

# ZITON



Interim report  
02 2024

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## Highlights of the report

### Highlights of Q2 2024

- EBITDA amounted to EUR 19.6m in Q2 2024 compared to EUR 11.1m in Q2 2023. The improvement was due to an increase in revenue reflecting that J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024, as well as improved contribution from the three smaller vessels due to a stronger market for major component replacements.
- Following the strong performance in Q2 2024 and a strong pipeline for the remainder of the year, we upgrade our expectations for 2024. The following sets out our revised KPI guidance for 2024. Our KPI guidance for 2024 is unchanged at:
  - **Weighted average utilisation rate.** We expect a utilisation rate in the range of 90-100% up from the previous guidance of 85-95%.
  - **EBITDA.** We expect EBITDA to be in the range of EUR 55-59m up from the previous guidance of EUR 52-56m.
  - **Cash flow from operating activities.** We expect cash flows from operating activities to be in the range of EUR 50-54m up from the previous guidance of EUR 47-51m. This takes into account reversal of trade payables related to the upgrade of J/U WIND ENERGY amounting to EUR 6.5m at the end of 2023.
  - **CAPEX.** We expect CAPEX of EUR 7-9m (up from around EUR 7m) excluding CAPEX related to J/U WIND ENERGY. In addition, we expect CAPEX for J/U WIND ENERGY of approximately EUR 26m including CAPEX for leg extension and capitalised interest costs of approximately EUR 2m related to the vessel.
- Beyond 2024, the effect of having J/U WIND ENERGY on time charter with Siemens Gamesa for the full year will positively effect EBITDA. Further, when the time charter for J/U WIND ENTERPRISE was extended it was mutually agreed with Siemens Gamesa that the day rate for J/U WIND ENTERPRISE will increase materially from mid-2025. In summary, the contracted terms of the two long-term time charter contracts with Siemens Gamesa are, almost entirely, expected to enhance running twelve months EBITDA to around EUR 75m from mid-2025.
- The Board of Directors of ZITON has engaged Nomura Greentech to act as financial advisor in reviewing strategic alternatives focused on maximising shareholder value. These alternatives include, among other things, a corporate sale, a business combination or a partnership, while continuing to develop other growth opportunities. There can be no assurance that this strategic review will result in any transaction. ZITON has not set a timetable for completion of the process, and it does not intend to comment further unless a specific transaction is approved by ZITON's Board of Directors and its shareholders, or it is otherwise determined that further disclosure is appropriate or required by law.

**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 150,000,000 callable bonds 2023/2028 (ISIN NO0012928185).

As required under the Bond Agreement, 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

### Contract developments

Since the publication of the interim report for Q1 2024, the Ørsted contract has been further extended from 31 December 2024 until 31 December 2025. Below is an overview of the current contract status.

On 28 April 2023, Siemens Gamesa and ZITON announced a strategic agreement whereby the current time charter agreement for J/U WIND ENTERPRISE was extended by four and a half years while the parties also entered into a new six-year time charter agreement for the jack-up vessel J/U WIND ENERGY, which was purchased in June 2023.

#### *Time charter agreement for J/U WIND ENTERPRISE*

The current time charter agreement for J/U WIND ENTERPRISE expires on 20 June 2025 as Siemens Gamesa has utilised all of their extension options. The new agreement extends the time charter from 21 June 2025 to 31 December 2029 at more favourable terms, including a higher day rate, reflecting the changes in the market environment since the original time charter was entered into in December 2020. Therefore, the profitability of J/U WIND ENTERPRISE is expected to increase materially from mid-2025. Siemens Gamesa will retain an option for early termination of the contract after 1 January 2027 against a one-off compensation payment.

#### *Time charter agreement for J/U WIND ENERGY*

J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024 with a duration of six years, thus the contract expires in February 2030. For this time charter contract, Siemens Gamesa does not hold any options for early termination. Currently, the vessel has 78m legs which are planned to be extended for the vessel to operate at some of the deepest locations of current and future offshore wind turbines installed by Siemens Gamesa. The leg extension is expected to be completed during the low season 2024/2025.

As customary for time charter contracts, Siemens Gamesa will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenure of the time charter.

In addition to the Siemens Gamesa contracts, ZITON's current contracts within offshore wind O&M includes:

- On 22 December 2022, RWE and ZITON entered into a strategic agreement which 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 10.7m.
- On 1 May 2019, Ørsted and ZITON signed a three-year framework agreement covering nine of Ørsted's offshore wind farms. The contract has been extended twice and now expires on 31 December 2025.
- 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 and J/U WIND ENERGY are time chartered by Siemens Gamesa, we are constrained in our ability to service most of Vestas' larger turbines. ZITON continue to support Vestas' requirements for major component replacement for their below 4 MW turbines.
- From the beginning of 2021, Vattenfall completed a tender to service both smaller and larger 8+ MW turbines, where ZITON was selected second supplier with a four year framework agreement. It means that if the first supplier declines to carry out a specific component exchange, ZITON can take on the task. Vattenfall is currently carrying out a tender process for a new three-year contract taking effect from begin 2025. ZITON is expected to continue to operate as second supplier with limited exchanges carried out for Vattenfall.

**Market activity**

The activity level for regular major component replacements showed strong growth in Q2 2024 compared to the same quarter the year before. The growth was in particular seen in the below 6 MW segment. Our analysis shows that the increase is driven by turbines reaching an age of 6-10 years and beyond, where wear and tear increasingly set in and drive an increase in the need for major component replacements. On average, turbines below 6 MW have an average age of around 12 years and turbines between 6-11 MW have an average age of around four and a half years. Therefore, the majority of the current market for major component replacements is for turbines below 6 MW which can be serviced by our smaller vessels J/U WIND, J/U WIND PIONEER and J/U WIND SERVER. During the next two to six years, we expect the market for 6-11 MW turbines to increase significantly. This market can be serviced by our vessels J/U WIND ENTERPRISE and J/U WIND ENERGY.

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.

**Vessel operations**

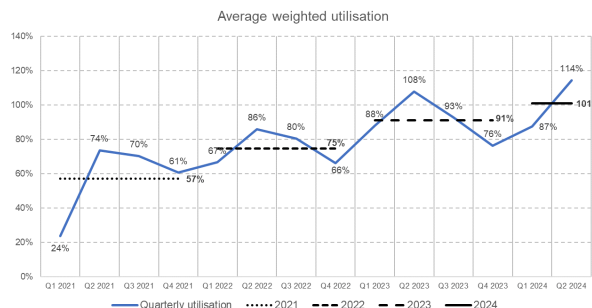
J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February, but underwent some off-hire during Q2 2024. J/U WIND ENTERPRISE continues to operate on time charter with Siemens Gamesa with limited off-hire days. During Q2 2024, J/U WIND, J/U WIND PIONEER and J/U WIND SERVER mainly operated under framework agreements with RWE, Ørsted, SSE Renewables and other tenders attained.

**Utilisation rates**

The weighted average utilisation rate for Q2 2024 was 114%, compared to a utilisation rate of 108% in Q2 2023.

Our definition of financial utilisation is a simple calculation of “revenue - project related expenses” / “standard day rate for the vessel” x “no. of days in the period”. We use this definition as many of our projects are offered on a fixed price basis, where neither the day rate nor the number of days used on the projects are fixed.

Thus, our utilisation can be higher than 100% due to effective operations when we are able to complete projects in fewer days than expected when we carry out fixed price projects.



*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 268k/day (EUR 135k/day until the end of June 2019 and EUR 185k/day until end of February 2024). Each vessel has a different weighting depending on its specifications.*

**Competitive environment**

ZITON is the clear market leader within dedicated O&M services for major component replacements at offshore wind farms. Competitors includes Harren Group, who operates two O&M dedicated jack-up vessels, Gulf Marine Services who have won a O&M time charter tender for Ørsted with a single vessel, and Van Oord who is the first supplier on a four-year framework agreement with Vattenfall and operates two vessels regularly used 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.

**Outlook for 2024 and beyond**

The outlook for 2024, is based on the following key assumptions:

- The long-term charter agreement with Siemens Gamesa for J/U WIND ENERGY. The vessel has been upgraded and initiated the time charter at the end of February 2024. The vessel is expected to operate successfully with limited off-hire days. However, in late 2024 the vessel will undergo a leg extension, during which the day rate on the time charter will be reduced.
- The long-term charter agreement with Siemens Gamesa for J/U WIND ENTERPRISE. The vessel is expected to continue to operate successfully with limited off-hire days.
- The three smaller vessels, servicing the market below 6 MW, will carry out regular major

component replacements on framework agreements and other tenders attained.

Following the strong performance in Q2 2024 and a strong pipeline for the remainder of the year, we upgrade our expectations for 2024. The following sets out our revised KPI guidance for 2024:

- **Weighted average utilisation rate.** We expect a utilisation rate in the range of 90-100% up from the previous guidance of 85-95%.
- **EBITDA.** We expect EBITDA to be in the range of EUR 55-59m up from the previous guidance of EUR 52-56m.
- **Cash flow from operating activities.** We expect cash flows from operating activities to be in the range of EUR 50-54m up from the previous guidance of EUR 47-51m. This takes into account reversal of trade payables related to the upgrade of J/U WIND ENERGY amounting to EUR 6.5m at the end of 2023.
- **CAPEX.** We expect CAPEX of EUR 7-9m (up from around EUR 7m) excluding CAPEX related to J/U WIND ENERGY. In addition, we expect CAPEX for J/U WIND ENERGY of approximately EUR 26m including CAPEX for leg extension and capitalised interest costs of approximately EUR 2m related to the vessel.

Beyond 2024, the effect of having J/U WIND ENERGY on time charter with Siemens Gamesa for the full year will positively effect EBITDA. Further, when the time charter for J/U WIND ENTERPRISE was extended it was mutually agreed with Siemens Gamesa that the day rate will increase materially from mid-2025. In summary, the contracted terms of the two long-term time charter contracts with Siemens Gamesa are, almost entirely, expected to enhance projected running twelve months EBITDA to around EUR 75m from mid-2025.

#### **ZITON to explore strategic alternatives**

The Board of Directors of ZITON has engaged Nomura Greentech to act as financial advisor in reviewing strategic alternatives focused on maximising shareholder value. These alternatives include, among other things, a corporate sale, a business combination or a partnership, while continuing to develop other growth opportunities. There can be no assurance that this strategic review will result in any transaction. ZITON has not set a timetable for completion of the process, and it does not intend to comment further unless a specific transaction is approved by ZITON's Board of Directors and its shareholders, or it is otherwise determined that further disclosure is appropriate or required by law.

#### **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 50-52 and note 4.1 "Risk management" on page 106-107 of the 2023 annual report.

## Financial Review

### REVIEW OF THE INCOME STATEMENT

EUR 000	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>Revenue</b>	<b>31,007</b>	<b>20,205</b>	<b>10,802</b>	<b>50,801</b>	<b>36,444</b>	<b>14,357</b>
Other operating income	7	-	7	7	-	7
OPEX and project-related expenses	-8,926	-6,838	-2,088	-16,885	-12,157	-4,728
SG&A	-2,518	-2,230	-288	-4,808	-4,466	-342
<b>EBITDA</b>	<b>19,571</b>	<b>11,137</b>	<b>8,434</b>	<b>29,115</b>	<b>19,822</b>	<b>9,294</b>
Depreciation	-4,985	-2,924	-2,061	-8,899	-5,783	-3,117
<b>EBIT</b>	<b>14,586</b>	<b>8,214</b>	<b>6,373</b>	<b>20,216</b>	<b>14,039</b>	<b>6,177</b>
Financials, net	-10,620	-6,296	-4,324	-19,234	-12,042	-7,193
<b>Income before tax</b>	<b>3,967</b>	<b>1,918</b>	<b>2,049</b>	<b>982</b>	<b>1,997</b>	<b>-1,015</b>

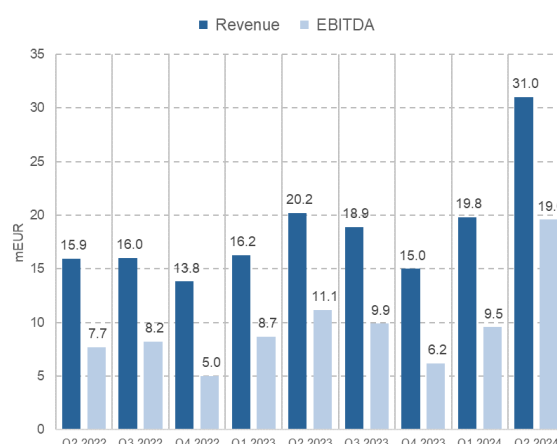
#### Review of the income statement for Q2 2024

The consolidated income statement for the ZITON Group shows revenue for Q2 2024 of EUR 31.0m, compared to revenue of EUR 20.2m in Q2 2023, an increase of 53%. The increase in revenue reflects that J/U WIND ENERGY went on time charter at the end of February 2024 as well as strong revenue growth from the three smaller vessels as the market for major component replacements was strong.

Vessel OPEX and project-related costs increased by EUR 2.1m from Q2 2023 to Q2 2024. The main reason was OPEX for J/U WIND ENERGY as well as OPEX for providing full-service solutions, which was at a strong level during Q2 2024.

SG&A increased to EUR 2.5m in Q2 2024 from EUR 2.2m in Q2 2023 mainly due to the employment of additional personnel to manage the operations of J/U WIND ENERGY.

EBITDA amounted to EUR 19.6m in Q2 2024 compared to EUR 11.1m in Q2 2023. The improvement was due to an increase in revenue reflecting that J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024, as well as improved contribution from the three smaller vessels due to a stronger market for major component replacements.



Depreciation and impairment was at EUR 5.0m in Q2 2024 compared to EUR 2.9m in Q2 2023. The increase was largely related to depreciation of J/U WIND ENERGY.

Financials, net was an expense of EUR 10.6m in Q2 2024 compared to an expense of EUR 6.3m in Q2 2023. The increased financial costs mainly stemmed from the elevated reference rate (3m EURIBOR) for bonds issued by ZITON, increased debt to finance the purchase of J/U WIND ENERGY as well as higher interest margins on the debt following the refinancing in June 2023.

#### Review of income statement 1H 2024

The consolidated income statement for the ZITON Group shows revenue for 1H 2024 of EUR 50.8m, compared to revenue of EUR 36.4m in 1H 2023, an increase by 39%. The increase in revenue reflects that J/U WIND ENERGY went on time charter at the end of February 2024 as well as strong revenue growth from the three smaller vessels as the market for major component replacements was strong.

Vessel OPEX and project related costs increased to EUR 16.9m in 1H 2024 from EUR 12.2m in 1H 2023. The main reason was OPEX for J/U WIND ENERGY as well as OPEX for providing full-service solutions, which was at a strong level during 1H 2024.

SG&A increased to EUR 4.8m in 1H 2024 from EUR 4.5m in 1H 2023 mainly due to the employment of additional personnel to manage the operations of J/U WIND ENERGY.

EBITDA amounted to EUR 29.1m 1H 2024 compared to EUR 19.8m 1H 2023. The improvement was due to an increase in revenue reflecting that J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024, as well as improved contribution from the three smaller vessels due to a stronger market for major component replacements, which was partly offset by one-off income of EUR 0.8m in Q1 2023 for J/U WIND ENTERPRISE.

Depreciation and impairment was at EUR 8.9m in 1H 2024 compared to EUR 5.8m in 1H 2023. The increase was largely related to depreciation of J/U WIND ENERGY.

Financials, net was an expense of EUR 19.2m in 1H 2024 compared to an expense of EUR 12.0m in 1H 2023. The increased financial costs mainly stemmed from the elevated reference rate (3m EURIBOR) for bonds issued by ZITON, increased debt to finance the purchase of J/U WIND ENERGY as well as higher interest margins on the debt following the refinancing in June 2023.



REVIEW OF THE BALANCE SHEET AT THE END OF Q2 2024

EUR '000	Q2 2024	Q2 2023	Change	Q2 2024	Q4 2023	Change
<b>Assets</b>						
Vessel, including fixtures & equipment	265,759	226,462	39,297	265,759	255,463	10,296
Other non-current assets	202	349	-147	202	231	-28
<b>Non-current assets</b>	<b>265,961</b>	<b>226,811</b>	<b>39,150</b>	<b>265,961</b>	<b>255,694</b>	<b>10,267</b>
Trade and other receivables	23,949	16,438	7,511	23,949	12,662	11,287
Cash and cash equivalents	13,466	58,036	-44,571	13,466	37,121	-23,655
<b>Current assets</b>	<b>37,415</b>	<b>74,475</b>	<b>-37,060</b>	<b>37,415</b>	<b>49,783</b>	<b>-12,368</b>
<b>Total assets</b>	<b>303,376</b>	<b>301,286</b>	<b>2,090</b>	<b>303,376</b>	<b>305,477</b>	<b>-2,101</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>	<b>20,047</b>	<b>23,954</b>	<b>-3,907</b>	<b>20,047</b>	<b>19,072</b>	<b>974</b>
Subordinated loan	-	-	-	-	-	-
ESG loan	96,451	95,642	809	96,451	96,098	352
Bond loans, second lien	35,855	29,980	5,876	35,855	32,890	2,966
Bond loans, first lien	143,149	143,329	-181	143,149	144,502	-1,354
Lease obligations	444	588	-144	444	508	-64
Working capital facility	-	1	-1	-	-	-
Other liabilities	7,431	7,793	-362	7,431	12,406	-4,976
<b>Total liabilities</b>	<b>283,329</b>	<b>277,333</b>	<b>5,996</b>	<b>283,329</b>	<b>286,405</b>	<b>-3,076</b>
<b>Total equity and liabilities</b>	<b>303,376</b>	<b>301,286</b>	<b>2,090</b>	<b>303,376</b>	<b>305,477</b>	<b>-2,101</b>

Review of the balance sheet

The total value of the vessels (including fixtures & equipment and leased offices) amounted to EUR 265.8m at the end of Q2 2024. This compares to EUR 255.5m at the end of 2023 and EUR 226.5m at the end of Q2 2023. The increase of EUR 10.3m and EUR 39.3m respectively was mainly due to the purchase of J/U WIND ENERGY in June 2023 and subsequent costs for the upgrade of the vessel.

Trade and other receivables amounted to EUR 23.9m at the end of Q2 2024 compared to EUR 12.7m at the end of 2023. The increase was related to J/U WIND ENTERPRISE initiating the time charter at the end of February 2024, but also an effect of the increase in revenue during Q2 2024 that led to an increase in trade receivables at the end of the quarter.

Cash and cash equivalents amounted to EUR 13.5m at the end of Q2 2024 compared to EUR 37.1m at the end of 2023. The reduction in cash was due to a reduction of the deposit on the CAPEX-accounts from EUR 17.5m to EUR 3.0m, as well as higher trade receivables.

Equity was positive at EUR 20.0m at the end of Q2 2024, compared to EUR 19.1m at the end of 2023 and EUR 24.0m at the end of Q2 2023. The reductions were mainly due to losses during the period.

ESG loan and first lien bond loans collectively amounted to EUR 239.6m at the end of Q2 2024, compared to EUR 240.6m at the end of 2023 and EUR 239.0m at the end of Q2 2023. The changes were a consequence of amortisation of capitalised loan costs.

Bond loans, second lien amounted to EUR 35.9m at the end of Q2 2024, compared to EUR 32.9m at the end of 2023 and EUR 30.0m at the end of Q2 2023. The changes were a consequence of accrual of interest on the loan.

Working capital facility was unutilised both at the end of Q2 2024, Q4 2023 and Q2 2023.

## REVIEW OF STATEMENT OF CASH FLOWS

<i>EUR '000</i>	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>EBITDA</b>	<b>19,571</b>	<b>11,137</b>	<b>8,434</b>	<b>29,115</b>	<b>19,822</b>	<b>9,294</b>
Working capital adjustments	-3,346	-2,993	-353	-16,264	-4,122	-12,142
Other adjustments	-2	319	-321	-89	336	-425
Income tax expense	-3	-	-3	-3	-	-3
<b>Net cash flows from operating activities</b>	<b>16,220</b>	<b>8,463</b>	<b>7,757</b>	<b>12,760</b>	<b>16,035</b>	<b>-3,276</b>
Financial payments, net	-8,186	-10,618	2,432	-14,523	-13,823	-699
<b>Net cash before investing activities</b>	<b>8,034</b>	<b>-2,156</b>	<b>10,190</b>	<b>-1,763</b>	<b>2,212</b>	<b>-3,975</b>
Investing activities	-5,018	-56,088	51,070	-19,332	-56,823	37,491
<b>Net cash flows after investing activities</b>	<b>3,016</b>	<b>-58,243</b>	<b>61,260</b>	<b>-21,095</b>	<b>-54,611</b>	<b>33,516</b>
Financing activities	-3,319	110,538	-113,857	-2,561	108,041	-110,601
<b>Net cash flows after financing activities</b>	<b>-302</b>	<b>52,295</b>	<b>-52,597</b>	<b>-23,655</b>	<b>53,430</b>	<b>-77,085</b>
<b>Available liquidity</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>	
<b>Cash and cash equivalents</b>	<b>17,369</b>	<b>16,542</b>	<b>39,902</b>	<b>52,087</b>	<b>60,749</b>	
Cash on retention account	3,904	2,774	2,781	2,741	2,712	
<b>Liquidity</b>	<b>13,466</b>	<b>13,768</b>	<b>37,121</b>	<b>49,346</b>	<b>58,036</b>	
Available draw on working capital facility	6,720	5,909	6,720	6,720	6,713	
<b>Available liquidity</b>	<b>20,186</b>	<b>19,677</b>	<b>43,842</b>	<b>56,066</b>	<b>64,750</b>	
Amount on CAPEX accounts	-3,045	-3,042	-17,522	-29,350	-38,515	
<b>Available liquidity (net of CAPEX accounts)</b>	<b>17,141</b>	<b>16,635</b>	<b>26,320</b>	<b>26,716</b>	<b>26,235</b>	

### Review of the cash flow statement

Cash flows from operating activities were an inflow of EUR 16.2m in Q2 2024 compared to an inflow of EUR 8.5m in Q2 2023. For 1H 2024 the cash inflow amounted to EUR 12.8m compared to an inflow of EUR 16.0m in 1H 2023. The cash flow is driven by EBITDA and working capital adjustments.

Working capital adjustments amounted to negative EUR 3.3m for Q2 2024 compared to negative EUR 3.0m for Q2 2023. For 1H 2024 working capital adjustments amounted to negative EUR 16.3m compared to negative EUR 4.1m in 1H 2023. Negative working capital adjustments were related to J/U WIND ENERGY initiating the time charter at the end of February 2024, but also an effect of the increase in revenue during Q2 2024 that led to an increase in trade receivables at the end of the quarter. Further, trade payables for CAPEX for the upgrade of J/U WIND ENERGY were reduced as the upgrade of the vessel was completed during Q1 2024.

Financial payments, net amounted to EUR 8.2m in Q2 2024 compared to EUR 10.6m in Q2 2023. For 1H 2024 financial payments, net amounted to EUR 14.5m compared to EUR 13.8m in 1H 2023. The lower financial payments were a consequence of the refinancing in June 2023 that included payment of accrued interest on the second lien bond which was repaid as part of the refinancing.

Investing activities amounted to an outflow of EUR 5.0m in Q2 2024 compared to an outflow of EUR

56.1m in Q2 2023. For 1H 2024 the investing activities amounted to EUR 19.3m compared to EUR 56.8m in 1H 2023. The high outflow in Q2 2023 was related to the purchase of J/U WIND ENERGY in June 2023. The high outflow in 1H 2024 was mainly related to upgrade of J/U WIND ENERGY.

Financing activities amounted to a cash outflow of EUR 3.3m in Q2 2024 compared to an inflow of EUR 110.5m in Q2 2023. For 1H 2024 the financing activities amounted to an outflow of EUR 2.6m compared to an inflow of EUR 108.0m in 1H 2023. The outflow in 1H 2024 was mainly related to the initiation of the amortisation on the first lien bond loan. The inflow in 1H 2023 were mainly proceeds from the refinancing in June 2023 that was used for the purchase and upgrade of J/U WIND ENERGY.

Available liquidity including available drawings on our working capital facility amounted to EUR 17.1m at the end of Q2 2024 compared to EUR 26.3m at the end of Q4 2023 when working capital was low due to the low season and trade payables related to the upgrade of J/U WIND ENERGY.

### Liquidity covenant

The terms of the bonds and loans involves that the only covenant applicable from end of Q2 2023 until Q3 2024, is the covenant of minimum available liquidity of EUR 15m. At the end of Q2 2024, available liquidity, excluding balances on CAPEX-accounts (EUR 3.0m) amounted to EUR 17.1m, thereby exceeding the covenant.

Consolidated financial statements for ZITON A/S

**INCOME STATEMENT**

<b>EUR '000</b>	<b>Note</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>Revenue</b>	1	<b>31,007</b>	<b>20,205</b>	<b>50,801</b>	<b>36,444</b>
Other operating income		7	-	7	-
Project-related expenses		-1,024	-1,106	-1,397	-1,301
Operational expenses		-7,901	-5,732	-15,487	-10,855
<b>Gross profit</b>		<b>22,089</b>	<b>13,367</b>	<b>33,924</b>	<b>24,287</b>
Administrative expenses		-663	-586	-1,113	-1,169
Staff costs, office staff		-1,855	-1,644	-3,695	-3,297
<b>EBITDA</b>		<b>19,571</b>	<b>11,137</b>	<b>29,115</b>	<b>19,822</b>
Depreciation & amortisation		-4,985	-2,924	-8,899	-5,783
<b>EBIT</b>		<b>14,586</b>	<b>8,214</b>	<b>20,216</b>	<b>14,039</b>
Financial income		134	49	342	69
Impairment losses on financial assets		-	-	-	-
Financial expenses		-10,753	-6,345	-19,576	-12,110
<b>Income before tax</b>		<b>3,967</b>	<b>1,918</b>	<b>982</b>	<b>1,997</b>
Tax on profit (loss)		-2	-0	-3	-1
<b>Income for the year</b>		<b>3,964</b>	<b>1,918</b>	<b>979</b>	<b>1,996</b>
<i>Attributable to:</i>					
Owners of ZITON A/S		3,967	1,925	990	2,008
Non-controlling interest - Profit/loss		-3	-7	-11	-12
<b>Income for the year</b>		<b>3,964</b>	<b>1,918</b>	<b>979</b>	<b>1,996</b>

**STATEMENT OF COMPREHENSIVE INCOME**

<b>EUR '000</b>	<b>Note</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>Income for the year</b>		<b>3,964</b>	<b>1,918</b>	<b>979</b>	<b>1,996</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		3	-11	-5	-11
<b>Total comprehensive income for the year, after tax</b>		<b>3,967</b>	<b>1,906</b>	<b>974</b>	<b>1,985</b>
<i>Attributable to:</i>					
Owners of ZITON A/S		3,970	1,913	985	1,997
Non-controlling interest - Profit/loss		-3	-7	-11	-12
<b>Total comprehensive income for the year, after tax</b>		<b>3,967</b>	<b>1,906</b>	<b>974</b>	<b>1,985</b>

<b>BALANCE SHEET</b>				
<i>EUR '000</i>	Note	Q2 2024	Q2 2023	Q4 2023
<b>Assets</b>				
<b>Non-current assets</b>				
Vessel, including fixtures & equipment	2	265,759	226,462	255,463
Intangible assets		164	214	192
Deferred tax asset		39	136	39
<b>Non-current assets</b>		<b>265,961</b>	<b>226,811</b>	<b>255,694</b>
<b>Current assets</b>				
Inventories		296	313	310
Contract assets		706	-	1,717
Trade and other receivables		22,947	16,125	10,635
Cash and cash equivalents		13,466	58,036	37,121
<b>Current assets</b>		<b>37,415</b>	<b>74,475</b>	<b>49,783</b>
<b>Total assets</b>		<b>303,376</b>	<b>301,286</b>	<b>305,477</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital		54	54	54
Reserves		-157	-136	-152
Retained earnings		20,091	23,898	19,101
<b>Total equity attributable to owners of ZITON A/S</b>		<b>19,988</b>	<b>23,816</b>	<b>19,002</b>
Non-controlling interest		59	138	70
<b>Total equity</b>		<b>20,047</b>	<b>23,954</b>	<b>19,072</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Subordinated loan		-	-	-
ESG loan		96,451	95,642	96,098
Bond loans, second lien		35,855	29,980	32,890
Bond loans, first lien		129,930	143,300	136,815
Lease obligations		212	378	276
<b>Total non-current liabilities</b>		<b>262,448</b>	<b>269,299</b>	<b>266,079</b>
<b>Current liabilities</b>				
Bond loans, first lien		13,219	30	7,687
Lease obligations		232	209	232
Working capital facility		-	1	-
Tax payable		7	-	6
Trade and other payables		4,993	5,161	9,284
Provision for other liabilities		2,430	2,632	3,116
<b>Total current liabilities</b>		<b>20,882</b>	<b>8,033</b>	<b>20,325</b>
<b>Total liabilities</b>		<b>283,329</b>	<b>277,333</b>	<b>286,405</b>
<b>Total equity and liabilities</b>		<b>303,376</b>	<b>301,286</b>	<b>305,477</b>

**STATEMENT OF CASH FLOWS**

<i>EUR '000</i>	Note	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<b>Income before tax</b>		<b>3,967</b>	<b>1,918</b>	<b>982</b>	<b>1,997</b>
<b>Operating activities</b>					
<i>Adjustments for non-cash items</i>					
Reversal financial expenses, net		10,620	6,296	19,234	12,042
Depreciation and writedowns of the period		4,985	2,924	8,899	5,783
Other adjustments		-2	319	-89	336
<i>Working capital adjustments</i>					
Change in inventories		-82	-46	14	107
Change in trade receivables		-1,024	-4,179	-11,301	-6,048
Change in trade payables		-2,240	1,232	-4,976	1,819
<i>Income tax expense</i>					
Income tax expense		-3	-	-3	-
<b>Net cash flows from operating activities</b>		<b>16,220</b>	<b>8,463</b>	<b>12,760</b>	<b>16,035</b>
<i>Financial payments</i>					
Financial receipts		134	44	342	63
Financial payments		-8,320	-10,662	-14,865	-13,887
<b>Net cash flows before investing activities</b>		<b>8,034</b>	<b>-2,156</b>	<b>-1,763</b>	<b>2,212</b>
<b>Investing activities</b>					
Purchase of Tangible Fixed Assets		-5,048	-56,008	-19,362	-56,695
Disposal of Tangible Fixed Assets		31	-	31	-
Purchase of Intangible Fixed Assets		-	-80	-	-128
<b>Net cash used in investing activities</b>		<b>-5,018</b>	<b>-56,088</b>	<b>-19,332</b>	<b>-56,823</b>
<b>Financing activities</b>					
Repayments of loans		-2,400	-170,158	-2,400	-172,365
Loan costs		-89	-9,218	-89	-9,218
Proceeds from borrowings		-	281,312	-	281,312
Draw on working capital facility		-812	-6,327	-	-6,216
Capital injection from parent		-	15,000	-	15,000
Cost of capital increase		-	-	-	-334
Lease payments		-18	-71	-72	-138
<b>Net cash used/received in financing activities</b>		<b>-3,319</b>	<b>110,538</b>	<b>-2,561</b>	<b>108,041</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-302</b>	<b>52,295</b>	<b>-23,655</b>	<b>53,430</b>
Cash and cash equivalents at beginning of period		13,768	5,742	37,121	4,607
<b>Net cash and cash equivalents at end of period</b>		<b>13,466</b>	<b>58,036</b>	<b>13,466</b>	<b>58,036</b>

STATEMENT OF CHANGES IN EQUITY

YTD 2024

EUR '000	Attributable to owners of ZITON A/S					Non-controlling interests	Total equity
	Share capital	Translation reserves	Total reserves	Retained earnings	Total		
Balance at 31 December 2023	54	-152	-152	19,101	19,002	70	19,072
Total comprehensive income, after tax	-	-5	-5	990	985	-11	974
<b>Balance at YTD</b>	<b>54</b>	<b>-157</b>	<b>-157</b>	<b>20,091</b>	<b>19,988</b>	<b>59</b>	<b>20,047</b>

Share capital

At the end of Q2 2024, the share capital consisted of 400,000 shares of DKK 1 each (EUR 54k). The share capital is unchanged from last year. 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 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 2023

EUR '000	Attributable to owners of ZITON A/S					Non-controlling interest	Total equity
	Share capital	Translation reserves	Total reserves	Retained earnings	Total		
Balance at 31 December 2022	54	-125	-125	7,225	7,154	150	7,304
Total comprehensive income, after tax	-	-11	-11	2,008	1,997	-12	1,985
Capital contribution from parent	-	-	-	15,000	15,000	-	15,000
Cost of capital increase	-	-	-	-335	-335	-	-335
<b>Balance at YTD</b>	<b>54</b>	<b>-136</b>	<b>-136</b>	<b>23,898</b>	<b>23,816</b>	<b>138</b>	<b>23,954</b>

Share capital

At the end of Q2 2023, the share capital consisted of 400,000 shares of DKK 1 each (EUR 54k). In June 2023, Zappy Topco ApS provided a capital contribution to ZITON A/S of EUR 15m.

## 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 non long-term time charter revenue is based on the country in which the wind farm is located (revenue recognised point in time). For long-term time charter contracts, the geographical distribution is based on the country in which the customer is invoiced (revenue recognised over time).

<i>EUR '000</i>	<b>Q2 2024</b>	<b>Q2 2023</b>
<b>Non long-term time charter (revenue recognised point in time)</b>		
United Kingdom	14,450	9,057
Denmark	4,521	4,161
Germany	1,518	1,713
Netherlands	1	1
Sweden	-	969
Belgium	-	-
Ireland	-	-
<b>Total non long-term time charter</b>	<b>20,490</b>	<b>15,900</b>
<b>Long-term time charter (revenue recognised over time)</b>		
Denmark	10,518	4,305
<b>Total long-term time charter</b>	<b>10,518</b>	<b>4,305</b>
<b>Total revenue</b>	<b>31,007</b>	<b>20,205</b>

During Q2 2024, sales to the largest customers, accounting for more than 10% of revenue, made up 35%, 34%, 15% and 11% of total revenue (2023: 40%, 23%, 21%, and 14%).

### Leases

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

The amount of revenue stated in the table above 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 recognized 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>Q2 2024</b> <b>EUR '000</b>	<b>Property</b>	<b>Fixtures &amp; equipment</b>	<b>Vessels</b>	<b>Total</b>
Cost at 1 January 2024	885	5,490	340,681	347,056
Exchange rate adjustments	0	-4	-196	-199
Additions	-	264	19,008	19,272
Disposals	-	-	-	-
Additions to leased assets (Right-of-use assets)	-	88	-	88
Disposals of leased assets (Right-of-use assets)	-	-51	-	-51
<b>Cost YTD</b>	<b>885</b>	<b>5,787</b>	<b>359,494</b>	<b>366,166</b>
Depreciation at 1 January 2024	-597	-1,830	-88,857	-91,284
Exchange rate adjustments	1	1	41	43
Depreciation	-	-249	-8,501	-8,750
Disposals	-	-	-	-
Depreciation on leased assets (Right-of-use assets)	-72	-50	-	-122
Disposals of leased assets (Right-of-use assets)	-	15	-	15
<b>Depreciation YTD</b>	<b>-668</b>	<b>-2,112</b>	<b>-97,318</b>	<b>-100,098</b>
Impairment losses at 1 January 2024	-	-309	-	-309
Impairment losses YTD	-	-	-	-
<b>Carrying amount YTD</b>	<b>216</b>	<b>3,366</b>	<b>262,176</b>	<b>265,759</b>
<hr/>				
<b>Q2 2023</b> <b>EUR '000</b>	<b>Property</b>	<b>Fixtures &amp; equipment</b>	<b>Vessels</b>	<b>Total</b>
Cost at 1 January 2021	1,121	4,044	251,187	256,352
Exchange rate adjustments	-6	-19	-217	-242
Additions	0	241	56,443	56,685
Disposals	-	-	-	-
Additions to leased assets (Right-of-use assets)	24	-	-	24
Disposals of leased assets (Right-of-use assets)	-254	-82	-	-336
<b>Cost YTD</b>	<b>885</b>	<b>4,184</b>	<b>307,413</b>	<b>312,482</b>
Depreciation at 1 January 2021	-1,017	-1,602	-78,090	-80,709
Exchange rate adjustments	4	11	-36	-21
Depreciation	-	-158	-5,442	-5,600
Disposals	-	-0	-	-0
Depreciation on leased assets (Right-of-use assets)	-89	-49	-	-137
Disposals of leased assets (Right-of-use assets)	593	68	-	661
<b>Depreciation YTD</b>	<b>-508</b>	<b>-1,730</b>	<b>-83,568</b>	<b>-85,806</b>
Impairment losses at 1 January 2023	-	-214	-	-214
Impairment losses YTD	-	-	-	-
<b>Carrying amount YTD</b>	<b>377</b>	<b>2,240</b>	<b>223,844</b>	<b>226,462</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 2023, 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, and ZITON's expected market share.
- 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 the fair value. The budget used for impairment testing is based on a five-year period, including a terminal period.

Management's assessment of indication 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 11.0% (2023: 11.0%) 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 265.8m. 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.

### Note 3 - Commitments and contingencies

Since the end of 2023, no significant changes have occurred to contingent assets and liabilities other than those referred to in the annual report for 2023.

### Note 4 - Related party transactions

Since the end of 2023 no significant changes have occurred to related parties or types of transactions with these parties other than what was disclosed in the annual report for 2023.

### 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 2023 except for the adoption of new standards effective as of 1 January 2024. 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.

In June 2023, completed refinancing of existing debt to simplify and extend its capital structure. Therefore the balance sheet presented in this interim report reflects the strengthening of the capital structure and liquidity of the company following the refinancing.

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 company's debt to minimum five years. The first lien bonds will hereafter mature on 9 June 2028, ESG-loan on 13 June 2028 and the second lien bonds on 9 December 2028.
- Conversion of EUR 15m of second lien bonds into equity, thereby increasing the company's equity.
- Net liquidity improvement of EUR 13.3m.

Management assesses the entity's ability to continue as a going concern to be met and the consolidated financial statements 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 50-52 and note 4.1 "Risk management" on page 106-107 of the 2023 annual report.

**Management statement**

The Board of Directors and Executive Management have considered and approved the interim report for ZITON A/S for Q2 2024. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report for Q2 2024 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 30 June 2024, and of the results of the ZITON's operations and cash flow from 1 January 2024 to 30 June 2024.

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 August 2024

Executive Management

-----  
Thorsten Jalk  
CEO

Board of Directors

-----  
Samuel Martin Gross  
Chairman

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Jon Oliver Bryce

-----  
Lars Rabe Tønnesen

-----  
Thorsten Jalk

-----  
Jens Michael Haurum

**Financial calendar 2024**

Interim report Q3 2024 - 20 November 2024

Interim report Q4 2024 - 28 February 2025

Annual report 2024 - 30 April 2025

**For further information, please contact**

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