

Wind Enterprise P/S

Interim report
Q2 2021



Wind Enterprise P/S
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Highlights of the report

Highlights of Q2 2021

- The Siemens Gamesa Renewable Energy (SGRE) long-term time charter of 3 years and 8 months 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 18 December 2020, Wind Enterprises P/S' parent company ZITON A/S exercised its purchase option to acquire J/U WIND ENTERPRISE. ZITON's purchase of the vessel was closed in January 2021. On 1st March 2021, Wind Enterprise P/S purchased the vessel from its parent company.
- EBITDA amounted to a profit of EUR 2.2m for Q1 2021 and EUR 3.0m for 1H 2021.
- Guidance for 2021 is unchanged with EBITDA expected in the range of EUR 8-10m.

About Wind Enterprise P/S

Wind Enterprise P/S is a fully owned subsidiary of ZITON A/S. The sole purpose of Wind Enterprise P/S is to own the vessel J/U WIND ENTERPRISE. Wind Enterprise P/S was established in November 2020.

On 18 December 2020, Wind Enterprises P/S' parent company ZITON A/S exercised its call option to purchase J/U WIND ENTERPRISE, partly by issuing new shares to the seller of the vessel equivalent to EUR 10.0m. J/U WIND ENTERPRISE was purchased for EUR 42.5m, of which EUR 32.5m was cash and EUR 10.0m shares in ZITON A/S.

The purchase of the vessel was financed by establishing Wind Enterprise P/S as a wholly owned subsidiary of ZITON A/S. The EUR 10.0m in new capital was transferred into Wind Enterprise P/S as subordinated capital. Wind Enterprise P/S purchased the vessel J/U WIND ENTERPRISE and is the counterpart to Siemens Gamesa Renewable Energy ("SGRE") under the SGRE time charter contract of 3 years and 8 months ("SGRE long-term").

Wind Enterprise P/S has no employees, but an operational support agreement with ZITON A/S for the performance of all services related to sales, technical management, maintenance costs, operations, crewing, administration etc. The structure was set up to provide new bondholders with strong security as cash flows from the SGRE long-term charter and security in the vessel J/U WIND ENTERPRISE is ringfenced into Wind Enterprise P/S. This enabled Wind Enterprise P/S to issue a bond loan of EUR 35.0m to finance the cash payment to the seller of J/U WIND ENTERPRISE as well as for general corporate purposes in Wind Enterprise P/S.

Information in this report

The information provided in this interim report is submitted in accordance with the Bond Agreement for Wind Enterprise P/S EUR 35,000,000 Senior Secured Callable Bonds 2020/2024 (ISIN NO0010911126)

As required under the Bond Agreement, the financial statements of Wind Enterprise P/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 overview

On 17 December 2020, Siemens Gamesa Renewable Energy (SGRE) and Wind Enterprise P/S signed a time charter of 3 years and 8 months from 1 March 2021 to 31 October 2024 for J/U WIND ENTERPRISE (SGRE long-term charter).

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 Wind Enterprise P/S will be responsible for operational uptime of the vessel.

Vessel operation

The vessel entered into the SGRE long-term charter on 1 March 2021 and continues to operate successfully on the time charter with limited off-hire days.

On 18 December 2020, Wind Enterprises P/S' parent company ZITON A/S exercised its purchase option to acquire J/U WIND ENTERPRISE. ZITON's purchase of the vessel was closed in January 2021. On 1st March 2021, Wind Enterprise P/S purchased the vessel from its parent company.

During January and February 2021, J/U WIND ENTERPRISE completed 10-years dry-dock surveys and repairs to maintain the vessel in good condition to avoid unexpected off-hire days going into the SGRE long-term charter on 1st March 2021. During the stay in the dry dock various damages to the legs and the jetting system were discovered. In order to avoid conditions of class, these critical conditions were repaired. As it was not possible to detect these damages before the vessel was in dry dock, the cost of the docking stay exceeded the budgeted cost of 1.6 MEUR by 1.0 MEUR. According to the operational support agreement between ZITON A/S and Wind Enterprise P/S, ZITON A/S will be reimbursed when the

cash generation can cover the additional Capex. The vessel entered into the SGRE long-term charter on 1 March 2021.

Utilisation rate

The utilisation rate for Q2 2021 was at 95%, reflecting that SGRE converted mobilisation days to a free monthly charter day, otherwise limited off-hire days was realised.

Outlook for 2021

Guidance for 2021 is unchanged with EBITDA expected in the range of EUR 8-10m.

Risks and uncertainties

Wind Enterprise P/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 the risks, please refer to the parent company ZITON A/S' Risk Management section on pages 50-53 and note 4.1 "Risk management" on pages 94-97 of the 2020 annual report.

Financial Review

REVIEW OF THE INCOME STATEMENT

<i>EUR '000</i>	Q2 2021	YTD 2021
Revenue	4,202	5,694
OPEX and project-related expenses	-1,398	-1,870
SG&A	-632	-840
EBITDA	2,172	2,984
Depreciation	-526	-934
EBIT	1,645	2,050
Financials, net	-894	-1,673
Income before tax	752	377

Review of the income statement for Q2 2021

As there were no activity in Wind Enterprise P/S during 2020, there are no comparable figures presented.

The income statement for Wind Enterprise P/S shows revenue of EUR 4.2m for Q2 2021 and EUR 5.7m for 1H 2021, as the vessel was only on charter from 1st March 2021.

Vessel OPEX and project related costs amounted to EUR 1.4m for Q2 2021 and EUR 1.9m for 1H 2021. OPEX was slightly higher than anticipated mainly related to one-off costs for initiation of the SGRE long-term charter.

SG&A amounted to EUR 0.6m for Q2 2021 and EUR 0.8m for 1H 2021, with the latter covering four months of SG&A. Wind Enterprise P/S has no employees, but an operational support agreement with its parent company ZITON A/S for the performance of all services related to sales, technical management, maintenance costs, operations, crewing, administration etc. For these services, ZITON A/S charges Wind Enterprise P/S for 40% of SG&A for ZITON Group.

EBITDA amounted to a profit of EUR 2.2m for Q1 2021 and EUR 3.0m for 1H 2021.

Depreciation charges amounted to EUR 0.5m for Q2 2021 and EUR 0.9m for 1H 2021.

Financials, net was an expense of EUR 0.9m for Q1 2021 and EUR 1.7m for 1H 2021. Financial costs are constituted by accrued interest on the EUR 35m first lien bond loan since issued date on 17 December 2020.

REVIEW OF THE BALANCE SHEET AT THE END OF Q2 2021

<u>EUR '000</u>	<u>Q2 2021</u>
Assets	
Vessel, including fixtures & equipment	47,769
Non-current assets	47,769
Trade and other receivables	1,981
Cash and cash equivalents	590
Current assets	2,572
Total assets	50,341
Equity and Liabilities	
Equity	625
Subordinated loan	13,200
Bond loans, first lien	32,459
Other liabilities	4,056
Total liabilities	49,716
Total equity and liabilities	50,341

Review of the balance sheet, end of Q2 2021

The total value of the vessel (incl. fixtures & equipment) amounted to EUR 47.8m at the end of Q2 2021. The total value of the vessel includes the purchase price of J/U WIND ENTERPRISE as well as CAPEX completed by the parent company before Wind Enterprise P/S purchased the vessel, as well as regular CAPEX.

Trade and other receivables amounted to EUR 2.0m at the end of Q1 2021. Receivables are solely related to the SGRE long-term charter.

Equity was at EUR 0.6m as a consequence of positive income during the quarter, reversing negative equity at the end of Q1 2021. The subordinated loan is provided by the parent company consisting of the EUR 10.0m shares issued by ZITON A/S and CAPEX completed by the parent company before Wind Enterprise P/S purchased the vessel.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q2 2021

<i>EUR '000</i>	Q2 2021	YTD 2021
EBITDA	2,172	2,984
Working capital adjustments	399	2,074
Other adjustments	94	-51
Net cash flows from operating activities	2,664	5,007
Financial payments, net	-612	-1,225
Net cash before investing activities	2,052	3,781
Investing activities	-	-48,688
Net cash flows after investing activities	2,052	-44,907
Financing activities	-1,612	45,440
Net cash flows after financing activities	440	533

Review of the cash flow statement

Cash flows from operating activities were an inflow of EUR 2.7m for Q2 2021 and EUR 5.0m for 1H 2021, driven by positive EBITDA, and working capital adjustments as trade receivables from the SGRE long-term charter are more than offset by payables to the parent company according to the operational support agreement between the two companies.

Financial payments, net amounted to negative EUR 0.6m for Q1 2021 and a negative 1.2m for 1H 2021.

Investing activities amounted to EUR 48.8m for 1H 2021 used for purchase of J/U WIND ENTERPRISE.

Financing activities amounted to a cash outflow of EUR 1.6m in Q2 2021 for payment to the retention account reserved for amortisation on the bond loan. Cash outflow of EUR 45.4m were mainly used to finance the purchase of J/U WIND ENTERPRISE.

Financial statements for Wind Enterprise P/S

EUR '000	Note	Q2 2021	YTD 2021
Revenue	2	4,202	5,694
Project-related expenses		-11	-14
Operational expenses		-1,387	-1,856
Gross profit		2,803	3,824
Administrative expenses		-98	-242
Staff costs, office staff		-533	-598
EBITDA		2,172	2,984
Depreciation & amortisation		-526	-934
EBIT		1,645	2,050
Financial income		5	13
Financial expenses		-703	-1,490
Income before tax		947	573
Tax on profit (loss)		-	-
Income for the year		947	573
<i>Attributable to:</i>			
Owners of ZITON A/S		947	573
Income for the year		947	573

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	Q2 2021	YTD 2021
Income for the year		947	573
<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		-	-
Total comprehensive income for the year, after tax		947	573
<i>Attributable to:</i>			
Owners of ZITON A/S		947	573
Total comprehensive income for the year, after tax		947	573

EUR '000	Q2 2021
Assets	
Non-current assets	
Vessel, including fixtures & equipment	47,769
Non-current assets	47,769
Current assets	
Trade and other receivables	1,981
Cash and cash equivalents	590
Current assets	2,572
Total assets	50,341
Equity and Liabilities	
Equity	
Share capital	54
Retained earnings	571
Total equity	625
Liabilities	
Non-current liabilities	
Subordinated loan	13,200
Bond loans, first lien	28,305
Total non-current liabilities	41,505
Current liabilities	
Bond loans, first lien	4,154
Trade and other payables	4,056
Total current liabilities	8,211
Total liabilities	49,716
Total equity and liabilities	50,341

<i>EUR '000</i>	Note	Q2 2021	YTD 2021
Income before tax		947	573
Operating activities			
<i>Adjustments for non-cash items</i>			
Reversal financial expenses, net		703	1,481
Depreciation and writedowns of the period		526	934
Other adjustments		94	-51
<i>Working capital adjustments</i>			
Change in trade receivables		158	-1,969
Change in trade payables		241	4,043
<i>Income tax expense</i>			
Income tax expense		-	-
Net cash flows from operating activities		2,669	5,010
<i>Financial payments</i>			
Financial receipts		-	-
Financial payments		-612	-1,225
Net cash flows before investing activities		2,057	3,785
Investing activities			
Purchase of vessel, fixtures & equipment		-	-48,688
Other cash flows from investing activities		-	-
Net cash used in investing activities		-	-48,688
Financing activities			
Bond loan		-1,612	32,187
Subordinated loan from parent		-	13,200
Capital increase		-	54
Net cash used/received in financing activities		-1,612	45,440
Net (decrease)/increase in cash and cash equivalents		445	537
Cash and cash equivalents at beginning of period		146	54
Exchange gains/losses on cash and cash equivalents		-	-
Net cash and cash equivalents at end of period		591	591

STATEMENT OF CHANGES IN EQUITY

<i>EUR '000</i>	Share capital	Retained earnings	Total equity
Balance at 1 January 2021	54	-2	52
Total comprehensive income, after tax	0	574	573
Balance at YTD	54	571	625

Share capital

The company was established 30 November 2020 with a capital increase of DKK 400k (EUR 54k). There are no share classes.

Note 1 – Total by Quarter

Income statement by quarter

<i>EUR '000</i>	Q2 2021	Q1 2021	Q4 2020
Revenue	4,202	1,492	-
Project-related expenses	-11	-3	-
Operational expenses	-1,387	-469	-
Gross profit	2,803	1,021	-
Administrative expenses	-98	-143	-
Staff costs, office staff	-533	-65	-
EBITDA	2,172	812	-
Depreciation	-526	-407	-
EBIT	1,645	405	-
Financial income	5	8	-
Financial expenses	-703	-787	-1
Income before tax	947	-374	-1

Note 2 – Time charter 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. As Wind Enterprise P/S only owns one vessel, there is only one operating segment.

Leases

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 3 - Vessel

Q2 2021 EUR '000	Vessels	Total
Cost at 1 January 2021	-	-
Exchange rate adjustments	-	-
Additions	48,703	48,703
Disposals	-	-
Cost YTD	48,703	48,703
Depreciation at 1 January 2021	-	-
Exchange rate adjustments	-	-
Depreciation	-934	-934
Disposals	-	-
Depreciation YTD	-934	-934
Impairment losses at 1 January 2021	-	-
Impairment losses YTD	-	-
Carrying amount YTD	47,769	47,769

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. As Wind Enterprise P/S realised a profit for the year and equity is positive at the end of the reporting period, no indicator of impairment has been identified and as a result, Wind Enterprise P/S has not performed an impairment test.

Note 4 - Commitments and contingencies

The vessel has been pledged for of EUR 140.000k to Nordic Trustee on behalf of the bondholders.

Note 5 - Related party transactions

No material transactions took place during the quarter with members of the Board of Directors, the Executive Management, major shareholders or other related parties that are not made on market terms.

Note 6 - 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 7 – Basis of reporting

Accounting policies

Basis of preparation

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards as adopted by the EU ("Adopted IFRSs"),

The Company's functional and presentation currency is EUR.

The Company's holding undertaking, Ziton A/S includes the Company in its consolidated financial statements. The consolidated financial statements of Ziton A/S are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Ziton A/S, Bygholm Søpark 21E DK-8700 Horsens, Denmark.

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the ZITON Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The ZITON Group nor Wind Enterprise P/S have not applied early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant estimates and assumptions*Risks*

For a description of the risks ZITON A/S is exposed to, please refer to the Risk Management section on pages 50-53 and note 4.1 "Risk management" on pages 94-97 of the 2020 annual report.

Management statement

The Board of Directors and Executive Management have considered and approved the interim report for Wind Enterprise P/S for the first half of 2021. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report for the first half of 2021 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU.

In our opinion, the interim report gives a true and fair view of the Wind Enterprise P/S' assets, liabilities, and financial position at 30 June 2021, and of the results of the Wind Enterprise P/S' operations and cash flow for the first half of 2021.

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

Horsens, 26 August 2021

Executive Management

Thorsten Jalk
CEO

Board of Directors

Lars Thorsgaard Jensen
Chairman

Thorsten Jalk

Jacob Bergenholtz

Financial calendar 2021

Interim report Q3 2021 – 23 November 2021

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