

ZITON A/S

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Solution for a long-term and viable capital structure

As communicated in earlier stock exchange announcements dated 31st March, 29th April and 1st June 2022, ZITON A/S ("ZITON") and its majority shareholder have had ongoing discussions with holders of its financial indebtedness to reach a solution for a long-term and viable capital structure.

The parties have reached an agreement in principle and have entered into a lock-up agreement, subject to certain conditions precedent and regulatory approvals, to execute a transaction which will significantly improve the capital structure and liquidity of ZITON. The proposed transaction includes an extension of maturities of the first and second lien bond by 24 months, equitization of EUR 37m in subordinated debt and EUR 13.2m in incremental liquidity (EUR 10m in new second lien bonds, plus a waiver of amortisation and capitalisation of first lien interest totalling EUR 3.2m). EUR 3m of the new liquidity will be applied towards repayment of part of the second super senior working capital facility. Subject to satisfaction of the conditions and obtaining regulatory approvals, the debts of certain consenting creditors of ZITON will be partly or fully converted into equity, resulting in those creditors acquiring ~90% of the post-restructured ordinary equity of ZITON, and 100% of the preferred equity, subject to certain dilution. Following the transaction, proforma equity would be approximately EUR 10m and the controlling shareholder would be Permira Credit Solutions III Sub Master Euro S.à.r.l..

The lock-up agreement has been executed by the following stakeholder groups: first lien bonds issued by ZITON A/S (51.1%), SPV bonds issued by Wind Enterprise P/S (51.5%), second lien bonds (100%), second super senior working capital facility (100%), the subordinated debt (100%) and equity holders representing 68.27% of the share capital and 50.53% of the voting rights of ZITON.

Implications for first lien bond holders in ZITON A/S (ISIN: NO0010832488 & NO0010878598)

First lien bondholders are expected to receive the summons for a bondholders' meeting during the next few weeks. The main proposals of the bondholders' resolution are:

- Maturity of the bonds to be extended by 24 months to 3 October 2024
- Certain covenant amendments and waivers, including a change of control waiver and the replacement of the subordinated capital ratio with a minimum EBITDA covenant of EUR 16.25m.
- One quarter's interest payment to be paid-in-kind and EUR 1.25m of the April 2022 amortisation to be waived
- Additional 1% margin, paid-in-kind upon repayment of the bonds
- Consent fee of 0.5% of first lien bonds held to be paid in cash for consenting first lien bondholders at the restructuring date
- Warrants for 10% of the value exceeding a total enterprise value of EUR 235m to be shared pro rata amongst consenting first lien bondholders at the restructuring date

Implications for second lien bond holders in ZITON A/S (ISIN: NO0010832512)

Second lien bondholders are expected to receive the summons for a bondholders' meeting during the next few weeks. The main proposals of the bondholders' resolution are:

- Maturity of the bonds to be extended by 24 months to 3 April 2025
- Certain covenant amendments and waivers, including a change of control waiver the replacement of the subordinated capital ratio with a minimum EBITDA covenant of EUR 16.25m.
- Reduction of interest by 3.85% to Euribor + 9.0%
- Issuance of a pari passu incremental second lien bond in an amount of EUR 10.0m as cash injection into the company which will be provided by certain parties to the lock-up agreement

Implications for first lien bond holders in Wind Enterprise P/S (ISIN: NO0010911126)

First lien bondholders in Wind Enterprise P/S are expected to receive summons for a bondholders' meeting during the next few weeks. The main proposals of the bondholders' resolution relate to certain covenant amendments and waivers, including a change of control waiver and a loosening of the interest coverage ratio covenant.

The current standstill is expected to be prolonged by up to 90 days, providing time for implementation of the lock-up agreement and related transactions, including approval of the bondholders' resolutions and regulatory approvals. It is expected that all approvals will be in place to complete interest payments on the first lien bond on 3 July 2022.

ZITON and its wholly owned subsidiary Wind Enterprise P/S has delayed publication of its annual reports for 2021 scheduled for publication on 29 April 2022 and has delayed publication of the interim report for Q1 2022 scheduled for 31 May 2022. Publication of the annual report for 2021 and interim report for Q1 2022 will be accomplished as soon as feasible.

Preliminary results year-to-date for 2022 are slightly above expectations and reaffirms the outlook for 2022 communicated in the interim report for Q4 2021. Consequently, the guidance for 2022 of EBITDA in the range of EUR 26-30m is unchanged. In addition, the liquidity situation of the company is satisfactory, reflecting that no monthly payments were made to the retention account in February, March and April in respect of the first lien bond of ZITON.

Pareto Securities AB has been retained as financial advisor by ZITON.

For further information, please contact

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