

# Financial Report

# Q3 2022



# INTERIM FINANCIAL REPORT

## Q3 2022<sup>1</sup>

### HIGHLIGHTS

- Total revenue of NOK 59 million for Q3 2022 compared with NOK 56 million in the previous quarter.
- EBITDA of NOK -4 million for Q3 2022 compared with NOK -3 million in the previous quarter.
- The Dogger Bank consortium intends to charter one CSOV for Dogger Bank C for commissioning and construction work with commencement in mid-2025. IWS has already secured contract work for Dogger Bank A and B. The intended new charter contract is under documentation, with expected signing in Q4 2022.
- The EUR 56.25 million senior secured credit facility for the financing of the two first CSOVs has been classified as Green under the bank's green financing framework. The reclassification highlights IWS's commitment to ESG and sustainability.
- Good progress on the CSOVs under construction at China Merchants Industry Holdings Co., Ltd ("CMI") with an expected delivery of the first vessel during the second half of Q2 2023. The launch of IWS Skywalker was successfully completed on 8 November and the first steel cut on IWS Seawalker and IWS Starwalker was completed on 9 November.
- The 30% owned PEAK Wind continues the strong growth with an increase in Q3 2022 net revenues of 47% year over year to NOK 47 million. The number of employees has increased by more than 50% since year-end 2021.
- IWS Services continues to develop with an increase in Q3 2022 revenues of 7% versus Q2 2022, explained by ProCon and Green Ducklings.
- Continued strong market for CSOVs with increased charter rates year-over-year and higher newbuilding prices, improving the first-mover advantage of early market entrants.

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

## OPERATIONS

### Group structure

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

IWS Fleet is the owner and operator of high-end CSOVs with four newbuildings under construction at the leading shipyard CMI and two options.

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.



### Group management

The group management team consists of CEO Lars-Henrik Røren, COO Christopher Andersen Heidenreich and CFO Marius Magelie.

### IWS Fleet site office at CMI

IWS Fleet site office personnel are in place at the CMI facility in Jiangsu, China and will follow up on the construction work on the newbuildings throughout the entire construction period.

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

<sup>3</sup> 75% owned by IWS Services (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*

Offshore wind continues to see high activity during the third quarter of 2022. Development activity is high in European incumbent countries and accelerating outside Europe, mainly in East Asia and the US.

The energy crisis in Europe following the war in Ukraine has shifted attention to energy security and a future less reliant on imported Russian gas. For many European countries, offshore wind has been launched as one of the key drivers for this transition.

The offshore wind market is nevertheless not excluded by the global inflationary pressure and supply chain disruptions, which could also increase the cost of offshore wind. The sector, in general, should, however, not be more affected compared with other renewable energy sources.

The European countries continue to increase offshore wind targets. During the third quarter the European market forecast increased by 6 GW to 142 GW driven by new targets in Denmark, Netherlands, Ireland and Italy, according to 4C Offshore. Green Ducklings risk-adjusted expectation is for 129 GW in 2030 in Europe due to uncertainty related to supply chain and grid infrastructure constraints and lengthy project permitting processes.

Another key trend is the push for clever grid system integration across offshore wind projects leveraging benefits

from Power-to-X (“PtX”) and alternative fuel. A trend driven by the need to provide decarbonised energy to heavy transport and industry.

### *Market for CSOVs*

Shorter-term charter rates for walk-to-work (“W2W”) vessels have increased in Q3 2022 compared with Q3 2021. Still, they are seasonally lower than in Q2 2022 as vessel availability has increased ahead of the winter as the prime construction season is coming to an end. However, there is limited, if any, availability of high-end Tier 1 CSOV’s in the short term.

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

The global fleet of CSOVs and SOVs counted 36 vessels in operations of which 23 are considered “Tier 1”. The total orderbook consists of 32 vessels, of which four vessels have been ordered by IWS.

With limited new supply, coupled with continued growth in offshore wind farm development as well as a stronger oil and gas market, we see the market for CSOV vessels continue to improve.

## MAIN EVENTS DURING Q3 AND POST-QUARTER EVENTS

### Newbuildings

The company has ordered four CSOVs from CMI with an expected delivery of the first vessel, IWS Skywalker, during the second half of Q2 2023. The second vessel, IWS Windwalker, is scheduled for Q4 2023 delivery.

The yard is progressing well on the first two CSOVs under construction, with the successful launch of IWS Skywalker on 8 November 2022. The first steel cut ceremony for IWS Seawalker and IWS Starwalker took place 9 November 2022.

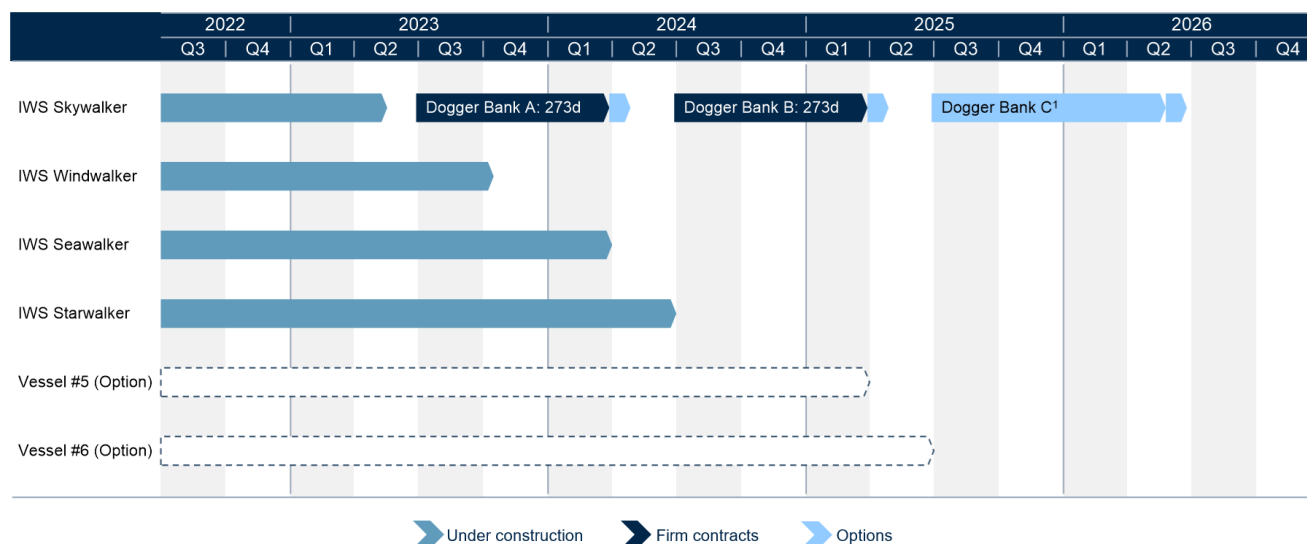
The firm average yard price for the four vessels is about EUR 46m per vessel (turnkey contracts). About 50% of the vessel value is related to Norwegian export companies providing

advanced technology, ensuring safe and efficient operations. The global shipyards are not immune to the global supply-chain pressure, and there are general risks related to the timing of delivery of key components.

### Employment

IWS Fleet has been notified by the Dogger Bank Consortium that they intend to sign a charter contract for the third phase of the wind farm development, Dogger Bank C. The charter will commence in 2025 and the contract is being documented with expected signing during Q4 2022. The company has already secured two separate charter contracts with the Dogger Bank consortium with a start-up in 2023 and 2024.

### Fleet and contract overview



1) The contract will be effective when contractual documentation is completed, expected in Q4 2022.

### Financing

In April, the company signed the EUR 56.25 million Senior Secured Credit Facility that will be used for long-term post-delivery financing of the IWS Skywalker and IWS Windwalker.

Skandinaviska Enskilda Banken AB ("SEB"), SpareBank 1 SR-Bank ASA ("SR Bank"), and Export Finance Norway ("Eksfin") has during October 2022 classified the loan as Green under the banks green financing framework. The reclassification highlights IWS's commitment to ESG and sustainability.

## FINANCIAL REVIEW

### *Income statement*

Total revenue for the third quarter of 2022 was NOK 59.0 million, of which ProCon contributed NOK 56.8 million and the group's share of net profit in PEAK Wind was NOK 0.6 million.

The Group's share of the net profit in PEAK Wind in the third quarter of 2022 was NOK 1.5 million (NOK 2.2 million in Q2 2022), before NOK -0.9 million amortisation of acquisition-related intangible assets. The quarterly reduction in net profit was driven by expected seasonally lower activity during the summer.

Operating expenses for the third quarter of 2022 were NOK 63.2 million compared with NOK 59.6 million in the previous quarter. The increase is due to NOK 3.5m higher project-related costs in ProCon.

Group EBITDA was NOK -4.2 million for the third quarter of 2022 compared with NOK -3.5 million in the previous quarter. ProCon, PEAK Wind and Green Ducklings contributed NOK 4.1 million, NOK 0.6 million, and NOK -0.8 million, respectively, with the other Group entities contributing a combined EBITDA of NOK -8.1 million. For ProCon's 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 2022 was NOK 7.3 million compared with a net loss of NOK 4.5 million in the second quarter of 2022. The NOK 2.8 million difference primarily relates to foreign exchange losses of NOK 0.4m in Q3 compared with a foreign exchange gain of NOK 1.5m in the previous quarter.

### *Liquidity and financial position*

Total cash and cash equivalents amounted to NOK 438 million at quarter-end, down from NOK 443 million at the end of the

previous quarter. The net decrease is explained, in part, by directly attributable costs related to the CSOVs under construction of NOK 4.5 million.

The carrying value of vessels under construction of NOK 385 million includes the yard instalments on IWS Skywalker, IWS Windwalker, IWS Seawalker and IWS Starwalker, 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 4 – Commitments and contingencies*.

The intangible assets of NOK 68 million include goodwill and other intangible assets recognised as part of the acquisition of ProCon and Green Ducklings in the third quarter of 2021.

Other non-current assets of NOK 7 million relate to borrowing costs, paid on the Senior Secured Credit Facility, that will be capitalised as part of vessels under construction over time and in full upon drawdown of the facility.

Other current assets of NOK 38 million at quarter-end, compared with NOK 64 million at the previous quarter end, consist mainly of trade receivables related to construction contracts in ProCon.

Book equity on 30 September 2022 was NOK 1 042 million and total assets were NOK 1 121 million, giving an equity ratio of 93% at quarter-end. The increase in equity is a result of favourable cash flow hedges and translation of foreign operations.

### *Comparative figures*

Integrated Wind Solutions ASA was incorporated in July 2020. There were no operating activities of significance before the fourth quarter of 2021 when the subsidiary ProCon and the associated company PEAK Wind were included in the group financial statements.

## OUTLOOK

The outlook for the offshore wind industry remains highly positive.

We continuously observe that private, as well as public and government initiatives and ambitions, are growing. Offshore wind has become a truly global industry with foreseeable high growth numbers.

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 (Green Ducklings), and the consultancy & advisory and operations & asset management services of wind farms provided by PEAK Wind.

The offshore wind industry including IWS is, however, not protected from issues related to supply-chain turbulence caused directly and indirectly by the ongoing war in Ukraine

and covid-19 quarantine issues that remain a challenge in parts of the world.

The first newbuilding, IWS Skywalker, is expected to be delivered in the second half of Q2 2023.

ProCon mainly works on long-lead contracts, secured 3-12 months in advance. 2022 seems to be a year with high productivity and strong execution of backlog. With this high expected activity level in 2022, we foresee a somewhat lower activity in H1 23. However, from H2 2023 onwards, the foundation and transition piece installation activity is expected to increase again backed by already announced projects.

PEAK Wind is expected to continue its strong growth and expand its geographical scope and offerings.

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 2022 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, 14 November 2022

Sigurd E. Thorvildsen  
*Chairman 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 (unaudited)

<i>In NOK thousands</i>	Note	Q2 2022	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
Operating revenue		54 861	58 388	838	162 840	838	49 007
Share of net profit of associates		1 302	605	699	3 185	699	2 346
<b>Total revenue</b>		<b>56 163</b>	<b>58 993</b>	<b>1 537</b>	<b>166 025</b>	<b>1 537</b>	<b>51 353</b>
Operating expenses		-59 625	-63 230	-9 070	-180 733	-14 234	-60 881
<b>Earnings before interest, taxes and dep. (EBITDA)</b>		<b>-3 462</b>	<b>-4 237</b>	<b>-7 533</b>	<b>-14 708</b>	<b>-12 697</b>	<b>-9 528</b>
Depreciation and amortisation	2	-1 330	-1 334	-462	-4 354	-462	-2 239
<b>Earnings before interest and taxes (EBIT)</b>		<b>-4 792</b>	<b>-5 571</b>	<b>-7 995</b>	<b>-19 062</b>	<b>-13 159</b>	<b>-11 767</b>
Finance income		143	243	16	675	16	270
Finance expenses		-1 196	-933	-21	-2 887	-99	-1 737
Net foreign currency exchange gains		1 533	-415	-887	1 199	-887	-2 504
<b>Net finance income</b>		<b>480</b>	<b>-1 105</b>	<b>-892</b>	<b>-1 013</b>	<b>-970</b>	<b>-3 971</b>
<b>Loss before taxes</b>		<b>-4 312</b>	<b>-6 676</b>	<b>-8 887</b>	<b>-20 075</b>	<b>-14 129</b>	<b>-15 738</b>
Income tax expense	5	-193	-644	102	-709	102	-1 010
<b>Loss for the period</b>		<b>-4 505</b>	<b>-7 320</b>	<b>-8 785</b>	<b>-20 784</b>	<b>-14 027</b>	<b>-16 748</b>
Attributable to non-controlling interests		500	227	-	1 175	-	1 162
Attributable to shareholders of the parent		-5 005	-7 547	-8 785	-21 959	-14 027	-17 910
Weighted average number of shares		28 397 287	28 538 198	17 600 698	25 128 609	12 627 500	13 928 965
Basic and diluted earnings per share in NOK		-0.18	-0.26	-0.50	-0.87	-1.11	-1.29

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

<i>In NOK thousands</i>	Note	Q2 2022	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
Loss for the period		-4 505	-7 320	-8 785	-20 784	-14 027	-16 748
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
<i>Cash flow hedge, net of tax effect</i>	4	11 884	6 861	-452	19 665	309	-2 401
<i>Translation of foreign operations</i>		15 815	7 069	-34	11 159	-34	-614
<b>Total comprehensive income</b>		<b>23 194</b>	<b>6 610</b>	<b>-9 271</b>	<b>10 040</b>	<b>-13 752</b>	<b>-19 763</b>
Attributable to non-controlling interests		1 090	1 057	-	1 647	-	680
Attributable to shareholders of the parent		22 104	5 553	-9 271	8 393	-13 752	-20 443



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

<i>In NOK thousands</i>	Note	30.09.2022	30.06.2022	31.12.2021	30.09.2021
<b>ASSETS</b>					
<b>Non-current assets</b>					
Vessels under construction	2	384 648	376 227	90 671	88 992
Other fixed assets	2	1 736	1 591	1 913	2 217
Intangible assets	2/8	68 233	67 846	68 093	65 910
Investments accounted for using the equity method		137 034	133 321	130 942	129 227
Deferred tax assets	5	4 632	5 573	3 327	-
Other non-current assets		7 146	6 973	-	-
<b>Total non-current assets</b>		<b>603 429</b>	<b>591 531</b>	<b>294 946</b>	<b>286 346</b>
<b>Current assets</b>					
Cash and cash equivalents	3	437 868	443 309	388 876	410 842
Inventory		42 184	17 943	30 469	-
Other current assets		37 979	63 661	41 706	54 244
<b>Total current assets</b>		<b>518 031</b>	<b>524 913</b>	<b>461 051</b>	<b>465 086</b>
<b>Total assets</b>		<b>1 121 460</b>	<b>1 116 444</b>	<b>755 997</b>	<b>751 432</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	7	57 076	57 076	35 201	35 201
Share premium reserve	7	970 687	970 687	647 676	647 596
Retained earnings/other comprehensive income		-15 024	-20 578	-23 417	-13 790
Non-controlling interests		28 923	26 799	26 209	18 918
<b>Total equity</b>		<b>1 041 662</b>	<b>1 033 984</b>	<b>685 668</b>	<b>687 925</b>
<b>Non-current liabilities</b>					
Non-current interest-bearing debt		10 437	11 645	14 263	15 689
Deferred tax liability	5	8 773	8 411	3 956	1 342
Other non-current liabilities		1 127	930	472	-
<b>Total non-current liabilities</b>		<b>20 337</b>	<b>20 986</b>	<b>18 691</b>	<b>17 031</b>
<b>Current liabilities</b>					
Trade payables		21 072	27 099	27 650	6 961
Borrowings		7 120	6 305	5 410	19 480
Other current liabilities		31 269	28 070	18 578	20 035
<b>Total current liabilities</b>		<b>59 461</b>	<b>61 474</b>	<b>51 638</b>	<b>46 476</b>
<b>Total equity and liabilities</b>		<b>1 121 460</b>	<b>1 116 444</b>	<b>755 997</b>	<b>751 432</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (unaudited)

<i>In NOK thousands</i>	Note	Q2 2022	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
<b>Cash flow from operating activities</b>							
Loss before tax		-4 312	-6 676	-8 887	-20 075	-14 129	-15 738
Depreciation and amortisation	2	1 330	1 334	462	4 354	462	2 239
Increase (-)/decrease (+) in prepayments, accruals and stock		70	1 462	-1 559	-7 790	-2 127	-25 931
Increase (+)/decrease (-) in trade and other payables		1 038	-1 374	-5 675	1 637	-339	15 219
Net profit from associates		-1 302	-605	-699	-3 185	-699	-2 346
<b>Net cash flow from operating activities</b>		<b>-3 176</b>	<b>-5 859</b>	<b>-16 358</b>	<b>-25 059</b>	<b>-16 832</b>	<b>-26 557</b>
<b>Cash flow from investing activities</b>							
Purchase of property, plant and equipment	2	-42 300	-4 506	-209	-285 210	-88 999	-90 517
Purchase of subsidiaries and associates	8	-	-	-175 059	-	-175 059	-178 136
<b>Net cash flow from investing activities</b>		<b>-42 300</b>	<b>-4 506</b>	<b>-175 268</b>	<b>-285 210</b>	<b>-264 058</b>	<b>-268 653</b>
<b>Cash flow from financing activities</b>							
Proceeds from issue of share capital/minority shareholder		68 389	2	-	350 002	704 028	708 058
Equity issue costs		-556	-	80	-6 556	-21 259	-21 259
Proceeds from (+)/repayment of (-) borrowings and loan fees		-16 527	-2 636	9 832	-13 308	9 832	-1 602
<b>Net cash flow from financing activities</b>		<b>51 306</b>	<b>-2 634</b>	<b>9 912</b>	<b>330 138</b>	<b>692 601</b>	<b>685 197</b>
Cash and cash equivalents at beginning of the period		414 556	443 309	593 636	388 876	212	212
Net increase in cash and cash equivalents		5 830	-12 999	-181 714	19 869	411 711	389 987
Exchange rate effects		22 923	7 558	-1 080	29 123	-1 081	-1 323
<b>Cash and cash equivalents at the end of the period</b>	3	<b>443 309</b>	<b>437 868</b>	<b>410 842</b>	<b>437 868</b>	<b>410 842</b>	<b>388 876</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

<i>In NOK thousands</i>	Attributable to owners of the Company						Total equity
	Share capital	Share premium reserve	OCI <sup>1)</sup>	Other equity	Total	NCI <sup>2)</sup>	
<b>Equity at 01.01.2021</b>	<b>100</b>	<b>8</b>	-	<b>-38</b>	<b>70</b>	-	<b>70</b>
Loss for the period	-	-	-	-14 027	-14 027	-	-14 027
Other comprehensive income	-	-	309	-34	275	-	275
Equity issue per 09.03.2021	9 900	190 100	-	-	200 000	-	200 000
Equity issue per 22.03.2021	25 000	475 000	-	-	500 000	-	500 000
Equity issue per 29.04.2021	201	3 827	-	-	4 028	-	4 028
Equity issue costs <sup>3)</sup>	-	-21 339	-	-	-21 339	-	-21 339
Acquisition of NCI	-	-	-	-	-	18 918	18 918
<b>Total equity at 30.09.2021</b>	<b>35 201</b>	<b>647 596</b>	<b>309</b>	<b>-14 099</b>	<b>669 007</b>	<b>18 918</b>	<b>687 925</b>
<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 per 22.03.2022	17 601	264 010	-	-	281 611	-	281 611
Equity issue per 12.04.2022	4 274	64 115	-	-	68 389	-	68 389
Equity issue costs <sup>3)</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>

1) Other comprehensive income is related to the Group's foreign currency hedges, presented net of NOK 4.2 million tax.

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

Transactions with non-controlling interests represent share capital increase in IWS Services A/S

3) Equity issue costs and other transactions in equity are recorded net of tax

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### Corporate information

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

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

### Basis of preparation

The condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The

Statements are presented in NOK rounded to the nearest thousand, except as otherwise indicated. The condensed consolidated interim financial statements are unaudited.

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 2021. 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 2021, which includes a detailed description of the applied accounting policies.

## Note 2 – Tangible and intangible non-current assets

<i>In NOK thousands</i>	Vessels under construction	Other fixed assets	Intangible assets	Total
<b>Acquisition cost at 01.01.2022</b>	<b>90 671</b>	<b>2 134</b>	<b>70 111</b>	<b>162 916</b>
Acquisitions/instalments in the period	293 977	380	-	294 357
Foreign exchange translation adjustments	-	149	4 176	4 325
<b>Acquisition cost at 30.09.2022</b>	<b>384 648</b>	<b>2 663</b>	<b>74 287</b>	<b>461 598</b>
<b>Accumulated depreciation at 01.01.2022</b>	-	<b>-221</b>	<b>-2 018</b>	<b>-2 239</b>
Depreciation and amortisation	-	-657	-3 697	-4 354
Foreign exchange translation adjustments	-	-49	-339	-388
<b>Accumulated depreciation at 30.09.2022</b>	-	<b>-927</b>	<b>-6 054</b>	<b>-6 981</b>
<b>Net carrying amount at 30.09.2022</b>	<b>384 648</b>	<b>1 736</b>	<b>68 233</b>	<b>454 617</b>

In February 2021, IWS signed newbuilding contracts for two CSOVs with scheduled delivery in 2023. In March 2022, IWS signed newbuilding contracts for another two CSOVs with delivery in 2024.

In the construction period, the carrying value includes yard instalments, other directly attributable project costs, guarantee fees and capitalised borrowing costs. Borrowing costs of NOK 3.7 million relating to the Senior Secured Credit

Facility have been capitalised 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.

## Note 3 – Cash and cash equivalents

<i>In NOK thousands</i>	30.09.2022	30.06.2022	31.12.2021	30.09.2021
Bank deposits denominated in NOK	30 368	44 123	335 498	345 008
Bank deposits denominated in NOK, restricted	1 326	2 249	12 330	11 160
Bank deposits denominated in DKK	53 222	19 797	29 427	54 674
Bank deposits denominated in EUR	349 475	373 752	5 093	-
Bank deposits denominated in other currencies	3 477	3 388	6 528	-
<b>Total cash and cash equivalents</b>	<b>437 868</b>	<b>443 309</b>	<b>388 876</b>	<b>410 842</b>

## Note 4 – Commitments and contingencies

### *Shipbuilding contracts*

Remaining instalments to the yard CMI for the two CSOVs with scheduled delivery in 2023 amount to EUR 65.7 million.

For the two additional CSOVs with scheduled delivery in 2024, remaining instalments amount to EUR 81.8 million.

IWS has options with the yard for the potential calling of two additional vessels.

### *Guarantees*

Integrated Wind Solutions ASA has issued parent company guarantees ("PCG") in favour of the shipyard CMI related to the shipbuilding contracts signed by the subsidiaries Awind 4 AS, Awind 5 AS, Awind 1 AS and Awind 2 AS.

The guarantees for Awind 4 AS and Awind 5 AS are limited to 50% of the yard price of the firm units delivered from the yard, which is to be adjusted for any change orders that may arise up until delivery. The PCG is reduced by a pro-rata amount according to the instalments to the yard: 10% at the signing of the contract, 10% at steel cutting, 5% for accelerated payment and 10% at launching of the vessels.

The guarantees for Awind 1 AS and Awind 2 AS are limited to 35% of the yard price on the same terms as above, reduced by a pro-rata amount according to the instalments to the yard: 10% at steel cutting and 10% at launching of the vessels.

### *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*.

### *Financing*

IWS signed a EUR 56.25 million Senior Secured Credit Facility with SEB, SR-Bank, and Eksfin in the second quarter of 2022. The proceeds of the facility will be used for long-term post-delivery financing of the Group's first two CSOVs on order for delivery in 2023. The loan has been classified as green by the lenders after the reporting period.

## Note 5 – Corporation taxes

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

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

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

## Note 6 – Related party transactions

### Technical services

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

### Management services

Awilhelmsen Management AS ("AWM") provides IWS with administrative and general services including accounting, payroll, legal, secretary, and IT. IWS pays AWM a yearly management fee based on AWM's costs plus a margin of 5%. The fee is subject to semi-annual evaluation and is regulated according to the consumer price index in Norway. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS. The management agreement has been terminated with effect from June 2023, at which point the relevant services will be managed by the Group.

## Note 7 – Share capital and shareholder information

### Paid in capital

<i>In NOK thousands, unless stated otherwise</i>	<b>Number of shares</b>	<b>Par value per share</b>	<b>Share capital</b>	<b>Paid-in premium</b>	<b>Total paid-in capital</b>
Share capital at 01.01.2022	17 600 698	NOK 2.00	35 201	647 676	682 877
Share capital increase 22 March 2022	8 800 349	NOK 2.00	17 601	264 010	281 611
Share capital increase 12 April 2022	2 137 151	NOK 2.00	4 274	64 115	68 389
Equity issue costs				-5 114	-5 114
<b>Share capital at 30.09.2022</b>	<b>28 538 198</b>	<b>NOK 2.00</b>	<b>57 076</b>	<b>970 687</b>	<b>1 027 763</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 March, the company successfully raised gross proceeds of NOK 350 million in a private placement by issuing 10,937,500

new shares at a subscription price of NOK 32 per share. The private placement was divided into two tranches of which 8,800,349 shares were allocated in tranche 1 and issued in March. Tranche 2 consists of 2,137,151 shares issued in April. Following the registration and issuance of the Tranche 2 shares, the share capital of the Company is NOK 57,076,396 divided into 28,538,198 shares, each with a nominal value of NOK 2.00.

## 10 largest shareholders as of 8 November 2022

Shareholder	Number of shares	Ownership (in %)
Awilco AS	11 250 000	39.4
BNP Paribas	2 026 780	7.1
Skandinaviska Enskilda Banken AB	1 950 000	6.8
Sundt AS	1 562 500	5.5
Danske Invest Norge Vekst	1 330 116	4.7
Verdipapirfondet Nordea Norge Verdi	1 058 283	3.7
J.P. Morgan SE	1 042 691	3.7
The Bank of New York Mellon SA/NV	625 000	2.2
Tolma Norden AS	556 250	1.9
Ludvig Lorentzen AS	536 151	1.9
<b>Subtotal</b>	<b>21 937 771</b>	<b>76.9</b>
Other shareholders	6 600 427	23.1
<b>Total</b>	<b>28 538 198</b>	<b>100.0</b>

## Note 8 – Business combinations

The subsidiaries Green Ducklings and ProCon are classified as subsidiaries and consolidated through IWS Services A/S with effect from 1 July 2021 and 30 September 2021, respectively.

## Note 9 – Events after the balance sheet date

### *Newbuildings*

The launch of IWS Skywalker was successfully completed on 8 November, and the first steel cut on IWS Seawalker and IWS Starwalker was completed on 9 November.

### *Financing*

The EUR 56.25 million Senior Secured Credit Facility has been classified as green by the lenders after the reporting period.

## APPENDIX A – ALTERNATIVE PERFORMANCE MEASURES

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

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

The Group's financial APMs are:

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

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



