Annual Report

2022

Integrated Wind Solutions

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Design: Big Fish AS

About IWS

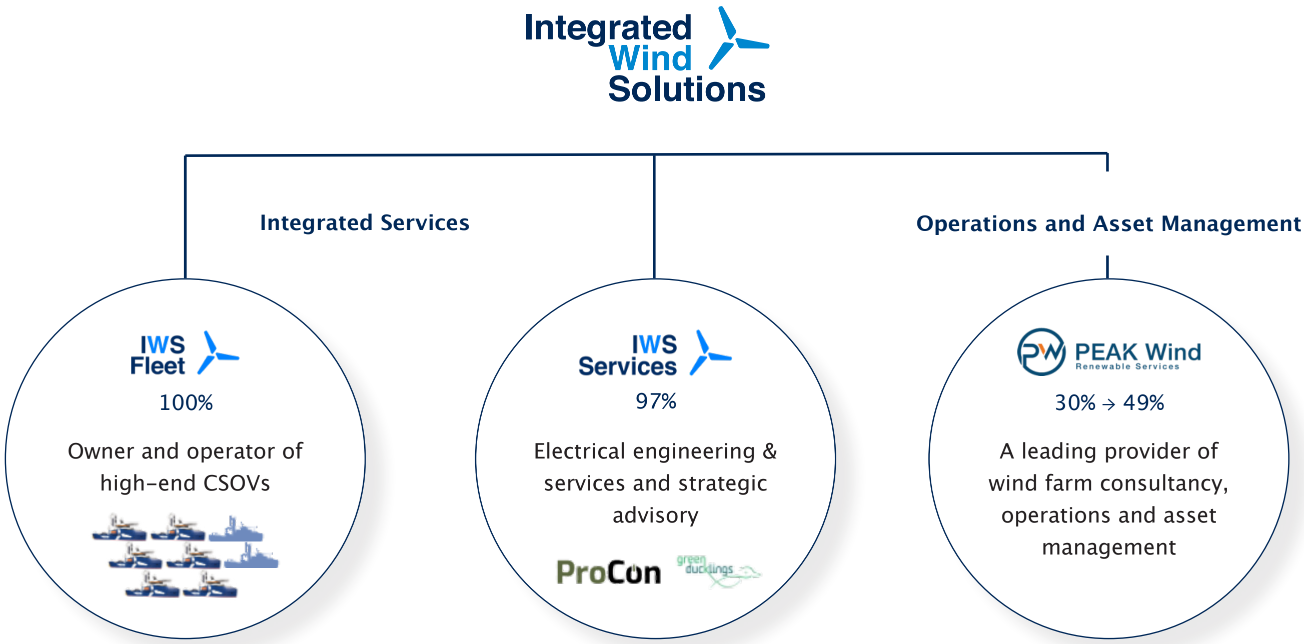
Integrated Wind Solutions ASA ("IWS") aims to be a leading offshore wind service provider by integrating construction and service operation vessels (CSOVs) with engineering, product and manpower services in a windfarm's installation, commissioning, and operations phase.

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 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 four CSOVs 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 two vessels, IWS Skywalker and IWS Windwalker, will be ready for operations in the fourth quarter of 2023 and first quarter of 2024, respectively. The third and fourth vessels, IWS Seawalker and IWS Starwalker, are scheduled for delivery from the yard in Q2 and Q3 2024.

After the balance sheet date, the Group entered into newbuilding contracts for two additional CSOVs with scheduled delivery in Q2 2025 (vessel five and six) from the same shipyard. The Group has also secured options for two additional Skywalker class CSOVs from the same yard.

IWS SERVICES

Through its 97% owned (100% controlled) and fully consolidated 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 player.

The two main investments in IWS Services are i) the 75% ownership in ProCon Group, which is a Danish engineering, construction, and service solution provider specialised in electrical and technical solutions to the global renewable industry with a focus on offshore and onshore wind and ii) the 100% owned Danish offshore wind specialist consultancy firm Green Ducklings A/S.

PEAK WIND

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

Organisation

Management

Lars-Henrik Røren

Chief Executive Officer

Mr. Røren 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, among them Head of Equities in Formuesforvaltning, Head of Equity Capital Markets and Head of E&P research in SEB Markets, Investment Director in SEB Wealth Management Norge and Chairman of the Board of Nordic Aquafarms AS. Mr. Røren holds an MSc in BA 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 15 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.

Board of directors

Sigurd E. Thorvildsen

Chairperson and Non-Executive Director / Remuneration Committee

Mr. Thorvildsen is the CEO of the Awilhelmsen Group, the Chairman of the Board of Directors of Awilco Drilling Plc, and a member of the Company's Remuneration Committee. He has more than 30 years of experience from the shipping and offshore industry. Mr. Thorvildsen has previously held several senior positions, among them the position as CEO of Awilco AS, the Chairman of the Board of Directors of Awilco Offshore ASA and Awilco Heavy Transport ASA (later Ocean HeavyLift ASA). 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 10 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 in Awilco Offshore ASA and worked 10 years as a management consultant in 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 CEO of QVT Financial LP, an asset management company with offices including New York, London, Singapore, and New Delhi. QVT Financial, 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, Awilco Drilling Plc and ABL Group ASA. Mrs. Syrrist holds a 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 31.03.2023)

Shareholder	Number of shares	Ownership in %
Awilco AS	15 430 999	39.4
Skandinaviska Enskilda Banken AB	3 000 000	7.7
State Street Bank and Trust Company	2 780 021	7.1
Sundt AS	1 853 106	4.7
Danske Invest Norge Vekst	1 824 358	4.7
Verdipapirfondet Nordea Norge Verdi	1 451 843	3.7
J.P. Morgan SE	1 430 452	3.7
Clearstream Banking S.A.	1 162 134	3.0
Toluma Norden AS	763 068	1.9
Ludvig Lorentzen AS	736 151	1.9
Must Invest AS	667 798	1.7
Whiterock AS	650 000	1.7
The Bank of New York Mellon SA/NV	625 000	1.6
Greenwich Land Securities AS	621 190	1.6
Verdipapirfondet Nordea Avkastning	555 909	1.4
Skeie Capital Investment AS	535 303	1.4
GLS Real Estate AS	386 061	1.0
Wieco AS	350 060	0.9
Næringslivets Hovedorganisasjon	305 800	0.8
Spesialfondet KLP Alfa Global Energi	300 000	0.8
Sub-total	**23 692 363**	**90.5**
Other shareholders	3 715 005	9.5
Total	**39 144 258**	**100.0**

The Group raised in January 2023 gross proceeds of NOK 350 million in a private placement by allocating 10,606,060 new shares at a subscription price of NOK 33 per share. Additional information on the capital raise is presented in Note 23 to the consolidated accounts.

Letter from the CEO

Since our initial public offering in March 2021, we have transformed Integrated Wind Solutions ASA (“IWS”) into what it is today. In my first shareholder letter, let me briefly summarise what we have done to develop the company over the past two years:

- Established our vessel offering company, IWS Fleet, and ordered six interchangeable Skywalker class CSOVs (Commissioning Service Operation Vessels) newbuildings at the China Merchant shipyard in Jiangsu, China
- Established our supply-chain services business, IWS Services, with head office in Aarhus, Denmark
- Acquired 75% (100% of the voting A-shares) of the electrical and technical solutions company ProCon
- Acquired 100% of the strategic consultancy and advisory firm Green Ducklings
- Acquired 30% of the A-shares (with an option to increase to 49%) in the technical and commercial advisory firm PEAK Wind
- Raised gross proceeds of NOK 1.4 billion in equity, divided into three rounds, including the private placement in January 2023.
- Secured green bank loan for our two first vessels under construction, with bank financing for the next two vessels expected to be secured in Q2 2023

NAVIGATING THE VOLATILE MACRO ENVIRONMENT

2022 was the first full year of operation with our current structure. However, it was a year that developed differently than we expected at the beginning of the year. Like all other companies, we have had to struggle with the consequences of the war in Ukraine, post-COVID implications, supply-chain disruptions, inflationary pressure, and the implementation of the central bank's aggressive monetary policy measures to regain control of inflation.

Despite these disruptions, we have implemented our strategy according to plan, and our financials for 2022 are in line with budgets as communicated to investors and analysts at the beginning of the year.

IWS has not been protected from supply-chain issues related to our ongoing newbuilding program. Our vessels under construction, mainly our first two CSOVs, will be somewhat delayed from the yard. We have fixed-price, turnkey contracts with the shipyard with 65% of the remaining contract price to be settled at the delivery. We have favourable payment terms and see limited financial effects from the delays.

An important counterweight to the communicated delays is that the entire peer group of companies with CSOVs under construction experiences the same issues. IWS is doing better than the average regarding the temporal and financial impact of the delays, mainly because of our local site team and the contract structure with the yard.

With the delayed delivery of newbuildings, the supply/demand gap in the offshore wind industry has widened, resulting in improved charter rates. The situation in the CSOV market has never been in more favour of the vessel owners. This view is backed by (mainly) all independent research houses / -specialists focusing on the offshore wind market. Furthermore, the oil & gas market is in high demand for service vessels with accommodation, cranes, and/or a relevant gangway installed.

We are still in the early months of 2023, and even though we continue to face many of the same challenges as in 2022, we are now better prepared. The disruptions are now part of our daily life and planning, and with planning, we achieve better control and a better likely outcome.

MORE THAN VESSELS

IWS has a broader business footprint than our vessels under construction. Our supply-chain service company, IWS Services, consists of two subsidiaries, ProCon Group and Green Ducklings.

ProCon provides electrical work and above-waterline services for the balance of plant scope and delivered solid revenue growth in 2022 due to high productivity and strong execution of order backlog.

The market intelligence and supply-chain consultancy firm, Green Ducklings, continued to build the platform, attract new consultants and increase both revenue and list of Tier 1 clients.

Furthermore, our ownership in the consultancy, advisory and operations firm, PEAK Wind Group, developed positively in 2022. PEAK Wind continued its strong growth in revenues and number of employees. Net profit continued to increase, even with more internal resources allocated to strategic projects to secure strong growth in the years to come.

The PEAK Wind ownership and the IWS Services strategy make IWS unique and able to provide our clients with a wide range of product offerings. 2022 was the first full

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The combination of the IWS Fleet CSOV business and our supply-chain services business through IWS Services makes the IWS Group special.

year with these businesses in the group – the companies with their respective business plans are living up to our expectations.

STRENGTHENED OUTLOOK FOR GREEN ENERGY AND ENERGY SECURITY

The industry agrees that the offshore wind market is experiencing a long-term upward trend. The commitments from the financial community, regulators, private interests, and widespread government-funded initiatives, are currently building a solid structure around the offshore wind industry as the green energy transition continues.

That said, even high ambitions and an ample supply of capital on the side-line do not protect this industry from issues like supply-chain bottlenecks and some delays from regulators issuing project approvals. Furthermore, the higher interest rates and macro uncertainty hurt return expectations for long-lead business projects such as offshore wind. To be clear, as we see it, the long-term trend is intact and has strengthened during 2022, partly because of increased attention to energy security. We are even more positive about the offshore wind market today versus a year ago. The massive need for service vessels and supply-chain products, people, and tech services has, throughout the year, become even clearer. We are optimistic about the future, but we acknowledge and pay attention to the industry's global challenges.

WELL POSITIONED TO TAKE PART IN THE INDUSTRY'S GROWTH

2023 will be the most important year for IWS in our short history. We will take delivery of our first CSOV, IWS Skywalker, later this year. The vessel will directly start the first of three contracts at the world's largest offshore wind farm, Dogger Bank Wind Farm in the UK, for commissioning and construction vessel service in the late construction phase. In early / mid-2024, three more newbuildings will be ready for operations, followed by the last two in the first half of 2025.

IWS is a growth company. We have invested a lot over the past two years and will continue to invest over the

coming two years. However, the ratio of investment capex versus operating cash flow will gradually improve from late this year and onwards, and we forecast that 2024 will be the first year of generating a net profit.

The combination of the IWS Fleet CSOV business and our supply-chain services business through IWS Services makes the IWS Group special. We will continue to build and protect our business going forward. 2023 is one step, one brick in our vision to become a leading integrated offshore wind service company.

The business environment within the offshore wind industry is in our favour. We will do our utmost to deliver on the trust offered by our clients, banking partners, and investors. The IWS idea is to increase our client's odds of success in the offshore wind industry by providing CSOVs, electrical works, offshore wind consultancy, consultancy & advisory, and operations & asset management services. Our many great employees are working hard to deliver on this mindset in 2023 and beyond. IWS is ready for the future, bring it on!

Best regards,

Lars-Henrik Røren
Chief Executive Officer

Board of directors' report

Board of directors' report

BUSINESS SUMMARY

Offshore wind

Europe continues the ambitious renewable energy transition rollout; the outlook in 2030 of 125 GW of offshore wind capacity compared with an installed base of 30 GW year-end 2022 implies significant growth in the industry in the years ahead, according to 4C Offshore and Green Ducklings.

While 2022 saw a record boost in offshore wind pipeline via awarded site exclusivities, driven by both floating and fixed leasing rounds, especially in the US and Scotland, 2022 was a low year for actual investments in offshore wind.

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

The substantial growth in the installed offshore wind base is directly correlated to a corresponding increase in the installed base of number of wind turbines, which is the main demand driver for installation and commissioning vessels and later operations and maintenance ("O&M") services during the operations of the wind farms.

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. This trend is driven by the need to provide decarbonised energy to heavy transport and industry.

Given the nature of the developments, with increasingly complex projects in deeper waters further offshore, and with Europe being a key region, IWS is well positioned with its geographical focus and strong value proposition via its CSOV fleet bundled with the service offerings.

Operations

For IWS Fleet, four CSOV newbuildings, IWS Skywalker, IWS Windwalker, IWS Seawalker and IWS Starwalker, were under construction at the China Merchants Heavy Industry facility in Jiangsu, China at year-end 2022. IWS Skywalker was successfully launched on 8 November 2022, and IWS Windwalker is being prepared for launch in the second quarter of 2023. The first steel cut for IWS Seawalker and IWS Starwalker was completed on 9 November 2022. IWS has a full site-team in place for quality control and to ensure satisfactory progress. The first two vessels, IWS Skywalker and IWS Windwalker will be ready for operations in Q4 2023 and Q1 2024, respectively.

IWS has also, after the reporting period, entered into contracts for two additional CSOVs at the same yard for delivery in 2025.

IWS Services is meeting expectations and performing well after the acquisitions in 2021 of the two Danish offshore wind service/consulting companies ProCon Group ApS and Green Ducklings A/S. For ProCon, 2022 was a year of high productivity and strong execution of backlog. ProCon is well positioned for the increasing offshore wind activity ahead, although not immune from the somewhat slower foundation and transition piece installation market in 2023. Offshore wind developers have a lower activity level for foundation and transition piece construction and installation in 2023 before the activity is back on a solid growth track from 2024 onwards, backed by already announced projects.

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 Beddingen 8, 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 revenues for the Group in 2022 was NOK 219 million (NOK 51 million in 2021), out of which IWS Services contributed with NOK 215 million (NOK 49 million in 2021) and IWS' share of net profit in PEAK Wind with NOK 4 million (NOK 2 million in 2021). The comparative figures represents the IWS Services' revenue from October to December 2021, and for PEAK Wind the reported amount is the Group's proportionate share of the net result from September to December 2021.

Operating expenses for 2022 totalled NOK 238 million, (2021: NOK 61 million), which gave an EBITDA for the year of minus NOK 19 million (NOK 10 million in 2021).

Depreciation and amortisation for 2022 of NOK 6 million (NOK 2 million in 2021) includes the amortisation of intangible assets recognised in the statement of financial position as part of the 2021 acquisitions of ProCon and Green Ducklings.

Financial items

Full-year net financial income for 2022 was NOK 1 million (NOK 4 million expense in 2021) and includes interest expenses of NOK 2 million related to interest-bearing debt in IWS Services and net foreign currency exchange gains of NOK 3 million. The net foreign currency exchange gains are caused by intercompany loans between group entities with different functional currency, and net currency losses on bank deposits, accounts receivable and accounts payable denominated in foreign currencies.

Net gain on foreign currency hedges is reported under Other comprehensive income and totals NOK 22 million net of tax effects for 2022 (NOK 2 million net loss in 2021).

Tax expense, net result and earnings per share

Total tax expense for the year was NOK 1 million (NOK 1 million in 2021) 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 NOK 25 million (NOK 17 million in 2021).

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

Financial position

The carrying value of the Group's four vessels under construction amounts to NOK 533 million as of 31 December 2022 (NOK 91 million for the first two vessels as of 31 December 2021) and includes yard instalments for the first four vessels 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 19 of the financial statements. The first instalments of the fifth and sixth vessel were paid in February 2023 (10% of the contract price).

Intangible assets of NOK 67 million recognised in the balance sheet at year-end include goodwill and other intangible assets recognised as part of the acquisitions of ProCon and Green Ducklings in 2021 (NOK 68 million at the previous year-end).

Other non-current assets of NOK 7.2 million (nil in 2021) relate to borrowing costs, paid on the Green Senior Secured Credit Facility, which is capitalised as part of vessels under construction during the construction period. Contract assets and trade receivables of NOK 31 million and NOK 79 million, respectively (NOK 30 million and NOK 38 million for 2021), consist mainly of work in progress and trade receivables related to construction contracts in IWS Services, and is primarily the result of the timing of invoicing.

Total cash and cash equivalents amounted to NOK 248 million at year-end, down from NOK 389 million at the previous year-end. The net decrease is in addition to the loss for the year and changes in working capital, explained primarily by investments in vessels under construction of NOK 442 million, financed in part by gross proceeds of NOK 350 million from the private placement in March 2022. The Group has also received government grants of NOK 9 million (nil in 2021) and dividends of NOK 3 million received from PEAK Wind (nil in 2021).

The Group has repaid its long-term loan, with a corresponding increase in overdraft with a lower interest rate, as detailed in Note 16 of the financial statements.

Other non-current liabilities of NOK 4 million represents accrued pension- and share based payment expenses (NOK 0 million in 2021).

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

IWS signed a EUR 56 million Senior Secured Green 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. The debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels. For the second vessel, the leverage ratio is reduced to 54% in the event that the contracted backlog for the vessel 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.

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

Book equity on 31 December 2022 was NOK 1,028 million and total assets were NOK 1,109 million, giving an equity ratio of 93% at year-end (NOK 686 million, NOK 756 million and 91%, respectively as of 31 December 2021).

Cash flow and liquidity

The Group had a negative cash flow from operating activities of NOK 63 million in 2022 (NOK 27 million in 2021) mainly due to the net loss for the period in combination with an increase in trade receivables related to ongoing construction projects.

Net cash used in investing activities was NOK 440 million (NOK 269 million in 2021), out of which NOK 442 million is related to the four CSOVs under construction (NOK 91 million in 2021 for the two CSOVs under construction at the time), and NOK 3 million was received in dividends from PEAK Wind ApS (nil in 2021).

In March 2022, the Group raised new equity of NOK 343 million net of transaction cost for the financing of the four vessels under construction (NOK 687 million in 2021 for financing of vessels under construction and investments in Danish offshore wind companies). Total cash flow from financing activities was NOK 337 million (NOK 685 million in 2021).

At year-end 2022 total cash and cash equivalents amounted to NOK 248 million (NOK 389 million 31 December 2021) excluding overdraft and undrawn committed bank facilities.

In January 2023, the Group raised gross proceeds of NOK 350 million in a private placement by allocating 10,606,060 new shares at a subscription price of NOK 33 per share. Additional information on the capital raise is presented in Note 23 Events after the reporting date.

The Board of Directors consider the Group's liquidity to be satisfactory.

PARENT COMPANY FINANCIAL STATEMENTS

The Parent Company's operating income for 2022 totalled NOK 8.9 million (NOK 0.2 million in 2021) and operating expenses for the year was NOK 29.3 million (NOK 17.0 million in 2021)

Net finance income amounted to NOK 36.9 million (NOK 2.2 million net expense in 2021) out of which currency gains constituted NOK 27.1 million (NOK 2.5 million currency loss in 2021), interest income from group companies constituted NOK 5.1 million (NOK 0.1 million in 2021) and dividends from PEAK Wind constituted NOK 2.5 million (NOK 0.0 million in 2021).

Profit for the year was NOK 16.8 million (NOK 19.3 million loss in 2021).

The Board of Directors proposes that the Parent Company's profit for the period of NOK 16.8 million is transferred to retained earnings.

Dividends

The Board will propose to the General Meeting scheduled for 8 May 2023 that there will be no dividend distributed for the fiscal year 2022.

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 2022. The financial statements of the Parent Company have been prepared and presented in accordance with the Norwegian Accounting Act.

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 2022 and 2021 and its financial position on 31 December 2022 and 2021. According to section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements of the Parent Company 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 its growth, authorities must allow for the development of offshore wind farms. For the CSOVs, the freight market has historically been cyclical, and the financial results will as a consequence 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.

Russia's invasion of Ukraine in February 2022 and subsequent inflationary pressures resulting from increased energy prices and disrupted supply-chains has led to higher pace and ambitions for offshore wind development in Europe. Developers of offshore wind farms are, however, also experiencing cost inflation that can impact the overall economics and appetite for developing new wind farms in a medium to long-term perspective.

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

Construction 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. Further, Russia's invasion of Ukraine can impact the supply situation for raw materials and components required in the construction of the vessels and thereby cause delays.

Employment 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.

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.

Order book 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, it is a risk that IWS is not able to attract qualified personnel to its operations.

Financial risk

Financing risk and liquidity risk

IWS is exposed to financing and liquidity risk since 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.

IWS monitors monthly liquidity forecasts on the basis of 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.

In April 2022 IWS signed a EUR 56 million debt facility for the financing of the Group's two first CSOVs. After the balance sheet date, the Group has received a term sheet for an expanded facility that also covers the long-term post-delivery financing of the third and fourth CSOVs.

Currency risk

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

The Group may use financial derivatives to reduce the currency risk and has at year-end 2022 hedged the currency risk on certain construction contracts in IWS Services denominated in USD.

IWS has also fixed the exchange rate for EUR-denominated launch instalments on the second, third and fourth vessel under construction.

Interest rate risk

The Group's overall exposure to interest rate fluctuations is currently considered low, as most financing at year-end 2022 is made with paid-in equity. The Group will draw upon the signed Senior Secured Credit facility in 2023, which will increase the interest rate risk of the Group. The facility consists of a commercial facility with variable interest rate, and an Eksfin facility with a fixed rate option.

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 from 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 to 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 Board of Directors of the Company has two female directors, representing 40% of the Board.

Absence due to illness for employees in the Parent Company was 2% in 2022 (0% in 2021).

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

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

Our first vessel, IWS Skywalker, is expected to commence its first out of three Dogger Bank Wind Farm (UK) contracts in Q4 2023. The second vessel, IWS Windwalker, is scheduled to be ready for commercial operations in Q1 2024. IWS Seawalker and IWS Starwalker will follow in Q2 2024 and Q3 2024, respectively. Our recently (January 2023) announced newbuildings CSOV 5 (IWS Moonwalker) and CSOV 6 (IWS Sunwalker) are scheduled to be ready for operations mid-2025.

Some seasonal volatility is expected for the offshore wind sector, and earnings for the Group can fluctuate due to timing of start-up and finalisation of construction contracts and commencement of charter contracts.

ProCon mainly works on long-lead contracts, secured 3-12 months in advance, and is well positioned for the increasing offshore wind activity ahead, though it is not immune from the somewhat slower foundation installation and TP production market in 2023.

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

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

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

Statement of responsibility 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 2022.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Parent Company 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 2022 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 2022.

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 2023

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

Consolidated Financial Statements And Notes

CONSOLIDATED INCOME STATEMENT

In NOK thousands	**Note**	**2022**	**2021**
Operating revenue	5	215 566	49 007
Share of net profit of associates	12	3 685	2 346
Total revenue		**219 251**	**51 353**
Cost of materials and other project costs	6	-141 682	-28 061
Payroll and remuneration	7	-72 087	-18 784
Other operating expenses	8	-24 086	-14 035
Depreciation and amortisation	10/11	-6 000	-2 239
Earnings before interest and taxes (EBIT)		**-24 604**	**-11 767**
Finance income		1 599	270
Finance expenses		-3 588	-1 737
Net foreign currency exchange gains/losses		2 648	-2 504
Net finance income/(expense)	**9**	**659**	**-3 971**
Profit/(loss) before taxes		**-23 945**	**-15 738**
Income tax expense	13	-774	-1 010
Profit/(loss) for the period		**-24 719**	**-16 748**
Attributable to shareholders of the Company		-26 662	-17 910
Attributable to non-controlling interests		1 943	1 162
Basic and diluted earnings per share (NOK)	17	-1.03	-1.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In NOK thousands	**Note**	**2022**	**2021**
Profit/(loss) for the period		-24 719	-16 748
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge, net of tax effect	20	22 252	-2 401
Exchange differences on translation of foreign operations		9 205	-614
Total other comprehensive income/(expense)		**31 457**	**-3 015**
Total comprehensive income/(loss)		**6 738**	**-19 763**
Attributable to shareholders of the Company		3 312	680
Attributable to non-controlling interests		3 426	-20 443
		6 738	**-19 763**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In NOK thousands	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Vessels under construction	10	532 776	90 671
Other fixed assets	10	2 681	1 913
Intangible assets	11	66 611	68 093
Investments accounted for using the equity method	12	134 090	130 942
Deferred tax assets	13	1 691	3 327
Other non-current assets		7 182	-
Total non-current assets		**745 031**	**294 946**
Current assets			
Contract assets	5	30 531	30 469
Trade receivables	14	78 888	37 682
Other current assets	14	6 134	4 024
Cash and cash equivalents	15	248 007	388 876
Total current assets		**363 560**	**461 051**
Total assets		**1 108 591**	**755 997**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	57 076	35 201
Share premium reserve	17	969 244	647 676
Retained earnings		-28 440	-23 418
Non-controlling interests		30 581	26 209
Total equity		**1 028 461**	**685 668**
Non-current liabilities			
Non-current interest-bearing debt	16	468	14 263
Deferred tax liability	13	3 050	3 956
Other non-current liabilities		3 943	472
Total non-current liabilities		**7 461**	**18 691**
Current liabilities			
Trade payables	20	16 901	27 650
Current interest-bearing debt	16	17 042	5 410
Other current liabilities	18	38 726	18 578
Total current liabilities		**72 669**	**51 638**
Total equity and liabilities		**1 108 591**	**755 997**

CONSOLIDATED CASH FLOW STATEMENT

In NOK thousands	Note	2022	2021
Cash flow from operating activities			
Profit/(loss) before tax		–23 945	–15 738
Depreciation and amortisation	10/11	6 000	2 239
Increase (–)/decrease (+) in trade and other receivables		–43 112	–25 931
Increase (+)/decrease (–) in trade and other payables		1 745	15 219
Net profit from associates	12	–3 685	–2 346
Net cash flow from operating activities		**–62 997**	**–26 556**
Cash flow from investing activities			
Purchase of property, plant and equipment	10	–442 120	–90 517
Purchase of associates	12	–	–128 600
Purchase of subsidiaries	22	–	–49 536
Dividends received from associate	12	2 531	–
Net cash flow from investing activities		**–439 589**	**–268 653**
Cash flow from financing activities			
Proceeds from issue of share capital/minority shareholder		350 002	708 058
Equity issue costs		–6 556	–21 259
Proceeds from (+)/repayment of (–) borrowings and loan fees		–15 039	–1 602
Government grants		8 664	–
Payment of lease liabilities		–465	–
Net cash flow from financing activities		**336 606**	**685 197**
Cash and cash equivalents at beginning of the period		388 876	212
Net increase/(decrease) in cash and cash equivalents		–165 980	389 988
Exchange rate effects		25 111	–1 323
Cash and cash equivalents at the end of the period	15	**248 007**	**388 876**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
In NOK thousands	Share capital	Share premium reserve	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Total equity at 01.01.2021	**100**	**8**	**–**	**–**	**-38**	**70**	**–**	**70**
Profit/(loss) for the period	–	–	–	–	-17 910	-17 910	1 162	-16 748
Other comprehensive income	–	–	-2 401	-132	–	-2 533	-482	-3 015
Equity issue	35 101	668 927	–	–	–	704 028	–	704 028
Equity issue cost	–	-21 259	–	–	-27	-21 286	–	-21 286
Acquisition of subsidiaries	–	–	–	–	-2 910	-2 910	21 499	18 589
Paid in capital by NCI	–	–	–	–	–	–	4 030	4 030
Total equity at 31.12.2021	**35 201**	**647 676**	**-2 401**	**-132**	**-20 885**	**659 459**	**26 209**	**685 668**
Total equity at 01.01.2022	**35 201**	**647 676**	**-2 401**	**-132**	**-20 885**	**659 459**	**26 209**	**685 668**
Profit/(loss) for the period	–	–	–	–	-26 662	-26 662	1 943	-24 719
Other comprehensive income	–	–	22 641	7 448	–	30 089	1 369	31 458
Transfer to vessels under construction [1)]	–	–	-8 449	–	–	-8 449	–	-8 449
Reclassification	–	–	367	-367	–	–	–	–
Equity issue	21 875	328 125	–	–	–	350 000	–	350 000
Equity issue costs	–	-6 557	–	–	–	-6 557	–	-6 557
Transactions with non-controlling interests	–	–	–	–	–	–	1 060	1 060
Total equity at 31.12.2022	**57 076**	**969 244**	**12 158**	**6 949**	**-47 547**	**997 880**	**30 581**	**1 028 461**

1 The Group applies hedge accounting to EUR payments for vessels under construction. Hedging gain of NOK 8.4 million has been transferred to vessels under construction as a basis adjustment upon payment of yard instalments.

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 Beddingen 8, 0250 Oslo, Norway. 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 on 10 February 2022. 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 2022 were authorised for issue by the Board of Directors on 18 April 2023 and will be presented for approval at the Annual General Meeting on 8 May 2023.

NOTE 2 SUMMARY OF SIGNIFICANT 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 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 NOK rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern basis.

The principal 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

Under IFRS 15, the Group recognises as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

For each contract with a customer, the Group identifies the performance obligations, determines the transaction price, allocates the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determines whether revenue should be recognised over time or at a point in time, and, finally recognises revenue when or as performance obligations are satisfied

A performance obligation is satisfied when or as the customer obtains control of the goods or services delivered.

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.

The Group's first vessel shall be ready for operations in the fourth quarter of 2023. No charter revenues have thus been recognised in 2022 or 2021. Upon delivery of vessels from yard, and 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 farming 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.

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 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 cost to date with 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.

Leasing

Right-of-use assets are recorded according to principles as outlined in IFRS 16. IFRS 16 requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities.

After initial recognition, the right-of-use assets are depreciated in accordance with IAS 16 Property, Plant and Equipment over the shorter of each contract's term and the useful life of the asset. Lease liabilities are subsequently measured at amortised cost using the effective interest rate method.

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 NOK, 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.

In accordance with IAS 16 each component of the vessels with a cost that is significant in relation to the total cost of the item is separately identified and depreciated. Components with similar useful lives are grouped into one single component.

The depreciable amount of an asset is calculated as cost less residual value and impairment charges. Residual value is based on 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.

The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount; the reversal is limited up until the carrying amount net of accumulated depreciation if no impairment loss had been recognised in prior periods. Such reversals are recognised in the income statement.

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 transferred to a separately administered scheme and pledged towards the participating employees. 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 plan >12G 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 will be 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 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 in 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 2022 include amendments to IFRS 4, IFRS 16, IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRS standards 2018-2020. These amendments had no impact on the consolidated 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 assets and liabilities, and allocation of the purchase price as part of business combinations
iii. Recognition of deferred tax assets
iv. Impairment testing of vessels and vessels under constructions

i. Recognition of revenue from construction contracts

The estimation technique used for revenue and profit recognition in respect of construction contracts requires forecasts to be made of the outcomes, changes in the scope of work and changes in costs. Contract assets on two contracts require 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 business combinations

Valuations were performed by independent valuers in order to determine the fair value of the tangible and intangible assets purchased as part of the acquisitions in 2021 of the two subsidiaries ProCon and Green Ducklings, Further, the valuation process included the allocation of goodwill and determined the useful lives of the intangible assets acquired. Management has reviewed the assumptions applied in the valuation and is satisfied with this allocation and the estimated useful life of the recognised assets.

iii. Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

iv. Impairment testing of vessels and vessels under constructions

The carrying values of vessels and vessel 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 assessment of expected future cash flows and for 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-operator of CSOVs currently under construction.

- 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 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 2022 and 2021, respectively:

NOTE 4 SEGMENT INFORMATION CONT

In NOK thousands	IWS Fleet 2022	IWS Fleet 2021	IWS Services 2022	IWS Services 2021	Group functions/ eliminations[1] 2022	Group functions/ eliminations[1] 2021	Consolidated 2022	Consolidated 2021
External customer revenue	–	–	214 613	48 933	953	74	215 566	49 007
Share of profit of associate PEAK Wind[2]	–	–	–	–	3 685	2 346	3 685	2 346
Operating expenses	–9 012	–2 434	–203 985	–41 440	–24 858	–17 007	–237 855	–60 881
EBITDA	**–9 012**	**–2 434**	**10 628**	**7 493**	**–20 220**	**–14 587**	**–18 604**	**–9 528**
Depreciation and amortisation	–	–	–6 000	–2 239	–	–	–6 000	–2 239
EBIT	**–9 012**	**–2 434**	**4 628**	**5 254**	**–20 220**	**–14 587**	**–24 604**	**–11 767**
Net finance income	–110	4	–1 078	–1 647	1 847	–2 328	659	–3 971
Profit before tax	**–9 122**	**–2 430**	**3 550**	**3 607**	**–18 373**	**–16 915**	**–23 945**	**–15 738**

The following table presents assets and liabilities information excluding inter-segment balances for the Group’s operating segments as of 31 December 2022 and 2021, respectively:

In NOK thousands	IWS Fleet	IWS Services	Group functions/ eliminations[1]	Consolidated
Segment assets				
31 December 2022	560 616	223 420	324 555	1 108 591
31 December 2021	97 965	185 647	472 385	755 997
Segment liabilities				
31 December 2022	13 247	59 000	7 883	80 130
31 December 2021	1 253	65 362	3 714	70 329

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

2) The Group’s share of the net profit in PEAK Wind for 2022 is net of NOK 3.4 million amortisation of acquisition-related intangible assets (NOK 0.0 million in 2021).

NOTE 5 REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenue by geographical markets

In NOK thousands	2022	2021
Norway	3 506	2 671
Denmark	7 262	4 650
Taiwan	109 583	30 748
Belgium	36 213	1 506
France	39 053	5 187
Finland	10 992	–
Other	8 957	4 245
Total	**215 566**	**49 007**

Geographical distribution of revenue is based on the location of clients. The revenue for 2022 and 2021 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 NOK thousands	2022	2021
Bladt	60 291	22 993
SDMS	49 262	8 349
Smulders	42 107	6 693
Others	63 906	10 971
Total	**215 566**	**49 007**

Contract assets

In NOK thousands	31.12.2022	31.12.2021
Trade receivables	78 888	37 682
Contract assets	30 531	30 469
Contract liabilities	8 428	–

Contract liabilities are presented within other current liabilities on the balance sheet.
No impairment losses have been recognised for contract assets in 2022 or 2021.

Contract status and coverage for vessels under construction
The CSOV IWS Skywalker will directly after delivery from the yard commence its first contract at the Dogger Bank Wind Farm in Q4 2023. The firm contract duration is 683–711 days in total excluding 90 optional days.

The CSOVs IWS Windwalker, IWS Seawalker and IWS Starwalker are currently uncommitted.

NOTE 6 COST OF MATERIALS AND OTHER PROJECT COSTS

In NOK thousands	2022	2021
Materials directly related to projects	–140 073	–27 629
Other costs of goods sold	–1 609	–432
Total	**–141 682**	**–28 061**

NOTE 7 PAYROLL AND REMUNERATION

Employee benefits

In NOK thousands	2022	2021
Salary and holiday pay	–58 492	–14 653
Employer's national insurance contribution	–3 889	–1 125
Pension expenses	–7 890	–2 154
Other personnel expenses	–1 816	–852
Total employee benefits	**–72 087**	**–18 784**
Number of employees	64	48

Remuneration to Group Management

2022 *In NOK thousands*	Salary	Bonus	Pension cost	Long-term incentives	Other	Total
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
2021 *In NOK thousands*						
CEO Lars-Henrik Røren	2 011	–	370	152	181	2 715
COO Christopher Andersen Heidenreich	857	–	187	117	20	1 182
CFO Marius Magelie	–	–	–	–	–	–
Total	**2 868**	**–**	**558**	**270**	**201**	**3 897**

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 CEO was employed by the company as of 1 April 2021. The COO was engaged by the company since 1 January 2021 and permanently employed by the company as of 1 December 2021. The CFO was employed by the company as of 21 February 2022.

NOTE 7 PAYROLL AND REMUNERATION CONT

Synthetic share options outstanding under long-term incentive plan

	2022	2021
CEO Lars-Henrik Røren	243 750	243 750
COO Christopher Andersen Heidenreich	187 500	187 500
CFO Marius Magelie	175 200	–
Total number of synthetic shares	**606 450**	**431 250**

No synthetic share options have been forfeited during the year. The exercise price of the synthetic share options is NOK 40 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 by an external party 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 number of synthetic share options expected to vest and volatility of the share price. The expensed amount under the share option plan in 2022 totals NOK 1.7 million (2021: NOK 0.3 million).

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.

Remuneration to Board of Directors

In NOK thousands	2022	2021
Sigurd E. Thorvildsen	375	563
Cathrine Haavind	300	438
Ole Christian Hvidsten[1]	–	438
Jens-Julius Ramdahl Nygaard	300	438
Daniel Gold	388	175
Synne Syrrist[2]	300	–
Total	**1 663**	**2 050**

NOTE 7 PAYROLL AND REMUNERATION CONT

The remuneration to the Board of Directors is recognised as operating expense in the income statement. The chairperson 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.

[1)] Ole Christian Hvidsten resigned from the Board of Directors on 10th February 2022.

[2)] Synne Syrrist was elected to the Board of Directors on 10th February 2022.

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

	2022	2021
Management		
CEO Lars-Henrik Røren	93 750	62 500
COO Christopher Andersen Heidenreich	40 625	25 000
CFO Marius Grøsfjeld Magelie	39 062	-
Members of the board of directors		
Sigurd E. Thorvildsen	156 250	-
Cathrine Haavind	6 250	-
Jens-Julius Ramdahl Nygaard	121 875	75 000
Daniel Gold	2 026 780	1 250 000
Synne Syrrist	12 500	-
Total	**2 166 785**	**1 412 500**

NOTE 8 OPERATING EXPENSES

In NOK thousands	2022	2021
Rental and leasing costs	-3 095	-574
Management fee	-2 026	-3 268
Consultancy fees and external personnel	-7 958	-7 812
Provisions for bad debts	-	-
Miscellaneous	-11 007	-2 381
Total operating expenses	**-24 086**	**-14 035**

Audit fee

In NOK thousands	2022	2021
Audit services (expensed)	-1 952	-629
Other assurance services	-	-
Tax advisory	-	-
Total fees to auditor, excl. VAT	**-1 952**	**-629**

NOTE 9 FINANCE INCOME AND EXPENSES

In NOK thousands	**2022**	**2021**
Interest income	1 599	270
Other finance income	–	–
Total financial income	**1 599**	**270**
Interest expenses	–2 324	–1 459
Other finance expenses	–1 264	–278
Total financial expenses	**–3 588**	**–1 737**
Net foreign currency exchange gains/losses	2 648	–2 504
Net finance income/(expense)	**659**	**–3 971**

Currency gains and losses mainly relate to translation effects from bank deposits and intercompany loans to subsidiaries denominated in foreign currencies.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

2022

In NOK thousands	**Vessels under construction**	**Leased tangible assets**	**Other tangible assets**	**Total**
Cost 1 January	90 671	–	2 134	92 805
Additions	442 105	1 461	316	443 882
Disposals	–	–	–	–
Currency translation differences	–	60	125	185
Cost 31 December	**532 776**	**1 521**	**2 575**	**536 872**
Accumulated depreciations 1 January	–	–	–221	–221
Depreciation	–	–185	–960	–1 145
Disposals	–	–	–	–
Currency translation differences	–	–8	–41	–49
Accumulated depreciation 31 December	**–**	**–193**	**–1 222**	**–1 415**
Carrying amount 31 December	**532 776**	**1 328**	**1 353**	**535 457**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT CONT

2021

In NOK thousands	**Vessels under construction**	**Leased tangible assets**	**Other tangible assets**	**Total**
Cost 1 January	–	–	–	–
Additions	90 671	–	2 134	92 805
Disposals	–	–	–	–
Currency translation differences	–	–	–	–
Cost 31 December	**90 671**	**–**	**2 134**	**92 805**
Accumulated depreciations 1 January	–	–	–	–
Depreciation	–	–	–221	–221
Disposals	–	–	–	–
Currency translation differences	–	–	–	–
Accumulated depreciation 31 December	**–**	**–**	**–221**	**–221**
Carrying amount 31 December	**90 671**	**–**	**1 913**	**92 584**

Information on the Group's commitments related to its vessels under construction is presented in Note 19 Commitments, contingencies and guarantees.

Impairment indicators

Identification of impairment indicators for the Group's vessels under construction is based on an assessment of the progress of the construction work at the yard, development in market rates, forecasted operating expenses, technological development, changes in regulatory requirements, and interest rates. Construction work at the yard is progressing well and according to the delivery schedule as disclosed in Note 23 Events after the reporting date. 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 per 31 December 2022.

NOTE 11 INTANGIBLE ASSETS

2022

In NOK thousands	**Goodwill**	**Other tangible assets**	**Total**
Cost 1 January	50 112	19 999	70 111
Additions	–	–	–
Disposals	–	–	–
Currency translation differences	2 634	1 051	3 685
Cost 31 December	**52 746**	**21 050**	**73 796**
Accumulated amortisation 1 January	–	–2 018	–2 018
Amortisation	–	–4 855	–4 855
Disposals	–	–	–
Currency translation differences	–	–312	–312
Accumulated amortisation 31 December	**–**	**–7 185**	**–7 185**
Carrying amount 31 December	**52 746**	**13 865**	**66 611**

2021

In NOK thousands	**Goodwill**	**Other tangible assets**	**Total**
Cost 1 January	–	–	–
Additions	50 112	19 999	70 111
Disposals	–	–	–
Currency translation differences	–	–	–
Cost 31 December	**50 112**	**19 999**	**70 111**
Accumulated amortisation 1 January	–	–	–
Amortisation	–	–2 018	–2 018
Disposals	–	–	–
Currency translation differences	–	–	–
Accumulated amortisation 31 December	**–**	**–2 018**	**–2 018**
Carrying amount 31 December	**50 112**	**17 981**	**68 093**

Goodwill is included in intangibles assets in the balance sheet and consists of goodwill from the acquisitions of ProCon NOK 41.0 million (2021: NOK 39.0 million) and Green Ducklings NOK 11.7 million (2021: NOK 11.1 million).

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 NOK 13.7 million (2021: NOK 14.5 million) and order backlog in ProCon of NOK 0.2 million (2021: NOK 3.1 million). Order backlog of NOK 0.3 million from the acquisition of Green Ducklings was included in the net book value for 2021 and is fully amortised by the end of 2022.

NOTE 11 INTANGIBLE ASSETS CONT

Impairment review – goodwill and acquisition related intangible assets

In NOK thousands	**Carrying amount**	**Pre-tax discount rate**
ProCon	50 567	13.5%
Green Ducklings	8 274	10.3%
Total	**58 841**	

As described in note 3, the critical accounting estimates used in the preparation of the consolidated financial statements include the review of asset values, especially goodwill and acquisition-related intangible assets.

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 2022.

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 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 NOK thousands	**Change**	**Impairment sensitivity to changes in key estimates**
Revenue growth	-20%	8 274
EBIT margin	-3 % point	-
Discount rate	+2 % point	-

NOTE 12 ASSOCIATED COMPANIES

Peak Wind Group ApS

IWS acquired in September 2021 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. IWS has a fixed priced option to increase its ownership to 49% by September 2024 (pre-dilution from share-based option program to key employees).

The investment in PEAK Wind Group ApS is classified as an associated company and accounted for using the equity method of accounting. The Group's proportionate share of the net result in PEAK Wind is recognised in the consolidated accounts with effect from 1 September 2021.

In NOK thousands	**2022**	**2021**
Book value 01.01	130 942	–
Investments/(disposals)	–	128 605
Share of profit	7 120	2 346
Depreciation excess values	–3 435	–
Dividends received	–2 531	–
Exchange rate differences	1 994	–9
Book value 31.12	**134 090**	**130 942**
Peak Wind Group ApS net assets (100% basis)	149 204	153 580
Group's share of net assets (30%)	44 761	46 074
Goodwill	89 329	84 868
Book value 31.12	**134 090**	**130 942**

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

NOTE 13 INCOME TAXES

Income tax expense

In NOK thousands	**2022**	**2021**
Current income tax	–29	–17
Changes in deferred tax	–745	–992
Total income tax (expense)/income	**–774**	**–1 010**

Reconciliation of effective tax rate

In NOK thousands	**2022**	**2021**
Pre-tax profit (including discontinued operations)	–23 945	–15 738
Share of net profit of associates	3 685	2 346
Pre-tax profit, excluding net profit of associates	–27 629	–18 084
Income taxes calculated at 22%	6 078	4 012
Adjustment in respect of current income tax of previous years	–29	–
Profit/loss subject to tonnage tax	–11 392	–
Changes in unrecognised deferred tax asset	4 533	–4 772
Tax effect on cash flow hedge	263	–263
Non deductible expenses	–	–
Permanent differences	–	–
Effect of other tax rates in subsidiaries	–	4
Effect of change in tax rate	–	–
Other	–227	8
Tax expense	**–774**	–1 010

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

Deferred tax relates to the following

In NOK thousands	**31.12.2022**	**31.12. 2021**
Intangible assets	–5 742	–5 014
Losses available for offsetting against future taxable income	8 898	13 449
Not recognised deferred tax asset on losses	–4 515	–9 064
Net deferred tax asset/(liability)	**–1 359**	**–629**

The calculated net deferred tax liability of NOK 1.4 million includes deferred tax assets of NOK 1.7 million and deferred tax liability of NOK 3.1 million.

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

NOTE 14 RECEIVABLES

	31.12.2022	31.12.2021
Undue	44 389	27 925
0–30 days	16 792	9 688
31–60 days	10 575	68
61–90 days	5 753	–
> 90 days	1 379	–
Total gross trade receivables	**78 888**	**37 682**
Allowance for doubtful debt	–	–
Trade receivables carrying value	**78 888**	**37 682**
Other receivables	6 134	**4 024**
Total receivables	**85 022**	**41 706**

No losses have been realised on trade receivables in 2022 or 2021. 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

	31.12.2022		31.12.2021	
Currency	**Exchange rate**	**Deposits**	**Exchange rate**	**Deposits**
NOK	1.00	24 065	1.00	347 828
DKK	1.41	31 036	1.34	29 427
EUR	10.52	188 795	9.99	5 093
USD	9.86	1 298	8.82	5 658
PLN	2.25	123	2.17	11
GBP	11.85	1 301	11.89	265
TWD	32.17	1 389	31.86	593
Total cash and cash equivalents		**248 007**		**388 876**

Restricted cash and cash equivalents

In NOK thousands	31.12.2022	31.12.2021
Restricted cash and cash equivalents	1 293	12 330
Unrestricted cash and cash equivalents	246 714	376 545
Total cash and cash equivalents	**248 007**	**388 876**

The restricted cash and cash equivalents include withholding tax from the employees' salaries and, for 2021, deposits held as collateral for the Group's currency hedging contracts.

NOTE 16 FINANCIAL INSTRUMENTS

Debt instruments

In NOK thousands	Currency	Interest rate	Maturity	31.12.2022	31.12.2021
Sydbank overdraft facility	USD	3.0%	–	–6 311	–463
Sydbank overdraft facility	DKK	3.0%	–	–10 133	–
Vækstfonden	DKK	7.8%	01/04/2025	–	–19 209
Lease liabilities				–1 066	–
Total interest-bearing debt				**–17 510**	**–19 673**

The overdraft facility has an approved limit of DKK 17.5 million.

Debt repayment schedule

In NOK thousands	31.12.2022	31.12.2021
Within one year	–17 042	–5 528
Between one and two years	–468	–5 356
Between three and four years	–	–5 798
Between four and five years	–	–2 990
Beyond five years	–	–
Total interest-bearing debt	**–17 510**	**–19 673**

Net interest-bearing debt

In NOK thousands	31.12.2022	31.12.2021
Non-current interest-bearing debt	–468	–14 263
Current interest-bearing debt	–17 042	–5 410
Total interest-bearing debt	**–17 510**	**–19 673**
Cash and cash equivalent	248 007	388 876
Net interest-bearing debt	**230 497**	**369 203**

Fair value of financial instruments

Fair value of trade receivables, currency hedges, other short-term assets, cash and cash equivalents and trade payables approximate their carrying amounts, due to the short-term maturities of these instruments, all 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, as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date. Information about the Group’s foreign exchange hedges, which is reported under Other comprehensive income, is presented in Note 20.

NOTE 16 FINANCIAL INSTRUMENTS CONT

Changes in liabilities arising from financing activities in 2022

In NOK thousands	Non-current interest-bearing debt	Current interest-bearing debt	Other non-current liabilities	Total
Balance as at 1 January 2022	-14 263	-5 410	-	-19 673
Proceeds from borrowings	-	-16 250	-	-16 250
Proceeds from business combinations	-	-	-	0
Repayment of borrowings	14 712	5 389	-	20 101
Interest and borrowing costs paid	-	-	-	0
Payment of lease liabilities	-	465	-	465
Non-cash movements	-	-	-	0
New leases	-471	-1 075	-	-1 546
Total changes from financing cash flow	**14 241**	**-11 471**	**-**	**2 770**
Foreign exchange adjustments	-446	-161	-	-607
Balance as at 31 December 2022	**-468**	**-17 042**	**-**	**-17 510**

Changes in liabilities arising from financing activities in 2021

In NOK thousands	Non-current interest-bearing debt	Current interest-bearing debt	Other non-current liabilities	Total
Balance as at 1 January 2021	-	-	-	-
Proceeds from borrowings	-	-	-	-
Proceeds from business combinations	-14 263	-7 012	-	-21 275
Repayment of borrowings	-	1 602	-	1 602
Interest and borrowing costs paid	-	-	-	-
Payment of lease liabilities	-	-	-	-
Non-cash movements	-	-	-	-
New leases	-	-	-	-
Total changes from financing cash flow	**-14 263**	**-5 410**	**-**	**-19 673**
Foreign exchange adjustments	-	-	-	-
Balance as at 31 December 2021	**-14 263**	**-5 410**	**-**	**-19 673**

NOTE 16 FINANCIAL INSTRUMENTS CONT

Financing of vessels under construction

IWS signed in April 2022 a EUR 56.25 million Senior Secured Credit Facility with Skandinaviska Enskilda Banken AB ("SEB"), SpareBank 1 SR-Bank ASA ("SR-Bank") and Export Finance Norway ("Eksfin"), which will be used for long-term post-delivery financing of IWS Skywalker and IWS Windwalker. The drawdown of the facility will be made at delivery from the yard of the respective vessel.

The debt financing corresponds to a leverage ratio of 65% of the contracted yard price for the vessels. For IWS Windwalker the leverage ratio is reduced to 54% in the event that the contracted backlog for the vessel is below a specified level upon delivery from the yard.

The facility has a 12-year amortisation profile with final maturity for the commercial tranche with SEB and SR Bank (EUR 22.5 million) and the Eksfin tranche (EUR 33.75 million) after five and 12 years respectively. The 12 years amortisation profile on the Eksfin tranche is subject to the refinancing of the commercial tranche after five years.

The group has after the balance sheet date received a term sheet for an expanded facility that also includes long-term post-delivery financing of IWS Seawalker and IWS Starwalker, as disclosed in Note 23 Events after the reporting date.

NOTE 17 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital

In NOK thousands	**Number of shares**	**Par value**	**Share capital**	**Paid-in premium**	**Total paid-in capital**
Share capital 1 January 2021	100 000	NOK 1.00	100	8	108
Equity issue/share split 9 March 2021	4 900 000	NOK 2.00	9 900	190 100	200 000
Equity issue 22 March 2021	12 500 000	NOK 2.00	25 000	475 000	500 000
Equity issue 29 April 2021	100 698	NOK 2.00	201	3 827	4 028
Equity issue costs				-21 259	-21 259
Share capital 31 December 2021	**17 600 698**	NOK 2.00	**35 201**	**647 676**	**682 877**
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**

All issued shares have a par value of NOK 2.00 and are of equal rights. The share capital is denominated in NOK.

NOTE 17 SHARE CAPITAL AND EARNINGS PER SHARE CONT

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 2022 or 31 December 2021.

	2022	2021
Profit/(loss) attributable to equity holders of the Parent Company (in NOK thousands)	–26 662	–17 910
Weighted average number of shares outstanding, basic and diluted	25 988 013	13 928 965
Basic and diluted earnings per share (NOK)	**–1.03**	**–1.29**

NOTE 18 GOVERNMENT GRANTS

Government Grants

In NOK thousands	2022	2021
At 1 January	–	–
Received during the year	8 664	–
Released to the Income Statement	–103	–
Released as a reduction of newbuilding cost price	–	–
At 31 December	**8 561**	**–**
Current liabilities	8 561	–
Non-current liabilities	–	–

Grants from Enova

The Group has been granted up to NOK 55.6 million by the Norwegian state enterprise Enova for advanced technology to support environmental initiatives that will help reduce CO^2 emissions of the Group's first six newbuildings. In 2022, IWS received NOK 8.6 million of the grants (NOK 0.0 million in 2021). 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 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 is approved for the period from 2021 to 2022. NOK 0.1 million was recognised as a reduction in payroll costs in 2022 (NOK 0.0 million in 2021).

NOTE 19 COMMITMENTS, CONTINGENCIES AND GUARANTEES CONT

Commitments on shipbuilding contracts

Through its wholly owned subsidiary, IWS Fleet AS, the Group has four CSOVs under construction at the shipyard China Merchants Industry Holdings Co., Ltd at year-end 2022. The vessels shall be ready for operations between Q4 2023 and Q3 2024. Remaining instalments are presented below.

EUR million	**2023**	**2024**
IWS Skywalker	28	–
IWS Windwalker	5	28
IWS Seawalker	5	31
IWS Starwalker	5	31
Commitments on shipbuilding contracts	**43**	**91**

In the first quarter of 2023 the Group signed construction contracts for additional two CSOVs, with scheduled delivery from the yard in Q2 2025. Additional information about the new contracts is disclosed in Note 23 Events after the reporting date.

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

Commitments on mortgages

ProCon has ownership mortgages totalling DKK 17.5 million on contract assets, trade receivables, intellectual property rights and other tangible fixed assets with a total carrying amount of DKK 84.4 million (DKK 84.1 million in 2021).

Bank guarantees on advance payments, performance guarantees and vendor credit

ProCon has signed bank advance payments, performance guarantees for contracted projects and payment guarantees for specific vendor credits totalling DKK 31.3 million (DKK 26.5 million in 2021).

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 2022 the Group had interest-bearing debt of NOK 17.5 million consisting of 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 NOK 0.2 million per year.

The Group also had bank deposits of NOK 248.0 million 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 2022 and 2021 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, NOK.

The main functional currencies of the legal entities in the Group are NOK 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 2022 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 NOK 8.4 million higher (NOK 0.9 million in 2021) and a positive effect directly on equity of NOK 19.7 million (NOK 9.2 million in 2021). A 10% weakening of functional currencies against non-functional currencies would result in pre-tax profit being NOK 8.4 million lower (NOK 0.9 million in 2021) and a negative effect directly on equity of NOK 19.7 million (NOK 9.2 million in 2021). 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 four vessels under construction is denominated in EUR. The Group has hedged part of the EUR exposure by buying EUR forward and applying hedge accounting, whereby the value changes of the hedging instruments are reported as Other Comprehensive Income. A change of +/- one percentage point in the NOK EUR currency exchange

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT

rate at year-end 2022 would impact the remaining contractual obligation on the yard instalments for the four vessels under construction with approximately NOK 12.6 million.

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 2022 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 2022 of NOK 7.0 million. The value changes on the currency hedges are reported as Other Comprehensive income.
Commodity price risk

The Group has in 2022 and 2021 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 facts and circumstances for the individual customer. No loss provisions have been recognised for receivables in 2022 and 2021.

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 on the basis of expected cash flows.

IWS signed in April 2022 a EUR 56.25 million Senior Secured Credit Facility which will be used for long-term post-delivery financing of IWS Skywalker and IWS Windwalker.

The table below summarises the maturity profile on the Group's financial liabilities based on contractual undiscounted payments as at 31 December 2022. The Group's overdraft facility, which on 31 December 2022 has a balance of NOK 16.4 million, is not included in the maturity profile.

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT

In NOK thousands	**< 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Trade payables	16 901	-	-	-	16 901
Interest-bearing debt	-	-	-	-	-
Lease liabilities	163	447	513	-	1 123
Minimum interest payment	-	-	-	-	-
Total	**17 064**	**447**	**513**	**-**	**18 024**

NOTE 21 RELATED PARTY TRANSACTIONS

The Group has agreements with Awilco AS for assistance and execution of the shipbuilding contracts, 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.

Guarantees and address commission
Awilco AS, which is the largest shareholder in Integrated Wind Solutions ASA, had issued a Parent Company Guarantee (PCG) in favour of the shipyard China Merchants Industries Holding Co Ltd (CMIH) related to the shipbuilding contracts signed by the two subsidiaries Awind 4 AS and Awind 5 AS. The guarantee terminated in May 2022 when the Group signed a loan agreement for the financing of the two vessels. The guarantee fee for the PCG is capitalised as part of the acquisition costs of the vessels under construction and constitutes NOK 1.3 million for the year ended 2022 (2021: NOK 2.8 million).

The Group also has agreements to pay address commission to Awilco AS for services in assisting IWS with the conclusion and execution of the first two shipbuilding contracts and four option agreements (first six vessels). The address commission amounts to 1% of 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 NOK 4.5 million for the year ended 2022 (2021: NOK 0.9 million).

Management services
Awilhelmsen Management AS (AWM) provides IWS with administrative and general services including accounting, payroll, legal, secretary function 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. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS. The management services agreement will terminate when the Company moves into new premises in 2023.

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

NOTE 21 RELATED PARTY TRANSACTIONS CONT

Technical services

Awilco Technical Services AS (ATS) assists IWS in management of the Group's newbuilding program. For these services IWS pays ATS a management fee based on an hourly rate which is 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 provides management services to ATS and Awilco LNG Technical Management AS on similar terms.

Purchases and sales to/from related parties

	2022		2021	
In NOK thousands	**Sales**	**Purchases**	**Sales**	**Purchases**
Awilco AS	–	5 849	–	3 679
Awilhelmsen Management AS	–	2 775	–	1 875
Awilco Technical Services AS	936	569	75	1 488
Awilco LNG Technical Management AS	18	–	–	–
Total	**954**	**9 193**	**75**	**7 042**

Balances with related parties

	31.12.2022		31.12.2021	
In NOK thousands	**Receivables/ assets**	**Payables/ liabilities**	**Receivables/ assets**	**Payables/ liabilities**
Awilco AS	–	5	–	121
Awilhelmsen Management AS	–	–	–	–
Awilco Technical Services AS	302	–	–	–
Awilco LNG Technical Management AS	22	–	–	–
Total	**324**	**5**	**–**	**121**

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 mgt services	100%
IWS Services A/S	Denmark	29 June 2021	Consulting and advisory services	97%

NOTE 22 SUBSIDIARIES CONT

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	No current activities	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	No current activities	100%
IWS Fleet Management AS	Norway	30 April 2022	No current activities	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	Engineering, construction and service	75%[1]
ProCon Wind Energy A/S	Denmark	17 September 2021	Engineering, construction and service	75%[1]
ProCon Wind Energy Taiwan Co. Ltd	Denmark	17 September 2021	Engineering, construction and service	75%[1]
ProCon Wind Energy USA Inc.	USA	17 September 2021	Engineering, construction and service	75%[1]
ProCon Wind Energy Ltd.	UK	17 September 2021	Engineering, construction and service	75%[1]
ProCon Wind Energy Sp. z o.o.	Poland	17 September 2021	Engineering, construction and service	75%[1]
ProCon Wind Energy GmbH	Germany	17 September 2021	Engineering, construction and service	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 EVENTS AFTER THE REPORTING DATE

Private placement

In January 2023, the Company successfully raised gross proceeds of NOK 350 million in a private placement by issuing 10,606,060 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.

Newbuildings

IWS entered in January 2023 into newbuilding contracts for two CSOVs with scheduled delivery in Q2 2025. The contracts are entered into with the yard China Merchants Industries Holdings Co Ltd and are based on a payment schedule where 10% was payable following the signing of the contract, 15% at steel cutting, 10% at launching and 65% at delivery of the vessels. The firm yard price is about EUR 52.5 million per vessel.

IWS has also secured options for two additional Skywalker class CSOVs from the same yard.

Due to global supply chain issues affecting the delivery of the walk to work gangway system, the Company has previously announced changes to the delivery schedule of the first two vessels. It has been agreed with the charterer of the first vessel, IWS Skywalker, that it will commence its contract in Q4 2023. The Company expects the second vessel, IWS Windwalker to be ready for commercial operations in Q1 2024. The revised delivery schedule is not expected to have a material financial impact on the Group.

Financing

The Company has received an agreed term sheet for a Green Senior Secured Credit Facility from SEB, SR-Bank and Eksfin for the debt financing of IWS Seawalker and IWS Starwalker, which is expected to be finalised in Q2 2023.


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Parent Company Financial Statements and Notes

PARENT COMPANY INCOME STATEMENT

In NOK thousands	Note	2022	2021
Operating revenue	8	8 947	233
Payroll and remuneration	3	−20 198	−4 957
Other operating expenses	4	−9 069	−12 050
Depreciation and amortisation		–	–
Earnings before interest and taxes (EBIT)		**−20 320**	**−16 774**
Finance income		10 582	348
Finance expenses		−779	−84
Net foreign currency exchange gains/losses		27 085	−2 510
Net finance income/(expense)	5	**36 888**	**−2 247**
Profit/(loss) before taxes		**16 568**	**−19 021**
Income tax expense	6	263	−263
Profit/(loss) for the period		**16 831**	**−19 284**
Allocations/transfers of profit/(loss) for the period:			
Allocated to/(transferred from) retained earnings		16 831	−19 284
Total allocations and transfers		**16 831**	**−19 284**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

In NOK thousands	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Shares in subsidiaries	7	515 339	181 948
Shares in associates	7	128 605	128 605
Intercompany receivables and loans	8	180 612	14 152
Total non-current assets		**824 556**	**324 705**
Current assets			
Other current assets		467	634
Intercompany receivables and loans	8	8 268	216
Cash and cash equivalents	9	198 447	340 808
Total current assets		**207 182**	**341 658**
Total assets		**1 031 738**	**666 362**
EQUITY AND LIABILITIES			
Equity			
Share capital		**57 076**	**35 201**
Share premium reserve		969 244	647 676
Other equity		–	–932
Retained earnings		–2 465	–19 296
Total equity	10	**1 023 855**	**662 649**
Non-current liabilities			
Non-current interest-bearing debt		–	–
Pension liabilities	3	1 543	472
Deferred tax liability	6	–	–
Other non-current liabilities		2 392	–
Total non-current liabilities		**3 935**	**472**
Current liabilities			
Current interest-bearing debt		–	–
Intercompany payables	8	–	–
Trade payables		325	370
Other current liabilities		3 623	2 872
Total current liabilities		**3 948**	**3 242**
Total equity and liabilities		**1 031 738**	**666 362**

PARENT COMPANY CASH FLOW STATEMENT

In NOK thousands	Note	2022	2021
Cash flow from operating activities			
Profit/(loss) before tax		16 568	-19 021
Depreciation and amortisation		-	-
Foreign currency exchange gains/losses		-27 587	-
(Increase)/decrease in trade and other receivables		-7 855	1 509
Increase/(decrease) in trade and other payables		707	30
Net cash flow from operating activities		**-18 167**	**-17 482**
Cash flow from investing activities			
Purchase of property, plant and equipment		-	-
Invested in subsidiaries and associates	7	-333 391	-310 433
Loans to group companies	8	-155 348	-14 152
Net cash flow from investing activities		**-488 739**	**-324 585**
Cash flow from financing activities			
Paid-in equity		350 000	704 028
Equity issue costs		-6 556	-21 259
Repayment of borrowings		-	-
Net cash flow from financing activities		**343 444**	**682 769**
Cash and cash equivalents at beginning of the period	9	340 809	106
Net increase/(decrease) in cash and cash equivalents		-163 462	340 703
Exchange rate effects		21 100	-
Cash and cash equivalents at the end of the period	9	**198 447**	**340 809**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

In NOK thousands	Share capital	Share premium reserve	Retained earnings	Other comprehensive income	Total
Total equity at 01.01.2021	100	8	–12	–	96
Share issue	35 101	668 927	–	–	704 028
Share issue costs	–	–21 259	–	–	–21 259
Total comprehensive income 2021	–	–	–19 284	–932	–20 216
Total equity at 31.12.2021	**35 201**	**647 676**	**–19 296**	**–932**	**662 649**
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**

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 Beddingen 8, 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 functional currency, rounded off to the nearest thousand, except as otherwise indicated. 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 valued 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.

Foreign currency translation

Foreign currency transactions are translated into the functional 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.

NOTE 3 PAYROLL AND REMUNERATION

Employee benefits

In NOK thousands	2022	2021
Salary and holiday pay	–16 101	–3 476
Employer's national insurance contribution	–2 376	–790
Pension expenses	–1 628	–608
Other personnel expenses	–93	–83
Total employee benefits	**–20 198**	**–4 957**

Number of employees at year-end	**5**	**2**

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

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 funded 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.

Audit fee

In NOK thousands	2022	2021
Audit services (expensed)	–918	–386
Other assurance services	–	–
Tax advisory	–	–
Total fees to auditor, excl. VAT	**–918**	**–386**

NOTE 4 OTHER OPERATING EXPENSES

In NOK thousands	Note	2022	2021
Rental and leasing costs		–749	–201
Travel expenses		–658	–239
Consultancy fees and external personnel		–2 254	–1 028
Management fee	8	–2 026	–3 268
Board of Directors remuneration		–1 663	–2 050
Miscellaneous		–1 719	–5 263
Total		**–9 069**	**–12 050**

NOTE 5 FINANCE INCOME AND EXPENSES

In NOK thousands	2022	2021
Interest income	1 525	267
Interest income group companies	5 115	81
Dividends and group contributions from subsidiaries and associates	2 531	–
Other finance income	1 411	–
Total financial income	**10 582**	**348**
Interest expenses	–773	–1
Interest expenses group companies	–	–
Other finance expenses	–6	–84
Total financial expenses	**–779**	**–84**
Net foreign currency exchange gains/losses	27 085	–2 510
Net finance income/(expense)	**36 888**	**–2 247**

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 thousands	2022	2021
Current income tax	–	–
Changes in deferred tax	263	–263
Correction of previous years current income taxes	–	–
Total income tax (expense)/income	**263**	**–263**

NOTE 6 INCOME TAX CONT

Reconciliation of effective tax rate

In NOK thousands	2022	2021
Pre-tax profit (including discontinued operations)	16 568	-19 021
Income taxes calculated at 22%	-3 645	4 185
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognised deferred tax asset	3 645	-4 185
Tax effect on cash flow hedge	263	-263
Non deductible expenses	-	-
Non-taxable income	-	-
Effect of other tax rates in subsidiaries	-	-
Effect of change in tax rate	-	-
Other	-	-
Tax (expense)/income	**263**	**-263**

Deferred tax relates to the following

In NOK thousands	31.12.2022	31.12.2021
Losses available for offsetting against future taxable income	4 513	4 185
Not recognised deferred tax asset on losses	-4 513	-4 185
Deferred tax asset/(liability)	**0**	**0**

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

		31.12.2022		31.12.2021	
Company	**Country of incorporation**	**Ownership**	**Carrying value**	**Ownership**	**Carrying value**
IWS Fleet AS	Norway	100%	385 120	100%	85 120
IWS Services A/S	Denmark	97%	130 219	97%	96 828
Total			**515 339**		**181 948**

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

NOTE 7 SUBSIDIARIES AND ASSOCIATES CONT

Associates

		31.12.2022		31.12.2021	
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 an 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.

NOTE 8 RELATED PARTY TRANSACTION

Related party loans and receivables/payables

	31.12.2022		31.12.2021	
In NOK thousands	**Receivables /assets**	**Payables /liabilities**	**Receivables /assets**	**Payables /liabilities**
IWS Fleet AS	186 191	–	14 367	–
Awind 1 AS	1 344	–	–	–
Awind 2 AS	1 344	–	–	–
Total	**188 879**	**–**	**14 367**	**–**

Intercompany interest income and interest expense

	2022		2021	
In NOK thousands	**Income**	**Expense**	**Income**	**Expense**
IWS Fleet AS	5 115	–	81	–
Total	**5 115**	**–**	**81**	**–**

Intercompany management fee

	2022		2021	
In NOK thousands	**Income**	**Expense**	**Income**	**Expense**
IWS Fleet AS	4 955	–	–	–
Awind 4 AS	100	–	79	–
Awind 5 AS	100	–	79	–
Awind 1 AS	75	–	–	–
Awind 2 AS	75	–	–	–
Total	**5 305**	**–**	**158**	**–**

NOTE 8 RELATED PARTY TRANSACTION CONT

Intercompany guarantee income and expenses

	2022		2021	
In NOK thousands	**Income**	**Expense**	**Income**	**Expense**
Awind 1 AS	1 344	–	–	–
Awind 2 AS	1 344	–	–	–
Total	**2 688**	**–**	**–**	**–**

Other related party transactions

	2022		2021	
In NOK thousands	**Income**	**Expense**	**Income**	**Expense**
Awilhelmsen Management AS	–	2 775	–	1 875
Awilco Technical Services AS	936	–	75	–
Awilco LNG Technical Management AS	18	–	–	–
Total	**954**	**2 775**	**75**	**1 875**

Other related party transactions

Management services and office rental

Awilhelmsen Management AS (AWM) provides the Company with its office premises, administrative and general services including accounting, payroll, legal, secretary function and IT. The Company 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. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

Hired in personnel from Awilco Technical Services AS

The COO Christopher Andersen Heidenreich was prior to being employed by the Company hired in from Awilco Technical Services AS (ATS) for a period of eight months in 2021. Subsequent to being hired by the Company he has been hired out to ATS on a part-time basis. ATS is 100% owned by Awilco AS.

Other related party balances

	31.12.2022		31.12.2021	
In NOK thousands	**Receivables /assets**	**Payables /liabilities**	**Receivables /assets**	**Payables /liabilities**
Awilco AS	–	-5	–	–
Total	**–**	**-5**	**–**	**–**

NOTE 9 FINANCIAL INSTRUMENTS

Cash and cash equivalents

In NOK thousands	**31.12.2022**	**31.12.2021**
Restricted cash and cash equivalents	931	12 080
Unrestricted cash and cash equivalents	197 516	328 728
Total cash and cash equivalents	**198 447**	**340 808**

The restricted bank deposits are related to tax deduction on employees' salaries deposited on separate bank accounts (2021 also includes deposits held as collateral related to the foreign currency hedges).

Currency hedging contracts

In NOK thousands	**31.12.2022**	**31.12.2021**
Market value, currency hedges	–	**–1 195**

The two currency hedges were designated to the second instalments on the Group's two vessels under construction. Both currency hedges matured in the first quarter of 2022.

NOTE 10 SHARE CAPITAL

Information about the Company's share capital is presented in Note 17 to the consolidated accounts.

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 COMMITMENTS, CONTINGENCIES AND GUARANTEES

Information on commitments, contingencies and guarantees is disclosed in Note 19 to the consolidated accounts.

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

Information on events after the reporting date is disclosed in Note 23 to the consolidated accounts.


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Auditor’s Report

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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 financial position as at 31 December 2022 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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 2022 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 at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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 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

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work we have performed, we conclude that the other information is materially inconsistent with the 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 and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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, 18 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

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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."

Finn Ole Stephansen-Smith Edstrøm
State Authorised Public Accountant (Norway)
On behalf of: Ernst & Young AS
Serial number: 9578-5995-4-951045
IP: 88.95.xxx.xxx
2023-04-18 17:33:31 UTC

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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 is 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 is guiding 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 health and safety of personnel employed in the group companies and working on group vessels and 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. The values for 2022 are significantly affected by the moving of office locations for Integrated Wind Solutions ASA and IWS Fleet AS, and will not be representative for future years.

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 2022, there were no recorded Scope 1 emissions for IWS ASA. Scope 2 emissions from office locations were less than 0.1 tCO_2e for 2022.

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 still the resource use and emissions related to the construction of the first four 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. These emissions will be allocated to the reporting year 2023 upon vessel delivery.

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 currently on order, which includes the two ordered after the balance sheet date.

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.

Office operations

There were no reported Scope 1 emissions for IWS Fleet AS in 2022. Scope 2 emissions for office operations were less than 0.1 tCO_2e for the year.

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.

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. The company has received funding from the Research Council of Norway in 2021 to develop offshore charging infrastructure enabling full electrical vessel operations. This development continued in 2022.

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 Scope 2 emissions were not reported for Green Ducklings in 2022.

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 Scope 2 emissions were not reported for ProCon in 2022.

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 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 2022.

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 2022. Four near misses were reported. A total of 58,000 working hours were completed in total for the offices and sites of IWS Fleet, including contractors.

The preparation for the 2023 start of CSOV operation continued in 2022, 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 2022.

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.

There have been no fatalities in ProCon in 2022. The Lost time injury frequency for the company was 12.7 injuries per million hours worked during the year, down from 21.7 in 2021.

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.

Tracking and reporting on gender balance in IWS and subsidiaries has been started in 2022. The company has a target of minimum 15% female employees in the group.

The current status for the subsidiaries in 2022 is set out below.

Gender balance

Segment	Gender balance (percentage women in workforce)
Integrated Wind Solutions ASA	25 %
IWS Fleet	10 %
IWS Services	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 2022.

A more comprehensive reporting on the steps taken by the company will be reported in the in the Transparency Act statement for 2022, which will be published on the Group's website by 30 June 2023

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.

Tracking of KPIs related to corruption is started from 2022 for IWS and subsidiaries.

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 2022.

IWS has not become aware of any breaches of the company's Code of Conduct in 2022.

Corporate Governance

Corporate Governance

Integrated Wind Solutions ASA 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 has in 2022 implemented the governance principles that follow from this conversion and has elected to adopt 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 principal objectives and strategies of the Company are presented in the annual report and are subject to annual assessments.

A description of the Company's social responsibility policy is set out in a separate section in the annual report.

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 2022 was NOK 1 028 million and total assets were NOK 1 109 million, giving an equity ratio of 93% 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 entered into a sub-management agreement with Awilco Technical Services AS (ATS) for assistance in technical management of the fleet. Furthermore, the Group has entered into 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 2022. The management fees are, in the Company's opinion, made at market terms. 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 Chairman of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

7 NOMINATION COMMITTEE

The Company has in 2022 established 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 works 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 Chairman 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 competition situation. 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 committe. 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 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 the Company's 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 under section 9 above.

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

The Group's main goal is safe and efficient operation of its vessels and its 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, knowhow, 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 utilises 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 remuneration to executive personnel. The remuneration to executive personnel 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 notifica-tion to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Informa-tion 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: Long-term interest-bearing debt + Short-term 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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