

# Financial Report

# Q3 2023

Integrated  
**Wind**  
Solutions





# INTERIM FINANCIAL REPORT

## Q3 2023<sup>1</sup>

### RECENT HIGHLIGHTS

- Total revenue of NOK 63.1m for Q3 2023, an increase of 7% from Q3 2022.
- IWS Services revenue of NOK 60.9m in Q3 2023, an increase of 5% from Q3 2022, with increased order backlog.
- PEAK Wind continues to grow according to expectations and net revenue for Q3 increased by 17% compared with Q3 2022 (+26% year to date). The Group's share of the net profit in PEAK Wind in Q3 2023 was NOK 2.2m, before NOK -1.0m amortisation of acquisition-related intangible assets (NOK -0.2m loss before NOK -1.0m amortisation of intangibles in Q2).
- Total EBITDA of NOK -4.3m for Q3 2023 compared with NOK -11.6m in Q2 2023 and NOK -4.2m in Q3 2022. The Group is ramping up for the delivery of the CSOVs and has established a full technical and operating team through the quarter.
- IWS has signed a strategic partnership agreement with Pan Ocean to market our fleet for commissioning and maintenance work in the growing South Korean offshore wind market.
- IWS Fleet has, after the balance sheet date, entered into a time charter contract at market terms with Asso.subsea in the construction phase, including inter-array cable works. The contract will commence in Q4 2024/Q1 2025 and will have a duration of up to eight months. IWS has the option under the contract to nominate which Skywalker class vessel will perform the services.
- The CMI shipyard successfully launched IWS Seawalker and IWS Starwalker on 30 October. With these two additions, IWS Fleet now has four vessels on the water.
- The Company has, after the balance sheet date published its first Green Financing Framework. The second party opinion provider, S&P Global Ratings, has assessed the framework as Medium Green.

Lars-Henrik Røren, CEO, commented: "We are excited to take delivery of our first vessel, IWS Skywalker, within weeks. This marks the first of many important deliveries over the next two years. The Q3 financial report shows improvements from Q2 driven by IWS Services and PEAK Wind. The offshore wind industry is still in its early days, and we look forward to continue the IWS journey and contributing to a more sustainable future. We are ready!"

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

# OPERATIONS

## Group structure

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

IWS Fleet is the owner and operator of high-end CSOVs with six newbuildings ordered from the leading shipyard CMI, with the first vessel to be delivered in Q4 2023.

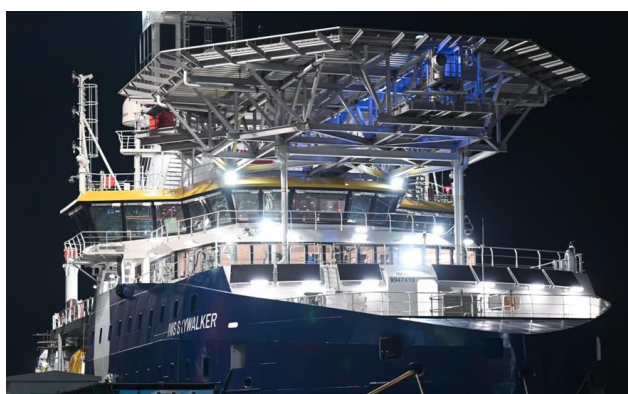
For IWS Services<sup>2</sup>, the two Danish offshore wind service/consulting companies ProCon Group ApS<sup>3</sup> ("ProCon") and Green Ducklings A/S<sup>4</sup> ("Green Ducklings") form the base of the supply chain service offerings.

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

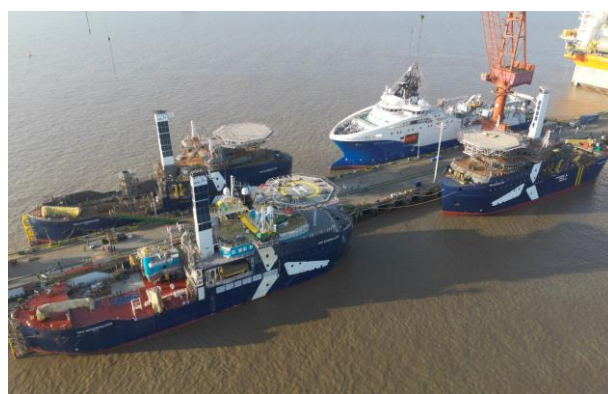
These companies form the base of Integrated Wind Solutions' ("IWS" or the "Group") strategy of becoming the preferred service provider within the offshore wind sector.



## IWS Fleet | Pictures from the CMI yard, November 2023



IWS Skywalker



IWS Windwalker, IWS Seawalker & IWS Starwalker

<sup>2</sup> 97% owned by Integrated Wind Solutions ASA

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

<sup>4</sup> 100% of the voting shares

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



# MARKET OBSERVATIONS

## Offshore wind

Europe is continuing its ambitious transition towards renewable energy. The projected outlook for 2030 anticipates 127 GW of offshore wind capacity, a significant rise from the 32 GW installed by H1 2023, including 2.1 GW of new offshore wind in the first half of 2023. This outlook implies substantial growth in the industry in the coming years. According to Wind Europe, the EU should aim to construct an average of 11 GW of offshore capacity annually between now and 2030. Additionally, approximately 5 GW per year should be built in the UK to meet its 2030 targets.

While offshore wind developers have recently encountered cost pressures due to inflation and increased finance expenses, resulting in some project delays and cancellations, it has not significantly affected the overall outlook in Europe.

Following a record low in 2022, Final Investment Decision (FID) activity has notably increased, with over 6 GW of European projects (such as UK's East Anglia 3, Moray West, Germany's He Dreiht, France's Le Tréport and Noirmoutier, Poland's Baltic Power, and Denmark's Thor) reaching FID. Given an average annual rate of 5 GW reaching the final investment decision in previous years (between 2015-2021), an accelerated FID rate of approximately 16 GW per year is necessary to meet the 2030 European political targets alone.

The challenging economic conditions have resulted in lower activity on the offtake side (e.g., no bids in UK AR5 due to a low strike price). Nevertheless, there have been awards in 2023, such as 3 GW in Ireland at a weighted average strike price of EUR 86/MWh, and 1 GW in France and 1.8 GW in Germany for zero-subsidy bids in four centrally pre-investigated areas, along with 7 GW in Germany for zero-subsidy bids in sites not centrally pre-investigated, awarded to major oil companies like BP and TotalEnergies.

In response to the failed UK AR5, the UK Government recently announced their intention to increase the administrative strike process for AR6. The administrative strike price caps, including GBP 73/MWh for fixed-foundation, represent a 66% increase compared to the previous round's GBP 44/MWh (all numbers in 2012 prices). With an increased strike price cap of GBP 176/MWh for floating wind, the UK government clearly responds to industry feedback from Allocation Round 5. These adjustments aim to attract developers and make projects economically viable.

AR6 offtake auction will run in 2024, and the actual GW that will be awarded will depend on the budget allocation (to be announced in Mar 2024), but if sized correctly could potentially support 5-9 GW of offshore wind, with installation time 2027-2029.

Moreover, there has been an increase in permitting activity in 2023, with several large projects being permitted in recent months in the UK (e.g., Hornsea 4, Awel Y Mor) and more.

While still in its early stages, floating offshore wind is gaining momentum in Europe, with ongoing or planned auctions in 2023/2024 in the UK, France, Norway, Portugal, and Italy. Unfortunately, the auction in Norway was delayed from 2023 to 2024 with uncertainty towards the allocation mechanism.

Another significant trend is the drive for clever grid system integration in offshore wind projects, leveraging the benefits of Power-to-X ("PtX") and alternative fuels, driven by the necessity to supply decarbonized energy to heavy transport and industry.

There is strong political support for offshore wind. In September 2023, the EU Commission announced the 'Wind Power Package' to address the struggling EU supply chain for wind. This package aims to expedite permitting beyond current legislation, improve auction systems in Member States, and focus on skills, access to finance, and stable supply chains.

The US offshore wind industry faces challenges that seem to have peaked but may not be over yet. Over 11 GW of challenged projects have been announced in the US, resulting in approximately USD 6 billion in impairments and provisions across developers. Notably, Ørsted has incurred a negative impact more than ten times greater than other developers due to high commitments and spent pre-FID, with USD 4.9-5.4 billion in impairments and provisions, compared to USD 540 million for BP and USD 300 million for Equinor. Furthermore, 2.4 GW of Power Purchase Agreements (PPAs) have been terminated with USD 124 million in penalty fees, and more PPAs might be cancelled. Some developers are transparent in shifting their focus from the US to Europe (e.g., BP), which remains the largest market for offshore wind in this decade.

As a response to the challenges facing US offshore wind, the State of New York (NYSERDA) has initiated a number of initiatives to keep the industry on track with its political ambitions of 9 GW offshore wind by 2035.

### *Market for CSOVs*

The offshore wind industry remains active in Europe and Taiwan, and activity levels remain high with growing demands for operations and maintenance (“O&M”), according to Clarksons. Charterers have started to look for 2024 tonnage somewhat earlier than in previous years in response.

The overall macro environment is still positive, driven by a combination of growth in offshore wind farm activity (construction, commissioning and O&M) and a strong market for oil & gas and subsea globally that removes capacity from offshore wind. However, the vessel market is not immune to delays and cancellations by offshore wind developers due to cost pressure and the rising cost of finance, which could slow

the vessel demand growth rate over the medium term whilst the short-term market, where FID has already been reached, remains more certain.

The global fleet of CSOVs and SOVs counted 40 vessels in operations of which 29 are considered Tier 1 and 11 as Tier 2. The total orderbook consists of 45 vessels, of which six have been ordered by IWS.

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

# MAIN EVENTS DURING Q3 AND POST-QUARTER EVENTS

## Newbuildings

The Group has ordered a fleet of six identical Skywalker class vessels. The firm average yard price for the six vessels is about EUR 48 million per vessel (turnkey contracts). About 50% of the vessel value is related to Norwegian export companies providing advanced technology, ensuring safe and efficient operations. The Group also has options for two additional vessels.

The first vessel, IWS Skywalker, will be delivered within weeks and will commence its first charter contract in January 2024. The small delay is caused by the final testing of the motion-compensated gangway system, mainly software, and will have a small consequential impact on the delivery of the remaining vessels with 2024 delivery.

The second vessel, IWS Windwalker, was launched in May and will be delivered in Q1 2024. The vessel is preparing for commissioning, and the installation of the motion-compensated gangway and crane systems is in progress.

The third and fourth vessels, IWS Seawalker and IWS Starwalker, were launched on 30 October and construction is progressing in accordance with delivery in Q2 2024 and Q3 2024, respectively.

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

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

## Financing

The Group agreed with the shipyard China Merchants Industry Holdings., Ltd. ("CMI") to postpone equity yard instalments of total EUR 36m on IWS Seawalker, IWS Starwalker, IWS Moonwalker, and IWS Sunwalker by up to one year, and thereby strengthen the company's liquidity position.

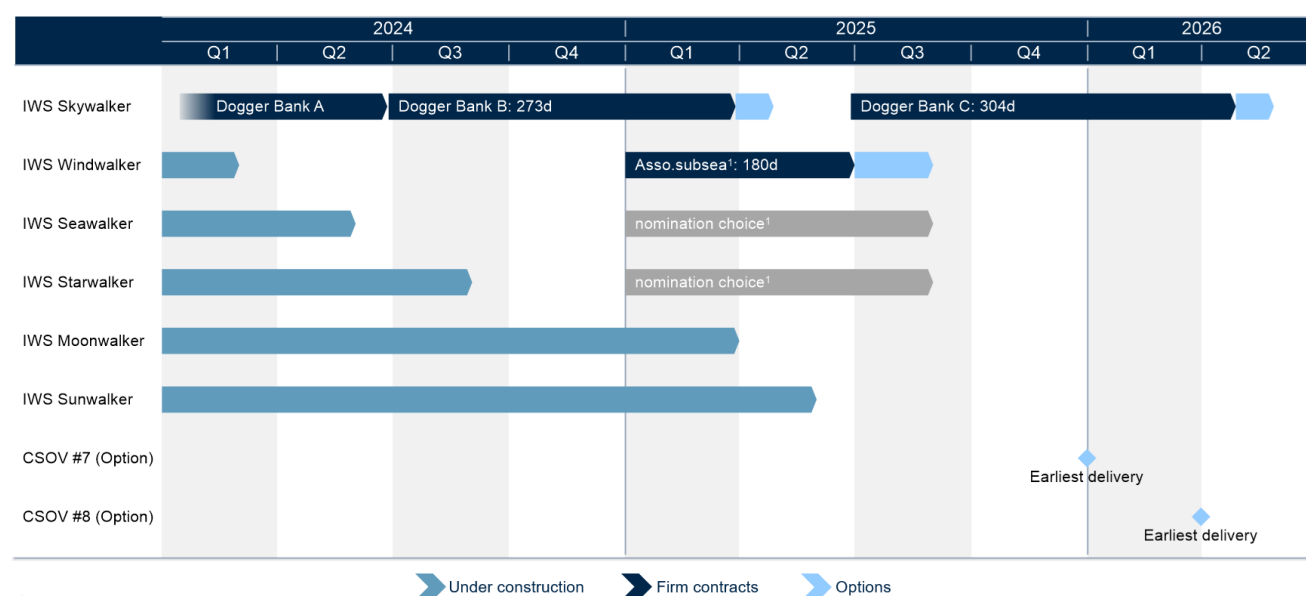
The contractual delivery schedules for IWS Windwalker, IWS Seawalker, and IWS Starwalker are unchanged, while IWS Moonwalker and IWS Sunwalker are moved forward by one month.

## Employment

IWS Fleet has, after the end of the quarter, entered into a time-charter contract at market terms with Asso.subsea Single Member S.A. of Greece, an expert in cable installation, protection, repair and support and turn-key solution provider. The contract will commence in Q4 2024/Q1 2025 and have a duration of up to eight months. The charter contract is related to supporting Charterers' activities at an offshore wind farm in France. IWS will have four identical CSOVs delivered when the contract commences and has the option under the contract to nominate which vessel will perform the services.

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

## Fleet and contract overview



1) IWS has the option to nominate which Skywalker class vessel will perform the services

## FINANCIAL REVIEW

### *Income statement*

Total revenue for the third quarter of 2023 was NOK 63.1 million (Q2: NOK 60.3 million), of which IWS Services contributed NOK 60.9 million, IWS Fleet contributed NOK 0.9 million from the provision of third-party technical management services, and the group's share of net profit in PEAK Wind was NOK 1.2 million.

The Group's share of the net profit in PEAK Wind in the third quarter of 2023 was NOK 2.2 million before NOK -1.0 million amortisation of acquisition-related intangible assets (NOK -0.2 million before NOK -1.0 million amortisation in Q2).

Operating expenses for the third quarter of 2023 were NOK 67.3 million compared with NOK 71.9 million in the previous quarter. The decrease is due to a combination of lower project-related and G&A expenses in IWS Services.

Group EBITDA was NOK -4.3 million for the third quarter of 2023 compared with NOK -11.6 million in the previous quarter. IWS Services and PEAK Wind contributed NOK 2.8 million (Q2: NOK -1.2 million) and NOK 1.2 million (Q2: NOK -1.2 million), respectively, with the other Group entities contributing a combined EBITDA of NOK -8.3 million (Q2: NOK -9.2 million). For IWS Services' project-driven business model, the margins are expected to fluctuate quarterly due to the various project mix and progress.

The net loss for the third quarter of 2023 was NOK 6.4 million compared with a net loss of NOK 8.1 million in the second quarter. The NOK 1.7 million difference primarily relates to higher contributions from IWS Services and PEAK Wind, partly offset by lower net finance income.

### *Liquidity and financial position*

Total cash and cash equivalents amounted to NOK 373.3 million at quarter-end, down from NOK 408.7 million at the end of the previous quarter. The net decrease is explained primarily by

capital expenditure on vessels under construction, a further reduction in the overdraft balance in IWS Services, payment of loan fees, and exchange rate effects.

The carrying value of vessels under construction of NOK 732.9 million includes yard instalments on all six CSOVs, and accumulated directly attributable project costs and borrowing costs during the construction period. Details on the payment structure of the newbuilding contracts are found in *Note 7 – Commitments and contingencies*.

Other fixed assets of NOK 20.3 million include office and vehicle leases.

The intangible assets of NOK 69.7 million include goodwill and other acquisition-related intangible assets.

Other non-current assets of NOK 14.1 million relate to borrowing costs, paid on the Green Senior Secured Credit Facility, that are amortised and capitalised as borrowing costs during the period of construction of the vessels.

Trade receivables and contract assets of NOK 55.0 million and NOK 37.1 million, respectively, consist mainly of trade receivables and work in progress related to construction contracts in IWS Services, and the movement in the quarter is primarily the result of the timing of invoicing.

Interest-bearing debt includes lease liabilities of NOK 17.7 million for offices, vehicles and office equipment and an overdraft facility of NOK 1.0 million.

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

Book equity on 30 September 2023 was NOK 1 375.9 million and total assets were NOK 1 460.3 million, giving an equity ratio of 94% at quarter-end. The decrease in equity is primarily the result of translation of foreign operations and cash flow hedge accounting.

## OUTLOOK

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

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

ProCon mainly works on long-lead contracts, secured 3-12 months in advance. Offshore wind developers have a somewhat lower activity level of foundation and transition piece ("TP") installation and construction in 2023 before the activity is back on a solid growth track from 2024 onwards, backed by already announced projects. ProCon has strengthened its order backlog going into the second half of the

year and is well positioned for the increasing offshore wind activity from 2024.

We expect PEAK Wind Group to continue its strong growth and expand its geographical scope and offerings. PEAK Wind has doubled in size (revenues and staff) over the last 18 months and foresees continued strong growth. To secure and expand its position, PEAK Wind expects to allocate additional resources to strategic initiatives and strengthen the operational platform with system investments and more administrative team members. These initiatives will temporarily reduce the operating margin as visible from our share of profit for Q2 before accounting adjustments. However, PEAK Wind is expected to secure another record year with about 30% top-line growth.

IWS Fleet will continue to ramp up for vessel operations, starting with IWS Skywalker. All specialist positions related to ship operations and technical management will be filled. Hence, the cost base will increase in accordance with budgets.

Management continues to focus on building a strong platform to secure the long-term success of the Group.



## STATEMENT OF RESPONSIBILITY

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

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

Oslo, 21 November 2023

Sigurd E. Thorvildsen  
*Chair of the Board*

Cathrine Haavind  
*Board member*

Synne Syrrist  
*Board member*

Jens-Julius Ramdahl Nygaard  
*Board member*

Daniel Gold  
*Board member*

Lars-Henrik Røren  
*CEO*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(interim financial information is unaudited)

<i>In NOK thousands</i>	Note	Q2 2023	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	2022
Operating revenue	2	61 454	61 826	58 388	185 270	162 840	215 566
Share of net profit of associates		-1 191	1 235	605	1 884	3 185	3 685
<b>Total revenue</b>		<b>60 263</b>	<b>63 061</b>	<b>58 993</b>	<b>187 154</b>	<b>166 025</b>	<b>219 251</b>
Operating expenses	2	-71 904	-67 321	-63 230	-214 463	-180 733	-237 855
<b>Earnings before interest, taxes and dep. (EBITDA)</b>		<b>-11 641</b>	<b>-4 260</b>	<b>-4 237</b>	<b>-27 309</b>	<b>-14 708</b>	<b>-18 604</b>
Depreciation and amortisation	3	-1 464	-1 795	-1 334	-4 326	-4 354	-6 000
<b>Earnings before interest and taxes (EBIT)</b>		<b>-13 105</b>	<b>-6 055</b>	<b>-5 571</b>	<b>-31 635</b>	<b>-19 062</b>	<b>-24 604</b>
Finance income		3 184	3 087	243	8 538	675	1 599
Finance expenses		-655	-736	-933	-1 918	-2 887	-3 588
Net foreign currency exchange gains		2 711	-2 628	-415	4 115	1 199	2 648
<b>Net finance income</b>		<b>5 240</b>	<b>-277</b>	<b>-1 105</b>	<b>10 735</b>	<b>-1 013</b>	<b>659</b>
<b>Loss before taxes</b>		<b>-7 865</b>	<b>-6 332</b>	<b>-6 676</b>	<b>-20 900</b>	<b>-20 075</b>	<b>-23 945</b>
Income tax expense	4	-284	-77	-644	-789	-709	-774
<b>Loss for the period</b>		<b>-8 149</b>	<b>-6 409</b>	<b>-7 320</b>	<b>-21 689</b>	<b>-20 784</b>	<b>-24 719</b>
Attributable to non-controlling interests		180	-206	227	728	1 175	1 943
Attributable to shareholders of the parent		-8 329	-6 203	-7 547	-22 417	-21 959	-26 662
Weighted average number of shares		39 144 258	39 144 258	28 538 198	37 939 907	25 128 609	25 988 013
Basic and diluted earnings per share in NOK		-0.21	-0.16	-0.26	-0.59	-0.87	-1.03

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(interim financial information is unaudited)

<i>In NOK thousands</i>	Note	Q2 2023	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	2022
Loss for the period		-8 149	-6 409	-7 320	-21 689	-20 784	-24 719
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
<i>Cash flow hedge, net of tax effect</i>	7	10 678	-10 363	6 861	17 859	19 665	22 252
<i>Translation of foreign operations</i>		8 933	-13 264	7 069	20 638	11 159	9 205
<b>Total comprehensive income</b>		<b>11 462</b>	<b>-30 036</b>	<b>6 610</b>	<b>16 808</b>	<b>10 040</b>	<b>6 738</b>
Attributable to non-controlling interests		1 351	-1 317	1 057	3 616	1 647	3 312
Attributable to shareholders of the parent		10 111	-28 719	5 553	13 192	8 393	3 426

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

<i>In NOK thousands</i>	Note	30.09.2023	30.06.2023	31.12.2022	30.09.2022
<b>ASSETS</b>					
<b>Non-current assets</b>					
Vessels under construction	3	732 896	713 866	532 776	384 648
Other fixed assets	3	20 262	21 392	2 681	1 736
Intangible assets	3	69 680	73 002	66 611	68 233
Investments accounted for using the equity method		145 079	149 819	134 090	137 034
Deferred tax assets	4	2 111	2 503	1 691	4 632
Other non-current assets		14 089	6 503	7 182	7 146
<b>Total non-current assets</b>		<b>984 117</b>	<b>967 085</b>	<b>745 031</b>	<b>603 429</b>
<b>Current assets</b>					
Contract assets		37 089	29 396	30 531	42 184
Trade receivables		55 028	75 287	78 888	35 099
Other current assets		10 831	9 362	6 134	2 880
Cash and cash equivalents	5	373 264	408 678	248 007	437 868
<b>Total current assets</b>		<b>476 212</b>	<b>522 723</b>	<b>363 560</b>	<b>518 031</b>
<b>Total assets</b>		<b>1 460 329</b>	<b>1 489 808</b>	<b>1 108 591</b>	<b>1 121 460</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	9	78 289	78 289	57 076	57 076
Share premium reserve	9	1 288 976	1 288 976	969 244	970 687
Retained earnings/other comprehensive income		-25 522	3 196	-28 440	-15 024
Non-controlling interests		34 198	35 515	30 581	28 923
<b>Total equity</b>		<b>1 375 941</b>	<b>1 405 976</b>	<b>1 028 461</b>	<b>1 041 662</b>
<b>Non-current liabilities</b>					
Non-current interest-bearing debt	6	13 019	13 634	468	10 437
Deferred tax liability	4	5 202	5 307	3 050	8 773
Other non-current liabilities		7 740	7 716	3 943	1 127
<b>Total non-current liabilities</b>		<b>25 961</b>	<b>26 657</b>	<b>7 461</b>	<b>20 337</b>
<b>Current liabilities</b>					
Trade payables		19 587	15 423	16 901	21 072
Current interest-bearing debt	6	5 742	12 701	17 042	7 120
Other current liabilities		33 098	29 051	38 726	31 269
<b>Total current liabilities</b>		<b>58 427</b>	<b>57 175</b>	<b>72 669</b>	<b>59 461</b>
<b>Total equity and liabilities</b>		<b>1 460 329</b>	<b>1 489 808</b>	<b>1 108 591</b>	<b>1 121 460</b>

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

<i>In NOK thousands</i>	Note	Q2 2023	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	2022
<b>Cash flow from operating activities</b>							
Loss before tax		-7 865	-6 332	-6 676	-20 900	-20 075	-23 945
Depreciation and amortisation	3	1 464	1 795	1 334	4 326	4 354	6 000
Gain on disposal of property, plant and equipment	3	-359	-	-	-359	-	-
Increase (-)/decrease (+) in trade and other receivables		-4 315	11 097	1 462	12 605	-7 790	-43 112
Increase (+)/decrease (-) in trade and other payables		-10 382	8 539	-1 374	-2 057	1 637	1 745
Net profit from associates		1 191	-1 235	-605	-1 884	-3 185	-3 685
<b>Net cash flow from operating activities</b>		<b>-20 266</b>	<b>13 864</b>	<b>-5 859</b>	<b>-8 269</b>	<b>-25 059</b>	<b>-62 997</b>
<b>Cash flow from investing activities</b>							
Purchase of property, plant and equipment	3	-67 485	-17 230	-4 506	-206 667	-285 210	-442 120
Proceeds from sale of property, plant and equipment	3	620	-	-	620	-	-
Dividends received from associate		-	-	-	-	-	2 531
<b>Net cash flow from investing activities</b>		<b>-66 865</b>	<b>-17 230</b>	<b>-4 506</b>	<b>-206 047</b>	<b>-285 210</b>	<b>-439 589</b>
<b>Cash flow from financing activities</b>							
Proceeds from issue of share capital/minority shareholder		-	-	2	350 000	350 002	350 002
Equity issue costs		-10	-	-	-9 056	-6 556	-6 556
Proceeds from (+)/repayment of (-) borrowings and loan fees		-16 371	-18 325	-2 636	-30 455	-13 308	-15 039
Government grants		-	3 824	-	3 824	-	8 664
Payment of lease liabilities		-747	-1 275	-	-2 214	-	-465
<b>Net cash flow from financing activities</b>		<b>-17 128</b>	<b>-15 776</b>	<b>-2 634</b>	<b>312 099</b>	<b>330 138</b>	<b>336 606</b>
Cash and cash equivalents at the beginning of the period		493 565	408 678	443 309	248 007	388 876	388 876
Net increase/(decrease) in cash and cash equivalents		-104 259	-19 142	-12 999	97 783	19 869	-165 980
Exchange rate effects		19 372	-16 272	7 558	27 474	29 123	25 111
<b>Cash and cash equivalents at the end of the period</b>	5	<b>408 678</b>	<b>373 264</b>	<b>437 868</b>	<b>373 264</b>	<b>437 868</b>	<b>248 007</b>

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

In NOK thousands	Attributable to owners of the Company					NCI <sup>7</sup>	Total equity
	Share capital	Share premium reserve	Hedging reserve <sup>6</sup>	Other equity	Total		
<b>Equity at 01.01.2022</b>	<b>35 201</b>	<b>647 676</b>	<b>-2 401</b>	<b>-21 017</b>	<b>659 459</b>	<b>26 209</b>	<b>685 668</b>
Profit for the period	-	-	-	-21 958	-21 958	1 175	-20 783
Other comprehensive income	-	-	20 765	9 587	30 352	472	30 824
Transactions with non-controlling interests	-	-	-	-	-	1 067	1 067
Equity issue 22.03.2022	17 601	264 010	-	-	281 611	-	281 611
Equity issue 12.04.2022	4 274	64 115	-	-	68 389	-	68 389
Equity issue costs <sup>8</sup>	-	-5 114	-	-	-5 114	-	-5 114
<b>Total equity at 30.09.2022</b>	<b>57 076</b>	<b>970 687</b>	<b>18 364</b>	<b>-33 388</b>	<b>1 012 739</b>	<b>28 923</b>	<b>1 041 662</b>
<b>Equity at 01.01.2023</b>	<b>57 076</b>	<b>969 244</b>	<b>12 158</b>	<b>-40 598</b>	<b>997 880</b>	<b>30 581</b>	<b>1 028 461</b>
Profit/Loss for the period	-	-	-	-22 417	-22 417	728	-21 689
Other comprehensive income	-	-	17 415	18 193	35 608	2 889	38 497
Equity issue 31.01.2023	21 213	328 787	-	-	350 000	-	350 000
Equity issue costs <sup>8</sup>	-	-9 055	-	-	-9 055	-	-9 055
Transfer to vessels under construction <sup>6</sup>	-	-	-10 273	-	-10 273	-	-10 273
<b>Total equity at 30.09.2023</b>	<b>78 289</b>	<b>1 288 976</b>	<b>19 300</b>	<b>-44 822</b>	<b>1 341 743</b>	<b>34 198</b>	<b>1 375 941</b>

<sup>6</sup> Hedging reserve is related to the Group's foreign currency hedges, presented net of tax of NOK 0.8 million. A hedging gain of NOK 10.3 million relating to hedge accounting applied to EUR payments for vessels under construction has been transferred to vessels under construction as a basis adjustment upon payment of the hedged yard instalment

<sup>7</sup> Non-controlling interests are related to ProCon (25%) and IWS Services A/S (3%)

<sup>8</sup> Equity issue costs and other transactions in equity are recorded net of tax to the extent the company will be able to utilise the tax deductions



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### *Corporate information*

Integrated Wind Solutions ASA (the “Company”) is a public limited liability company incorporated and domiciled in Norway. The Company's registered office is Støperigata 2, 0250 Oslo, Norway.

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

### *Basis of preparation*

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

### *Accounting policies*

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

## Note 2 – Operating segments

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

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

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

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

The following table presents revenue and profit information for the Group's operating segments for Q3 2023 and Q3 2022, respectively:

	IWS Fleet		IWS Services		Group functions/ eliminations <sup>9</sup>		Consolidated	
<i>In NOK thousands</i>	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
External customer revenue	869	-	60 935	58 156	22	232	61 826	58 388
Share of profit of associate PEAK Wind <sup>10</sup>	-	-	-	-	1 235	605	1 235	605
Operating expenses	-2 956	-1 205	-58 167	-56 110	-6 198	-5 915	-67 321	-63 230
<b>EBITDA</b>	<b>-2 087</b>	<b>-1 205</b>	<b>2 768</b>	<b>2 046</b>	<b>-4 941</b>	<b>-5 078</b>	<b>-4 260</b>	<b>-4 237</b>
Depreciation and amortisation	-	-	-1 068	-1 334	-727	-	-1 795	-1 334
<b>EBIT</b>	<b>-2 087</b>	<b>-1 205</b>	<b>1 700</b>	<b>712</b>	<b>-5 668</b>	<b>-5 078</b>	<b>-6 055</b>	<b>-5 571</b>
Net finance income	-151	-23	-1 997	-669	1 871	-413	-277	-1 105
<b>Profit before tax</b>	<b>-2 238</b>	<b>-1 228</b>	<b>-297</b>	<b>43</b>	<b>-3 797</b>	<b>-5 491</b>	<b>-6 332</b>	<b>-6 676</b>

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

<i>In NOK thousands</i>	IWS Fleet	IWS Services	Group functions/ eliminations <sup>9</sup>	Consolidated
<b>Segment assets</b>				
30 September 2023	800 169	217 002	443 158	1 460 329
30 September 2022	398 028	221 667	501 765	1 121 460
<b>Segment liabilities</b>				
30 September 2023	21 604	38 199	24 585	84 388
30 September 2022	6 260	62 509	11 029	79 798

<sup>9</sup> Group functions/eliminations include revenue, expenses, assets, and liabilities of the parent company.

<sup>10</sup> The Group's share of the net profit in PEAK Wind for the third quarter of 2023 is net of NOK 1.0 million amortisation of acquisition-related intangible assets (NOK 0.9 million in Q3 2022).

## Note 3 – Tangible and intangible non-current assets

<i>In NOK thousands</i>	Vessels under construction	Leased fixed assets	Other fixed assets	Intangible assets	Total
<b>Acquisition cost at 01.01.2023</b>	<b>532 776</b>	<b>1 521</b>	<b>2 575</b>	<b>73 796</b>	<b>610 668</b>
Acquisitions/instalments in the period	200 120	18 328	2 249	-	220 697
Disposals in the period	-	-	-498	-	-498
Foreign exchange translation adjustments	-	64	163	4 974	5 201
<b>Acquisition cost at 30.09.2023</b>	<b>732 896</b>	<b>19 913</b>	<b>4 489</b>	<b>78 770</b>	<b>836 068</b>
<b>Accumulated depreciation at 01.01.2023</b>	<b>-</b>	<b>-193</b>	<b>-1 222</b>	<b>-7 185</b>	<b>-8 600</b>
Depreciation and amortisation	-	-2 065	-832	-1 429	-4 326
Disposals in the period	-	-	244	-	244
Foreign exchange translation adjustments	-	2	-74	-476	-548
<b>Accumulated depreciation at 30.09.2023</b>	<b>-</b>	<b>-2 256</b>	<b>-1 884</b>	<b>-9 090</b>	<b>-13 230</b>
<b>Net carrying amount at 30.09.2023</b>	<b>732 896</b>	<b>17 657</b>	<b>2 605</b>	<b>69 680</b>	<b>822 838</b>

The carrying value of vessels under construction includes yard instalments, other directly attributable project costs, guarantee fees and capitalised borrowing costs. Borrowing costs of NOK 8.1 million relating to the Green Senior Secured Credit Facility have been capitalised in 2023 up to the end of the third quarter (NOK 3.6 million up to the end of the third quarter of 2022).

Depreciation commences when the vessels are available for their intended use. Depreciation will be calculated on a straight-line basis over the useful life of the assets. Expected useful lives for vessels and dry-docking will be 30 years and 5 years, respectively.

The group leases offices and vehicles. Rental contracts are for periods 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.

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

The Group has recognised a gain on disposal of NOK 0.4 million in 2023 up to the end of the third quarter, which is included within operating revenue in the income statement.

## Note 4 – Corporation taxes

<i>In NOK thousands</i>	Q3 2023	Q3 2022
Current income tax	-	-
Changes in deferred tax	-77	-644
<b>Total income tax expense</b>	<b>-77</b>	<b>-644</b>

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

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

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

## Note 5 – Cash and cash equivalents

<i>In NOK thousands</i>	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Bank deposits denominated in NOK	16 999	32 458	22 772	30 368
Bank deposits denominated in NOK, restricted	933	771	1 293	1 326
Bank deposits denominated in DKK	29 715	31 517	31 036	53 222
Bank deposits denominated in EUR	315 707	339 622	188 795	349 475
Bank deposits denominated in other currencies	9 910	4 310	4 111	3 477
<b>Total cash and cash equivalents</b>	<b>373 264</b>	<b>408 678</b>	<b>248 007</b>	<b>437 868</b>

## Note 6 – Interest-bearing debt

<i>In NOK thousands</i>	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Borrowings	-	-	-	10 437
Lease liabilities	13 019	13 634	468	-
<b>Non-current interest-bearing debt</b>	<b>13 019</b>	<b>13 634</b>	<b>468</b>	<b>10 437</b>
Borrowings	-	-	-	6 341
Lease liabilities	4 711	4 817	598	-
Bank overdraft	1 031	7 884	16 444	779
<b>Current interest-bearing debt</b>	<b>5 742</b>	<b>12 701</b>	<b>17 042</b>	<b>7 120</b>
<b>Total interest-bearing debt</b>	<b>18 761</b>	<b>26 335</b>	<b>17 510</b>	<b>17 557</b>

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

### *Green Senior Secured Credit Facility*

IWS has an undrawn Green Senior Secured Credit Facility of up EUR 118.65 million with SEB, SR-Bank, and Eksfin. The proceeds

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

## Note 7 – Commitments and contingencies

### *Shipbuilding contracts*

Remaining instalments to the yard CMI for vessels under construction amount to EUR 224.6 million, of which EUR 28.4 million is due in 2023, EUR 108.6 million in 2024 and EUR 87.6 million in 2025.

### *Foreign currency hedging contracts*

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

## Note 8 – Related party transactions

### Technical services

Awilco Technical Services AS (“ATS”) previously 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 subject to an annual adjustment of 100% of any increase in the Norwegian consumer price index. ATS is 100% owned by Awilco AS, which is 100% owned by Awilhelmsen AS.

The technical services agreements were terminated with effect from August 8<sup>th</sup> 2023, from which time the technical services have been managed by the Group.

### Address commission

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

## Note 9 – Share capital and shareholder information

### Paid in capital

<i>In NOK thousands, unless stated otherwise</i>	Number of shares	Par value per share	Share capital	Paid-in premium	Total paid-in capital
Share capital at 01.01.2023	28 538 198	NOK 2.00	57 076	969 244	1 026 320
Share capital increase 31 January 2023	10 606 060	NOK 2.00	21 213	328 787	350 000
Equity issue costs				-9 055	-9 055
<b>Share capital at 30.09.2023</b>	<b>39 144 258</b>	<b>NOK 2.00</b>	<b>78 289</b>	<b>1 288 976</b>	<b>1 367 265</b>

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

### Share capital increase

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

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

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



## 10 largest shareholders as of 16<sup>th</sup> November 2023

Shareholder	Number of shares	Ownership (in %)
Awilco AS	15 430 999	39.4
Clearstream Banking S.A.	7 705 295	19.7
State Street Bank and Trust Company	2 780 021	7.1
Sundt AS	1 853 106	4.7
Danske Invest Norge Vekst	1 824 358	4.7
Skandinaviska Enskilda Banken AB	1 800 930	4.6
Verdipapirfondet Nordea Norge Verdi	1 451 843	3.7
J.P. Morgan SE	1 430 452	3.7
Must Invest AS	667 798	1.7
Verdipapirfondet Nordea Avkastning	555 909	1.4
<b>Subtotal</b>	<b>35 500 711</b>	<b>90.7</b>
Other shareholders	3 643 547	9.3
<b>Total</b>	<b>39 144 258</b>	<b>100.0</b>

## Note 10 – Subsequent events

### *Vessels under construction*

Final commissioning of IWS Skywalker is ongoing with delivery within weeks. Upon taking delivery, IWS will sail the vessel to Europe and resupply before commencing the first out of three charter contracts with Dogger Bank (UK).

IWS Seawalker and IWS Starwalker were successfully launched on 30 October. Construction of the vessels will continue at the quayside.

The motion-compensated gangway and crane system for IWS Windwalker arrived at the yard on 1 November. Installation on the vessel is ongoing.

### *Chartering*

The Group announced on 4<sup>th</sup> October that it has entered into a time charter contract at market terms with Asso.subsea Single Member S.A. of Greece, an expert in cable installation, protection, repair and support and turn-key solution provider.

The contract will commence in Q4 2024/Q1 2025 and have a duration of up to eight months. The charter contract is related to supporting Charterer's activities at an offshore wind farm in France. IWS will have four identical CSOVs delivered when the contract commences and has the option under the contract to choose which vessel will perform the services.

### *Green Financing Framework*

IWS has published its first Green Financing Framework to highlight the Group's sustainability strategy to lenders and investors. The framework has been reviewed and rated "Medium Green" by S&P Global Ratings, a leading independent expert on research-based assessments of Green Finance Frameworks.

## APPENDIX A – ALTERNATIVE PERFORMANCE MEASURE

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

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

The Group's financial APMs are:

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

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

