

FairWind

Committed to green transformation

Q2 2023 FINANCIAL REPORT

Force BidCo A/S
August 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.

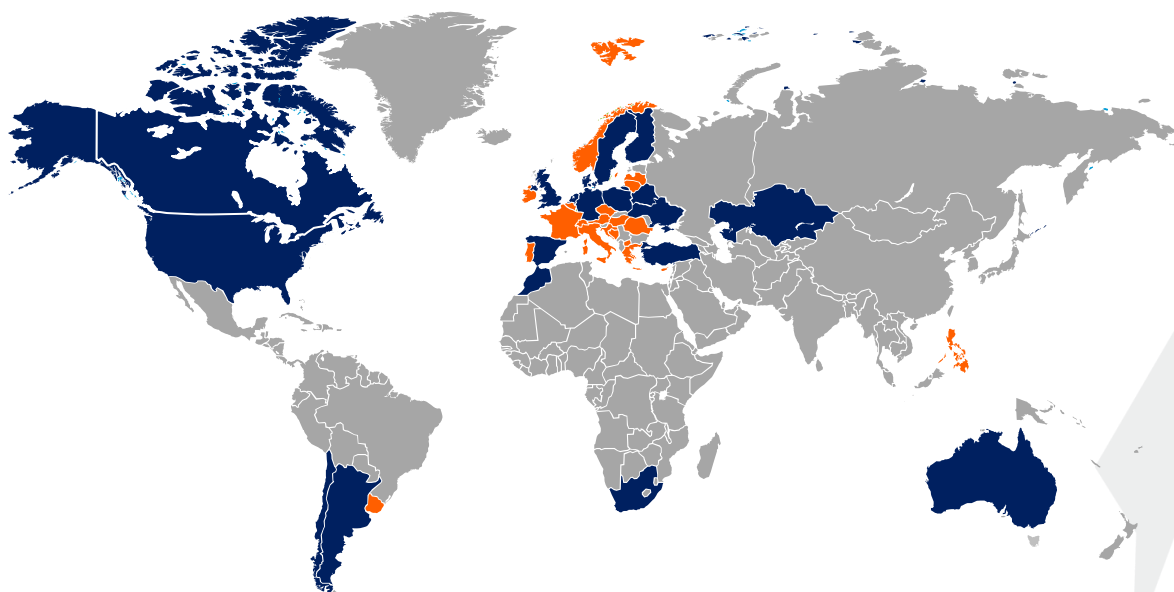
The underlying market is growing rapidly, as renewable energy is enjoying political support and support of the public. In addition, technology advancements make renewables an increasingly attractive energy source. Renewable energy sources will account for all growth in energy generation towards 2050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

1 400+	40+	20.99	5 920
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 Q2 2023

Key Figures¹

DKK '000	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	LTM Q2 2023
Net Revenue	276 616	257 170	521 521	498 874	1 043 726
Gross Profit	58 567	59 246	109 412	113 504	229 675
<i>Gross Margin</i>	21,2%	23,0%	21,0%	22,8%	22,0%
Adj. EBITDA	14 945	20 946	25 690	36 157	69 845
<i>Adj. EBITDA Margin</i>	5,4%	8,1%	4,9%	7,2%	6,7%
Adj. EBITA	6 831	14 316	10 299	23 804	38 823
<i>Adj. EBITA Margin</i>	2,5%	5,6%	2,0%	4,8%	3,7%
Net Debt	431 733	386 681	431 733	386 681	431 733

Highlights in Q2 2023

- Strong activity level. Total revenue increased 7.6% compared to Q2 2022, primarily driven by the awarding of larger decommissioning projects in Service Europe and organic growth in North America.
- Slightly improvements on Gross margins 0.4 pts compared to Q1 2023. Though behind last year mainly due to increased inflation rates. We have been affected by general salary increases, though these have not been reflected in our contracts towards customers yet.
- Adjusted EBITDA impacted negatively by in particular increased salary levels compared to the same period last year and increased training cost to support the growth in North America.
- Further improvement on Net Working Capital in Q2 2023
- Generally faced strong competition in H1 2022 and expect a more attractive market in H2 2023, gapping the bridge for a fiscal year in 2023 at the level of 2022.
- FairWind awarded 120MW Hanze and Ansjovisstroom Wind Farms.
- FairWind awarded 344MW offshore wind farms Vesterhav Nord and Syd

Events after the quarter end

- New Chief Executive Officer, Stewart Mitchell has joined FairWind, replacing John Funch.
- New Chief People Officer, Laura Lee has joined FairWind, starting September 1st, 2023.
- FairWind awarded 73MW Człuchów Wind Farm.
- FairWind initiated has completed installation works on the Viking Wind Farm, which is Vestas' largest onshore wind farm so far.

¹ Consolidated figures for Force BidCo A/S

Message from CEO

I am very honored to be able to write this first message as CEO, after taking over from John Funch, effective August 3rd. I would like to thank John for all his efforts in getting FairWind where it is today and wish him every success in the future.

My objectives for FairWind are simple, to grow our revenues and profits building on the relationships we have with our current customer base but also with new customers, with enhanced products and services within global growth markets. Also, to implement the requisite systems, processes and procedures that allow scaling our business.



Despite ongoing market challenges the momentum built in Q1 has continued into Q2. Our focus on working towards a balanced mix of service and installation is showing encouraging signs and is reflected in the results for Q2 2023.

Total revenue increased 7.6% compared to Q2 2022, primarily driven by the awarding of larger decommissioning projects in Service Europe and organic growth in North America.

A slight improvement in gross margins of 0.4 percentage compared to Q1 2023. Though behind last year mainly due to increased inflation rates but alongside further improvement in net working capital in Q2 2023.

Adjusted EBITDA impacted negatively, primarily due to increased salary levels compared to the same period last year and increased training cost to support the growth in North America.

From a market perspective, many of our customers also continued to show positive momentum in Q2. I am also encouraged by the robustness of our revenue pipeline, the number of ongoing tenders and our ability to convert those tenders into contract awards.

We are also seeing an increasing traction with our customers in our key growth markets in the US, Northern Europe, and APAC regions.

In conclusion, I would like to thank the entire organization for the welcome I have received since joining the company and how the change in Leadership has been embraced. I am extremely excited on what future holds for FairWind and will continue to focus on delivering value to our customers and shareholders, whilst being committed to sustainable and responsible business practices that create long-term value for all our stakeholders.

Sincerely,

Stewart Mitchell
CEO, FairWind A/S

Business and Market overview

While we experienced the highest Q1 revenue in FairWind history, the Q2 revenue has continued the trend, surpassing the 2022 Q2 with almost DKK 20m, while we at the same time managed to secure important milestone projects, such as e.g., Hanze and Ansjovisroom and the preassembly for the Vesterhav offshore wind farm in Esbjerg, Denmark.

Q2 was also the period where we completed of first larger decommissioning project, as well as started execution for another project in the Netherlands. We still see a high potential for Service works and are pleased to continue the positive trend.

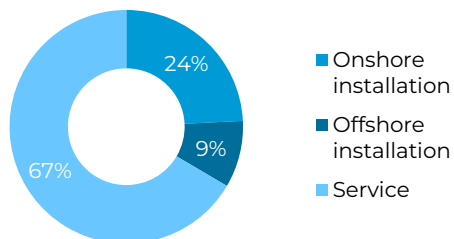
In terms of outlook, we expect to maintain a similar revenue as well as EBITDA level compared to last year. And once again, it is important to highlight that we are operating in a volatile market with increased competition, especially in our core markets in North and Central Europe.

We still expect to maintain a high utilization of our team for the year being prepared for anticipated steep growth in the market, starting in the beginning of 2024. In the US FairWind expect a steep growth rate, especially in the service area, as well as large opportunities materialize in Australia starting in 2024 and onwards.

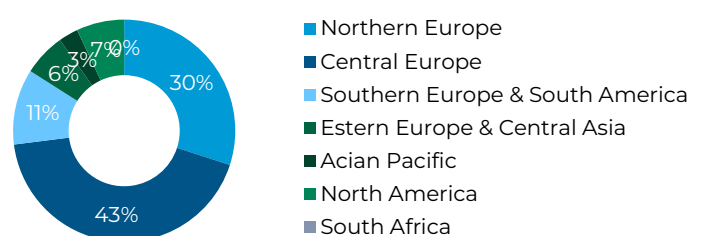
We maintain the argument that our installation capabilities will become a scarce resource when the steep growth materializes and are pleased to inform that strategic dialogues have already been initiated with key customers to ensure strategic resources going forward.

Revenue split by business unit and geography.

Share of Revenue (%) - Q2 2023



Share of Revenue (%) - Q2 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 Q2 2023

For the second quarter of 2023, focus has been on governance where a range of new policies have been implemented within the group to ensure compliance and reduce risk in the operations. At the same time, internal trainings have been initiated to educate and develop the organization to these standards.

Finally, commitments have been made for a digitalized and standardized solution to ensure that FairWind will be fully CSRD compliant in 2024, according to the Directive 2013/34/EU of the European Parliament.

Financial overview

Net revenue for the Group was DKK 277m in Q2 2023 (2022: DKK 257m), a growth of 7,6% compared to last year Q2 and 13% increase from Q1 2023.

Gross profit for the Group in Q2 2023 was DKK 59m (2022: DKK 59m) corresponding to 21,2% (2022: 23,0%) gross margin. The YoY margin decline is primarily due to increased inflation rates. Slightly gross margin improvements compared to Q1 2023.

Increased OPEX due to increase on salary levels and training cost in North America also impacted the adjusted EBITDA where we achieved DKK 14.9m (2022: DKK 20.9m) in Q2 2023.

The non-recurring items increased in Q2 2023 mainly driven by M&A activities whereas the continued wartime compensation is paid to our Ukraine employees and double rent in line with expectations.

Achieved a further improvement of the Net Working Capital even with a higher activity level in particular the Accounts Receivables decreased with 32m and Work in Progress with 18m compared to Q1 2023. Partly offset by a decrease in short term liabilities. Year to date an overall improvement of 56m.

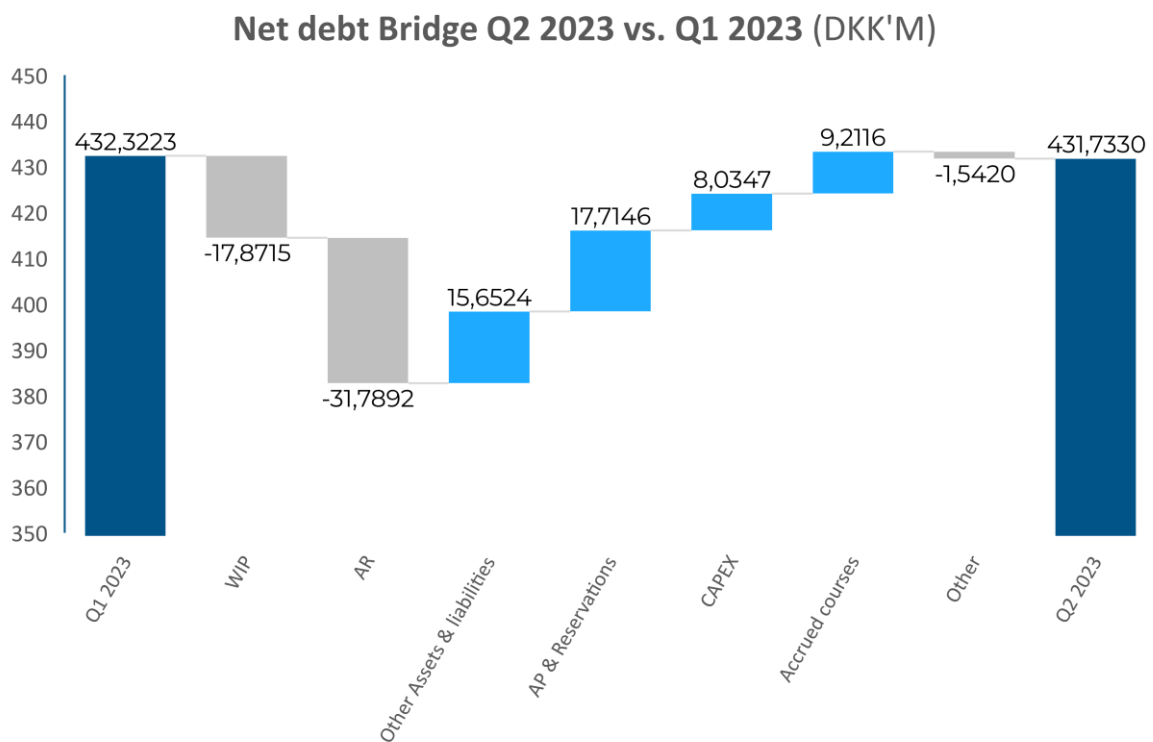
The draw down on the Revolving facility increased by DKK 16m compared to Q1 2023 but offset by a similar increase in the cash position.

Capex in terms of investments in tools was DKK 8m and DKK 9m was used to train our current and new technicians in particular to support the growth in North America.

Net debt overview

DKK '000	Q2 2023	Q1 2023
Cash	(68 033)	(50 749)
Long term liabilities	364 606	364 534
Credit institutions	135 160	118 538
Net Debt	431 733	432 322

Net debt slightly decreased compared to the last quarter.



Profit & Loss Statement – Consolidated

Consolidated Profit & Loss Statement

Force Bidco A/S DKK '000	Q2 2023	Q1-Q2 2023	LTM Q2 2023
Net revenue	276 616	521 521	1 043 726
Direct costs	(218 048)	(412 110)	(814 051)
Personnel expenses	(23 473)	(46 098)	(87 904)
Other external expenses	(20 150)	(37 624)	(71 926)
Adj. EBITDA	14 945	25 690	69 845
Non-recurring items	(3 205)	(3 750)	(34 464)
EBITDA	11 740	21 940	35 381
Depreciation and amortization	(8 113)	(15 391)	(31 022)
Operating profit/loss	3 627	6 549	4 359
Financial result	(7 070)	(20 575)	(34 121)
Profit/loss before taxes	(3 443)	(14 026)	(29 762)
Taxes	(1 217)	(3 707)	(6 432)
Profit/loss for the period	(4 661)	(17 733)	(36 193)

Balance Sheet

Consolidated Balance Sheet

Force Bidco A/S DKK '000	Q2 2023	Q1 2023
Assets		
Goodwill and Trademarks	512 372	512 372
Tangible fixed assets	59 480	51 190
Total non-current assets	571 852	563 562
Trade receivables	216 116	247 906
Work in progress	55 563	73 434
Inventory	3 931	3 346
Other receivables	13 561	15 395
Accrued courses	22 544	19 608
Deferred tax	3 413	-
Cash	68 033	50 749
Total current assets	383 162	410 439
Total assets	955 013	974 000
Equity and liabilities		
Equity	290 867	306 289
Deferred Tax	-	2 355
Long term liabilities	376 517	372 650
Credit institutions	135 160	118 538
Trade payables	65 197	77 327
Accrued costs (reservations)	42 802	48 387
Corporate tax	-	1 649
Other liabilities	44 470	46 805
Short term liabilities	287 629	292 706
Total liabilities	664 146	665 356
Total equity and liabilities	955 013	974 000

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

Cash Flow Statement

Force Bidco A/S DKK '000	Q2 2023	Q1-Q2 2023
EBIT	3 627	6 549
Depreciations and accrued courses	14 388	27 641
EBITDA	18 015	34 190
Changes in Working Capital:		
Change in Work in progress	17 871	89 193
Change in Trade Receivables	31 789	(2 730)
Change in inventories	(585)	(716)
Change in Other Receivables	(1 531)	(1 652)
Change in Trade Payables	(12 130)	(35 847)
Change in Accrued Cost (Reservations)	(5 585)	7 658
Change in Other Liabilities	(14 121)	490
Change in Deposits	(842)	(681)
Changes in Working Capital total:	14 867	55 716
Paid Taxes	(8 343)	(10 371)
Cash flows from operating activities	24 540	79 535
Additions of Property, plant and equipment	(8 856)	(13 849)
Disposals of Property, plant and equipment	822	1 039
Additions of Training / Accrued Courses	(9 212)	(15 566)
Cash flows from investing activities	(17 246)	(28 377)
Leasing	(1 607)	(3 405)
Currency exchanges	(884)	(2 596)
Paid/received interest	(3 560)	(14 030)
Adjustment on RCF	16 622	(11 046)
Repayments, loans from shareholders	(581)	(581)
Cash flows from financing activities	9 991	(31 658)
Change in cash and cash equivalents	17 284	19 501
Opening Cash and Cash equivalents	50 749	48 533
Change in cash and cash equivalents for the period	17 284	19 501
Cash End of period	68 033	68 033

Notes to the financial statements

Reported EBITDA and Adjusted EBITDA

Force Bidco A/S DKK '000	Q2 2023	Q1-Q2 2023	LTM Q2 2023
Adjusted EBITDA	14 945	25 690	69 845
Total non-recurring items	(3 205)	(3 750)	(34 464)
<ul style="list-style-type: none"> • Write off-of remaining exposures due to the close-down of operations in Russia 			(19 883)
<ul style="list-style-type: none"> • Costs resulting as of the close-down of operations in Russia 			(3 300)
<ul style="list-style-type: none"> • Double rent costs from move of offices in Szczecin, Poland 	(392)	(829)	(1 598)
<ul style="list-style-type: none"> • Mandatory wartime remuneration paid to Ukrainian technicians employed by FairWind 	(53)	(161)	(783)
<ul style="list-style-type: none"> • Adjustment of outstanding PPA as a result of Triton's acquisition of FairWind 			(4 179)
<ul style="list-style-type: none"> • Other 	(2 760)	(2 760)	(4 721)
Reported EBITDA	11 740	21 940	35 381

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

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