ZITON ANNUAL REPORT 2022

A year with strong financial improvements

”If the world wants to reach its environmental targets, we don’t just need a lot of new wind turbines. We need to keep the ones, we have, up and running. That’s where ZITON steps in.”

Thorsten Jalk
CEO, ZITON A/S

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Overview

A year with strong financial improvements

CEO Thorsten Jalk shares his perspective on a year with strong financial improvements and the future development of ZITON

Dear stakeholders,

As CEO, I am pleased to present ZITON's annual report 2022. I am proud to report that our company has made significant progress over the past year. We have improved EBITDA, our key earnings measure, by more than 40% to EUR 26.6m. We have done that by focusing on our core competencies of providing our customers with high-quality services and turnkey solutions. The improvement has further been fueled by our employees' relentless focus on operational efficiency and continuous improvement.

In addition, we have successfully restructured our debt, which has put our company in a much better financial position for the future. This development has improved our financial stability, and provided us with better opportunities to invest in our business and pursue new growth initiatives.

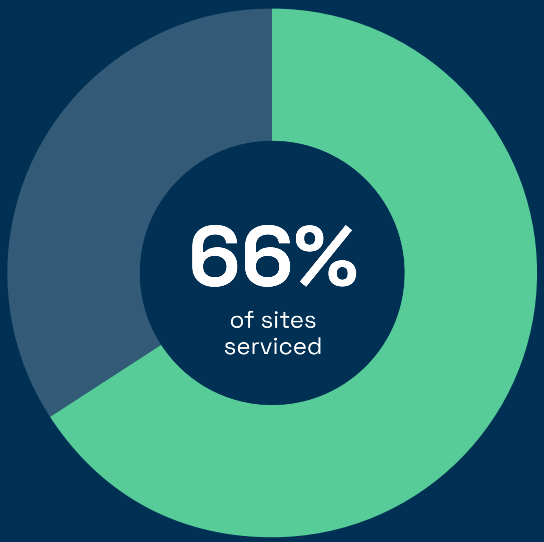
Moreover, I am delighted that we have further strengthened our ties and signed strategic agreements with RWE Renewables and SSE Renewables. We are proud to have earned the trust of these customers and look forward to building long-term relationships with them.

I am confident that we are on the right track, and we remain committed to our long-term strategy of investing in our business, pursuing new opportunities, and delivering value to our shareholders.

Sincerely,
Thorsten Jalk
CEO, ZITON A/S

Our experience

ZITON is the market-leading service provider within offshore wind operations & maintenance. We have carried out more than 1,450 service interventions at 69 wind farms across seven countries.

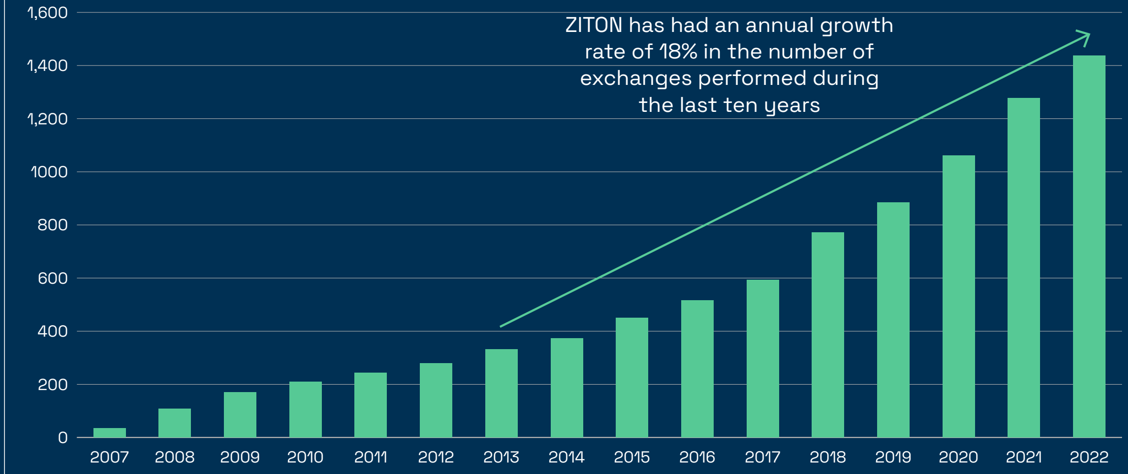


ZITON has serviced two thirds of all northern European offshore wind farms

ACCUMULATED NUMBER OF INTERVENTIONS

+18%

ZITON has had an annual growth rate of 18% in the number of exchanges performed during the last ten years



MARKET SHARE

ZITON has had a market share of 49% in northern Europe over the past three-year period - more than double the market share of number two

Highlights of 2022

JANUARY - DECEMBER
J/U WIND ENTERPRISE working on time-charter

MARCH - APRIL
J/U WIND PIONEER working on time-charter

JULY - AUGUST
Five-year classing of J/U WIND at DAMEN Shipyard in Amsterdam

AUGUST - DECEMBER
J/U WIND SERVER working on time-charter

MARCH - APRIL
J/U WIND working on time-charter

MAY - JUNE
J/U WIND SERVER working on time-charter

AUGUST - OCTOBER
J/U WIND PIONEER working on time-charter

DECEMBER
159 interventions made throughout the year

Expertise

Offshore wind turbine

At ZITON, we are dedicated to the offshore wind O&M market for major component replacements. As the market leader we have gained our expertise and know-how through the completion of more than 1,450 interventions throughout northern Europe. We have serviced all installed models up to 10 MW and we have experience from all kinds of seabeds and weather conditions. We provide jack-up services and manpower for replacement of the major components shown in the illustration.

Our service offerings

ZITON's business arises from owning and operating jack-up vessels designed to carry out O&M services on turbines at offshore wind farms. The business model has evolved in recent years and now includes full-service and turnkey solutions.

FULL-SERVICE SOLUTIONS

ZITON's core business is to own and operate jack-up vessels, whilst the platform has been expanded by introducing value-added services.

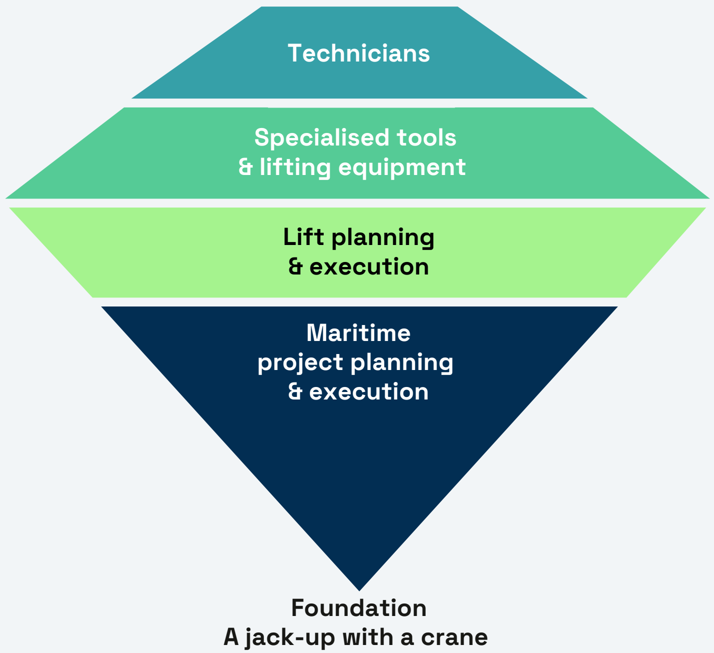
ZITON provides full-service solutions for major component replacements ("MCRs"), including maritime project planning & execution, lift planning & execution, specialised tools & lifting equipment, and technicians in addition to jack-ups with experienced crews, which is illustrated with the diamond to the right.

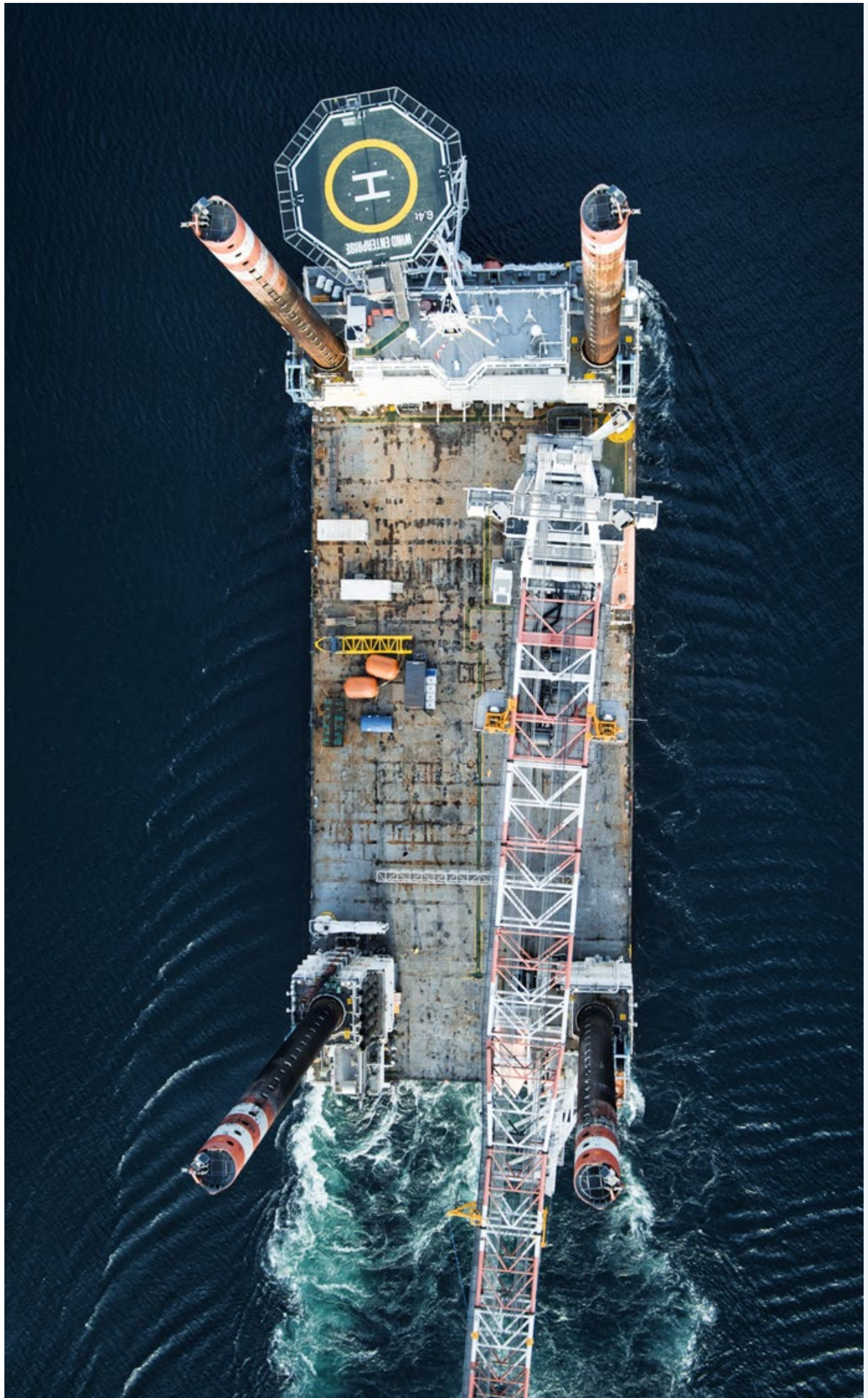
Full-service solutions have their obvious advantages from the customers' point of view, since they have their skills and expertise in day-to-day O&M routines, which do not include MCRs. MCRs are not needed that often, which makes it difficult to build the experience necessary to carry out replacements smoothly and efficiently. ZITON has performed more than 1,450 MCRs and has developed processes and procedures enabling safe and efficient operations, including the ZITON Portal, which among other things enables delivery of cost-efficient project documentation.

TURNKEY SOLUTIONS

ZITON has expanded its scope by offering turnkey solutions and decommissioning. For turnkey solutions and repair campaigns, ZITON collaborates with sub-suppliers to repair and upgrade components, provides facilities and other compulsory requirements. For decommissioning, ZITON collaborates with sub-suppliers where relevant, and provides a turnkey solution for cutting, recycling of waste materials, seabed inspection, etc.

In a turnkey solution, ZITON takes full responsibility for the solution and assumes the risks that customers are willing to pay for. ZITON has the experience to handle risks like project management and coordination with sub-suppliers better than anyone. This has its obvious advantages from the customer's point of view, as it means less risk and only one contracting





partner, while the benefit is equally attractive for ZITON as it further differentiates the service offering.

BLADE CAMPAIGNS

Blade campaigns has been an important segment for O&M services in recent years. Because of erosion it becomes necessary to mount leading edge protection ("LEP") to the blades, while the repair is also often combined with an upgrade of the blade performance.

Over three campaigns, ZITON has successfully repaired almost 900 blades with an onshore solution, where the blades were transported to an onshore blade repair facility, repaired, and then used to replace worn blades on the next turbine.

ZITON also offers on-deck solutions with repairs being carried out on the deck of the vessel as well as the Hangout tip repair solution. The Hangout is an advanced platform that is raised from the deck of the jack-up and lowered over the tip of the blade. It contains all the necessary equipment to make the repairs, and it provides a safe and protected working zone for blade technicians. Furthermore, it is operational in harsher weather conditions than tolerated for basic blade repair performed using rope, thus providing significantly more working days per year.

All ZITON's solutions mentioned above enable a considerable higher process quality than other blade access solutions like rope access, due to improved work ergonomics and by providing climate-controlled habitats. All solutions are illustrated on the following pages.

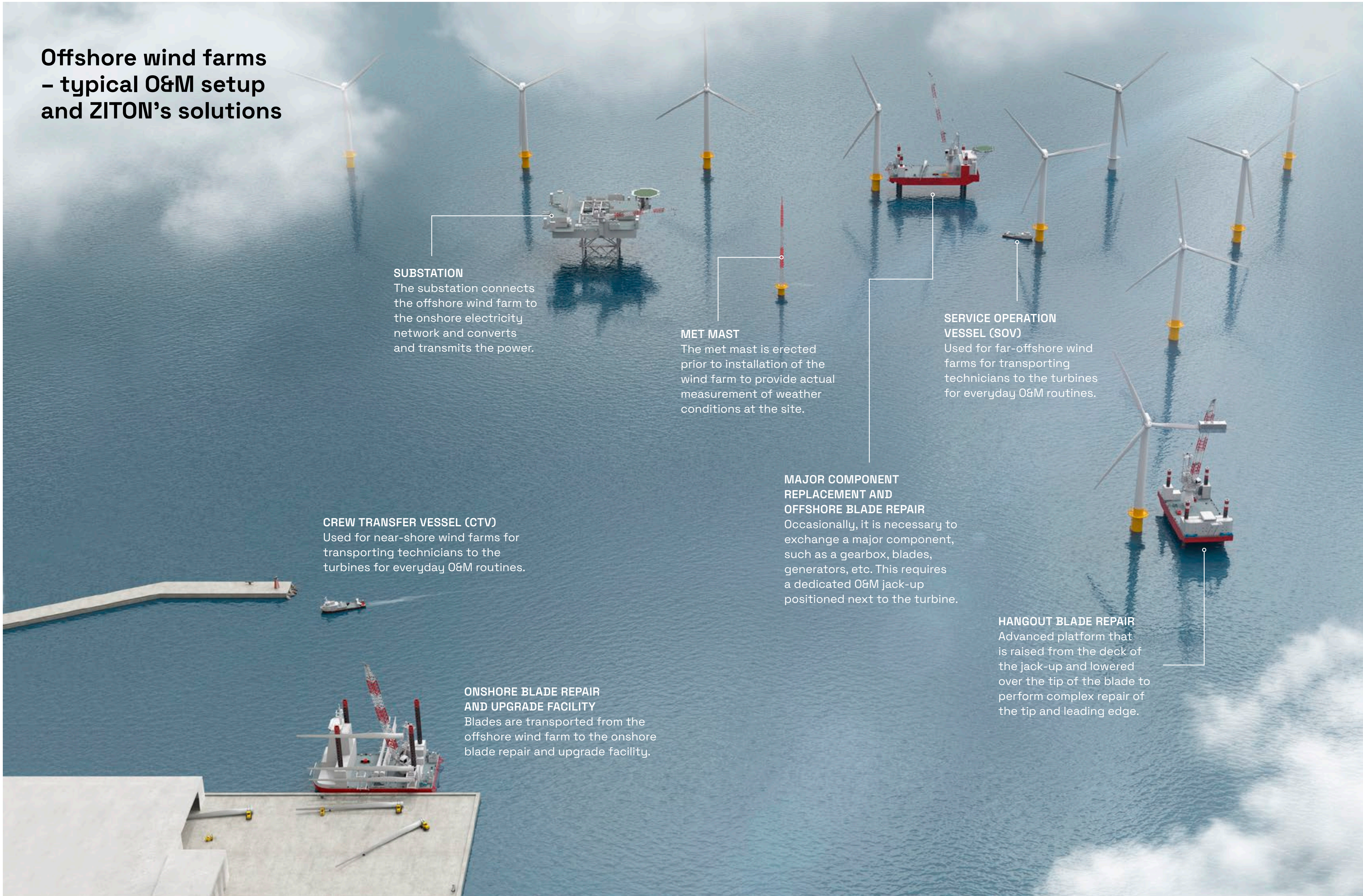
TYPICAL O&M SETUP

An important part of O&M is remote monitoring onshore, which includes supervision of the turbines and diagnostics should a malfunction occur. Day-to-day O&M routines include among other things inspections, minor repairs, greasing, or electrical work. Offshore wind farms usually operate crew transfer vessels or service operation vessels as part of their O&M setup depending on their size and distance to shore.

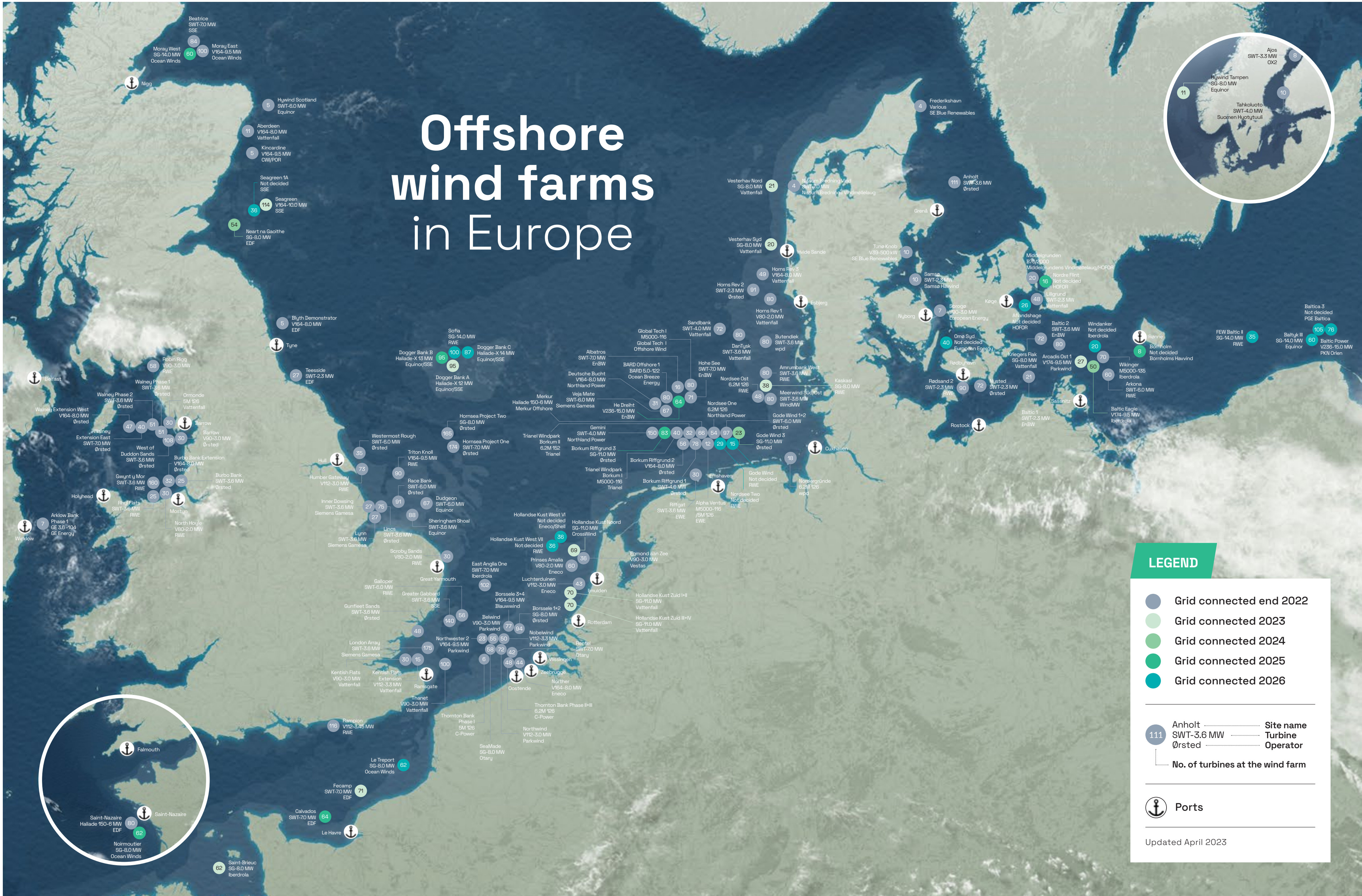
MCR jobs involving replacement of gearboxes, blades, generators and other components require jack-up vessels such as those owned and operated by ZITON. These vessels are not owned by the operators of the wind farms, and therefore they need to hire such vessels by chartering or signing lumpsum contracts.

A typical O&M setup and ZITON's solutions are illustrated on the following page

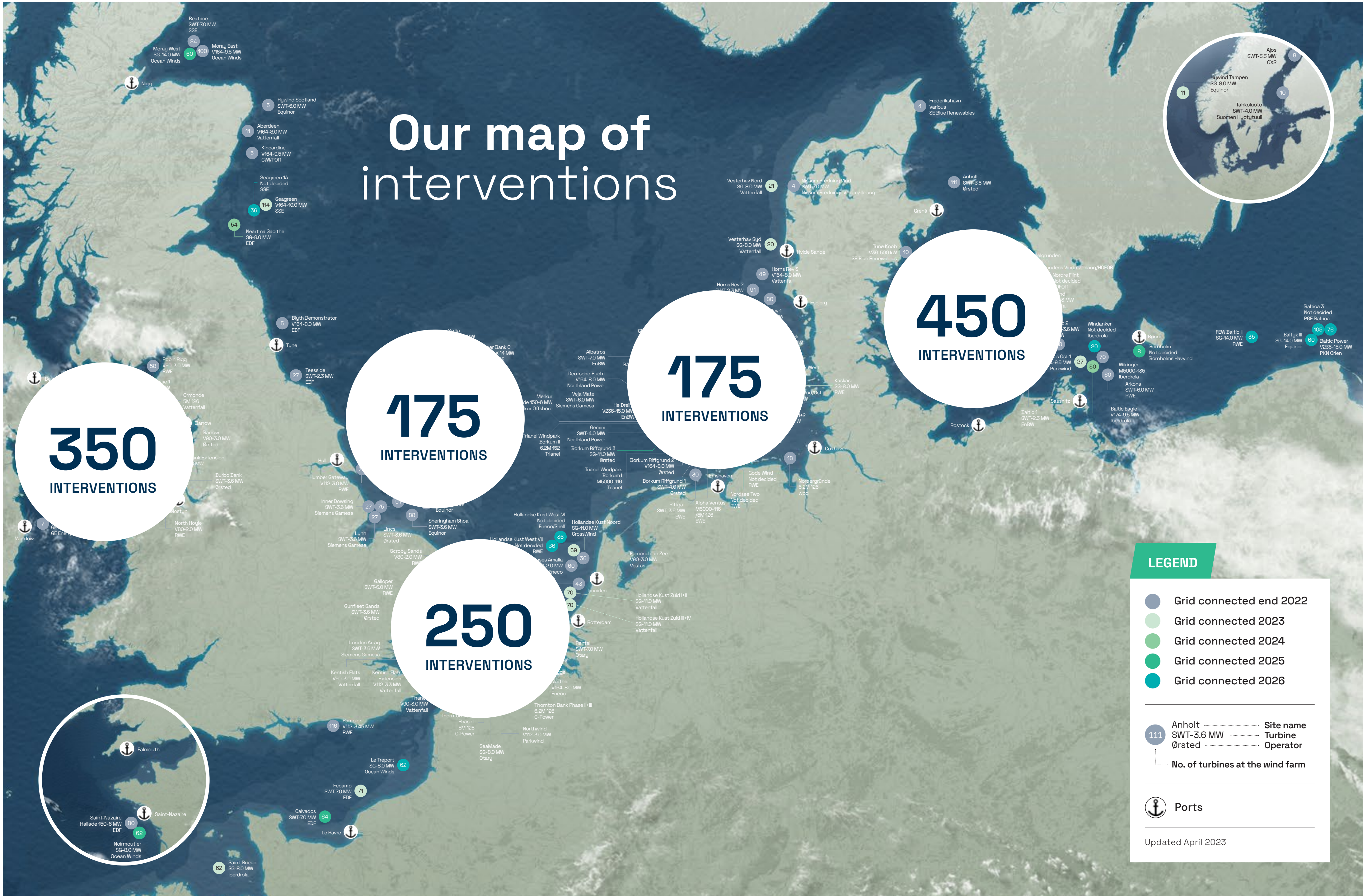
Offshore wind farms – typical O&M setup and ZITON's solutions



Offshore wind farms in Europe



Our map of interventions



”We often work for a whole month, stay home for a month, go offshore again, and so on. It provides a work-life balance that works well for me. I appreciate the working conditions out here, and I look forward every day to spending time with my colleagues and together reaching new heights.”

Thilde Hedegaard
First Engineer, ZITON A/S

Our vessels

ZITON owns and operates a fleet of four dedicated O&M jack-up vessels, which provides us with the flexibility and versatility to operate at almost every offshore wind farm in northern Europe.

ZITON is the largest dedicated provider of jack-ups for O&M assignments, such as major component replacements, blade campaigns or decommissioning. Our fleet is not occupied by long-lasting installation assignments, and the vessels provide the flexibility and versatility to operate at almost every offshore wind farm in northern Europe.

Our fleet allows us to offer a cost-effective set-up, and our lighter and smaller vessels have low fuel consumption compared to the installation counterparts, providing our customers with the industry's lowest carbon footprint.

ZITON's four vessels are presented here.

J/U WIND ENTERPRISE

J/U WIND ENTERPRISE is the largest vessel in our fleet capable of servicing turbines up to 10 MW. The vessel was acquired in 2021 and is currently working on a long-term time charter. J/U WIND ENTERPRISE is equipped with an 800 tonnes crane and is capable of working in water depths of up to 48 meters.

J/U WIND SERVER

J/U WIND SERVER is our second-largest vessel and the only jack-up vessel purposely built for the O&M market in offshore wind. The vessel was built by ZITON in 2014 and is perfectly dimensioned for major component replacements on turbines up to 5 MW. J/U WIND SERVER is equipped with a 400 tonnes crane and capable of working in water depths of up to 45 meters.

J/U WIND PIONEER

J/U WIND PIONEER was bought in 2012 by ZITON and rebuilt at Ørskov Yard. The vessel is very well-suited for major component replacements on smaller turbines up to 4 MW, while it also provides one of the industry's lowest carbon-footprints. J/U WIND PIONEER is equipped with a 150 tonnes crane and capable of working in water depths of up to 34 meters.

J/U WIND

J/U WIND is our smallest vessel, and she was one of the first jack-ups in offshore wind, and the first one dedicated to O&M. ZITON has owned the vessel since 2007 meaning that she has an impressive track record with more than 500 interventions. She also offers the industry's lowest carbon-footprint and is well-suited for smaller turbines. J/U WIND is equipped with a 30 tonnes crane and capable of working in water depths of up to 35 meters.

J/U WIND ENTERPRISE

GENERAL INFORMATION

Length, overall	100.0 m
Width, overall	40.0 m
Hull depth	8.0 m
Pre-drive capacity, active	6,750 t/leg
Elevating speed	0.7 m/minute
Transit speed	Approx. 6 knots
Accommodation	28 single cabins for charterer and 20 single cabins for crew
Ownership	Bareboat chartered from May 2019 and owned since 2021

CARGO CAPACITY

Payload	4,500 t
Main deck area	Approx. 2,850 m²

MAIN CRANE AND LIFTING CAPACITY

Main crane	Liebherr BOS 35000
Main crane boom length	102.0 m
Main crane max. lifting capacity	800 t at 25 m radius at 116 m height above deck

OPERATING CONDITIONS

Service	Unrestricted (as per DNV rules)
Endurance	21 days
Jacking operations – wave height	Up to 2.0 m
Jacking operations – wind	Up to 15.0 m/s
Jacking operations – tidal current	Up to 1.2 kn
Jacking operations – max. depth	Up to 48.0 m

J/U WIND SERVER

GENERAL INFORMATION

Length, overall	79.6 m
Width, overall	32.3 m
Hull depth	7.4 m
Pre-drive capacity, active	2,700 t/leg
Elevating speed	1.0 m/minute
Transit speed	Approx. 9 knot
Accommodation	24 single cabins for charterer and 15 single cabins for crew
Ownership	Owned since 2014

CARGO CAPACITY

Payload	1,500 t
Main deck area	Approx. 1,000 m²

MAIN CRANE AND LIFTING CAPACITY

Main crane	Liebherr BOS 14000
Main crane boom length	87.0 m
Main crane max. lifting capacity	400 t at 20 m radius at 96 m height above deck

OPERATING CONDITIONS

Service	Unrestricted (as per DNV rules)
Endurance	30 days
Jacking operations – wave height	Up to 2.6 m
Jacking operations – wind	Up to 15.0 m/s
Jacking operations – tidal current	Up to 1.2 kn
Jacking operations – max. depth	Up to 48.0 m

J/U WIND PIONEER

GENERAL INFORMATION

Length, overall	56.0 m
Width, overall	28.0 m
Hull depth	4.5 m
Pre-drive capacity, active	1,200 t/leg
Elevating speed	0.5 m/minute
Transit speed	Approx. 5 knots (towed)
Accommodation	22 single cabins for charterer and 12 single cabins for crew
Ownership	Owned since 2012

CARGO CAPACITY

Payload	650 t
Main deck area	Approx. 530 m²

MAIN CRANE AND LIFTING CAPACITY

Main crane	Liebherr BOS 7500
Main crane boom length	78.0 m
Main crane max. lifting capacity	150 t at 19 m radius at 78 m height above deck

OPERATING CONDITIONS

Service	R2 (as per DNV rules)
Endurance	30 days
Jacking operations – wave height	Up to 1.35 m
Jacking operations – wind	Up to 14.0 m/s
Jacking operations – tidal current	Up to 2.5 kn
Jacking operations – max. depth	Up to 34.0 m

J/U WIND

GENERAL INFORMATION

Length, overall	55.1 m
Width, overall	18.1 m
Hull depth	4.0 m
Pre-drive capacity, active	600 t/leg
Elevating speed	0.7 m/minute
Transit speed	Approx. 6 knots
Accommodation	20 single cabins for charterer and 11 single cabins for crew
Ownership	Owned since 2007

CARGO CAPACITY

Payload	220 t
Main deck area	Approx. 430 m²

MAIN CRANE AND LIFTING CAPACITY

Main crane	Liebherr LTR 11200
Main crane boom length	28-110 (telescopic)
Main crane max. lifting capacity	30 t at 30 m radius at 100 m height above deck

OPERATING CONDITIONS

Service	Weather restricted, site specific
Endurance	30 days
Jacking operations – wave height	Up to 0.75 m
Jacking operations – wind	Up to 10.0 m/s
Jacking operations – tidal current	Up to 1 kn
Jacking operations – max. depth	Up to 35 m

Digital transformation

ZITON continually invests in the digitalisation of the business to improve operations and its interaction with customers. Digitalisation is one of five key strategic initiatives at ZITON.

Digital transformation at ZITON encompasses the processes across the company from operation to connectivity with customers, and automation of processes to data-driven decision making. We continually review process by process. Initially, we strive to simplify and streamline processes. Then we investigate the digitalisation and automation potential of each process. We also review technology trends to evaluate whether there are solutions we can utilise in our digital transformation.

We have successfully developed the ZITON Portal over the past years in a process driven by a team dedicated to improving connectivity with our customers. The portal enables us to exchange project documentation seamlessly with our customers. We use a cloud-based solution on which customers can interact with us using a browser. This is a very cost-effective solution that allows customers to access all documentation in one place. We also maintain all our safety and quality management documentation on the ZITON Portal, for our own and for our customers' convenience.

ZITON has implemented a data ethics policy for its application of machine learning and advanced analytics. ZITON collects proprietary data about historical major component replacements, current and future offshore wind farms etc. to predict market demand in the coming years. The purpose is to prepare information of how to optimise vessel utilisation. Data used by ZITON, does not constitute data about individuals and as such algorithms do not discriminate on individuals or group of individuals.

Our seven focus areas for our digital transformation are elaborated on the following pages.

Digital transformation focus areas

Connectivity

- Collaboration with customers on project documentation using our portal, which is a cloud-based collaboration platform
- Document repository for customers providing daily progress reports, HSE plans, operating procedures, vessel certificates, crew certificates, technical information of vessels, etc.
- App-based system onboard our vessels used to report information used for invoicing of customers and to align the information with customers

Automation of processes

- During 2023, we will migrate our current ERP-system to a cloud-based system. To further automate processes, we will utilise add-on modules like expense management, invoice payment processes and reconciliation of accounts
- During the last five years, we have used robotic process automation ("RPA") for automation of processes and integration of systems. When implementing the new ERP-system we will replace RPA with an application programming interface based integration with our asset management system for our vessels

Operations

- Geographic information systems used for turbine locations, positioning of jack-up, etc.
- Sensor data used to support operation of crane and jacking system
- App-based system onboard our vessels used to enable real-time reporting of operational information

Business intelligence

- Business intelligence system used to visualise market data and the data we collect from various operational systems
- Preparation for data management and audit of ESG reporting in accordance with the EU Taxonomy Corporate Sustainability Reporting Directive

Digital transformation focus areas (continued)

Collaboration

- We follow our flag state laws and requirements and the best practices within offshore wind as well as The International Maritime Organisation's ("IMO") policies, practices, and procedures to ensure safety on the vessels and for the marine environment. These are regulated in our safety management system, which is integrated to our portal making safety information, shared learnings and best practices accessible for everybody
- We also use the portal to collaborate on project management for major component replacements and other projects
- We use Teams and Sharepoint for online meetings between people at different locations and for collaboration and document sharing

Data-driven decision making

- Machine learning and advanced analytics used to predict future market demand
- Cloud-based financial planning & analysis platform used for both short- and long-term planning

Cyber security

- The importance of cyber security has taken priority at board level since the current controlling shareholder became represented on the Board
- Cyber security is the foundation for our continued digitalisation as we create more digitally stored data, it is becoming increasingly important to protect digital information, personal data, and systems

Market

”Offshore wind represents a key opportunity for countries to push the energy transition forward at scale, creating significant national and local jobs and economic growth, and lowering energy prices, while supporting energy security.”

Rebecca Williams
Global Head of Offshore Wind, Global Wind Energy Council
Global Offshore Wind Report 2022

Development of offshore wind & the O&M market

The outlook for offshore wind worldwide and especially in Europe is as strong as can be. Energy transitions towards zero-emissions, ambitious capacity targets, and longer lifetimes of existing sites creates a market development, which is very positive.

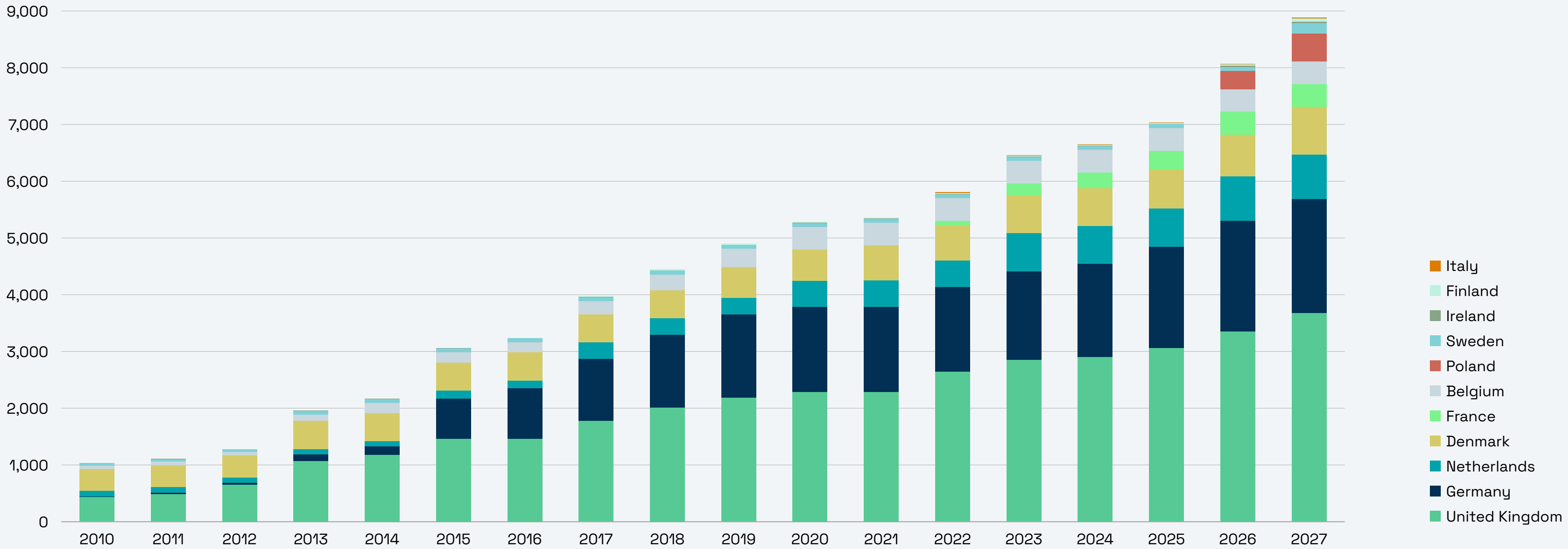
DEVELOPMENT OF OFFSHORE WIND

Since the first offshore wind farm was installed off the coast of Denmark in 1991, the industry has expanded steadily, and from mainly being a European phenomenon, globalisation of offshore wind has increased in recent years were especially China and Taiwan have been the frontrunners outside of Europe. Over the coming years, offshore wind is also expected to accelerate in countries like USA, South Korea, and Japan, while many other countries are starting to explore possibilities and solutions suitable for their meteorological and geological conditions.

In Europe, the EU's commitment to becoming the first climate neutral continent by 2050 – the so-called Green Deal – has resulted in the EU Offshore Renewable Energy Strategy, which sets out ambitious goals of reaching at least 60 GW of offshore wind capacity by 2030 and 300 GW by 2050. Goals which require changes in market design and permitting, and investments of around EUR 800b.

After a few years with relatively small increases in installed capacity, we will see a more significant development in the coming years. The development is seen in the well-established offshore wind countries like Denmark, Germany, Netherlands, Belgium, and the UK, as well as in countries with a small current capacity like Sweden, Finland, and Ireland, and new countries like France, Italy, Poland, and Norway, where the first two had their first offshore wind farms installed in 2022. Changing the environmental development has made the transition towards renewable energy even more important. This is also emphasised by ambitious offshore wind targets in the individual countries, were the UK aims at 50 GW in 2030, while the EU countries of Germany, Netherlands, France, Denmark, Portugal,

EXPECTED GROWTH IN THE NUMBER OF TURBINES INSTALLED IN EUROPE
Turbines grid connected, end of period



Source: ZITON data

Belgium, Ireland, Poland, and Spain aim at 30, 21, 18, 12.9, 10, 8, 7, 5.9 and 3, respectively. For just those countries that is a total of more than 165 GW, with 115 GW of those coming from EU countries, which is almost two times the EU target for 2030. However, in order to reach these targets, the market needs to see a more rapid development, since it will require a lot of new projects being developed, processed, and installed at a much higher pace than now. Thus, lately we have seen more criticism of the tender systems in several countries, while a more sceptical attitude towards the achievability of the targets has become more dominant – most recently in Denmark with the suspension of the open-door scheme. Suspensions and postponements like these will definitely be a serious concern for the industry, as well as the need for more production capacity, raw materials, manpower, infrastructure, and offshore installation vessels.

However, both in the short and long-term the general development in offshore wind is very positive for ZITON, and when looking at fully commissioned sites, and sites which are of relevance to us, the number of offshore wind turbines is expected to grow with a total of 53% over the next five years, with the majority being in ZITON's primary markets. At the same time, it is assumed that the lifetimes of older wind farms will be at least 25 years instead of the previously estimate of 20 years – and maybe even longer. It means that a lot of the sites with older and smaller turbines suitable for our smallest vessels will be in the market for a longer period, which will generate more work for ZITON.

2022 STATUS OF OFFSHORE WIND IN EUROPE

In 2022, the UK remains the dominant nation within European offshore wind with 45% of the installed base on fully commissioned sites, while Germany is the second-largest nation with 26%. Other notable countries are Denmark, Belgium and the Netherlands with a total of 26%.

Ørsted maintains the position as the largest offshore wind farm operator ("WFO"), operating 30% of Europe's installed base at the end of 2022. Other major European WFOs are RWE Renewables ("RWE") and Vattenfall, operating 16% and 10% respectively. The remaining capacity is relatively fragmented among several operators, but we do see more and more large energy companies turn towards green transitions, where especially large companies from the oil and gas industry have made investments in offshore wind recently.

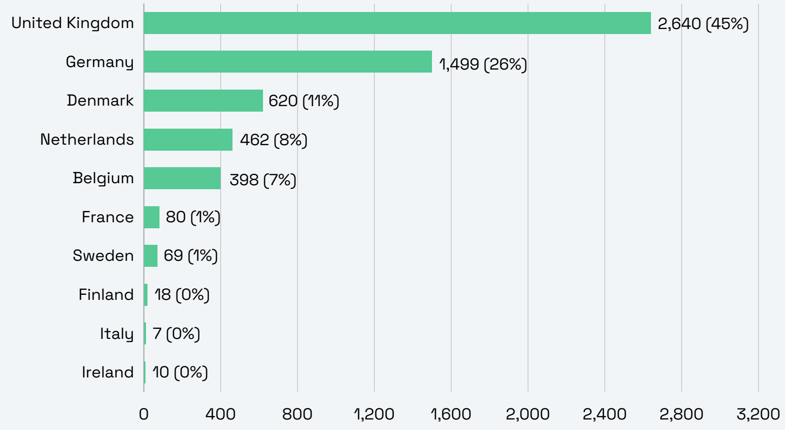
Manufacturing of offshore turbines in Europe is dominated by Siemens Gamesa Renewable Energy ("SGRE"), who has delivered 67% of the installed turbine base, and Vestas Offshore Wind ("Vestas") with 26%, while GE Renewable Energy ("GE") will become a larger player with their Dogger Bank complex in the coming years.

At the end of 2022, SGRE had installed a total of 1,600 turbines of their D6, D7 and D8 direct drive and Adwen models, while Vestas had installed 560 of their V164 model. SGRE had an installed base of 2,238 turbines of their previous smaller turbine models, while Vestas had 920.

The larger turbine models made up 38% of the installed base at the end of 2022. Over the coming years, these models are expected to make up the majority of turbines installed

COUNTRY DISTRIBUTION

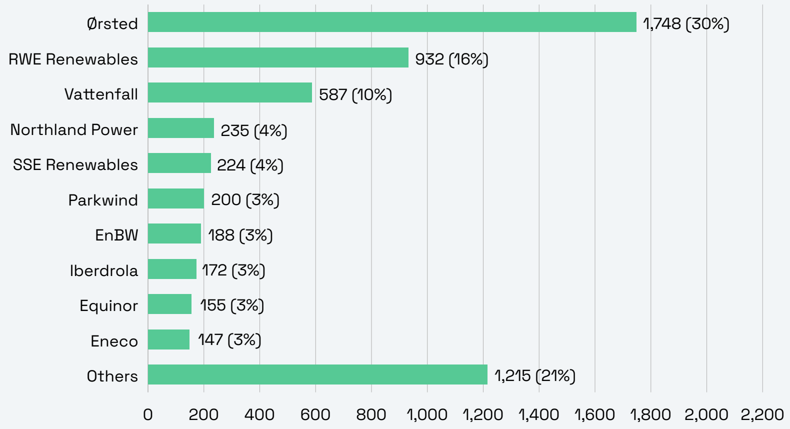
Turbines on fully commissioned sites in Europe, end 2022



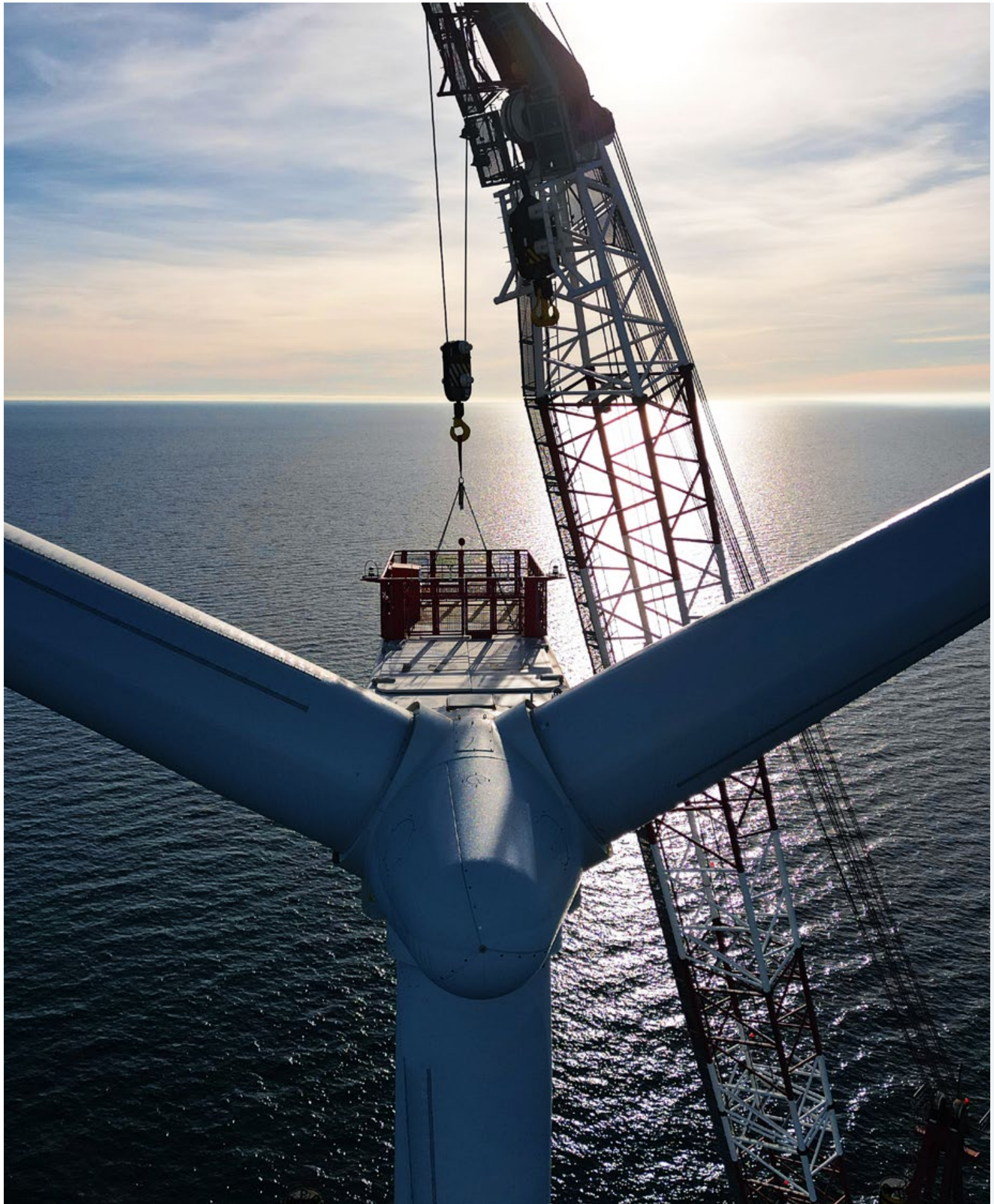
Source: ZITON data

WIND FARM OPERATOR DISTRIBUTION

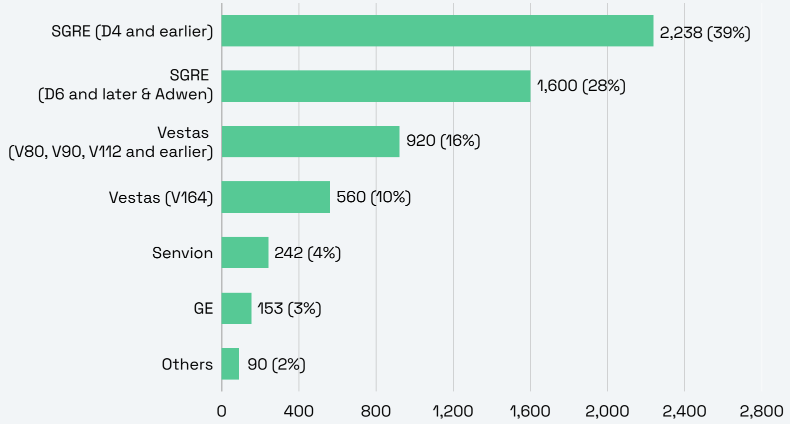
Turbines on fully commissioned sites in Europe, end 2022



Source: ZITON data



TURBINE MODEL DISTRIBUTION
Turbines on fully commissioned sites in Europe, end 2022



Source: ZITON data

offshore with GE having presented an upgraded version of their Haliade-X turbine of 14 MW with a 220-meter rotor diameter and 107-meter blades, SGRE with their up-to-15 MW turbine with a 236-meter rotor diameter and 115-meter blades, and Vestas with their 15 MW turbine with a 236-meter rotor diameter and 115.5-meter blades. Also, some Chinese manufacturers have presented larger models, which might also be introduced on the European market, as has been seen with the Chinese turbines having been installed at Italy's Taranto site. As can be seen from the curve in the illustration on the following page, this means that the average size of turbines installed will rise significantly in the next five years. The decreases in 2022 and 2024 are due to the installation of 6-8 MW turbines in the French market.

ZITON'S ADRESSABLE MARKET

The first driver of demand for major component replacements ("MCRs") is the number of installed turbines. With the currently known and relevant projects, the number of installed offshore turbines in Europe is expected to reach a total of 8,880 within the next five years, and all of these will require servicing during their lifespan of at least 25 years.

The second driver is the turbine failure rate, and with the first generation of turbines installed in the early 2000s remaining in operation, limited public information of long-term empirical data is available on the failure rate of major components. Moreover, the data varies between different turbine generations, and it varies from OEM to OEM, location to location etc.

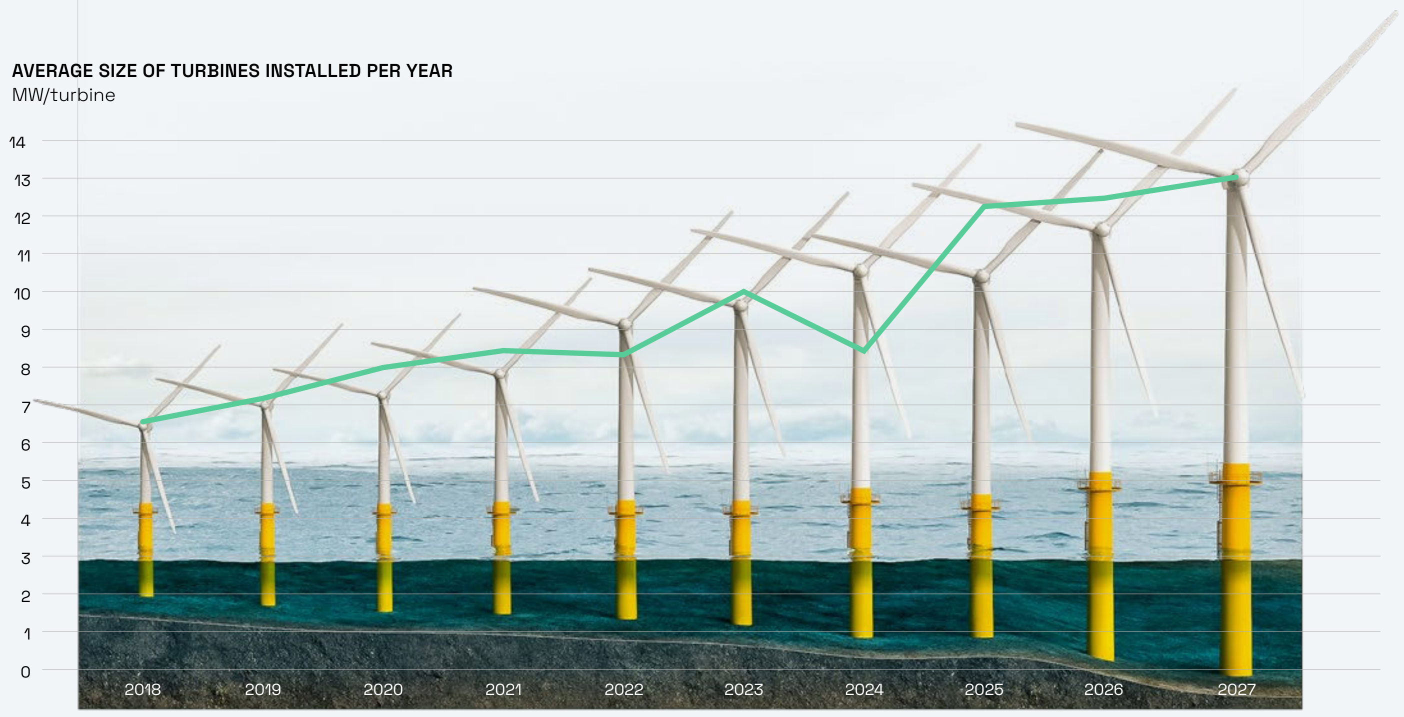
The offshore wind industry in Europe is still relatively young, but as illustrated by the upper chart on the next page, we have seen a change over the last years where the majority of the installed turbines have reached an age of more than six years. ZITON's data shows that failure rates increase considerably from year six to ten due to wear-and-tear, and currently more than 3,600 turbines are more than six years old while additional 988 will pass six years of age during the next two years. This is very interesting for ZITON, since older turbines historically result in more MCRs.

By tracking the age of installed turbines, the forecasted installation pipeline, and the expected failure rates of turbines, it is possible to arrive at an estimate of the number of interventions required until 2027. Previously, ZITON has also completed three major blade campaigns, but going forward, we expect to achieve full utilisation of our vessels solely from MCRs. This is due to the increase in forecasted interventions, and an expected supply deficit for jack-up vessels in the O&M market.

As illustrated by the lower chart on the next page, the total number of MCRs increased by 61% from 2020 to 2022, while the forecasted number of interventions is also expected to increase with 61% over the coming years reaching 464 MCRs in 2027.

Finally, as the European offshore wind market matures, older WTGs will eventually reach the end of their useful life and will have to be decommissioned. ZITON has already carried out decommissioning of a number of met masts and turbines and expects this area to become an increasing contributor to overall revenue at some point. However, lifetime extensions to at least 25 years instead of 20 have postponed these jobs until the late 2020s.

AVERAGE SIZE OF TURBINES INSTALLED PER YEAR
MW/turbine



Source: ZITON data

COMPETITIVE ENVIRONMENT

Throughout the history of the industry, ZITON has been the clear market leader within dedicated O&M services for MCRs with a total market share of 48% – and with a share of 49% over the last three years.

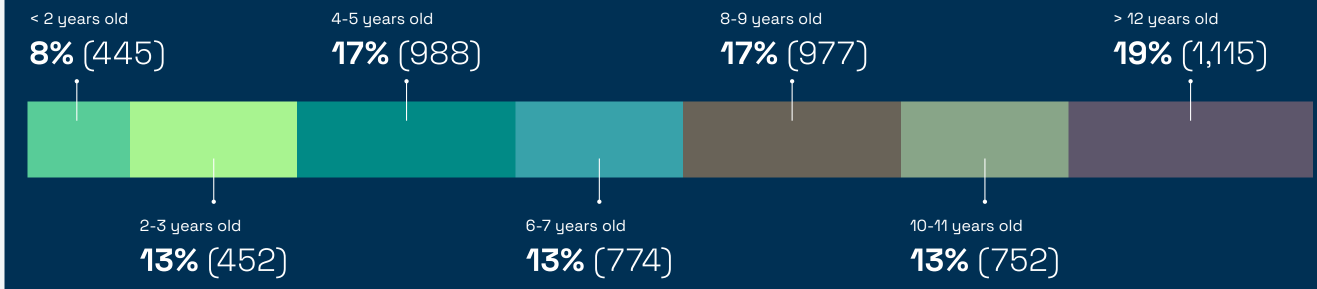
The primary business for most other jack-up vessel owners in the industry is within installation of new offshore wind farms, but from time-to-time installation vessels are also used for O&M services if their pipelines are not filled with installation projects. The only clear exceptions to this are Harren & Partner, who operate two O&M dedicated jack-up vessels, and Gulf Marine Services, who have won an O&M time-charter tender for Ørsted with a single vessel, while Van Oord operates two vessels regularly used for O&M.

Nevertheless, ZITON believes that we can maintain our position in the market through our four vessels, which are sized and equipped to handle all possible MCRs on all commissioned sites in Europe, our know-how and market expertise, our current contracts, and our relationships with our customers. Also, the market development with increasing numbers of MCRs and lack of suitable vessels means that the current competitive environment is considered favourable.

CUSTOMER CONTRACTS

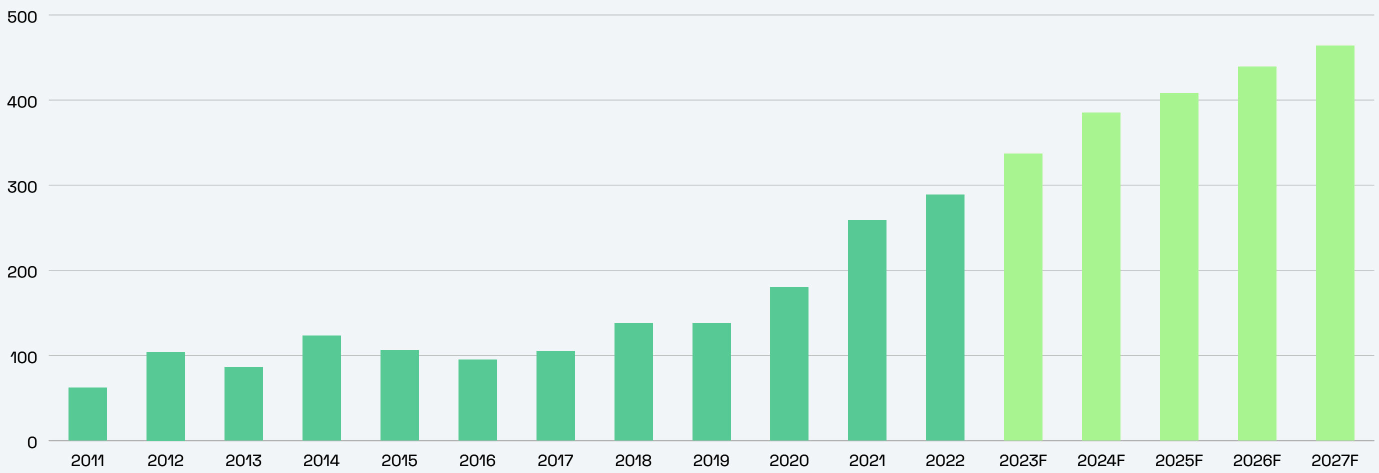
ZITON applies different types of contracts with its customers; time charters ("T/C"), framework agreements and turnkey contracts. A T/C is characterised by being the hire of a vessel for a certain predetermined period at a fixed day rate, and they follow international standards for T/C contracts, typically a BIMCO standard. Under T/C contracts, the customer is generally required to pay for variable OPEX in addition to the day rate. The cost of delays resulting from adverse weather lies with the customer.

AGE OF TURBINES INSTALLED IN EUROPE
Percentage of total number of turbines and number of turbines, end 2022



Source: ZITON data

TOTAL MARKET FOR REGULAR INTERVENTIONS
Number of interventions, actual and forecasted



Source: ZITON data

ZITON also enters into framework agreements with its customers. Framework agreements ensure that contract terms including pricing are agreed upon beforehand, thus reducing the time required by ZITON to respond to requests for MCRs. Framework agreements are based on either fixed prices or T/C rates. For fixed prices per replacement, ZITON bears all costs including fuel, port calls, etc., as well as costs incurred due to delays resulting from adverse weather or maintenance work on the vessel.

ZITON enters into turnkey contracts in market segments where it has a competitive edge. In general, this is in segments where maritime knowledge, availability of a jack-up vessel with a crane combined with strong knowledge of the offshore wind industry is essential. These market segments include decommissioning of met masts, foundations, turbines, and blade campaigns. As for lump sum agreements, costs related to fuel, port calls and delays due to adverse weather, etc. are borne by ZITON, as are the risks related to the subpar performance of any sub-supplier.

As can be seen on the next page, ZITON has entered into contracts with four of the leading companies within offshore wind, as well as contracts with additional four operators of offshore wind sites.

LONG-TERM CHARTER WITH SGRE

ZITON and SGRE have signed a time charter of three years and eight months for J/U WIND ENTERPRISE, where the vessel is on time charter from 1 March 2021 to 31 October 2024 with options for SGRE to extend until June 2025. As is 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.

FRAMEWORK AGREEMENT WITH RWE

In December 2022, ZITON and RWE signed a framework agreement running for four years until December 2026. Under the agreement, ZITON will provide RWE with vessels as well as lifting and auxiliary services for a minimum annual commitment of EUR 10m equivalent to 180 days of charter for J/U WIND SERVER, J/U WIND PIONEER and J/U WIND collectively. The agreement will cover all of RWE's UK and European operational offshore wind assets accessible by ZITON's fleet of jack-up vessels.

FRAMEWORK AGREEMENT WITH ØRSTED

ZITON has a framework agreement with Ørsted covering the period from May 2019 until March 2024 on nine of Ørsted's offshore wind farms. Ørsted is Europe's largest operator of offshore wind farms. The agreement is not vessel specific. The framework agreement allows Ørsted to time charter ZITON's vessels, when available, with charter rates being dependent upon the number of interventions that Ørsted carries out.

FRAMEWORK AGREEMENT WITH VATTENFALL

ZITON has a framework agreement with Vattenfall entered into in December 2020 and running for four years. On this agreement, ZITON was selected as second supplier, meaning that if the first supplier declines to carry out a specific component exchange, ZITON will have the opportunity to assist Vattenfall. As of the end of 2022, ZITON has still carried out more than half of Vattenfall's interventions since December 2020.

FRAMEWORK AGREEMENTS WITH SSE AND OTHERS

In February 2023, ZITON and SSE Renewables signed a framework agreement covering their Greater Gabbard site in the UK. ZITON do also have a number of other framework agreements, which are smaller in scope. These agreements are with GE on their Merkur site in Germany, EDF Renewables on their Teeside site in the UK, and with C-Power on their Thornton Bank site in Belgium.

”At ZITON, we pride ourselves on our ‘can do - will do’ motto, which empowers our competent team to act and get things done. With the freedom to act, we will continue to lead the charge in the transition towards a more sustainable future.”

Thorsten Jalk
CEO, ZITON A/S

Direction

Strategic direction

The strategic direction for ZITON contains five key elements described on the following pages in conjunction with recent strategic achievements and focus areas for 2023.

ZERO-EMISSION

VALUE-ADDED SERVICES

FLEET EXPANSION

DIGITALISATION

GEOGRAPHICAL EXPANSION

Zero-emission

ZITON's versatile vessel fleet allows for the lowest carbon footprint in the industry as the vessels generally are lighter and smaller than other vessels. Therefore, ZITON has the most carbon efficient vessels to service turbines below 4 MW. These turbines constitute the majority of the installed base and represent an even greater share of major component replacements as they have reached an age beyond six to ten years, where more replacements are needed.

RESULTS ACHIEVED IN 2022

ZITON is represented on the technical committee as well as on the board of Danish Shipping and has put itself on the forefront of exploring new innovations within zero-emission. ZITON maintains a DNV-GL-certified Ship Energy Efficiency Management Plan ("SEEMP") to optimise fuel consumption with a view to keeping emissions as low as possible.

FOCUS AREAS FOR 2023

The focus for 2023, is to prepare for ESG reporting in accordance with the EU Taxonomy Corporate Sustainability Reporting Directive. In the near-term, we continue to reduce emissions through SSEMP and explore existing solutions such as hybrid systems and operational improvements for more effective use of fuel. The long-term strategy is expected to include emission targets for new build programmes, new propulsion systems and alternative fuels.

Value-added services

ZITON offers value-added services within the categories of maritime project planning & execution, lift planning & execution, specialised tools & lifting equipment and highly skilled technicians in addition to a jack-up with an experienced crew. In a turnkey solution, ZITON takes the full responsibility for the solution and assumes the risks that we feel better equipped to handle than our customers, and that customers are willing to pay for.

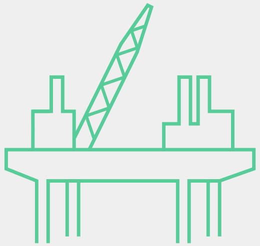
From the customer's point of view, a full turnkey solution means less risk and a one-stop contracting partner. From ZITON's perspective, the arrangement further differentiates ZITON's service offering from that of the competition.

RESULTS ACHIEVED IN 2022

During 2022, we continued to see a high level of demand for turnkey solutions including technicians. We have generally achieved very high customer satisfaction on projects, which we have delivered as turnkey solutions.

FOCUS AREAS FOR 2023

The focus for 2023 is continued development of ZITON's offering of turnkey solutions for major component replacements to create value for customers and differentiate ZITON in the market.



Fleet expansion

Historically and going forward, turbines have increased in size as a consequence of the aim of reducing the levelized cost of energy for offshore wind. This implies that the required reach of jack-up vessels will continue to increase in the coming years. It is strategically important for ZITON to be able to service our customers as they install new offshore windfarms with larger turbines. Therefore, it is a strategic initiative to continue to expand our fleet with larger vessels.

ZITON's largest vessel, J/U WIND ENTERPRISE, is currently on time charter with Siemens Gamesa Renewable Energy ("SGRE") mainly to service their larger turbines under warranty. Thereafter, the vessel is expected to service the same turbines as they go out of warranty and the operational responsibility transfers to the owners.

RESULTS ACHIEVED IN 2022

ZITON's fleet of vessels is able to service almost every offshore wind farm in northern Europe, from 2 MW to 10 MW. The demand for our smaller vessels was strong during 2022 since failure rates for turbines below 5 MW increases as the turbines reach an age beyond six to ten years. Further, we operated our largest vessel J/U WIND ENTERPRISE successfully on time charter with SGRE with limited down time.

FOCUS AREAS FOR 2023

The focus for 2023 is to avoid unexpected off-hire days by maintaining J/U WIND ENTERPRISE in good condition. Further, we continue to explore our opportunities to expand our fleet of vessels to continue to serve the larger turbines being installed.

Digitalisation

ZITON continually invests in the digitalisation of the business to improve operations and customer interaction. Achieving operational efficiency during major component replacements in the offshore wind industry is very much subject to weather conditions and also depends on the many touchpoints and the coordination needed between ZITON, customers and suppliers. ZITON seeks to digitise and integrate internal processes and touchpoints in the supply chain.

RESULTS ACHIEVED IN 2022

During 2022, we updated our machine learning platform to incorporate the latest development in major component replacements showing an increased number of failures when the turbines reach an age beyond six to ten years.

FOCUS AREAS FOR 2023

During 2023, investments in digitalisation will be accelerated, and our focus will be on strengthening our cyber security efforts, implementing a cloud-based ERP-system and upgrading our machine learning platform to Azure to utilise Microsoft's investments in artificial intelligence.

Geographical expansion

ZITON and many of our people have been part of the offshore wind industry since its infancy. Offshore wind has evolved in northern Europe since the year 2000, but only in the last few years has it begun to gain traction across the globe. ZITON has gained significant offshore wind experience over the years and is now exploring opportunities to apply this experience in other parts of the world.

RESULTS ACHIEVED IN 2022

During the last years, we have sought to build relationships with different parts of the offshore wind supply chain in China, but we have come to the conclusion that we will not be able to develop a viable business in the foreseeable future. Therefore, we have decided to exit our operations in China as of the end of 2022.

FOCUS AREAS FOR 2023

The northern European market continues to grow and is very attractive. However, we will continue to monitor business development opportunities in other geographical areas including being prepared to assist our customers in their global expansion plans.

Business model

In recent years, ZITON's business model has evolved to include full-service and turnkey solutions, building on the foundation of owning and operating jack-up vessels. ZITON operates in the offshore wind industry, which is expected to play an important role in the transition to a low-carbon and climate-resilient economy.

Climate-related risks and opportunities

ZITON operates within the offshore wind industry. Offshore wind is expected to play an important role in the transition to a low-carbon and climate-resilient economy. For ZITON, the offshore wind industry provides important climate-related opportunities for growth as the number of turbines installed in northern Europe is expected to continue to increase in the foreseeable future. In addition, as the offshore wind industry becomes increasingly global, it will provide opportunities for ZITON to expand its global presence.

Operating vessels involves fuel consumption. However, ZITON's vessels are generally lighter and smaller than their installation counterparts. Thus, our fleet enables customers to select the vessel that provides the industry's lowest carbon footprint. For more information, please refer to the ESG section of this annual report.

Key resources

Operating jack-up vessels is very capital intensive due to its high initial investment for building or purchasing the vessel.

Having high maintenance standards of the vessels are essential to keep high operational uptime and to extend their lifetime. In addition, carefully carried out dock stays during ordinary five-year renewal surveys according to class requirements, provides a good opportunity for thorough maintenance of key parts like the legs, spudcans, crane, jacking system end engines.

Project management capabilities are essential for planning and successfully executing projects. ZITON employs a customer portal to deliver cost-efficient project documentation and to collaborate with customers on projects.

Value to customers

In the current environment with elevated electricity prices, it is imperative for customers to have quick response to their requirements for major component replacements, to contain the cost of unscheduled downtime. Our vessels are dedicated to operations and maintenance ("O&M") and are always ready to provide swift assistance to "keep the blades turning" at offshore wind farms.

Blade repair provides important value for customers, as wear and tear of blades reduces the output of the turbines and consequently the profitability of wind farms.

Customer segments

There are two customer segments in the offshore wind industry; turbine manufacturers and wind farm operators.

- Turbine manufacturers include Siemens Gamesa Renewable Energy, Vestas Offshore Wind and GE Renewable Energy.
- Wind farm operators are primarily utilities like Ørsted, RWE Renewables, Vattenfall, SSE, EnBW, Equinor and Eneco, among others.

Once an offshore wind farm has been installed, turbine manufacturers normally provide O&M services under their warranty programmes, which typically extend for two to five years. It is customary for wind farm operators to assume full O&M responsibility when the warranty period ends.

Cost structure

Owning a fleet of jack-up vessels requires a high initial investment that must be recouped over the life-time of the vessel.

Operating a maritime organisation that serves offshore wind farms implies a predominantly fixed-cost structure with relatively limited variable costs. Fixed costs, at least in the short term, include SG&A and OPEX related to vessel crews, insurance, and certifications. Variable costs mainly include OPEX related to bunker costs, lubricants, and port costs. It is customary for time charter contracts, that the customer pays a fixed time charter rate as well as for variable OPEX.

Providing turnkey solutions involves ZITON taking full responsibility for the solution and assuming all risks, including the collaboration with subcontractors. If the cost of a project exceeds budget, ZITON may be liable not only for its own costs, but also for those of its subcontractors. This could severely increase ZITON's fixed cost base.

Revenue streams

Revenue streams generally consist of different categories of contracts:

- Long-term time charter contracts accounted for approximately 32% of revenue during 2022. These contracts provide ZITON with a fixed day rate, while the customer has the risk for the vessel not being able to operate in adverse weather. Therefore, ZITON's revenue is highly dependent on our ability to maintain the vessel in good operational condition to avoid off-hire days.
- Framework agreements consisting of multiple short-term time charter contracts. This category accounted for approximately 32% of revenue during 2022. The customer also has the weather risk and pays for variable OPEX in these types of contracts. These types of contracts provide fairly good predictability as we use machine learning to predict the number of major component replacements required for each customer and each site.
- Framework agreements providing customers with a fixed price per intervention. This category accounted for approximately 16% of revenue during 2022. In this type of contract, ZITON has the weather risk and pays for variable OPEX. These types of contracts provide slightly lower predictability as we have the weather risk, however we use machine learning to predict the number of major component replacements required for each customer and each site.
- Other contracts are typically tenders with customers that ZITON does not have longer term agreements with or other types of projects like decommissioning, accommodation, blade or other types of campaigns. This category accounted for approximately 20% of revenue during 2022 and is a less predictable source of revenue.

Each category can be provided as a solution on a continuum from just a jack-up vessel to a full-service solution, please refer to the section "ZITON's service offerings".

It may not be feasible to secure longer-term contracts with predictable revenue. As a result, revenue may vary from quarter to quarter and increase the risk of fluctuations in earnings and cash flows.

The differentiation of a dedicated O&M service providers

There are some 25 jack-up vessels regularly operating in the offshore wind industry with ZITON being the largest dedicated O&M provider. Most of the vessels are used for installing new wind farms, and there are certain important differences between ZITON as a dedicated O&M provider and providers of installation jack-ups, such as:

DEDICATED PROVIDER OF O&M SERVICES
We operate vessels dedicated to major component replacements, blade campaigns or decommissioning. Our vessels are not occupied by long-lasting installation assignments.

COVERAGE OF ALL TURBINES FROM 2 MW TO 10 MW
We offer the flexibility and versatility to operate at almost every offshore wind farm in northern Europe, from 2 MW to 10 MW with a cost-effective set-up for the customers to service locations with varying draft and soil.

LOWER CARBON FOOTPRINT
With our lighter and smaller O&M jack-ups we offer lower bunker consumption than the installation counterparts. Thus, it allows the customers to select the vessel that provides the industry's lowest carbon footprint.

TECHNICAL CAPABILITY OF THE VESSEL
We offer smaller vessels and crews, which means significantly lower OPEX and CAPEX and therefore lower charter rates.

EXPERIENCE OF THE CREW
We offer crews with ten years of experience from working with a variety of wind turbine models, sites, ports and under various operating conditions. In crews with many years of experience everyone know exactly the sequence and details of operations including the imperative of 'safety first' in all operations, which makes it possible to execute major component replacements with unrivalled efficiency.

ORGANISATION
We are geared towards completing efficient O&M operations in a matter of days, and often at short lead times. The costs of O&M operations would be too high for large organisations geared towards projects with a duration of several months.

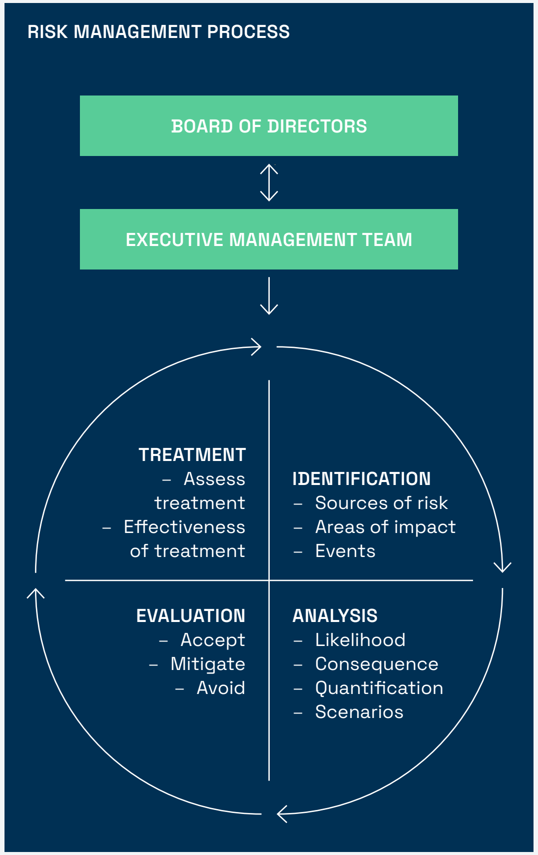
Risk management

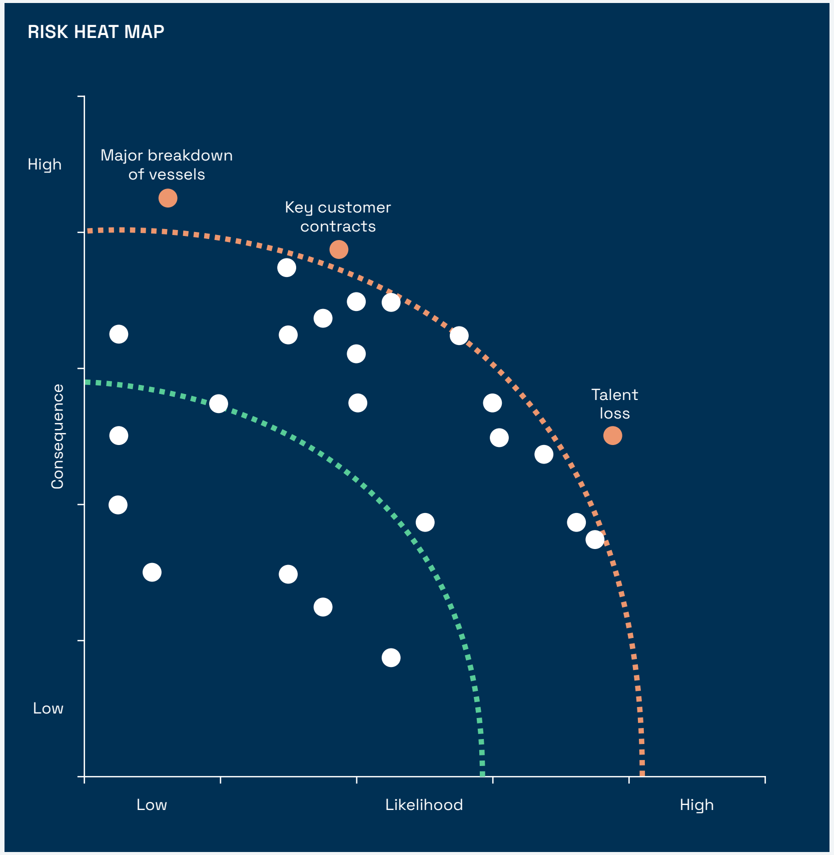
At ZITON, we define risk as "anything that can adversely affect our ability to execute our strategy and achieve our objectives".

RISK MANAGEMENT PROCESS
The risk assessment process is anchored in the Executive Management Team, which regularly reviews the process of risk identification, analysis, evaluation and considers which steps should be taken, as illustrated to the right. At regular board meetings, the Board of Directors and the Executive Management Team assess and discuss main changes to key risks.

Depending on their origin, risk factors are categorised as a strategic, operational, financial or compliance risk. Financial risks, including risks related to credit, liquidity, interest rates and markets, are addressed in note 4.1 to the consolidated financial statements. Risk factors are not only perceived as risks, but also as opportunities to further develop the strategy. Strategic responses to risk factors may in some cases lead to an improved market position.

RISK HEAT MAP
To help visualise risks and opportunities, we prepare a heat map to illustrate the net risks after possible mitigation. Risk is defined as the combination of the likelihood of an event





occurring and its consequences (defined as the impact on EBITDA and/or cash flow). The risks beyond the dotted orange line are assessed to be the most significant risks to which the company is exposed.

EVALUATION OF MAIN CHANGES TO RISK

The Board of Directors and the Executive Management Team have reviewed the risk assessment and compared it to the assessment in the annual report for 2021. The risk assessment is carried out considering that the debt restructuring was completed on 30 September 2022 as described in the section "Capital structure". No new significant risk factors have been identified and no significant risk factors are considered to have diminished.

In addition, it is the Board's assessment that the three significant risk factors from last years' annual report are more or less unchanged. These are "Major breakdown of vessels", "Key customer contracts" and "Talent loss". These risk factors are elaborated upon in the table on the following page.

The Board reviewed the potential impact of Russia's invasion of Ukraine and geopolitical turmoil in general on supply chain issues including bunker prices. In general, the lead time for procurement of certain spare parts has increased, but we have generally been able to keep unchanged maintenance standards on our vessels. Likewise, our customers' ability to procure major components to be exchanged has, until now, not had any negative effect on ZITON. Further, higher bunker prices have had limited effect on ZITON as price increases to a certain extent can be passed on to customers – including time charters, where customers pay for bunker and other variable OPEX costs. In that respect, J/U WIND ENTERPRISE, the vessel with the highest bunker consumption, is on a time charter with Siemens Gamesa Renewable Energy ("SGRE") until 31 October 2024 with options for SGRE to extend until June 2025. Further, ZITON's other vessels are generally lighter and smaller than their installation counterparts and thus have much lower bunker consumption. For more information, please refer to the ESG section of this annual report.

The Board reviewed the potential impact of the macroeconomic environment including high inflation rates, increases in interest rates, uncertainty in the financial industry about deposits and survivability of financial institutions. The company has a policy of only having banking relationships and deposits including deposits on retention accounts with Systemically Important Financial Institutions (SIFI banks) and consequently sees low risk impact from the turmoil in the financial industry. However, if the current turmoil develops into a new financial crisis, it will impact the company's ability to refinance its loans as they reach maturity, in particular as the company's financial leverage continues to be relatively high, in spite of a strong improvement following the debt restructuring completed on 30 September 2022.

THE THREE MOST IMPORTANT RISK FACTORS

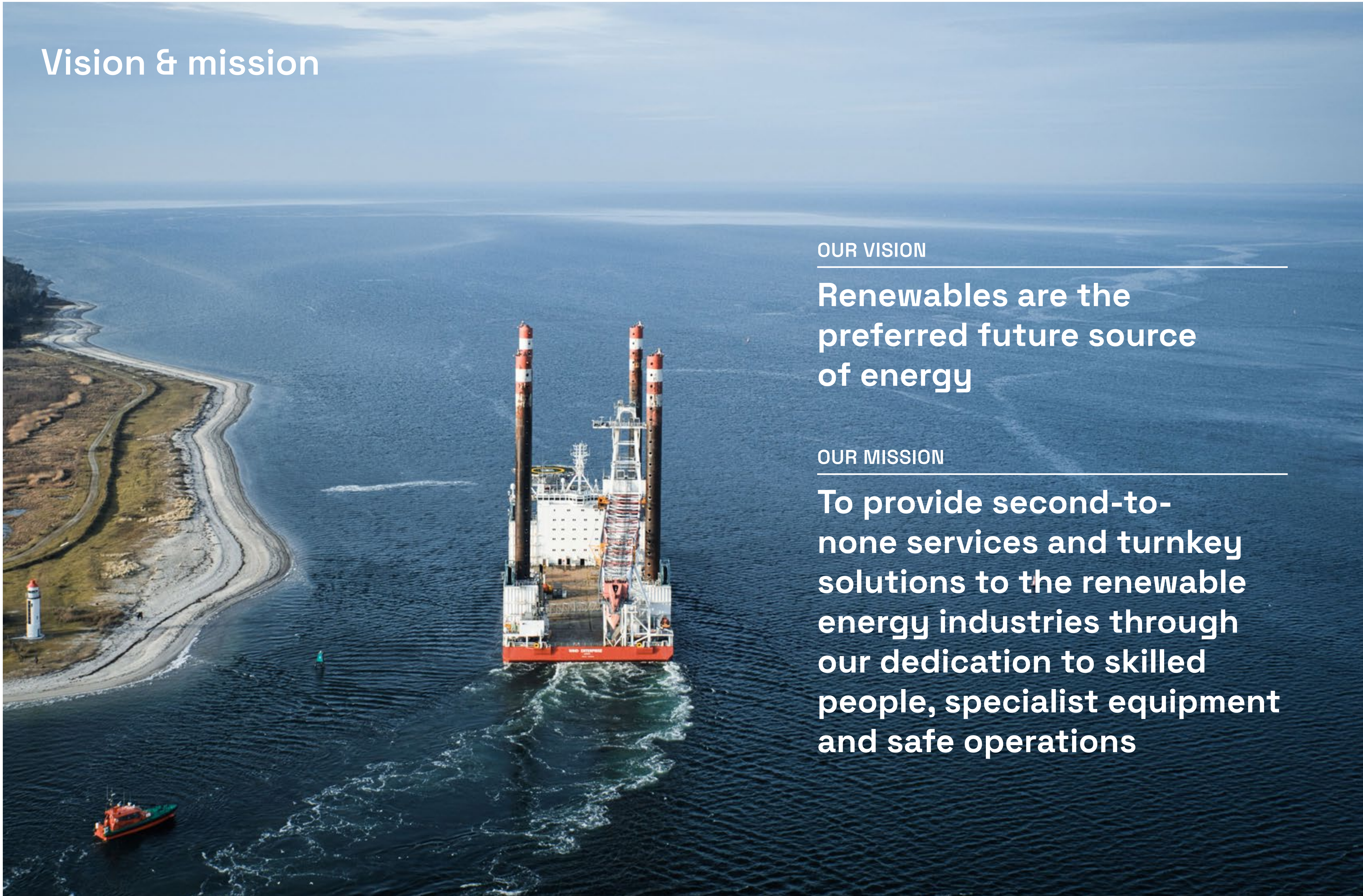
Risk factors	Possible causes	Potential consequences	Ensuing mitigation
Major breakdown of vessels	Breakdown of vessels can range from a breakdown that can be resolved within a couple of weeks to a total loss. A major breakdown could for example be caused by damage to the jacking system or the crane, in practice making the vessel inoperational. Breakdown of vessels may occur for multiple reasons including, but not limited to, extremely harsh weather, punch through a hard crust while jacking, broken wire in the crane, malfunction of the electrical system, human error in operating the jacking system or erroneous software in i.e. the jacking system	A major breakdown of J/U WIND ENTERPRISE may involve the suspension of hire for the vessel, and SGRE will have the option to terminate the contract early if the vessel is not operational for a longer period of time	ZITON is insured against vessel total loss and breakdowns. However, the latter is limited to a few months of coverage with two weeks of deductability ZITON performs preventive maintenance on mechanical parts on the vessels, and has certain levels of redundancy built into the design of the vessels
Key customer contracts	ZITON relies on being able to fulfil contracts with its key customers to secure future revenue. Inability to meet requirements of contracts with key customers will have material consequences for the company's cash flows. In the medium to long term, the company relies on the extension of existing contracts and/or on winning new contracts	Contracts with SGRE and Ørsted collectively accounted for more than half of the revenue in 2022	ZITON seeks to retain customers by providing value to customers through offering turnkey solutions, by being a dedicated O&M supplier with a diverse fleet, offering experienced crews and by having an organisation capable of and geared to provide efficient O&M services
Talent loss	ZITON and the offshore wind industry in general are showing tremendous prospects for future growth. ZITON is an established company in the industry with talented and experienced employees that may be recruited by other industry participants In general, the labour market is tight making it more challenging and expensive to recruit and retain employees	It may be challenging to replace talented and experienced employees as well as recruit new employees to grow the company	Following the debt restructuring, ZITON has implemented a retention programme to retain key employees ZITON focuses on being an attractive employer and is preparing an employer branding campaign to inform potential employees of what it is like to work at ZITON ZITON applies succession planning to ensure that we have qualified replacements in our organisation

Company

"I am proud of our team. Our ZITON family. Armed with practical know-how and insightful expertise gained over more than 15 years, we have serviced thousands of wind turbines in many offshore wind farms."

Brian Hemmingsen
Master, ZITON A/S

Vision & mission



OUR VISION

Renewables are the preferred future source of energy

OUR MISSION

To provide second-to-none services and turnkey solutions to the renewable energy industries through our dedication to skilled people, specialist equipment and safe operations

Management & Board of Directors

ZITON's governance structure aims to support the company's strategic development and long-term value creation.

CHANGE IN BOARD OF DIRECTORS

Following the debt restructuring on 30 September 2022, Permira Credit Solutions III Sub Master Euro S.à r.l. became the new controlling owner of ZITON A/S and consequently the former Board of Directors was replaced by a new Board. The former Board of Directors all represented the shareholders up until 30 September 2022. The former Board consisted of Lars Thorsgaard Jensen, Jakob Bergenholtz, Ove Eriksen, Henrik Kleis and Herman Marks that all resigned on 30 September 2022. On the same date Samuel Martin Gross, managing director Permira Credit Ltd, Thorsten Jalk, CEO of ZITON, and Jens Michael Haurum, CFO of ZITON, were appointed to the Board of Directors. Jon Oliver Bryce was appointed an independent member of the Board on 21 November 2022, and Lars Rabe Tønnesen was appointed to the Board of Directors on 28 February 2023 representing PenSam Pension forsikringsaktieselskab.

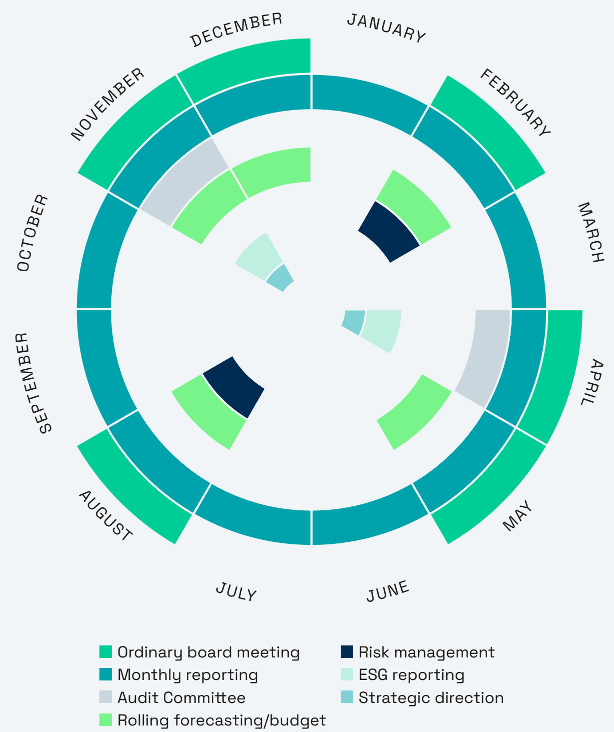
RESPONSIBILITIES OF THE BOARD

Pursuant to Danish legislation, ZITON has a two-tier management structure consisting of the Board of Directors and the Executive Management Team. The division of responsibilities between the Board of Directors and the Executive Management Team is outlined in the Rules of Procedure for the Board of Directors. In 2022, the Board of Directors held a total of nine board meetings of which six were completed before the debt restructuring and three after. The board meeting attendance rate was at 100% in 2022, which was higher than the historical average.

The Board of Directors has established an audit committee consisting of the entire Board of Directors. The Audit Committee held two meetings in 2022 of which one was before the debt restructuring date and the other after. The annual cycle of board meetings, illustrated to the right, ensures that the Board regularly reviews all issues relating to strategic development, ESG-related matters, risk management, operational and financial performance, and compliance.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Board of Directors has the overall responsibility for ZITON's control environment. The



Audit Committee is responsible for monitoring on an ongoing basis the internal control and risk management systems related to the financial reporting process. The Board of Directors approves the overall policies and procedures in key areas of financial reporting. ZITON has implemented formalised processes for its internal and external financial reporting.

DIVERSITY IN MANAGEMENT

This section covers the statutory requirements for gender composition of management in accordance with section 99b of the Danish Financial Statements Act. ZITON's Articles of Association require the Board of Directors to have from three to seven members elected by the shareholders at an annual general meeting. As of the time of approval of this annual report, the Board had five members. All board members are elected for terms of one year.

ZITON aims to employ the best candidates, and a candidate's qualifications must therefore always be the decisive factor in external and internal recruitment processes. Nominations for the Board of Directors are based on an evaluation of factors such as competences, diversity, independence, and prior performance. Each major shareholder independently appoints members of the Board, and none of them have identified a representative of the underrepresented gender with the qualifications required to represent them.

ZITON recognises the value of diversity, also including gender-related diversity. The Board of Directors has set target figures for the representation of the underrepresented gender on the Board of Directors and has drawn up a policy for increasing the representation of the underrepresented gender at other management levels. The target is for an increase from 0% to 29% (2 out of 7). The measurement period runs from the annual general meeting held in April 2017 to the annual general meeting to be held in April 2024.

It is our ambition at ZITON to increase diversity at all management levels by providing equal opportunities for men and women. ZITON sets targets for gender diversity at all management levels and seeks to have both genders represented as candidates in all recruitment processes. ZITON has not been able to increase the proportion of women at management levels, as we at the end of 2022 only had one officer employed at the vessel crew compared to two the year before. In general, men are over-represented in the offshore wind and shipping industries. Nevertheless, as the offshore wind industry is expected to show considerable growth during the coming decades, it will become increasingly important to be able to recruit female officers and young officers. ZITON is planning a campaign showing the diversity in employment at ZITON and that it is possible to maintain a good work-life balance even though you have uncommon workhours with four weeks on the vessels followed by four weeks at home. Further, ZITON is planning to recruit more people directly after they have completed their education and offer training onboard the vessels for young people to consider offshore wind as a career path.

BOARD MEETING ATTENDANCE RATES

	2018	2019	2020	2021	2022
Board Meeting Attendance Rate (Number of board meetings attended / Number of board meetings × 100)	97%	90%	95%	96%	100%

REPRESENTATION OF THE UNDERREPRESENTED GENDER

	2018	2019	2020	2021	2022
Diversity at board of directors level (Board members of underrepresented gender to board members)	0 of 6	0 of 6	0 of 7	0 of 6	0 of 4
Diversity at management level (Managers of underrepresented gender to total managers)	0 of 5	0 of 5	0 of 5	0 of 5	0 of 5
Diversity at officer level (Officers of underrepresented gender to total officers)	0 of 53	0 of 62	0 of 71	2 of 78	1 of 77

Executive Management Team

THORSTEN JALK
Chief Executive Officer
Appointed CEO in 2011
Born 1967

PREVIOUS ENGAGEMENTS
Mr Jalk has more than 20 years of experience from the offshore wind industry and held numerous high-level positions prior to being appointed CEO of ZITON A/S. Mr Jalk has experience from being an owner and senior consultant with WayPoint Consult ApS in Denmark. During the period from 2000 to 2011, Mr Jalk worked for A2SEA A/S where he held the following positions: Head of Service Solutions, Director of Marine Operations and Logistics Manager. Mr Jalk served in the Danish armed forces from 1987 to 2000.

EDUCATIONAL BACKGROUND
Mr Jalk has completed the Executive Board Programme, INSEAD, and holds a Master of Transport and Maritime Management (MTMM) from the University of Southern Denmark. In addition, Mr Jalk has completed the Executive Management Programme at INSEAD.

JENS MICHAEL HAURUM
Chief Financial Officer
Appointed CFO in April 2015
Born 1966

PREVIOUS ENGAGEMENTS
Mr Haurum was CFO with Borg Automotive A/S and Head of Group Finance and Investor Relations with BioMar Group and has also held various positions in the financial services industry.

EDUCATIONAL BACKGROUND
Mr Haurum has completed the Executive Board Programme, INSEAD, and holds a Master of Business Administration from Henley Business School, a Graduate Diploma in Business Administration (Accounting) from Aarhus University and a Graduate Diploma in Business Administration (International Management) from Copenhagen Business School

RASMUS MÜHLEBACH
Chief Legal Officer
Appointed CLO in April 2015
Born 1980

PREVIOUS ENGAGEMENTS
Prior to joining ZITON, Mr Mühlebach held positions as CFO and Business Developer with NordEstate A/S. Mr Mühlebach joined ZITON in June 2012 as Chief Financial Officer and was appointed Chief Legal Officer in April 2015.

EDUCATIONAL BACKGROUND
Mr Mühlebach holds a Master of Science in Business Administration and Commercial Law and a Bachelor of Science in Economics and Corporate Law from the Aarhus School of Business (Aarhus University).

BENT THAMBO JENSEN
Chief Commercial Officer
Appointed CCO in September 2015
Born 1972

PREVIOUS ENGAGEMENTS
Prior to joining ZITON, Mr Jensen held positions as a Key Account Manager with A2SEA A/S, Sales and Marketing Manager with Statoil Gazelle A/S, Commercial Sales Manager at Siemens Wind Power A/S and as Regional Manager with Energi Danmark A/S.

EDUCATIONAL BACKGROUND
Mr Jensen has completed the Executive Management Practice, Henley Business School, and holds a Master of Arts in Business, Language and Culture from Odense University.

MADS ALBÉR
Chief Operating Officer
Appointed COO in April 2015
Born 1970

PREVIOUS ENGAGEMENTS
Prior to joining ZITON, Mr Albér worked as an Operations Manager with Fred. Olsen Windcarrier. He worked for ZITON from 2008 to 2011 as Master Mariner (2009-2011) and HSEQ Manager (2008-2009). Before joining ZITON, Mr Albér held positions as SQE Manager (2008) and Marine Superintendent (2006-2008) with the Clipper Group.

EDUCATIONAL BACKGROUND
Mr Albér is a Master Mariner and holds a degree in navigation from Marstal Navigationsskole.

Board of Directors

SAMUEL MARTIN GROSS
Member of the Board
since September 2022
Born 1982
Appointed by Permira Credit

Samuel Martin Gross is responsible for managing equity positions held by Permira Credit and has extensive experience with investing in distressed companies and restructurings.

CURRENT ENGAGEMENTS
Mr Gross is Managing Director of Permira Credit Ltd. He serves as a member of the Board of Directors of Quant AB, and Zappy Topco ApS. Mr Gross also serves as a Director of Cruise.co.uk Ltd, BDC Bidco 71 Ltd, PCS3 R-G S.à r.l., Quibot Bidco AB, Quibot Topco AB, and Zappy Topco ApS.

PREVIOUS ENGAGEMENTS
Mr Gross previously worked at PJT Partners (formerly Blackstone) in the European Restructuring and Special Situations Group, Barclays Bank, Distressed Debt Trading Desk, and Kirkland & Ellis, Chicago in the Restructuring Practice Group.

EDUCATIONAL BACKGROUND
Mr Gross holds a degree in Political Science from the Virginia Polytechnic Institute and State University, a Juris Doctor from the University of Chicago, and a Master of Business Administration from London Business School.

JON OLIVER SINCLAIR BRYCE
Member of the Board
since November 2022
Born 1968
Independent board member

Jon Oliver Sinclair Bryce is an energy industry executive, with extensive experience of building businesses and delivering projects. Working predominately within the offshore drilling sector, but more recently within the offshore wind vessel space, he has succesfully managed various business models including asset build and fleet charter.

CURRENT ENGAGEMENTS
Mr Bryce is Executive Director of Zero-C Offshore Ltd, Director of Preikestolen, and Senior Advisor with 4C Global Ltd. He serves as a member of the Board of Directors of Zappy Topco ApS.

PREVIOUS ENGAGEMENTS
Mr Bryce previously worked as CEO for Awilco Drilling Plc, General Manager for Odfjell Drilling (UK) Ltd and also an INED for Global Energy Group.

EDUCATIONAL BACKGROUND
Mr Bryce holds a Bachelor of Science in Engineering Systems (Mechanical Engineering) from Napier University, Edinburgh.

LARS RABE TØNNESEN
Member of the Board
since February 2023
Born 1962
Appointed by PenSam

Lars Rabe Tønnesen has extensive experience from active ownerships and financing of companies as investor, board member, manager, and advisor. He has both private equity, M&A/IPO and operational experience from his more than 30 years within finance.

CURRENT ENGAGEMENTS
Mr Tønnesen works as an advisor and investor, and he serves as a member of the Boards of Directors of Zappy Topco ApS, MIK Holding 2016 ApS, Nordic Bloom P/S, Sulfilogger A/S, Unisense Environment A/S, Unisense A/S, and Unisense Holding 2 A/S.

PREVIOUS ENGAGEMENTS
Mr Tønnesen has hold positions with Alternative Equity Partners as CIO, with Agio Partners as Co-Founder, and with LD Equity (now Maj Invest Equity) as Managing Partner. Mr Tønnesen joined LD Equity from the biotech industry, where he served as CEO/CFO of Pantheco/Santaris Pharma. Before that, Mr Tønnesen was Associate Director in Corporate Finance at Nordea.

EDUCATIONAL BACKGROUND
Mr Tønnesen holds a Master of Science in Economics from the University of Copenhagen.

THORSTEN JALK
Member of the Board
since September 2022
Born 1967
Company representative

See more information under the Executive Management Team

JENS MICHAEL HAURUM
Member of the Board
since September 2022
Born 1966
Company representative

See more information under the Executive Management Team

Corporate structure

The ownership and legal structure of the ZITON group is set out below

NEW SHAREHOLDERS POST DEBT RESTRUCTURING

Following the debt restructuring on 30 September 2022, Permira Credit Solutions III Sub Master Euro S.à r.l. became the new controlling owner of ZITON A/S as it acquired 55% of the voting capital. Likewise, PenSam Pension forsikringsaktieselskab acquired 45% of the voting capital and converted their subordinated capital into preferred equity thereby becoming the owner of 92.4% of the share capital. The former shareholders had their shares converted into a combined ownership of 1.3% of non-voting shares in ZITON. All shareholders in ZITON A/S own their shares indirectly through Zappy Topco ApS that has no other activities than owning shares in ZITON A/S.

The debt restructuring resulted in a considerable strengthening of the capital structure and liquidity of the company. For further information please refer to the section "Capital structure".

An overview of the group and ownership structure can be seen on the following page

LEGAL STRUCTURE

The ZITON group consists of the parent company ZITON A/S and the wholly-owned operational subsidiaries ZITON Contractors A/S, Wind Enterprise P/S (with its general partner Green Wind Enterprise ApS) in Denmark, and subsidiaries in the UK and Germany. In addition, ZITON owns 50% of Hangout A/S.

ZITON A/S owns the three vessels J/U WIND, J/U WIND PIONEER and J/U WIND SERVER, while Wind Enterprise P/S owns the vessel J/U WIND ENTERPRISE.

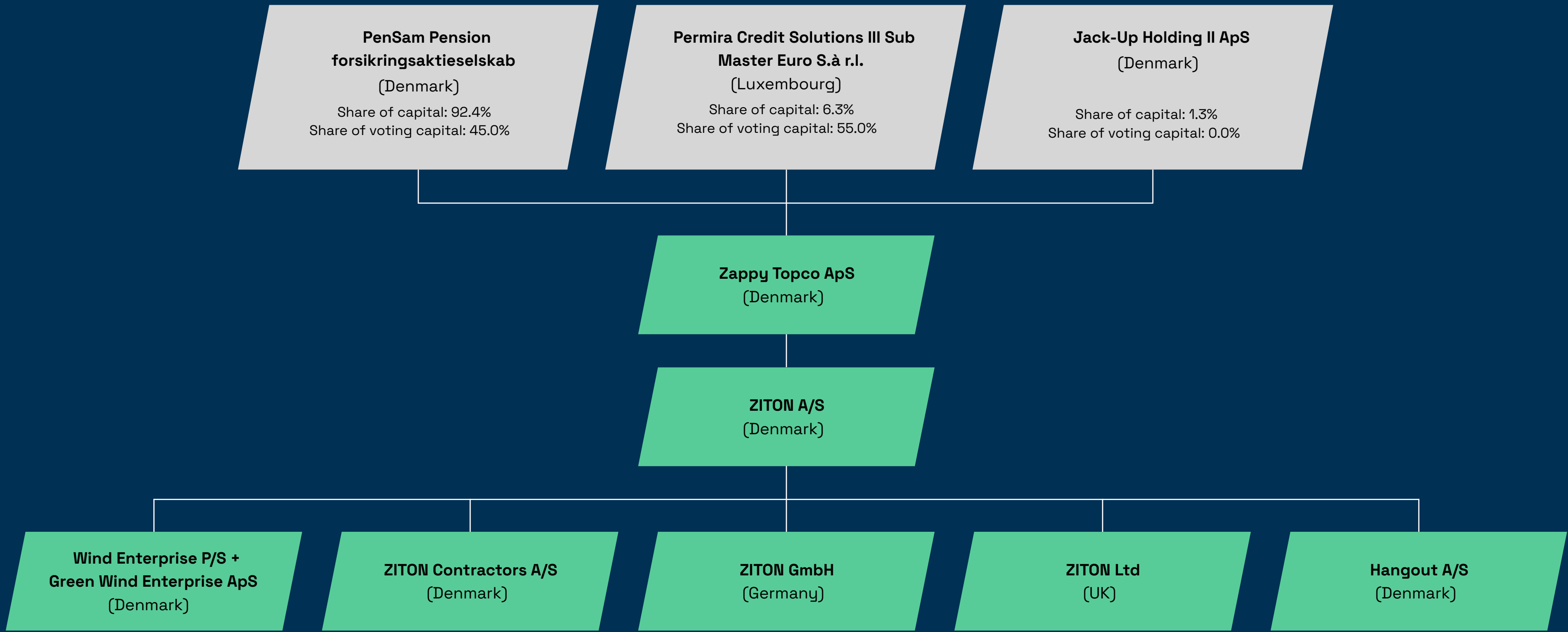
PERMIRA CREDIT SOLUTIONS III SUB MASTER EURO S.À R.L.

Permira Credit Solutions III Sub Master Euro S.à r.l. is an investment fund managed by Permira. Permira is a global investment firm that multiplies the potential of companies and people to build successful businesses with growth ambitions. Permira is a global investment firm founded in Europe in 1985, which employs more than 450 people in 15 offices spanning Europe, the United States and Asia. Permira manages buyout funds, growth equity funds and credit funds and have a total of assets of EUR 77b under management.

PENSAM PENSION FORSIKRINGSAKTIESELSKAB

PenSam is a Danish labour market pension fund. Pensam has approximately EUR 24b under management and manage pension schemes for around 480,000 people within eldercare, cleaning, technical service, and pedagogical care in Danish municipalities, regions, and private companies.

Group and ownership structure



All subsidiaries of ZITON A/S are fully owned with the exception of Hangout A/S which is 50% owned.
The illustration includes only operational companies, for a full list of legal entities please refer to note 6.6 of the financial statements.

Ownership companies
Group companies

Environmental, social & governance

At ZITON, we recognise our responsibilities within the areas of environmental, social and governance ("ESG"), and therefore we are transparent and accountable on our policies and reporting.

This section covers the statutory requirements for ESG reporting in accordance with section 99a of the Danish Financial Statements Act within the areas of social and employee conditions, climate impact, environmental impact, human rights and measures to combat bribery and corruption. During the last year, we have combined all of our ESG data in a unified database for the preparation of ESG reporting according to the forthcoming European Sustainability Reporting Standards. We have prepared a thorough review of all our records in relation to our categorisations, classifications, and calculation methodologies. The results of this have been recategorisations and reclassifications of a number of records as well as the use of new industry compliant calculation methodologies for consumption and emission figures.

SOCIAL AND EMPLOYEE CONDITIONS

We have a relentless focus on health, safety, environment and quality ("HSEQ") for our employees, subcontractors and customers.

HSEQ is an important risk factor to ZITON, and the management believes the implementation of various policies, systems and procedures has effectively mitigated the company's HSEQ risk exposure.

Our HSEQ system has been certified by Bureau Veritas to satisfy the requirements of the ISM Code / MLC 2006 and to the ISO9001:2015 / ISO14001:2015 & ISO45001:2018 standards. The ISO standards are all voluntary, but we apply them to strengthen our safety and quality standards. During the annual ISM review, Bureau Veritas reviews ZITON's performance according to various HSEQ performance measures.

Our 'safety first' culture permeates our entire organisation and is the all-encompassing rule onboard our vessels. In addition, we have a ship-to-shore drill at least once a year to train the procedures between the onshore emergency group and the masters of the vessels. This means we are trained for almost any unexpected situation that may arise. Further, we apply a vessel risk assessment management system, which includes a toolbox talk before each assignment and a safety observation card system, enabling us to react proactively to potentially unsafe conditions. In numbers, we had 870 toolbox talks, 374 safety observation cards, 281 emergency drills, and nine safe flashes in 2022.

Our 'safety first' culture permeates our entire organisation and is the all-encompassing rule onboard our vessels.

Group management diligently monitors that the established procedures for operations, projects and work on all vessels are followed to the letter and carefully reviews the monthly HSEQ report. The monthly HSEQ report includes reporting on the following categories of incidents, which are consistent with the Oil Companies International Marine Forum's Marine Injury Reporting Guidelines, which are the most commonly used in the industry:

- Near miss reports – an event or sequence of events which did not result in an injury but which, under slightly different conditions, could have done so.
- Medical treatment cases – any work-related loss of consciousness (unless due to ill health), injury or illness requiring more than first aid treatment by a physician, dentist, surgeon or registered medical personnel.
- Lost-time injuries ("LTIs") – any work-related incident where the injured person is not able to work the day after the incident occurred.
- Lost-time injury frequency ("LTIF") – lost-time incidents per million hours vessel crews are exposed to risk offshore.
- Total recordable incident rate ("TRIR") – total recordable incidents per million hours vessel crews are exposed to risk offshore.

Despite our high level of safety standards, incidents do occur within the three different categories. However, our objective is still to avoid any incidents altogether, and in 2022 we had fewer near miss reports and medical treatment cases than in the year before that, while we had one lost-time injury, which was caused by an accidental human error in a manual handling process.

Having an objective of avoiding any incidents is also highly related to the retention of experienced officers, since this is considered important for maintaining a culture of high HSEQ standards onboard our vessels. ZITON has successfully maintained a high officer retention rate during the past five years, mainly by facilitating generally good working conditions. ZITON applies the BIMCO Shipping KPI system to monitor and follow-up on the retention rate.

To support safety at sea further, ZITON also employs a policy of zero drug and alcohol tolerance. This policy is undebatable and never open to question. The policy applies not only to ZITON staff, but also to customers, subcontractors and suppliers. Unannounced examinations are standard procedure and are conducted by an independent, external agency with expertise in drug and alcohol-testing programmes. In 2019, we had two positive tests resulting in the immediate dismissals of internals and denial of any future work for ZITON for externals, and in 2021 we had a single incident with an external, who was also dismissed and denied any future work for ZITON. In 2022, we had three incidents resulting in immediate dismissals of two internals and expulsion of one external. When such incidents occur, we always emphasise our zero tolerance policy explicitly to all offshore staff in order to avoid any future cases.

Working offshore is a demanding occupation with uneven working hours (four weeks on duty, four weeks off). Further, it may be difficult to maintain a healthy lifestyle with a proper diet and exercise onboard a vessel. ZITON maintains a policy of offering good working conditions for its crews, which include a healthy and balanced diet and access to a well-equipped fitness centre. In 2022, nine employees were on long-term leave due to health issues compared to 16 in 2021, and they accounted for 49% of all sickness absence.

In addition to the offshore staff, ZITON also employs technicians in ZITON Contractors A/S as well as office staff at offices in Denmark, the UK, Germany and China (the Chinese office was closed in the beginning of 2023). ZITON had a full-time workforce at 31 December 2022 of 188 employees, of whom 121 were Danish citizens and the rest represented other nationalities.

COVID-19 IMPACT

COVID-19 also affected ZITON in 2022, but to a lesser extent than in 2021. In 2022, we have continued to urge our employees to test themselves before onboarding our vessels, and during the summer we had a single incident which affected operations negatively for a limited time period.

Since the beginning, ZITON has been taking all precautions possible to keep operations running, depending on the situation and the restrictions in the countries, where we operate in order to ensure protection against possible

SAFETY REPORTS, CASES AND INJURIES

	2018	2019	2020	2021	2022
Near miss reports (Number of reports)	13	14	13	12	9
Medical treatment cases (Number of cases)	2	1	2	1	0
Lost-time injuries (LTIs) (Number of injuries)	1	0	0	1	1
Lost-time injury frequency (LTIF) (Number of injuries / exposure hours × 1,000,000)	2.9	0.0	0.0	1.7	1.8
Total recordable incident rate (TRIR) (Number of recordable incidents / exposure hours × 1,000,000)	5.8	2.8	3.7	3.4	1.8

OFFICER RETENTION RATES

	2018	2019	2020	2021	2022
Officer retention rate ((Officers end period - officers resigned) / officers end period × 100)	99.1%	97.3%	98.7%	96.5%	96.1%

DRUG AND ALCOHOL POSITIVE TESTING

	2018	2019	2020	2021	2022
Drug and alcohol positive testing (Positive test / number of tests × 100)	0.0%	3.1%	0.0%	1.4%	3.3%

SICKNESS ABSENCE RATIOS

	2018	2019	2020	2021	2022
Sickness absence ratio (Number of days of sickness / exposure days × 100)	0.8%	2.2%	1.2%	2.3%	1.7%

risks of infection. ZITON is still giving the office staff the opportunity and flexibility to plan their works days and work from home whenever it is necessary in order for the employees to maintain a normal everyday life.

CLIMATE IMPACT

ZITON maintains a DNV-GL-certified Ship Energy Efficiency Management Plan ("SEEMP") to optimise fuel consumption with a view of keeping energy consumption as low as possible, making our vessels less harmful to the environment compared to many of the other vessels in the market.

ZITON's consumption of fuel is aligned with Annex VI of the MARPOL 73/78 convention, which effective from 1 March 2020 specifies a maximum sulphur content outside of the Emission Control Areas of 0.5%, while the maximum content allowed inside the areas has been 0.1% since 2015. The Baltic Sea and the North Sea are both part of an Emission Control Area, while the Irish Sea is the only one of ZITON's primary markets, which is not within such an area. To be able to work in the Baltic Sea and the North Sea, ZITON has been using Marine Gas Oil both before and during the entire measurement period. Marine Gas Oil is a fuel with a sulphur content below the maximum limit of 0.1%. The engines on all ZITON's vessels also comply with the NO_x control requirements of Annex VI's regulation 13.

CO_2, NO_x and SO_x emissions are monitored in accordance with the BIMCO Shipping KPI system. CO_2 emissions from our vessels decreased to 18,328 tonnes in 2022, while NO_x decreased to 314,432 and SO_x decreased to 13,218 kilograms – in all cases because of a lower activity level, mainly due to the Meerwind blade campaign, which was completed in 2021. It also means that the emissions per intervention were higher in 2022, since more interventions are made in less time during a campaign period compared to operation periods with regular major component replacements.

Water consumption on the vessels increased in 2022. Most of our water consumption is for cleaning purposes onboard the vessels, while relatively small amounts are used in kitchens and for bathing. ZITON employs a policy of keeping water consumption at a level as low as possible, and our sewage and waste water policy is part of Annex IV of the MARPOL 73/78 convention, which all crew members are made aware of.

ENVIRONMENTAL IMPACT

ZITON maintains an environmental policy specifying the objective to prevent environmental spills including oil, ballast water, garbage, etc. Our environmental policy is tested regularly through port stay controls performed by the maritime authorities of the country in question. Inspections are performed to check a vessel's certificates, its general condition as well as its compliance with various regulations including environmental regulations. If a vessel is not compliant with the regulations, the maritime authorities can place it in detention until the issue is resolved. ZITON has had zero detentions during the past five years.

Accidental fuel oil and hydraulic oil spills is an important environmental issue. ZITON uses biodegradable hydraulic oil so as not to harm

FULL-TIME WORKFORCE

	2018	2019	2020	2021	2022
Full-time workforce, Danish (Number of Danish employees)	80	96	111	119	121
Full-time workforce, foreign (Number of foreign employees)	19	34	67	67	67

EMISSIONS FROM VESSELS AND PER INTERVENTION

	2018	2019	2020	2021	2022
CO_2 emission from vessels (Tonnes CO_2)	7,242	17,081	17,599	19,750	18,328
CO_2 emission per intervention (Tonnes CO_2 / interventions)	41	153	100	94	115
NO_x emission from vessels (Kilograms NO_x)	124,242	293,020	301,906	338,820	314,432
NO_x emission per intervention (Kilograms NO_x / interventions)	698	2,616	1,715	1,606	1,978
SO_x emission from vessels (Kilograms SO_x)	5,223	12,319	12,692	14,244	13,218
SO_x emission per intervention (Kilograms SO_x / interventions)	29	110	72	68	83

WATER CONSUMPTION ON VESSELS

	2018	2019	2020	2021	2022
Water consumption on vessels (Cubic metres water)	3,830	4,645	4,729	5,550	5,721

the environment in case of accidental spills. ZITON had one incident of accidental spill on J/U WIND SERVER, and two incidents related to wear and tear on hoses carrying hydraulic oil to the thrusters on J/U WIND PIONEER in 2018, as well as a single similar accident in 2021. In 2021, we also had a single minor accident on J/U WIND ENTERPRISE. On J/U WIND PIONEER, it has become clear that wear and tear on the hoses occurs sooner than specified by the manufacturer, and as a result they are now examined frequently and replaced well in advance. In 2022, we had zero oil spills, and this is also our target going forward.

Ballast water management violations are increasingly subject to scrutiny by maritime authorities due to the negative impact on the environment if ballast water from one biological area is emptied into other waters. ZITON has had zero ballast water violations during the past five years.

Our policy for garbage management aims to minimise the production of waste onboard our vessels and also at our warehouse and office premises. Our garbage management policy is part of Annex V of the MARPOL 73/78 convention. The policy stresses, among other things, that the volume of packaging brought onboard our vessels must be kept at an absolute minimum, and where packaging is imperative, we prefer two-way-packaging or recyclable materials. All crew members are familiar with the content of the ZITON garbage management policy, which they are required to sign a statement on. ZITON has had zero garbage disposal violations during the past five years.

RESPECT FOR HUMAN RIGHTS

Within the area of human rights and labour, ZITON maintains a policy of not employing people under the age of 18 onboard the company's vessels. The aim is to avoid people under the age of 18 performing hazardous work when working for ZITON. We have been certified to the Maritime Labour Convention by the Danish Maritime Authority. We enforce this policy for all work carried out onboard our vessels by our own employees and by those of our suppliers or subcontractors. As in previous years, the policy was successfully applied in 2022, as no direct employees or employees of suppliers or subcontractors under the age of 18 worked on our vessels during the year.

ANTI-BRIBERY AND ANTI-CORRUPTION

ZITON maintains an anti-bribery and anti-corruption policy. The aim is to conduct our business in a lawful and ethical manner with integrity towards our stakeholders. We enforce this policy mainly by our management promoting our values across our organisation. In addition, we require receipts for all costs consumed and all costs must be approved by a superior to the person consuming the costs. To the best of our knowledge, the policy was successfully applied in 2022 with no indications of bribery or corruption.

ENVIRONMENTAL DETENTIONS, SPILLS AND VIOLATIONS

	2018	2019	2020	2021	2022
Port stay control detentions (Number of detentions)	0	0	0	0	0
Accidental oil spills (Number of oil spills)	3	0	0	2	0
Ballast water management violations (Number of violations)	0	0	0	0	0
Garbage disposal violations (Number of violations)	0	0	0	0	0

EMPLOYEES UNDER THE AGE OF 18

	2018	2019	2020	2021	2022
Employees under the age of 18 (Number of employees under 18)	0	0	0	0	0

BRIBERY AND CORRUPTION CASES

	2018	2019	2020	2021	2022
Bribery and corruption cases (Number of incidents revealed)	0	0	0	0	0

History of the company

ZITON was one of the first companies to be involved in the offshore wind industry dating back to 2007. We have expanded our fleet from one to four vessels during the last more than 15 years and throughout maintained our position as the market leader within O&M services.

2007-2011

ZITON's activities began in 2007 under the company Dansk Bjergning og Bugsering A/S, when the vessel J/U WIND was acquired, and the first long-term charter with Vestas was initiated. J/U WIND was one of the first jack-up vessels working in offshore wind, and she helped installing some of the very first offshore wind farms.

In 2008, the jack-up operations were carved out into a separate entity named DBB Jack-Up Services A/S.

In 2010, J/U WIND had a major rebuild and upgrade after which she in 2011 initiated a three-year charter with Siemens.

2012-2015

In 2012, BWB Partners invested in DBB Jack-Up Services A/S and became the majority owner. The same year, the fleet was expanded by the purchase of J/U WIND PIONEER in South Korea, while J/U WIND SERVER was ordered from Nordic Yards in Germany.

In 2014, a one-year framework agreement with Vestas and a three-year charter for J/U WIND SERVER with SGRE were signed.

J/U WIND SERVER was operational in March 2015, while J/U WIND PIONEER was operational in September after a complete rebuild and upgrade at Orskov Yard in Denmark. Also, the framework agreement with Vestas was expanded and extended by two years.

2016-2018

In 2016, DBB Jack-Up Services A/S changed its name to ZITON A/S, and the Siemens charter for J/U WIND SERVER was initiated. Also, three-year framework agreements with both Ørsted and Vattenfall were signed.

In 2017, the Vestas agreement was extended until further notice.

The first full-service main component replacement with technicians from ZITON Contractors was carried out in 2018.

In 2018, subsidiaries in Germany and the UK were also established.

2019-2022

In 2019, the vessel J/U WIND ENTERPRISE (formerly MPI Enterprise) was bareboat chartered, allowing ZITON to service increasingly larger turbines of up to 10MW.

Also in 2019, framework agreements with Vattenfall, Vestas and Ørsted were extended.

In 2021, J/U WIND ENTERPRISE was purchased and a long-term time charter of three years and eight months with SGRE was initiated.

In September 2022, Permira Credit Solutions III Sub Master Euro S.à r.l. became the new controlling shareholder of ZITON A/S.

”ZITON is playing a critical role in the transition towards renewable energy by providing major component replacement services to keep turbines up and running.”

Thorsten Jalk
CEO, ZITON A/S

Performance

Alternative performance measures

Alternative performance measures ("APMs") are non-IFRS financial measures used as supplements to financial statements.

ZITON presents its consolidated financial statements in accordance with generally accepted accounting practices (IFRS). Accordingly, key figures and ratios have been prepared in accordance with CFA Society Denmark's online version of "Recommendations & Ratios". In addition, ZITON presents APMs according to the Directives of European Securities and Markets Authority ("ESMA"). Management uses APMs in its decision-making and to evaluate the performance of the company. Furthermore, APMs present useful information which supplements the financial statements. APMs are not defined under IFRS and may not be directly comparable with APMs for other companies. Set out below are details of disclosures required by ESMA on definition, reconciliation, explanation of use, comparisons, and coherence of each APM.

OVERVIEW OF ALTERNATIVE PERFORMANCE MEASURES

APMs	Definition	Reconciliation	Explanation of use	Comparison	Coherence
Weighted average utilisation rate	Weighted average utilisation rate is calculated as vessel revenue plus other operating income less project-related expenses during the period divided by full utilisation at standard rates. The combined standard rate for the four vessels is EUR 185k per day. Each vessel has a different weighting depending on its specifications	Revenue – non-vessel-related revenue + other operating income (during the period) less project-related expenses / EUR 185k × days (in the period) × 100	The weighted average utilisation rate at standard day rates expresses our ability to effectively utilise and capture the value of our fleet of vessels. This performance measure is a key driver of profitability	Prior-year comparative figures are presented in the "How we measure performance" section. However, J/U WIND ENTERPRISE was included from Q2 2019	The criteria used to calculate the weighted average utilisation rate are unchanged from last year
EBITDA	EBITDA is short for earnings before interest, tax, depreciation, and amortisation	Income before tax + financial payments, net + depreciation and amortisation	EBITDA is a good approximation of pre-tax operating cash flow before working capital variations. This performance measure is a key driver of overall operational efficiency	Prior-year comparative figures are presented in the "Key figures" section	We use the modified retrospective approach for the implementation of IFRS 16. Hence, in 2018 finance leases were included in administrative expenses. From 2019 they are included in depreciation and financial expenses. All other criteria used to calculate EBITDA are unchanged
EBITDA margin	EBITDA divided by revenue	Income before tax + financials, net + depreciation and amortisation / revenue × 100	EBITDA margin is a good measure of operating efficiency	Prior-year comparative figures are presented in the "Key figures" section	The criteria used to calculate EBITDA margin are unchanged from last year, with the effect on EBITDA of IFRS 16 elaborated upon above
Cash flows from operating activities	Cash flows from operating activities is defined as EBITDA less working capital adjustments and other adjustments	Income before tax + reversal of financial expenses, net + depreciation and amortisation + other adjustments + working capital adjustments	Cash flows from operating activities is a good measure of the company's cash generating power, and the ability to pay interest, service loans and carry out investments	Prior-year comparative figures are presented in the "Key figures" section	The definition of cash flows from operating activities has been changed from 2018 when we also deducted financial payments in our definition of cash flows from operating activities. Further, as a consequence of using the modified retrospective approach for implementation of IFRS 16, finance leases were included in administrative expenses in 2018. From 2019 they are partly included in financial expenses
Subordinated capital	Subordinated capital consists of equity, subordinated loan and a second lien bond. Subordinated capital ranks last if the company goes into liquidation	Equity + subordinated loan + second lien bond loan	Subordinated capital can be considered risk capital provided to the company. It consists of equity and loans that are subordinated to the first lien bond loan, working capital facility and guarantees	Prior-year comparative figures are presented in the "Key figures" section	In the Written Resolution approved by bondholders on 17 December 2020, the definition of subordinated capital was amended. As J/U WIND ENTERPRISE would no longer be bareboat chartered, the equity adjustments related to the effect that "call option to purchase a Temporary Chartered Vessel shall be excluded" was discontinued

OVERVIEW OF ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

APMs	Definition	Reconciliation	Explanation of use	Comparison	Coherence
Subordinated capital ratio	Subordinated capital ratio is subordinated capital as a percentage of total assets	Equity + subordinated loan + second lien bond loan / total assets × 100	The subordinated capital ratio was discontinued as a financial covenant as of 30 September 2022	Prior-year comparative figures are presented in the "Key figures" section	The subordinated capital ratio covenant was removed as of 30 September 2022, therefore we reverted to the current more common definition replacing the definition of "subordinated capital as a percentage of total assets in ZITON excluding Wind Enterprise P/S"
Net interest-bearing debt (adjusted for capitalised financing costs)	Net interest-bearing debt ("NIBD") is senior debt with the highest priority level. It ranks ahead of subordinated debt if the company goes into liquidation	First lien bond loan (current and non-current) + lease obligations (current and non-current) less capitalised financing costs less cash and cash equivalents	NIBD (adjusted for capitalised financing costs) is a measure of the senior debt less cash and cash equivalents	Prior-year comparative figures are presented in the "Key figures" section	We use the modified retrospective approach for implementation of IFRS 16, hence finance leases are now capitalised and included in NIBD from 2019
Loan to vessels ratio	The loan to vessels ratio expresses NIBD (adjusted for capitalised financing costs) compared to the book value of the company's vessels	First lien bond loan (current and non-current) + lease obligations (current and non-current) less capitalised financing costs less cash and cash equivalents / vessels × 100	The loan to vessels ratio is considered a quick way for investors to assess the security of the company's vessels relative to the loans provided	Prior-year comparative figures are presented in the "Key figures" section	The criteria used to calculate the loan to vessels ratio is unchanged from previous years
Available liquidity	The liquidity available to the company less cash on retention account, which is provided as security for the company's credit facilities, plus available working capital credit facilities	Cash and cash equivalents less cash on retention account less draw on working capital facility + available draw on facility	Available liquidity is a good measure of the liquidity available to the company including drawing rights on the working capital facility for paying interest and instalments and withstanding variations in future operating cash flows	Prior-year comparative figures are presented in the "Review of cash flows" section of the financial statements	The criteria used to calculate available liquidity are unchanged from previous years
Liquidity	The liquidity available to the company less cash on retention account, which is provided as security for the company's credit facilities	Cash and cash equivalents less cash on retention account	Liquidity is a good measure of the liquidity available to the company and its ability to pay interest and instalments and to withstand variations in future operating cash flows	Prior-year comparative figures are presented in the "Review of cash flows" section of the financial statements	The criteria used to calculate liquidity are unchanged from previous years

How we measure performance

The Board of Directors and the Executive Management Team monitor a number of key performance indicators (“KPIs”) to evaluate the performance of our strategy over time.

The Board of Directors and the Executive Management Team monitor a number of key performance indicators (“KPIs”) to evaluate the performance of our strategy over time. The KPIs applied are both financial and operational, internal and external, leading and lagging indicators. KPIs are maintained for various purposes in the organisation. To monitor the operational performance of individual vessels, we employ BIMCO’s Shipping KPI system. At group level, we monitor, among other things, HSEQ reporting, vessel utilisation, day rates, return on invested capital and employee turnover. The three main KPIs, disclosed externally, are elaborated upon below. For specific definitions of the KPIs and an explanation of use, please refer to the section “Alternative performance measures”.

WEIGHTED AVERAGE UTILISATION RATE

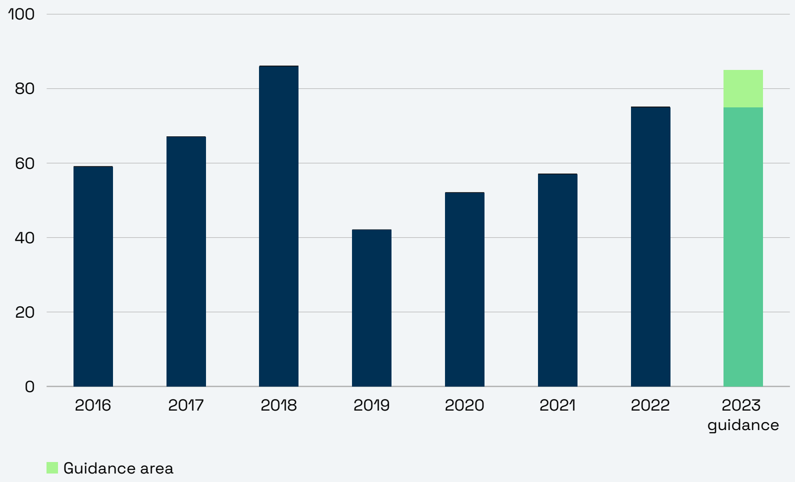
In March 2016, J/U WIND SERVER entered into a three-year time charter with Siemens Gamesa Renewable Energy ("SGRE"). This provided a stable base utilisation of the company's fleet from 2016 to 2018. In 2018, the utilisation of J/U WIND and J/U WIND PIONEER improved markedly, resulting in a weighted average utilisation rate of 86% in that year. Utilisation declined significantly to 42% in 2019, primarily because the utilisation of J/U WIND SERVER dropped as the three-year charter expired and the vessel continued on the West of Duddon Sands ("WoDS") blade campaign. The blade campaign was delayed by a couple of months, and we experienced a steep learning curve when the project was initiated. In May 2019, J/U WIND ENTERPRISE was bareboat chartered, and we saw good utilisation of the vessel in 2020 as it worked on various framework agreements. J/U WIND SERVER continued on the WoDS blade campaign for virtually all of 2020, resulting in satisfactory utilisation, even though the first two months of the year saw very low utilisation due to adverse weather, while a COVID-19 outbreak in the fourth quarter also had an impact on the utilisation. From the beginning of March 2021, J/U WIND ENTERPRISE went on time charter with SGRE for three years and eight months, and for the last ten months of 2021, J/U WIND SERVER operated on the Meerwind blade campaign. However, utilisation was negatively affected by precautions taken to prevent outbreaks of COVID-19, negatively affecting average utilisation of the fleet by five percentage points during 2021. The improved vessel utilisation during 2022 reflected the full year effect of having J/U WIND ENTERPRISE on charter compared to only ten months the year before. In addition, we also saw much improved utilisation of J/U WIND SERVER.

The projected improvement in vessel utilisation during 2023 reflects improvements in the competitive landscape leading to an improved balance between demand and supply of jack-up vessels for O&M services.

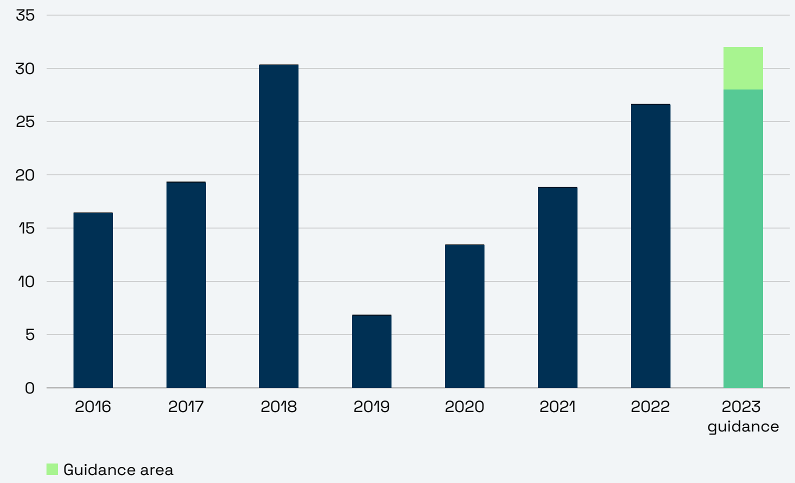
EBITDA

EBITDA improved steadily from 2016 to 2018, mainly as a consequence of the improved vessel utilisation. In 2019, EBITDA declined sharply as a result of the lower vessel utilisation rate, and the fact that ZITON's cost base mainly consists of a high percentage of fixed operating costs and a low percentage of variable costs. Consequently, as vessel utilisation and revenue declined, it caused a notable reduction of EBITDA. In 2020, we saw some improvement, mainly as the utilisation of J/U WIND SERVER improved due to better execution at the WoDS blade campaign, and the full-year contribution from J/U WIND ENTERPRISE. J/U WIND ENTERPRISE did not generate revenue for the two first months of 2021, as the vessel completed ten-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. As mentioned, J/U WIND ENTERPRISE initiated the time charter with SGRE, while J/U WIND SERVER completed the Meerwind blade campaign, where COVID-19 precautions negatively influenced EBITDA by EUR 3.0m in 2021. For 2022, the full year effect of

WEIGHTED AVERAGE UTILISATION RATE
Per cent



EBITDA
EUR million



SGRE's time charter of J/U WIND ENTERPRISE as well as improved utilisation of J/U WIND SERVER resulted in a strong improvement in EBITDA.

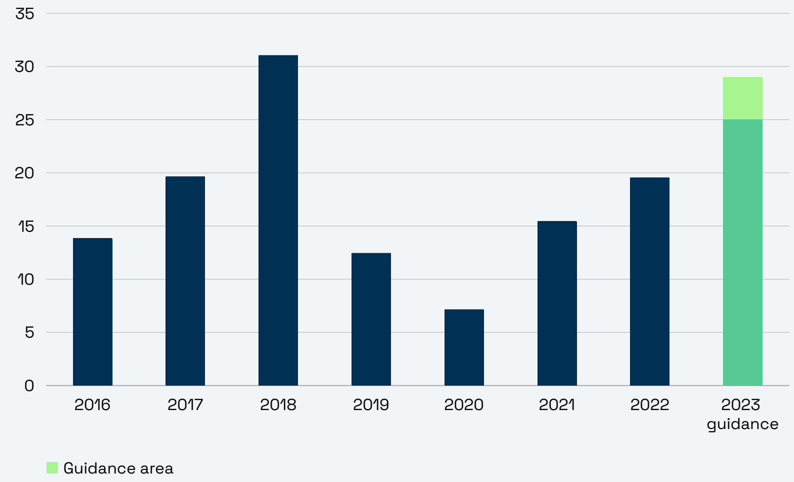
For 2023, we expect improvement in the competitive landscape for O&M services to result in higher day rates leading to an increase in EBITDA.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities is defined as EBITDA less working capital and other adjustments. Consequently, cash flows from operating activities is a good indication of the company's cash flow generation power. Cash flows from operating activities increased from 2016 to 2018, in line with the improvements in utilisation and EBITDA. In 2019, the decline in cash flows from operating activities were not as abrupt as the decline in EBITDA, as ZITON received an advance payment for the WoDS blade campaign amounting to approximately EUR 6.5m. The advance payment was reversed at the end of 2020, as the WoDS blade campaign was completed. During 2021, cash flow from operating activities increased in line with the improvements in utilisation and EBITDA, though higher revenue resulted in an increase in trade receivables, thus slightly offsetting the improvement from EBITDA. During 2022, cash flow from operating activities did not fully show the same level of improvement as EBITDA. This was mainly a consequence of non-recurring cash items of EUR 4.0m, related to the debt restructuring and EUR 1.8m to delayed payment by a customer at year-end.

The projected improvement for 2023 reflects the increase in EBITDA, which is partly offset by a slight increase in working capital.

CASH FLOWS FROM OPERATING ACTIVITIES
EUR million



2022 performance review

The following is a review of the guidance provided to bondholders in terms of our performance in 2022.

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 had growing market figures.

WEIGHTED AVERAGE UTILISATION RATE

We expected utilisation in the range of 70%-80%. We realised weighted average utilisation of 75% for 2022, which was in the middle of our guidance range.

EBITDA

We expected EBITDA to be in the range of EUR 26-30m. We realised EBITDA of EUR 26.6m, which was 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 approximately EUR 0.8m related to the 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. 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 was 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 were related to the debt restructuring and EUR 1.8m to a delayed payment by a customer.

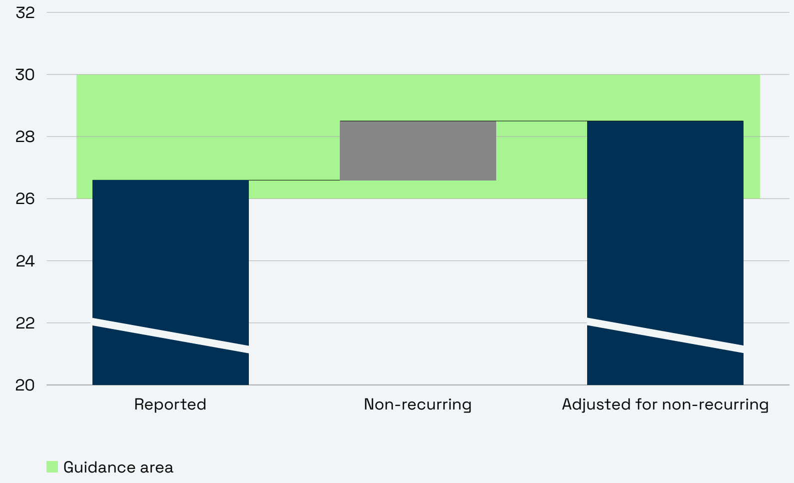
CAPEX

We expected CAPEX of around EUR 5m. We realised net CAPEX of EUR 4.6m, which was in line with our guidance.

The illustration to the right shows our 2022 EBITDA guidance compared to reported EBITDA and EBITDA adjusted for non-recurring items.

EBITDA GUIDANCE COMPARED TO ACTUAL

EUR million



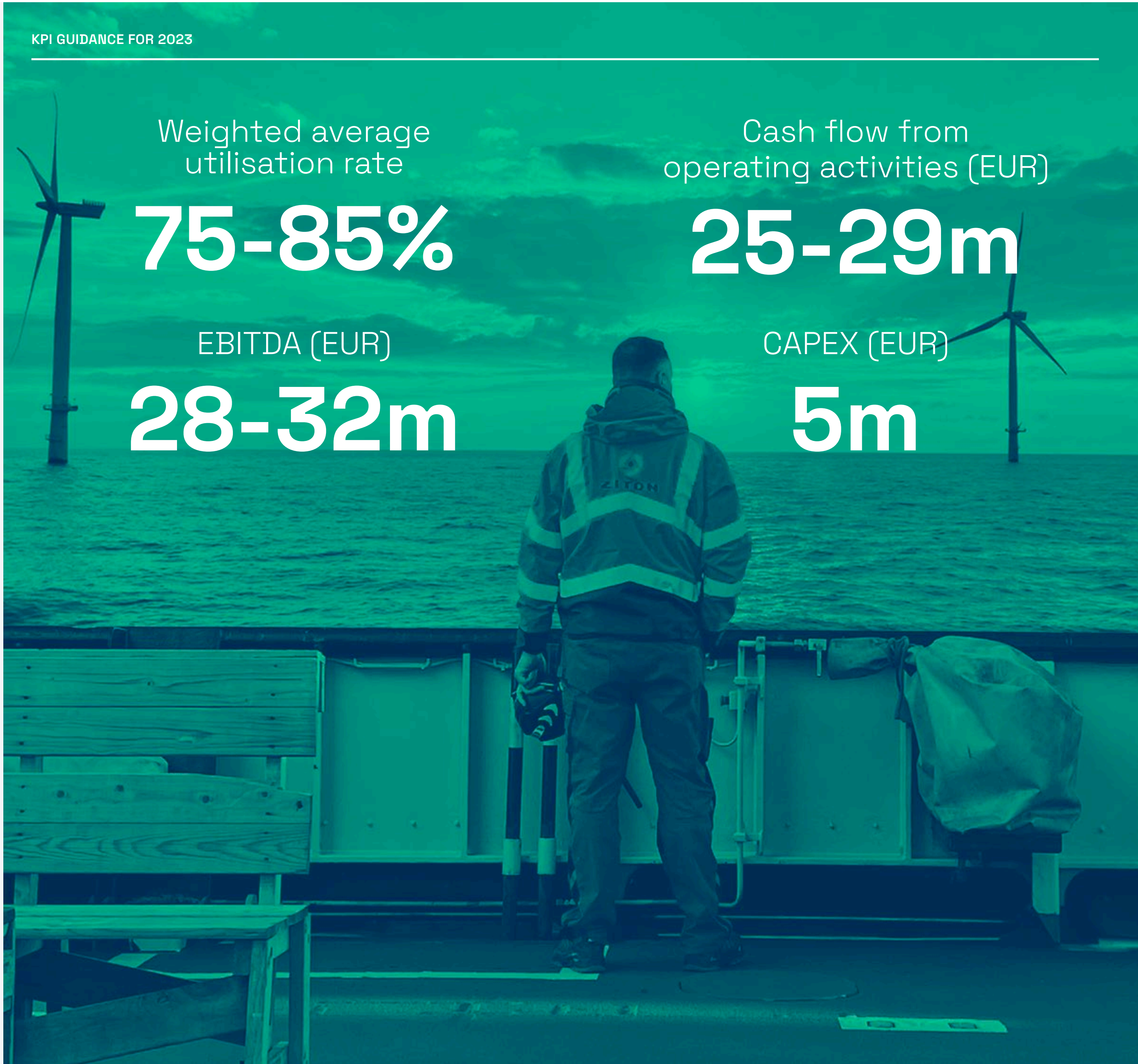
Outlook for 2023

The improved financial performance, which was realised in 2022, is expected to continue into 2023.

The 2023 guidance is based on various assumptions on market developments for major component replacements and blade campaigns, volume of business based on current agreements with customers, failure rates of turbines installed, and our ability to provide cost-effective solutions for major component replacement projects requiring a jack-up vessel.

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.

- We expect a utilisation rate in the range of 75%-85%.
- We expect EBITDA to be in the range of EUR 28-32m.
- 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%.
- We expect CAPEX of around EUR 5m.



Capital structure & debt restructuring

ZITON completed a debt restructuring on 30 September 2022, resulting in a significant improvement in the company's capital structure.

During 2019-2021, ZITON's balance sheet deteriorated markedly as operational earnings declined as ZITON carried out blade campaigns on West of Duddon Sands and Meerwind Süd/Ost that were significantly less profitable than anticipated. In addition, the vessel fleet was expanded with a bareboat charter of J/U WIND ENTERPRISE in May 2019 and the purchase of the vessel in January 2021, which increased the debt. In Q1 2022, due to excessive leverage, ZITON and its majority shareholder BWB Partners initiated negotiations with holders of its financial indebtedness to reach a solution for a long-term and viable capital structure. This led to completion of a debt restructuring on 30 September 2022. The debt restructuring resulted in a considerable strengthening of the capital structure and liquidity of the company.

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

SUBORDINATED LOANS

- All subordinated loans of EUR 38.7m were converted into equity on the debt restructuring date.

ZITON A/S – FIRST LIEN BOND LOAN

- The maturity of the first lien bond loan was extended by 24 months from 3 October 2022 to 3 October 2024.
- The margin was increased from 7.9% to 8.9% of which the one percentage point increase is accrued interest that is not payable until full repayment of the bond loan.
- The subordinated capital ratio covenant was discontinued and replaced by a minimum last twelve months EBITDA covenant of EUR 16.25m.

ZITON A/S - SECOND LIEN BOND LOAN

- The maturity of the second lien bond loan was extended by 24 months from 3 April 2023 to 3 April 2025.
- The variable interest rate of three months Euribor +12.85% margin was changed to a fixed coupon of 12.31% until 2 April 2024, whereafter the coupon will revert to a variable one month Euribor +9.0%.
- The second lien loan was increased by EUR 10m provided by ZITON's new controlling shareholder Permira Credit Solutions III Sub Master Euro S.à r.l. and PenSam Pension forsikringsaktieselskab.
- The subordinated capital ratio covenant was discontinued and replaced by a minimum last twelve months EBITDA covenant of EUR 16.25m.

WIND ENTERPRISE P/S – FIRST LIEN BOND LOAN

- The maturity of the first lien bond loan was unchanged at 30 June 2024.
- The covenant for interest coverage ratio of minimum 3x during 2021, 4x during 2022 and 5x thereafter, was softened and amended to a minimum of 2.75x during 2022, and 3.25x thereafter.

SECOND SUPER SENIOR WCF

- The working capital facility was partly repaid by EUR 3m plus interest to BWB Partners. Thereafter, the new facility is now EUR 6.2m.

The consequences of the debt restructuring are:

STRENGTHENING OF EQUITY

- The conversion of EUR 38.7m in subordinated debt into equity has significantly strengthened the company's equity.

LIQUIDITY IMPROVEMENT

- Net liquidity improvement of EUR 10.1m. This consists of a EUR 10m increase in the second lien bonds. Reduction of amortisation due on 3 April 2022 for the ZITON A/S first lien bonds from EUR 2.5m to EUR 1.25m and capitalisation of interest amounting to EUR 1.9m. EUR 3m 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. For further information please refer to the section "Corporate structure".

The charts to the right show how the capital structure of ZITON has evolved from 2017 to 2022. The assets chart shows that vessels made up 92% of assets at the end of 2022, while the liabilities chart shows the development in financing of the vessels.

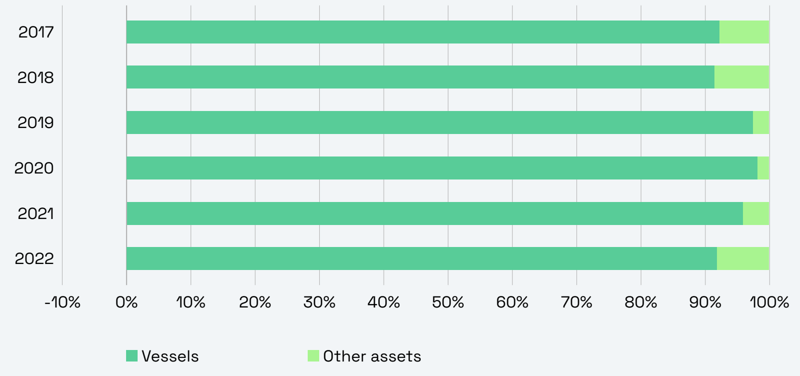
Jack-Up InvestCo 3 Plc was established in 2013 as a joint venture between ZITON A/S and Blue Water Capital SA for the purpose of constructing J/U WIND SERVER. Jack-Up InvestCo 3 Plc was fully consolidated in ZITON's financial statements at the end of 2017. As a result, Blue Water Capital SA's share of equity was accounted for as non-controlling interests at the end of 2017, amounting to EUR 19.0m.

ZITON A/S acquired the 50% ownership interest held by Blue Water Capital SA in October 2018. As a result, the non-controlling interests were eliminated from ZITON's financial statements. Furthermore, a partial repayment of EUR 17.0m of the subordinated loan was completed during the refinancing in October 2018. The non-controlling interests and partially repaid subordinated loan, amounting to EUR 36.0m, were partially replaced by a new second lien bond loan of EUR 25m during the refinancing in October 2018.

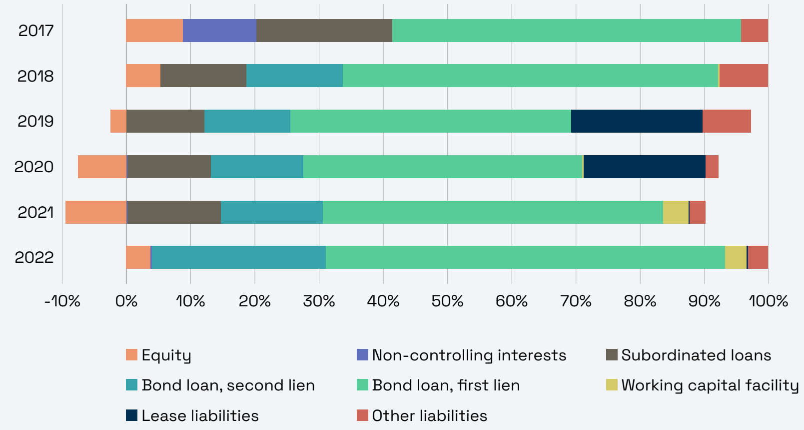
In May 2019, ZITON bareboat chartered J/U WIND ENTERPRISE until 31 March 2021. As part of the agreement, ZITON was given an option to purchase the vessel. According to IFRS 16, the bareboat charter commitments and the price at which the option could be called was discounted and capitalised in the balance sheet as assets and lease liabilities. In January 2021, the lease obligations related to J/U WIND ENTERPRISE were replaced by a EUR 35m bond issue in Wind Enterprise P/S to purchase the vessel.

The debt restructuring completed on 30 September 2022, resulted in a strong improvement in equity and second lien bond loan and thereby a strengthening of the subordinated capital ratio.

ASSETS



LIABILITIES



Financial statements & financial review

Key figures

EUR´000	2018	2019	2020	2021	2022
Income statement					
Revenue	45,504	33,572	49,637	58,051	57,746
EBITDA	30,348	6,844	13,416	18,801	26,596
Net financial expenses	-17,624	-16,999	-19,756	-22,788	-23,781
Income before tax	4,799	-20,025	-17,252	-15,072	-8,632
Income after tax	-1,283	-15,549	-12,356	-15,355	-8,457
Balance sheet items					
Non-current assets	153,424	195,586	187,939	182,404	175,694
Current assets	13,908	4,939	2,869	7,167	15,104
Total assets	167,332	200,525	190,808	189,571	190,798
Equity	8,902	-5,267	-16,910	-22,245	7,304
Equity and subordinated capital	56,483	48,807	44,986	49,314	59,244
Current liabilities	7,278	16,430	49,825	116,548	12,663
Cash flows					
Net cash flows from operating activities	31,010	12,369	7,107	15,434	20,093
Net cash flows before investment activities	18,416	3,109	1,021	5,013	9,788
Net cash used in investing activities	-24,235	-3,477	-2,556	-5,196	-4,570
Net cash used/received in financing activities	13,933	-8,465	-188	1,397	-2,108
Net change in cash and cash equivalents	8,114	-8,833	-1,723	1,214	3,109
Financial ratios and other key figures					
EBITDA margin	66.7%	20.4%	27.0%	32.4%	46.1%
Subordinated capital ratio	33.8%	33.8%	31.1%	27.0%	30.9%
NIBD (adjusted for capitalised financing costs)	89,321	135,282	142,917	134,629	120,973
Loan to vessel ratio	58.3%	69.4%	76.2%	76.7%	69.0%
Total number of operating vessels (average)	3	4	4	4	4

Key ratios have been prepared in accordance with CFA Society Denmark's online version of "Recommendations & Ratios".
Financial ratios and other key figures are described in the management review section "Alternative performance measures".

EUR´000	Q1-22	Q2-22	Q3-22	Q4-22
Revenue	12,448	15,914	15,979	13,405
Other operating income	-	-	-	443
Project-related expenses	-936	-1,108	-1,339	-1,514
Operational expenses	-4,067	-4,524	-4,675	-5,152
Gross profit	**7,446**	**10,282**	**9,965**	**7,181**
SG&A	-1,689	-2,587	-1,789	-2,213
EBITDA	**5,757**	**7,695**	**8,176**	**4,968**
Subordinated capital ratio	26.0%	26.1%	31.2%	30.9%
Weighted average utilisation	67%	86%	80%	66%

EUR´000	Q1-21	Q2-21	Q3-21	Q4-21
Revenue	7,693	17,837	18,088	14,433
Other operating income	-	-	-	-
Project-related expenses	-1,981	-4,571	-4,867	-3,072
Operational expenses	-5,024	-4,679	-4,458	-4,171
Gross profit	**688**	**8,587**	**8,763**	**7,190**
SG&A	-1,528	-1,744	-1,522	-1,633
EBITDA	**-841**	**6,843**	**7,242**	**5,557**
Subordinated capital ratio	26.1%	26.0%	27.4%	27.0%
Weighted average utilisation	23%	73%	70%	61%

Income statement & statement of comprehensive income **1 January - 31 December**

Income statement

EUR´000	Note	2022	2021
Revenue	2.1	**57,746**	**58,051**
Other operating income		443	-
Project-related expenses		-4,898	-14,491
Operating expenses	2.2	-18,418	-18,332
Gross profit		**34,874**	**25,228**
Administrative expenses		-2,675	-1,558
Staff costs, office staff	2.3	-5,602	-4,870
EBITDA		**26,596**	**18,801**
Depreciation, amortisation & impairment losses	3.1-3.2	-11,446	-11,084
EBIT		**15,150**	**7,716**
Financial income	4.4	44	196
Financial expenses	4.4	-23,825	-22,984
Income before tax		**-8,632**	**-15,072**
Tax on profit (loss)	5.1	174	-284
Income for the year		**-8,457**	**-15,355**
Attributable to:			
Shareholders of ZITON A/S		-8,344	-15,327
Non-controlling interests		-113	-29
Income for the year		**-8,457**	**-15,355**

Statement of comprehensive income

EUR´000	2022	2021
Income for the year	**-8,457**	**-15,355**
Items that will subsequently be reclassified to the income statement when specific conditions are met:		
Reserve for equity-settled warrants	-	-
Exchange adjustments of foreign entities, net of tax	1	21
Cash flow hedges, realised (gains)/losses incured during period	-	-
Cash flow hedges, deferred gains/(losses) incured during period	-	-
Total comprehensive income for the year, after tax	**-8,456**	**-15,334**
Attributable to:		
Shareholders of ZITON A/S	-8,343	-15,306
Non-controlling interests	-113	-29
Total comprehensive income for the year, after tax	**-8,456**	**-15,335**

Review of the income statement

REVENUE
The fully consolidated results for ZITON show net revenue for 2022 of EUR 57.7m compared to EUR 58.1m for 2021. The change in turnover is caused by higher turnover in Q1 2022 compared to 2021 where J/U WIND ENTERPRISE was in dock for the first two months of the year. Meanwhile, turnover for Q2-Q4 2022 was lower than the previous year in which turnover was positively affected by the Meerwind blade campaign.

EXPENSES
Total expenses in ZITON decreased to EUR 31.6m in 2022 from EUR 39.3m in 2021. The decrease is mainly due to higher project-related expenses related to the Meerwind blade campaign during 2021.

Project-related and operating expenses
Project-related costs and operating expenses decreased to EUR 23.3 m in 2022 from EUR 32.8m in 2021. The main reason for the decrease was that project related costs in 2021 were higher for the Meerwind blade campaign, and a project on the east coast of UK.

Administrative and salary expenses
SG&A expenses increased to EUR 8.3m for 2022 from EUR 6.4m for 2021 mainly due to one-off costs of approximately EUR 1.0m related to the abortion of the sales process and the initiation of the debt restructuring process as well as costs related to the implementation of an employee retention programme following the completion of the debt restructuring.

EBITDA
EBITDA was a EUR 26.6m profit in 2022 compared to a profit of EUR 18.8m in 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.

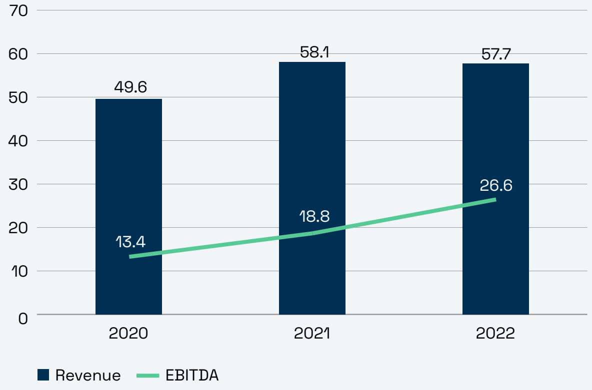
DEPRECIATION AND AMORTISATION
Depreciation charges were EUR 11.4m in 2022 compared to EUR 11.1m in 2021. The increase is mainly due to a one-off impairment charge not related to the vessels.

NET FINANCIALS
Net financials was an expense of EUR 23.8m in 2022 compared to an expense of EUR 22.8m in 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.

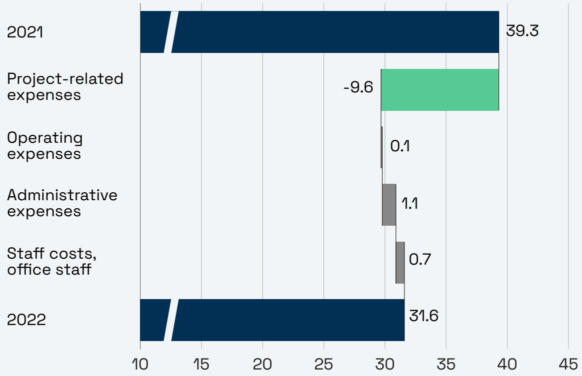
TAX ON PROFIT (LOSS)
Tax on profit was an income of EUR 0.2m. Taxation is described further in note 5.1

NON-CONTROLLING INTERESTS
A loss of EUR 113k representing 50% of the losses for the year in Hangout A/S is attributed to non-controlling interests.

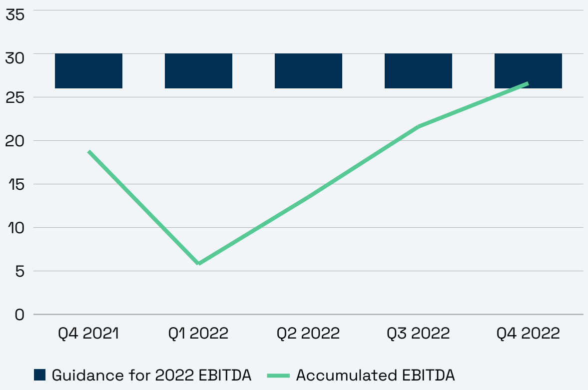
REVENUE & EBITDA
EUR million



EXPENSES
EUR million



ACCUMULATED EBITDA & EXPECTED RANGE
EUR million



Balance sheet
31 December

Assets

EUR´000	Note	2022	2021
ASSETS			
Non-current assets			
Vessels, including property, fixtures & equipment	3.1	175,429	182,147
Intangible assets	3.2	131	148
Deferred tax asset	5.2	134	108
Non-current assets		**175,694**	**182,403**
Current assets			
Inventories		421	193
Trade and other receivables	3.4	10,077	5,476
Cash and cash equivalents	4.1-4.4	4,607	1,498
Current assets		**15,104**	**7,167**
Total assets		**190,798**	**189,570**

Equity and liabilities

EUR´000	Note	2022	2021
EQUITY			
Share capital		54	14,473
Reserves		-124	-2
Retained earnings		7,225	-36,974
Total equity attributable to shareholders of ZITON A/S		**7,154**	**-22,503**
Non-controlling interests		150	258
Total equity		**7,304**	**-22,245**
LIABILITIES			
Non-current liabilities			
Subordinated loan	4.1-4.4	-	34,511
Bond loan, second lien	4.1-4.4	51,940	37,048
Bond loan, first lien	4.1-4.4	112,635	22,638
Lease obligations	4.1-4.4	46	279
Deferred tax liability	5.2	-	791
Working capital facility loan	3.3	6,211	-
Total non-current liabilities		**170,831**	**95,267**
Current liabilities			
Bond loan, first lien	4.1-4.4	6,246	102,062
Lease obligations	4.1-4.4	314	360
Working capital facility	4.1-4.4	128	9,152
Current tax payable		-	336
Trade and other payables	3.5	4,108	3,656
Provision for other liabilities	3.3	1,866	982
Total current liabilities		**12,663**	**116,548**
Total liabilities		**183,494**	**211,815**
Total equity and liabilities		**190,798**	**189,570**

Review of the balance sheet

VESSELS, INCLUDING PROPERTY AND FIXTURES & EQUIPMENT
The total value of the vessels (including property and fixtures & equipment) 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.

NET WORKING CAPITAL
Working capital increased by EUR 4.6m in 2022.

Trade receivables
Trade receivables amounted to EUR 9.1m at the end of 2022 compared to EUR 3.6m at the end of 2021. The increase was mainly due to higher activity levels towards the end of 2022 compared to the year before.

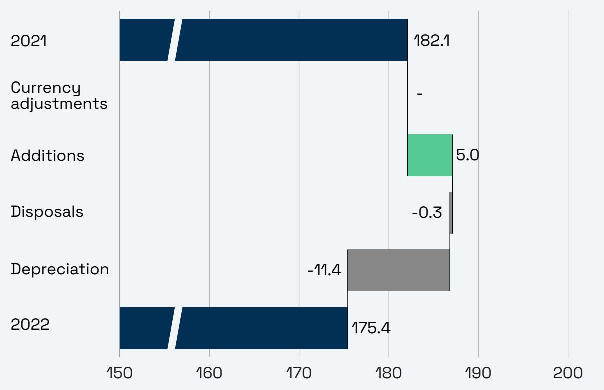
Trade payables
Trade payables increased to EUR 2.3m in 2022 from EUR 1.4m in 2021.

EQUITY
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.

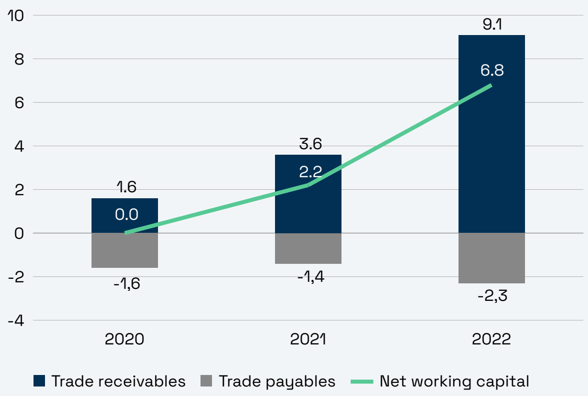
NET INTEREST BEARING DEBT (NIBD)
NIBD includes bond debt (adjusted for capitalised expenses), the amount drawn on the working capital facility, and finance lease liabilities less cash and cash equivalents.

Change in NIBD
NIBD amounted to EUR 121m at the end of 2022 compared to EUR 134.6m at the end of 2021.

VESSEL, INCLUDING FIXTURES & EQUIPMENT
EUR million



NET WORKING CAPITAL
EUR million



Cash flow statement
1 January - 31 December

EUR´000	Note	2022	2021
Income before tax		-8,632	-15,072
OPERATING ACTIVITIES			
Adjustments for non-cash items			
Reversal of financial expenses, net	4.4	23,781	22,789
Depreciation and writedowns for the period	3.1	11,446	11,084
Other adjustments		-3,011	-1,343
Working capital adjustments			
Change in inventories		-227	40
Change in trade receivables		-4,601	-3,124
Change in trade payables		1,337	1,060
Net cash flows from operating activities		**20,093**	**15,434**
FINANCIAL PAYMENTS			
Financial receipts		44	-
Financial payments		-9,745	-10,420
Income tax expenses			
Income tax expenses		-604	-
Net cash flows before investing activities		**9,788**	**5,013**

EUR´000	Note	2022	2021
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	3.1	-4,774	-5,196
Disposal of tangible fixed assets		253	-
Purchase of intangible fixed assets		-49	-
Net cash used in investing activities		**-4,570**	**-5,196**
FINANCING ACTIVITIES			
Repayment of debt to bondholders	4.5	-8,250	-8,207
Proceeds from bank and bond loans	4.5	10,000	33,806
Draw on working capital facility	4.1-4.4	-2,813	8,663
Capital increase in parent		-	-
Cost of capital increase		-624	-
Lease payments	4.1-4.4	-421	-32,865
Net cash used/received in financing activities		**-2,108**	**1,397**
Net change in cash and cash equivalents		**3,109**	**1,214**
Cash and cash equivalents at beginning of period	4.2	1,498	284
Exchange gains/losses on cash and cash equivalents		-	-
Cash and cash equivalents at end of period	4.2	**4,607**	**1,498**

Review of cash flows

OPERATING ACTIVITIES
Cash flows from operating activities amounted to EUR 20.1 m in 2022 compared to EUR 15.4m in 2021. For 2022, working capital adjustments amounted to negative EUR 3.5m mainly related to increased receivables from the SGRE long-term charter. For the full year 2022, financial payments amounted to negative EUR 9.7m for 2022 compared to EUR 10.4m for 2021.

INVESTING ACTIVITIES
In 2022, investing activities amounted to an outflow of EUR 4.6m compared to an outflow of EUR 5.2m in 2021. Investing activities in 2022, were mainly related to ordinary five years renewal survey according to class requirements for J/U WIND.

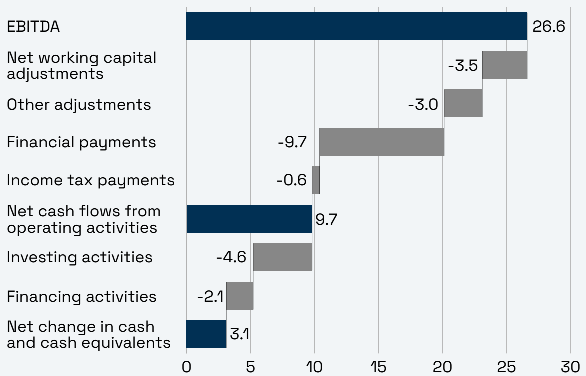
FINANCING ACTIVITIES
Financing activities in 2022 amounted to a cash outflow of EUR 2.1m compared to a cash inflow of EUR 1.4m in 2021.

The cash outflow from financing activities arose from 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 Work Capital Facility ("SSS WCF").

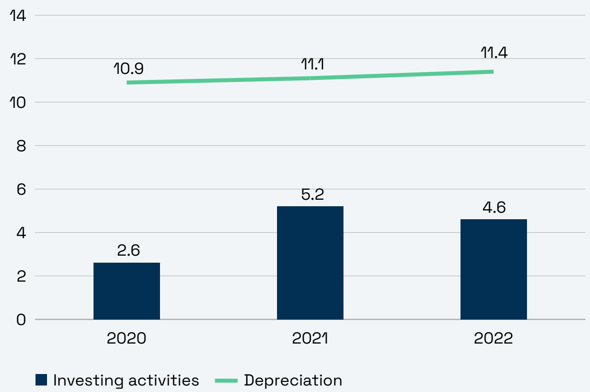
AVAILABLE LIQUIDITY
Available liquidity including available drawings on the working capital facility amounted to EUR 5.0m at the end of 2022 compared to EUR 1.7m available at the end of 2021. The improvement in available liquidity is a result of the debt restructuring completed in 2022.

EUR'000	2022	2021	2020
Liquidity	**4.6**	**1.5**	**0.3**
Available draw on working capital facility	0.4	0.2	12.2
Available liquidity	**5.0**	**1.7**	**12.5**

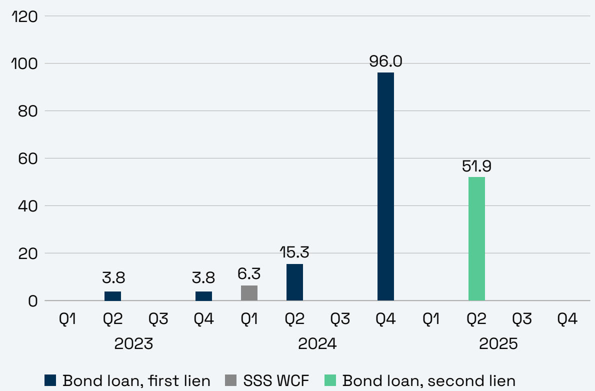
CASH FLOWS
EUR million



INVESTING ACTIVITIES VS. DEPRECIATION
EUR million



DEBT REPAYMENTS NEXT THREE YEARS
EUR million



Statement of changes in equity

2022 EUR'000	Share capital	Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of ZITON A/S							
Balance at 31 December 2021	**14,473**	**143**	**-145**	**-2**	**-36,974**	**-22,503**	**258**	**-22,245**
Total comprehensive income for the year, after tax	-	-	1	1	-8,344	-8,343	-113	-8,456
Cancellation of warrants	-	-143	-	-143	143	-	-	-
Capital reduction in parent	-14,473	-	-	-	14,473	-	-	-
Capital increase in parent	54	-	-	-	38,707	38,761	-	38,761
Cost of capital increase	-	-	-	-	-780	-780	-	-780
Other adjustments	-	-	20	20	-	20	6	26
Balance at 31 December 2022	**54**	**-**	**-124**	**-124**	**7,225**	**7,154**	**150**	**7,304**

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 14,473k) to zero 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.

ACCOUNTING POLICIES

Reserves on equity consist of the following:
Reserve for warrants consist of warrants to management, selected employees and a subordinated loan provider.
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.

2021 EUR'000	Share capital	Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of ZITON A/S							
Balance at 31 December 2020	**13,098**	**143**	**-166**	**-23**	**-30,272**	**-17,197**	**287**	**-16,911**
Total comprehensive income for the year, after tax	-	-	21	21	-15,327	-15,306	-29	-15,334
Capital increase in subsidiaries	-	-	-	-	-	-	-	-
Capital increase in parent	1,375	-	-	-	8,625	10,000	-	10,000
Balance at 31 December 2021	**14,473**	**143**	**-145**	**-2**	**-36,974**	**-22,503**	**258**	**-22,245**

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 2021, the share capital consisted of 108,013,705 shares of DKK 1 each (EUR 14,473K). 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.

Notes to the consolidated financial statements

READING GUIDE
The following abbreviations I/S, B/S and C/F used in the notes to these financial statements indicate amounts that can be found in the income statement, balance sheet and cash flow statement respectively.

Note 1 / Basis of reporting

1.1 Basis of reporting

GENERAL INFORMATION
ZITON A/S is a public limited company incorporated in Horsens, Denmark.

ZITON A/S is controlled by Zappy Topco ApS, which holds 100% of the share capital in ZITON A/S. The ultimate parent of the group is Permira Credit Solutions III Sub Master Euro S.à r.l., Luxemborg, by virtue of 55% holding of shares with voting rights in Zappy Topco ApS.

ZITON A/S' parent company was established on 16 September 2022 and has a prolonged first financial year which ends at 31 December 2023 and therefore no consolidated financial statements for Zappy Topco ApS have been prepared for the year ended 31 December 2022. In the current financial year ended 31 December 2022 the highest level of consolidated financial statements for the ZITON group are prepared by ZITON A/S.

The consolidated financial statements of ZITON A/S have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class D companies.

The consolidated financial statements are presented in EUR thousands (EUR ´000).

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and balances required to be measured at fair value. Other than as set out in the section "Relevant new accounting standards", the principal accounting policies adopted are consistent with the consolidated financial statements for the year ended 31 December 2021.

Significant accounting policies adopted in the preparation of these consolidated financial statements are disclosed in relevant notes. If no relevant note exists, the accounting policies are listed in this note. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of ZITON A/S and its subsidiaries.

Furthermore, significant accounting judgements, estimates and assumptions used in these consolidated financial statements are disclosed in relevant notes. If no relevant note exists, the significant accounting judgements, estimates and assumptions are listed in this note.

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved when the company:
- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee, and;
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:
- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements, and;
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

The consolidated financial statements of the ZITON A/S group consist of the wholly-owned, ZITON Contractors A/S, Jack-Up InvestCo 3 Plc, ZITON Ltd, ZITON GmbH, ZITON Offshore Wind Power Technology (Beijing) Limited, Green Wind Enterprise ApS, Wind Enterprise P/S, and the 50% owned company Hangout A/S, which management has evaluated can be 100% consolidated according to IFRS 10.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of ZITON A/S and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

FOREIGN CURRENCIES
Functional and presentational currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Although the functional currency for ZITON A/S is DKK, the consolidated financial statements are presented in EUR because the main financing is in EUR.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Note 1 / Basis of reporting

1.1 Basis of reporting (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement under financial income/expenses. All other foreign exchange gains and losses are presented in the income statement on a net basis under revenue or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which have the currency of a hyperinflationary economy) that have a functional currency other than the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;
- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

INVENTORIES

Inventories primarily comprise bunker onboard vessels. Inventories are measured at the lower of cost according to the FIFO method and net realisable value.

INCOME STATEMENT

Project-related expenses

Project-related expenses consist of expenses in relation to projects and primarily involve expenses to subcontractors, tugboat, seabed analyses and special equipment used for operations. Like revenue, project-related expenses are recognised upon delivery of the service.

Operating expenses

Operation of vessels comprises expenses other than project-related expenses incurred to generate the revenue for the year. Vessel operating costs are divided into fixed and variable expenses. As vessels are obligated by law to have a minimum crew, staff expenses for employees are considered a fixed expense. Fixed expenses include insurance, maintenance expenses, staff costs, etc. Variable expenses include bunker, lubricants and other expenses to move the vessel. Like revenue, operating costs are recognised upon delivery of the service.

Administrative expenses

Administrative expenses comprise cost of rent, travel, external expenses and other office expenses, etc. Administrative expenses are also recognised upon delivery of the service.

CASH FLOWS

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the income before tax adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of bank and bond debt, instalments on leases, acquisition and disposal of subordinated debt and payment of dividends to shareholders and changes on the working capital facility.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the group's consolidated financial reporting requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future periods.

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

Accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognised in the period in which the estimate is revised. Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. The actual amounts may differ from the amounts estimated as more detailed information becomes available.

In addition, management makes judgements and estimates in the process of applying the entity's accounting policies, for example regarding recognition and measurement of deferred income tax assets or the classification of transactions.

Please refer to the specific notes for further information on the key accounting estimates and judgements as well as assumptions applied.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the economic decision-making of the users of these financial statements.

Note 1 / Basis of reporting

1.1 Basis of reporting (continued)

JUDGEMENTS
In the process of applying ZITON A/S's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements.

Full consolidation of Hangout A/S:
According to IFRS, the consolidation principle is an overall evaluation of the
- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee, and;
- the ability to use its power over the investee to affect the amount of the investor´s return.

Based on management's evaluation of the above, Hangout A/S has been fully consolidated in the balance sheet since 5 March 2019.

ESTIMATES AND ASSUMPTIONS
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that involve a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in relevant notes listed below.

The accounting estimates and assumptions which management deems to be significant to the preparation of the consolidated financial statements are:
- Revenue from contracts with costumers (note 2.1)
- Impairment of vessels (note 3.1)
- Leases (note 3.1 and 6.1)
- Trade receivable (note 3.4)
- Deferred tax (note 5.2)
- Provisions (note 3.3)
- Contingent liabilities (note 6.1)

GOING CONCERN
During 2019 to 2022, 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 the annual 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 consists 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 statements have therefore been prepared on a going concern basis and no changes to recognition or measurement have been made.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED
As of 1 January 2022, ZITON adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date 1 January 2022 or earlier. The new or revised standards and interpretations did not affect recognition and measurement materially nor did they result in any material changes to disclosures in the notes. Apart from this, the annual report is presented in accordance with the accounting policies applied in previous years' annual reports.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing this annual report. None of these new standards, amendments to standards and interpretations are expected to have significant impact on the financial statements of ZITON.

ZITON will adopt new standards and interpretation as of the effective dates.

Note 2 / Operating activities

2.1 Revenue from contracts with customers

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 vessels, ZITON Contractors A/S and Hangout A/S's revenue and expenses. As all four vessels, 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
The group operates in northern Europe. The geographical distribution of fixed-priced revenue is based on the country in which the wind farm is located. For time charter contracts, the geographical distribution is based on the position of the vessel, during the contract. The long-term time charter of J/U WIND ENTERPRISE is not distributed geographically.

GEOGRAPHICAL DISTRIBUTION OF REVENUE

EUR'000		2022	2021
Germany		397	24,785
United Kingdom		25,859	10,898
Denmark		10,345	5,228
Belgium		1,390	1,888
Sweden		2,242	505
Netherlands		304	333
Ireland		-	296
Total non time charter		**40,538**	**43,933**
Long-term time charter		17,208	14,118
Total	I/S	**57,746**	**58,051**

Sales to the largest customers, accounting for more than 10% of revenue, made up 32%, 32% and 14% of total revenue in 2022 (2021: 57% and 16%, respectively).

ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are reduced for estimates for trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each engagement.

For vessels on fixed-price contracts, the type of service provided is analysed as either a lease, service or construction contract.

REVENUE FROM CONTRACTS WITH CUSTOMERS
Revenue from vessel services is recognised when the performance obligations identified in contracts have been satisfied. The transaction price of each contract is measured considering contract payments and reductions for trade allowances, rebates, penalties and amounts collected on behalf of third parties. The transaction price is allocated to each performance obligation.

Where contracts are identified as services or contracts with customers, revenue is recognised at the point in time when all performance obligations have been delivered according to the contract.

The transaction prices deemed in the identified contracts are primarily based on fixed price agreements and fixed milestone payments. The variable elements in the transaction prices may include penalties based on compliance with "downtime on wind turbines" and "liquidated damages" in accordance with contractually agreed deadlines.

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 seperate 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 / Operating activities

2.2 Operating expenses

TOTAL OPERATING EXPENSES

EUR'000	2022	2021
Other operating expenses	9,676	9,073
Vessel staff costs	8,742	9,259
Total operating expenses	**18,418**	**18,332**

The increase in operating expenses from 2021 to 2022 was mainly due to SGRE's time charter of J/U WIND ENTERPRISE only being effective for a period of ten months in the previous financial year.

2.3 Staff costs

TOTAL STAFF COSTS

EUR'000		2022	2021
Staff costs, office staff			
Wages and salaries		5,143	4,420
Pensions - defined contribution plans		356	348
Other social security costs		103	102
Total staff costs, office staff	I/S	**5,602**	**4,870**
Staff costs, vessel staff (included in "Operating expenses")			
Wages and salaries		8,203	8,718
Pensions - defined contribution plans		435	431
Other social security costs		104	110
Total staff costs, vessel staff		**8,742**	**9,259**
Total staff costs		**14,344**	**14,129**

AVERAGE NUMBER OF EMPLOYEES

EUR'000	2022	2021
Office staff, Danish nationality	42	38
Office staff, other nationalities	6	6
Technicians, Danish nationality	5	5
Technicians, other nationalities	2	5
Vessel staff, Danish nationality	74	76
Vessel staff, other nationalities	59	56
Total employees	**188**	**186**

Note 3 / Operating assets and liabilities

3.1 Vessels and equipment

2022 EUR´000		Property	Fixtures & equipment	Vessels	Total
Cost at 1 January		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 right-of-use assets		-	190	-	190
Disposals of right-of-use assets		-	-248	-	-248
Cost at 31 December		**1,121**	**4,044**	**251,186**	**256,351**
Depreciation at 1 January		-746	-1,411	-67,675	-69,833
Exchange rate adjustments		3	2	-	5
Depreciation	I/S	-	-306	-10,488	-10,794
Disposals		-	18	74	91
Depreciation of right-of-use assets	I/S	-274	-101	-	-374
Disposals of right-of-use assets		-	196	-	196
Depreciation at 31 December		**-1,017**	**-1,602**	**-78,090**	**-80,709**
Impairment losses at 1 January		-	-	-	-
Impairment during the year		-	-214	-	-214
Impairment losses at 31 December		**-**	**-214**	**-**	**-214**
Carrying amount at 31 December	B/S	**104**	**2,228**	**173,097**	**175,429**

The balance sheet shows the following amounts related to leases:

EUR´000	2022	2021
Right-of-use assets		
Office rents	104	380
Cars	303	257
Total right-of-use assets	**407**	**637**

The statement of profit or loss shows the following amounts related to leases:

EUR´000	2022	2021
Depreciation charge of right-of-use assets		
Office rents	274	233
Cars	101	112
Total depreciation charge of right-of-use assets	**375**	**345**
Interest expenses (included in "Finance costs")		
Office rents	16	25
Cars	8	5
Total interest expenses	**24**	**30**

Note 3 / Operating assets and liabilities

3.1 Vessels and equipment (continued)

2021 EUR'000		Property	Fixtures & equipment	Vessels	Total
Cost at 1 January		1,126	2,870	242,756	246,752
Exchange rate adjustments		-	-	-	-
Additions		-	483	4,968	5,451
Disposals		-	-254	-	-254
Additions to right-of-use assets		-	208	-	208
Disposals of right-of-use assets		-	-176	-	-176
Cost at 31 December		**1,126**	**3,130**	**247,724**	**251,980**
Depreciation at 1 January		-488	-1,102	-57,394	-58,983
Exchange rate adjustments					-
Depreciation	I/S	-	-366	-10,282	-10,648
Disposals		-	69	-	69
Depreciation of right-of-use assets	I/S	-258	-147	-	-405
Disposals of right-of-use assets	I/S	-	135	-	135
Depreciation at 31 December		**-746**	**-1,411**	**-67,676**	**-69,833**
Impairment losses at 1 January		-	-	-	-
Impairment losses at 31 December		-	-	-	-
Carrying amount at 31 December	B/S	**380**	**1,719**	**180,049**	**182,147**

Note 3 / Operating assets and liabilities

3.1 Vessels and equipment (continued)

ASSESMENT OF IMPAIRMENT ON 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, 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 11.1% (2021: 9.2%) 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 annual report for 2022.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS - IMPAIRMENT OF VESSELS

Significant accounting estimates include i.e. estimates of useful lives, residual values and impairment of tangible assets.

USEFUL LIVES OF THE VESSELS

The remaining useful lives of the vessels are assessed annually by the Chief Operating Officer. At the current depreciation rate, the vessels are fully depreciated over 20 to 25 years.

RESIDUAL VALUES

The residual values of the vessels are estimated at zero as it is expected that scrapping of the vessels will include expenses equivalent to the value of steel.

IMPAIRMENT

Revenue for "open charter periods" is estimated based on 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 either already signed framework agreements or historical prices. The value applied in the calculation is sensitive to fluctuations in expected day rates and vessel utilisation. However, an increase of the WACC of two percentage points to 13.1% or a reduction of either 10% in utilisation or day rates will not lead to a value in use lower than the current carrying amount of the vessels. The estimated weighted average utilisation used in the forecast period of the impairment test varies from 80% to 95%, which compares to realised figures of 57% and 75% in 2021 and 2022 respectively.

ACCOUNTING POLICIES

The group's accounting policy for vessels, office rent and fixtures & equipment is stated at historical costs less depreciation. Historical costs include expenditures directly attributable to the acquisition of the items. This includes capitalised staff costs and interests.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels:	between 20 and 30 years
Installed equipment on vessels:	between 3 and 12 years
Machinery & tools:	between 3 and 10 years
Cars and office rent:	between 2 and 5 years

Docking costs of the vessels are capitalised and depreciated over the period until the next docking, typically five to ten years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

LEASES

The group leases offices and vehicles. Rental contracts are typically made for fixed periods of two to five years, but may have extension options. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Note 3 / Operating assets and liabilities

3.1 Vessels and equipment (continued)

Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the implied interest rate of the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by ZITON A/S, and;
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and;
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT equipment and small items of office furniture.

Note 3 / Operating assets and liabilities

3.2 Intangible assets

2022 EUR'000		Patents	Software	Total
Cost at 1 January		47	207	254
Exchange rate adjustments		-	1	1
Additions		15	34	49
Cost at 31 December		**62**	**242**	**304**
Amortisation and impairment at 1 January		-3	-103	-106
Exchange rate adjustments		-	-1	-1
Impairment	I/S	-25	-	-25
Amortisation	I/S	-4	-37	-41
Amortisation and impairment at 31 December		**-32**	**-141**	**-173**
Carrying amount at 31 December	B/S	**30**	**101**	**131**

2021 EUR'000		Patents	Software	Total
Cost at 1 January		47	184	231
Additions		-	23	23
Cost at 31 December		**47**	**207**	**254**
Amortisation and impairment at 1 January		-	-72	-72
Amortisation	I/S	-3	-31	-35
Amortisation and impairment at 31 December		**-3**	**-103**	**-106**
Carrying amount at 31 December	B/S	**44**	**104**	**148**

ASSESMENT OF IMPAIRMENT

Intangible assets include patents and software. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the amount by which an asset's carrying amount exceeds its recoverable amount.

In 2022, no revenue was generated in Hangout A/S and consequently the asset including the related patent was tested for impairment. 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 assets' economic lives, a determined WACC of 11.1% before tax, and a growth rate in the terminal period of 0%. The value in use includes assumptions on number of blade repairs, market share, price per exchange and operational expenses for operating Hangout.

The impairment test of patents shows that the carrying amount of patents exceeds the recoverable amount and consequently an impairment loss of EUR 25k has been recognised in the annual report for 2022.

Management assesses that the long-term value of the other immaterial assets at the close of the financial period exceeds the carrying amounts, and accordingly, there is no indication of impairment loss.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS - IMPAIRMENT

Significant accounting estimates include i.e. estimates of useful lives, residual values and impairment of intangible assets.

The remaining useful lives of the intangibles are assessed annually by management.

The residual values of the intangibles are estimated at zero as it is expected that scrapping of the assets will not result in further expenses.

Management determines the key assumptions for each impairment test by considering past experience as well as market analysis and future expectations.

ACCOUNTING POLICIES

The group's accounting policy for intangible assets is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of an item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The basis of amortisation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Patents: between 10 and 20 years
Software: between 3 and 7 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 3 / Operating assets and liabilities

3.3 Provisions for other liabilities

PROVISIONS FOR EMPLOYEE BENEFITS

EUR´000		2022	2021
Provisions at 1 January		**982**	**978**
Change in employee bonus provision		880	-142
Change in provision for employee earned leave days		29	134
Change in holiday provisions for employees		10	-22
Change in warranty provision		-34	34
Provisions at 31 December		**1,866**	**982**
Recognised in the balance sheet as follows:			
Non-current	B/S	-	-
Current	B/S	1,866	982
Total provisions		**1,866**	**982**

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The determination of provisions is based on management's best estimate of future events and is therefore subject to significant uncertainty. The employee bonus programme is based on realised EBITDA, revenue figures and individual business targets.

ACCOUNTING POLICIES

Provisions are recognised when, as a consequence of an event that has occurred before or on the reporting date, the group has a legal or constructive obligation, and it is likely that economic benefits will flow from the company to meet the obligation. Employee benefits include provisions for employee bonus, earned leave days and holiday provisions.

EMPLOYEE BONUS
The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders. The group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

EARNED LEAVE DAYS
Vessel staff earn overtime (earned leave days) during the year. A liability and an expense for earned leave days has been recognised at the amounts expected to be paid when the liabilities are settled. The group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

HOLIDAY PROVISION
Liabilities for holiday provisions are expected to be settled within twelve months after the end of the period in which the employees render the related service and are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

POST-EMPLOYMENT OBLIGATIONS
The group operates only post-employment schemes which are defined as contribution pension plans. For defined contribution plans, the group pays contributions to publicly and/or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee expense (pension - defined contribution plans) when they are due.

Note 3 / Operating assets and liabilities

3.4 Trade and other receivables

EUR'000		2022	2021
Trade receivables		9,141	3,619
Other receivables		614	339
Intercompany receivables		-	1,140
Prepayments		322	379
Total trade and other receivables	B/S	**10,077**	**5,476**
Recognised in the balance sheet as follows:			
Non-current		-	-
Current		10,077	5,476
Total		**10,077**	**5,476**

The carrying amount of receivables is in all material respects equal to the fair value.

No trade receivables were overdue at 31 December 2022 (2021: no trade receivables were overdue at 31 December 2021).

SIGNIFICANT ESTIMATES AND ASSUMPTIONS - TRADE AND OTHER RECEIVABLES

Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

Management estimated that there was no need for provisions on receivables at 31 December 2022 (2021: no provision on receivables).

In 2019, ZITON entered into a legal dispute with the Danish tax authorities regarding a VAT claim, and as a result, ZITON paid the claim. However, despite paying the claim from the Danish tax authorities and based on consulting with the company's legal advisers it is management's assessment that the claim will be repaid in full, and hence the payment has been recognised under other receivables. In 2022, there are no changes to the above statement and management still expects that the claim will be repaid in full.

ACCOUNTING POLICIES

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for expected credit losses.

The group applies the simplifed approach to measuring expected credit losses which uses lifetime expected credit losses for all trade receivables at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risk characteristics, i.e. geographical region and customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit before other items. Subsequent recovery of amounts previously written off are credited against the same line item.

OTHER RECEIVABLES AND PREPAYMENTS

Other receivables comprise deposits and miscellaneous receivables.

Prepaid expenses comprise expenses paid related to subsequent financial years such as rent, insurance premiums, subscription fees, and interest and fees.

Other receivables and prepaid expenses are measured at the lower of amortised cost and net realisable value.

Note 3 / Operating assets and liabilities

3.5 Trade and other payables

EUR'000		2022	2021
Trade payables		2,250	1,353
Other payables		1,858	2,303
Total trade and other payables	B/S	**4,108**	**3,656**

ACCOUNTING POLICIES

Trade payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities represent accruals for VAT and withheld taxes.

Trade payables and other payables are presented as current liabilities unless payment is not due within twelve months after the end of the reporting period. They are recognised initially at their fair values and subsequently measured at amortised cost using the effective interest method.

Note 4 / Capital structure and financing

4.1 Risk management

The group's risk management is described in the section "Risk management" elsewhere in this annual report. The financial risks are elaborated on below.

CREDIT RISK
Credit risk arises from cash and cash equivalents and trade receivables but is considered to be modest for the group.

Cash and cash equivalents are only placed with Systemically Important Financial Institutions ("SIFI banks").

The group has not suffered any losses from any single major debtor in the last couple of years. The group's customers are primarily large international utilities and wind turbine manufacturers with a strong financial position.

LIQUIDITY RISK
Liquidity risk includes the risk of the group becoming short of liquidity and unable to refinance its maturing credit lines as and when needed. ZITON completed a debt restructing process in 2022 whereby the financial structure was revised with maturity extensions of both first and second lien bond loans and an increase in the second lien bonds. The capital structure consists of first lien bonds maturing in June 2024 and October 2024 respectively and a second lien bond issue maturing in April 2025.

The terms to maturity of financial assets and liabilities are disclosed by category and class distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements.

EUR'000	Maturities: In 2023	Between 2024 to 2025	2026 and onwards	Total	Book value
Cash and receivables					
Cash	4,607	-	-	**4,607**	4,607
Trade receivables	9,141	-	-	**9,141**	9,141
Other receivables	614	-	-	**614**	614
Financial liabilities					
Bond loan, second lien	-	52,716	-	**52,716**	51,940
Bond loan, first lien	7,738	113,689	-	**121,427**	118,881
Lease liabilities	314	46	-	**360**	360
Trade and other payables	4,108	-	-	**4,108**	4,108
Working capital facility	128	6,211	-	**6,339**	6,339

Response
Current assets and liabilities are well balanced during 2023. Beyond 2023, the company has no current assets, as assets mainly consist of vessels with an average lifetime of around 20 years. These assets are financed by loans maturing between June 2024 and April 2025. The company intends to refinance the bond loans in due time before maturity of the loans.

Covenants
The bond loan agreement includes financial covenants that, if breached, involve a default on credit facilities. The key terms of the bonds are listed in the table "Key terms for bond loans as of 31 December 2022" under accounting policies.

MARKET RISK
Interest rate risk
Most of the group's financing, including the bond issues, carry a floating rate of interest. Consequently, an increase in the general level of interest rates, as denoted by 3M EURIBOR for the bond issues and for the working capital facility loan, will have an adverse effect on the group's interest expenses.

A change of one percentage point in interest rates would increase or decrease interest expenses by approximately EUR 1.0m.

Response
Given the modest impact on cash flows, the group accepts that interest rates will vary. The group has chosen not to swap floating rate debt into fixed rate debt. However, the company has partly hedged itself against changes in EURIBOR as the second lien loan and the first lien loan in Wind Enterprise P/S carries fixed interest rates. The two loans carrying a fixed coupon amounts to 44% of the total bond loans at the end of 2022.

Foreign exchange risk
Foreign exchange risk is an important financial risk for ZITON and can have a significant impact on the income statement, statement of comprehensive income, balance sheet and cash flow statement.

The overall objective of foreign exchange risk management is to reduce the short-term negative impact of exchange rate fluctuations on earnings and cash flows, and thereby contribute to the predictability of the financial results.

The majority of ZITON's sales are in EUR, DKK and GBP. Most of ZITON's loans are in EUR. The foreign exchange risk is most significant in GBP, while the EUR exchange rate risk is regarded as low because of Denmark's fixed exchange rate policy towards EUR.

ZITON did not carry out foreign currency hedging during the current or previous financial year.

KEY CURRENCIES

Exchange rate EUR per 100	2022	2021
GBP		
Average	1.17	1.16
Year-end	1.13	1.19
Year-end change	-5.4%	7.6%

ZITON had no ongoing hedges as of end December 2022 (December 2021: none)

Note 4 / Capital structure and financing

4.2 Working capital facility

CASH AND BANK OVERDRAFT

EUR'000		2022	2021
Cash and cash equivalents	B/S	4,607	1,498
Working capital facility	B/S	-6,339	-9,152
Total	C/F	**-1,732**	**-7,654**

At 31 December 2022, the group had an undrawn working capital facility with the bank of EUR 385k (2021: EUR 224k).

Note 4 / Capital structure and financing

4.3 Loans

2022 EUR´000		Interests type	Current debt	Non-current debt	Total
Bond loan, second lien	B/S	Floating rate	-	51,940	51,940
Bond loan, first lien	B/S	Floating rate	6,246	112,635	118,881
Lease obligations	B/S	Floating rate	314	46	360
Working capital facility	B/S	Floating rate	128	6,211	6,339
Total loans			**6,689**	**170,831**	**177,520**

2021 EUR´000		Interests type	Current debt	Non-current debt	Total
Subordinated loans	B/S	Floating rate	-	34,511	34,511
Bond loans, second lien	B/S	Floating rate	-	37,048	37,048
Bond loans, first lien	B/S	Floating rate	102,062	22,638	124,700
Lease obligations	B/S	Floating rate	360	279	639
Working capital facility	B/S	Floating rate	9,152	-	9,152
Total loans			**111,574**	**94,476**	**206,050**

FAIR VALUE

At 31 December 2022, the latest trading price quoted for the first lien bond issued by ZITON A/S on the stock exchanges was 102.2. The fair value (hierarchy level 1) of the bond was equivalent to EUR 100,177k, compared to the carrying amount of EUR 95,928k. The carrying amount included the nominal bond debt with the addition of accrued interests and a deduction of capitalised bond fees of EUR 2,009k.

The fair value of the unlisted first lien bond issued by Wind Enterprise P/S was EUR 23,500k, which was equivalent to the nominal bond debt. The carrying amount was EUR 22,953k and included nominal bond debt with the addition of accrued interests and a deduction of capitalised bond fees of EUR 538k.

At 31 December 2022, the fair value (hierarchy level 1) of the unlisted second lien bond issued by ZITON A/S was EUR 35,000k equivalent to the nominal bond debt. The carrying amount was EUR 51,940k and included nominal bond debt with the addition of accrued interests and a deduction of capitalised bond fees of EUR 777k.

At 31 December 2022, the total fair value of the bond loans including accrued interest and adjustment for capitalised fees of EUR 3,323k was EUR 172,975k.

FINANCIAL COVENANTS

BOND: FRN ZITON A/S 18/24
- ISIN NO 0010832488 & FRN ZITON A/S 18/25
- ISIN NO 0010832512

The covenant for subordinated capital ratio was discontinued and replaced by a rolling twelve months' EBITDA covenant of minimum EUR 16.25m. At the end of Q4 2022, rolling twelve months' EBITDA was at EUR 26.6m which was well above the EBITDA covenant. The key terms of the bonds are listed in the table "Key terms for bond loans as of 31 December 2022" under accounting policies.

BOND: Wind Enterprise P/S 20/24
- ISIN NO 0010911126

Asset coverage ratio means the ratio of the latest market value to the outstanding amount less the sum of the amount standing to credit on the collection account and the monthly amortisation transfers standing to credit on the retention account. The asset coverage ratio was at 287% at the end of 2022 exceeding the covenant of 150% for 2022. The asset coverage ratio is calculated with the market value of the vessel determined as the arithmetic mean of two independent valuations of J/U WIND ENTERPRISE. The market value amounted to EUR 67.5m, while outstanding amount of the first lien bonds issued by Wind Enterprise P/S equalled EUR 23.5m.
Interest coverage ratio means the last twelve months EBITDA divided by net interest for the same period. The interest coverage ratio was at 3.4x at the end of 2022 and therefore fulfilling the covenant of 2.75x.

FAIR VALUE

At 31 December 2021, the latest trading price quoted for the first lien bond issued by ZITON A/S on the stock exchanges was 102.2. The fair value (hierarchy level 1) of the bond is equivalent to EUR 94,535k, compared to the carrying amount of EUR 92,250k, and the fair value of the claim interest of the loan was EUR 4,755k, compared to the carrying amount of EUR 4,652. The carrying amount is adjusted for capitalised fees of EUR 774k.

The fair value of the first lien bond issued by Wind Enterprise P/S is equivalent to the carrying amounts (adjusted for capitalised fees of EUR 862k).

At 31 December 2021, there had been no trading of the second lien bond issued by ZITON A/S on the stock exchange. The bond price is set at 100. The fair value (hierarchy level 1) of the bond is EUR 37,348k, equivalent to the carrying amount of EUR 37,048k (adjusted for capital fees of EUR 300k).

The fair value of the subordinated loan issued by ZITON A/S (hierachy level 3) is equivalent to the carrying amounts (adjusted for capitalised fees on subordinated loan of EUR 250k).

The total fair value of the bond loans and subordinated loan at 31 December 2021 was EUR 201,899k (adjusted for capitalised fees of total EUR 2,186k).

FINANCIAL COVENANTS

BOND: FRN ZITON A/S 18/21 - ISIN NO 0010832488 & FRN ZITON A/S 18/22 - ISIN NO 0010832512

Subordinated capital ratio: The issuer shall at all times maintain a subordinated capital ratio of at least 27% for Q3 and Q4 2021, to increase to 31% from 1 January 2022 onwards.

Note 4 / Capital structure and financing

4.3 Loans (continued)

ACCOUNTING POLICIES

Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost.

Loans are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

KEY TERMS FOR BOND LOANS AS OF 31 DECEMBER 2022

	EUR 100m first lien ZITON A/S	EUR 25m + 10m second lien ZITON A/S	EUR 35m first lien Wind Enterprise P/S
Listing/ISN	Oslo Børs - ISIN NO 0010832488	Not listed - ISIN NO 0010832512	Not listed - ISIN NO 0010911126
Coupon	Floating rate - three months EURIBOR + 7.9% (0% floor) with quarterly interest payments on 3 January, 3 April, 3 July and 3 October + 1% additional margin as a zero coupon bond	Fixed interest rate of 12.31% PIK until 2 April 2024, thereafter floating rate three months EURIBOR + 9.0% (0% floor)	Fixed rate - 7.0% (+1% penalty until listing event occur) with semi-annual interest payments on 17 June and 17 December
Security	A joint security package has been established with all creditors in ZITON A/S. First lien bond ranks after First and Second Super Senior Working Capital Facilities. Security package includes mortgages in J/U WIND, J/U WIND PIONEER, J/U WIND SERVER, vessel insurances, shares of ZITON A/S and subsidiaries, retention account, etc. Further, the security package has second lien priority in the security package of Wind Enterprise P/S	Same security package with priority after first lien bond	Security package includes mortgage in J/U WIND ENTERPRISE, assignment of earnings under the SGRE contract for J/U WIND ENTERPRISE, shares of Green Wind Enterprise ApS, vessel insurance, earnings account, retention account, collection account etc.
Maturity	3 October 2024	3 April 2025	17 June 2024
Amortisation	No amortisation	No amortisation	Semi-annual amortisation on 17 June and 17 December of amount on retention account. During 2022, monthly transfer for amortsation amounted to EUR 583,333, for 2023 and thereafter the transfer amounts to EUR 666,667
Call structure	101.15% before 3 October 2024 100.15% on 3 October 2024	101.5% before 3 April 2025 100.0% on 3 April 2025	103.15% from 17 December 2022 - 17 June 2023 102.10% from 17 June 2023 - 17 December 2023 101.05% from 17 December 2023 - 16 June 2024 100.0% on 17 June 2024
Maintainance covenants	The group shall at maintain a minimum, consolidated pro forma EBITDA (to be calculated on a rolling twelve month basis) of EUR 16.25m	Same covenants as for the first lien bond	An asset coverage ratio of minimum 125 % during 2020 and 2021, 150% during 2022 and 175% thereafter. An interest coverage ratio of minimum 2.75x during 2022 and 3.25x thereafter.

Note 4 / Capital structure and financing

4.4 Net financial expenses

EUR'000	2022	2021
Financial income		
Foreign exchange gains	-	21
Other	44	175
Total financial income	**44**	**196**
Financial expenses		
Subordinated loan	4,002	4,827
Bank loans	37	105
Transaction costs	1,794	1,699
Bond loan, second lien	5,368	4,726
Bond loan, first lien	10,682	10,183
Working capital facility loan	602	486
Finance lease liabilities	24	161
Foreign exchange loss	96	-
Other interest expense	1,220	796
Total financial expenses	**23,825**	**22,984**
Net financial expenses	**23,781**	**22,788**

ACCOUNTING POLICIES

BORROWING COSTS
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Any difference between the proceeds of loans (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans using the effective interest method.

Other borrowing costs are expensed in the period in which they are incurred.

4.5 Reconciliation of financing liabilities

EUR'000	2022	Cash Flow	Other non-cash movements	Non-cash interests	Foreign exchange movements	2021
Subordinated loan	-	-	-38,513	4,002	-	34,511
Bond loan, second lien	51,940	10,000	-477	5,368	-	37,048
Bond loan, first lien	112,635	-8,250	96,065	2,182	-	22,638
Bond loan - current liability	6,246	-	-95,816	-	-	102,062
Lease liabilities	46	-421	188	-	-	279
Lease liabilities - current liability	314	-	-46	-	-	360
Working capital facility	6,339	-2,813	-	-	-	9,152
Total financing liabilities	**177,520**	**-1,484**	**-38,599**	**11,552**	**-**	**206,050**

Note 5 / Tax

5.1 Income tax expense

INCOME TAX EXPENSE

EUR´000	2022	2021
Current tax		
Current tax on income for the year	6	-
Adjustments in respect of prior years - current tax	594	-
Total current tax	**600**	**-**
Deferred tax (note 5.2)		
Deferred tax on the income (profit/loss) for the year	-148	284
Adjustments in respect of prior years - deferred tax	-626	-
Total deferred tax	**-774**	**284**
Income tax expense	**-174**	**284**

The tax on the group's profit differs from the theoretical amount that would arise using the Danish tax rate to profits of the consolidated entities as follows:

RECONCILIATION OF TAX RATE

EUR´000	2022	2021
Profit/loss before tax	-8,632	-15,072
Profit/loss subject to Danish and foreign tonnage taxation	7,928	7,864
Profit/loss before tax subject to corporate income tax	**-704**	**-7,208**
Tax, using Danish corporation tax rate of 22%	-155	-1,586
Tax from deviation in foreign subsidiaries' tax rates compared to Danish tax rate	6	-
Tax from non-taxable income or expense	6	-
Tax from thin capitalisation and non-deductible interests	-	5,031
Tax from other adjustments	-	-3,161
Adjustments in tax in respect of prior years	-32	-
Income tax expense	**-174**	**284**
Effective tax rate (%)	2.0	-1.9
Effective tax rate before adjustment of prior years' tax (%)	1.6	-1.9

The majority of income in the group is subject to local tonnage tax schemes where the taxable income is calculated on the tonnage deployed during the year and not the actual profits generated. Taxable income related to other activities is taxed according to the normal corporate income tax rules and at the standard corporate income tax rate.

ZITON recognised a loss of EUR 8.6m for 2022 resulting in a tax income of EUR 0.2m. The group realised an effective tax rate adjusted for changes in taxes of prior years of 1.6% (2021: -1.9%).

ZITON A/S and its Danish subsidiaries are subject to compulsory joint taxation with Zappy Topco ApS and its Danish controlled enterprises. Zappy Topco ApS (business reg. no. 43520636) is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, ZITON A/S and its Danish subsidiaries are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

There was no tax liability of the jointly taxed income as of 31 December 2022.

Note 5 / Tax

5.1 Income tax expense (continued)

ACCOUNTING POLICIES

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unutilised tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

5.2 Deferred tax

EUR'000	2022	2021
Deferred tax 1 January	-683	-389
Foreign exchange adjustments	-2	-10
Change in deferred tax recognised in the income statement	148	-284
Adjustments in respect of prior years	45	-
Adjustments in respect of prior years recognised in income statement	626	-
Total deferred tax, net at 31 December	**134**	**-683**
Deferred tax gross		
Deferred tax assets	134	108
Deferred tax liabilities	-	-791
Total deferred tax, net at 31 December	**134**	**-683**

SPECIFICATION OF DEFERRED TAX

EUR'000	2022	2021
Vessels and equipment	-	-791
Tax-loss carry forwards	134	108
Total deferred tax, net at 31 December	**134**	**-683**

The group has unrecognised tax losses carried forward of EUR 32m with a tax value of EUR 7m (2021: tax losses of EUR 32m, tax value of EUR 7m). The deferred tax asset of the tax losses in some group entities have not been recognised as it has been assessed that the losses cannot be substantially utilised in the foreseeable future.

The majority of the activities in the group are included in local tonnage tax schemes. If group entities under tonnage taxation withdraw from the tonnage taxation schemes, a deferred tax liability amounting to a maximum of EUR 10m may be recognised (2021: EUR 9m). The deferred tax liability can be offset in the deferred tax on tax losses carried forward.

The companies are not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised.

Note 5 / Tax

5.2 Deferred tax (continued)

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Deferred tax is recognised based on the assumption that ZITON A/S continues under Danish tonnage tax regime for most of the profit and a minor income to be taxed under the Danish corporate tax regime, and on expectations of future activity. Deferred tax assets related to tax losses carried forward are recognised, when management assesses that these can be offset against positive taxable income in the foreseeable future. The assessment is made at the reporting date taking into account the impact from limitation in interest deductibility and restrictions in utilisation of tax losses in local tax legislation. The assessment of future taxable income is based on financial budgets approved by management and management's expectations on the operational development, mainly in terms of organic growth and operating margin in the following five years. Planned adjustments to capital structure in each country are also taken into consideration.

ACCOUNTING POLICIES

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

ZITON A/S is jointly taxed with the subsidiaries Green Wind Enterprise ApS, ZITON Contractors A/S and Hangout A/S, and the parent company Zappy Topco ApS. Zappy Topco ApS is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.

Note 6 / Other disclosures

6.1 Collateral, commitments and contingencies

COLLATERAL SECURITY FOR BORROWINGS

ZITON A/S' credit facilities includes a First Super Senior Working Capital Facility ("FSS WCF"), a Second Super Senior Working Capital Facility ("SSS WCF"), a first lien bond (ISIN NO 0010832488), and a second lien bond (ISIN NO 0010832512) that holds a joint security package with security in three of the vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) owned by the parent company ZITON A/S as well as entitlements under insurances related to the vessels. Three vessels with a total carrying amount of EUR 127,033k (2021: EUR 132,257k) have been pledged as security for loans of EUR 157,243k (2021: EUR 176,038k).

During January 2021, the vessel J/U WIND ENTERPRISE was purchased for EUR 42.5m by establishing Wind Enterprise P/S as a wholly-owned subsidiary of ZITON A/S. Wind Enterprise P/S purchased the vessel J/U WIND ENTERPRISE and is the counterpart to Siemens Gamesa Renewable Energy ("SGRE") under the time charter contract. The structure involves Wind Enterprise P/S bonds (ISIN NO 0010911126), which holds first lien security in cash flows from the SGRE long-term charter, security in the vessel J/U WIND ENTERPRISE as well as entitlements under insurances related to the vessels. The vessel with a total carrying amount of EUR 46,063k (2021: EUR 47,792k) has been pledged as security for loans of EUR 23,500k (2021: EUR 29,624k).

In addition, creditors of ZITON A/S holds secondary security in the securities provided by Wind Enterprise P/S. Thus, for the the group, four vessels with a total carrying amount of EUR 173,097k (2021: EUR 180,049k) have been pledged as security for loans of EUR 180,743k (2021: EUR 205,662k).

GUARANTEE COMMITMENTS

As part of the FSS WCF, the group's bank provided four guarantees for SGRE. The guarantees are on-demand, performance guarantees and serves to guarantee the full and punctual performance of ZITON A/S's obligations and payments of any sums that ZITON A/S was liable to pay under or in connection with certain contracts.

The first guarantee was for the West of Duddon Sands blade campaign amounting to GBP 2,962k and set to expire 24 months after completion or no later than on 31 January 2023. The guarantee was cancelled by SGRE in February 2022.

The second guarantee was also for the West of Duddon Sands blade campaign amounting to GBP 5,500k and set to expire no later than on 29 January 2021. The guarantee was reduced progressively in connection with the progress of the performance of the work and was fully cancelled by SGRE in January 2021.

The third guarantee was for the Meerwind blade campaign amounting to EUR 1,100k and set to expire 24 months after completion or no later than on 31 January 2023. The guarantee was cancelled by SGRE in February 2022.

The fourth guarantee was for SGRE's long-term charter of J/U WIND ENTERPRISE amounting to EUR 6,300k and set to expire three months after expiry of the time charter. The guarantee was cancelled by SGRE in March 2023.

UNRECOGNISED CONTINGENT LIABILITIES

There are pending disputes with individual customers, suppliers and public authorities. Management believes that the outcome of these will not have a material impact on the group's financial position.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Information on contingent assets and liabilities and when recognition should be made as an asset and a liability, respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in substantial claims also include assessments obtained from external advisers, including lawyers.

In 2019, ZITON entered into an legal dispute with the Danish tax authorities regarding a VAT claim, and as a result, ZITON paid the claim. However, despite paying the claim from the Danish tax authorities and based on the consulting with the company's legal advisers it is management's assessment that the claim will be repaid in full, and hence the payment has been recognised under other receivables (note 3.4).

ACCOUNTING POLICIES

Contingent assets are recognised when it is considered reasonably certain that the claim will have a positive outcome for the group. A contingent liability is recognised if it is likely that the claim will have a negative outcome and when it is possible to estimate the amount. If this is not the case, the matter is an unrecognised contingent liability.

Note 6 / Other disclosures

6.2 Share-based payments

The group underwent a debt restructuring process which was concluded as of 30 September 2022. In connection with the debt restructuring all outsanding warrants were cancelled impacting the group's reserves with EUR 143k corresponding to the value of the warrants recognised in the financial statements as at 31 December 2021.

TWO WARRANT PROGRAMMES (ESTABLISHED 2012)

The group established two warrant programmes in 2012**:** one for management and selected employees and one for a subordinated loan provider. The value of the warrants granted in 2012 was reduced due to the capital increase by conversion of debt to equity in 2014 and a cash payment in 2015. In line with the warrant agreement from 2012, the Board of Directors approved an adjustment of the number of warrants to management and selected employees in 2016. The warrants were cancelled in September 2022.

MANAGEMENT AND SELECTED EMPLOYEES (GRANTED IN 2012)

The warrants could be exercised in whole or in part during a ten year period from the date of the holder's subscription for warrants. Each warrant entitled the holder to subscribe for one share of DKK 1 nominal value at a price of DKK 23.98 plus 7% p.a. as from the date of subscription for the warrants until the date of the holder's payment of the subscription amount. If changes were made to the company's capital structure involving a reduction or increase in the value of the warrants, the company's Board of Directors should adjust the subscription price and/or the number of warrants, as applicable, to ensure that the value of the warrants remained unaffected by the change. The warrants were cancelled in September 2022.

SUBORDINATED LOAN PROVIDER (GRANTED IN 2012)

The warrants could be exercised, in whole or in part, prior to the final repayment date in 2022. Each warrant should provide the warrant holder with a right, but not an obligation, to subscribe for one share with a nominal value of DKK 1 in the company for an amount of DKK 23.98 (the "subscription price"). If changes to the capital structure of the company were implemented, causing the value of the warrants to increase or decline, the subscription price would be adjusted accordingly, depending on the circumstances, to the effect that the value of the warrants remained unaffected by the changes. The warrants were cancelled in September 2022.

MANAGEMENT AND SELECTED EMPLOYEES (GRANTED IN 2016)

The Board of Directors approved an adjustment of the number of warrants to management and selected employees by 138,645 additional warrants in 2016. The warrants carried a fair value of zero, as the value had already been recognised in previous years. Furthermore, the Board of Directors decided to grant 20,849 additional warrants to management based on the 2012 warrant programme. The warrants carried a fair value of EUR 7k. The warrants were cancelled in September 2022.

	Staff expenses		Interests	
2022 **Warrants - amount and value in EUR**	**Management**	**Employees**	**Subordinated loan provider**	**Total**
Outstanding warrants at 1 January 2022	327,329	51,078	99,500	477,907
Forfeited during the year	-327,329	-51,078	-99,500	-477,907
Outstanding warrants at 31 December 2022	**-**	**-**	**-**	**-**
Number of exercisable options at 31 December 2022				-
Fair value at the time of grant (EUR ´000)	**68**	**10**	**65**	**143**

All warrants were cancelled in 2022 resulting in a positive effect on equity during 2022.

	Staff expenses		Interests	
2021 **Warrants - amount and value in EUR**	**Management**	**Employees**	**Subordinated loan provider**	**Total**
Outstanding warrants at 1 January 2021	327,329	51,078	99,500	477,907
Outstanding warrants at 31 December 2022	**327,329**	**51,078**	**99,500**	**477,907**
Number of exercisable options at 31 December 2021				477,907
Fair value at the time of grant (EUR ´000)	**68**	**10**	**65**	**143**

No warrants were granted, exercised or cancelled in 2021. The fair value of the warrants is fully recognised, hence there was no effect in the income statement or equity during 2021.

ACCOUNTING POLICIES

The group has established a share-based equity-settled incentive programme. The fair value of the employee services received in exchange for the grant of warrants is calculated using the value of the warrants. The fair value of a share-based payment on the grant date is recognised as a staff expense or interest over the period in which the stock options vest. In measuring the fair value, the calculation is based on "Ligningsrådets formel" (tax approved valuation calculation) and is calculated at EUR 143k, based on a discount rate of 2%. The value of equity-settled programmes is recognised in shareholders' equity.

Note 6 / Other disclosures

6.3 Fees to auditors

The group's fees to auditors appointed at the annual general meeting, is listed below:

FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

EUR'000	2022	2021
BDO Statsautoriseret revisionsaktieselskab		
Statutory audit	96	101
Assurance engagements	13	5
Tax advisory	2	5
Other services	7	1
Total	**118**	**112**

REMUNERATION

	Executive Management		Board of Directors	
EUR'000	2022	2021	2022	2021
Wages and salaries	516	425	190	32
Pensions - defined contributions plans	-	-	9	-
Other social security costs	1	-	1	-
Total	**517**	**425**	**200**	**32**

See note 6.2 for a description of the share-based payment.

6.4 Related party transactions

ZITON A/S is a wholly owned subsidiary of Zappy Topco ApS, which was established in September 2022 in the course of the debt restructuring of ZITON A/S completed as of 30 September 2022. Permira Credit Solution III Sub Master Euro S.à r.l. ("Permira") holds 55% of the voting shares in Zappy Topco ApS.

Permira is the new controlling shareholder of ZITON A/S following completion of the debt restructuring as of 30 September 2022. Following completion of the debt restructuring 30 September 2022, Jack-Up Holding A/S ceased to be the controlling shareholder of ZITON A/S.

The above-mentioned companies are considered related parties, including their subsidiaries and associates, members of the Board of Directors and Executive Management of these entities together with their immediate families.

Furthermore, ZITON's subsidiaries, as well as members of the Board of Directors and the Executive Management of ZITON A/S together with their immediate families, including companies in which the above persons have control or joint control, are considered related parties. A complete list of entities of the group can be found in note 6.6.

The group's transactions with related parties consist of remuneration to members of the Board of Directors and Executive Management and trading with related parties.

TRADING AND ACCOUNTS WITH RELATED PARTIES

EUR'000	2022	2021
Balance sheet items		
Intercompany balances		
Joint taxation with Jack-Up Holding A/S and Anpartsselskabet af 1. december 2011	-	1,140
Repayment of Second Super Senior Working Capital Loan - Jack-Up Holding A/S	3,000	-
Cancellation of shares - Jack-Up Holding A/S	9,885	-
Cancellation of warrants - Management	69	-
Conversion of debt to equity - Permira	1	-
Profit and loss items		
Transactions with Jack-Up Holding A/S	583	-
Interest on bonds - Permira	1,372	-
Interest on Second Super Senior Working Capital Facility - Permira & Jack-Up Holding	223	-
Effect of joint taxation with Jack-Up Holding A/S and Anpartsselskabet af 1. december 2011	510	-

No other material transactions took place during the year with members of the Board of Directors, the Executive Management, controlling shareholders or other related parties.

Note 6 / Other disclosures

6.5 Subsequent events

No significant events have occurred between the reporting period and the publication of the annual report that have not been included and adequately disclosed in the annual report and that materially affect the income statement, balance sheet and disclosure requirements.

The financial statements were approved by the Board of Directors and have been submitted for adoption at the annual general meeting to be held on 21 April 2023.

6.6 Legal entities

Name and place of domicile	Ownership (%)
Parent company	
ZITON A/S, Horsens, Denmark	
Subsidiaries	
ZITON Contractors A/S, Horsens, Denmark	100%
Jack-Up InvestCo 3 Limited - In liquidation, Qormi, Malta	100%
ZITON Ltd, London, United Kingdom	100%
ZITON GmbH, Hamburg, Germany[1]	100%
ZITON Offshore Wind Power Technology (Beijing) Limited, Beijing, China[1]	100%
Green Wind Enterprise ApS, Horsens, Denmark	100%
Wind Enterprise P/S, Horsens, Denmark	100%
Hangout A/S, Horsens, Denmark	50%

1) Due to the limited size and complexity of the companies, the local financial statements of the foreign companies have not been audited in compliance with local legislation.

Parent company financial statements

Income statement
1 January - 31 December

Income statement

EUR'000	Note	2022	2021
Revenue		**42,527**	**45,684**
Other operating income		438	-
Project-related expenses		-7,518	-19,402
Operating expenses		-4,341	-4,339
Gross profit		**31,106**	**21,943**
Administrative expenses		-1,772	-1,701
Staff costs	2.1	-11,708	-10,505
EBITDA		**17,627**	**9,737**
Depreciation and amortisation	3.1-3.2	-8,462	-8,550
EBIT		**9,165**	**1,187**
Income from equity investments		3,687	3,641
Financial income	2.2	36	175
Financial expenses	2.2	-21,274	-20,291
Income before tax		**-8,387**	**-15,288**
Tax on profit (loss)	2.3	46	-
Income for the year		**-8,341**	**-15,288**

Balance sheet
31 December

Assets

EUR´000	Note	2022	2021
ASSETS			
Intangible assets	3.1	101	104
Intangible assets		**101**	**104**
Vessels	3.2	127,033	132,257
Fixtures & equipment	3.2	1,483	711
Tangible assets		**128,516**	**132,968**
Investments in subsidiaries	3.4	8,842	33,081
Deferred tax asset	3.3	-	108
Long-term receivables, subsidiaries		13,200	13,200
Financial assets		**22,042**	**46,389**
Inventories		421	193
Trade receivables		5,421	1,877
Intercompany receivables, subsidiaries		7,329	5,570
Other receivables		600	350
Prepayments		252	353
Cash and cash equivalents		4,041	572
Current assets		18,064	8,915
Total assets		**168,724**	**188,377**

Equity and liabilities

EUR´000	Note	2022	2021
EQUITY			
Share capital		54	14,473
Reserves		95	237
Retained earnings		7,008	-37,194
Total equity		**7,156**	**-22,484**
LIABILITIES			
Non-current liabilities			
Subordinated loan	4.1	-	34,511
Bond loan, second lien	4.1	51,938	37,048
Bond loan, first lien		95,928	-
Lease obligations		191	203
Deferred tax liabilities		-	515
Working capital facility loan		6,211	-
Total non-current liabilities		**154,268**	**72,277**
Current liabilities			
Bond loan, first lien	4.1	-	95,076
Lease obligations		51	-
Working capital facility		128	9,202
Trade payables		1,943	1,175
Intercompany payables, subsidiaries		2,145	31,162
Provision for other liabilities		3,032	1,969
Total current liabilites		**7,300**	**138,584**
Total liabilities		**161,567**	**210,861**
Total equity and liabilities		**168,724**	**188,377**

Statement of changes in equity

2022 EUR´000	Share capital	Reserve for warrants	Translation reserves	Reserve for equity value	Total reserves	Retained earnings	Total equity
Balance at 31 December 2021	**14,473**	**143**	**94**	**-**	**237**	**-37,194**	**-22,484**
Exchange rate adjustments	-	-	1	-	1	-	1
Total income for the year, after tax	-	-	-	3,687	3,687	15,908	19,595
Dividend received	-	-	-	-27,936	-27,936	-	-27,936
Transferred between reserves	-	-	-	24,249	24,249	-24,249	-
Share capital reduction	-14,473	-	-	-	-	14,473	-
Cancellation of warrants	-	-143	-	-	-143	143	-
Share capital increase	54	-	-	-	-	38,707	38,761
Cost of capital increase	-	-	-	-	-	-780	-780
Balance at 31 December 2022	**54**	**-**	**95**	**-**	**95**	**7,008**	**7,156**

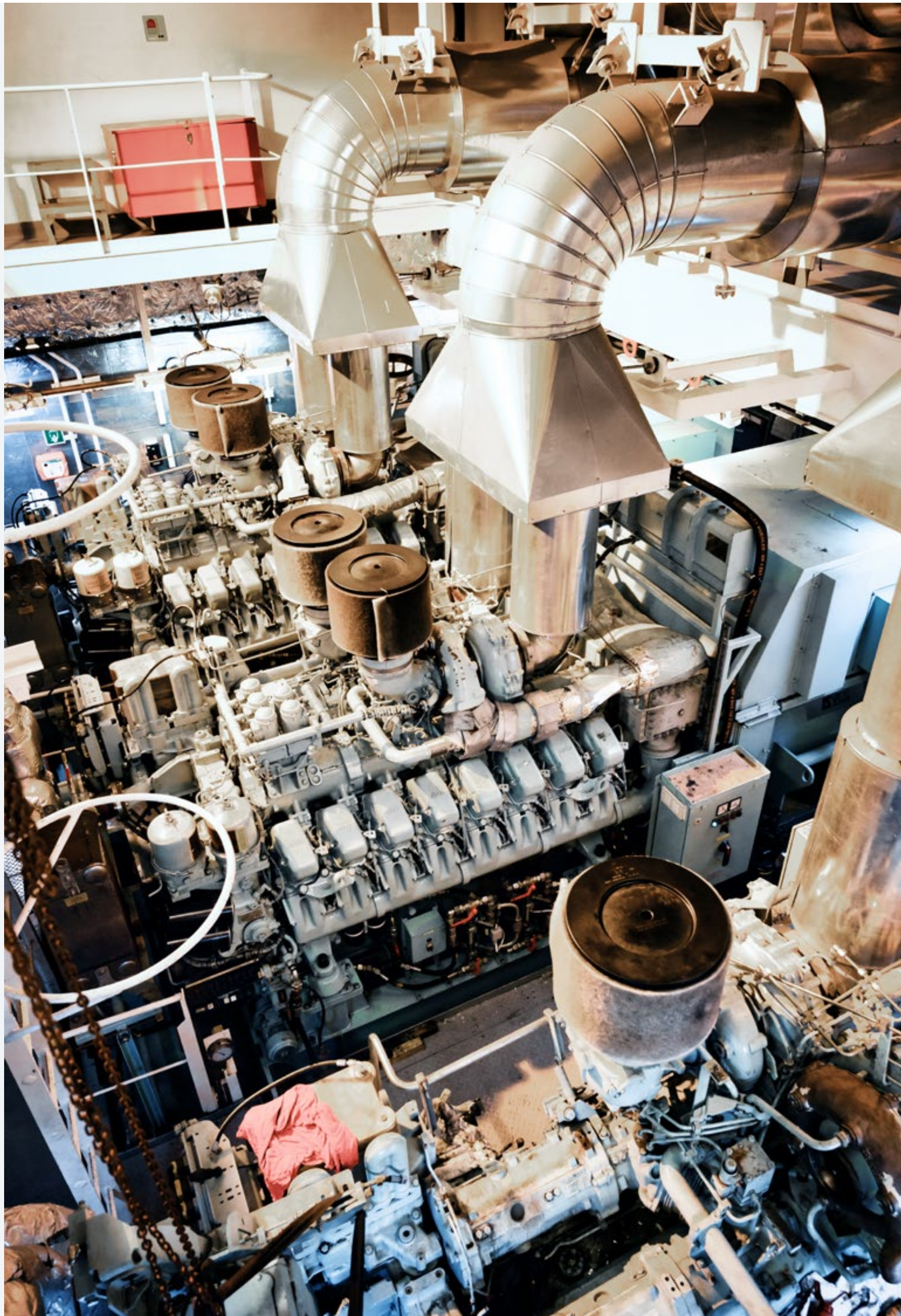
SPECIFICATION OF MOVEMENTS IN THE SHARE CAPITAL

EUR´000	2022	2021	2020	2019	2018
Share capital	54	14,473	13,098	13,098	11,093

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 14,473k) to zero 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.

Notes to the parent company financial statements



Note 1 / Basis of reporting

1.1 Basis of reporting

ACCOUNTING POLICIES

The financial statements of ZITON A/S have been prepared in accordance with the provisions for class D enterprises of the Danish Financial Statements Act.

As the accounting policies of ZITON A/S differ from those of the group, which follow IFRS, with respect to only a few items, only policies that differ from those of the group are detailed below. Reference is made to the accounting policies of the ZITON group for the other items. ZITON A/S has not implemented IFRS 16.

INCOME STATEMENT AND BALANCE SHEET

Earnings from equity investments

Earnings from investments in subsidiaries and joint ventures. In the parent company income statement, the proportional share of earnings is recognised under the item “Income from equity investment”.

Investments in subsidiaries

Investments in ZITON Contractors A/S, Jack-Up InvestCo 3 Plc, Hangout A/S, Green Wind Enterprise ApS, Wind Enterprise P/S, ZITON Ltd, ZITON GmbH and ZITON Offshore Wind Power Technology (Beijing) Limited are recognised and measured according to the equity method.

The proportional ownership share of the companies' net asset value is recognised in the balance sheet under the items ”Investments in subsidiaries”.

The total net revaluation of investments in subsidiaries is transferred through the distribution of profit to “Reserve for equity value” under equity. The reserve is reduced by dividend payments to the parent company and is adjusted for other changes in equity in subsidiaries.

No subsidiaries with negative net asset value are recognised, and a provision to cover the negative balance is recognised.

Other accounting policies

With reference to the provisions of the Danish Financial Statements Act, the parent company has refrained from preparing a cash flow statement. For this information, see the consolidated financial statements of the ZITON group.

Note 2 / Operating activities

2.1 Staff costs

TOTAL STAFF COSTS

EUR'000		2022	2021
Staff costs			
Wages and salaries		10,887	9,647
Pensions - defined contributions plans		682	676
Other social security costs		139	182
Total staff costs	I/S	**11,708**	**10,505**
of which remuneration to:			
Executive Management[1]		517	425
Board of Directors		200	32
Average number of employees			
Total employees		**176**	**173**

1) Executive Management registered with the Danish Business Authority (Erhvervsstyrelsen)

2.2 Net financial expenses

EUR'000		2022	2021
Financial income			
Other financial income		36	175
Total financial income	I/S	**36**	**175**
Financial expenses			
Financial expenses, related parties		191	185
Other financial expenses		21,083	20,106
Total financial expenses	I/S	**21,274**	**20,291**
Net financial expenses		**21,238**	**20,116**

Note 2 / Operating activities

2.3 Income tax expense

EUR´000		2022	2021
Current tax:			
Current tax on income for the year		-	-
Adjustments in respect of prior years - current tax		580	-
Total current tax		**580**	**-**
Deferred tax (note 3.3)			
Deferred tax on the income (profit/loss) for the year		-	-
Adjustments in respect of prior years - deferred tax		-625	-
Total deferred tax		**-625**	**-**
Income tax expense	I/S	**-46**	**-**

Note 3 / Operating assets and liabilities

3.1 Intangible assets

EUR´000		Software	Total
Cost at 1 January		208	208
Exchange rate adjustments		-	-
Additions		34	34
Disposals		-	-
Cost at 31 December		**242**	**242**
Depreciation at 1 January		-104	-104
Exchange rate adjustments		1	1
Depreciation		-37	-37
Disposals		-	-
Depreciation at 31 December		**-140**	**-140**
Impairment losses at 1 January		-	-
Impairment losses at 31 December		-	-
Carrying amount at 31 December	B/S	**101**	**101**

Note 3 / Operating assets and liabilities

3.2 Vessels and equipment

EUR´000		Fixtures & equipment	Vessels	Total
Cost at 1 January		1,631	175,368	176,999
Exchange rate adjustments		-	-	-
Additions		836	3,224	4,059
Additions of leased assets		190	-295	-105
Disposals		-	-	-
Disposals of leased assets		-216	-	-216
Cost at 31 December		**2,441**	**178,297**	**180,738**
Depreciation at 1 January		-919	-43,111	-44,030
Exchange rate adjustments		-1	-1	-2
Depreciation		-110	-8,226	-8,336
Depreciations on leased assets		-92	-	-92
Disposals		-	74	74
Disposals on leased assets		164	-	164
Depreciation at 31 December		**-958**	**-51,264**	**-52,222**
Impairment losses at 1 January		-	-	-
Impairment losses at 31 December		-	-	-
Carrying amount at 31 December	B/S	**1,483**	**127,033**	**128,516**
- of which car finance leases		303	-	303

3.3 Deferred tax

EUR´000		2022	2021
Deferred tax 1 January		-407	-326
Utilisation of tax loss in joint taxation		-218	-
Adjustment to deferred tax asset		625	-81
Total deferred tax, net at 31 December	B/S	**-**	**-407**
Deferred tax gross			
Deferred tax asset		-	108
Deferred tax liability		-	-515
Total deferred tax, net at 31 December	B/S	**-**	**-407**

Note 3 / Operating assets and liabilities

3.4 Financial assets

EUR´000		Equity investment in: ZITON Offshore Wind Power Technology (Beijing) Limited	ZITON Ltd	ZITON GmbH	Hangout A/S	Jack-Up InvestCo 3	Green Wind Enterprise ApS	Wind Enterprise P/S	ZITON Contractors	Total
Cost at 1 January		107	-	25	301	28,001	5	54	67	28,561
Exchange rate adjustments		-2	-	-	-	-	-	-	-	-2
Cost at 31 December		**105**	**-**	**25**	**301**	**28,001**	**5**	**54**	**67**	**28,559**
Adjustments at 1 January		32	50	9	-24	-35	-	2,758	1,730	4,520
Exchange rate adjustments		-	-	-	-14	-	-	2	20	8
Dividend received		-	-	-	-	-27,936	-	-	-	-27,936
Profit during the year		11	7	8	-113	-36	-2	4,151	-340	3,686
Adjustments at 31 December		**43**	**57**	**17**	**-151**	**-28,006**	**-2**	**6,911**	**1,410**	**-19,722**
Total		**148**	**57**	**42**	**150**	**-5**	**3**	**6,965**	**1,477**	**8,837**
Transfer to other liabilities		-	-	-	-	5	-	-	-	5
Carrying amount at 31 December	B/S	**148**	**57**	**42**	**150**	**-**	**3**	**6,965**	**1,477**	**8,842**

LEGAL ENTITITES

ZITON Offshore Wind Power Technology (Beijing) Limited
Registered office: Beijing, China
(share of ownership 100%)

ZITON Ltd
Registered office: London, United Kingdom
(share of ownership 100%)

ZITON GmbH
Registered office: Hamburg, Germany
(share of ownership 100%)

Hangout A/S
Registered office: Horsens, Denmark
(share of ownership 50%)

Jack-Up InvestCo 3 Limited – in liquidation
Registered office: Qormi, Malta
(share of ownership 100% as of 3 October 2018)

Green Wind Enterprise ApS
Registered office: Horsens, Denmark
(share of ownership 100%)

Wind Enterprise P/S
Registered office: Horsens, Denmark
(share of ownership 100%)

ZITON Contractors A/S
Registered office: Horsens, Denmark
(share of ownership 100%)

Note 4 / Capital structure and financing

4.1 Loans

2022 EUR'000		Current debt 0-1 year	Non-current debt 1-5 years	After 5 years	Total
Bond loan, second lien		-	51,938	-	51,938
Bond loan, first lien		-	95,928	-	95,928
Lease obligations		51	191	-	242
Total	B/S	**51**	**148,057**	**-**	**148,108**

2021 EUR'000		Current debt 0-1 year	Non-current debt 1-5 years	After 5 years	Total
Subordinated loan		-	34,511	-	34,511
Bond loan, second lien		-	37,048	-	37,048
Bond loan, first lien		95,076	-	-	95,076
Lease obligations		-	203	-	203
Total	B/S	**95,076**	**71,762**	**-**	**166,838**

4.2 Proposed distribution of profit

EUR'000	2022	2021
Reserve for equity value	3,687	3,641
Dividend from subsidiary	-27,936	-9,215
Accumulated profit (loss)	15,908	-9,714
Proposed distribution of profit	**-8,341**	**-15,288**

Note 5 / Other disclosures

5.1 Commitments and contingencies

COMMITMENTS (OPERATING LEASE ARRANGEMENTS)
See note 6.1 to the consolidated financial statements.

CONTINGENCIES
Lease obligations
Operating leases in 2022 and 2021 relate to leases of office and cars.

OPERATING LEASES

EUR´000	2022	2021
Within 1 year	230	274
Between 1 and 5 years	477	548
After 5 years	-	-
In total	**707**	**822**

SECURITY
ZITON A/S credit facilities include a Second Super Senior Working Capital Facility ("SSS WCF"), first lien bond (ISIN NO 0010832488) and a second lien bond (ISIN NO 0010832512) that holds a joint security package with security in three of the vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) owned by the parent company ZITON A/S as well as entitlements under insurances related to the vessels. Three vessels with a total carrying amount of EUR 127,033k (2021: EUR 132,257k) have been pledged as security for loans of EUR 157,243k (2021: EUR 176,038k).

ZITON A/S has pledged the shares in the wholly-owned Jack-Up InvestCo 3 Plc.

Furthermore, all intercompany receivables have been pledged as security for bond and bank debt.

GUARANTEES
See note 6.1 to the consolidated financial statements.

UNRECOGNISED CONTINGENT LIABILITIES
See note 6.1 to the consolidated financial statements.

5.2 Share-based payments

See note 6.2 to the consolidated financial statements.

5.3 Fees to auditors

See note 6.3 to the consolidated financial statements.

5.4 Related party transactions

See note 6.4 to the consolidated financial statements.

All agreements relating to transactions between ZITON A/S and subsidiaries are based on market prices (arm's length).

The ownership share above 5% is listed under "Corporate structure" in this report.

5.5 Subsequent events

See note 6.5 to the consolidated financial statements.

Management's statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the annual report of ZITON A/S for 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and the financial statements of the parent company have been presented in accordance with the Danish Financial Statements Act. The management review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the annual financial statements of the company give a true and fair view of the group's and the company's assets, liabilities and financial position at 31 December 2022 and of the results of the group's and the company's operations and cash flows for the financial year 2022.

Further, in our opinion the management review includes a fair review of the development in the group's and the parent company's operations and financial matters, of the result for the year, and of the group's and the parent company's financial position, as well as describing the significant risks and uncertainties affecting the group and the parent company.

In our opinion, the annual report of ZITON A/S for the financial year 1 January to 31 December 2022, with the file name ziton-2022-12-31-en.zip, has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the annual report be approved at the annual general meeting.

Horsens, 21 April 2023

Executive Management

Thorsten Henrik Jalk

Board of Directors

Samuel Martin Gross

Lars Rabe Tønnesen

Jon Oliver Sinclair Bryce

Thorsten Henrik Jalk

Jens Michel Haurum

Independent auditor's report

To the shareholders of ZITON A/S

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of ZITON A/S for the financial year 1 January to 31 December 2022, which comprise income statement, balance sheet, notes including accounting policies, for both the group and the parent company, and cash flow statement and statement of comprehensive income for the group. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act, and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group at 31 December 2022, and of the results of the group operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Furthermore, it is our opinion that the parent company financial statements give a true and fair view of the financial position of the parent company at 31 December 2022, and of the results of the parent company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our extract from audit book to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our belief, we have not performed any prohibited non-audit services, as stated in article 5 (1) of Regulation (EU) No. 537/2014.

We were first appointed auditor of ZITON A/S on 22 January 2008 for the financial year 2008. We were reappointed annually by a resolution of a general meeting for a total continuous period of 15 years until and including the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of vessels

Key audit matter

Vessels consist of several jack-up vessels and the value amounts to EUR 173,097k (2021: EUR 180,049k). Vessels are presented as a part of "Vessels, including property, fixtures and equipment". Refer to note 3.1 in the consolidated financial statements. Vessels are subject to an impairment test when indicators of impairment exist. Lower utilisation than expected during 2019 - 2022 has given rise to an indicator of impairment for the vessel fleet. Significant judgements are required by management in determining the recoverability of the carrying amount of vessels. Management's estimates of cash flow and determining WACC are therefore the most significant judgements. The judgement in determining expected cash flow includes long-term estimates on charter rates, utilisation of the vessels, operating costs and capital expenditure.

The key assumptions related to vessels are described in note 3.1 to the consolidated financial statements. Combined with the significance of vessels to the financial statements as a whole the valuation of vessels is considered to be a key audit matter.

How our audit addressed the key audit matter

Based on our risk assessment we assessed the relevant internal controls for vessels primarily relating to management's impairment test. We obtained management's impairment test of vessels. We considered and challenged management's assessment for indicators of impairment of vessels. We considered and challenged the judgements used to determine the value in use of the vessels. This includes those relating to charter rates, expected utilisation rates and operating costs. We tested the judgements by reference to third-party documentation such as signed framework agreements with customers. We also assessed the management's underlying key judgements including challenge of future market and market share and utilisation rates. Valuation specialists assessed the discount rates (WACC) applied by management. We assessed and challenged the appropriateness of management's presentation of these matters in the financial statements.

STATEMENT ON MANAGEMENT´S REVIEW

Management is responsible for management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

MANAGEMENT'S RESONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

AUDITOR´S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our independent auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the consolidated financial statements we performed procedures to express an opinion on whether the annual report of ZITON A/S for the financial year 1 January to 31 December 2022 with the file name ziton-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format, and;
- For such internal control as management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy, and;
- Reconciling the iXBRL tagged data with the audited consolidated financial statements including notes.

In our opinion, the annual report of ZITON A/S for the financial year 1 January to 31 December 2022 with the file name ziton-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hobro, 21 April 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Claus Muhlig, MNE no.: mne26711
State Authorised Public Accountant