150
31 December 2022	53 322	21 250	30 870	105 442
Segment liabilities				
31 December 2023	30 629	4 302	2 150	37 081
31 December 2022	1 260	5 612	750	7 622

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

2) The Group's share of the net profit in PEAK Wind for 2023 is net of EUR 339 thousand amortisation of acquisition-related intangible assets (EUR 340 thousand in 2022).

NOTE 5 REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenue by geographical markets

In EUR thousand	**2023**	**2022**
Norway	1 218	349
Denmark	1 673	721
Taiwan	4 089	10 918
Belgium	3 621	3 591
France	4 138	3 824
Finland	3 153	1 059
UK	3 814	162
Other	894	720
Total	**22 600**	**21 344**

Geographical distribution of revenue is based on the location of clients. The revenue for 2023 and 2022 is mainly generated from the construction work related to electrical and technical solutions to the global offshore wind sector and rendering of advisory services. 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 14.

Largest customers

In EUR thousand	**2023**	**2022**
Bladt	2 699	5 998
SDMS	1 099	4 929
Smulders	6 928	4 178
Equans Fabricom	2 966	1 922
Nordex	2 713	1 277
Other	6 195	3 040
Total	**22 600**	**21 344**

Contract assets

In EUR thousand	**31.12.2023**	**31.12.2022**
Trade receivables	5 127	7 504
Contract assets	4 431	2 904
Contract liabilities	331	802

Contract liabilities are presented within other current liabilities on the balance sheet.

No impairment losses have been recognised for contract assets in 2023 or 2022.

NOTE 6 COST OF MATERIALS AND OTHER PROJECT COSTS

In EUR thousand	**2023**	**2022**
Materials directly related to projects	-5 265	-9 388
Contractors	-6 138	-4 499
Other costs of goods sold	-549	-159
Total	**-11 952**	**-14 046**

NOTE 7 PAYROLL AND REMUNERATION

Employee benefits

In EUR thousand	**2023**	**2022**
Salary and holiday pay	-9 007	-5 812
Employer's national insurance contribution	-662	-390
Pension expenses	-900	-783
Other personnel expenses	-369	-181
Total employee benefits	**-10 938**	**-7 166**
Average number of employees	190	64

Remuneration to Group Management

2023

In EUR thousand	**Salary**	**Bonus**	**Pension cost**	**Long-term incentives**	**Other**	**Total**
CEO Lars-Henrik Røren	305	159	56	183	22	725
COO Christopher Andersen Heidenreich	252	137	45	141	23	598
CFO Marius Magelie	227	123	38	108	4	500
Total	**784**	**419**	**139**	**432**	**49**	**1 823**

2022

In EUR thousand						
CEO Lars-Henrik Røren	338	151	78	76	22	665
COO Christopher Andersen Heidenreich	280	131	49	59	22	541
CFO Marius Magelie	230	-	39	37	1	307
Total	**848**	**282**	**166**	**172**	**45**	**1 513**

Remuneration to senior executives consists of fixed and variable compensation. The fixed compensation consists of a base salary and benefits including pension schemes, insurance, 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 and a long-term incentive plan. The CFO has been employed by the company from 21 February 2022.

NOTE 7 PAYROLL AND REMUNERATION CONT

Synthetic share options outstanding under long-term incentive plan

	2023	2022
CEO Lars-Henrik Røren	243 750	243 750
COO Christopher Andersen Heidenreich	187 500	187 500
CFO Marius Magelie	175 200	175 200
Total number of synthetic shares	**606 450**	**606 450**

No synthetic share options have been forfeited during the year. The exercise price of the synthetic share options is NOK 35.87 (2022: NOK 40.00) subject to certain adjusting events, including payment of dividend and issue of new shares.

The synthetic options of the CEO and COO vest and become exercisable with 1/3 on 1 January 2024, 2025, and 2026. The exercise period for all vesting dates ends on 21 June 2026 and the settlement of the option value is paid in cash.

The synthetic options of the CFO were awarded in 2022. They vest and become exercisable with 1/3 on 31 December 2024, 2025, and 2026. The exercise period for all vesting dates ends on 21 June 2027 and the settlement of the option value is paid in cash.

The fair value of the synthetic share options is estimated at the grant date and each year-end using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions on which the share options were granted and applying management’s best estimate for the number of synthetic share options expected to vest and volatility of the share price. The expensed amount under the share option plan in 2023 totals EUR 425 thousand (2022: EUR 172 thousand).

Pension

Post-employment benefits are recognised in accordance with IAS 19 Employee Benefits. Contributions to defined contribution plans are recognised 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 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.

NOTE 7 PAYROLL AND REMUNERATION CONT

Remuneration to Board of Directors

In EUR thousand	2023	2022
Sigurd E. Thorvildsen	44	37
Cathrine Haavind	35	30
Jens-Julius Ramdahl Nygaard	35	30
Daniel Gold	35	38
Synne Syrrist	35	30
Total	**184**	**165**

The remuneration to the Board of Directors is recognised as operating expense in the income statement. The Chair of the Board receives an annual fee of NOK 450,000 and other board members receive an annual fee of NOK 350,000 each. In addition, each member of the audit committee and the remuneration committee receives an annual fee of NOK 50,000.

Directors and key management and their related parties shares in the Company

	2023	2022
Management		
CEO Lars-Henrik Røren[1]	93 750	93 750
COO Christopher Andersen Heidenreich[2]	45 170	40 625
CFO Marius Grøsfjeld Magelie[3]	39 062	39 062
Members of the board of directors		
Sigurd E. Thorvildsen[4]	156 250	156 250
Cathrine Haavind[5]	6 250	6 250
Jens-Julius Ramdahl Nygaard[6]	121 875	121 875
Daniel Gold[7]	2 780 021	2 026 780
Synne Syrrist	12 500	12 500
Total	**3 254 878**	**2 497 092**

1) Indirect shareholding via Røren Invest AS
2) Indirect shareholding via Aconcagua AS
3) Indirect shareholding via MGM Invest AS
4) Indirect shareholding via Millennium Falcon AS
5) Indirect shareholding via Cruella AS
6) Indirect shareholding of 75,000 shares via JJ & MH Holding AS
7) Indirect shareholding via QVT Family Office Fund

NOTE 8 OPERATING EXPENSES

In EUR thousand	**2023**	**2022**
Rental and leasing costs	-307	-307
Management fee	-97	-204
Consultancy fees and external personnel	-219	-792
Provisions for bad debts	-4	-
Miscellaneous	-2 101	-1 042
Total operating expenses	**-2 728**	**-2 345**

Audit fee

In EUR thousand	**2023**	**2022**
Audit services (expensed)	-270	-193
Other assurance services	-20	-
Tax advisory	-3	-
Total fees to auditor, excl. VAT	**-293**	**-193**

NOTE 9 FINANCE INCOME AND EXPENSES

In EUR thousand	**2023**	**2022**
Interest income	1 039	156
Other finance income	1 200	-
Total financial income	**2 239**	**156**
Interest expenses	-121	-231
Other finance expenses	-108	-125
Total financial expenses	**-229**	**-356**
Net foreign currency exchange gains/losses	174	260
Net finance income/(expense)	**2 184**	**60**

Other finance income relates to the change in fair value of the Company's fixed-price option to increase its ownership of PEAK Wind to 49% by September 2024 (pre-dilution from the share-based option program to key employees), see note 16.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

2023

In EUR thousand	**Vessels under construction**	**Leased tangible assets**	**Other tangible assets**	**Total**
Cost 1 January	50 674	145	244	51 063
Additions	48 191	1 625	210	50 026
Disposals	–	–23	–44	–67
Currency translation differences	–3 193	8	0	–3 185
Cost 31 December	**95 672**	**1 755**	**410**	**97 837**
Accumulated depreciations 1 January	–	–18	–116	–134
Depreciation	–	–278	–116	–394
Disposals	–	23	31	54
Currency translation differences	–	1	0	1
Accumulated depreciation 31 December	–	**–272**	**–201**	**–473**
Carrying amount 31 December	**95 672**	**1 483**	**209**	**97 364**

2022

In EUR thousand	**Vessels under construction**	**Leased tangible assets**	**Other tangible assets**	**Total**
Cost 1 January	9 077	–	214	9 291
Additions	43 755	145	30	43 930
Disposals	–	–	–	–
Currency translation differences	–2 158	–	–	–2 158
Cost 31 December	**50 674**	**145**	**244**	**51 063**
Accumulated depreciations 1 January	–	–	–22	–22
Depreciation	–	–18	–95	–113
Disposals	–	–	–	–
Currency translation differences	–	–	1	1
Accumulated depreciation 31 December	**–**	**–18**	**–116**	**–134**
Carrying amount 31 December	**50 674**	**127**	**128**	**50 929**

The carrying value of vessels under construction includes yard instalments, other directly attributable project costs, guarantee fees and capitalised borrowing costs. Borrowing costs of EUR 1.2 million relating to the Green Senior Secured Credit Facility have been capitalised in 2023 (EUR 0.5 million in 2022).

NOTE 10 PROPERTY, PLANT AND EQUIPMENT CONT

Impairment indicators

Identification of impairment indicators for the Group's vessels under construction is based on an assessment of the progress of the construction, development in market rates, forecasted operating expenses, technological development, changes in regulatory requirements, and interest rates. Construction work is progressing well and demand for CSOVs is strong, as reflected in increasing day rates, and is forecast to continue to outstrip supply. Furthermore, orders for similar spec vessels are being placed at prices in excess of the build cost of the Group's vessels. The conditions mentioned support the conclusion that there are no impairment indicators identified as of 31 December 2023.

Commitments on shipbuilding contracts

Through its wholly owned subsidiary, IWS Fleet AS, the Group has five CSOVs under construction at the shipyard China Merchants Industry Holdings Co., Ltd at year-end 2023 (four at year-end 2022). The vessels shall be ready for operations between Q2 2024 and Q3 2025. Remaining instalments are presented below.

EUR million	**2024**	**2025**
IWS Windwalker	28	–
IWS Seawalker	36	–
IWS Starwalker	36	–
IWS Moonwalker	8	40
IWS Sunwalker	8	40
Commitments on shipbuilding contracts	**117**	**80**

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

NOTE 11 INTANGIBLE ASSETS

2023

In EUR thousand	**Goodwill**	**Other tangible assets**	**Total**
Cost 1 January	5 017	2 002	7 019
Additions	–	–	–
Disposals	–	–	–
Currency translation differences	-11	-4	-15
Cost 31 December	**5 006**	**1 998**	**7 004**
Accumulated amortisation 1 January	–	-683	-683
Amortisation	–	-164	-164
Disposals	–	–	–
Currency translation differences	–	1	1
Accumulated amortisation 31 December	**–**	**-846**	**-846**
Carrying amount 31 December	**5 006**	**1 152**	**6 158**

2022

In EUR thousand	**Goodwill**	**Other tangible assets**	**Total**
Cost 1 January	5 017	2 002	7 019
Additions	–	–	–
Disposals	–	–	–
Currency translation differences	–	–	–
Cost 31 December	**5 017**	**2 002**	**7 019**
Accumulated amortisation 1 January	–	-202	-202
Amortisation	–	-481	-481
Disposals	–	–	–
Currency translation differences	–	–	–
Accumulated amortisation 31 December	**–**	**-683**	**-683**
Carrying amount 31 December	**5 017**	**1 319**	**6 336**

Goodwill is included in intangible assets in the balance sheet and consists of goodwill from the acquisitions of ProCon EUR 3,896 thousand (2022: EUR 3,904 thousand) and Green Ducklings EUR 1,110 thousand (2022: EUR 1,113 thousand).

Other intangible assets consist of acquisition-related intangibles with definite lives. These assets are amortised over their expected useful lives, which do not exceed ten years. Included in the net book value of other intangible assets are customer relationships in ProCon of EUR 1,152 thousand (2022: EUR 1,304 thousand) and order backlog in ProCon of EUR nil (2022: EUR 15 thousand).

NOTE 11 INTANGIBLE ASSETS CONT

Impairment review – goodwill and acquisition related intangible assets

Goodwill and acquisition-related intangible assets with indefinite useful lives are, for impairment testing, allocated to the ProCon and Green Ducklings CGUs.

	2023		2022	
Cash-generating unit	**Carrying amount** *EUR thousand*	**Pre-tax discount rate** *%*	**Carrying amount** *EUR thousand*	**Pre-tax discount rate** *%*
ProCon	6 883	13.1	6 800	13.5
Green Ducklings	1 110	10.6	1 113	10.3
Total	**7 993**		**7 913**	

At the end of each reporting period, goodwill is reviewed to identify any indication that it may be impaired. The annual test has not indicated any impairment loss to be recognised for 2023.

The recoverable amounts of cash-generating units have been determined on a value-in-use basis. The key assumptions for the recoverable amounts are budgeted revenue, EBIT margins, and the discount rates.

Pre-tax discount rates were used in the impairment testing. The discount rates are calculated using market-related risk premiums derived from external sources. The long-term growth rates and discount rates have been applied to budgeted cash flows of each cash-generating unit. The long-term growth rate used for the impairment testing of goodwill does not reflect long-term planning assumptions used by the Group for investment proposals.

The group forecasts five-year cash flows. Budgeted cash flows for the first 12 months are determined by local management based on experience and market conditions. These are included in the Group's consolidated budget. Forecasts for year 2-5 are developed by Group management with input from local management.

The goodwill on acquisition of the minority shareholding in PEAK Wind, which is part of Investments accounted for using the equity method in the balance sheet, has been reviewed for impairment in the same manner with a pre-tax discount rate of 11.1% (2022: 10.8%).

Sensitivity analysis

The table below shows the impairment of goodwill and acquisition related intangible assets under reasonable possible changes in key estimates, given that the remaining assumptions are constant.

In EUR thousand	**Change**	**Impairment sensitivity to changes in key estimates**
Revenue growth	-20%	-
EBIT margin	-3 % point	-
Discount rate	+2 % point	-

NOTE 12 ASSOCIATED COMPANIES AND JOINT VENTURES

In EUR thousand	2023	2022
PEAK Wind Group ApS (associated company)	13 096	12 754
Havfram Fleet Management (joint venture)	31	–
Book value 31.12	**13 127**	**12 754**

PEAK Wind Group ApS

IWS owns 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.

The investment in PEAK Wind Group ApS is classified as an associated company and accounted for using the equity method of accounting.

IWS has a fixed priced option to increase its ownership of PEAK Wind to 49% by September 2024 (pre-dilution from share-based option program to key employees). The Group has, as a result of the growth and performance of the underlying investment, recognised a fair value gain of EUR 1.2m on this option (2022: nil), in line with IFRS 9. The fair value gain is reported within financial income, refer to note 16.

In EUR thousand	2023	2022
Book value 01.01	12 754	13 109
Share of profit	709	707
Depreciation excess values	-339	-340
Dividends received	–	-244
Exchange rate differences	-28	-478
Book value 31.12	**13 096**	**12 754**
Peak Wind Group ApS net assets (100% basis)	15 393	14 190
Group's share of net assets (30%)	4 618	4 257
Goodwill	8 478	8 497
Book value 31.12	**13 096**	**12 754**

The PEAK Wind group encompasses the parent company PEAK Wind Group ApS and in total six subsidiaries.

Havfram Fleet Management AS

IWS also owns 50% of the shares in the joint venture Havfram Fleet Management AS, a technical ship management company, which is accounted for using the equity method of accounting.

In EUR thousand	2023	2022
Book value 31.12	**31**	**–**

NOTE 13 INCOME TAX

Income tax expense

In EUR thousand	2023	2022
Current income tax	–	–3
Changes in deferred tax	–159	–75
Total income tax (expense)/income	**–159**	**–78**

Reconciliation of effective tax rate

In EUR thousand	2023	2022
Pre-tax profit (including discontinued operations)	–1 021	–2 380
Share of net profit of associates	370	367
Pre-tax profit, excluding net profit of associates	–1 391	–2 747
Income taxes calculated at 22%	306	604
Adjustment in respect of current income tax of previous years	–	–3
Profit/loss subject to tonnage tax	–972	–1 128
Changes in unrecognised deferred tax asset	562	449
Tax effect on cash flow hedge	–	26
Other	–55	–26
Tax expense	**–159**	**–78**

The Group's ship owning companies are taxed in accordance with the tonnage tax regime.

Deferred tax relates to the following

In EUR thousand	2023	2022
Intangible assets	–593	–546
Other temporary differences	–46	–
Losses available for offsetting against future taxable income	638	846
Not recognised deferred tax asset on losses	–218	–429
Net deferred tax asset/(liability)	**–219**	**–129**

The calculated net deferred tax liability of EUR 219 thousand (2022: EUR 129 thousand) includes deferred tax assets of EUR 201 thousand and deferred tax liability of EUR 420 thousand (2022: EUR 161 thousand and EUR 290 thousand, respectively).

Recognition of deferred tax assets is subject to strict requirements with respect to 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. The utilisation of the tax loss carry forward is not limited in time.

NOTE 14 RECEIVABLES

In EUR thousand	**31.12.2023**	**31.12.2022**
Undue	3 467	4 223
0–30 days	766	1 597
31–60 days	208	1 006
61–90 days	–	547
> 90 days	690	131
Total gross trade receivables	**5 131**	**7 504**
Allowance for doubtful debt	–4	–
Trade receivables carrying value	**5 127**	**7 504**
Other receivables	1 852	583
Total receivables	**6 979**	**8 087**

No losses have been realised on trade receivables in 2023 or 2022. See Note 20 for information about the Group's policies related to credit risk

NOTE 15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents per currency

Currency	**31.12.2023**	**31.12.2022**
In EUR thousand	**Deposits**	**Deposits**
NOK	1 209	2 289
DKK	3 255	2 952
EUR	26 030	17 957
USD	294	123
PLN	1	12
GBP	6	124
TWD	180	132
Total cash and cash equivalents	**30 975**	**23 589**

Restricted cash and cash equivalents

In EUR thousand	**31.12.2023**	**31.12.2022**
Restricted cash and cash equivalents	130	123
Unrestricted cash and cash equivalents	30 845	23 466
Total cash and cash equivalents	**30 975**	**23 589**

The restricted cash and cash equivalents include withholding tax from the employees' salaries.

NOTE 16 FINANCIAL INSTRUMENTS

Financial assets

Fair value of trade receivables, currency hedges, other short-term assets, cash and cash equivalents approximate their carrying amounts, due to the short-term maturities of these instruments, all categorised in fair value level 2.
IWS has a fixed-price option to increase its ownership of PEAK Wind to 49% by September 2024 (pre-dilution from the share-based option program to key employees). As a result of the growth and performance of the underlying investment, the Group has recognised a fair value gain on the option, in line with IFRS 9. The fair value has been calculated using unobservable inputs to the Black-Scholes option pricing model by estimating a minority discount-adjusted value per share based on the value-in-use calculation used for the goodwill impairment review. The fair value gain has been reported within finance income, see note 9, and the carrying value is presented within other current assets in the balance sheet.

Fair value of derivative assets

Derivative assets (level 3)

In EUR thousand	**31.12.2023**	**31.12.2022**
Option to acquire additional shares in PEAK Wind Group	1 200	–
Derivative assets (level 3)	**1 200**	**–**

Financial liabilities

The fair value of trade payables approximates their carrying amounts due to the short-term maturities of these instruments, all of which are 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.

Debt instruments

In EUR thousand	**Currency**	**Interest rate**	**Maturity**	**31.12.2023**	**31.12.2022**
Green Senior Secured Credit Facility (Tranche 1)	EUR	from 2.94% to EURIBOR + 2.95%	Mar 2028	–27 831	–
Sydbank overdraft facility	USD	6%	–	–	–600
Sydbank overdraft facility	DKK	6%	–	–563	–964
Lease liabilities				–1 504	–101
Total interest-bearing debt				**–29 898**	**–1 665**

The overdraft facility has an approved limit of EUR 3.7 million.

NOTE 16 FINANCIAL INSTRUMENTS CONT

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") had a committed undrawn amount of EUR 90.5 million at the end of 2023. The facility is restricted to part-finance the contracted yard price on delivery of the Group's first four CSOVs, and the drawdown of the facility is made at delivery from the yard of the respective vessel. The facility is secured over vessels that have been delivered from the yard. The debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels, which is subject to having a pre-defined contract backlog upon delivery of the vessel. If the contracted backlog for the vessel is below the specified level upon delivery from the yard, the leverage is reduced to between 54% and 65% of the contracted yard price. The facility has an average 12-year amortisation profile with final maturity for the commercial tranche with SEB and SR-Bank (EUR 36.1 million) and the Eksfin tranche (EUR 82.55 million) in March 2028 and 2035, respectively. The 12-year amortisation profile on term of the Eksfin tranche is subject to the refinancing of the commercial tranche. 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, which by the end of the year had been exercised for Tranche 1 of the facility.

Debt repayment schedule

In EUR thousand	**31.12.2023**	**31.12.2022**
Within one year	-4 240	-1 621
Between one and two years	-3 188	-44
Between two and three years	-2 439	
Between three and four years	-2 456	-
Between four and five years	-17 575	-
Beyond five years	-	-
Total interest-bearing debt	**-29 898**	**-1 665**

Net interest-bearing debt

In EUR thousand	**31.12.2023**	**31.12.2022**
Non-current interest-bearing debt	-25 658	-44
Current interest-bearing debt	-4 240	-1 621
Total interest-bearing debt	**-29 898**	**-1 665**
Cash and cash equivalent	30 975	23 589
Net interest-bearing debt	**-1 077**	**21 924**

NOTE 16 FINANCIAL INSTRUMENTS CONT

Changes in liabilities arising from financing activities in 2023

In EUR thousand	Non-current interest-bearing debt	Current interest-bearing debt	Other non-current liabilities	Total
Balance as at 1 January 2023	**-44**	**-1 621**	**–**	**-1 665**
Proceeds from borrowings	-24 864	-3 261	–	-28 125
Repayment of borrowings	–	998	–	998
Reclassifications	166	-166	–	–
Payment of lease liabilities	–	233	–	233
Non-cash movements	293	–	–	293
New leases	-1 209	-415	–	-1 624
Total changes from financing cash flow	**-25 614**	**-2 611**	**–**	**-28 225**
Foreign exchange adjustments	–	-8	–	-8
Balance as at 31 December 2023	**-25 658**	**-4 240**	**–**	**-29 898**
			–	

Changes in liabilities arising from financing activities in 2022

In EUR thousand	Non-current interest-bearing debt	Current interest-bearing debt	Other non-current liabilities	Total
Balance as at 1 January 2022	**-1 428**	**-542**	**–**	**-1 970**
Proceeds from borrowings	–	-1 563	–	-1 563
Repayment of borrowings	1 415	518	–	1 933
Reclassifications	–	–	–	–
Payment of lease liabilities	–	46	–	46
Non-cash movements	–	–	–	–
New leases	-47	-106	–	-153
Total changes from financing cash flow	**1 368**	**-1 105**	**–**	**263**
Foreign exchange adjustments	16	26	–	42
Balance as at 31 December 2022	**-44**	**-1 621**	**–**	**-1 665**
			–	

NOTE 16 FINANCIAL INSTRUMENTS CONT

Commitments on mortgages

ProCon has ownership mortgages totalling EUR 2.3 million on contract assets, trade receivables, intellectual property rights and other tangible fixed assets with a total carrying amount of EUR 9.3 million (EUR 11.3 million in 2022).

Bank guarantees on advance payments, performance guarantees and vendor credit

ProCon has signed advance payments and performance bank guarantees for contracted projects totalling EUR 4.0 million (EUR 4.2 million in 2022).

NOTE 17 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital

In EUR thousand, unless stated otherwise	Number of shares	Par value	Share capital	Paid-in premium	Total paid-in capital
Share capital 1 January 2022	17 600 698	NOK 2.00	3 477	63 964	67 441
Equity issue 22 March 2022	8 800 349	NOK 2.00	1 834	27 503	29 337
Equity issue 12 April 2022	2 137 151	NOK 2.00	447	6 712	7 159
Equity issue costs				-682	-682
Share capital 31 December 2022	**28 538 198**	NOK 2.00	**5 758**	**97 497**	**103 255**
Share capital 1 January 2023	28 538 198	NOK 2.00	5 758	97 497	103 255
Equity issue 31 January 2023	10 606 060	NOK 2.00	1 945	30 141	32 086
Equity issue costs				-829	-829
Share capital 31 December 2023	**39 144 258**	NOK 2.00	**7 703**	**126 809**	**134 512**

All issued shares have a par value of NOK 2.00 and 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 2023 or 31 December 2022.

	2023	2022
Profit/(loss) attributable to equity holders of the Parent Company (in EUR thousand)	-1 299	-2 649
Weighted average number of shares outstanding, basic and diluted	38 243 469	25 988 013
Basic and diluted earnings per share (EUR)	-0.03	-0.10

NOTE 18 GOVERNMENT GRANTS

Government Grants

In EUR thousand	2023	2022
At 1 January	**814**	**–**
Received during the year	516	834
Released to the Income Statement	–8	–10
Released as a reduction of newbuilding cost price	–	–
Currency translation differences	–47	–10
At 31 December	**1 275**	**814**
Current liabilities	1 275	814
Non-current liabilities	–	–

Grants from Enova

The Group has been awarded grants in NOK of amounts up to the equivalent of EUR 4,948 thousand (2022: EUR 5,290 thousand) by the Norwegian state enterprise Enova for advanced technology to support environmental initiatives that will help reduce CO2 emissions of the Group's first six newbuildings. In 2023, IWS received EUR 508 thousand of the grants (EUR 824 thousand in 2022). The grants are held as a liability and will be deducted from the cost price of newbuildings when it is reasonably certain that the Group will comply with the conditions of the grants.

Grants from SkatteFUNN

IWS has had a project approved for SkatteFUNN (a Norwegian government R&D tax incentive program designed to encourage R&D in Norwegian trade and industry). The project was approved for the period from 2021 to 2022, with final payout in 2023. EUR 8 thousand was recognised as a reduction in payroll costs in 2023 (EUR 10 thousand in 2022).

NOTE 19 LEASES

Leases as a lessee

The group leases offices, office equipment and vehicles. Rental contracts are for periods of 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. Leases for which the Group is a lessee are presented as part of Other fixed assets in the balance sheet, with a reconciliation presented in note 10.

Amounts recognised in the income statement

In EUR thousand	**2023**	**2022**
Interest on lease liabilities	76	1
Expenses relating to short-term leases and leases of low-value items	307	307
Total	**383**	**308**

Maturity analysis of lease liabilities is presented in note 16.

NOTE 20 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 summarised 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 2023, the Group had interest-bearing debt of EUR 29.9 million consisting of a senior secured credit facility, a bank overdraft facility and lease liabilities. A change in the interest rate of +/- 100 bps would impact the interest expense for the Group with approximately EUR 0.1 million per year.

The Group also had bank deposits of EUR 30,975 thousand with a floating interest rate which is impacted mainly by the development in the Euro Interbank Offered Rate (EURIBOR).

The Group continually assesses the need for hedging its interest rate risk exposure. At year-end 2023 and 2022 the Group had no interest rate hedging contracts.

Foreign currency risk

The Group is subject to exposure on the translation of the net assets of foreign currency subsidiaries and associates into its reporting currency, EUR.

The main functional currencies of the legal entities in the Group are EUR and DKK, while revenue is denominated primarily in EUR, DKK, USD and NOK.

Financial instruments denominated in currencies other than the functional currencies of the companies at 31 December 2023 include bank deposits, trade debtors, trade creditors, and interest-bearing debt. A 10% strengthening of functional currencies against non-functional currencies would result in pre-tax profit being EUR 0.1 million higher (EUR 0.8 million in 2022) and a positive effect directly on equity of EUR 0.0 million (EUR 1.9 million in 2022). A 10% weakening of functional currencies against non-functional currencies would result in pre-tax profit being EUR 0.1 million lower (EUR 0.8 million in 2022) and a negative effect directly on equity of EUR 0.0 million (EUR 0.8 million in 2022). Financial assets and liabilities held in the functional currency of the Group's subsidiaries, as well as non-financial assets and liabilities and translation risk, are not included in the analysis.

The yard contracts for the vessels under construction are denominated in EUR, which is the functional currency of the Group.

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT

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 2023, the Group had currency hedging contracts mitigating the currency risk on parts of the contracted revenue denominated in USD. The currency hedging contracts had a combined unrealised negative value on 31 December 2023 of EUR 0.2 million. The value changes on the currency hedges are reported as other comprehensive income.

Commodity price risk

The Group has, in 2023 and 2022, had limited exposure to risks associated with price fluctuations on commodities.

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 the facts and circumstances of the individual customer. A loss provision of EUR 4 thousand has been recognised for receivables in 2023 (nil in 2022).

Liquidity risk

The 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 short- and medium-term obligations without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors monthly forecasts of the Group's liquidity reserve based on expected cash flows. Additional liquidity is needed in 2024 and the board is assessing alternatives for addressing this shortfall.

IWS signed in June 2023 a Green Senior Secured Credit Facility of up to EUR 118.7 million. The undrawn amount of the facility amounts to EUR 90.5 million, which will be used for long-term post-delivery financing of IWS Windwalker, IWS Seawalker and IWS Starwalker.

The Green Senior Secured Credit Facility is subject to complying with conditions specified in the loan agreement (covenants). Non-compliance with covenants could lead to the facility becoming repayable within twelve months after the reporting period. Financial covenants are reported quarterly and relate to minimum liquidity, working capital, equity ratio and loan to value. The Group was in compliance with all covenants at year-end 2023.

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 31 December 2023 and 31 December 2022 at the interest rates prevailing at the balance sheet dates.

Undiscounted cash flows for financial liabilities 31.12.2023

In EUR thousand	<1 year	1-2 years	2-5 years	> 5 years	Total
Trade payables	1 689	-	-	-	**1 689**
Interest-bearing debt	3 824	3 262	21 602	-	**28 688**
Lease liabilities	144	136	222	-	**502**
Minimum interest payment	1 083	904	1 613	-	**3 600**
Total	**6 740**	**4 302**	**23 437**	-	**34 479**

Undiscounted cash flows for financial liabilities 31.12.2022

In EUR thousand	<1 year	1-2 years	2-5 years	> 5 years	Total
Trade payables	1 607	-	-	-	**1 607**
Interest-bearing debt	1 564	-	-	-	**1 564**
Lease liabilities	58	27	22	-	**107**
Minimum interest payment	-	-	-	-	**-**
Total	**3 229**	**27**	**22**	-	**3 278**

NOTE 21 RELATED PARTY TRANSACTIONS

The Group has agreements with Awilco AS for assistance and execution of the shipbuilding contracts, and has had agreements with Awilhelmsen Management AS (AWM) for office space and the rendering of administrative services, and Awilco Technical Services AS (ATS) for the rendering of technical sub-management services.

Address commission

The Group has agreements to pay address commission to Awilco AS, its largest shareholder, for services in assisting IWS with the conclusion and execution of the first six vessels only. 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 and constituted EUR 0.5 million for the year ended 2023 (2022: EUR 0.4 million).

Management services

Awilhelmsen Management AS (AWM) has provided IWS with administrative and general services including accounting, payroll, legal, secretary function and IT. IWS paid AWM a yearly management fee based on AWM's costs plus a margin of 5%. The fee was subject to semi-annual evaluation and was 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, from which point the relevant services have been managed by the Group.

NOTE 21 RELATED PARTY TRANSACTIONS CONT

IWS also had a sublease agreement with AWM to pay a proportional share of costs for offices and common areas. The sublease was on market terms, and the rent was subject to annual inflation adjustment in line with the consumer price index in Norway. The sublease agreement terminated on 31st May 2023, when the Company moved into its new offices.

Technical services

Awilco Technical Services AS (ATS) has assisted IWS in the management of the Group's newbuilding program. For these services, IWS paid ATS a management fee based on an hourly rate, which was 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. IWS also provided management services to ATS on similar terms. The technical services agreements were terminated with effect from August 8th 2023, from which time the technical services have been managed by the Group. IWS provides technical management services to Awilco LNG Technical Management AS (which is indirectly 38.6% owned by Awilco AS) on similar terms.

Purchases and sales to/from related parties

	2023		2022	
In EUR thousand	**Sales**	**Purchases**	**Sales**	**Purchases**
Awilco AS	–	526	–	579
Awilhelmsen Management AS	–	168	–	275
Awilco Technical Services AS	44	60	93	56
Awilco LNG Technical Management AS	128	–	2	–
Havfram Fleet Management AS	42	–	–	–
Total	**214**	**754**	**95**	**910**

Balances with related parties

	31.12.2023		31.12.2022	
In EUR thousand	**Receivables/ assets**	**Payables/ liabilities**	**Receivables/ assets**	**Payables/ liabilities**
Awilco AS	–	–	–	0
Awilco Technical Services AS	1	–	29	–
Awilco LNG Technical Management AS	208	–	2	–
Total	**209**	**–**	**31**	**0**

NOTE 22 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 management	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	Vessel owner [1]	100%
Awind 2 AS	Norway	25 January 2021	Vessel owner [1]	100%
Awind 3 AS	Norway	25 January 2021	Vessel owner [1]	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	Vessel owner [1]	100%
IWS Fleet Management AS	Norway	30 April 2022	Technical management	100%

[1] Vessel is currently under construction

Companies owned by IWS Services A/S

Company	Country	Date of acquisition	Nature of business	Ownership
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	Electrical- and technical solutions	75%[1]
ProCon Wind Energy A/S	Denmark	17 September 2021	Electrical- and technical solutions	75%[1]
ProCon Wind Energy Taiwan Co. Ltd	Denmark	17 September 2021	Electrical- and technical solutions	75%[1]
ProCon Wind Energy USA Inc.	USA	17 September 2021	Electrical- and technical solutions	75%[1]
ProCon Wind Energy Ltd.	UK	17 September 2021	Electrical- and technical solutions	75%[1]
ProCon Wind Energy Sp. z o.o.	Poland	17 September 2021	Electrical- and technical solutions	75%[1]
ProCon Wind Energy GmbH	Germany	17 September 2021	Electrical- and technical solutions	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 23 CHANGE OF PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

IWS has changed the presentation currency of the consolidated financial statements of the Group from Norwegian kroner (NOK) to Euro (EUR) to provide more relevant information about the Group's transactions as IWS's activities will be primarily outside of Norway going forward, with revenue and expenses increasingly being denominated in Euro. The change in presentation currency is applied retrospectively as a change in accounting policy. Comparative information has been re-presented on the following basis:

- Assets and liabilities in currencies other than EUR are translated to EUR at the closing rates of exchange on each balance sheet date.
- Non-EUR income and expenditure are translated at the average exchange rates prevailing for the relevant quarter.
- Share capital and the share premium reserve have been translated at the rates on the date of each equity transaction.
- The differences between the translation of assets, liabilities, share capital and the share premium reserve have been accounted for in equity within the translation reserve.

The parent company of the Group and IWS Fleet subsidiaries changed their functional currency from NOK to EUR on 1 October 2023, which is accounted for prospectively. It was assessed that the primary economic environment of each of these companies is EUR as they enter the next phase of development, with the delivery of the first vessel, the commencement of vessel operations and the drawdown of debt. Cash flow hedge accounting with EUR-denominated hedging instruments and EUR-denominated hedged items does not have an impact after the change of the functional currency and the related cash flow hedge reserve at the date of the change of functional currency has been transferred to translation differences.

CONSOLIDATED STATEMENT OF INCOME	2022 *EUR thousand*	2022 *NOK thousand*
Total revenue	21 711	219 251
Operating expenses	-23 557	-237 855
Earnings before interest, taxes and depreciation (EBITDA)	**-1 846**	**-18 604**
Depreciation and amortisation	-594	-6 000
Earnings before interest and taxes (EBIT)	**-2 440**	**-24 604**
Net finance income	60	659
Loss before taxes	-2 380	-23 945
Income tax expense	-78	-774
Loss for the period	**-2 458**	**-24 719**

STATEMENT OF COMPREHENSIVE INCOME	2022 *EUR thousand*	2022 *NOK thousand*
Loss for the period	-2 458	-24 719
Cash flow hedge, net of tax effect	2 172	22 252
Exchange differences on translation	-5 648	9 205
Total comprehensive income	**-5 934**	**6 738**
Attributable to shareholders of the parent	**-6 118**	**3 426**

NOTE 23 CHANGE OF PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY CONT

STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2022	01.01.2022	31.12.2022	01.01.2022
	EUR thousand		*NOK thousand*	
Vessels under construction	50 674	9 077	532 776	90 671
Other fixed assets	255	192	2 681	1 913
Intangible assets	6 336	6 817	66 611	68 093
Investments accounted for using the equity method	12 754	13 109	134 090	130 942
Other non-current assets	843	333	8 873	3 327
Total non-current assets	**70 862**	**29 528**	**745 031**	**294 946**
Contract assets	2 904	3 050	30 531	30 469
Trade receivables	7 504	3 772	78 888	37 682
Other current assets	583	404	6 134	4 024
Cash and cash equivalents	23 589	38 931	248 007	388 876
Total current assets	**34 580**	**46 157**	**363 560**	**461 051**
Total assets	**105 442**	**75 685**	**1 108 591**	**755 997**

EQUITY AND LIABILITIES	31.12.2022	01.01.2022	31.12.2022	01.01.2022
	EUR thousand		*NOK thousand*	
Equity	97 820	68 644	1 028 461	685 668
Total equity	**97 820**	**68 644**	**1 028 461**	**685 668**
Non-current interest-bearing debt	44	1 428	468	14 263
Other non-current liabilities	666	443	6 993	4 428
Total non-current liabilities	**710**	**1 871**	**7 461**	**18 691**
Trade payables	1 607	2 768	16 901	27 650
Current interest-bearing debt	1 621	542	17 042	5 410
Other current liabilities	3 684	1 860	38 726	18 578
Total current liabilities	**6 912**	**5 170**	**72 669**	**51 638**
Total equity and liabilities	**105 442**	**75 685**	**1 108 591**	**755 997**

NOTE 23 CHANGE OF PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY CONT

STATEMENT OF CASH FLOW	**2022** *EUR thousand*	**2022** *NOK thousand*
Loss before tax	−2 380	−23 945
Depreciation and amortisation	594	6 000
Increase (−)/decrease (+) in trade and other receivables	−4 185	−43 112
Increase (+)/decrease (−) in trade and other payables	176	1 745
Net profit from associates	−367	−3 685
Net cash flow from operating activities	**−6 162**	**−62 997**
Net cash flow from investing activities	**−43 526**	**−439 589**
Net cash flow from financing activities	**33 817**	**336 606**
Cash and cash equivalents at the beginning of the period	38 931	388 876
Net increase/(decrease) in cash and cash equivalents	−15 871	−165 980
Exchange rate effects	529	25 111
Cash and cash equivalents at the end of the period	**23 589**	**248 007**

NOTE 24 EVENTS AFTER THE REPORTING DATE

Newbuildings

IWS Skywalker arrived in Hanstholm, Denmark in February, where it underwent final quayside preparations before commencing its first contract at the Dogger Bank Wind Farm in March.

The Group took delivery of its second vessel, IWS Windwalker, in March. The vessel will arrive in Europe late May before commencing the charter contract with TenneT.

IWS has extended its two newbuilding options, which had original expiration dates in February and August 2024, respectively, to February 2025 and August 2025.

Chartering

The Group announced in February that it has entered into a frame term agreement with Siemens Gamesa Renewable Energy A/S, one of the leading turbine manufacturers in the industry. IWS Fleet will, under the agreement, provide the Skywalker-class walk-to-work CSOVs to support offshore turbine commissioning works across multiple Siemens Gamesa offshore projects in European waters over a three-year period starting in 2025. In addition to this, IWS Fleet has a first right of refusal to provide added vessel capacity if Siemens Gamesa has further requirements.

The Group also announced in February 2024 that it has entered into a time charter contract at market terms with TenneT TSO B.V., a leading European Transmission System Operator owned by the Dutch government. The charter contract has a minimum duration of 4 months and will commence at the end of May 2024 after IWS Windwalker arrives in Europe.

Financing

The Group utilised further EUR 28.1 million of the EUR 118.7 million Green Senior Secured Credit Facility in March for the debt financing of IWS Windwalker. Following the drawdown, EUR 62.4 million remains committed and undrawn.

The Group has, after the balance sheet date, received an indicative term sheet for an expanded debt facility that also covers the long-term post-delivery debt financing of the fifth and sixth CSOVs.

Parent Company Financial Statements and Notes

PARENT COMPANY INCOME STATEMENT

In NOK thousand	**Note**	**2023**	**2022**
Operating revenue	8	14 584	8 947
Payroll and remuneration	3	-31 010	-20 198
Other operating expenses	4	-12 444	-9 069
Depreciation and amortisation		-45	-
Earnings before interest and taxes (EBIT)		**-28 915**	**-20 320**
Finance income		32 927	10 582
Finance expenses		-52	-779
Net foreign currency exchange gains/losses		34 148	27 085
Net finance income/(expense)	5	**67 023**	**36 888**
Profit/(loss) before taxes		**38 108**	**16 568**
Income tax expense	6	-1 665	263
Profit/(loss) for the period		**36 443**	**16 831**
Allocations/transfers of profit/(loss) for the period:			
Allocated to/(transferred from) retained earnings		36 443	16 831
Total allocations and transfers		**36 443**	**16 831**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

In NOK thousand	**Note**	**31.12.2023**	**31.12.2022**
ASSETS			
Non-current assets			
Shares in subsidiaries	7	821 243	515 339
Shares in associates	7	128 605	128 605
Property, plant and equipment		310	–
Intercompany receivables and loans	8	199 751	180 612
Total non-current assets		**1 149 599**	**824 556**
Current assets			
Intercompany receivables and loans	8	11 555	8 268
Trade receivables		790	–
Other current assets		2 575	467
Cash and cash equivalents	9	262 783	198 447
Total current assets		**277 703**	**207 182**
Total assets		**1 427 612**	**1 031 738**
EQUITY AND LIABILITIES			
Equity			
Share capital		78 289	57 076
Share premium reserve		1 288 976	969 244
Retained earnings		33 978	-2 465
Total equity	10	**1 401 243**	**1 023 855**
Non-current liabilities			
Non-current interest-bearing debt		–	–
Pension liabilities	3	2 832	1 543
Deferred tax liability	6	–	–
Other non-current liabilities		8 271	2 392
Total non-current liabilities		**11 103**	**3 935**
Current liabilities			
Current interest-bearing debt		–	–
Intercompany payables	8	10 292	–
Trade payables		1 178	325
Other current liabilities		3 797	3 623
Total current liabilities		**15 267**	**3 948**
Total equity and liabilities		**1 427 612**	**1 031 738**

PARENT COMPANY CASH FLOW STATEMENT

In NOK thousand	Note	2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		38 108	16 568
Depreciation and amortisation		45	–
Foreign currency exchange gains/losses		–34 148	–27 587
(Increase)/decrease in trade and other receivables		–2 435	–7 855
Increase/(decrease) in trade and other payables		8 766	707
Net cash flow from operating activities		**10 336**	**–18 167**
Cash flow from investing activities			
Purchase of property, plant and equipment		–356	–
Invested in subsidiaries and associates	7	–300 000	–333 391
Loans to group companies	8	–19 140	–155 348
Net cash flow from investing activities		**–319 496**	**–488 739**
Cash flow from financing activities			
Paid-in equity		350 000	350 000
Equity issue costs		–9 055	–6 556
Repayment of borrowings		–	–
Net cash flow from financing activities		**340 945**	**343 444**
Cash and cash equivalents at beginning of the period	9	198 447	340 809
Net increase/(decrease) in cash and cash equivalents		31 785	–163 462
Exchange rate effects		32 551	21 100
Cash and cash equivalents at the end of the period	9	**262 783**	**198 447**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

In NOK thousand	Share capital	Share premium reserve	Retained earnings	Other comprehensive income	Total equity
Total equity at 01.01.2022	35 201	647 676	−19 296	−932	662 649
Share issue	21 875	328 125	–	–	350 000
Share issue costs	–	−6 557	–	–	−6 557
Total comprehensive income 2022	–	–	16 831	932	17 763
Total equity at 31.12.2022	**57 076**	**969 244**	**−2 465**	**–**	**1 023 855**
Total equity at 01.01.2023	57 076	969 244	−2 465	–	1 023 855
Share issue	21 213	328 787	–	–	350 000
Share issue costs	–	−9 055	–	–	−9 055
Total comprehensive income 2023	–	–	36 443	–	36 443
Total equity at 31.12.2023	**78 289**	**1 288 976**	**33 978**	**–**	**1 401 243**

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 Støperigata 2, 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 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), which is also the Company’s accounting currency, rounded off to the nearest thousand, except as otherwise indicated. The Company’s functional currency is Euro (EUR). 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 held 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 subsequent 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.

The option to acquire additional shares in PEAK Wind is held at the cost of obtaining the option (nil).

Foreign currency translation

Foreign currency transactions are translated into the accounting 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 recognised in the income statement as financial income or expense.

Recognition of revenue and expenses

Revenue from the sale of services is recognised 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 capitalised 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 until the asset is available for its intended use.

Impairment

Property, plant and equipment is 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 recognised, 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 amortised 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 recognised 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 recognised as a reduction of equity, net of tax if deductible, from the proceeds.
Proposed dividend payments from the Company are recognised as a liability in the financial statements on the balance sheet date.

Non-current interest-bearing debt

All borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised 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 on salary up to 12G. 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 recognised as an employee benefit expense in the income statement when they fall due. Contributions on salary above 12G are set aside in a pension scheme administered by the Company.

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 recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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, 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.


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NOTE 3 PAYROLL AND REMUNERATION

Employee benefits

In NOK thousand	2023	2022
Salary and holiday pay	–24 495	–16 101
Employer's national insurance contribution	–3 781	–2 376
Pension expenses	–2 008	–1 628
Other personnel expenses	–726	–93
Total employee benefits	**–31 010**	**–20 198**
Number of employees at year-end	7	5

Remuneration to Group Management

2023

In NOK thousand	Salary	Bonus	Pension cost	Long-term incentives	Other	Total
CEO Lars-Henrik Røren	3 485	1 750	639	2 094	252	8 220
COO Christopher Andersen Heidenreich	2 879	1 500	510	1 611	263	6 763
CFO Marius Magelie	2 591	1 350	432	1 232	44	5 649
Total	**8 955**	**4 600**	**1 581**	**4 937**	**559**	**20 632**

2022

In NOK thousand						
CEO Lars-Henrik Røren	3 412	1 500	786	770	220	6 688
COO Christopher Andersen Heidenreich	2 829	1 300	499	593	222	5 443
CFO Marius Magelie	2 321	–	390	375	12	3 098
Total	**8 562**	**2 800**	**1 675**	**1 738**	**454**	**15 229**

Remuneration to Board of Directors

In NOK thousand	2023	2022
Sigurd E. Thorvildsen	500	375
Cathrine Haavind	400	300
Jens-Julius Ramdahl Nygaard	400	300
Daniel Gold	400	388
Synne Syrrist	400	300
Total	**2 100**	**1 663**

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

NOTE 3 PAYROLL AND REMUNERATION CONT

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 administered 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.

NOTE 4 OTHER OPERATING EXPENSES

In NOK thousand	**Note**	**2023**	**2022**
Rental and leasing costs		–3 235	–749
Travel expenses		–365	–658
Consultancy fees, audit fees and external personnel		–2 752	–2 254
Management fee	8	–1 093	–2 026
Board of Directors remuneration		–2 135	–1 663
Miscellaneous		–2 864	–1 719
Total		**–12 444**	**–9 069**

Audit fee

In NOK thousand	**2023**	**2022**
Audit services (expensed)	–1 133	–918
Other assurance services	–	–
Tax advisory	–	–
Total fees to auditor, excl. VAT	**–1 133**	**–918**

NOTE 5 FINANCE INCOME AND EXPENSES

In NOK thousand	2023	2022
Interest income	11 282	1 525
Interest income group companies	21 645	5 115
Dividends and group contributions from subsidiaries and associates	–	2 531
Other finance income	–	1 411
Total financial income	**32 927**	**10 582**
Interest expenses	–	–773
Interest expenses group companies	–	–
Other finance expenses	–52	–6
Total financial expenses	**–52**	**–779**
Net foreign currency exchange gains/losses	34 148	27 085
Net finance income/(expense)	**67 023**	**36 888**

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 thousand	2023	2022
Current income tax	–	–
Changes in deferred tax	–	263
Correction of previous years current income taxes	–	–
Total income tax (expense)/income	–	**263**

Reconciliation of effective tax rate

In NOK thousand	2023	2022
Pre-tax profit (including discontinued operations)	38 108	16 568
Income taxes calculated at 22%	–8 384	–3 645
Adjustment in respect of current income tax of previous years	–	–
Changes in unrecognised deferred tax asset	6 313	3 645
Tax effect on cash flow hedge	–	263
Non-deductible expenses	406	–
Non-taxable income	–	–
Effect of change in tax rate	–	–
Other	–	–
Tax (expense)/income	**–1 665**	**263**

NOTE 6 INCOME TAX CONT

Payable tax in the balance

In NOK thousand	2023	2022
Payable tax on this year's result	1 665	–
Payable tax on provided Group contribution	-1 665	–
Total payable tax in the balance	**–**	**–**

Deferred tax relates to the following

In NOK thousand	31.12.2023	31.12.2022
Losses available for offsetting against future taxable income	–	4 513
Property, plant and equipment	62	–
Not recognised deferred tax asset	-62	-4 513
Deferred tax asset/(liability)	**–**	**–**

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

NOTE 7 SUBSIDIARIES AND ASSOCIATES

Subsidiaries, direct ownership

		31.12.2023		31.12.2022	
Company	**Country of incorporation**	**Ownership**	**Carrying value**	**Ownership**	**Carrying value**
IWS Fleet AS	Norway	100%	685 120	100%	385 120
IWS Services A/S	Denmark	97%	130 219	97%	130 219
Total			**815 339**		**515 339**

Indirect ownerships in subsidiaries are presented in Note 22 to the consolidated accounts for the Group.

Associated companies and joint ventures

		31.12.2023		31.12.2022	
Company	**Country of incorporation**	**Ownership**	**Carrying value**	**Ownership**	**Carrying value**
PEAK Wind Group ApS	Denmark	30%	128 605	30%	128 605

Integrated Wind Solutions ASA has the option to increase its ownership in PEAK Wind Group ApS to 49% (pre-dilution) within three years from 1 September 2021. Additional information about the investment in PEAK Wind Group ApS is disclosed in Note 12 to the consolidated accounts for the Group.

The Company has an indirect investment in the joint venture Havfram Fleet Management AS. Additional information about the investment in Havfram Fleet Management AS is disclosed in Note 12 to the consolidated accounts for the Group.

NOTE 8 RELATED PARTY TRANSACTION

Related party loans and receivables/payables

In NOK thousand	31.12.2023 Receivables /assets	31.12.2023 Payables /liabilities	31.12.2022 Receivables /assets	31.12.2022 Payables /liabilities
IWS Fleet AS	202 111	121	186 191	–
Awind 1 AS	1 360	–	1 344	–
Awind 2 AS	1 360	–	1 344	–
Awind 3 AS	1 904	6	–	–
Awind 4 AS	198	2 587	–	–
Awind 5 AS	25	6	–	–
Awind 6 AS	1 904	6	–	–
IWS Fleet Management AS	2 444	–	–	–
Awilco LNG Technical Management AS	321	–	–	–
Havfram Fleet Management AS	469	–	–	–
Total	**212 096**	**2 726**	**188 879**	–

Intercompany interest income and interest expense

In NOK thousand	2023 Income	2023 Expense	2022 Income	2022 Expense
IWS Fleet AS	21 645	–	5 115	–
Total	**21 645**	**–**	**5 115**	**–**

Intercompany management fee

In NOK thousand	2023 Income	2023 Expense	2022 Income	2022 Expense
IWS Fleet AS	4 721	–	4 955	–
IWS Fleet Management AS	1 535	–	–	–
Awind 4 AS	100	–	100	–
Awind 5 AS	100	–	100	–
Awind 1 AS	100	–	75	–
Awind 2 AS	100	–	75	–
Awind 3 AS	75	–	–	–
Awind 6 AS	75	–	–	–
Total	**6 806**	**–**	**5 305**	**–**

NOTE 8 RELATED PARTY TRANSACTION CONT

Intercompany guarantee income and expenses

	2023		2022	
In NOK thousand	**Income**	**Expense**	**Income**	**Expense**
Awind 1 AS	1 335	–	1 344	–
Awind 2 AS	1 335	–	1 344	–
Awind 3 AS	1 879	–	–	–
Awind 4 AS	172	–	–	–
Awind 5 AS	–	–	–	–
Awind 6 AS	1 879	–	–	–
Total	**6 600**	–	**2 688**	–

Other related party transactions

	2023		2022	
In NOK thousand	**Income**	**Expense**	**Income**	**Expense**
Awilhelmsen Management AS	–	1 912	–	2 775
Awilco Technical Services AS	508	46	936	–
Awilco LNG Technical Management AS	295	–	18	–
Havfram Fleet Management AS	375	–	–	–
IWS Services A/S		5	–	–
Green Ducklings	–	16	–	–
Total	**1 178**	**1 979**	**954**	**2 775**

Other related party transactions

Management services and office rental

Awilhelmsen Management AS (AWM) provided the Company with its office premises, administrative and general services including accounting, payroll, legal, secretary function and IT services up until June 2023. The Company paid AWM a yearly management fee based on AWM's costs plus a margin of 5%. The fee was 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 agreement was terminated with effect from June 2023.

Hired in personnel from Awilco Technical Services AS

The COO Christopher Andersen Heidenreich was hired out to Awilco Technical Services AS (ATS) on a part-time basis up until August 2023. ATS is 100% owned by Awilco AS.

Other related party balances

	31.12.2023		31.12.2022	
In NOK thousand	**Receivables /assets**	**Payables /liabilities**	**Receivables /assets**	**Payables /liabilities**
Awilco AS	–	–	–	5
Total	**–**	**–**	**–**	**5**

NOTE 9 FINANCIAL INSTRUMENTS

Cash and cash equivalents

In NOK thousand	**31.12.2023**	**31.12.2022**
Restricted cash and cash equivalents	880	931
Unrestricted cash and cash equivalents	261 903	197 516
Total cash and cash equivalents	**262 783**	**198 447**

The restricted bank deposits are related to tax deduction on employees' salaries deposited on separate bank accounts.

NOTE 10 SHARE CAPITAL

Share capital

In NOK thousand, unless stated otherwise	**Number of shares**	**Par value**	**Share capital**	**Paid-in premium**	**Total paid-in capital**
Share capital 1 January 2022	17 600 698	NOK 2.00	35 201	647 676	682 877
Equity issue 22 March 2022	8 800 349	NOK 2.00	17 601	264 010	281 611
Equity issue 12 April 2022	2 137 151	NOK 2.00	4 274	64 115	68 389
Equity issue costs				-6 557	-6 557
Share capital 31 December 2022	**28 538 198**	**NOK 2.00**	**57 076**	**969 244**	**1 026 320**
Share capital 1 January 2023	28 538 198	NOK 2.00	57 076	969 244	1 026 320
Equity issue 31 January 2023	10 606 060	NOK 2.00	21 213	328 787	350 000
Equity issue costs				-9 055	-9 055
Share capital 31 December 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. The share capital is denominated in NOK.

NOTE 11 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

General information regarding capital and financial risk management is provided in Note 20 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 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

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
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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 the statement of financial position as at 31 December 2023 and the income statement, statement of changes in equity and statement of cash flows 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 the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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 2023 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 of 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting 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 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 chief executive officer) 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.

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 the other information is materially inconsistent with the

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financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, 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 of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 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, 22 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Edstrøm, Finn Ole Stephansen-Smith
State Authorised Public Accountant (Norway)
On behalf of: Finn Ole Edstrøm
Serial number: no_bankid:9578-5995-4-951045
IP: 147.161.xxx.xxx
2024-04-22 08:08:56 UTC

Environmental social and governance (ESG)

INTRODUCTION

Approach to ESG

Integrated 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 are 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. The reporting from 2022 will be used for setting targets and benchmarking for the following years.

Stakeholders and material issues

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

Based on the assessment, the primary material issues for IWS are still the environmental impact of our operations, in particular greenhouse gas emissions, and the health and safety of personnel employed by the group, working on our vessels, or working at our 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 8 – Decent work and economic growth.

Finally, IWS will focus on upholding high ethical standards

and human rights, and prevent potential issues of human trafficking and modern slavery, 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 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.

In 2023, there were no recorded Scope 1 emissions for IWS ASA. Scope 2 emissions from office locations amounts to roughly 0.26 tCO_2e for 2023. IWS ASA has established an agreement to guarantee that 100% of our office's consumed electricity originates from green energy sources.

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 streams 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 six CSOVs. IWS Fleet has conducted a preliminary assessment of the total equivalent GHG emissions resulting from the construction and mobilisation 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. Based on the assessment, each vessel contributes approximately 10,900 tons of CO_2 emissions at the time of delivery from the yard. In 2023, the IWS Skywalker was the sole vessel delivered from the yard. Incorporating the emissions generated from fuel consumption as the vessel sailed from CMHI Shipyard to Europe, the aggregate greenhouse gas emissions attributed to its construction for the year totalled 11,650 tCO_2e.

The vessels' design is optimised 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 optimised 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 1,300t CO2 equivalents per vessel. This is granted for all six sister vessels.

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.

IWS Skywalker was not in operation during 2023. Hence, there are no emissions attributable to CSOV operations for the period.

Office operations

There were no reported Scope 1 emissions for IWS Fleet AS in 2023. Scope 2 emissions for office operations are included in the calculations for IWS ASA, as the Group shares locations.

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.

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. Scope 1 and 2 emissions were not reported for Green Ducklings in the period.

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 minimising travel, compensating for travel and choosing more environmentally friendly company cars, offices, consumables and components. Scope 1 and 2 emissions were not reported for ProCon in the period.

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 prioritising 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 continuously 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 travel and visits to sites of the subsidiaries or suppliers. There have been no fatalities, personnel injuries, or accidents in IWS in 2023.

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 minimise 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 2023. Seventeen near misses were reported. A total of 49,000 working hours were completed in total for the offices and sites of IWS Fleet, including contractors.

The preparation for the start of CSOV operation continued in 2023, 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 travel and visits to sites of customers. There were no reported fatalities, personnel injuries, or accidents in Green Ducklings in 2023.

ProCon

Through the activities related to engineering, pre-assembly and installation, ProCon have significant hazards related to its operations. To minimise risk to their personnel, ProCon has 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.

During 2023 ProCon recorded a Lost Time Injury frequency rate (LTIFR) of 79.2 days lost per million hours worked.

Gender equality

The Group will strive to ensure equal opportunities and effective participation in all areas of the organisation. This includes onboard the vessels, which has traditionally been a male-dominated area. The Company has a target of minimum 15% female employees in the Group. The current status for the subsidiaries is set out below.

Gender balance (percentage women in workforce)

Segment	2023	2022
IWS ASA	14 %	25 %
IWS Fleet	11%	10 %
IWS Services	12 %	11 %

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 2023.

IWS publishes its Transparency Act Report on the Group's website. An updated report for 2023 will be published on the Group's website by 30 June 2024.

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.

There were no operations in countries with high corruption risk (bottom 20 according to the TICP index) in 2023. There were no monetary fines or requested facilitation payments reported in 2023.

IWS has not become aware of any breaches of the company's Code of Conduct in 2023.

Corporate Governance

Integrated Wind Solutions ASA has since 2022 adopted the principles of 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 Company's principal objectives and strategies are presented in the annual report and subject to annual assessments.

The annual report includes a separate section describing the Company's social responsibility policy.

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 2023 was EUR 123.1 million and total assets were EUR 160.2 million, giving an equity ratio of 77% 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 had a sub-management agreement with Awilco Technical Services AS (ATS) for assistance in technical management of the fleet, and an agreement with Awilhelmsen Management AS (AWM) for administrative services. Both ATS and AWM are related companies to Awilco AS, which owns 39.4% of the shares in Integrated Wind Solutions ASA at year-end 2023. The management fees were, in the Company's opinion, made at market terms. The agreements were terminated in 2023. Information regarding transactions with related parties is described in Note 21 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 Chair of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

7 NOMINATION COMMITTEE

The Company established in 2022 a Nomination Committee, which has 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 work with proposing members to the Board of Directors.

The current Nomination Committee consists of Eric Jacobs (Awilhelmsen legal counsel) and Henrik A. Christensen (Partner at law firm Ro Sommernes in Oslo) as determined by the Board on 7 April 2022.

8 THE BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

The Company's Board of Directors shall comprise three 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 Chair 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 competitive landscape. The Board performs a yearly evaluation of its work.

Following the conversion to a public limited liability company in February 2022, the Board established on 7 April 2022 an Audit committee and a Remuneration committee.

The Audit committee consists of Jens-Julius Ramdahl Nygaard and Synne Syrrist. The auditor shall participate in discussions of relevant agenda items in meetings of the Audit committee. The committee shall hold separate meetings with the auditor and the CEO at least once a year.

The Remuneration committee consists of Sigurd E. Thorvildsen, Cathrine Haavind and Daniel Gold. The Remuneration committee prepares guidelines and proposals regarding the remuneration of executive personnel, which are reviewed and resolved by the Board of Directors.

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 its 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 in section 9 above.

The Company has established an Audit committee that regularly evaluates and discusses the various risk elements of IWS, and the potential for improvement. The Audit committee reports to the Board.

The Group's main goal is the safe and efficient operation of its vessels and rendering of 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, know-how, 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 utilised 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 executive compensation, which 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 is made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information 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 8 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 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: Non-current interest-bearing debt + Current 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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