



Interim report  
Q4 2022



## Highlights of the report

### Highlights of Q4 2022

- At the end of Q4 2022, RWE Renewables (“RWE”) and ZITON entered into a strategic agreement that will provide RWE with priority services and quick response to avoid unscheduled downtime on their offshore wind turbines. The framework agreement has a duration of four years and allows RWE to utilise multiple vessels across ZITON’s versatile fleet dedicated to operations and maintenance (“O&M”) services. The agreement involves that RWE makes a minimum annual commitment for utilisation of ZITON’s fleet of EUR 10 million.
- The Siemens Gamesa Renewable Energy (“SGRE”) time charter of J/U WIND ENTERPRISE for 3 years and 8 months was initiated on 1 March 2021. The vessel continues to operate successfully on the time charter with limited off-hire days.
- For the full year 2022 EBITDA amounted to EUR 26.6m compared to EUR 18.8m for 2021. The realised EBITDA for 2022 is in the lower end of the expected range of EUR 26-30m. Considering non-recurring costs of EUR 1.9m, EBITDA would have been EUR 28.5m and thereby in the middle of our guidance. Non-recurring costs includes approx. EUR 0.8m related to abortion of the sales process and EUR 1.1m related to an incident with the jacking system on J/U WIND SERVER causing the vessel to be out of operations for a few weeks.
- EBITDA amounted to EUR 5.0m in Q4 2022 compared to EUR 5.6m in Q4 2021.
- The following sets out our KPI guidance for 2023:
  - **Weighted average utilisation rate.** We expect a utilisation rate in the range of 75%-85%.
  - **EBITDA.** We expect EBITDA to be in the range of EUR 28-32m.
  - **Cash flow from operating activities.** We expect cash flows from operating activities of EUR 25-29m.
  - **CAPEX.** We expect CAPEX of around EUR 5m.

### Information in this report

The information provided in this interim report is submitted in accordance with the Bond Agreements on FRN ZITON A/S EUR 100,000,000 callable bonds 2018/2024 (ISIN NO 0010832488).

As required under the Bond Agreements, the consolidated financial statements of ZITON A/S are prepared in accordance with IFRS with Euro as the reporting currency.

This report has not been reviewed or audited by the company’s auditors.

### Disclaimer

This report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Although the Company believes that these assumptions were reasonable when made, the statements provided in this report are solely opinions and forecasts which are subject to uncertainty, risks, contingencies and other important factors which are difficult or impossible to predict and are beyond the Company’s control. A multitude of factors may cause actual results to differ significantly from any anticipated development expressed or implied in this document. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statement.

## Management Review

### Market activity

The activity level for regular major component replacements was slightly lower in Q4 2022 compared to the same quarter the year before, mainly due to adverse weather in the quarter. For the full year 2022, the market showed double digit growth rates. Our analysis shows that the increase is driven by turbines reaching an age of 6-10 years, where wear and tear increasingly seem to drive the need for component replacement. In addition, serial defects on major components will further increase the activity level for major component replacements.

The market for blade campaigns and other larger major component campaigns is more erratic, and initiation of such larger projects is subject to uncertainty and wider competition.

### Competitive environment

ZITON is the clear market leader within dedicated O&M services for major component replacements at offshore wind farms. The main exceptions are Van Oord, who is the first supplier on a four-year framework agreement with Vattenfall and operates two vessels regularly used for O&M, and Harren & Partner who operate two jack-up vessels dedicated for O&M. The primary business of most other jack-up vessels is within transport and installation ("T&I") of new offshore wind farms. From time-to-time T&I vessels are also used for O&M services. The outlook for offshore wind continues to be robust driven by transition towards zero-emissions by 2050 and European energy independence from Russia. This has spurred demand for jack-up vessels within T&I, and has reduced the supply of jack-up vessels within O&M. The consequence is that demand-supply within O&M is getting increasingly tight resulting in customers seeking commitment for availability of vessels when needed. This is in particular important in the current environment as high electricity prices make extended downtime of turbines increasingly expensive. In turn, this leads to higher prices achieved for O&M services for major component replacements.

### Contract developments

At the end of Q4 2022, ZITON and RWE entered into a framework agreement. Consequently, ZITON has strong relationships with the five largest OEMs and wind farm operators in the industry, together representing approx. 80% of the installed European base. ZITON's current contracts within offshore wind O&M include:

- On 22 December 2022, RWE and ZITON entered into a strategic agreement that will provide RWE with priority services and quick response to avoid unscheduled downtime on their offshore wind turbines.

The framework agreement has a duration of four years and allows RWE to utilise multiple vessels across ZITON's versatile fleet dedicated to O&M services. The agreement involves that RWE makes a minimum annual commitment for utilisation of ZITON's fleet of EUR 10 million.

- On 17 December 2020, SGRE and ZITON signed a time charter of 3 years and 8 months from 1 March 2021 to 31 October 2024 for J/U WIND ENTERPRISE ("SGRE charter"). SGRE holds extension options that, if utilised, will extend the time charter to June 2025. As prices for O&M services for major component replacements have increased considerably since the SGRE charter was concluded, any extensions beyond June 2025 are expected to be concluded at substantially higher prices.

The time charter was initiated on 1 March 2021. As customary for time charter contracts, SGRE will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenor of the time charter. SGRE will take on the full weather risk while ZITON will be responsible for operational uptime of the vessel.

- On 1 May 2019, Ørsted and ZITON signed a three-years' framework agreement covering nine of Ørsted's offshore wind farms. The contract has been extended and now expires on 31 March 2024. Ørsted has time chartered a competitors' jack-up vessel for longer a time period. However, we expect that Ørsted's demand cannot be fully fulfilled by one jack-up vessel and we expect to continue deriving revenue from Ørsted, even



though it is expected to be significantly reduced in the coming years. Reduced revenue from Ørsted is expected to be partly counterbalanced by the RWE framework agreement.

- On 18 December 2019, Vestas Offshore Wind (“Vestas”) and ZITON signed a three-year framework agreement. Discussions are ongoing for an extension and enlargement of the framework agreement. Most of the turbines for which Vestas has jack-up requirements are for their 8+MW turbines. As J/U WIND ENTERPRISE is on the SGRE charter, ZITON is constrained in our ability to service most of Vestas’ larger turbines until expiry of the SGRE charter.
- ZITON’s framework agreement with Vattenfall Wind Power AB (“Vattenfall”) expired in November 2020. Following that, Vattenfall completed a tender to service both smaller and larger 8+MW turbines, where ZITON was selected second supplier. It means that if the first supplier declines to carry out a specific component exchange, ZITON can take on the task. Under this contract ZITON has continued to perform major component replacements for Vattenfall. Discussions are ongoing for an extension of the framework agreement to ensure Vattenfall improved availability of vessels.

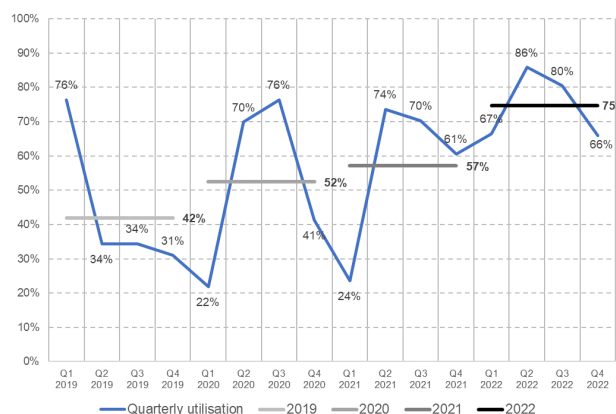
**Vessel operations**

J/U WIND ENTERPRISE continues to operate on time charter with SGRE with limited off-hire days.

During Q4 2022, J/U WIND, J/U WIND PIONEER and J/U WIND SERVER operated under framework agreements with Ørsted and Vattenfall as well as other tenders attained. During Q4 2022, J/U WIND SERVER had an incident with the jacking system, causing the vessel to be out of operations for a few weeks. The incident was covered by the insurance with exception of deductibles, resulting in a negative effect on EBITDA of EUR 1.1m during the quarter.

**Utilisation rates**

The weighted average utilisation rate for Q4 2022 was at 66% in spite of the incident with the jacking system on J/U WIND SERVER. This is an improvement compared to a utilisation of 61% in Q4 2021.



Note: The weighted average utilisation rate is calculated as vessel revenue and other operating income deducting project-related expenses during the quarter divided by full utilisation at standard rates of EUR 185k/day (EUR 135k/day until the end of June 2019). Each vessel has a different weighting depending on its specifications.

**Completion of debt restructuring**

The debt restructuring was completed on 30 September 2022, and therefore the balance sheet presented in this interim report reflects the strengthening of the capital structure and liquidity of the company following the debt restructuring.

The debt restructuring includes various elements to provide the company with a long-term sustainable capital structure and significant strengthening of liquidity:

- An extension of maturities of the first and second lien bonds issued by ZITON A/S by 24 months. The first lien bonds will hereafter mature on 3 October 2024 and the second lien bonds on 3 April 2025.
- Conversion of EUR 38.7m in subordinated debt into equity, thereby significantly strengthening the company’s equity.
- Net liquidity improvement of EUR 10.1m. This consist of a EUR 10m increase in the second lien bonds. For the first lien bonds amortisation on 4 April 2022 was reduced from EUR 2.5m to EUR 1.25m and capitalisation of interest amounting to EUR 1.9m. EUR 3.1m of the new liquidity was applied towards repayment of part of the second super senior working capital facility.

The debt restructuring makes Permira Credit Solutions III Sub Master Euro S.à.r.l. the new controlling shareholder of ZITON A/S.

Pareto Securities AB acted as financial advisor for the Company.

### 2022 performance review

We provided guidance for 2022 in the interim report Q4 2021, published on 28 February 2022. We maintained the same guidance throughout the year as the predictability of our business increased as our reliance on erratic blade campaigns was reduced and we were mainly carrying out major component replacements which was is a growing market.

- **Weighted average utilisation rate.** We expected utilisation in the range of 70%-80%. We realised weighted average utilization of 75% for 2022. In the middle of the range of our guidance.
- **EBITDA.** We expected EBITDA to be in the range of EUR 26-30m. We realised EBITDA of EUR 26.6m, which is in the lower end of our guidance. Considering non-recurring costs of EUR 1.9m, EBITDA would have been EUR 28.5m and thereby in the middle of our guidance. Non-recurring costs includes approx. EUR 0.8m related to abortion of the sales process and EUR 1.1m related to the incident with the jacking system on J/U WIND SERVER causing the vessel to be out of operations for a few weeks. The incident was covered by the insurance with exception of deductibles.
- **Cash flow from operating activities.** We expected cash flows from operating activities of EUR 23-27m. We realised cash flows from operating activities of EUR 19.5m, which is below our guidance. Considering non-recurring cash items of EUR 5.8m cash flows from operating activities would have been EUR 25.3m and therefore within our guidance. Non-recurring cash items of EUR 4.0m are related to the debt restructuring and EUR 1.8m to a delayed payment by a customer.
- **CAPEX.** We expected CAPEX of around EUR 5m. We realised net CAPEX of EUR 4.6m, which is in line with our guidance.

### Outlook for 2023

The outlook for 2023, is based on the key assumptions that J/U WIND ENTERPRISE will continue to operate successfully on the SGRE time charter with limited off-hire days, and that the three other vessels will carry out regular major component replacements on framework agreements and other tenders attained. The following set out our KPI guidance for 2023:

- **Weighted average utilisation rate.** We expect a utilisation rate in the range of 75%-85%.
- **EBITDA.** We expect EBITDA to be in the range of EUR 28-32m.
- **Cash flow from operating activities.** We expect cash flows from operating activities of EUR 25-29m. This reflects a slight increase in working capital, resulting in a cash conversion rate of around 90%.
- **CAPEX.** We expect CAPEX of around EUR 5m.

### Risks and uncertainties

ZITON A/S is exposed to various risks that may be of significance to the company's future operations, results and financial position. For a description of ZITON A/S' risks, please refer to the Risk Management section on pages 39-41 and note 4.1 "Risk management" on pages 74-75 of the 2021 annual report.

## Financial Review

### REVIEW OF THE INCOME STATEMENT

EUR '000	Q4 2022	Q4 2021	Change	YTD 2022	YTD 2021	Change
<b>Revenue</b>	<b>13,405</b>	<b>14,433</b>	<b>-1,028</b>	<b>57,746</b>	<b>58,051</b>	<b>-305</b>
Other operating income	400	-	400	400	-	400
OPEX and project-related expenses	-6,667	-7,243	576	-23,316	-32,823	9,507
SG&A	-2,170	-1,633	-537	-8,234	-6,427	-1,807
<b>EBITDA</b>	<b>4,968</b>	<b>5,557</b>	<b>-589</b>	<b>26,596</b>	<b>18,801</b>	<b>7,795</b>
Depreciation	-3,102	-2,851	-251	-11,446	-11,084	-362
<b>EBIT</b>	<b>1,866</b>	<b>2,706</b>	<b>-840</b>	<b>15,150</b>	<b>7,716</b>	<b>7,433</b>
Financials, net	-5,209	-5,916	707	-23,781	-22,788	-993
<b>Income before tax</b>	<b>-3,343</b>	<b>-3,209</b>	<b>-133</b>	<b>-8,632</b>	<b>-15,072</b>	<b>6,440</b>
<b>Key ratios</b>						
EBITDA margin	37.1%	38.5%	-1.4%	46.1%	32.4%	13.7%

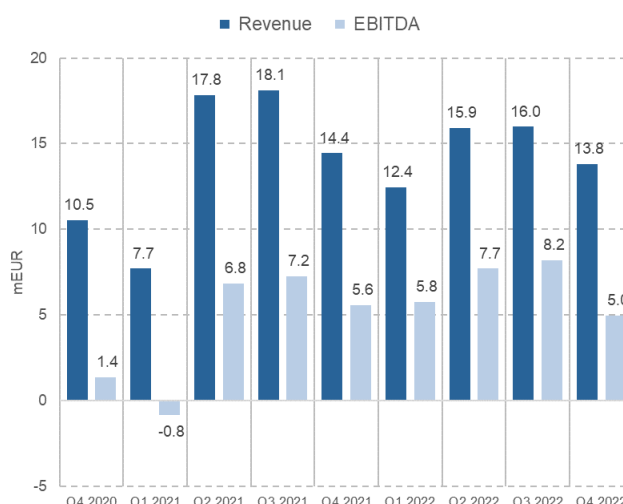
### Review of the income statement for Q4 2022

The consolidated income statement for the ZITON Group shows revenue for Q4 2022 of EUR 13.4m, compared to revenue of EUR 14.4m in Q4 2021. The lower revenue reflects that ZITON, in Q4 2021, provided a turnkey solution at the Meerwind blade campaign resulting in the customer being invoiced costs for technicians and repair facilities. Furthermore, revenue was negatively affected by the incident with the jacking system on J/U WIND SERVER causing the vessel to be out of operations for a few weeks. The incident was covered by the insurance with exception of deductibles.

Vessel OPEX and project-related costs decreased by EUR 0.6m from Q4 2021 to Q4 2022. The main reason was a reduction of project-related costs, as ZITON in Q4 2021 provided a turnkey solution at the Meerwind blade campaign including costs for technicians and repair facilities.

SG&A increased to EUR 2.2m in Q4 2022 from EUR 1.6m in Q4 2021 mainly due to costs related to implementation of an employee retention programme following completion of the debt restructuring.

EBITDA amounted to EUR 5.0m in Q4 2022 compared to EUR 5.6m in Q4 2021. The decline is due to one-off effect from an incident with the jacking system on J/U WIND SERVER, causing the vessel to be out of operations for a few weeks. The incident was covered by the insurance with exception of deductibles, resulting in a negative effect on EBITDA of EUR 1.1m during the quarter.



Depreciation and impairment increased to EUR 3.1m in Q4 2022 from EUR 2.9m in Q4 2021 mainly due to a one-off impairment charge not related to the vessels.

Financials, net was an expense of EUR 5.2m in Q4 2022 compared to an expense of EUR 5.9m in Q4 2021. The reduced financial costs are mainly a consequence of conversion of EUR 38.7m in subordinated debt into equity which involves that interests will no longer apply to subordinated debt.

### Review of income statement for 2022

The consolidated income statement for the ZITON Group shows revenue of EUR 57.7m for 2022 compared to revenue of EUR 58.1m for 2021. The change in revenue is composed of an increase in revenue in Q1 2022 of EUR 4.8m and a decrease in of EUR 1.9m, 2.1m and 1.0m in the following three quarters respectively. The reason for the development

in revenue is that J/U WIND ENTERPRISE was in dock in the first two months of 2021. Further, J/U WIND SERVER operated on a project on the east coast of the UK for which completion was delayed by several weeks, resulting in low revenue in Q1 2021. The lower revenue in Q2, Q3 and Q4 2022, reflects that ZITON in the prior year provided a turnkey solution at the Meerwind blade campaign resulting in the customer being invoiced costs for technicians and repair facilities.

Vessel OPEX and project-related costs decreased to EUR 23.3m for 2022 from EUR 32.8m for 2021. The main reason for the decrease is primarily high project-related expenses in Q2, Q3 and Q4 2021 for the Meerwind blade campaign, as well as the project on the east coast of the UK during Q1 2021.

SG&A increased to EUR 8.2m for 2022 from EUR 6.4m for 2021 mainly due to one-off costs of approx. EUR 1.0m related to abortion of the sales process and initiation of the debt restructuring process as well as costs related to implementation of an employee retention programme following completion of the debt restructuring.

EBITDA amounted to EUR 26.6m for 2022 compared to EUR 18.8m for 2021. The increase is due to improved profitability of framework agreements and other tenders attained during 2022 compared to the Meerwind blade campaign and other tenders during 2021. Further, J/U WIND ENTERPRISE was in dock for the first two months of the year and J/U WIND SERVER operated on the project on the east coast of the UK for which completion was delayed by several weeks, resulting in low revenue in Q1 2021.

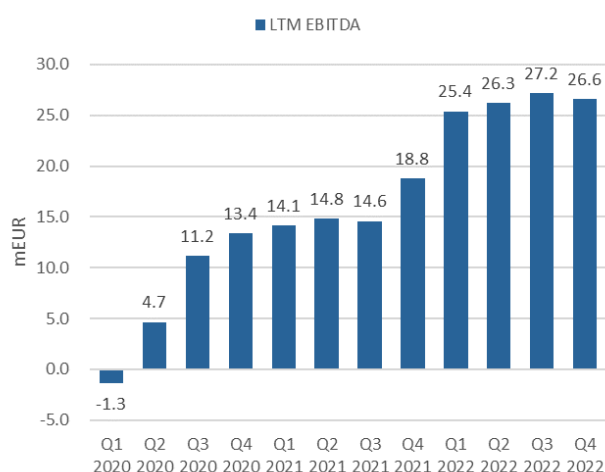
Considering non-recurring costs of EUR 1.9m EBITDA would have been EUR 28.5m. Non-recurring costs includes approx. EUR 0.8m related to abortion of the sales process and EUR 1.1m related to the incident with the jacking system on J/U WIND SERVER causing the vessel to be out of operations for a few weeks. The incident was covered by the insurance with exception of deductibles.

Depreciation increased slightly to EUR 11.4m for 2022 compared to EUR 11.1m for 2021 mainly due to a one-off impairment charge not related to the vessels.

Financials, net was an expense of EUR 23.8m for 2022 compared to an expense of EUR 22.8m for 2021. The increased financial costs are mainly a consequence of one-off costs related to the debt restructuring as well as slightly higher debt and expensing of capitalised issue costs.

**EBITDA covenant**

As part of the debt restructuring, the covenant for subordinated capital ratio (“SCR”) was discontinued and replaced by minimum EBITDA covenant of EUR 16.25m for rolling twelve months. At the end of Q4 2022, rolling twelve months’ EBITDA was at EUR 26.6m. This is a steady improvement compared to prior years as illustrated below with the improvement halted in Q4 2022 mainly due to a one-off effect from an incident with the jacking system on J/U WIND SERVER, causing the vessel to be out of operations for a few weeks.



**REVIEW OF THE BALANCE SHEET AT THE END OF 2022**

<b>EUR '000</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Change</b>
<b>Assets</b>			
Vessel, including fixtures & equipment	175,429	182,147	-6,719
Other non-current assets	265	256	9
<b>Non-current assets</b>	<b>175,694</b>	<b>182,404</b>	<b>-6,710</b>
Trade and other receivables	10,498	5,669	4,828
Cash and cash equivalents	4,607	1,498	3,109
<b>Current assets</b>	<b>15,104</b>	<b>7,167</b>	<b>7,937</b>
<b>Total assets</b>	<b>190,798</b>	<b>189,571</b>	<b>1,227</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Subordinated loan	-	34,511	-34,511
Bond loans, second lien	51,941	37,048	14,893
Bond loans, first lien	118,881	124,699	-5,818
Lease obligations	359	639	-280
Working capital facility	6,339	9,152	-2,813
Other liabilities	5,974	5,765	209
<b>Total liabilities</b>	<b>183,494</b>	<b>211,815</b>	<b>-28,322</b>
<b>Total equity and liabilities</b>	<b>190,798</b>	<b>189,571</b>	<b>1,227</b>
<b>Key ratios</b>			
Subordinated capital ratio	30.9%	27.0%	3.9%

**Review of the balance sheet, end of 2022**

The total value of the vessels (incl. fixtures & equipment and leased offices) amounted to EUR 175.4m at the end of 2022. This compares to EUR 182.1m at the end of 2021. The decrease is mainly due to depreciation but partly offset by vessel CAPEX.

Trade and other receivables amounted to EUR 10.5m at the end of 2022 compared to EUR 5.7m at the end of 2021. The increase is mainly due to delayed payment by a large customer of invoices due at the end of December 2022 that was paid in the beginning of 2023 as well as change in customer mix towards customers with longer payment terms.

Cash and cash equivalents amounted to EUR 4.6m at the end of 2022 compared to EUR 1.5m at the end of 2021. The increase is mainly due to a net liquidity improvement of EUR 10.1m following completion of the debt restructuring but partly offset by non-recurring cash items related to debt restructuring of EUR 4.0m and delayed payment by a customer of EUR 1.8m.

Equity was positive at EUR 7.3m at the end of 2022, compared to a negative amount of EUR 22.2m at the end of 2021. The significant increase in equity is a consequence of conversion of EUR 38.7m in

subordinated debt into equity but partly offset by losses incurred during the period.

Subordinated loan was reduced to zero following conversion into equity, compared to EUR 34.5m at the end of 2021.

Bonds loan, second lien amounted to EUR 51.9m at the end of 2022 compared to EUR 37.0m at the end of 2021. The increase is mainly due to an increase of the loan by EUR 10m as part of completion of the debt restructuring as well as accrued interest.

Working capital facility amounted to EUR 6.3m at the end of 2022 compared to EUR 9.2m at the end of 2021. The reduction is due to a EUR 3.1m partly repayment of the second super senior working capital as part of completion of the debt restructuring.

**Subordinated Capital Ratio covenant**

The covenant for SCR was discontinued and replaced by a rolling twelve months' EBITDA covenant of minimum EUR 16.25m. The SCR at the end of 2022 was at 30.9% compared to 27.0% at the end of 2021. The increase is mainly due to an increase of the second lien loan by EUR 10m as part of completion of the debt restructuring.



REVIEW OF STATEMENT OF CASH FLOWS FOR 2022

EUR '000	Q4 2022	Q4 2021	Change	YTD 2022	YTD 2021	Change
<b>EBITDA</b>	<b>4,968</b>	<b>5,557</b>	<b>-589</b>	<b>26,596</b>	<b>18,801</b>	<b>7,795</b>
Working capital adjustments	-2,252	-222	-2,030	-3,492	-2,024	-1,468
Other adjustments	-376	-409	33	-3,011	-1,343	-1,668
Income tax expense	-13	-	-13	-604	-	-604
<b>Net cash flows from operating activities</b>	<b>2,327</b>	<b>4,927</b>	<b>-2,600</b>	<b>19,488</b>	<b>15,433</b>	<b>4,055</b>
Financial payments, net	-4,458	-2,559	-1,899	-9,701	-10,420	719
<b>Net cash before investing activities</b>	<b>-2,131</b>	<b>2,368</b>	<b>-4,499</b>	<b>9,787</b>	<b>5,013</b>	<b>4,774</b>
Investing activities	-2,261	-142	-2,119	-4,570	-5,196	626
<b>Net cash flows after investing activities</b>	<b>-4,392</b>	<b>2,226</b>	<b>-6,618</b>	<b>5,217</b>	<b>-183</b>	<b>5,400</b>
Financing activities	-1,589	-2,057	467	-2,108	1,397	-3,505
<b>Net cash flows after financing activities</b>	<b>-5,981</b>	<b>170</b>	<b>-6,151</b>	<b>3,109</b>	<b>1,214</b>	<b>1,895</b>

Available liquidity	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
<b>Cash and cash equivalents</b>	<b>4,869</b>	<b>12,858</b>	<b>3,624</b>	<b>4,965</b>	<b>1,498</b>
Cash on retention account	262	2,270	1,266	4,561	-
<b>Liquidity</b>	<b>4,607</b>	<b>10,588</b>	<b>2,358</b>	<b>404</b>	<b>1,498</b>
Available draw on working capital facility	385	385	65	24	224
<b>Available liquidity</b>	<b>4,992</b>	<b>10,972</b>	<b>2,422</b>	<b>428</b>	<b>1,722</b>

Review of the cash flow statement

Cash flows from operating activities were an inflow of EUR 2.3m in Q4 2022 driven by positive EBITDA but partly offset by working capital adjustments. This compares to a cashflow from operating activities of EUR 4.9m in Q4 2021. Working capital adjustments are mainly related to delayed payment of invoices by a large customer. For 2022, cash flows from operating activities were an inflow of EUR 19.5m compared to EUR 15.4m for 2021.

Financial payments, net amounted to negative EUR 4.5m in Q4 2022 compared to negative EUR 2.6m in Q4 2021. For 2022, financial payments, net were an outflow of EUR 9.7m compared to outflow of EUR 10.4m for 2021. Interest payments include cash payments on first lien bond loans in ZITON A/S, Wind Enterprise P/S, working capital facilities and performance guarantees. Interest payment on the first lien loan issued by ZITON A/S of EUR 1.9m due on 4 April 2022 was not paid in cash, but as a replacement, PIK-bonds were issued.

Investing activities, net amounted to an outflow of EUR 2.3m in Q4 2022 compared to an outflow of EUR 0.1m in Q4 2021. For 2022, it showed an outflow of EUR 4.6m compared to EUR 5.2m for 2021. The change is mainly due to CAPEX related to the 10-years classing of J/U WIND ENTERPRISE that was completed in Q1 2021, which was partly counterbalanced by the ordinary five years renewal survey according to class requirements for J/U WIND completed in Q3 2022.

Financing activities amounted to a cash outflow of EUR 1.6m in Q4 2022 compared to an outflow of EUR 2.1m in Q4 2021. For 2022, it showed an outflow of EUR 2.1m compared to an inflow of EUR 1.4m for 2021. In 2022, it consisted of a EUR 10m increase in the second lien bonds, which was partly offset by amortisation of EUR 1.25m on the first lien bonds in ZITON A/S, ordinary amortisation on Wind Enterprise P/S bonds of EUR 7.0m as well as EUR 3.1m for repayment of part of the second super senior working capital facility.

Available liquidity including available drawings on our working capital facility amounted to EUR 5.0m at the end of 2022, compared to EUR 1.7m available at the end of 2021. This reflects the improvement in liquidity of EUR 10.1m resulting from the debt restructuring as elaborated on earlier in this report.

Consolidated financial statements for ZITON A/S

**INCOME STATEMENT**

<b>EUR '000</b>	<b>Note</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>
<b>Revenue</b>	1	<b>13,405</b>	<b>14,433</b>	<b>57,746</b>	<b>58,051</b>
Other operating income		400	-	400	-
Project-related expenses		-1,514	-3,072	-4,898	-14,491
Operational expenses		-5,152	-4,171	-18,418	-18,332
<b>Gross profit</b>		<b>7,138</b>	<b>7,190</b>	<b>34,830</b>	<b>25,228</b>
Administrative expenses		-480	-379	-2,632	-1,558
Staff costs, office staff		-1,690	-1,254	-5,602	-4,870
<b>EBITDA</b>		<b>4,968</b>	<b>5,557</b>	<b>26,596</b>	<b>18,801</b>
Depreciation & amortisation		-3,102	-2,851	-11,446	-11,084
<b>EBIT</b>		<b>1,866</b>	<b>2,706</b>	<b>15,150</b>	<b>7,716</b>
Financial income		66	46	44	196
Financial expenses		-5,275	-5,962	-23,825	-22,984
<b>Income before tax</b>		<b>-3,343</b>	<b>-3,209</b>	<b>-8,632</b>	<b>-15,072</b>
Tax on profit (loss)		769	-77	174	-284
<b>Income for the year</b>		<b>-2,573</b>	<b>-3,286</b>	<b>-8,457</b>	<b>-15,355</b>
<i>Attributable to:</i>					
Owners of ZITON A/S		-2,480	-3,266	-8,344	-15,327
Non-controlling interest - Profit/loss		-93	-20	-113	-29
<b>Income for the year</b>		<b>-2,573</b>	<b>-3,286</b>	<b>-8,457</b>	<b>-15,355</b>

**STATEMENT OF COMPREHENSIVE INCOME**

<b>EUR '000</b>	<b>Note</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>
<b>Income for the year</b>		<b>-2,573</b>	<b>-3,286</b>	<b>-8,457</b>	<b>-15,355</b>
<i>Items that will be reclassified subsequently to the income statement when specific conditions are met:</i>					
Exchange adjustments of foreign entities, net of tax		-52	32	1	21
Cash flow hedges, realised gains/(losses) incurred during period		-	-	-	-
Cash flow hedges, deferred gains/(losses) incurred during period		-	-	-	-
<b>Total comprehensive income for the year, after tax</b>		<b>-2,626</b>	<b>-3,254</b>	<b>-8,457</b>	<b>-15,334</b>
<i>Attributable to:</i>					
Owners of ZITON A/S		-2,533	-3,234	-8,343	-15,306
Non-controlling interest - Profit/loss		-93	-20	-113	-29
<b>Total comprehensive income for the year, after tax</b>		<b>-2,626</b>	<b>-3,254</b>	<b>-8,457</b>	<b>-15,334</b>

<b>BALANCE SHEET</b>			
<b>EUR '000</b>	<b>Note</b>	<b>Q4 2022</b>	<b>Q4 2021</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Vessel, including fixtures & equipment	2	175,429	182,147
Intangible assets		131	148
Financial assets		-	-
Deferred tax asset		134	108
<b>Non-current assets</b>		<b>175,694</b>	<b>182,404</b>
<b>Current assets</b>			
Inventories		421	193
Trade and other receivables		10,077	5,476
Cash and cash equivalents		4,607	1,498
<b>Current assets</b>		<b>15,104</b>	<b>7,167</b>
<b>Total assets</b>		<b>190,798</b>	<b>189,571</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital		54	14,473
Reserves		-124	-2
Retained earnings		7,225	-36,974
<b>Total equity attributable to owners of ZITON A/S</b>		<b>7,154</b>	<b>-22,503</b>
Non-controlling interest		150	258
<b>Total equity</b>		<b>7,304</b>	<b>-22,245</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Subordinated loan		-	34,511
Bond loans, second lien		51,941	37,048
Bond loans, first lien		112,583	-
Lease obligations		45	279
Deferred income tax liabilities		-	1,127
Provision for other liabilities		-	-
<b>Total non-current liabilities</b>		<b>164,569</b>	<b>72,965</b>
<b>Current liabilities</b>			
Subordinated loan		-	-
Bond loans, second lien		-	-
Bond loans, first lien		6,297	124,699
Lease obligations		314	360
Current tax payable		-	-
Working capital facility		6,339	9,152
Trade and other payables		4,108	3,656
Provision for other liabilities		1,866	982
<b>Total current liabilities</b>		<b>18,925</b>	<b>138,850</b>
<b>Total liabilities</b>		<b>183,494</b>	<b>211,815</b>
<b>Total equity and liabilities</b>		<b>190,798</b>	<b>189,571</b>

STATEMENT OF CASH FLOWS

<i>EUR '000</i>	Note	Q4 2022	Q4 2021	YTD 2022	YTD 2021
<b>Income before tax</b>		<b>-3,343</b>	<b>-3,209</b>	<b>-8,632</b>	<b>-15,072</b>
<b>Operating activities</b>					
<i>Adjustments for non-cash items</i>					
Reversal financial expenses, net		5,209	5,915	23,781	22,789
Depreciation and writedowns of the period		3,102	2,851	11,446	11,084
Other adjustments		-376	-409	-3,011	-1,343
<i>Working capital adjustments</i>					
Change in inventories		-105	-14	-227	40
Change in trade receivables		-708	3,026	-4,601	-3,124
Change in trade payables		-1,440	-3,234	1,336	1,060
<i>Income tax expense</i>					
Income tax expense		-13	-	-604	-
<b>Net cash flows from operating activities</b>		<b>2,327</b>	<b>4,927</b>	<b>19,488</b>	<b>15,434</b>
<i>Financial payments</i>					
Financial receipts		24	-	44	-
Financial payments		-4,482	-2,559	-9,745	-10,420
<b>Net cash flows before investing activities</b>		<b>-2,131</b>	<b>2,368</b>	<b>9,787</b>	<b>5,013</b>
<b>Investing activities</b>					
Purchase of Tangible Fixed Assets		-2,414	-142	-4,774	-5,196
Disposal of Tangible Fixed Assets		202	-	253	-
Purchase of Intangible Fixed Assets		-49	-	-49	-
Disposal of Intangible Fixed Assets		-	-	-	-
Other cash flows from investing activities		-	-	-	-
<b>Net cash used in investing activities</b>		<b>-2,261</b>	<b>-142</b>	<b>-4,570</b>	<b>-5,196</b>
<b>Financing activities</b>					
Repayment of borrowings		-880	-2,145	-8,250	-8,209
Proceeds from borrowings		-	-	10,000	33,808
Draw on working capital facility		98	159	-2,813	8,663
Cost of capital increase		-624	-	-624	-
Capital increase in parent		-	-	-	-
Lease payments		-183	-71	-421	-32,865
<b>Net cash used/received in financing activities</b>		<b>-1,589</b>	<b>-2,057</b>	<b>-2,108</b>	<b>1,397</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-5,981</b>	<b>170</b>	<b>3,109</b>	<b>1,214</b>
Cash and cash equivalents at beginning of period		10,588	1,328	1,498	284
Exchange gains/losses on cash and cash equivalents		-	-	-	-
<b>Net cash and cash equivalents at end of period</b>		<b>4,606</b>	<b>1,498</b>	<b>4,607</b>	<b>1,498</b>



## STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY  
YTD 2022

EUR '000	Share capital	Attributable to owners of ZITON A/S					Total	Non-controlling interests	Total equity
		Reserve for warrants	Translation reserves	Cash flow hedges	Total reserves	Retained earnings			
<b>Balance at 31 December 2021</b>	<b>14,473</b>	143	-145	-	-2	<b>-36,974</b>	<b>-22,503</b>	258	<b>-22,245</b>
Total comprehensive income, after tax	-	-	1	-	1	-8,344	<b>-8,343</b>	-113	-8,457
Share capital reduction	-14,473	-	-	-	-	14,473	-	-	-
Cancellation of warrants	-	-143	-	-	-143	143	-	-	-
Share capital increase	54	-	-	-	-	38,707	<b>38,761</b>	-	38,761
Cost of capital increase	-	-	-	-	-	-780	<b>-780</b>	-	-780
Other adjustments	-	-	20	-	20	-	<b>20</b>	6	26
<b>Balance at YTD</b>	<b>54</b>	-	-124	-	<b>-124</b>	<b>7,225</b>	<b>7,154</b>	<b>150</b>	<b>7,304</b>

## Share capital

On 30 September 2022, ZITON A/S held an extraordinary general meeting. The company's share capital was reduced from 108,013,705 shares of DKK 1 each (EUR 14,474k) to 0 and all of the company's share classes and warrants were cancelled. Subsequently, the company's share capital was increased by EUR 54k by conversion of existing debt. The increase in share capital of EUR 54k resulted in a share premium of EUR 38,707k. The company has only one class of shares owned by Zappy Topco ApS. Permira Credit Solutions III Sub Master Euro S.à.r.l. is the new controlling shareholder of ZITON A/S holding 55% of the voting shares in Zappy Topco ApS.

## Reserves

Equity reserves consist of the following:

**The translation reserve** comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK and translation from the functional currency to the presentation currency.

## YTD 2021

EUR '000	Share capital	Attributable to owners of ZITON A/S					Total	Non-controlling interest	Total equity
		Reserve for warrants	Translation reserves	Cash flow hedges	Total reserves	Retained earnings			
<b>Balance at 31 December 2020</b>	<b>13,098</b>	143	-166	-	-23	<b>-30,272</b>	<b>-17,197</b>	<b>287</b>	<b>-16,911</b>
Total comprehensive income, after tax	-	-	21	-	21	-15,327	-15,306	-29	-15,334
Capital increase	1,375	-	-	-	-	8,625	10,000	-	10,000
<b>Balance at YTD</b>	<b>14,473</b>	<b>143</b>	<b>-145</b>	-	<b>-2</b>	<b>-36,974</b>	<b>-22,503</b>	<b>258</b>	<b>-22,245</b>

## Share capital

In January 2021, the share capital was increased by EUR 1,375k as part of the purchase price of the vessel J/U WIND ENTERPRISE. The increase in share capital of EUR 1,375k resulted in a share premium of EUR 8,625k (in total EUR 10,000k). At the end of Q3 2021, the share capital consisted of 108,013,705 shares of DKK 1 each (EUR 14,474k). The shares are divided into two classes: 16,986,984 A shares of DKK 1 each and 91,026,721 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

## Note 1 – Revenue

The internal reporting framework used for reporting on revenue and expenses to the Executive Management Team and the Board of Directors has been set up to reflect and report on jack-up vessel, ZITON Contractors A/S and Hangout A/S revenue and expenses. As all jack-up vessels including ZITON Contractors A/S and Hangout A/S operate on similar assignments, management reviews the results of the Group as a whole to assess performance. Thus, there is only one operating segment.

### Revenue from customers

The Group operates in northern Europe. The geographical distribution of revenue is based on the country in which the wind farm is located.

<b>EUR '000</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>
United Kingdom	5,915	1,073	25,859	10,898
Denmark	2,722	4,026	10,345	5,228
Germany	-	5,120	397	24,785
Sweden	509	-	2,242	505
Belgium	-	-	1,390	1,888
Netherlands	-	-	304	333
Ireland	-	-	-	296
<b>Total non time charter</b>	<b>9,146</b>	<b>10,219</b>	<b>40,538</b>	<b>43,933</b>
Long- term time charter	4,258	4,214	17,208	14,118
<b>Total</b>	<b>13,405</b>	<b>14,433</b>	<b>57,746</b>	<b>58,051</b>

Sales to the largest customers, accounting for more than 10% of revenue, made up 52% and 32% of total revenue in Q4 2022 (Q4 2021: 55%, 28% and 10%, respectively).

### Time Charter

Where contracts are identified as a lease (time charter), revenue recognition is based on a straight-line basis over the term of the lease period.

The amount of revenue stated in the above table for both the current financial year and the comparable financial year include the agreed time charter rates earned during leases. The lease and service components are recognised as revenue under the same pattern of transfer to customers. A separate disclosure of the lease components and the service income components has not been provided as it is impracticable to establish such a disclosure.

## Note 2 - Vessels and equipment

<b>Q4 2022</b> <b>EUR '000</b>	<b>Property</b>	<b>Fixtures &amp; equipment</b>	<b>Vessels</b>	<b>Total</b>
Cost at 1 January 2022	1,126	3,130	247,724	251,980
Exchange rate adjustments	-5	-2	2	-5
Additions	-	1,019	3,756	4,774
Disposals	-	-44	-295	-339
Additions to leased assets (Right-of-use assets)	-	190	-	190
Disposals of leased assets (Right-of-use assets)	-	-248	-	-248
<b>Cost YTD</b>	<b>1,121</b>	<b>4,044</b>	<b>251,186</b>	<b>256,351</b>
Depreciation at 1 January 2022	-746	-1,411	-67,675	-69,833
Exchange rate adjustments	3	2	-	5
Depreciation	-0	-306	-10,488	-10,794
Disposals	-	18	74	91
Depreciation on leased assets (Right-of-use assets)	-274	-101	-	-374
Disposals of leased assets (Right-of-use assets)	-	196	-	196
<b>Depreciation YTD</b>	<b>-1,017</b>	<b>-1,602</b>	<b>-78,090</b>	<b>-80,709</b>
Impairment losses at 1 January 2022	-	-	-	-
Impairment losses YTD	-	-214	-	-214
<b>Carrying amount YTD</b>	<b>104</b>	<b>2,228</b>	<b>173,097</b>	<b>175,429</b>
<hr/>				
<b>Q4 2021</b> <b>EUR '000</b>	<b>Property</b>	<b>Fixtures &amp; equipment</b>	<b>Vessels</b>	<b>Total</b>
Cost at 1 January 2021	1,126	2,870	242,756	246,752
Exchange rate adjustments	-	483	4,968	5,451
Additions	-	-254	-	-254
Disposals	-	208	-	208
Additions to leased assets (Right-of-use assets)	-	-176	-	-176
Disposals of leased assets (Right-of-use assets)	-	-	-	-
<b>Cost YTD</b>	<b>1,126</b>	<b>3,130</b>	<b>247,724</b>	<b>251,980</b>
Depreciation at 1 January 2021	-488	-1,102	-57,394	-58,983
Exchange rate adjustments	-	-366	-10,282	-10,648
Depreciation	-	69	-	69
Disposals	-	-	-	-
Depreciation on leased assets (Right-of-use assets)	-258	-147	-	-405
Disposals of leased assets (Right-of-use assets)	-	135	-	135
<b>Depreciation YTD</b>	<b>-746</b>	<b>-1,411</b>	<b>-67,676</b>	<b>-69,833</b>
Impairment losses at 1 January 2021	-	-	-	-
Impairment losses YTD	-	-	-	-
<b>Carrying amount YTD</b>	<b>380</b>	<b>1,719</b>	<b>180,049</b>	<b>182,147</b>

### Assessment of Impairment of vessels

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2022, ZITON realised a loss for the year and as a result, ZITON performed an impairment test. An impairment loss is recognised in the amount by which an asset's carrying amount exceeds its recoverable amount – measured using the higher of the fair value less cost to sell and value in use. An impairment loss is recognised if the higher of the fair value less cost to sell and value in use is less than the carrying amount of the assets.

The value in use is calculated as the present value of total expected cash flows during the rest of the vessels' economic lives. This includes any concluded framework agreements and signed charters as well as estimated utilisation and average day rates for the "open charter periods".

- The estimated utilisation is based on the projected future installation of offshore turbines, the average rate at which a turbine needs assistance from a jack-up vessel in the turbine's lifetime, ZITON's expected market share,

and jack-up vessel requirements for blade campaigns.

- Average day rates are based on estimated future market prices and/or contracts.

Hence, the exact value used to measure impairment charges is subject to some degree of uncertainty and is based on what the company believes is the best estimate of fair value. The budget used for impairment testing is based on a five-year period, including a terminal period.

Management's assessment of indications of impairment of vessels is based on the cash-generating unit (CGU) in which all vessels, ZITON Contractors A/S and Hangout A/S are included (jack-up vessel operating segment).

An impairment test is carried out based on value in use. The impairment test is performed by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, a determined WACC of 11.1% before tax, and a growth rate in the terminal period of 0%.

The value in use was estimated to be higher than the carrying amount of EUR 175,429k. Management assesses that the long-term value at the close of the financial period exceeds the carrying amounts, and accordingly, there is no indication of impairment loss.

In addition, an impairment test has been carried out of an asset within fixtures & equipment. The impairment test shows that the carrying amount exceeds the recoverable amount and consequently an impairment loss of EUR 214k has been recognised in the interim report for Q4 2022.

### **Note 3 - Commitments and contingencies**

Since the end of 2022, no significant changes have occurred to contingent assets and liabilities other than those referred to in the annual report for 2021.

### **Note 4 - Related party transactions**

Following completion of the debt restructuring as of 30 September 2022, Jack-Up Holding A/S ceded to be the controlling shareholder of ZITON A/S. As disclosed in the annual report for 2021, ZITON had intercompany balances with Jack-Up Holding A/S and Anpartsselskabet af 1. december 2011 as an effect of joint taxation. The joint taxation with Jack-Up Holding A/S and Anpartsselskabet af 1. december 2011 was discontinued as of 30 September 2022.

Permira Credit Solutions III Sub Master Euro S.à.r.l. ("Permira") is the new controlling shareholder of ZITON A/S following completion of the debt restructuring. As of 30 September 2022, Permira intercompany balances with ZITON A/S consisted of a second lien bond loan to ZITON A/S of EUR 43,607k and Second Super Senior Working Capital Facility of EUR 3,105k. The second lien bond loan was increased by EUR 2,500k on 30 September 2022. The second lien bond loan has maturity on 3 April 2024 and carries a fixed interest rate of 12.31%. The Second Super Senior Working Capital Facility has maturity on 31 March 2024 and carries a variable fixed interest rate plus margin of 6.9%.

Apart from the above mentioned, since the end of 2022 no significant changes have occurred to related parties or types and scale of transactions with these parties other than what was disclosed in the 2021 annual report.

### **Note 5 - Subsequent events**

Other than the developments disclosed in the review, no significant events have occurred between the end of the quarter and publication of this interim report which materially affect the results for the period or the financial position.



## Note 6 – Basis of reporting

### Accounting policies

#### *Basis of consolidation*

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports. No interim report has been prepared for the parent company (ZITON A/S).

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not applied early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

### Significant estimates and assumptions

#### *Going Concern*

During 2019 to 2021, ZITON's balance sheet deteriorated as operational earnings declined as a consequence of blade campaigns that were less profitable than anticipated, and because the vessel fleet was expanded with the purchase of J/U WIND ENTERPRISE, thereby leading to sizeable interest-bearing debt compared to equity and cash flow to service the debt. This resulted in a debt restructuring that was completed on 30 September 2022, therefore the balance sheet presented in this interim report reflects the strengthening of the capital structure and liquidity of the company following debt restructuring.

The debt restructuring includes various elements to provide the company with a long-term sustainable capital structure and significant strengthening of liquidity:

- An extension of maturities of the first and second lien bonds issued by ZITON A/S by 24 months. The first lien bonds will hereafter mature on 3 October 2024 and the second lien bonds on 3 April 2025.
- Conversion of EUR 38.7m in subordinated debt into equity, thereby significantly strengthening the company's equity.
- Net liquidity improvement of EUR 10.1m. This consist of a EUR 10m increase in the second lien bonds. For the first lien bonds amortisation on 4 April 2022 was reduced from EUR 2.5m to EUR 1.25m and capitalisation of interest amounting to EUR 1.9m. EUR 3.1m of the new liquidity was applied towards repayment of part of the second super senior working capital facility.

Management assesses the entity's ability to continue as a going concern to be met and the consolidated financial statement have therefore been prepared on a going concern basis and no changes to recognition or measurement have been made.

#### *Risks*

For a description of the risks ZITON A/S is exposed to, please refer to the Risk Management section on pages 39-41 and note 4.1 "Risk management" on pages 74-75 of the 2021 annual report.

**Management statement**

The Board of Directors and Executive Management have considered and approved the interim report for ZITON A/S for Q4 2022. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report for Q4 2022 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further disclosure requirements for issuers of bonds listed on the Oslo Stock Exchange.

In our opinion, the interim report gives a true and fair view of the ZITON's assets, liabilities, and financial position at 31 December 2022, and of the results of the ZITON's operations and cash flow for 2022.

We further consider that the Management review gives a true and fair view of the developments in ZITON's activities and business, the results for the period and of ZITON's financial position as a whole, and a description of the most significant risks and uncertainties which ZITON faces.

Horsens, 28 February 2023

Executive Management

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Thorsten Jalk  
CEO

Board of Directors

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Samuel Martin Gross  
Chairman

---

Jon Oliver Bryce

---

Lars Rabe Tønnesen

---

Thorsten Jalk

---

Jens Michael Haurum

**Financial calendar 2023**

Annual Report 2022 - 21 April 2023

Interim report Q1 2023 - 24 May 2023

Interim report Q2 2023 - 30 August 2023

Interim report Q3 2023 - 23 November 2023

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