

FairWind

Committed to green transformation

Q3 2023 FINANCIAL REPORT

Force BidCo A/S

November 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 Szczecin, Poland.

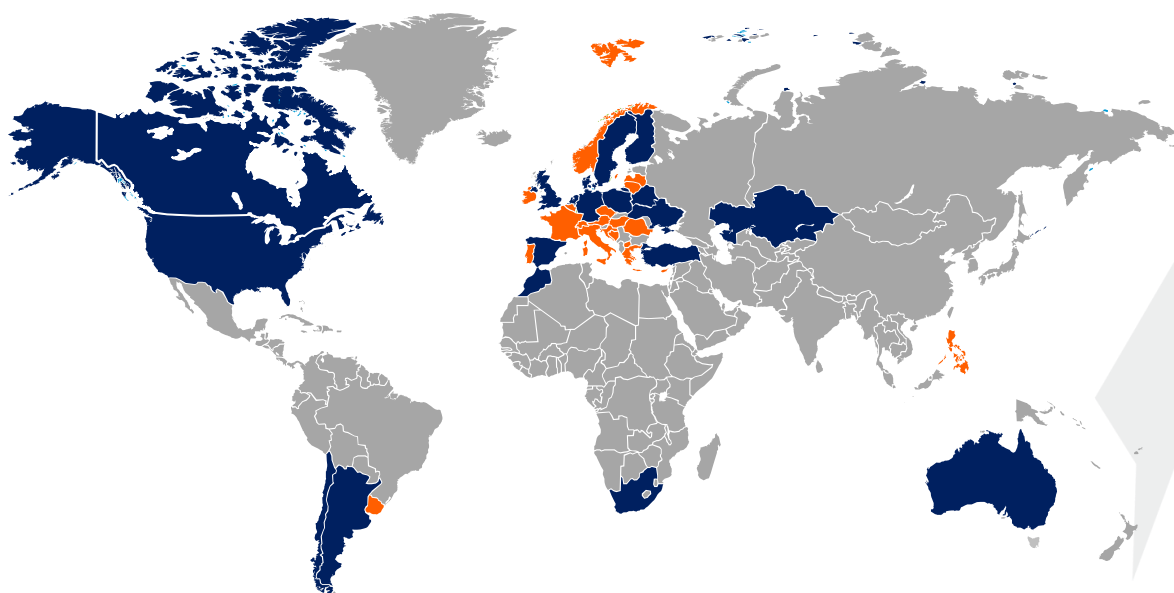
The underlying market is growing rapidly, as renewable energy is enjoying political support and support of the public. In addition, technology advancements make renewables an increasingly attractive energy source. Renewable energy sources will account for all growth in energy generation towards 2050 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 Q3 2023

Key Figures¹

DKK '000	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	LTM Q3 2023
Net Revenue	377 519	241 948	899 041	740 822	1 179 296
Gross Profit	88 975	47 645	198 386	161 149	271 005
<i>Gross Margin</i>	23.6%	19.7%	22.1%	21.8%	23.0%
Adj. EBITDA	41 873	9 598	67 563	45 755	102 120
<i>Adj. EBITDA Margin</i>	11.1%	4.0%	7.5%	6.2%	8.7%
Adj. EBITA	33 492	2 907	43 791	26 712	69 407
<i>Adj. EBITA Margin</i>	8.9%	1.2%	4.9%	3.6%	5.9%
Net Debt	422 324	397 704	422 324	397 704	422 324

Highlights in Q3 2023

- Strong activity level. Total revenue increased 56.0% compared to Q3 2022, primarily driven by increased revenue streams in our Service business across both North America and Europe, as well as Offshore.
- Significant improvements on Gross margins both compared to the previous quarter (2.4 pts compared to Q2 2023) and compared to the same period last year (3.9 pts compared to Q3 2022). The improved margins are a result of increased Service work, which provides very stable margin levels, as well as better performance in our onshore and offshore execution. The diversification of revenue streams also provides a positive effect on our Gross Margin.
- Adjusted EBITDA increased with DKK 32.3m compared to the same period last year on back of gross margin improvement and operating leverage from stable OpEx expenses.
- Net Working Capital slightly increased in Q3 2023 as a result of the increased activity levels, though we have been able to mitigate some of this effect by extended focus on managing the work in progress.
- FairWind awarded 73MW Człuchów Wind Farm.
- Stewart Mitchell joined FairWind as the new CEO.

Events after the quarter end

- FairWind awarded largest single order in company history with record breaking 1.17GW crane and pre-assembly installation contract out of Esbjerg Harbor. 2023 full-year forecast positively revised on both revenue and EBITDA to be above what previously was communicated in the Annual Report for 2022.
- The current positive trend in revenue and EBITDA has continued in October 2023.
- A total of 72MW onshore projects awarded across a range of projects for both execution in 2023 and 2024.
- Current order backlog within Offshore and Onshore installation for 2024 has reached ~2,150MW. For 2023 YTD, approximately 3.0 GW has been installed. This does not include the service business.
- With improved pipeline visibility compared to last year, combined with a strong order backlog, we expect revenue growth in the range of 15-20% in 2024.

¹ Consolidated figures for Force BidCo A/S

Message from CEO

FairWind's positive momentum increased in the third quarter of 2023. We have seen improvements in revenue and adjusted EBITDA with revenues of DKK 378m, a 56% increase from Q3 2022 and adjusted EBITDA of DKK 41.9m against DKK 9.6m for the same period last year.

These results have been brought about with higher levels of activity in our Service business across North America, Europe and Offshore as well as improved execution in our onshore and offshore installation projects.

The implementation of new business systems and process is now well underway, which will not only improve the efficiency of our ongoing operations but also to ensure scalability.

Bidding activities remained high during the quarter with numerous contract awards in Germany, Poland, and Sweden along with the offshore preassembly project for 106, 11MW turbines in Esbjerg, post Q3 closing, all adding significantly to our backlog going into 2024.

Our strategy for diversification both geographically and sector continues to gain pace with our service business now representing 27% of our revenues in Q3, with a significant increase in North America.

Our core customers are reporting increasing levels of activity and more positive results in the quarter, whilst the global market for installation will still be challenged in 2024 our focus on the growth of the Service, Offshore and training sectors will continue in all of our key geographic regions as we build further capacity in the US, Northern Europe and the APAC regions.

In conclusion, I am confident that the momentum we have seen building in Q2 and Q3 will continue into Q4 providing a solid foundation for further growth in 2024.

Sincerely,

Stewart Mitchell
CEO, FairWind A/S



Business and Market overview

We achieved a satisfactory revenue level for Q2, and the revenue in Q3 has continued the trend, surpassing the 2022 Q3 with DKK 135m. At the same time, we managed to secure number of German projects as well as the 372MW onshore project Björnberget in Sweden. After the closure of Q3, FairWind has been awarded a 1,17GW offshore preassembly project out of Esbjerg harbor consisting of 106, 11MW wind turbines. This project is set to commence in January 2024, and represents the largest offshore project in the FairWind history, underlining the strong trust in our capabilities within the offshore segment.

In terms of the outlook, we expect to exceed revenue as well as adjusted EBITDA level compared to last year. The good result is a recognition to the organizational and operational improvements made in FairWind over the last year, and something that we are particularly pleased with, considering the volatile market condition we are working in, especially in our core markets in North and Central Europe. Our Service business is on track to build further on the strong Q3 performance in Q4, driven mainly by continued organic growth in North America, a solid order intake in Europe, and a good European blade season, which has extended longer into Q4 than usual both on- and offshore.

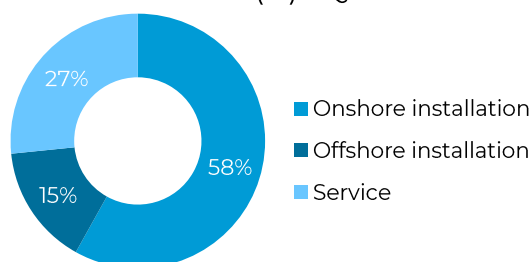
Looking into 2024, we still anticipate the global market for installation will be challenged. However, we see FairWind as being well positioned in all three business segments to meet this challenge. With 2,150MW installation orders already secured for 2024, we enter the market with optimism, while we at the same time continue our strategic efforts to diversify our business and revenue distribution across segments and regions. Though fierce competition is expected, notably in the core Northern- and Central European markets, we are well positioned to continue our current Service growth trajectory in 2024, with a further gradual move up in the value chain for the services offered.

In line with the strategy that was developed in 2021 of FairWind, the product diversification is reflected in increased share of revenue from the Service business accounting of 27% of our revenue in Q3, up by 3 pp. compared to last quarter and 11 pp. increase compared to 2020, and Offshore accounting for 15% of the revenue, which is an increase of 6 pp. compared to last quarter and 10 pp. increase compared to 2020.

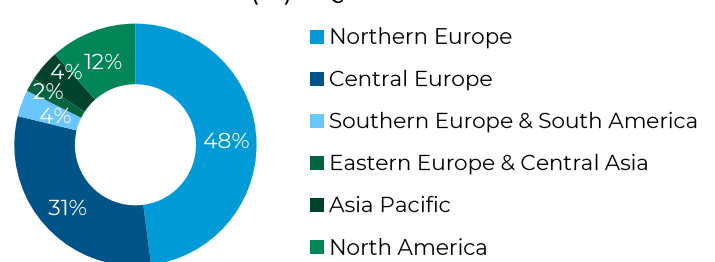
We maintain the argument that our installation capabilities will become a scarce resource when the steep growth materializes and are pleased to inform that strategic dialogues continue with key customers to ensure strategic resources going forward.

Revenue split by business unit and geography.

Share of Revenue (%) - Q3 2023



Share of Revenue (%) - Q3 2023



Environment, Social, & Governance 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 Q3 2023

Companywide GDPR training is held for all employees. We are currently in progress to adapt to the CSRD in 2024, according to the Directive 2013/34/EU of the European Parliament. During the first quarter of 2024, FairWind will announce new reduction targets for greenhouse gas emission across the company.

At the same time, we are pleased to inform that we will end the year with a gender split on both senior management level and board level at 33/67, which is above expectations and in full compliance with previous management statements and our Diversity, Equity, and Inclusion policy. At the same time, this is the smallest gender gap in FairWind history at a senior level.

Financial overview

Net revenue for the Group was DKK 378m in Q3 2023 (2022: DKK 242m), a growth of 56% compared to the same period last year and 36% increase from Q2 2023.

Gross profit for the Group in Q3 2023 was DKK 89m (2022: DKK 48m) corresponding to 24% (2022: 20%) gross margin. The increase in margin is primarily a result of increased Service work, which provides stable margin levels as well as better performance in our onshore and offshore execution. The diversification of revenue streams also provides a positive effect on our Gross Margin.

As revenue increased because of activity acceleration in our Service business across both North America and Europe, as well as Offshore, and with OpEx kept stable we achieved an adjusted EBITDA of DKK 41.9m (2022: DKK 9.6m) in Q3 2023.

The non-recurring items decreased in Q3 2023 and mainly relates to a positive FX impact of final exclusion of our business in Russia. This is partly offset by organizational changes that mainly relates to the hiring of a new CEO.

Continued focus to improve our Net Working Capital, however, because of increased activity the Net Working Capital slightly increased, even though mitigations were made through extended focus on managing the Work in progress. Year to date we have achieved an overall improvement of DKK 44m.

Capex in terms of investments in tools was DKK 6m and DKK 8m was used to train our current and new technicians.

The draw down on the Revolving facility increased by DKK 16m compared to Q2 2023 but was offset by an almost twice as large increase in the cash position.

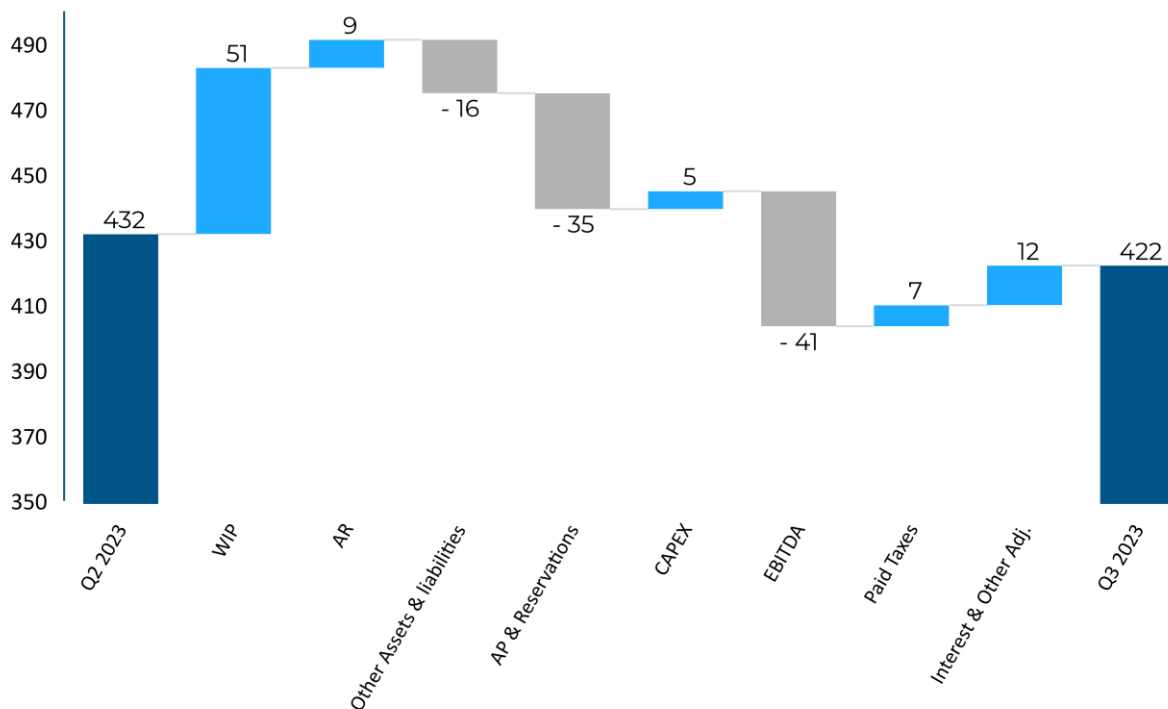
Net debt overview

DKK '000	Q3 2023	Q2 2023
Cash	(94 859)	(68 033)
Long term liabilities	365 727	364 606
Credit institutions	151 456	135 160
Net Debt*	422 324	431 733

*Net Debt does not include financial lease

Net debt slightly decreased compared to the previous quarter. An increase in Work in Progress is expected, as Q3 represents the most active period for the company. At the same time, our Leverage was improved from 6.18 in Q2 2023 to 4.22 in Q3 2023, which is an improvement of 32%, primarily driven by high Q3 activity and strong margins.

Net debt Bridge Q3 2023 vs. Q2 2023 (DKK'M)



Profit & Loss Statement – Consolidated

Consolidated Profit & Loss Statement

Force Bidco A/S DKK '000	Q3 2023	YTD Q3 2023	LTM Q3 2023
Net revenue	377 519	899 041	1 179 296
Direct costs	(288 544)	(700 654)	(908 291)
Personnel expenses	(24 293)	(70 390)	(92 420)
Other external expenses	(22 809)	(60 433)	(76 465)
Adj. EBITDA	41 873	67 563	102 120
Non-recurring items	(443)	(4 193)	(32 241)
EBITDA	41 430	63 370	69 879
Depreciation and amortization	(8 382)	(23 773)	(32 713)
Non-recurring EBITA items	(928)	(928)	(928)
Operating profit/loss	32 120	38 669	36 238
Financial result	(11 359)	(31 934)	(43 510)
Profit/loss before taxes	20 761	6 735	(7 272)
Taxes	(53)	(3 761)	(6 877)
Profit/loss for the period	20 708	2 975	(14 149)

Balance Sheet

Consolidated Balance Sheet

Force Bidco A/S DKK '000	Q3 2023	Q2 2023
Assets		
Goodwill and Trademarks	512 372	512 372
Tangible fixed assets	55 570	59 480
Total non-current assets	567 942	571 852
Trade receivables	224 724	216 116
Work in progress	106 498	55 563
Inventory	3 515	3 931
Other receivables	13 248	13 561
Accrued courses	22 875	22 544
Deferred tax	14 577	3 413
Cash	94 859	68 033
Total current assets	480 296	383 162
Total assets	1 048 238	955 013
Equity and liabilities		
Equity	298 640	290 867
Deferred Tax	-	-
Long term liabilities	377 453	376 517
Credit institutions	151 456	135 160
Trade payables	65 202	65 197
Accrued costs (reservations)	78 294	42 802
Corporate tax	16 290	(825)
Other liabilities	60 904	45 295
Short term liabilities	372 146	287 629
Total liabilities	749 598	664 146
Total equity and liabilities	1 048 238	955 013

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

Cash Flow Statement

Force Bidco A/S DKK '000	Q3 2023	YTD Q3 2023
EBIT	32 120	38 669
Depreciations and accrued courses	9 309	24 700
EBITDA	41 430	63 370
Changes in Working Capital:		
Change in Work in progress	(50 935)	38 258
Change in Trade Receivables	(8 608)	(11 338)
Change in inventories	416	(300)
Change in Other Receivables	207	(1 445)
Change in Trade Payables	5	(35 842)
Change in Accrued Cost (Reservations)	35 491	42 407
Change in Other Liabilities	16 155	16 645
Change in Accrual Courses	(331)	(3 594)
Change in Deposits	(195)	(876)
Changes in Working Capital total:	(7 794)	43 916
Paid Taxes	(6 514)	(16 889)
Cash flows from operating activities	27 122	90 397
Additions of Property, plant and equipment	(5 503)	(19 352)
Disposals of Property, plant and equipment	53	1 092
Additions of Training / Accrued Courses	-	-
Cash flows from investing activities	(5 449)	(18 259)
Leasing	(1 135)	(4 540)
Currency exchanges	3 461	1 552
Paid/received interest	(13 684)	(27 708)
Adjustment on RCF	16 296	5 250
Repayments, loans from shareholders	216	(365)
Cash flows from financing activities	5 153	(25 811)
Change in cash and cash equivalents	26 826	46 327
Opening Cash and Cash equivalents	68 033	48 533
Change in cash and cash equivalents for the period	26 826	46 327
Cash End of period	94 859	94 859

Notes to the financial statements

Reported EBITDA and Adjusted EBITDA

Force Bidco A/S DKK '000	Q3 2023	YTD Q3 2023	LTM Q3 2023
Adjusted EBITDA	41 873	67 563	102 120
Total non-recurring items	(1 371)	(5 121)	(32 241)
<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"> • Final exclusion of the business in Russia 	6 916	6 916	3 616
<ul style="list-style-type: none"> • Double rent costs from move of offices in Szczecin, Poland 	(144)	(973)	(1 742)
<ul style="list-style-type: none"> • Mandatory wartime remuneration paid to Ukrainian technicians employed by FairWind 	(51)	(212)	(381)
<ul style="list-style-type: none"> • Adjustment of outstanding PPA as a result of Triton's acquisition of FairWind 	0	0	(1 965)
<ul style="list-style-type: none"> • Organizational Changes 	(7 164)	(7 164)	(7 164)
<ul style="list-style-type: none"> • Other 	0	(2 760)	(4 722)
Reported EBITDA	41 430	63 370	69 879

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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