

# FairWind

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Committed to green transformation

## **CORRECTED** **Q1 2023 FINANCIAL REPORT**

Force BidCo A/S

May 2023



## About FairWind

Force BidCo A/S is the parent company to FairWind A/S (together referred to as the “Group” or “FairWind”).

FairWind is the global market leader within onshore wind turbine installation, with a strong presence also within offshore and service. With its global presence and capabilities, FairWind is strategic partner and sub-supplier to wind turbine OEMs in +40 countries. The company is headquartered in Vejle, Denmark, with its main technician hub in Stettin, Poland.

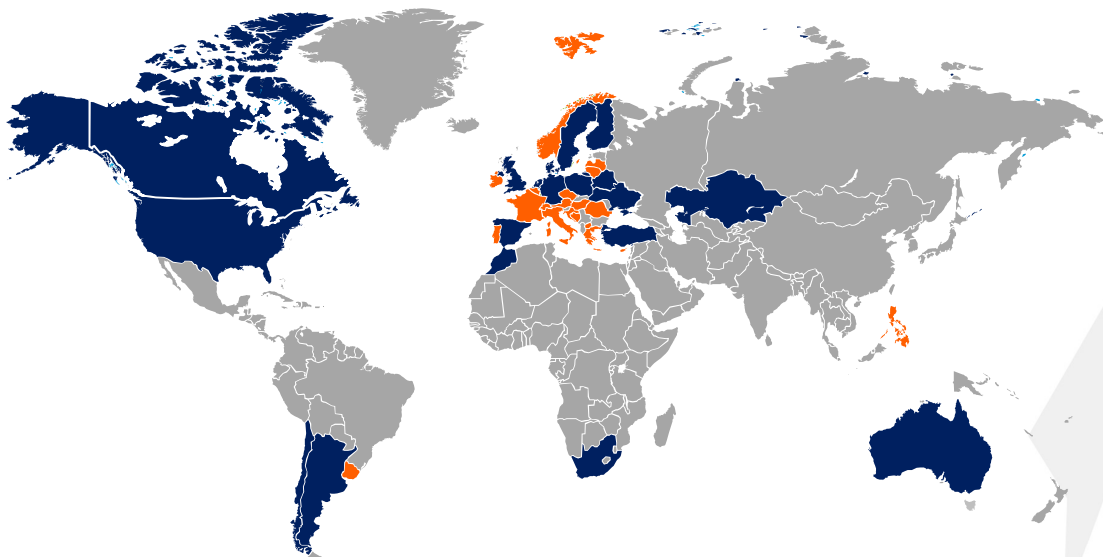
The underlying market is growing rapidly, as renewable energy is enjoying political support and support of the public. In addition, technology advancements make renewables an increasingly attractive energy source. Renewable energy sources will account for all growth in energy generation towards 2050 and wind is the single biggest contributor to the energy transition.

<b>1 400+</b>	<b>40+</b>	<b>20.99</b>	<b>5 920</b>
Technicians	Countries entered	GW installed (2016-2022)	Turbines installed (2016-2022)

## Global Service

One-stop partner for installation and service solutions of onshore and offshore wind turbines worldwide. Business in over 40 countries and currently legal entities in 19.

- Operations with local legal entity
- Operations without local legal entity



## Highlights interim report for Q1 2023

### Key Figures<sup>1</sup>

DKK '000	Q1 2023	Q1 2022	Q1-Q1 2023	Q1-Q1 2022	LTM Q1 2023
<b>Net Revenue</b>	<b>244 906</b>	<b>241 704</b>	<b>244 906</b>	<b>241 704</b>	<b>1 024 280</b>
Gross Profit	50 844	54 258	50 844	54 258	230 353
<i>Gross Margin</i>	20,8%	22,4%	20,8%	22,4%	22,5%
<b>Adj. EBITDA</b>	<b>10 745</b>	<b>15 211</b>	<b>10 745</b>	<b>15 211</b>	<b>75 847</b>
<i>Adj. EBITDA Margin</i>	4,4%	6,3%	4,4%	6,3%	7,4%
Adj. EBITA	<b>3 468</b>	<b>9 488</b>	<b>3 468</b>	<b>9 488</b>	<b>46 308</b>
<i>Adj. EBITA Margin</i>	1,4%	3,9%	1,4%	3,9%	4,5%
Net Debt	432 322	368 057	432 322	368 057	432 322

### Highlights in Q1 2023

- Total revenue growth of 1.3% primarily driven by Installation in Northern Europe (36% YoY growth) and Southern Europe as well as Service (51% YoY growth) mitigating a DKK 39m YoY decline in revenue from discontinued business in Russia and Ukraine.
- Mix effects from low margins on projects in the SESA region reduced the overall gross margin by 1.6 pts to 20.8%
- Due to a lower gross margin the, Adj. EBITDA decreased with DKK 4.4m compared to the same period last year.
- Net working capital improved. In particular, the work in progress was reduced compared to Q4 2022.
- FairWind started its first decommissioning project in our Service Department at Nørre Økse Sø, operated by Vattenfall.
- FairWind initiated work on the Viking Wind Farm, which is Vestas' largest onshore wind farm so far.

### Events after the quarter end

- Completion of the first decommissioning project at Nørre Økse Sø Wind Farm with 19 turbines for Vattenfall.
- Selected contract wins after the end of Q1 2023:
  - Awarded as pre-assembly partner for the 344 MW Vesterhav Offshore Wind Farm in Denmark by Siemens Gamesa Renewable Energy.
  - Awarded decommissioning partner for 17 turbines in the Eemmeerdiijk Park Wind Farm in the Netherlands by Vattenfall.
  - Awarded installation for 20 turbines at the Ansjovisstroom and Hanze Groen Wind Farm by GE in the Netherlands.

<sup>1</sup> Consolidated figures for Force BidCo A/S

## Message from CEO

**Despite challenging market conditions, 2023 has started at a satisfactory level for FairWind, providing a strong revenue and gross margin performance as expected.**

### **Good start to the year**

I am pleased to report that despite continued challenging conditions and an unusually strong Q1 in 2022 as a comparable, we have had a solid start to the year. Our results for Q1 2023 demonstrate the resilience and agility of our organization as we continue to navigate in a complex and rapidly changing market environment.



I am pleased to announce that we on revenue achieved our best first quarter ever, building on the success of an exceptionally strong Q1 in 2022. Our net debt improved compared to Q4 2022, by approximately DKK 26m. Driven by significant improvements in our Work in progress, which is a testament to our focus on operational excellence and efficiency.

Our contribution margins were lower in Q1 2023 compared to last year due to various factors such as a couple of low margin projects in new regions. This represents a strategic investment in geographic expansion to improve our long-term performance. We remain confident that we will achieve our financial goals for the year as Q1 2023 represents a strong outcome compared to an exceptional first quarter of 2022.

On the market side, we have seen some of our customers report positive Q1 results, and we have another significant customer who has implemented improvements to their platform, preparing for growth. We also see that there is still a strong commitment to wind energy as a driver for the future, and we are seeing good traction on political support for wind power development in the US. We remain optimistic about the prospects for growth in both Europe and the US and are actively pursuing opportunities there.

In conclusion, I would like to thank our employees for their hard work and dedication to the success of our organization. We will continue to focus on delivering value to our customers and shareholders, and we remain committed to sustainable and responsible business practices that create long-term value for all our stakeholders.

Sincerely,

**John Funch**  
**CEO, FairWind A/S**

## Business and Market overview

For the first quarter of 2023, we realized the highest Q1 revenue in our history. And while we are off to a good start, we are also seeing a range of continued positive developments. The installation of two landmark projects in Chile (Horizonte) and Shetland Islands (Viking) respectively are a testament to FairWind's ability to execute projects on a global scale in different continents and environments.

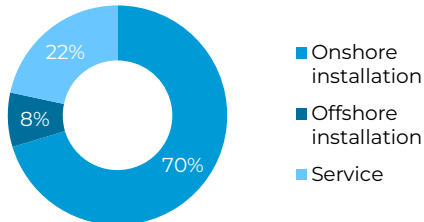
In our Service Department, we started our first larger decommissioning project in Denmark. The decommissioning market is an area where we see a growing potential in coming years and are therefore pleased that we now have signed an agreement for another significant decommissioning project in Europe.

In terms of outlook, we expect to maintain a similar revenue as well as EBITDA level compared to last year. However, we are operating in a volatile market with increased competition, especially in our core markets in North and Central Europe.

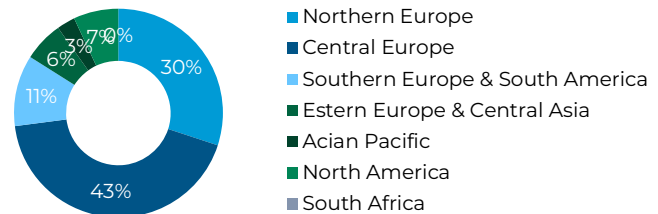
Nevertheless, due to our close relationship with our customers, we expect to maintain a high utilization of our team for the year being prepared for anticipated steep growth in both the offshore and onshore market, starting in the beginning of 2024. Installation capabilities will become a scarce resource when the steep growth materializes, and therefore we are taking proactive action to initiate strategic dialogues on securing resources together with our customers.

### Revenue split by business unit and geography.

Share of Revenue (%) - Q1 2023



Share of Revenue (%) - Q1 2023



## Sustainability overview

We are devoted to being a part of a more sustainable future. Our core work is an important part of this, and by erecting and servicing wind turbines worldwide, we are contributing to a sustainable transformation every day.

At FairWind, we invest in sustainable workplaces by creating local employment opportunities worldwide.

FairWind continues to work for a more sustainable future for the globe, especially with focus towards creating affordable and clean energy, taking climate action, and secure local economic growth through our work across the globe.



Our CSR efforts are directly linked to our Vision & Mission with focus on delivering to 3 of the 17 global **UN Sustainable development goals.**

- *Affordable and Clean Energy (7)*
- *Climate Action (13)*
- *Local economic growth through decent work (8)*

### Progress as of Q1 2023

During the first quarter of the year, FairWind completed our first taxonomy reporting, as part of the EU Sustainable Finance Action Plan in our Annual Report for 2022. We are pleased that our taxonomy reporting was approved by the auditors and will remain an integrated part of our business going forward.

Moreover, preparations have started for our extended reporting in the 2024 annual report according to the new CSRD standards, enhancing transparency and sustainability in our business practices.

## Financial overview

Net revenue for the Group was DKK 245m in Q1 2023 (2022: DKK 242m), a growth of 1,3% and in line with our expectations.

Gross profit for the Group in Q1 2023 was DKK 51m (2022: DKK 54m) corresponding to 20,8% (2022: 22,4%) gross margin. The YoY margin decline was primarily due to a mix effect from a couple of low-margin projects in new geographies.

Increased OPEX also impacted the adjusted EBITDA where we achieved DKK 10,7m (2022: DKK 15.2m) in Q1 2023.

The non-recurring items are significantly reduced in Q1 2023 and only relates to continued wartime compensation paid to our Ukraine employees and some double rent. Both items are expected to be discontinued during 2023.

A key focus in Q1 2023 was to improve our Net Working Capital, in particular our Work in Progress where we achieved a reduction of DKK 71m corresponding to approx. a 50% reduction compared to Q4 2022 and 41% compared to Q1 2022 at a similar activity level. The accounts receivable increased due to the mix of customer payment terms with DKK 35m or 16% compared to Q4 2022 and 22% compared to Q1 2022.

The draw down on the Revolving facility decreased by DKK 28m compared to Q4 2022 but are still above the level from Q1 2022 by DKK 65m.

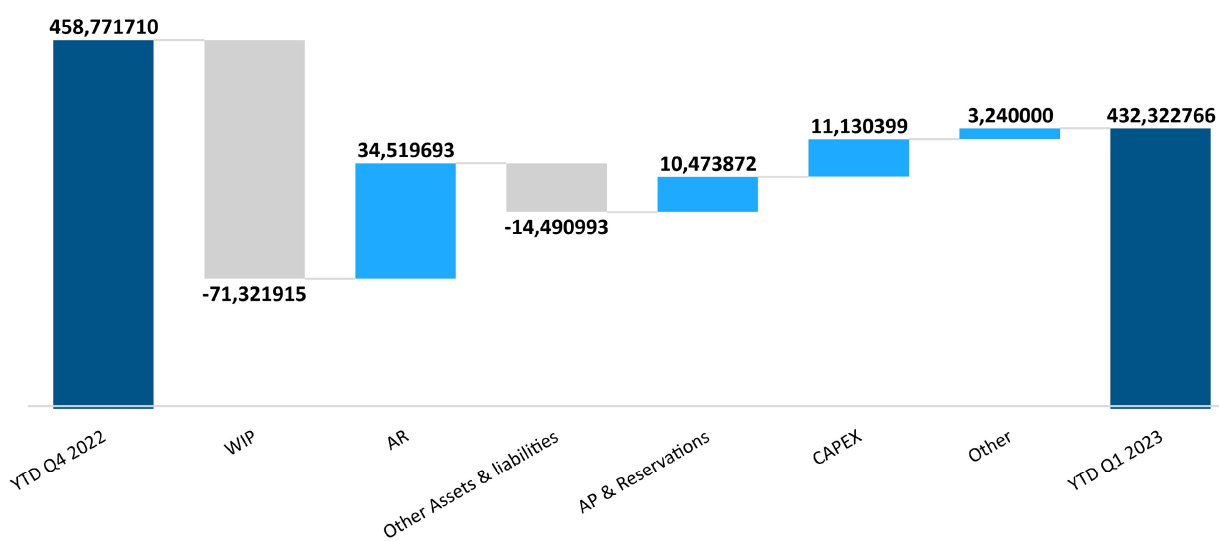
Capex in terms of investments in tools was DKK 5m and DKK 6m was used to train our current and new technicians.

## Net debt overview

DKK '000	Q1 2023	Q4 2022
Cash	(50 749)	(48 533)
Long term liabilities	364 534	361 098
Credit institutions	118 538	146 206
<b>Net Debt</b>	<b>432 322</b>	<b>458 772</b>

Net debt decreased compared to the last quarter with DKK 27m driven by improved Work in progress partly offset by increased accounts receivables.

## Net debt Bridge Q1 2023 vs. Q4 2022 (DKK'M)





## Profit & Loss Statement – Consolidated

### Consolidated Profit & Loss Statement

Force Bidco A/S DKK '000	Q1 2023	Q1-Q1 2023	LTM Q1 2023
<b>Net revenue</b>	<b>244 906</b>	<b>244 906</b>	<b>1 024 280</b>
Direct costs	(194 062)	(194 062)	(793 927)
Personnel expenses	(22 625)	(22 625)	(84 613)
Other external expenses	(17 474)	(17 474)	(69 894)
<b>Adj. EBITDA</b>	<b>10 745</b>	<b>10 745</b>	<b>75 847</b>
Non-recurring items	(546)	(546)	(33 240)
<b>EBITDA</b>	<b>10 200</b>	<b>10 200</b>	<b>42 606</b>
Depreciation and amortization	(7 278)	(7 278)	(29 539)
<b>Operating profit/loss</b>	<b>2 922</b>	<b>2 922</b>	<b>13 067</b>
Financial result	(13 505)	(13 505)	(40 722)
<b>Profit/loss before taxes</b>	<b>(10 582)</b>	<b>(10 582)</b>	<b>(27 655)</b>
Taxes	(2 490)	(2 490)	(4 928)
<b>Profit/loss for the period</b>	<b>(13 073)</b>	<b>(13 073)</b>	<b>(35 583)</b>

## Balance Sheet

### Consolidated Balance Sheet

Force Bidco A/S DKK '000	Q1 2023	Q4 2022
<b>Assets</b>		
Goodwill and Trademarks	512 372	512 372
Tangible fixed assets	51 190	53 708
<b>Total non-current assets</b>	<b>563 562</b>	<b>566 080</b>
Trade receivables	247 906	213 386
Work in progress	73 434	144 756
Inventory	3 346	3 215
Other receivables	15 395	16 662
Accrued courses	19 608	19 281
Deferred tax	-	69
Cash	50 749	48 533
<b>Total current assets</b>	<b>410 439</b>	<b>445 902</b>
<b>Total assets</b>	<b>974 000</b>	<b>1 011 982</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>306 289</b>	<b>321 248</b>
<b>Deferred Tax</b>	<b>2 355</b>	<b>-</b>
<b>Long term liabilities</b>	<b>372 650</b>	<b>367 399</b>
Credit institutions	118 538	146 206
Trade payables	77 327	101 044
Accrued costs (reservations)	48 387	35 144
Corporate tax	1 649	2 743
Other liabilities	46 805	38 198
<b>Short term liabilities</b>	<b>292 706</b>	<b>323 335</b>
<b>Total liabilities</b>	<b>665 356</b>	<b>690 734</b>
<b>Total equity and liabilities</b>	<b>974 000</b>	<b>1 011 982</b>

Reporting Force Bidco A/S: IFRS and including Force Bidco A/S and subsidiaries

## Cash Flow Statement

Force Bidco A/S DKK '000	Q1 2023	YTD Q1 2023
EBIT	2 922	2 922
Depreciations and Impairment losses	13 253	13 253
<b>EBITDA</b>	<b>16 175</b>	<b>16 175</b>
<b>Changes in Working Capital:</b>		
Change in Work in progress	71 322	71 322
Change in Trade Receivables	(34 520)	(34 520)
Change in inventories	(132)	(132)
Change in Other Receivables	(120)	(120)
Change in Trade Payables	(23 717)	(23 717)
Change in Accrued Cost (Reservations)	13 243	13 243
Change in Other Liabilities	14 611	14 611
Change in Deposits	161	161
<b>Changes in Working Capital total:</b>	<b>40 848</b>	<b>40 848</b>
Paid Taxes	(2 028)	(2 028)
<b>Cash flows from operating activities</b>	<b>54 995</b>	<b>54 995</b>
Additions of Property, plant and equipment	(4 993)	(4 993)
Disposals of Property, plant and equipment	217	217
Additions of Training / Accrued Courses	(6 355)	(6 355)
<b>Cash flows from investing activities</b>	<b>(11 130)</b>	<b>(11 130)</b>
Leasing	(1 798)	(1 798)
Currency exchanges	(1 712)	(1 712)
Paid/received interest	(10 470)	(10 470)
Adjustment on RCF	(27 669)	(27 669)
<b>Cash flows from financing activities</b>	<b>(41 648)</b>	<b>(41 648)</b>
<b>Change in cash and cash equivalents</b>	<b>2 217</b>	<b>2 217</b>
Opening Cash and Cash equivalents	48 533	48 533
Change in cash and cash equivalents for the period	2 217	2 217
<b>Cash End of period</b>	<b>50 749</b>	<b>50 749</b>

## Notes to the financial statements

### Reported EBITDA and Adjusted EBITDA

Force Bidco A/S DKK '000	Q1 2023	YTD Q1 2023	LTM Q1 2023
<b>Adjusted EBITDA</b>	10 745	10 745	75 847
<b>Total non-recurring items</b>	<b>(546)</b>	<b>(546)</b>	<b>(33 240)</b>
<ul style="list-style-type: none"> <li>• Write off-of remaining exposures due to the close-down of operations in Russia</li> <li>• Costs resulting as of the close-down of operations in Russia</li> <li>• Double rent costs from move of offices in Szczecin, Poland</li> <li>• Mandatory wartime remuneration paid to Ukrainian technicians employed by FairWind</li> <li>• Adjustment of outstanding PPA as a result of Triton's acquisition of FairWind</li> <li>• Other</li> </ul>			(19 883)
			(3 300)
	(436)	(436)	(1 205)
	(109)	(109)	(2 572)
			(4 317)
			(1 963)
<b>Reported EBITDA</b>	<b>10 200</b>	<b>10 200</b>	<b>42 607</b>

### Definitions

OEM: Original Equipment Manufacturer

PPA: Purchase Price Allocation

SESA: South Europe & South America

CE: Central Europe

NE: North Europe

APAC: Asia and Pacific

EECA: Eastern Europe & Central Asia

NA: North America

RCF: Revolving credit facility

# FairWind



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