

ZITON A/S

Bygholm Søpark 21E

DK-8700 Horsens

www.ziton.eu

Adjusted guidance, capital injection and liquidity improvement

Background for the adjusted guidance

In January 2019, Siemens Gamesa Renewable Energy ("SGRE") selected ZITON as preferred supplier for a blade campaign at the West of Duddon Sands wind farm ("WoDS"). On 16 May 2019 ZITON and SGRE entered into a contract (the "WoDS Contract") regarding the blade campaign. Under the WoDS Contract, ZITON is to provide a full turnkey solution including, among other things, jack-up, lifting equipment, lift planning, technicians and blade upgrade work including onshore blade facilities.

Initiation of the WoDS blade campaign was delayed to July 2019 as it took longer than expected to obtain all permits required. In Q2 2019 this delay negatively affected revenue by approx. 4 MEUR.

During the first 2 months of the project, the expected level of operating efficiency was not achieved. A new project organisation was assigned and various inefficiencies in project execution was addressed one by one, leading to steady progress. Subsequently, all but one of the subsequent exchanges have been carried out at the average efficiency expected for the project. All in all, these factors and, adverse weather and damage to the blade lifting system reduced revenue from the WoDS and negatively affected ZITONs EBITDA by approx. EUR 4 million during Q3 2019.

Challenges with the WoDS blade campaign continued in the first weeks of Q4 2019 due to an unfortunate damage to the blade lifting system, combined with adverse weather. Subsequently, performance has been improved and during November performance has been in line with original expectations. Still, ZITON's EBITDA is approx. EUR 2 million lower on the WoDS blade campaign than expected in Q4 2019, mainly as a result of damage to the blade lifting system.

Adjustment of guidance

In ZITONs Q3 report issued on 4th November 2019, the guidance for EBITDA was lowered to the lower end of the range 15-19 MEUR. ZITON did not achieve the expected performance from the WoDS blade campaign until November, further the utilisation of the three other vessels have been lower than expected during the second half of Q4 2019. Consequently, ZITON reduces the full year 2019 guidance for EBITDA to EUR 8-10 million.

Outlook for 2020

ZITON's outlook for 2020 is encouraging. ZITON and SGRE have agreed to carry 2 set of blades on J/U WIND SERVER which will allow for an efficiency in line with original expectations, and the framework agreements with Ørsted, Vattenfall and MHI Vestas Offshore Wind provides a good coverage going into 2020. Consequently, initial guidance for EBITDA for 2020 is EUR 24-30m.

Capital injection and liquidity improvement

The developments discussed above has put strains on ZITONs subordinated capital and liquidity, triggering a need for the amendment to the WoDS Contract ensuring advance payment.

BWB Partners, the majority shareholder of ZITON, is convinced of ZITON's future potential, especially on the back the improved performance in the WoDS project. As BWB Partners remain highly committed and to avoid any potential breach of the covenant on "Subordinated Capital Ratio" in the Bond Terms and in order to support ZITON, the majority shareholder intends to inject additional cash in the form of subordinated capital in an amount of DKK 15 million. The Capital Injection will in such case take place in December 2019. Following this the Subordinated Capital Ratio per 31 December 2019 is expected to be above 32.5%.

The WoDS Contract originally did not contain provisions on advance payments. The WoDS campaign has taken considerably longer than expected due to a number of factors. On this basis the ZITON and Siemens Gamesa have today signed an amendment to the WoDS Contract to include an advance payment from Siemens Gamesa to the ZITON of GBP 5.5 million. The amendment necessitates an additional performance guarantee to be issued by Spar Nord Bank A/S to Siemens Gamesa relating to the WoDS Contract, by the amount of GBP 5.5 million. Provided that a Bondholders' resolution is passed during December 2019, the payment will be received at the end of 2019 and will have no impact on earnings but will strengthen the company's liquidity position.

The Capital Injection of DKK 15 million, coupled with the GBP 5.5 million advance payment from Siemens Gamesa, are expected to alleviate any cash constraints of ZITON and provide sufficient liquidity for the coming 12 months.

For further information, please contact

Thorsten Jalk, CEO ZITON A/S

email: thj@ziton.eu

direct: +45 8744 4410

Jens Michael Haurum, CFO ZITON A/S

email: jmh@ziton.eu

direct: +45 8744 4430