



## INTERIM FINANCIAL REPORT <sup>1)</sup> THIRD QUARTER 2021

### HIGHLIGHTS

- Successful completion of the acquisition of the two Danish offshore wind service/consulting companies ProCon Group ApS and Green Ducklings A/S
- Acquisition of 30 % ownership in PEAK Wind A/S in September 2021. PEAK Wind is a leading independent provider of operations and asset management advisory and services for offshore wind globally. IWS has an option to increase its ownership to 49 % within three years.
- Good progress on the engineering work on the two first Construction Service Operation Vessels (CSOVs) on order at CMIH. Expected delivery of the vessels from yard in the first and second quarter of 2023 respectively.
- IWS Fleet organisation developing to support construction at site office at CMIH and to take the vessels successful into operations
- Ongoing development of zero emission solution which include both hydrogen-based fuels as well as battery powered vessels combined with offshore charging systems
- On Dogger Bank A, where IWS in April 2021 secured a charter contract for the first CSOV, ProCon has in Q3 2021 been awarded a contract for electrical outfitting of the transition pieces
- ProCon certified for its work with UN's Sustainable Development Goals by Bureau Veritas as the second to be so in the wind industry

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<sup>1</sup> Please refer to definitions in Appendix A for descriptions of alternative performance measures (APMs) presented in the report

## OPERATIONS

During the third quarter of 2021 IWS completed the acquisition of the two Danish offshore wind service/consulting companies ProCon Group ApS<sup>2</sup> and Green Ducklings A/S<sup>3</sup>. In addition to this, the Company purchased an ownership of 30 % in PEAK Wind A/S with an option to increase the ownership to 49 % within three years. The three transactions are key to IWS's strategy of becoming a leading offshore wind service player by integrating service operation vessels with engineering, product and manpower services in a windfarm's installation, commissioning and operations phase.

The steel cutting for the newbuildings will begin in the first quarter of 2022 and coincides with the payment of the second instalment of 10 % of the contract price to the yard. Expected delivery of the vessels from yard is in the first and second quarter of 2023. The estimated construction period for the options IWS has for four additional CSOVs is approximately two years.

## ORGANIZATION

IWS Fleet has during the second and third quarter of 2021 appointed key personnel both for the commercial and technical operations who will follow up the two newbuilding contracts during the construction period at the yard and later in their ordinary operations. IWS entered prior to the IPO into a management services agreement with Awilhelmsen Management AS and a technical services agreement with Awilco Technical Services AS. Both companies are members of the Awilhelmsen group. For the Danish companies, the total number of employees and hired-in workers counted 160 at quarter end.

## LEGAL AND OPERATIONAL STRUCTURE



## FINANCIAL REVIEW

### Income statement

Integrated Wind Solutions AS was incorporated in July 2020 and had no operating activities of significance in the first three quarters of 2020. There are consequently not reported any comparative figures for these periods.

The final closing of the acquisition of Green Ducklings A/S and ProCon Group ApS took place in the third quarter of 2021. Green Ducklings and ProCon are both classified as subsidiaries and consolidated with effect from 1 July and

<sup>2</sup> 75 % of the share capital and 100 % of the voting shares

<sup>3</sup> 100 % of the voting shares

30 September respectively. No revenues and expenses are thus recognized from the investment in ProCon in the third quarter of 2021.

The investment in PEAK Wind A/S, where IWS has an ownership of 30 %, is classified as an associated company and is 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 and constitutes NOK 0.7 million for the one month.

Administrative expenses increased from NOK 2.7 million in Q2 to NOK 9.1 million in Q3 mainly due to the increase in manning related to the two vessels under construction and from the consolidation of Green Ducklings from July 2021.

Net loss for the period ended at NOK 8.8 million compared to a net loss of NOK 2.8 million in the second quarter.

### **Liquidity and financial position**

Total cash and cash equivalents amounted to NOK 411 million at quarter end, down from NOK 594 million in the previous quarter. The cash consideration paid for the two acquired subsidiaries net of cash and the payment for the acquired shareholding in PEAK Wind of 30 % constitute NOK 175 million of the total reduction of NOK 183 million in the quarter.

The carrying value of two vessels under construction of NOK 89 million includes the first yard instalments on the vessels (10 % of the contract price with CHMI) and accumulated directly attributable project costs during the construction period. Please see *Note 4 – Commitments and contingencies* for details on the payment structure on the newbuilding contracts.

The intangible assets of NOK 66 million include goodwill and other intangible assets recognized as part of the completion of the acquisition of ProCon and Green Ducklings in the third quarter of 2021. Please see *Note 8 - Business combinations and acquisition of non-controlling interests* for a specification of the fair values of the identifiable assets and liabilities recognized from the two transactions.

Other current assets totalled NOK 54 million at quarter end and consist of accounts receivables and revenue recognized on construction contracts.

Book equity on 30 September 2021 was NOK 688 million and total assets was NOK 751 million, giving an equity ratio of 92 % at quarter end.

## **OUTLOOK**

IWS secured its first charter contract in April 2021 with commencement in the second quarter of 2023. The contract is with Dogger Bank Wind for chartering of the Group's first CSOV which will be delivered from the yard in the first quarter of 2023. The charter contract has a firm duration of 546 days in total on Dogger Bank A and B, with an option for 60 additional days. The contract also has an option covering 331 days on Dogger Bank C. IWS is working actively to secure employment for vessel number two which will be delivered from the yard in the second quarter of 2023. With the high number of final investment decision made for new offshore wind farms, IWS expects the favourable trend with early contract signing and contract renewals to continue for the CSOV market.

The operating activities in ProCon, Green Ducklings and PEAK Wind will continue based on the three companies' well established business models. Both ProCon and PEAK Wind expects to deliver their best quarter for the year in Q4, revenues and earnings wise. ProCon income statement, cash flow and balance sheet are consolidated in the IWS Group financials from the end of Q3. PEAK Wind earnings are included with our 30% ownership share in the IWS Group income statement from September 2021 and onwards.

## STATEMENT OF RESPONSIBILITY

We confirm, to the best of our knowledge, that the condensed set of financial statements for the third quarter of 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of Integrated Wind Solution's consolidated assets, liabilities, financial position and income statement, and that the interim report includes a fair review of the information required under the Norwegian Securities Trading Act section 5 -6 fourth paragraph.

Oslo, November 10, 2021

**Sigurd E. Thorvildsen**  
*Chairman of the Board*

**Cathrine Haavind**  
*Board member*

**Ole Christian Hvidsten**  
*Board member*

**Jens-Julius Ramdahl Nygaard**  
*Board member*

**Daniel Gold**  
*Board member*

**Lars-Henrik Røren**  
*CEO*

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

<i>In NOK thousands</i>	Note	Q3 2021	Q2 2021	YTD 2021	23/07-31/12 2020
Operating revenue		838	0	838	0
Share of net profit of associates		699	0	699	0
<b>Total revenue</b>		<b>1 536</b>	<b>0</b>	<b>1 536</b>	<b>0</b>
Operating expenses		0	0	0	0
Administrative expenses	6	-9 070	-2 674	-14 234	-24
Depreciation and amortisation		-462	0	-462	0
<b>Earnings before interest and taxes (EBIT)</b>		<b>-7 995</b>	<b>-2 674</b>	<b>-13 159</b>	<b>-24</b>
Finance income		16	0	16	0
Finance expenses		-21	-75	-99	-1
Net foreign currency exchange gains/losses		-887	0	-887	0
<b>Net finance income/(expense)</b>		<b>-892</b>	<b>-75</b>	<b>-970</b>	<b>-1</b>
<b>Profit/(loss) before taxes</b>		<b>-8 887</b>	<b>-2 750</b>	<b>-14 129</b>	<b>-26</b>
Income tax expense	5	102	0	102	0
<b>Profit/(loss) for the period</b>		<b>-8 785</b>	<b>-2 750</b>	<b>-14 027</b>	<b>-26</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In NOK thousands</i>	Note	Q3 2021	Q2 2021	YTD 2021	23/07-31/12 2020
Profit/(loss) for the period		-8 785	-2 750	-14 027	-26
Other comprehensive income					
<i>Cash flow hedge, net of tax effect</i>	4	-452	761	309	0
<b>Total comprehensive income/(loss)</b>		<b>-9 238</b>	<b>-1 988</b>	<b>-13 718</b>	<b>-26</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In NOK thousands</i>	Note	30.09.2021	30.06.2021	31.12.2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Vessels under construction	2	88 992	88 790	0
Other fixed assets	2	2 218	0	0
Intangible assets	8	65 910	0	0
Investments accounted for using the equity method	8	129 227	0	0
<b>Total non-current assets</b>		<b>286 346</b>	<b>88 790</b>	<b>0</b>
<b>Current assets</b>				
Cash and cash equivalents	3	410 842	593 636	212
Financial investments	4	397	976	0
Other current assets		53 847	575	6
<b>Total current assets</b>		<b>465 086</b>	<b>595 187</b>	<b>218</b>
<b>Total assets</b>		<b>751 432</b>	<b>683 977</b>	<b>218</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	35 201	35 201	100
Share premium reserve	7	647 596	647 596	8
Retained earnings		-13 790	-4 518	-38
Non-controlling interests		18 918	0	0
<b>Total equity</b>		<b>687 925</b>	<b>678 279</b>	<b>70</b>
<b>Non-current liabilities</b>				
Deferred tax liability	5	1 341	215	0
Non-current interest-bearing debt		15 689	0	0
<b>Total non-current liabilities</b>		<b>17 031</b>	<b>215</b>	<b>0</b>
<b>Current liabilities</b>				
Trade payables		6 961	5 168	135
Borrowings		19 480	0	0
Other current liabilities		20 035	315	13
<b>Total current liabilities</b>		<b>46 476</b>	<b>5 482</b>	<b>147</b>
<b>Total equity and liabilities</b>		<b>751 432</b>	<b>683 977</b>	<b>218</b>

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>In NOK thousands</i>	Note	Q3 2021	Q2 2021	YTD 2021	23/07-31/12 2020
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax		-8 887	-2 750	-14 129	-26
Depreciation and amortisation		462	0	462	0
Finance income		-16	0	-16	0
Finance expense		986	0	986	0
(Increase)/decrease in prepayments, accruals and stock		-1 559	-575	-2 127	-6
Increase/(decrease) in trade and other payables		-6 645	-19 201	-1 309	123
Net profit from associates		-699	0	-699	0
<b>Net cash flow from operating activities</b>		<b>-16 358</b>	<b>-22 525</b>	<b>-16 833</b>	<b>92</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	2	-209	-3 679	-88 999	0
Purchase of subsidiaries and associates <sup>4</sup>	8	-175 059	0	-175 059	0
<b>Net cash flow from investing activities</b>		<b>-175 268</b>	<b>-3 679</b>	<b>-264 057</b>	<b>0</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of share capital		0	4 028	704 028	120
Equity issue costs		80	991	-21 259	0
Proceeds from borrowings		9 832	0	9 832	0
<b>Net cash flow from financing activities</b>		<b>9 912</b>	<b>5 019</b>	<b>692 601</b>	<b>120</b>
Cash and cash equivalents at beginning of the period		593 636	614 821	212	0
Net increase/(decrease) in cash and cash equivalents		-181 714	-21 185	411 711	212
Exchange rate effects		-1 081	0	-1 081	0
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>410 842</b>	<b>593 636</b>	<b>410 842</b>	<b>212</b>

<sup>4</sup> Purchase consideration for subsidiaries includes the paid cash consideration net of cash acquired

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In NOK thousands</i>	Share capital	Share premium reserve	Translation differences	Retained earnings	OCI <sup>5</sup>	NCI <sup>6</sup>	Total equity
Equity at incorporation 23 July 2020	100	8	0	0	0	0	108
Total comprehensive income 2020	0	0	0	-38	0	0	-38
<b>Total equity at 31.12.2020</b>	<b>100</b>	<b>8</b>	<b>0</b>	<b>-38</b>	<b>0</b>	<b>0</b>	<b>70</b>
Equity issue 9 March 2021	9 900	190 100	0	0	0	0	200 000
Equity issue 22 March 2021	25 000	475 000	0	0	0	0	500 000
Equity issue costs	0	-22 330	0	0	0	0	-22 330
Total comprehensive income Q1 2021	0	0	0	-2 492	0	0	-2 492
<b>Total equity at 31.03.2021</b>	<b>35 000</b>	<b>642 778</b>	<b>0</b>	<b>-2 530</b>	<b>0</b>	<b>0</b>	<b>675 248</b>
Equity issue 29 April 2021	201	3 827	0	0	0	0	4 028
Equity issue costs	0	991	0	0	0	0	991
Total comprehensive income Q2 2021	0	0	0	-2 750	761	0	-1 989
<b>Total equity at 30.06.2021</b>	<b>35 201</b>	<b>647 596</b>	<b>0</b>	<b>-5 279</b>	<b>761</b>	<b>0</b>	<b>678 279</b>
Acquisition of NCI	0	0	0	0	0	18 918	18 918
Total comprehensive income Q3 2021	0	0	-35	-8 785	-452	0	-9 272
<b>Total equity at 30.09.2021</b>	<b>35 201</b>	<b>647 596</b>	<b>-35</b>	<b>-14 065</b>	<b>309</b>	<b>18 918</b>	<b>687 925</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

#### Corporate information

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

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

#### Basis of preparation

The Statements for the nine months ended 30 September 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim consolidated financial statements are unaudited. The consolidated financial statements are presented in NOK rounded off to the nearest thousands, except as otherwise indicated.

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The Statements do however not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the

<sup>5</sup> Other comprehensive income

<sup>6</sup> Non-controlling interests



Group's annual consolidated financial statements for the period ended 31 December 2020, which includes a detailed description of the applied accounting policies.

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

<i>In NOK thousands</i>	Vessels under construction	Other fixed assets	Total
Acquisition cost at 1 Jan 2021	0	0	0
Acquisitions/instalments in the period	88 992	2 218	91 209
Disposals in the period	0	0	0
<b>Acquisition cost at 30 Sep 2021</b>	<b>88 992</b>	<b>2 218</b>	<b>91 209</b>
Accumulated depreciations at 30 Sep 2021	0	0	0
<b>Net carrying amount at 30 Sep 2021</b>	<b>88 992</b>	<b>2 218</b>	<b>91 209</b>

IWS signed in February 2021 new-building contracts for two Construction Service Operation Vessels (CSOVs) with scheduled delivery in the first and second quarter of 2023. In the construction period, the carrying value includes yard instalments, other directly attributable project costs, capitalized borrowing costs and guarantee fees. Depreciation commences when the vessels are available for intended use.

## Note 3 – Cash and cash equivalents

<i>In NOK thousands</i>	30.09.2021	30.06.2021	31.12.2020
Bank deposits denominated in NOK	345 008	579 526	212
Bank deposits denominated in NOK, restricted	11 160	10 156	0
Bank deposits denominated in DKK	54 674	3 954	0
<b>Total cash and cash equivalents</b>	<b>410 842</b>	<b>593 636</b>	<b>212</b>

## Note 4 – Commitments and contingencies

### *Shipbuilding contracts*

IWS entered in February 2021 into new-building contracts for two CSOVs with scheduled delivery in the first and second quarter of 2023. The contracts are entered into with the yard China Merchants Industries Holdings Co Ltd and are based on a payment schedule where 10 % is payable following signing of contract, 10 % at steel cutting, 10 % at launching and 70 % at delivery of the vessels. IWS has an option contract with the yard for potential calling of four additional vessels.

### *Forward EUR-NOK FX contract on second instalment on shipbuilding contracts*

IWS has entered into two EUR-NOK FX contracts for the second instalment on the shipbuilding contracts payable in first quarter 2022. Market value of the two contracts 30 September 2021 was NOK 0.4 million, which is reported net of tax effect under "Other comprehensive income".

## Note 5 – Corporation taxes

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

in international waters, such as financial income, is usually taxed according to the ordinary taxation rules applicable in the resident country of each respective company.

## Note 6 – Related party transactions

### Guarantees

Awilco AS, which is the major shareholder in Integrated Wind Solutions AS, has 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. This agreement provides a guarantee which is limited to 50 % of the total price of the firm units delivered from the yard, which is to be adjusted for any change orders that may arise up until delivery. The PCG will be reduced by a pro rata amount according to the instalments to the yard, which will be paid in three tranches of 10 % each prior to delivery of the vessels.

The Company has provided a counter guarantee and indemnification on behalf of Awind 4 AS and Awind 5 AS in favour of Awilco AS for the PCG from Awilco AS towards CMIH which is identical to the terms in the PCG.

### Management services

Awilhelmsen Management AS (AWM) provides the Group with administrative and general services including accounting, payroll, legal, secretary function and IT. The Group 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.

## Note 7 – Share capital

<i>In NOK thousands, unless stated otherwise</i>	Number of shares	Par value per share	Share capital	Paid-in premium	Total paid-in capital
Share capital at incorporation 23 July 2020	100 000		100	20	120
Share capital increase 9 March 2021	0		9 900	190 100	200 000
Share split 9 March 2021	4 900 000				
Share capital increase 22 March 2021	12 500 000	NOK 2.00	25 000	475 000	500 000
Share capital increase 29 April 2021	100 698	NOK 2.00	201	3 827	4 028
Equity issue costs			0	-21 351	-21 351
<b>Share capital at 30 September 2021</b>	<b>17 600 698</b>	<b>NOK 2.00</b>	<b>35 201</b>	<b>647 596</b>	<b>682 797</b>

All issued shares have a par value of NOK 0.20 and are of equal rights. Integrated Wind Solutions AS is incorporated in Norway and the share capital is denominated in NOK.

## Note 8 – Business combinations and acquisition of non-controlling interests

### Acquisition of ProCon Group ApS

In July 2021, IWS acquired 75 % of the voting shares of ProCon Group ApS, a non-listed engineering, construction and service solution provider company based in Denmark and specialized in electrical and technical solutions to the global renewable industry with focus on offshore and onshore wind as well as solar power. IWS has elected to measure the non-controlling interests in the acquiree at fair value. Final closing of the transaction took place on 17 September 2021.

### ***Acquisition of Green Ducklings A/S***

In July 2021, IWS acquired 100 % of the voting shares of Green Ducklings A/S, a Danish non-listed specialist advisory company to the global renewable industry with sole focus on offshore wind power. Final closing of the transaction took place on 15 July 2021.

### ***Acquisition of 30 % shareholding in PEAK Wind A/S***

In September 2021 IWS acquired 30% of the shares in PEAK Wind A/S, a Danish non-listed company providing operations and asset management advisory and services for offshore wind globally. Final closing of the transaction took place on 3 September 2021. IWS has an option to increase its ownership to 49% within three years.

### ***Summary of assets acquired and liabilities assumed in companies classified as subsidiaries***

The fair values of the identifiable assets and liabilities of the two subsidiaries ProCon and Green Ducklings as at the date of acquisition are summarized in the table below. Retrospectively adjustments in accordance with IFRS 3.45 of the amounts recognised at the acquisition date may occur in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

<i>In DKK thousands</i>	<b>Green Ducklings</b>	<b>ProCon</b>
Fixed assets	0	1 515
Goodwill	8 292	27 803
Other intangible assets	931	13 949
Cash and cash equivalents	1 759	71 029
Other current assets	0	2 390
<b>Total assets</b>	<b>10 982</b>	<b>116 686</b>
Deferred tax	205	3 069
Interest-bearing debt	0	25 727
Other liabilities	277	10 624
<b>Total liabilities</b>	<b>482</b>	<b>39 420</b>

### ***Net cash flow on acquisitions***

The cash consideration paid for the two acquired subsidiaries net of cash and the payment for the acquired shareholding in PEAK Wind of 30 % constitute NOK 175 million.

## APPENDIX 1 – 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 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 which are defined, calculated and used consistently over time. Operational measures such as, but not limited to, volumes and utilization are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

The Group's financial APMs are:

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

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