

# Annual Report 2021



**ZITON**

Can do. Will do.





**NAVIGATION**

→ Click section to expand and  
click chapter to jump to it.

**ABOUT ZITON**

Looking forward  
ZITON's experience  
Highlights of 2021  
Vessels  
HangOut  
Offshore wind turbine  
Management and board  
Corporate structure  
History of the company

**THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES****STRATEGIC DIRECTION****BUSINESS PERFORMANCE****FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**

# About ZITON





NAVIGATION  
→ Click section to expand and click chapter to jump to it.

- ABOUT ZITON
  - Looking forward
  - ZITON's experience
  - Highlights of 2021
  - Vessels
  - HangOut
  - Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# LOOKING FORWARD

ZITON CEO Thorsten Jalk shares his perspectives on how ZITON will evolve over the coming years.

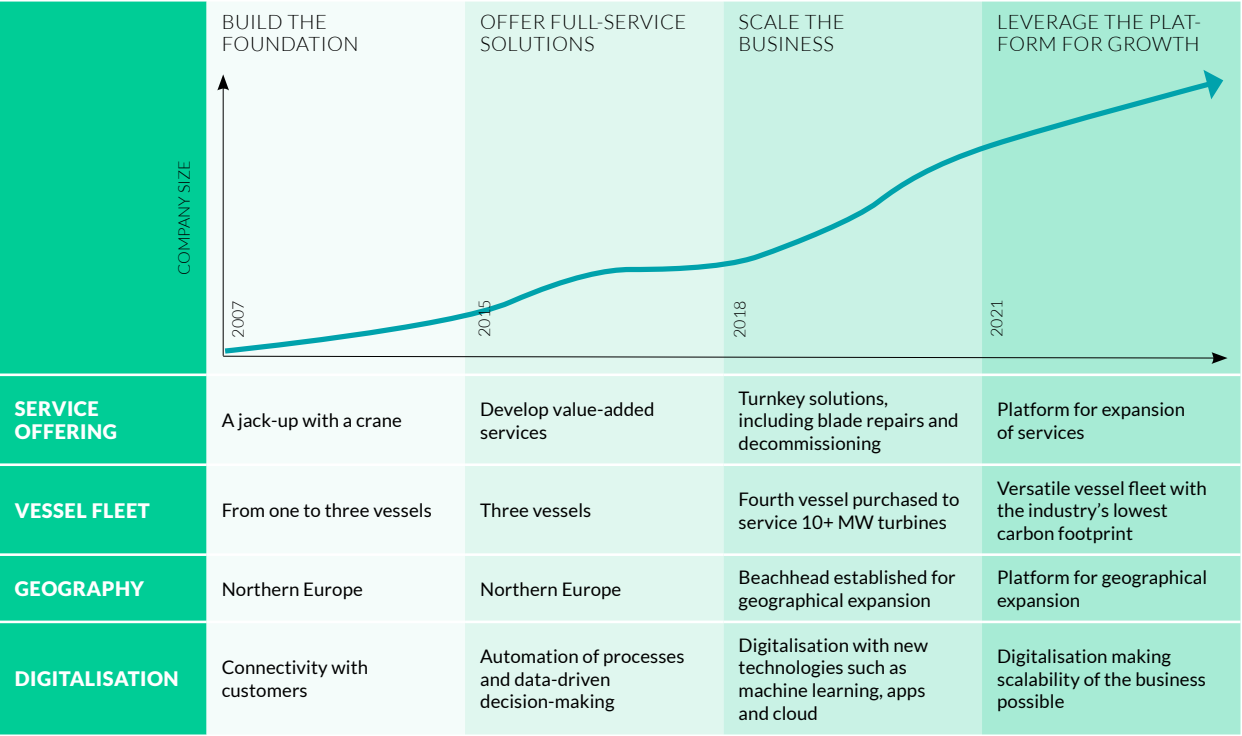
Thorsten Jalk, CEO, ZITON



ZITON's history began in 2007 with the purchase of the vessel J/U WIND. Since then, we have expanded our fleet to four vessels and broadened our service to offer turnkey and full-service solutions. ZITON is located in the heart of Denmark's offshore wind industry. This has allowed us to build early relationships with key customers and to be on the forefront of developments in offshore wind. Over the past decade, we have developed and refined best practices for offshore wind O&M services together with our customers. And over the years, we have invested significantly to digitalise our business, enabling us to cost effectively scale the business. Recently, we have built a beachhead in Asia to explore new emerging markets.

With an objective of reducing greenhouse gas emissions, governments and companies around the world are investing billions in renewable energy, and offshore wind is one of the industries expected to benefit from this development. With the platform we have built at ZITON, we believe we are poised to benefit from the growth of offshore wind in the coming decades. At ZITON, we are on our own path towards zero-emission by further improving our fleet, which has the lowest carbon-footprint in the industry. We will continue to contribute to the industry with cost-effective O&M services to further improve the levelized cost of energy.

## FOUR PERIODS WITH DIFFERENT STRATEGIC FOCUS



NAVIGATION  
→ Click section to expand and click chapter to jump to it.

- ABOUT ZITON
- Looking forward
  - › ZITON's experience
  - Highlights of 2021
  - Vessels
  - HangOut
  - Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

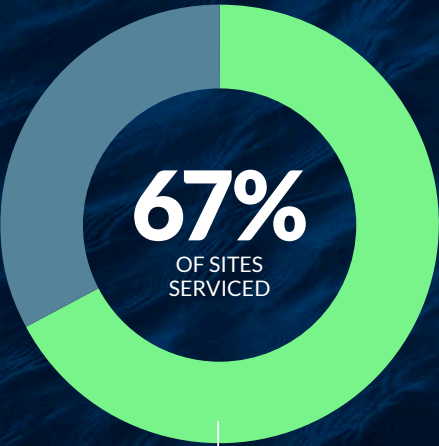
STRATEGIC DIRECTION

BUSINESS PERFORMANCE

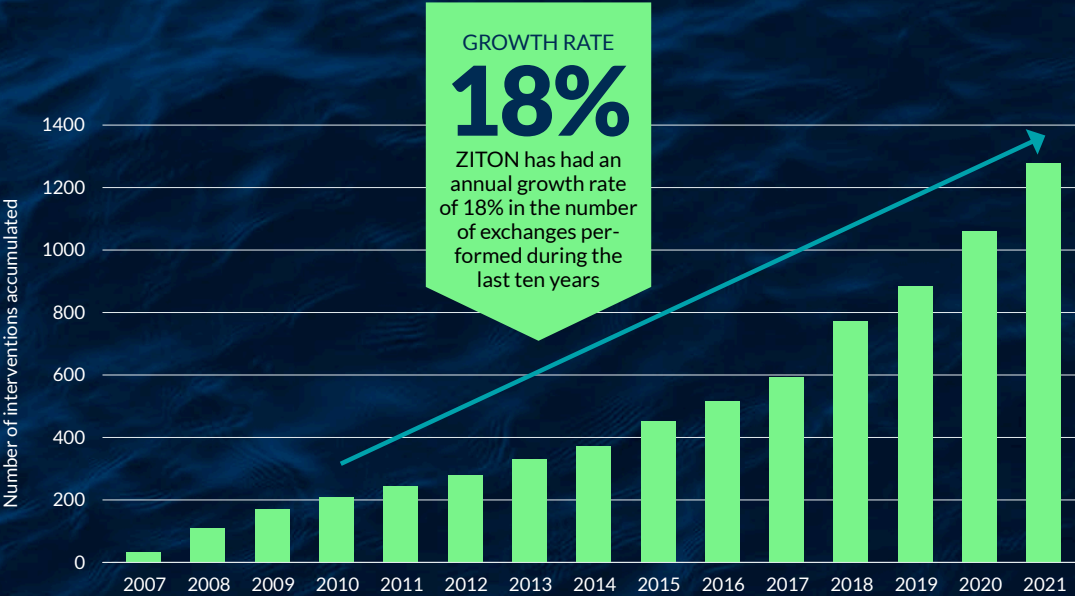
FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# ZITON'S EXPERIENCE

ZITON is the market-leading service provider within offshore wind operations & maintenance. ZITON has carried out more than 1,300 service interventions at 66 wind farms across 7 countries.



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

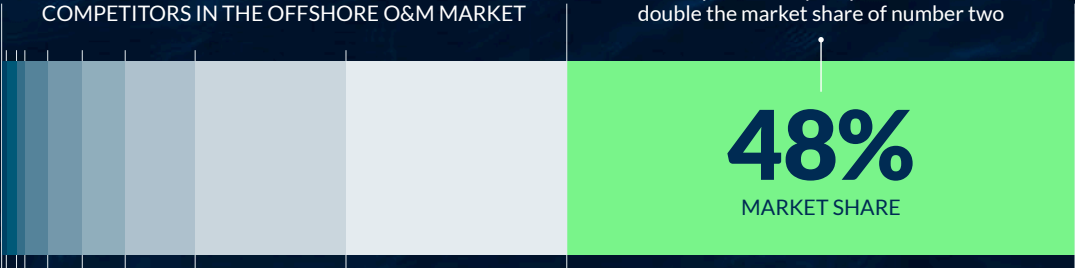


GROWTH RATE

18%

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

COMPETITORS IN THE OFFSHORE O&M MARKET



ZITON has had a market share of 48% in northern Europe over the past three-year period - more than double the market share of number two

48%

MARKET SHARE



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

Looking forward  
ZITON's experience  
› Highlights of 2021  
Vessels  
HangOut  
Offshore wind turbine  
Management and board  
Corporate structure  
History of the company

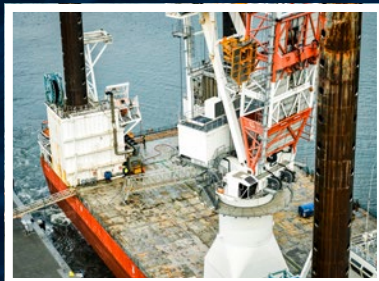
THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

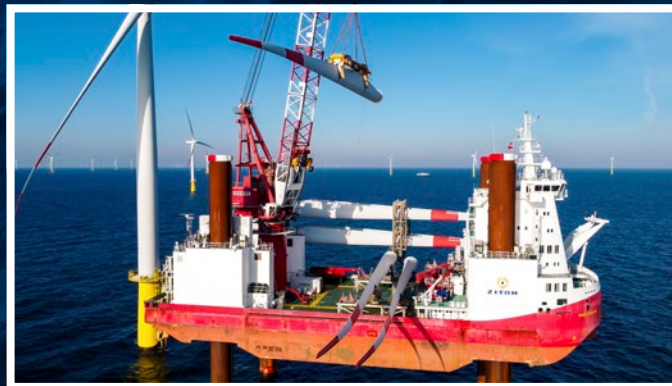
## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

## HIGHLIGHTS OF 2021

Purchase of  
**J/U WIND ENTERPRISE**

JANUARY

Start of **blade campaign**  
at Meerwind Süd/Ost

MARCH 14

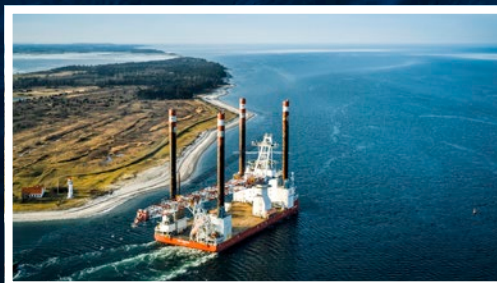
210

INTERVENTIONS MADE  
THROUGHOUT THE YEAR

59%

MARKET SHARE

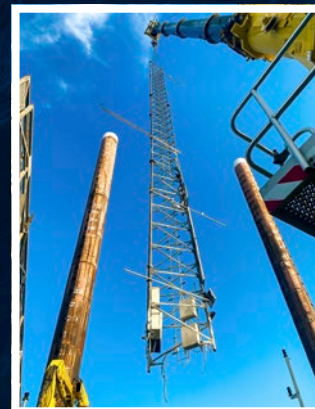
DECEMBER 31

JANUARY-  
FEBRUARYDocking of  
**J/U WIND ENTERPRISE**  
at Fayard

MARCH 1

J/U WIND  
**ENTERPRISE**  
initiates long-term  
charter with SGRE3 YEARS  
AND 8 MONTHS

SEPTEMBER

Decommissioning  
of met mast at the  
**Rødsand II** wind  
farm in Denmark

DECEMBER 11

End of **blade  
campaign** at  
Meerwind Süd/Ost



NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

- ABOUT ZITON
- Looking forward
  - ZITON's experience
  - Highlights of 2021
  - › Vessels
  - HangOut
  - Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

VESSELS

NAME

J/U WIND  
ENTERPRISE

TECHNICAL SPECIFICATIONS

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 kn

Accommodation

28 single cabins for charterer  
and 20 single cabins for crew

Ownership

Owned since January 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

2.0 m

Jacking operations – wind

15 m/s

Jacking operations – tidal current

Up to 1.2 kn

Jacking operations – max. depth

Up to 48.0 m





NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

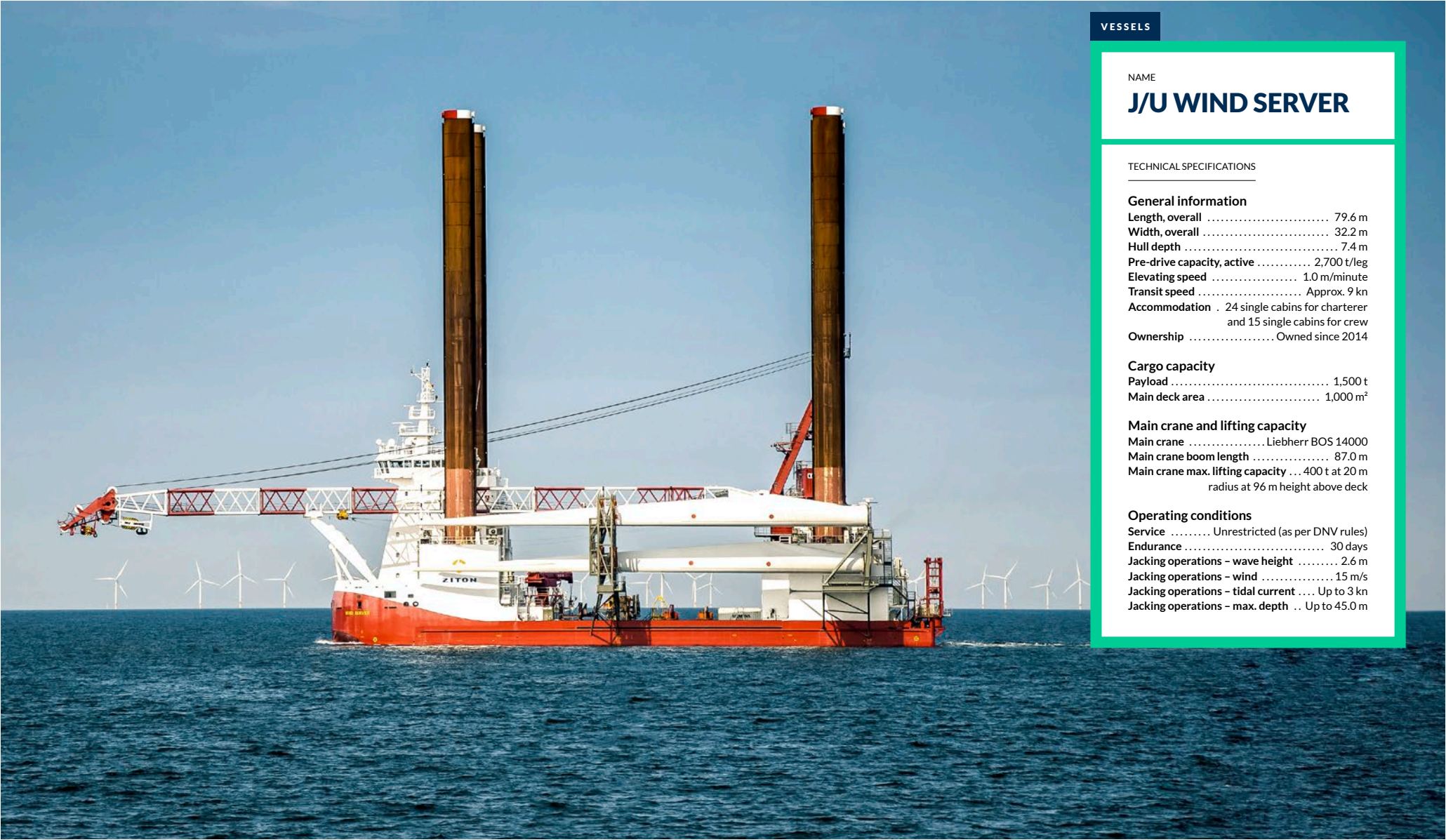
- Looking forward
- ZITON's experience
- Highlights of 2021
- › Vessels
- HangOut
- Offshore wind turbine
- Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW



VESSELS

NAME  
**J/U WIND SERVER**

TECHNICAL SPECIFICATIONS

**General information**  
Length, overall ..... 79.6 m  
Width, overall ..... 32.2 m  
Hull depth ..... 7.4 m  
Pre-drive capacity, active ..... 2,700 t/leg  
Elevating speed ..... 1.0 m/minute  
Transit speed ..... Approx. 9 kn  
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 ..... 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 ..... 2.6 m  
Jacking operations – wind ..... 15 m/s  
Jacking operations – tidal current .... Up to 3 kn  
Jacking operations – max. depth .. Up to 45.0 m



NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

- Looking forward
- ZITON's experience
- Highlights of 2021
- › Vessels
- HangOut
- Offshore wind turbine
- Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW



VESSELS

NAME  
**J/U WIND PIONEER**

TECHNICAL SPECIFICATIONS

**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 ..... 5 kn (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



NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

- ABOUT ZITON
- Looking forward
  - ZITON's experience
  - Highlights of 2021
  - › Vessels
  - HangOut
  - Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

VESSELS

NAME

J/U WIND

TECHNICAL SPECIFICATIONS

General information

Length, overall

Width, overall

Hull depth

Pre-drive capacity, active

Elevating speed

Transit speed

Accommodation

Ownership

55.1 m

18.1 m

4.0 m

600 t/leg

0.7 m/minute

6 kn

20 single cabins for charterer  
and 11 single cabins for crew

Owned since 2007

Cargo capacity

Payload

Main deck area

220 t

Approx. 430 m²

Main crane and lifting capacity

Main crane

Main crane boom length

Main crane max. lifting capacity

Liebherr LTR 11200

28-110 (telescopic)

30 t at 30 m  
radius at 100 m height above deck

Operating conditions

Service

Endurance

Jacking operations – wave height

Jacking operations – wind

Jacking operations – tidal current

Jacking operations – max. depth

Weather restricted, site specific

30 days

Up to 0.75 m

Up to 10.0 m/s

Up to 1 kn

Up to 35 m





NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

- Looking forward
- ZITON's experience
- Highlights of 2021
- Vessels
- » HangOut
- Offshore wind turbine
- Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# HANGOUT

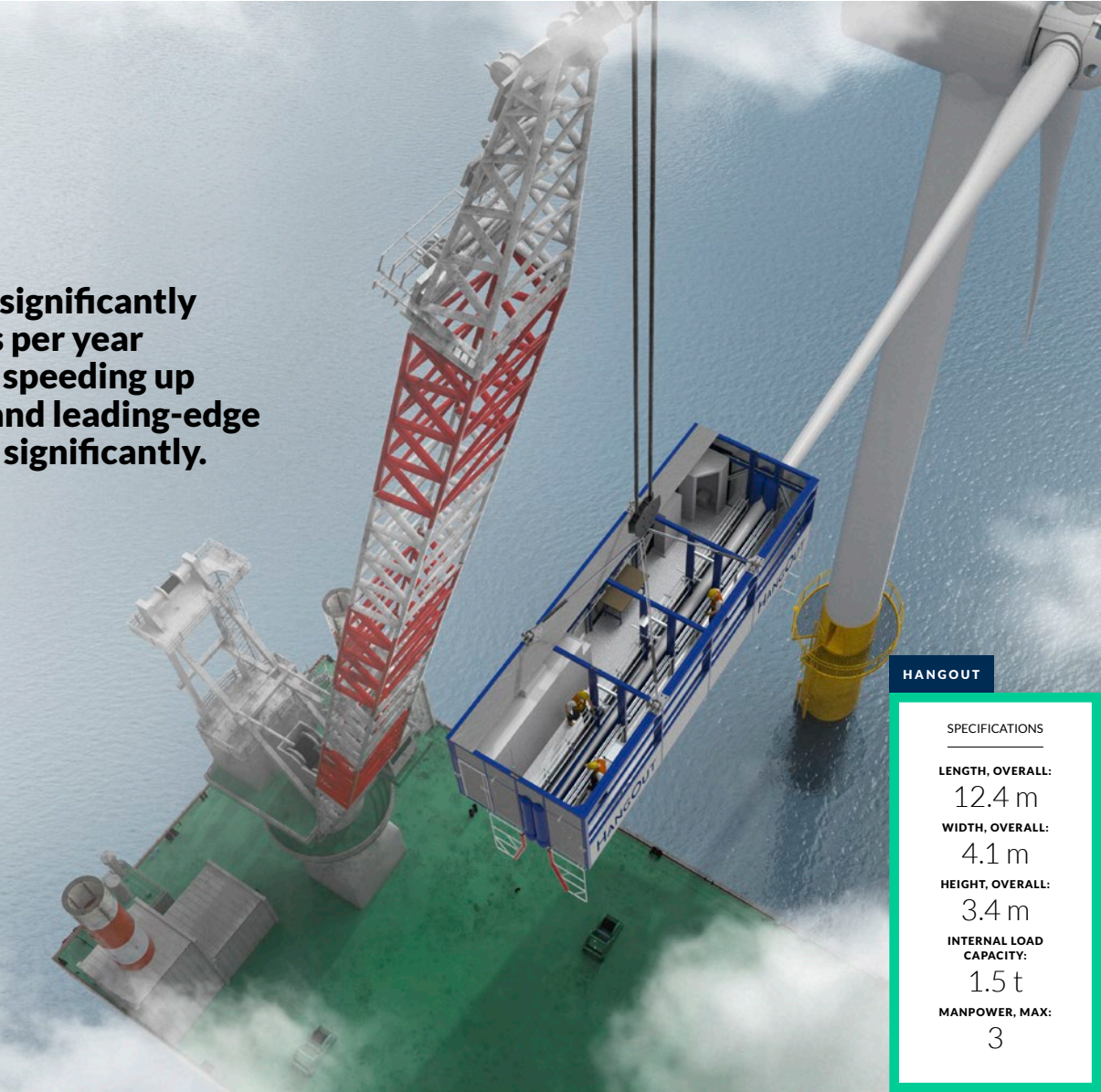
HangOut is a crane-supported work platform used for complex repair of the tip and the leading edge of a blade – invented and manufactured in 2019 in collaboration with the Danish blade repair specialists from Flex Wind A/S.

**HangOut provides significantly more working days per year reducing costs and speeding up large-scale repair and leading-edge erosion campaigns significantly.**

**T**he solution is CE certified, approved by DNV and patent pending in EU and China. It is an advanced platform with refined technical installations, which is raised from the deck of the jack-up and lowered over the tip of the blade using vacuum suction cups. The HangOut contains all the necessary equipment to make the repairs, and it provides a safe and protected working zone for blade technicians, including a work bench, PPE and tools storage, spine boards, monitors, bins, compressors, an exhaust system, high-pressure cleaners, fire extinguishers, a rescue hatch, and an act-safe rescue system.

Furthermore, it is operational in harsher weather conditions than tolerated for basic blade repair performed using rope or other platform solutions, since it is possible to create the perfect humidity and temperature, and thus the perfect work environment for blade repair. This way, HangOut provides significantly more working days per year reducing costs and speeding up large-scale repair and leading-edge erosion campaigns significantly. At the same time, it also offers the opportunity to conduct repairs of much higher quality in the factory-like conditions.

The HangOut has a length of 12.4 metre, width of 4.1 metre and height of 3.4 metre. The internal load capacity is 1.5 tonnes, and it can carry up to three persons.



HANGOUT

SPECIFICATIONS	
LENGTH, OVERALL:	12.4 m
WIDTH, OVERALL:	4.1 m
HEIGHT, OVERALL:	3.4 m
INTERNAL LOAD CAPACITY:	1.5 t
MANPOWER, MAX:	3



NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

- ABOUT ZITON
- Looking forward
  - ZITON's experience
  - Highlights of 2021
  - Vessels
  - HangOut
  - › Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# OFFSHORE WIND TURBINE

ZITON provides jack-up services for replacement of the major components shown in the illustration.

**ZITON has carried out several safe and efficient major component campaigns for RWE proving flexibility and commitment with excellent technicians who showed real determination to complete within timescale. Also, the vessel masters and crews were very welcoming and kept informing at every stage of the vessel operations in a professional manner.**

LUTZ ROSE, TEAM LEAD MARINE & LOGISTICS, RWE RENEWABLES

- GENERATOR
- GEARBOX
- MAIN SHAFT
- MAIN BEARING
- FULL ROTOR
- TRANSFORMER
- BLADE



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

- Looking forward
- ZITON's experience
- Highlights of 2021
- Vessels
- HangOut
- Offshore wind turbine
- Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# MANAGEMENT AND BOARD

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

## CONTEMPLATED CHANGE IN BOARD OF DIRECTORS

Upon the contemplated change in the ownership structure, described in the section "Corporate Structure", the current Board of Directors is expected to be altered.

## 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, with no one individual being a member of both. 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 2021, the Board of Directors held a total of seven board meetings. This was an increase compared to prior years which was mainly due to the Board of Directors' focus on securing liquidity for developing and running the business. The board meeting attendance rate was at 96% in 2021, which is similar to the historical average.

	2016	2017	2018	2019	2020	2021
Board meeting attendance rate (Number of board meetings attended / number of board meetings * 100)	96%	97%	97%	90%	95%	96%

The Board of Directors has established an audit committee consisting of the entire Board of Directors. The Audit Committee held two meetings in 2021. 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 moni-

toring 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.

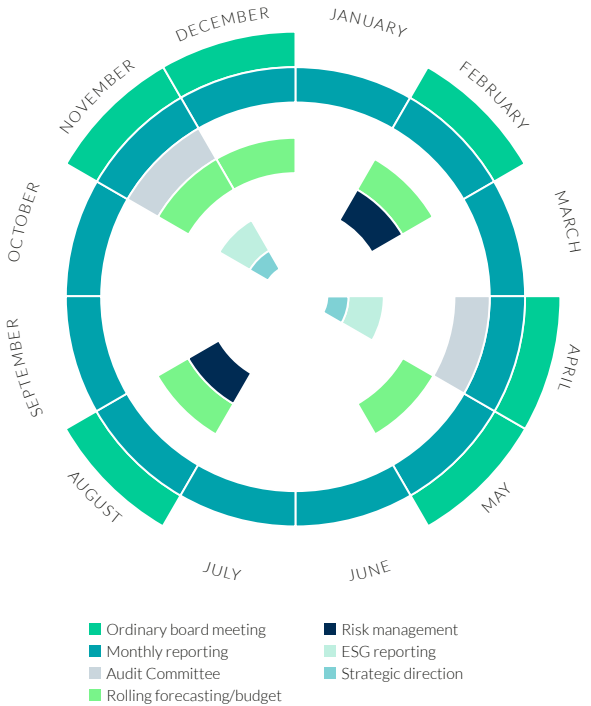
## DIVERSITY IN MANAGEMENT

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. In January 2021, shares in ZITON A/S were issued to Vroon B.V. as part payment of J/U WIND ENTERPRISE, and Herman Marks, the CEO of Vroon B.V., was appointed to the Board of Directors. Vagn Lehd Møller resigned from the board in May 2021, and Morten Melin resigned in February 2022. 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 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, 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 2022.

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 succeeded in increasing the proportion of women at management levels by employing two female second engineers. Nevertheless, men are generally over-represented in the offshore wind and shipping industries, therefore it is challenging to increase the proportion of the underrepresented gender.

	2016	2017	2018	2019	2020	2021
Diversity at Board of Directors level (Board members of underrepresented gender to board members)	0 of 5	0 of 6	0 of 6	0 of 6	0 of 7	0 of 6
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	0 of 5
Diversity at officer level (Officers of under-represented gender to total officers)	0 of 48	0 of 52	0 of 53	0 of 62	0 of 71	2 of 78



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

Looking forward  
ZITON's experience  
Highlights of 2021  
Vessels  
HangOut  
Offshore wind turbine  
› Management and board  
Corporate structure  
History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

## EXECUTIVE MANAGEMENT TEAM

**Thorsten Jalk**

Chief Executive Officer  
Appointed CEO in 2011  
Born 1967

Mr Jalk has 20 years of experience from the offshore wind industry and held numerous high-level positions prior to being appointed CEO of ZITON A/S.

**PREVIOUS ENGAGEMENTS**

Mr Jalk has experience from being 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**

Master of Transport and Maritime Management (MTMM) from the University of Southern Denmark, 2010. In addition, Mr Jalk has completed the Executive Management Programme at INSEAD, 2016.

**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 A/S and has also held various positions in the financial services industry.

**EDUCATIONAL BACKGROUND**

Mr Haurum holds a HD Graduate Diploma in Business Administration (Accounting) from Aarhus University, a HD Graduate Diploma in Business Administration (International Management) from Copenhagen Business School and a Master of Business Administration

from Henley Business School in the UK.

**Rasmus Mühlebach**

Chief Legal Officer  
Appointed CLO in April 2015  
Born 1980

Mr. Mühlebach joined ZITON in June 2012 as Chief Financial Officer and was appointed Chief Legal Officer in April 2015.

**PREVIOUS ENGAGEMENTS**

Prior to joining ZITON, Mr Mühlebach held positions as CFO and Business Developer with Nord-Estate A/S.

**EDUCATIONAL BACKGROUND**

Mr Mühlebach graduated in 2007 with 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 Key Account Manager with A2SEA A/S, Sales and Marketing Manager with Statoil Gazelle A/S, Commercial Sales Manager with Siemens Wind Power A/S and Regional Manager with Energi Danmark A/S.

**EDUCATIONAL BACKGROUND**

MA in Business, Language and

Culture (cand. negot) 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 Operations Manager with Fred. Olsen Windcarrier.

He worked for ZITON from 2008 to 2011 as HSEQ Manager (2008-2009) and Master Mariner (2009-2011). 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 Navigationskole.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

- Looking forward
- ZITON's experience
- Highlights of 2021
- Vessels
- HangOut
- Offshore wind turbine
- › Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# BOARD OF DIRECTORS



**Lars Thorsgaard Jensen**

Member of the board  
since January 2012  
Born 1974

Appointed by  
BWB Partners

**CURRENT ENGAGEMENTS**

Mr Jensen is a partner at BWB Partners. He serves as a member of the boards of directors of Transmedica.

**PREVIOUS ENGAGEMENTS**

Mr Jensen has a background in investment banking. He previously worked for six years as a director with Carnegie Investment Banking in Copenhagen and for two years with Morgan Stanley Investment Banking in London.

**EDUCATIONAL BACKGROUND**

Master of Science in Management & Economics (cand. oecon) from Aarhus University.



**Jacob Ø. Bergenholtz**

Member of the board  
since September 2020  
Born 1971  
Appointed by  
BWB Partners

**CURRENT ENGAGEMENTS**

Mr Bergenholtz is Managing Partner of BWB Partners. He serves as a member of the boards of directors of Holmris B8 A/S and SH Group A/S.

**PREVIOUS ENGAGEMENTS**

Mr Bergenholtz previously worked for Boston Consulting Group in Copenhagen, and prior to that he worked for Shell International in Copenhagen, London and Hamburg.

**EDUCATIONAL BACKGROUND**

Master of Science in Business Administration and Commercial Law from Copenhagen Business School and the University of British Columbia, Canada.



**Ove C. Eriksen**

Member of the board  
since January 2008  
Born 1960  
Appointed by Dansk  
Bjergning og Bugsering  
Holding ApS

**CURRENT ENGAGEMENTS**

Mr Eriksen serves as a director of Dansk Bjergning og Bugsering A/S.

**PREVIOUS ENGAGEMENTS**

Founded Dansk Bjergning og Bugsering A/S in 1987. Founded DBB Jack-Up Services A/S in 2008 (renamed ZITON A/S in 2016). He serves as a member of the boards of directors of Dansk Bjergning og Bugsering A/S, DBB Dredging ApS, DBB ROV Service A/S, as well as various family investment companies.

**EDUCATIONAL BACKGROUND**

Electrician.



**Henrik Kleis**

Member of the board  
since December 2019  
Born 1954  
Appointed by OY Finans ApS

**CURRENT ENGAGEMENTS**

Mr Kleis is a partner at DLA Piper. He serves as a member of the boards of directors of Amicos A/S, Dansk Bjergning og Bugsering A/S, Danske Transport Medier ApS, DBB Dredging ApS, DBB Rov Service A/S, Den Kommunale Selvstyrehavn - Rømø Havn, Dissing A/S, Easysure Denmark A/S, Finn Allan Eriksen Automobiler A/S, Fonden Jakob, Funderholme Smedie A/S, Global Reach Aviation A/S, HHKT/Aarhus ApS, H. Daugaard A/S, H. Daugaard Holding A/S, I & N Vest Holding A/S, Iterators ApS, Jesma Vejeteknik A/S, Martin Bencher (Scandinavia) A/S, NEXT Forsikring A/S, Nordic Seaplanes A/S, PI Applications A/S, PMW Engineering A/S, S.E.G. Instruments A/S, Skyways Technics A/S, Vejstruplund A/S and Warehouse Aarhus A/S.

**PREVIOUS ENGAGEMENTS**

Mr Kleis has worked his entire career as a lawyer with Delacour Advokatfirma, which operates under the name of DLA Piper Denmark.

**EDUCATIONAL BACKGROUND**

Master of Laws and Making Corporate Boards  
Better at Harvard Business School.



**Herman Marks**

Member of the board  
since January 2021  
Born 1960  
Appointed by Vroon B.V.

**CURRENT ENGAGEMENTS**

Mr Marks is CEO of Vroon B.V. He serves as Chairman of the board of directors of ShipServ Inc and of the Supervisory Board of Stichting STC-Group.

**PREVIOUS ENGAGEMENTS**

Mr Marks previously held senior positions at Jo Tankers and Dupeg Tank Terminal.

**EDUCATIONAL BACKGROUND**

Bachelor's degree in business economics and first-year law degree at the Erasmus University in Rotterdam. Master of Business Administration at the Interuniversitaire Interfaculteit Bedrijfskunde in Delft.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

- Looking forward
- ZITON's experience
- Highlights of 2021
- Vessels
- HangOut
- Offshore wind turbine
- Management and board
- Corporate structure
- History of the company

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# CORPORATE STRUCTURE

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

CONTEMPLATED CHANGE IN OWNERSHIP STRUCTURE

In the section "Capital Structure", it is described that ZITON A/S' shareholders and the majority of the first lien bond and over two thirds of the holders in the second lien bond have reached a solution for a long-term and viable capital structure. The agreement is conditional upon, amongst other things, approval by the bond meetings for the three bonds issued by ZITON A/S and Wind Enterprise P/S, formal approval of merger filings with competition authorities and foreign direct investments approval with authorities in Denmark. Upon fulfilment of conditions, the current ownership structure will be significantly changed, and Permira Credit Solutions III Sub Master Euro S.à.r.l. is expected to become the new controlling shareholder of ZITON and the current owners are expected to remain as minority shareholders.

LEGAL STRUCTURE

ZITON Group consists of the parent company ZITON A/S and eight wholly-owned subsidiaries, including ZITON Contractors A/S and Wind Enterprise P/S with its general partner Green Wind Enterprise ApS in Denmark, and subsidiaries in Malta, the UK, Germany and China. 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.

JACK-UP HOLDING A/S - BWB PARTNERS

BWB Partners is an independent owner-led Danish investment firm investing in small and medium-sized companies with a turnover of up to EUR 100m and a strong growth potential.

BWB Partners manages two funds, investing on behalf of Danish and international investors. Both are active funds and open for new investment opportunities. BWB Partners I has committed capital

of EUR 175m, while BWB Partners II has committed capital of EUR 130m. ZITON is an investment held in BWB Partners II.

The investor base at BWB Partners includes Danish and international institutional investors and dedicated private-equity investors (fund-of-funds). BWB Partners II consists of Danish pension funds (15.1%), foreign financial investors (83.7%) and other foreign investors (1.2%).

BWB Partners takes an active ownership approach in respect of its portfolio companies. The aim is to drive each company towards becoming an attractive medium-sized business with a strong market position and healthy earnings. As achieving such transformation of a company can be a major task, the investment horizon is usually four to seven years.

BWB Partners is a member of the DVCA trade association and follows DVCA guidelines on corporate governance and recommendations on responsible ownership. Consequently, ZITON is also subject to the DVCA's corporate governance guidelines. For further information, please visit the DVCA website at [www.dvca.dk](http://www.dvca.dk).

DANSK BJERGNING OG BUGSERING HOLDING APS

Dansk Bjergrning og Bugsering Holding ApS is controlled by Ove Eriksen who founded DBB Jack-Up Services A/S in 2008, the company

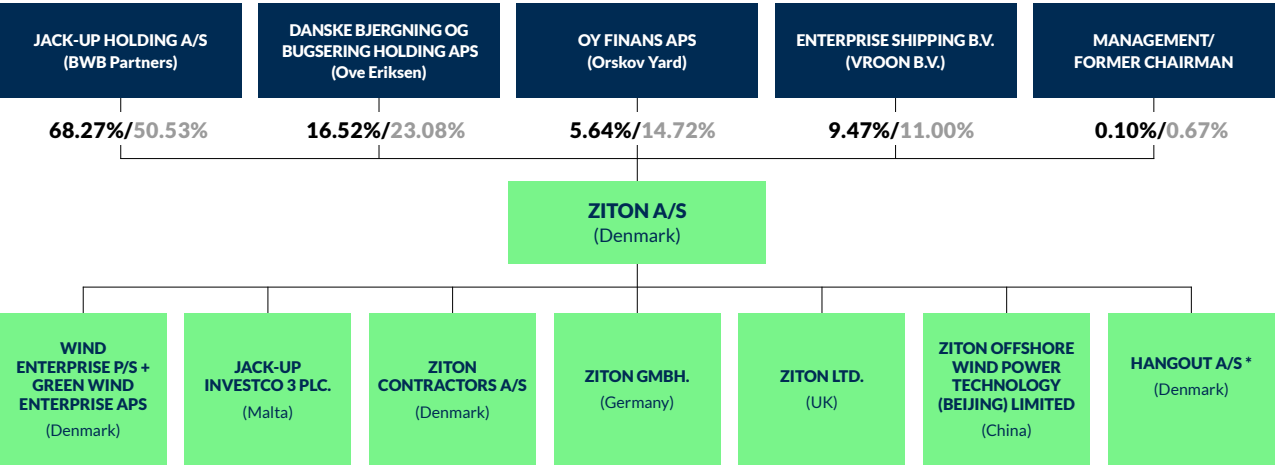
that was renamed ZITON A/S in 2016. In addition to its shareholding in ZITON A/S, the company owns Dansk Bjergrning og Bugsering A/S, DBB Dredging ApS and DBB ROV Service A/S.

OY FINANS APS

OY Finans ApS is related to the Orskov Group, which owns and operates Orskov Yard in Frederikshavn, Denmark, where the conversion of J/U WIND PIONEER took place. The yard employs 200 people and comprises three docks.

ENTERPRISE SHIPPING B.V.

Enterprise Shipping B.V. became a shareholder in ZITON A/S in January 2021, as ZITON A/S purchased the vessel J/U WIND ENTERPRISE from Enterprise Shipping B.V. The purchase price was partly settled by shares issued to Enterprise Shipping B.V., a wholly-owned subsidiary of Vroon B.V. Vroon is an international shipping company providing seagoing transportation services and engineering & support solutions. It is a family-originated business established in 1890, which today operates and manages a diverse fleet of approximately 130 deep-sea and offshore vessels including livestock carriers, offshore-support vessels, dry cargo vessels, container vessels, product tankers, high-heat tankers and car carriers.



68.27%/50.53% (percentage of share capital/voting capital)

\* 50% owned by ZITON A/S

NAVIGATION  
→ Click section to expand and click chapter to jump to it.

- ABOUT ZITON
- Looking forward
  - ZITON's experience
  - Highlights of 2021
  - Vessels
  - HangOut
  - Offshore wind turbine
  - Management and board
  - Corporate structure
  - History of the company

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# HISTORY OF THE COMPANY

ZITON is a pioneer in the offshore wind industry. ZITON's history dates back to 2007 with the purchase of the vessel J/U WIND.

Dansk Bjergrning og Bugsering A/S was founded in 1989 by Ove Eriksen. In 2007, that company purchased the vessel J/U WIND, and in 2008 the jack-up operations were carved out into a separate company, which had J/U WIND as part of its assets.

BWB Partners invested in the company in 2012, appointing Thorsten Jalk as CEO. The company has since accelerated both commercially and through the acquisition of another three vessels, J/U WIND PIONEER, J/U WIND SERVER and J/U WIND ENTERPRISE.





**NAVIGATION**

→ Click section to expand and click chapter to jump to it.

**ABOUT ZITON****THE OFFSHORE WIND INDUSTRY AND O&M SERVICES**

Market development of offshore wind  
Offshore wind farms in Europe  
ZITON's service offerings  
Offshore wind farms – typical O&M setup and ziton's solutions  
Digital transformation  
Environment, social & governance

**STRATEGIC DIRECTION****BUSINESS PERFORMANCE****FINANCIAL STATEMENTS AND FINANCIAL REVIEW**

# The offshore wind industry and O&M services





## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES› Market development of  
offshore wind

Offshore wind farms in  
Europe

ZITON's service offerings

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

Digital transformation

Environment, social &  
governance

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# MARKET DEVELOPMENT OF OFFSHORE WIND

The outlook for offshore wind worldwide and especially in Europe is as strong as can be. Energy independence from Russia, 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, Vietnam and Taiwan have been the frontrunners. Over the coming years, offshore wind is also expected to accelerate in countries like USA, South Korea, Japan, Brazil and Australia while many other non-European countries are starting to explore possibilities and solutions suitable for their meteorological and geographical conditions.

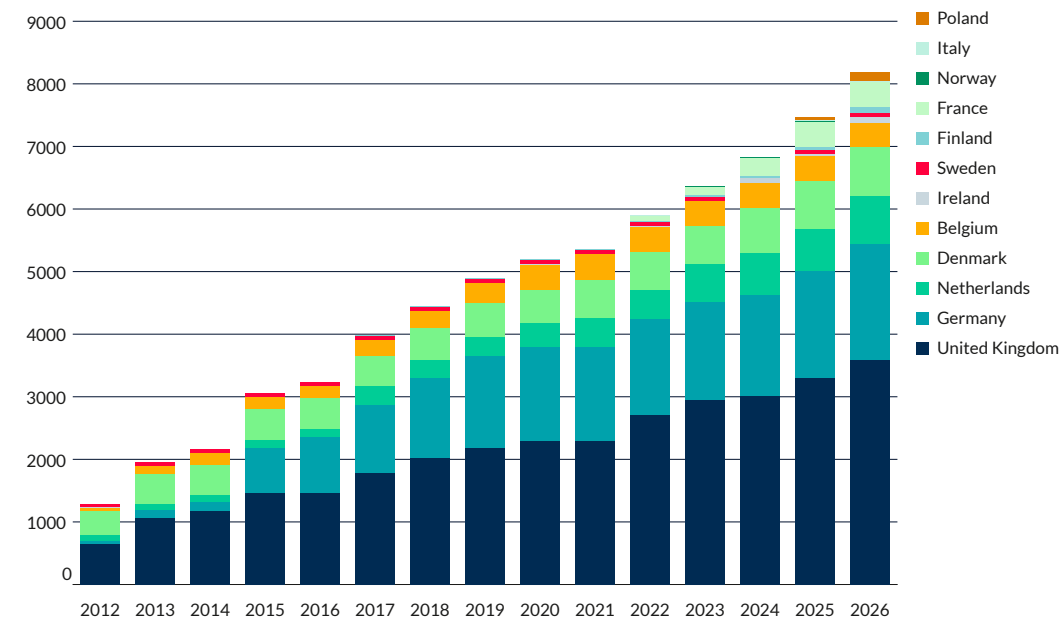
In Europe, the EU's commitment to become the first climate neutral continent by 2050 – the so-called Green Deal – has resulted in the EU Offshore Renewable Energy Strategy, which sets out ambitious goals of reaching at least 60 GW of offshore wind capacity by 2030 and 300 GW by 2050. Goals which require changes in market design and permissioning 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 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, with the first two having their first farms installed in 2022. The recent events in Ukraine have also made the independence from Russian gas, and thus, the transition towards renewable energy even more important. This is also emphasized by ambitious offshore wind

**After a few years with relatively small increases in installed capacity, we will see a more significant development in the coming years.**

## Expected growth in the number of turbines installed in Europe

Turbines grid connected, end of period



Source: ZITON data



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

› Market development of offshore wind

Offshore wind farms in Europe

ZITON's service offerings

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

Digital transformation

Environment, social & governance

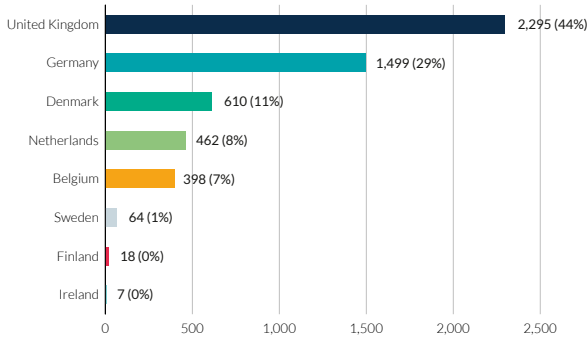
STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Country distribution

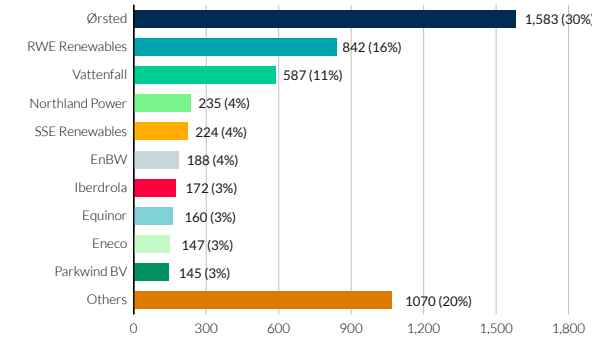
Turbines installed in Europe, end 2021



Source: ZITON data

Wind farm operator distribution

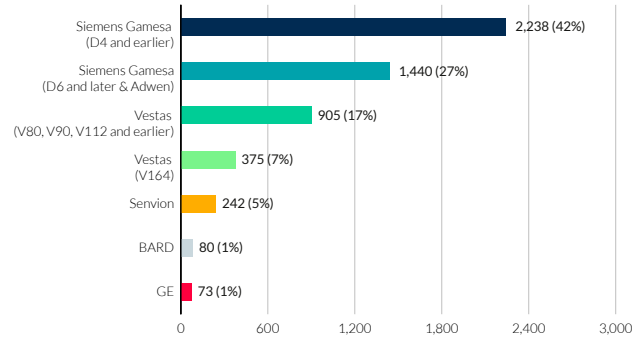
Turbines installed in Europe, end 2021



Source: ZITON data

Turbine model distribution

Turbines installed in Europe, end 2021



Source: ZITON data

targets in the individual countries, were the UK aims at 50 GW in 2030, while the EU countries of Germany, Netherlands, Denmark, France, Belgium, and Poland aims at 30, 22.2, 14, 12.4, 8, and 5.9, respectively. For just those countries that is a total of more than 140 GW, with 90 GW of those coming from EU countries, which is 1.5 times the EU target for 2030. However, in order to reach these targets, we need to see a more rapid development in the market, since it will require a lot of new projects being developed, processed and installed at a much higher pace than now.

Both in the short and long-term this development 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 by 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. It means that a lot of the sites with older and smaller turbines will be in the market for a longer period, which will generate more work for ZITON.

2021 STATUS OF OFFSHORE WIND IN EUROPE

In 2021, the UK remains the dominant nation within the European offshore wind industry with 44% of the total installed base, while

Germany is the second-largest nation with 29%. 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 2021. Other major European WFOs are RWE Renewables and Vattenfall, operating 16% and 11% respectively. The remaining capacity is relatively fragmented among several operators, but we do see more and more large energy companies turn towards green transition, 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 69% of the installed turbine base, and Vestas Offshore Wind ("Vestas") with 24%, while GE Renewable Energy ("GE") will become a larger player with their Dogger Bank complex in the coming years.

At the end of 2021, SGRE had installed a total of 1,440 turbines of their D6, D7 & D8 direct drive and Adwen models, while Vestas had installed 375 of their V164 model. SGRE had an installed base of 2,238 turbines of their previous smaller turbine models, while Vestas had 905.

The larger turbine models made up 34% of the installed base at the end of 2021. Over the coming years, these models are expected

to make up the majority of turbines installed 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 222-meter rotor diameter and 108-meter blades, and Vestas with their 15 MW turbine with a 236-meter rotor diameter and 115.5-meter blades. 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 small 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 increase from 5,353 to 8,186 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



NAVIGATION  
→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

- › Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

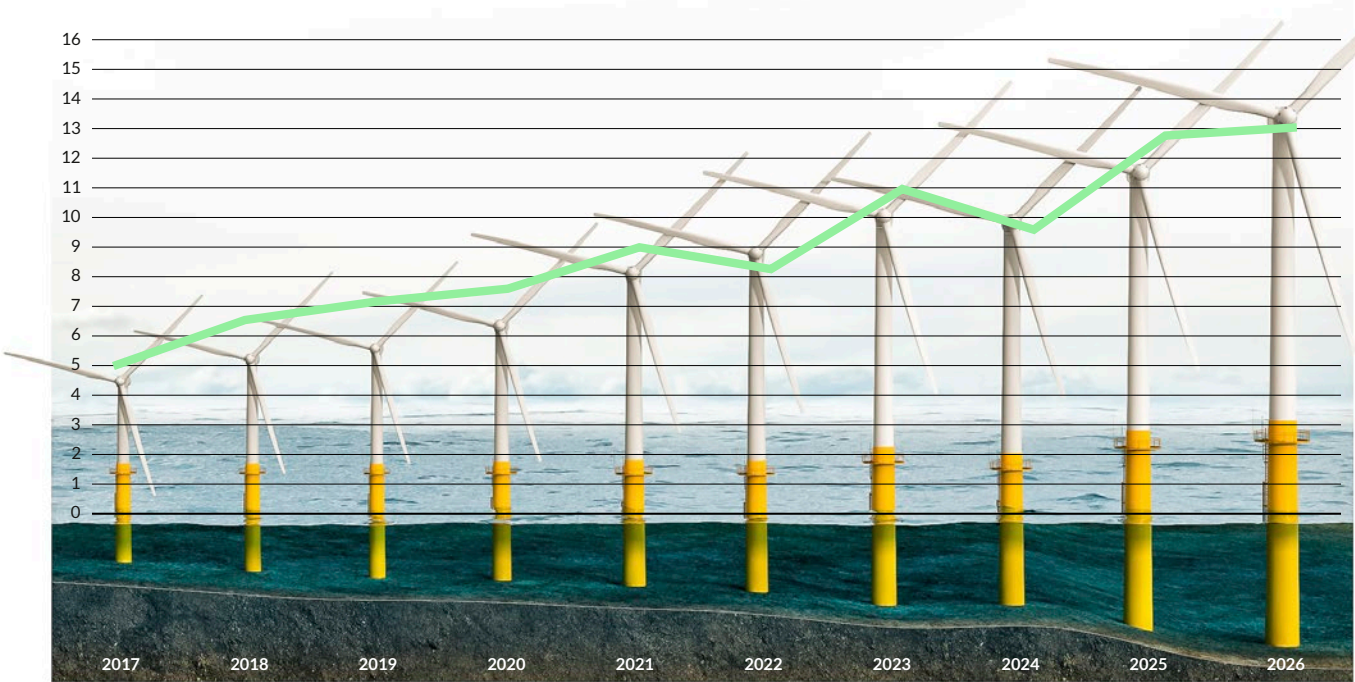
**In turbulent times during the COVID-19 pandemic, Siemens Gamesa and ZITON executed an important blade upgrade campaign at the Meerwind Süd/Ost Offshore Windfarm. With outset of a successful campaign in the Irish Sea at West of Duddon Sands, Siemens Gamesa were delighted to continue the good cooperation with ZITON in Germany. The turnkey blade upgrade campaign was executed with high performance and in a safe environment.**

PAULINA HOBBS, CEO SERVICE NEME, SGRE

J/U WIND SERVER  
jacked up at the  
Meerwind Süd/Ost  
wind farm during the  
blade campaign



Average size of turbines installed per year  
MW/turbine



Source: ZITON data

varies between different turbine generations, and it varies from OEM to OEM, location to location etc.

As illustrated by the upper chart on the next page, the offshore wind industry in Europe is still relatively young, with 46% of the installed base being less than six years old and thus still mainly within the respective OEM's warranty period. Once maintenance responsibility is handed over to an owner and operator with a direct financial interest in maximising turbine uptime, predictive maintenance is often intensified. ZITON's data shows that failure rates increase considerably from year six to ten due to wear-and-tear, and during the next two years, 774 turbines will pass six years of age, 995 turbines will pass eight years of age, and 734 turbines will pass ten years of age. This is very interesting for ZITON, since older turbines historically results in more MCRs.

By tracking the age of installed turbines, the forecasted installation pipeline, and the expected failure rate of turbines, our machine learning algorithm is able to estimate of the number of interventions required until 2026. 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 49% from 2020 to 2021, and as mentioned the forecast is also looking very positive with an expected increase of 65% over the coming years reaching 444 MCRs in 2026.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

› Market development of offshore wind

Offshore wind farms in Europe

ZITON's service offerings

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

Digital transformation

Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

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, life-time extensions to at least 25 years instead of 20 have postponed these jobs until the late 2020s.

COMPETITIVE ENVIRONMENT

Over the last three years, ZITON has been the clear market leader within dedicated O&M services for MCRs with a total market share of 48%.

The primary business for most other jack-up vessel owners in the industry is within transport & installation ("T&I") of new offshore wind farms, but from time-to-time T&I vessels are also used for O&M services if their pipelines are not filled with installation projects. The only clear exception to this is Harren & Partner, who operates two O&M dedicated jack-up vessels, 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 knowhow 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 looks favourable.

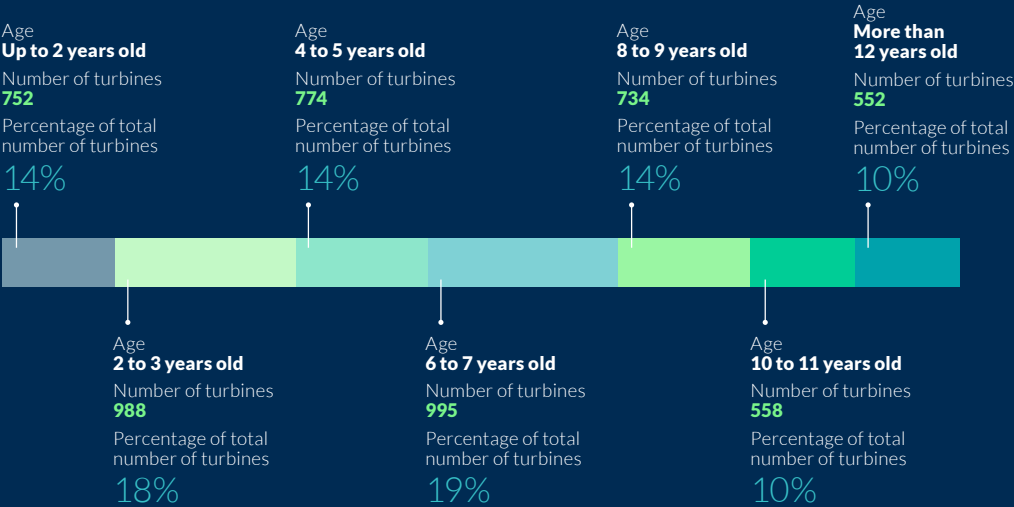
CUSTOMER CONTRACTS

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 fuel, port calls and for necessary logistical support in addition to the day rate. The cost of delays resulting from adverse weather lies with the customer.

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.

Age of turbines installed

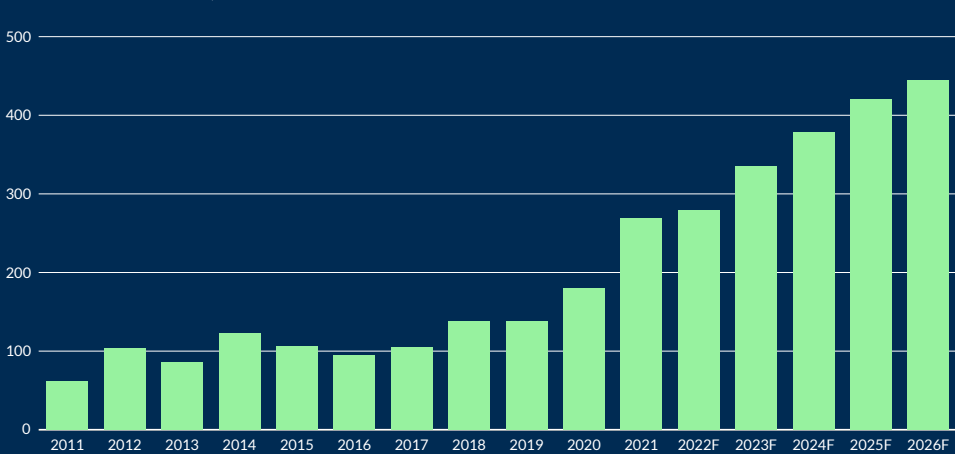
Turbines installed in Europe, end 2021



Source: ZITON data

Total market for major component replacements

Number of interventions, actual and forecasted



Source: ZITON data



NAVIGATION  
→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

- › Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- Environment, social & governance

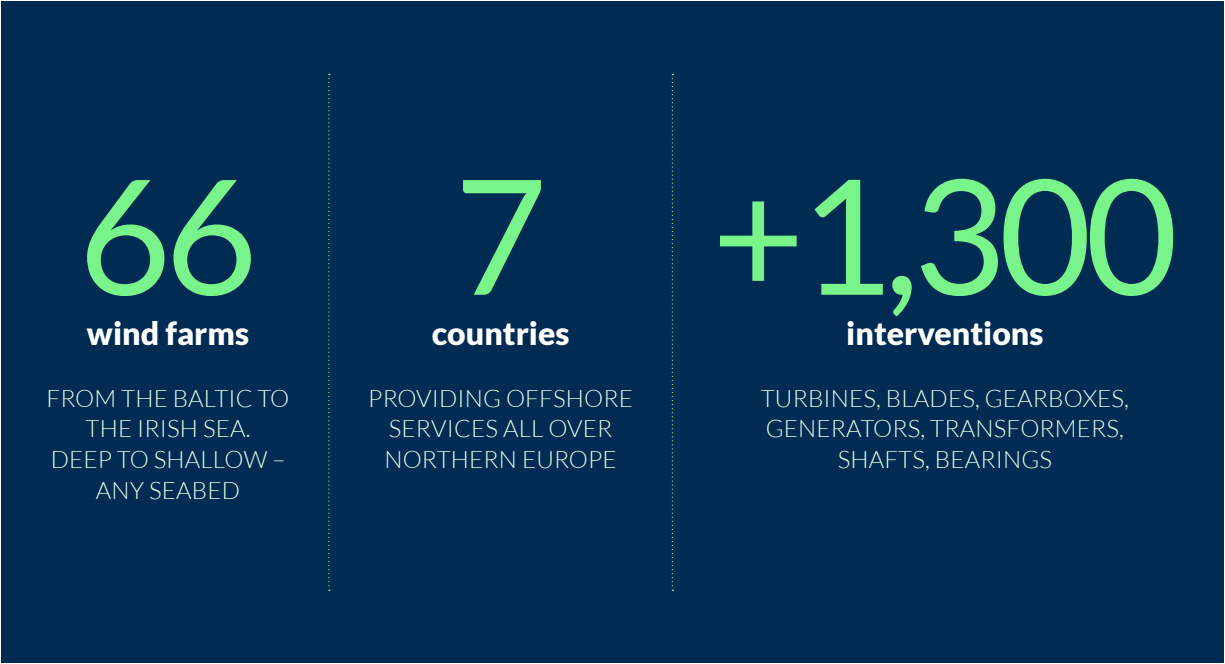
STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

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 below, ZITON has entered into contracts with four of the leading companies within offshore wind, as well as contracts with additional three operators of offshore wind sites.



**SGRE**  
long-term charter

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. 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.

**ØRSTED**  
framework agreement

ZITON has a framework agreement with Ørsted covering the period from May 2019 until March 2023 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.

**VESTAS**  
framework agreement

ZITON has a framework agreement with Vestas entered into in December 2019 and running for three years. This agreement is an extension and amendment of the two companies' former framework agreement, and it further expands the scope to include sites where Vestas' 8.0-10.0 MW V164 turbine model are installed. The agreement is not vessel specific. Remuneration to ZITON takes place on a fixed price basis, with the price varying with the type and site of the intervention.

**VATTENFALL**  
framework agreement

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.

**OTHER**  
framework agreements

ZITON do also have a number of other framework agreements, which are smaller in scope covering single sites. These agreements are with GE on their Merkur site in Germany, with SSE Renewables on their Greater Gabbard site in the UK, and with EDF Renewables on their Teeside site in the UK.



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

Market development of offshore wind

Offshore wind farms in Europe

ZITON's service offerings

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

Digital transformation

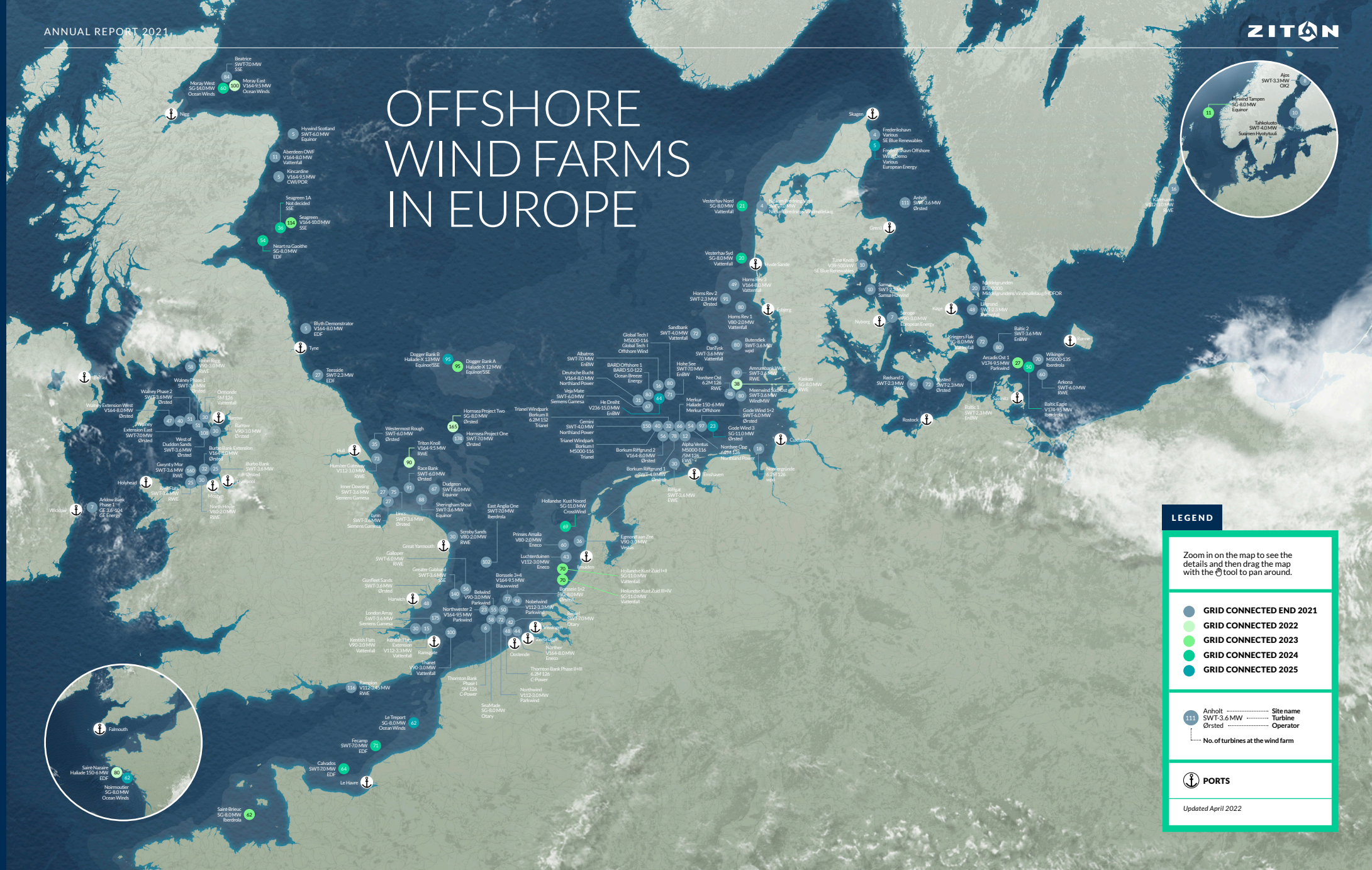
Environment, social & governance

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# OFFSHORE WIND FARMS IN EUROPE



## LEGEND

Zoom in on the map to see the details and then drag the map with the tool to pan around.

- GRID CONNECTED END 2021
- GRID CONNECTED 2022
- GRID CONNECTED 2023
- GRID CONNECTED 2024
- GRID CONNECTED 2025

111 Anholt  
SWT 3.6 MW  
Orsted  
No. of turbines at the wind farm

## PORTS

Updated April 2022



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

Market development of offshore wind

Offshore wind farms in Europe

› ZITON's service offerings

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

Digital transformation

Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# ZITON'S SERVICE OFFERINGS

ZITON is an offshore wind O&M service provider, who owns and operates four dedicated jack-up vessels and offers full-service and turnkey solutions.

## FULL-SERVICE SOLUTIONS

**Z**ITON's core business is to own and operate jack-up vessels, while the platform has been expended 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.

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 1,300 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.

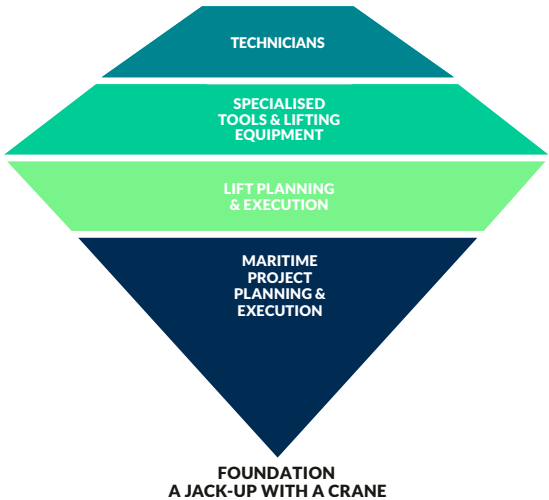
ZITON has the experience to handle risks like project management and coordination with sub-suppliers better than anyone, and when appropriate, ZITON will also seek to share the weather risk. This has its obvious advantages from the customer's point of view, as it means less risk and only one contracting 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 requires 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.



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- › Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- Environment, social & governance

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# OFFSHORE WIND FARMS

## TYPICAL O&M SETUP AND ZITON'S SOLUTIONS

**SUBSTATION**

The substation connects the offshore wind farm to the onshore electricity network and converts and transmits the power.

**MET MAST**

The met mast is erected prior to installation of the wind farm to provide actual measurement of weather conditions at the site.

**SERVICE OPERATION VESSEL (SOV)**

Used for far-offshore wind farms for transporting technicians to the turbines for everyday O&M routines.

**CREW TRANSFER VESSEL (CTV)**

Used for near-shore wind farms for transporting technicians to the turbines for everyday O&M routines.

**MAJOR COMPONENT REPLACEMENT AND OFFSHORE BLADE REPAIR**

Occasionally, it is necessary to exchange a major component, such as a gearbox, blades, generators, etc. This requires a dedicated O&M jack-up positioned next to the turbine.

**HANGOUT BLADE REPAIR**

Advanced platform that is raised from the deck of the jack-up and lowered over the tip of the blade to perform complex repair of the tip and leading edge.

**ONSHORE BLADE REPAIR AND UPGRADE FACILITY**

Blades are transported from the offshore wind farm to the onshore blade repair and upgrade facility.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions

› Digital transformation

Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# 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.

**D**igital 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 reduce waste 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.

It is our leadership philosophy that innovation does not necessarily occur in a top-down approach, but one that is rooted in individual initiative by all employees of ZITON. Likewise, digital transformation initiatives are often driven by the curiosity of our people and their enthusiasm for continual improvement.

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.

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 an ordinary 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.

## OPERATIONS

- Use of geographic information systems for turbine locations, positioning of jack-up, etc.
- Use of sensor data to support operation of crane and jacking system
- Use of app onboard vessels to enable real-time reporting of operational information
- Our continued digitalisation has heightened our focus on cyber security as it is becoming increasingly important to protect digital information, personal data and systems

## CONNECTIVITY

- Collaboration with customers on project documentation using 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.
- Use of app onboard vessels to report information used for invoicing of customers and to align the information with customers

## AUTOMATION OF PROCESSES

- Automation of processes and support for work flow of financial processes using modern ERP
- Add-on modules to ERP system for expense management, invoice payment processes and reconciliation of accounts
- Automation of manual processes and integration of systems using Robotic Process Automation

## DATA-DRIVEN DECISION MAKING

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

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

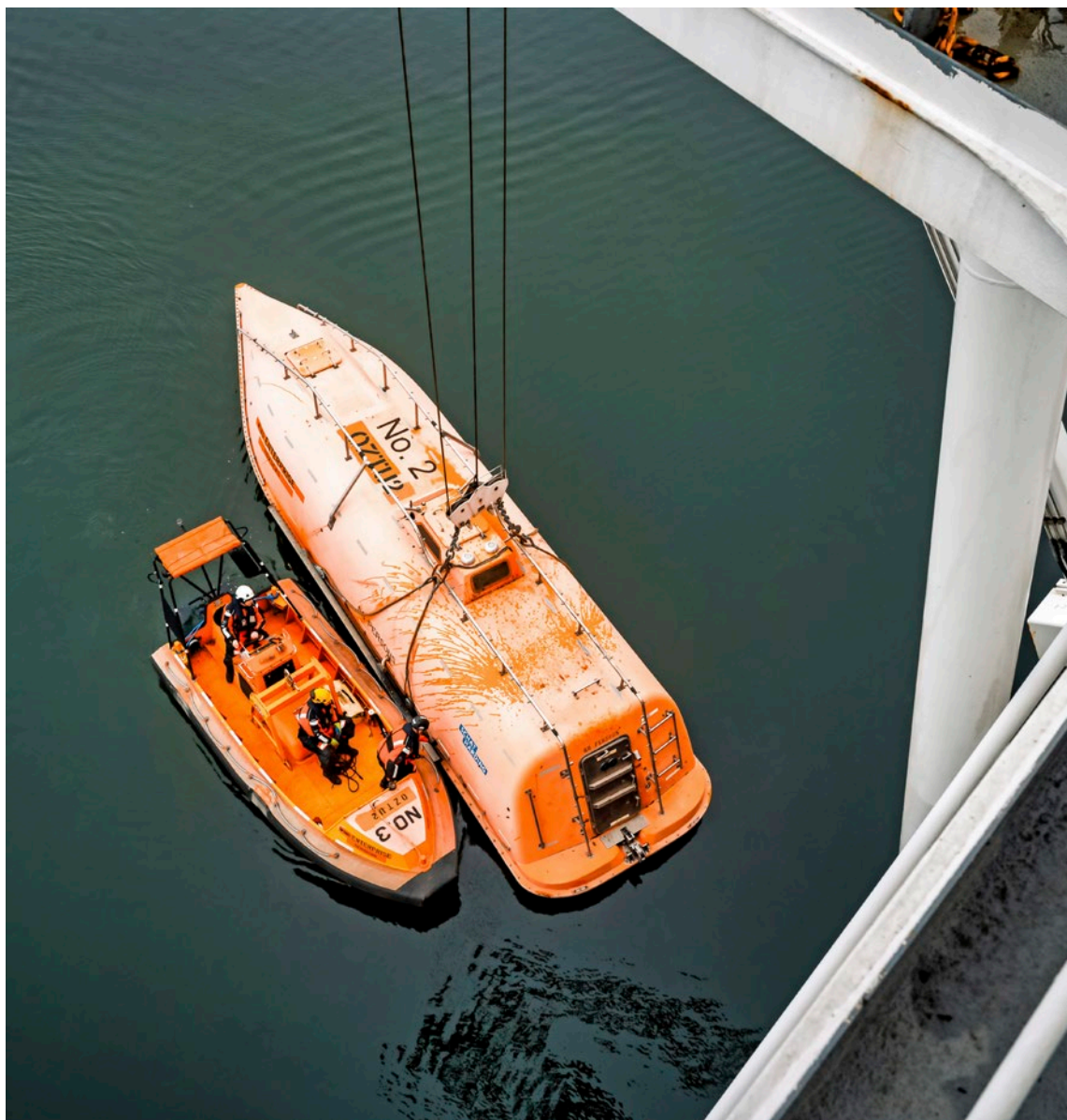
## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- › Environment, social & governance

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW



# ENVIRONMENTAL, SOCIAL & GOVERNANCE

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

**T**his 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.

## 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. 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 the company applies them to strengthen its 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. Emergency drills are held monthly on all our vessels and we conducted a total of 263 drills in 2021. In addition, we have a ship-to-shore drill at least once a year

Rescue drill with life boats at J/U WIND ENTERPRISE



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- › Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

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.

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.

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 2021 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 manuel handling process.

	2017	2018	2019	2020	2021
Near miss reports (Number of reports)	11	10	10	12	10
Medical treatment cases (Number of cases)	3	2	1	3	1
Lost-time injuries (LTIs) (Number of injuries)	1	1	0	0	1
Lost-time injury frequency (LTIF) (Number of injuries / exposure hours * 1,000,000)	3.4	3.1	0.0	0.0	1.4

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.

	2017	2018	2019	2020	2021
Officer retention rate ((Officers end period – officers resigned) / officers end period)	98.5%	99.1%	97.3%	98.7%	96.5%

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 2017 and 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. When such incidents occur, we always emphasise our zero tolerance policy explicitly to all offshore staff in order to avoid any future cases.

	2017	2018	2019	2020	2021
Drug and alcohol positive testing (Positive test / number of tests * 100)	4.9%	0.0%	3.1%	0.0%	1.4%

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 2021, 16 employees were on long-term leave due to health issues compared to seven in 2020, and they accounted for 89% of all sickness absence.

	2017	2018	2019	2020	2021
Sickness absence ratio (Number of days of sickness / exposure days * 100)	4.6%	2.2%	5.7%	3.1%	2.9%

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. ZITON had a full-time workforce at 31 December 2021 of 186 employees, of whom 119 were Danish citizens and the rest represented other nationalities.

	2017	2018	2019	2020	2021
Full-time workforce, Danish (Number of danish employees)	78	80	96	111	119
Full-time workforce, foreign (Number of foreign employees)	17	19	34	67	67

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- › Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Covid-19 impact

COVID-19 also affected ZITON in 2021, but to a much lesser extent than in 2020. In 2020, when the pandemic was still in its infancy we had an incident onboard J/U WIND SERVER with four persons being tested positive. On this occasion, ZITON reacted swiftly with the current proceedings at that time by isolating all crew, and quarantining the vessel until everyone onboard had three consecutive negative tests, which took a total of six weeks, and resulted in additional costs and lost income. In 2021, we have continued to test our employees, and as the pandemic has evolved with the Omnikron variant, many crew and office staff members have been affected without affecting the operations of the company. Thus, no severe incidents occurred in 2021.

Since the beginning and going forward, ZITON has been and is 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 risks of infection. ZITON is still giving the office staff the opportunity and flexibility to plan their work 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 to 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 clean fuel with a sulphur content below the maximum limit of 0.1%. The engines on all ZITON's vessel also complies with the NO<sub>x</sub> control requirements of Annex VI's regulation 13.

CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub> emissions are monitored in accordance with the BIMCO Shipping KPI system. CO<sub>2</sub> emissions from our vessels increased to 19,804 tonnes in 2021, while NO<sub>x</sub> increased to 339,732 and SO<sub>x</sub> increased to 6,177 kilograms – in all cases because of higher activity levels on the vessels, which on the other hand resulted in less emission per intervention.

	2017	2018	2019	2020	2021
CO2 emissions from vessels (Tonnes CO2)	7,391	7,792	17,081	17,599	19,804
CO2 emissions per intervention (Tonnes CO2 / interventions)	95	44	153	100	94
NOx emissions from vessels (Kilograms NOx)	126,791	133,675	293,020	301,906	339,732
NOx emissions per intervention (Kilograms NOx / interventions)	1,626	751	2,616	1,715	1,610
SOx emissions from vessels (Kilograms SOx)	2,305	2,430	5,328	5,489	6,177
SOx emissions per intervention (Kilograms SOx / interventions)	30	14	48	31	29

Water consumption on the vessels also increased in 2021, due to higher activity levels. 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.

	2017	2018	2019	2020	2021
Water consumption on vessels (Cubic metres water)	3,015	3,819	4,645	4,479	5,602

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 the environment in case of accidental spills. ZITON had two incidents of accidental spills 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 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. ZITON target zero oil spills 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 produc-



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

- Market development of offshore wind
- Offshore wind farms in Europe
- ZITON's service offerings
- Offshore wind farms – typical O&M setup and ziton's solutions
- Digital transformation
- › Environment, social & governance

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

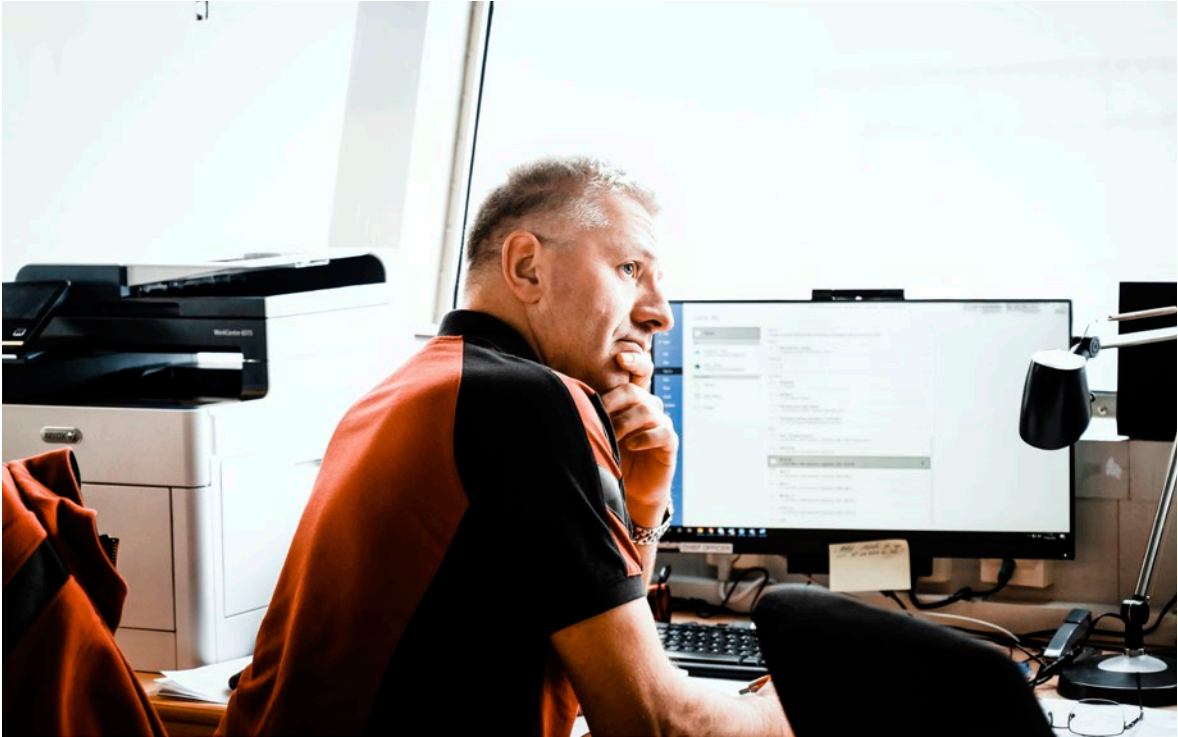
tion of waste onboard our vessels and also at our office premises. Our garbage management policy is part of Annex V of the MARPOL 73/78 convention. The policy stresses, among other things, that the volume of packaging brought on board our vessels must be kept at an absolute minimum, and where packaging is imperative, we prefer two-way-packaging or recyclable material. 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.

	2017	2018	2019	2020	2021
Port stay control detentions (Number of detentions)	0	0	0	0	0
Accidental oil spills (Number of oil spills)	0	2	0	0	2
Ballast water management violations (Number of violations)	0	0	0	0	0
Garbage disposal violations (Number of violations)	0	0	0	0	0

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 2021, as no direct employees or employees of suppliers or subcontractors under the age of 18 worked on our vessels during the year.

	2017	2018	2019	2020	2021
Employees under the age of 18 (Number of employees under 18)	0	0	0	0	0



Master on the bridge at J/U WIND ENTERPRISE

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 2021 with no indications of bribery or corruption.

	2017	2018	2019	2020	2021
Bribery and corruption cases (Number of incidents revealed)	0	0	0	0	0

**NAVIGATION**

→ Click section to expand and  
click chapter to jump to it.

**ABOUT ZITON****THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES****STRATEGIC DIRECTION**

Vision and mission  
Strategic direction  
Business model  
Risk management

**BUSINESS PERFORMANCE****FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**

# Strategic direction





NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

- › Vision and mission
- Strategic direction
- Business model
- Risk management

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# VISION AND MISSION

## OUR VISION

Offshore renewables  
are the preferred  
future source of energy.

## OUR MISSION

To provide second-to-none solutions to the offshore  
renewables industry through our dedication to skilled  
people, specialist equipment and safe operations.

Can do. Will do.

ZITON crew and techni-  
cians onboard J/U WIND  
SERVER during the Meer-  
wind blade campaign

NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

- Vision and mission
- › Strategic direction
- Business model
- Risk management

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# STRATEGIC DIRECTION

The strategic direction for ZITON contains five key elements described below in conjunction with recent strategic achievements and focus areas for 2022.

## ZERO-EMISSION

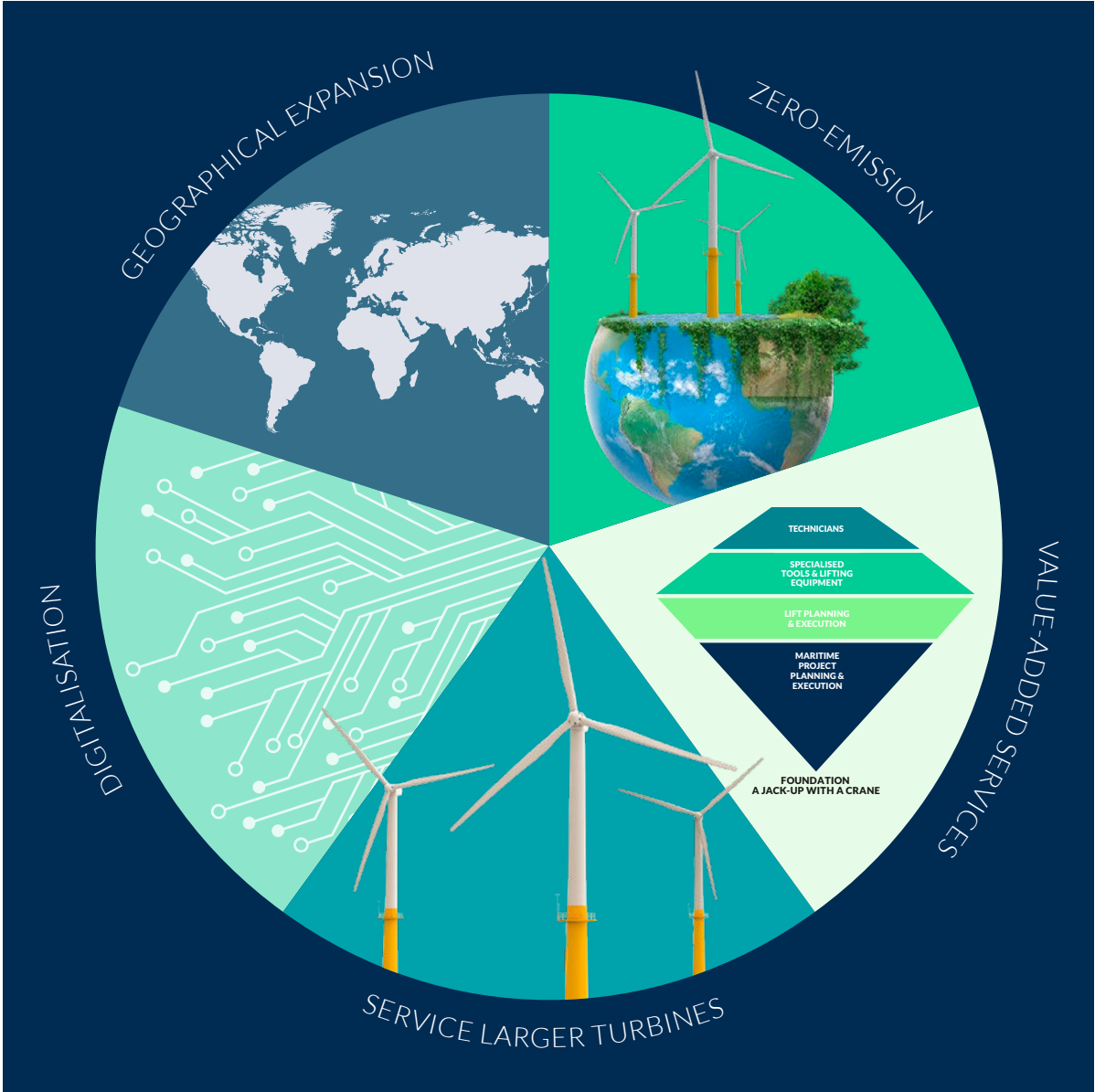
**Z**ITON's versatile vessel fleet allows for the lowest carbon footprint in the industry as the vessels generally are lighter and smaller than other vessels. Therefore, ZITON has the most carbon efficient vessels to service turbines below 4 MW. These turbines constitute the majority of the installed 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 2021

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 2022

The focus for 2022 is to establish and understand baseline measures and develop the long-term strategic targets for reduction of emissions as well as an achievable plan. In the near-term, we continue to reduce emissions through our SEEMP and explore existing solutions such as blended fuels and hybrid systems. The long-term strategy is expected to include emission targets for new build programmes, green turbine power, new propulsion systems and alternative fuels.





## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

- Vision and mission
- › Strategic direction
- Business model
- Risk management

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

## VALUE-ADDED SERVICES

ZITON offers value-added services within the categories of maritime project planning & execution, lift planning & execution, specialised tools & lifting equipment and technicians in addition to a jack-up with an experienced crew. In a turnkey solution, ZITON takes 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, this 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 2021

In December 2021, ZITON completed the blade campaign at the Meerwind Süd/Ost wind farm. ZITON provided a turnkey solution to repair and upgrade the blades on 80 turbines. The operational efficiency of the project was at a very high level with experience from former projects incorporated into the project. Customer satisfaction was also at a very high level. Due to COVID-19 precautions taken, the cost for completing the project unfortunately exceeded budget and reduced profitability to some extent.

### FOCUS AREAS FOR 2022

The focus for 2022 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.

## SERVICE LARGER TURBINES

Turbine sizes continue to grow, because the economics of turbines improve with increases in the swept area of the blades. Consequently, adding a larger vessel to the fleet was a strategic priority in order to grow with the market and serve our customers in the future. 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 evolves to the owners.

### RESULTS ACHIEVED IN 2021

In January 2021, ZITON purchased J/U WIND ENTERPRISE after having bareboat chartered the vessel for almost two years. As a result, ZITON's fleet of vessels is able to service almost every offshore wind farm in northern Europe, from 2 MW to over 10 MW. From 1 March 2021, J/U WIND ENTERPRISE was time chartered by SGRE for three years and eight months.

### FOCUS AREAS FOR 2022

The focus for 2022 is to maintain the J/U WIND ENTERPRISE in good condition to avoid unexpected off-hire days.

## 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 2021

During 2021, we updated our machine learning platform to incorporate latest development in major component replacements showing an increased number of failures as the turbine reach an age beyond six to ten years. Further, we implemented the use of apps on our vessels to enable real-time reporting and digital storage of operational information.

### FOCUS AREAS FOR 2022

For 2022, we expect to transition IT solutions to be either cloud based or used as a SaaS solution. We expect to be almost entirely based on cloud or SaaS solutions by year end.

## 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 2021

We continued the business development activities at our office in Beijing, China, to explore market opportunities in the Chinese market using our experience from northern Europe.

### FOCUS AREAS FOR 2022

We will continue to focus on the Chinese market and seek to deepen relationships within different parts of the offshore wind supply chain, while we are also monitoring the development on the US market.

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

Vision and mission  
Strategic direction  
› Business model  
Risk management

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# 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.



J/U WIND ENTERPRISE in  
Odense Fjord leaving Fayard  
after its 10-years classing



## 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.



NAVIGATION  
→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

- Vision and mission
- Strategic direction
- › Business model
- Risk management

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW



## KEY RESOURCES

- Building or purchasing jack-up vessels requires a high initial investment and design requirement know-how.
- 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

- It is important for wind farm owners to avoid unscheduled downtime, as that would reduce a wind turbine's power output. Customers use remote condition monitoring to avoid turbine breakdowns and optimise the timing of major component replacements. Our vessels are dedicated to operations & maintenance ("O&M") and are always ready to provide swift assistance to "keep the blades turning" at off-shore 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 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.

**NAVIGATION**  
→ Click section to expand and click chapter to jump to it.

**ABOUT ZITON**

**THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES**

**STRATEGIC DIRECTION**

- Vision and mission
- Strategic direction
- › Business model
- Risk management

**BUSINESS PERFORMANCE**

**FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**



## 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. For example, vessel crews, insurance, certifications and other costs are fixed, at least in the short-term, regardless of the level of activity.
- 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.
- COVID-19 has only slightly increased ZITON's cost base for more expensive crew changes, testing of crew and other procedures.

ZITON crew doing  
maintenance work  
at J/U WIND



## REVENUE STREAMS

- To the extent possible, ZITON endeavours to secure longer-term contracts with customers to ensure predictability of revenue. Longer-term contracts may be in the form of time charter contracts or right-of-first refusal framework agreements. It may also be in the form of turnkey solutions that may provide comparable predictability on revenue.
- It may not be feasible to secure longer-term contracts with predictable revenue. As a result, revenue may vary significantly from quarter to quarter and significantly increase the risk of fluctuations in earnings and cash flows.





# DIFFERENCE BETWEEN DEDICATED O&M SERVICE PROVIDERS AND PROVIDERS OF INSTALLATION JACK-UPS

THERE ARE SOME 20 JACK-UP VESSELS REGULARLY OPERATING IN THE OFFSHORE WIND INDUSTRY. MOST OF THEM ARE USED FOR INSTALLING NEW WIND FARMS. THERE ARE CERTAIN IMPORTANT DIFFERENCES BETWEEN A DEDICATED O&M PROVIDER AND A PROVIDER OF INSTALLATION JACK-UPS, SUCH AS:

● **Dedicated provider of O&M services**

ZITON is the largest dedicated provider of jack-ups for major component replacements. A dedicated provider operates vessels dedicated to O&M assignments, such as major component replacements, blade campaigns or decommissioning. Such vessels are not occupied by long-lasting installation assignments.

● **Coverage of all turbines from 2 MW to 10 MW**

Our fleet of dedicated O&M jack-ups provides us with the flexibility and versatility to operate at almost every offshore wind farm in northern Europe, from 2 MW to over 10 MW. Our fleet allows us to offer our customers a cost-effective set-up for their particular needs to service locations with varying draft and soil.

● **Lower carbon footprint**

Being lighter and smaller, O&M jack-ups consume less bunker fuel than their installation counterparts. Thus, not only does our fleet provide customers with a cost-effective set-up, it also allows 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.

● **Technical capability of the vessel**

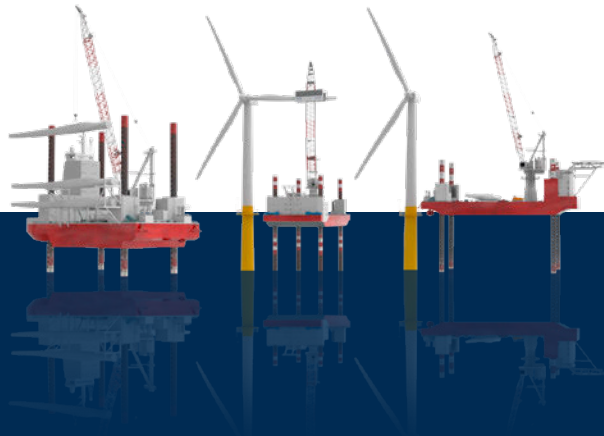
To carry out O&M assignments, our vessels do not require a large deck space and crane lifting capacity, such as installation jack-ups generally do. Moreover, smaller crews are required to operate them. This means significantly higher OPEX and CAPEX for installation jack-ups than for dedicated O&M jack-ups and, accordingly, a need to charge higher charter rates. Thus, owners of installation jack-ups are less inclined to use their jack-ups for O&M purposes.

● **Experience of the crew**

Crews with ten years of experience are rarely seen in this young industry, but that is what we can provide at ZITON. Our crews have experience from working with a variety of wind turbine models, sites, ports and under various operating conditions. Everyone in our crews know exactly the sequence and details of operations including the imperative of 'safety first' in all operations. The experience of our crews enables us to execute major component replacements with unrivalled efficiency. For further elaboration on our officer retention rate, please refer to the ESG section of this annual report.

● **Organisation**

ZITON has a lean organisation, geared towards completing efficient major component replacement operations in a matter of days, and often at short lead times requested by customers. The costs of O&M operations would simply be too high for large organisations geared towards the complexity of projects with a duration of six months and beyond. We have invested significant resources in the ZITON Portal, which enables us to cost-effectively deliver project documentation and to collaborate with our customers on operations.



# RISK MANAGEMENT

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

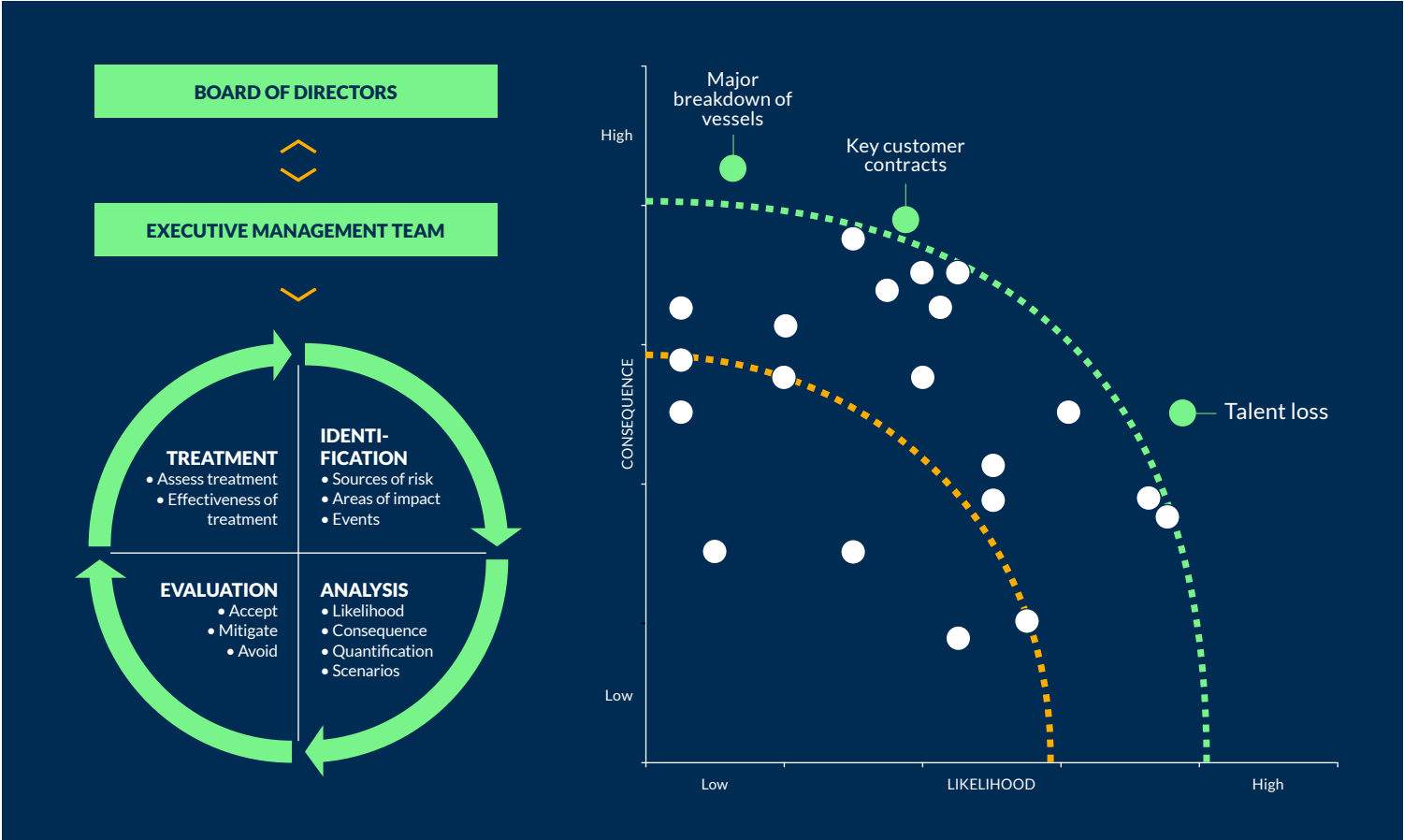
## RISK MANAGEMENT PROCESS

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 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 red line are assessed to be the most significant risks to which the Company is exposed.





NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

- Vision and mission
- Strategic direction
- Business model
- › Risk management

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

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 last year’s annual report. The risk assessment is carried out on the basis that the contemplated solution for creating a long-term and viable capital structure for ZITON will be carried out as described in the section “Capital Structure”.

The risk factors “Liquidity and refinancing risk”, “Breach of covenants” and “Project management of large projects” have been reduced and is no longer considered significant in terms of the combined risk of consequence and likelihood. The risk factor “Liquidity and refinancing risk” will be significantly reduced as the available liquidity will be improved by a EUR 10m cash injection by increase of the second lien bond loan. Further, interest payments and instalments on the first lien bond loan will be waived as of 4 April 2022, that will further improve liquidity by EUR 3.2m. The liquidity effect will be somewhat offset by partial repayment of EUR 3.0m of the Second Super Senior Working Capital Facility. Further, the refinancing risk will be significantly reduced as the maturity of the bond loans issued by ZITON A/S will be extended by 24 months. The risk factor “Breach of covenants” will be significantly reduced as the Subordinated Capital Ratio covenant on the bonds issued by ZITON A/S will be replaced by a last twelve months minimum EBITDA covenant at a manageable level of EUR 16.25m. Further, the Interest Coverage Ratio covenant of bonds issued by Wind Enterprise P/S will be relaxed to more manageable levels going forward. The risk factor “Project management of large projects” is significantly reduced as ZITON A/S currently does not have turn-key projects with a duration above six months.

In the Board’s assessment, the risk factor “Talent

loss” has increased in risk. The main reason being that the cost of recruiting and retaining new employees is increasing as the labour market in general is very tight and the offshore wind industry specifically is showing tremendous prospects for future growth. In addition, it is the Board’s assessment that two risk factors are more or less unchanged. These are “Major breakdown of vessels” and “Key customer contracts”. These risk factors are elaborated upon in the table on the following page.

The Board reviewed the potential impact of ‘Brexit’. In 2021, ZITON generated about 19% of its revenue in the UK, as can be seen from note 2.1 to the consolidated financial statements. Accordingly, the UK market is very important, but Brexit has so far not prevented ZITON from operating efficiently in the UK, and management does not foresee that to occur going forward.

The Board also reviewed the potential impact of COVID-19. The potential impact on ZITON is the risk that vessel crews are quarantined and not allowed or able to operate the vessels because someone from the crew has been infected, or delays caused by other parties in the value chain beyond the control of ZITON. ZITON has taken a number of precautions to avoid quarantine of vessel crews, which are based on the recommendations from the Danish Health Authorities, and we are continuously informing all ZITON employees and subcontractors of any changes in the recommendations. Further, the level of immunity has been substantially increased in the geographical areas were ZITON operates.

Finally, the Board reviewed the potential impact from current geopolitical turmoil on bunker prices and other supply chain issues. 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 not, until now, 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 costs. In that respect, J/U WIND ENTER-

PRISE, the vessel with the highest bunker consumption, is on a time charter with Siemens Gamesa Renewable Energy (“SGRE”) until 31 October 2024. Further, ZITON’s 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.



ZITON technicians working on a major component replacement at J/U WIND

THE THREE MOST IMPORTANT RISK FACTORS SHOWN IN  
THE RISK HEAT MAP ARE ELABORATED UPON BELOW

RISK FACTORS	POSSIBLE CAUSES	POTENTIAL CONSEQUENCES	ENSUING MITIGATION
Major breakdown of vessels	<ul style="list-style-type: none"><li>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 or software of the jacking system etc.</li></ul>	<ul style="list-style-type: none"><li>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</li></ul>	<ul style="list-style-type: none"><li>ZITON is insured against vessel total loss and breakdowns. However, the latter is limited to a few months of cover</li><li>ZITON performs preventive maintenance on mechanical parts on the vessels, and has certain levels of redundancy build into the design of vessels</li></ul>
Key customer contracts	<ul style="list-style-type: none"><li>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 on winning new contracts</li></ul>	<ul style="list-style-type: none"><li>Contracts with SGRE, Ørsted and Vestas collectively accounted for most of 2021 revenue</li></ul>	<ul style="list-style-type: none"><li>ZITON seeks to retain customers by providing value to customers through offering turnkey solutions, by being a dedicated O&amp;M supplier with a diverse fleet, offering experienced crews and by having an organisation capable of and geared to provide efficient O&amp;M services</li></ul>
Talent loss	<ul style="list-style-type: none"><li>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</li><li>In general, the labour market is tight making it more challenging and expensive to recruit and retain employees</li></ul>	<ul style="list-style-type: none"><li>It may be challenging to replace talented and experienced employees</li></ul>	<ul style="list-style-type: none"><li>ZITON applies succession planning to ensure that we have qualified replacements in our organisation</li><li>ZITON focuses on being an attractive employer in order to retain employees and to be able to replace loss of talent</li></ul>



**NAVIGATION**

→ Click section to expand and  
click chapter to jump to it.

**ABOUT ZITON**

**THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES**

**STRATEGIC DIRECTION**

**BUSINESS PERFORMANCE**

Alternative performance  
measures  
How we measure  
performance  
2021 Performance review  
Outlook for 2022  
Capital structure  
Key figures

**FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**

# Business performance

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

› Alternative performance measures

How we measure performance  
2021 Performance review  
Outlook for 2022  
Capital structure  
Key figures

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (“APMs”) are non-IFRS financial measures used as supplements to financial statements.

**Z**ITON 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.

APMs	DEFINITION	RECONCILIATION	EXPLANATION OF USE	COMPARISON	COHERENCE
<b>Weighted average utilisation rate</b>	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 with the exception that "other operating income" is a new line of income in Q1 2020, and project-related expenses are deducted. Project-related expenses are deducted as the purpose of the weighted average utilisation rate is to show the utilisation of the vessels alone, without turnkey revenue. Further, J/U WIND ENTERPRISE was included from Q2 2019 when it became part of ZITON's fleet
<b>EBITDA</b>	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
<b>EBITDA margin</b>	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
<b>Cash flows from operating activities</b>	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



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

› Alternative performance  
measures

How we measure  
performance

2021 Performance review

Outlook for 2022

Capital structure

Key figures

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

APMs	DEFINITION	RECONCILIATION	EXPLANATION OF USE	COMPARISON	COHERENCE
<b>Subordinated capital</b>	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
<b>Subordinated capital ratio</b>	Subordinated capital ratio is subordinated capital as a percentage of total assets in ZITON excl. Wind Enterprise P/S	Equity + subordinated loan + second lien bond loan – when effected "2020 Capital Issue of EUR 10.0m + fixed amount of EUR 3.2m of the Equity Financing of Wind Enterprise P/S plus the Issuer Capex of EUR 1.0m" / total assets less total assets of Wind Enterprise P/S * 100	The subordinated capital ratio is a maintenance covenant defined in the company's loan agreements for the first lien and second lien bond loans. The 2020 Capital Issue of EUR 10.0m was completed in January 2021	Prior-year comparative figures are presented in the "Key figures" section	The calculation was substantially changed when the Written Resolution was approved by bondholders on 17 December 2020. 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
<b>Net interest-bearing debt (adjusted for capitalised financing costs)</b>	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
<b>Loan to vessels ratio</b>	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
<b>Available liquidity</b>	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 incl. 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
<b>Liquidity</b>	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

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

Alternative performance measures

› How we measure performance

2021 Performance review

Outlook for 2022

Capital structure

Key figures

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# 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.

**T**he 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".



ZITON crew and technicians working on the decommissioning of a met mast at the Rødsand II wind farm



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

- Alternative performance measures
- How we measure performance
- 2021 Performance review
- Outlook for 2022
- Capital structure
- Key figures

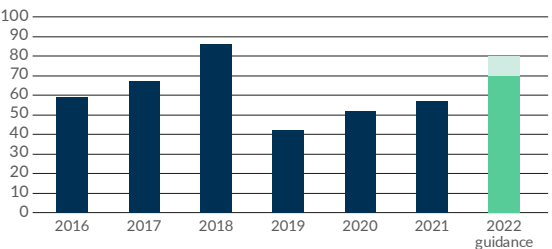
FINANCIAL STATEMENTS AND FINANCIAL REVIEW

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 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 projected improvement in vessel utilisation during 2022 reflects the full year effect of having J/U WIND ENTERPRISE on time charter with SGRE, and improvement in the competitive landscape leading to an improved balance between demand and supply of jack-up vessels for O&M services.

Weighted average utilisation rate  
Per cent

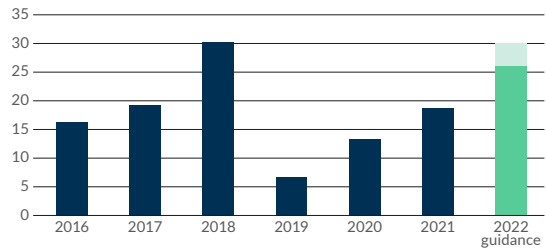


EBITDA

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 10-years dry-dock surveys and repairs to maintain the vessel in good condition to avoid unexpected off-hire days going into the SGRE long-term charter. 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.

As with the utilisation rate, the projected improvement in EBITDA for 2022 reflects a full year's effect of SGRE chartering J/U WIND ENTERPRISE, and improvement in the competitive landscape for O&M services.

EBITDA  
EUR million

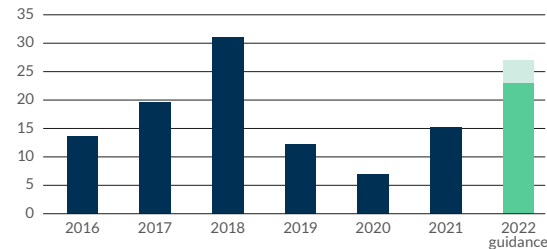


CASH FLOWS FROM OPERATING ACTIVITIES

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.

The projected improvement for 2022 reflects the increase in EBITDA, which is partly offset by a slight increase in working capital.

Cash flows from operating activities  
EUR million



NAVIGATION  
→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

- Alternative performance measures
- How we measure performance
- › 2021 Performance review
- Outlook for 2022
- Capital structure
- Key figures

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

# 2021 PERFORMANCE REVIEW

The following is a review of the guidance provided to bondholders in terms of our performance in 2021.

We provided initial guidance for 2021 to the bondholders on 3 December 2020 in stock exchange announcement no. 7/2020 in connection with issuance of the EUR 35m bond in Wind Enterprise P/S. The initial EBITDA guidance for 2021 was EUR 25-30m.

At the release of our Q4 2020 interim report published on 25 February 2021, we reduced our guidance for EBITDA to EUR 20-25m. The reason being that during Q1 2021, J/U WIND SERVER operated on a project on the east coast of the UK for which completion was delayed by several weeks. This resulted in consequential delayed initiation of the Meerwind blade campaign until mid-March 2021, leading to low utilization during Q1 2021.

For the Meerwind blade campaign, ZITON decided to take extra precautions to prevent outbreaks of COVID-19 during the duration of the blade campaign. The precautions taken related to the possibility for frequent testing, access to alternative vessel crew, turbine technicians and blade technicians, the location of the blade repair and upgrade facility in a low-risk country, as well as isolation of vessel crew and turbine technicians in smaller teams to limit eventual outbreaks. These precautions were estimated at a total cost of EUR 3.0m for 2021. Consequently, we lowered our EBITDA guidance on 23 November 2021 to EUR 18-21m.

EBITDA for the full year of 2021 ended at EUR 18.8m, in line with the most recent guidance.

THE TABLE BELOW SHOWS THE FULL KPI GUIDANCE ANNOUNCED DURING THE FINANCIAL YEAR 2021. QUARTERLY FIGURES FROM Q1 2020 TO Q4 2021 ARE ALSO AVAILABLE IN THE KEY FIGURES SECTION ON PAGE 51.

APMs	INITIAL GUIDANCE December 2020	REVISED GUIDANCE February 2021	REVISED GUIDANCE November 2021	ACTUAL 2021 February 2022
Weighted average utilisation rate	No specific guidance	55-65%	55-60%	57%
EBITDA	EUR 25-30m	EUR 20-25m	EUR 18-21m	EUR 18.8m
Cash flows from operating activities	No specific guidance	EUR 18-23m	EUR 16-19m	EUR 15.4m
CAPEX	No specific guidance	Up to EUR 5m	Around EUR 5m	EUR 5.1m

THE ILLUSTRATION BELOW SHOWS THE CHANGES IN EBITDA GUIDANCE ANNOUNCED DURING THE FINANCIAL YEAR 2021.





## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

Alternative performance measures

How we measure performance

2021 Performance review

› Outlook for 2022

Capital structure

Key figures

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# OUTLOOK FOR 2022

The 2022 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 projects requiring a jack-up vessel, such as blade campaigns, decommissioning assignments etc.

**F**rom the beginning of March 2021, J/U WIND ENTERPRISE went on time charter with Siemens Gamesa Renewable Energy ("SGRE") for three years and eight months. The outlook for 2022, 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.

## THE FOLLOWING SETS OUT OUR KPI GUIDANCE FOR 2022

### WEIGHTED AVERAGE UTILISATION RATE

We expect a utilisation rate in the range of

**70-80%**

### EBITDA

We expect EBITDA to be in the range of

**EUR 26-30m**

### CASH FLOW FROM OPERATING ACTIVITIES

We expect cash flows from operating activities of

**EUR 23-27m**

This reflects a slight increase in working capital, resulting in a

cash conversion rate of around

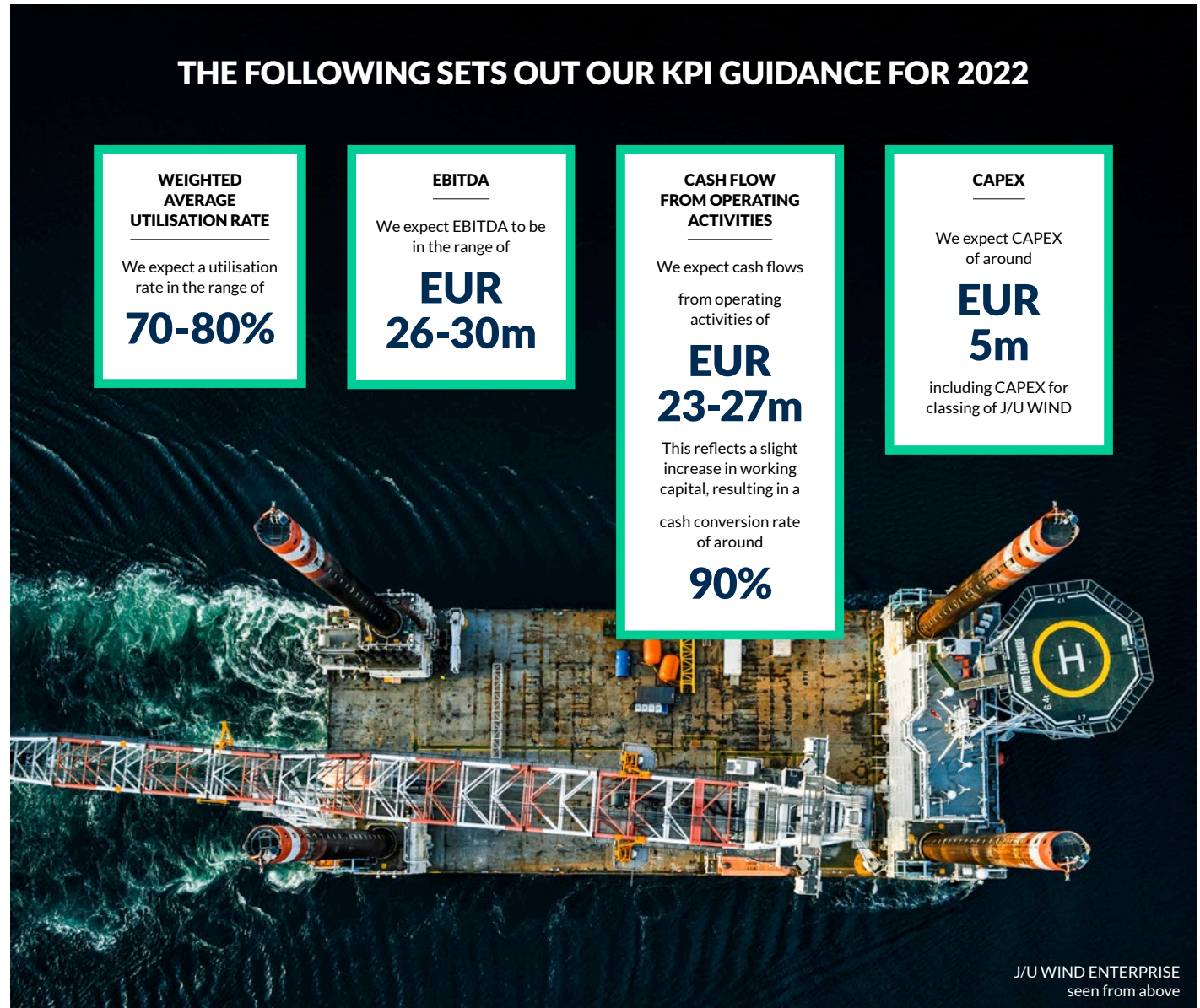
**90%**

### CAPEX

We expect CAPEX of around

**EUR 5m**

including CAPEX for classing of J/U WIND



J/U WIND ENTERPRISE  
seen from above

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

Alternative performance measures

How we measure performance

2021 Performance review

Outlook for 2022

› Capital structure

Key figures

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

# CAPITAL STRUCTURE

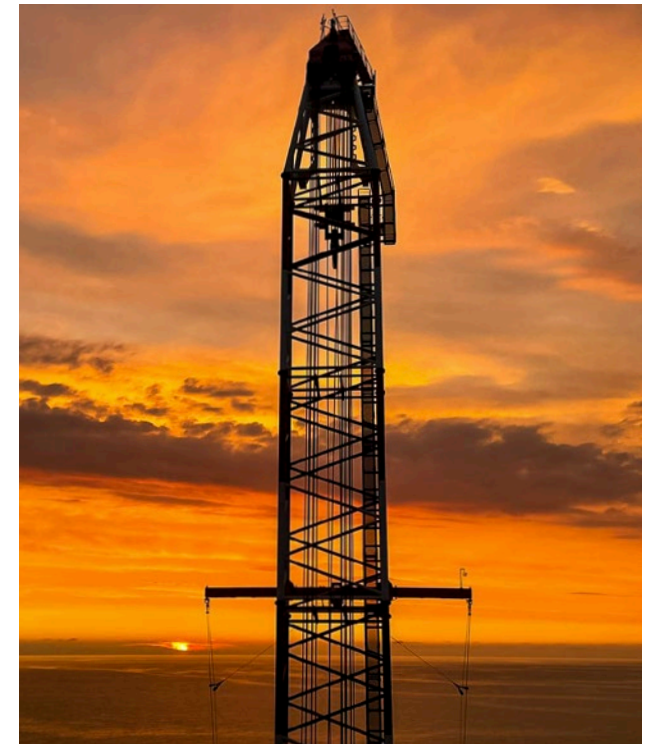
ZITON A/S' shareholders and the majority of bond holders have reached an agreement in principle to execute a transaction which will significantly improve the capital structure and liquidity of ZITON.

**D**uring the last few years, ZITON's balance sheet deteriorated as operational earnings declined because of blade campaigns, which were less profitable than anticipated, and because the vessel fleet was expanded with the purchase of J/U WIND ENTERPRISE. Therefore, ZITON and its majority shareholder have had ongoing discussions with holders of its financial indebtedness to reach a solution for a long-term and viable capital structure. The parties have reached an agreement in principle and have entered into a lock-up agreement, subject to certain conditions precedent and regulatory approvals, to execute a transaction which will significantly improve the capital structure and liquidity of ZITON.

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

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

Crane operation on J/U WIND SERVER during the Meerwind blade campaign



The charts below show how the capital structure of ZITON evolved from 2017 to 2021. The assets chart shows that vessels made up 96% of assets at the end of 2021, while the liabilities chart shows the development in financing of the vessels. In October 2018, ZITON issued a EUR 100.0m first lien bond loan and a EUR 25.0m second lien bond loan. Proceeds from the bond issues were used to refinance the outstanding bond, acquire shares in the subsidiary Jack-Up InvestCo 3 Plc., repay part of the subordinated debt and pay transaction costs. Jack-Up InvestCo 3 Plc. was established in 2013 as a joint venture between ZITON A/S and Blue Water Capital S.A. 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'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 S.A. 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. As part of the refinancing, 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 25.0m. The net effect of EUR 11.0m constituted an increase in financial leverage and resulted in the non-controlling interests being replaced by the second lien bond loan.

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. On 18 December 2020, ZITON gave

notice to Vroon B.V. that it was exercising the purchase option for J/U WIND ENTERPRISE. As the purchase of the vessel was completed in January 2021, lease liabilities were still on the balance sheet on 31 December 2020. In January 2021, the lease obligations related to J/U WIND ENTERPRISE were replaced by the above-mentioned bond issue of EUR 35.0m, as the purchase of the vessel was completed.

The row "Proforma 2021" illustrates the effect of the contemplated solution expected to be fully implemented during June-July 2022. This involves an increase of equity by conversion of the entire subordinated loan of EUR 34.5m (end of 2021). Following the conversion, proforma equity end of 2021, will be EUR 12m. The contemplated changes for bonds issued by ZITON A/S and Wind Enterprise P/S are listed on the next page.



IMPLICATIONS FOR FIRST LIEN BOND HOLDERS IN ZITON A/S  
(ISIN: NO0010832488 & NO0010878598)

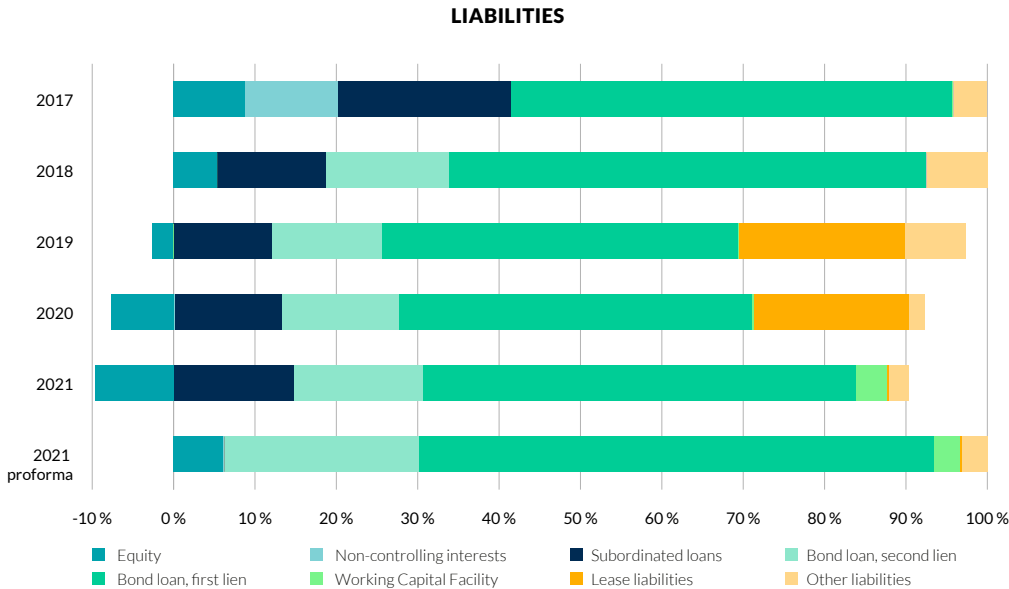
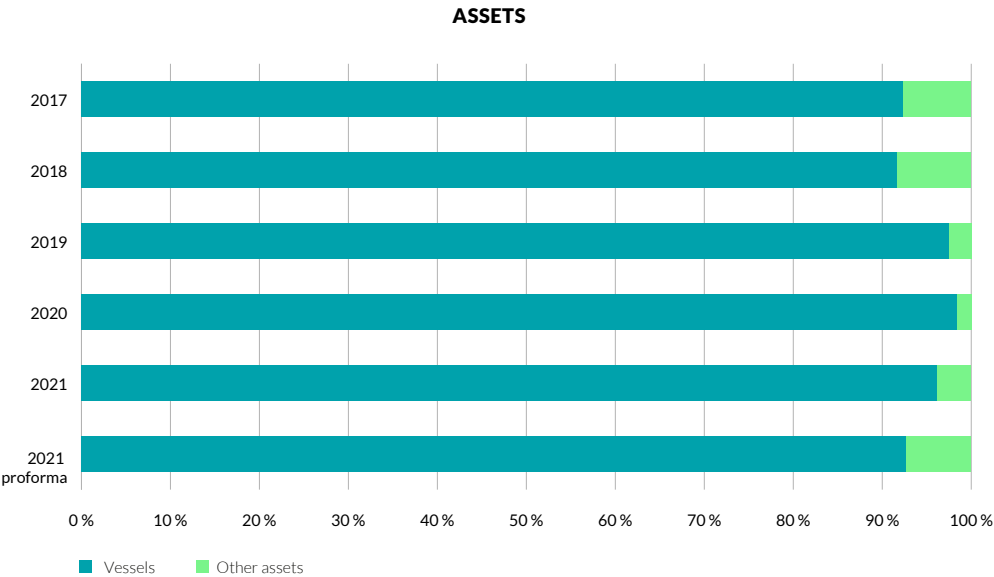
- Maturity of the bonds to be extended by 24 months to 3 October 2024
- Certain covenant amendments and waivers, including a change of control waiver and the replacement of the subordinated capital ratio with a minimum EBITDA covenant of EUR 16.25m
- One quarter's interest payment to be paid-in-kind and EUR 1.25m of the April 2022 amortisation to be waived
- The other half of the amortisation due 4 April 2022 will be paid after completion
- Additional 1% margin, paid-in-kind upon repayment of the bonds
- Consent fee of 0.5% of first lien bonds held to be paid in cash for consenting first lien bondholders at the restructuring date
- Warrants for 10% of the value exceeding a total enterprise value of EUR 235m to be shared pro rata amongst consenting first lien bondholders at the restructuring date

IMPLICATIONS FOR SECOND LIEN BOND  
HOLDERS IN ZITON A/S (ISIN: NO0010832512)

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

IMPLICATIONS FOR FIRST LIEN BOND HOLDERS  
IN WIND ENTERPRISE P/S (ISIN: NO0010911126)

- Certain covenant amendments and waivers, including a change of control waiver and a loosening of the interest coverage ratio covenant



## NAVIGATION

→ Click section to expand and  
click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

Alternative performance  
measures

How we measure  
performance

2021 Performance review

Outlook for 2022

Capital structure

› Key figures

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

## KEY FIGURES

EUR '000	IFRS 2017	IFRS 2018	IFRS 2019	IFRS 2020	IFRS 2021
<b>Income statement</b>					
Revenue	33.227	45.504	33.572	49.637	58.051
EBITDA	19.257	30.348	6.844	13.416	18.801
Net financial expenses	-13.168	-17.624	-16.999	-19.756	-22.788
Income before tax	-1.841	4.799	-20.025	-17.252	-15.072
Income after tax	-2.984	-1.283	-15.549	-12.356	-15.355
<b>Balance sheet items</b>					
Non-current assets	161.011	153.424	195.586	187.939	182.404
Current assets	6.720	13.908	4.939	2.869	7.167
Total assets	167.731	167.332	200.525	190.808	189.571
Equity	33.843	8.902	-5.267	-16.910	-22.245
Equity and subordinated capital	69.403	56.483	48.807	44.986	49.314
Current liabilities	8.703	7.278	16.430	49.825	116.548
<b>Cash flows</b>					
Net cash flows from operating activities	19.566	31.010	12.369	7.107	15.367
Net cash flows before investment activities	10.401	18.416	3.109	1.021	4.946
Net cash used in investing activities	-1.474	-24.235	-3.477	-2.556	-5.129
Net cash used/received in financing activities	-5.500	13.933	-8.465	-188	1.397
Net change in cash and cash equivalents	3.427	8.114	-8.833	-1.723	1.214
<b>Financial ratios and other key figures</b>					
EBITDA margin	58,0%	66,7%	20,4%	27,0%	32,4%
Subordinated capital ratio	41,4%	33,8%	33,8%	31,1%	27,0%
NIBD (adjusted for capitalised financing costs)	89.412	89.321	135.282	142.917	134.629
Loan to vessel ratio	57,9%	58,3%	69,4%	76,2%	96,7%
Total number of operating vessels (average)	3	3	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	Q1-21	Q2-21	Q3-21	Q4-21
<b>Revenue</b>	7.693	17.837	18.088	14.433
Other operating income	0	0	0	0
Project-related expenses	-1.981	-4.571	-4.867	-3.072
Operational expenses	-5.024	-4.679	-4.458	-4.171
<b>Gross profit</b>	<b>688</b>	<b>8.587</b>	<b>8.763</b>	<b>7.190</b>
SG&A	-1.528	-1.744	-1.522	-1.633
<b>EBITDA</b>	<b>-841</b>	<b>6.843</b>	<b>7.242</b>	<b>5.557</b>
<b>Subordinated capital ratio</b>	26,1%	26,0%	27,4%	27,0%
<b>Weighted average utilisation</b>	23%	73%	70%	61%

EUR '000	Q1-20	Q2-20	Q3-20	Q4-20
<b>Revenue</b>	7.346	14.955	16.799	10.536
Other operating income	0	0	0	0
Project-related expenses	-2.788	-2.417	-2.893	-2.669
Operational expenses	-4.740	-4.925	-4.901	-4.682
<b>Gross profit</b>	<b>-182</b>	<b>7.613</b>	<b>9.005</b>	<b>3.185</b>
SG&A	-1.392	-1.463	-1.520	-1.831
<b>EBITDA</b>	<b>-1.574</b>	<b>6.151</b>	<b>7.485</b>	<b>1.354</b>
<b>Subordinated capital ratio</b>	31,5%	32,7%	36,7%	31,1%
<b>Weighted average utilisation</b>	22%	70%	76%	41%



**NAVIGATION**

→ Click section to expand and click chapter to jump to it.

**ABOUT ZITON****THE OFFSHORE WIND INDUSTRY AND O&M SERVICES****STRATEGIC DIRECTION****BUSINESS PERFORMANCE****FINANCIAL STATEMENTS AND FINANCIAL REVIEW**

Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

# Financial statements and financial review



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

› Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

# MANAGEMENT'S STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of ZITON A/S for 2021.

The Consolidated Financial Statements has 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 has 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 2021 and of the results of the Group's and the Company's operations and cash flows for the financial year 2021.

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 2021, with the file name ziton-2021-12-31-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, 15 June 2022

EXECUTIVE MANAGEMENT

Thorsten Henrik Jalk

BOARD OF DIRECTORS

Henrik Kleis

Lars Thorsgaard Jensen

Ove Carsten Eriksen

Jacob Ø. Bergenholtz

Herman Marks



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

› Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

# 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 2021, 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 2021, and of the results of the Group operations and cash flows for the financial year 1 January to 31 December 2021 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 2021, and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 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 14 years until and including the financial year 2021.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the financial year 2021. 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 180,049k (December 31 2020: EUR 185,293k). 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 utilization than expected during 2019 - 2021 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.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

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 pre-

pared 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 AND THE PARENT COMPANY 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY 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 judgment 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



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

› Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

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 2021 with the file name ziton-2021-12-31-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.

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;
- 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.

In our opinion, the annual report of ZITON A/S for the financial year 1 January to 31 December 2021 with the file name ziton-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hobro, 15 June 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

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

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

» Consolidated financial  
statements

Income statement and  
statement of comprehensive  
income

Review of income statement

Balance sheet

Review of balance sheet

Cash flow statement

Review of cash flow  
statement

Statement of changes in  
equity

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

# INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

## 1 JANUARY - 31 DECEMBER

## INCOME STATEMENT

EUR '000	Note	2021	2020
<b>Revenue</b>	2.1	<b>58,051</b>	<b>49,637</b>
Other operating income		-	-
Project-related expenses		-14,491	-10,767
Operating expenses	2.2	-18,332	-19,249
<b>Gross profit</b>		<b>25,228</b>	<b>19,621</b>
Administrative expenses		-1,558	-1,563
Staff costs, office staff	2.3	-4,870	-4,643
<b>EBITDA</b>		<b>18,801</b>	<b>13,416</b>
Depreciation and amortisation	3.1	-11,084	-10,912
<b>EBIT</b>		<b>7,716</b>	<b>2,504</b>
Financial income	4.4	196	1,198
Financial expenses	4.4	-22,984	-20,954
<b>Income before tax</b>		<b>-15,072</b>	<b>-17,252</b>
Tax on profit (loss)	5.1	-284	4,896
<b>Income for the year</b>		<b>-15,355</b>	<b>-12,356</b>
Attributable to:			
Shareholders of ZITON A/S		-15,327	-12,348
Non-controlling interests		-29	-8
<b>Income for the year</b>		<b>-15,355</b>	<b>-12,356</b>

## STATEMENT OF COMPREHENSIVE INCOME

EUR '000	2021	2020
<b>Income for the year</b>	<b>-15,355</b>	<b>-12,356</b>
Items that will subsequently be reclassified to the income statement when specific conditions are met:		
Exchange adjustments of foreign entities, net of tax	21	-221
Cash flow hedges, realised (gains)/losses incurred during period	-	63
Cash flow hedges, deferred gains/(losses) incurred during period	-	638
<b>Total comprehensive income for the year, after tax</b>	<b>-15,334</b>	<b>-11,877</b>
Attributable to:		
Shareholders of ZITON A/S	-15,306	-11,869
Non-controlling interests	-29	-8
<b>Total comprehensive income for the year, after tax</b>	<b>-15,335</b>	<b>-11,877</b>



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management  
Independent auditor’s report

Consolidated financial statements

Income statement and statement of comprehensive income  
Review of income statement  
Balance sheet  
Review of balance sheet  
Cash flow statement  
Review of cash flow statement  
Statement of changes in equity

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

REVIEW OF THE INCOME STATEMENT FOR 2021

Revenue

The fully consolidated results for ZITON show net revenue for 2021 of EUR 58.1m compared to EUR 49.6m for 2020, an increase of EUR 8.5m. The main reason for the increase in revenue was good utilisation of the two smaller vessels J/U WIND and J/U WIND PIONEER as wear and tear for turbines below 4 MW increasingly seem to drive the need for component replacement.

Expenses

Total expenses in ZITON increased to EUR 39.3m in 2021 from EUR 36.2m in 2020. The increase comprise additional project-related expenses related to the Meerwind blade campaign as well as J/U WIND and J/U WIND PIONEER.

Project-related and operating expenses

Project-related costs and operating expenses increased to EUR 32.8m in 2021 from EUR 30.0m in 2020. The main reason for the increase was that project related costs were higher for the Meerwind blade campaign, as well as higher project related expenses for the two smaller vessels due to the higher level of activity. OPEX for J/U WIND ENTERPRISE was lower as the vessel was on time charter, thus variable costs were paid by SGRE.

Administrative and salary expenses

SG&A expenses amounted to EUR 6.4m in 2021 compared to EUR 6.2m in 2020. The increase was mainly due to increased salaries because of more employees

EBITDA

EBITDA was a EUR 18.8m profit in 2021 compared to a profit of EUR 13.4m in 2020. The increase was due to good vessel utilisation leading to an increase in revenue that was partly offset by an increase in project-related expenses.

Depreciation and amortisation

Depreciation charges were EUR 11.1m in 2021 compared to EUR 10.9m in 2020. The increase in depreciation is primarily driven by the capitalisation of the 10-year class on J/U WIND ENTERPRISE.

Net financials

Net financials was an expense of EUR 22.8m in 2021 compared to an expense of EUR 19.8m in 2020. The increased financial costs were mainly a consequence of higher interest-bearing debt to finance losses.

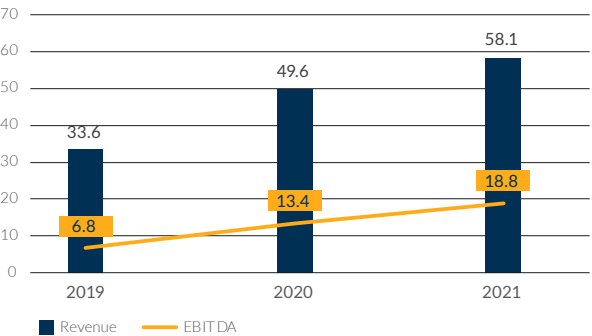
Tax on profit (loss)

Tax on profit was an expense of EUR 0.3m. Taxation is described further in note 5.1

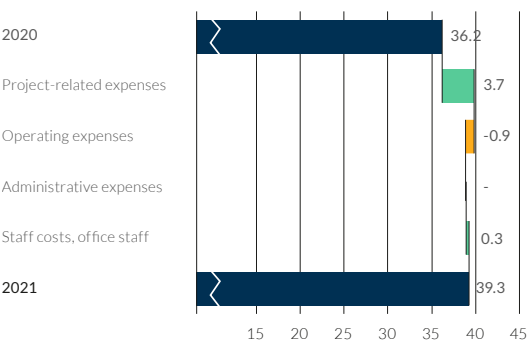
Non-controlling interests

Flex Wind ApS owns 50% of Hangout A/S. A non-controlling interest of EUR 8k represents 50% of the income for the year in Hangout A/S.

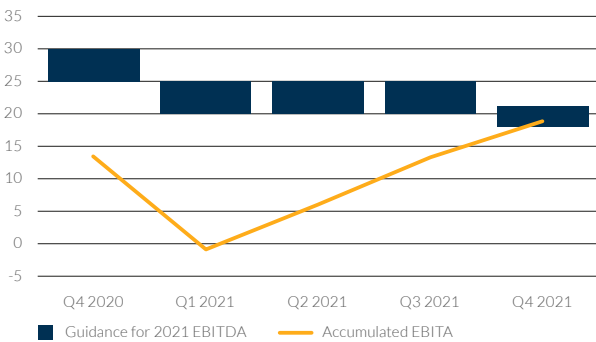
Revenue & EBITDA  
EUR million



Expenses  
EUR million



Accumulated EBITDA & expected range  
EUR million



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

› Consolidated financial  
statements

Income statement and  
statement of comprehensive  
income

Review of income statement  
Balance sheet

Review of balance sheet  
Cash flow statement

Review of cash flow  
statement

Statement of changes in  
equity

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

BALANCE SHEET  
31 DECEMBER

## ASSETS

EUR '000	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Vessels, including property, fixtures & equipment	3.1	182,147	187,671
Intangible assets	3.2	148	160
Deferred tax asset	5.2	108	108
<b>Non-current assets</b>		<b>182,404</b>	<b>187,939</b>
<b>Current assets</b>			
Inventories		193	233
Trade and other receivables	3.4	5,476	2,352
Cash and cash equivalents	4.1-4.4	1,498	284
<b>Current assets</b>		<b>7,167</b>	<b>2,869</b>
<b>Total assets</b>		<b>189,571</b>	<b>190,808</b>

## EQUITY AND LIABILITIES

EUR '000	Note	2021	2020
<b>EQUITY</b>			
Share capital		14,473	13,098
Reserves		-2	-23
Retained earnings		-36,974	-30,272
<b>Total equity attributable to shareholders of ZITON A/S</b>		<b>-22,503</b>	<b>-17,196</b>
Non-controlling interests		258	287
<b>Total equity</b>		<b>-22,245</b>	<b>-16,910</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Subordinated loan	4.1-4.4	34,511	29,574
Bond loan, second lien	4.1-4.4	37,048	32,322
Bond loan, first lien	4.1-4.4	22,638	94,305
Lease obligations	4.1-4.4	279	878
Deferred tax liability	5.2	791	497
Provision for other liabilities	3.3	-	318
<b>Total non-current liabilities</b>		<b>95,267</b>	<b>157,893</b>
<b>Current liabilities</b>			
Bond loan, first lien	4.1-4.4	102,062	3,482
Lease obligations	4.1-4.4	360	42,257
Working capital facility	4.1-4.4	9,152	490
Current tax payable		336	336
Trade and other payables	3.5	3,656	2,599
Provision for other liabilities	3.3	982	660
<b>Total current liabilities</b>		<b>116,548</b>	<b>49,825</b>
<b>Total liabilities</b>		<b>211,815</b>	<b>207,718</b>
<b>Total equity and liabilities</b>		<b>189,571</b>	<b>190,808</b>



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management  
Independent auditor’s report

Consolidated financial statements

Income statement and statement of comprehensive income

Review of income statement

Balance sheet

Review of balance sheet

Cash flow statement

Review of cash flow statement

Statement of changes in equity

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

REVIEW OF THE BALANCE SHEET 2021

Vessels, including property and fixtures & equipment

The total value of the vessels (incl. property and fixtures & equipment) amounted to EUR 182.1m at the end of 2021. This compares to EUR 187.7m at the end of 2020. The decrease was mainly due to depreciation partly offset by vessel CAPEX.

Net working capital

Changes in working capital were positive in the amount of EUR 2.2m in 2021.

Trade receivables

Trade receivables amounted to EUR 3.6m at the end of 2021 compared to EUR 1.6m at the end of 2020. The increase was mainly due to higher activity levels towards the end of 2021 compared to the year before.

Trade payables

Trade payables decreased to EUR 1.4m in 2021 from EUR 1.6m in 2020.

Equity

Total equity was negative at EUR 22.2m at the end of 2021, a change from a negative amount of EUR 16.9m at the end of 2020. The decline in equity was mainly a consequence of losses incurred during the period, partly offset by the capital increase of EUR 10.0m carried out in January 2021.

Subordinated capital ratio

The subordinated capital ratio ("SCR") at the end of 2021 was 27.0% compared to 31.1% at the end of 2020. The historical figures are not fully compatible, as the definition of SCR was altered for 2021. J/U WIND ENTERPRISE was acquired

through the subsidiary Wind Enterprise P/S of which equity and assets are not included in ZITON's calculation of SCR. This is further explained under "Alternative Performance Measures".

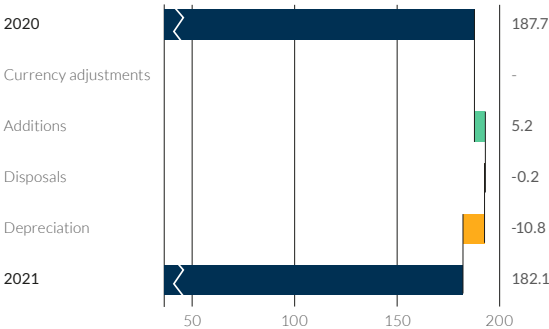
Net Interest Bearing Debt (NIBD)

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.

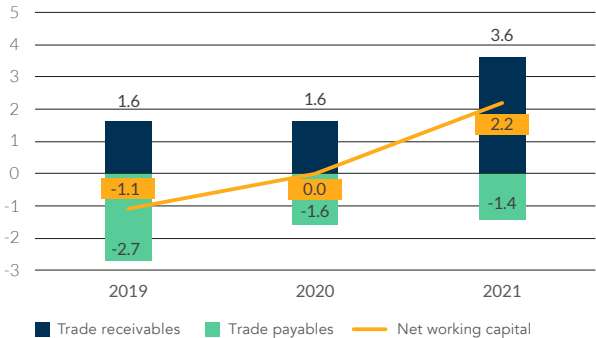
Change in NIBD

NIBD amounted to EUR 134.6m at the end of 2021 compared to EUR 142.9m at the end of 2020.

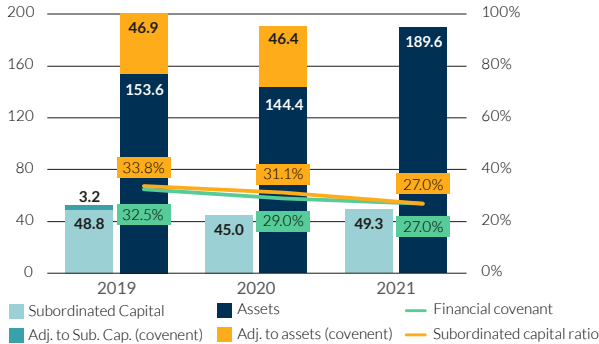
Vessels, including property and fixtures & equipment  
EUR million



Net working capital  
EUR million



Subordinated capital ratio  
EUR million · per cent



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

› Consolidated financial  
statements

Income statement and  
statement of comprehensive  
income

Review of income statement

Balance sheet

Review of balance sheet

Cash flow statement

Review of cash flow  
statement

Statement of changes in  
equity

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

# CASH FLOW STATEMENT

## 1 JANUARY - 31 DECEMBER

EUR '000	Note	2021	2020
<b>Income before tax</b>		<b>-15,072</b>	<b>-17,252</b>
<b>OPERATING ACTIVITIES</b>			
<b>Adjustments for non-cash items</b>			
Reversal of financial expenses, net	4.4	22,789	19,756
Depreciation and writedowns for the period	3.1	11,084	10,912
Other adjustments		-1,343	-501
<b>Working capital adjustments</b>			
Changes in inventories		40	61
Change in trade receivables		-3,124	286
Change in trade payables		1,060	-6,154
<b>Net cash flows from operating activities</b>		<b>15,434</b>	<b>7,107</b>
<b>FINANCIAL PAYMENTS</b>			
Financial receipts		-	-
Financial payments		-10,420	-6,085
<b>Income tax expenses</b>			
Income tax expenses		-	-
<b>Net cash flows before investing activities</b>		<b>5,013</b>	<b>1,021</b>

EUR '000	Note	2021	2020
<b>INVESTING ACTIVITIES</b>			
Purchase of vessels, including property and fixtures & equipment (excl. interest)	3.1	-5,196	-2,556
Purchase of non-controlling interests		-	-
<b>Net cash used in investing activities</b>		<b>-5,196</b>	<b>-2,556</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of debt to bank	4.5	-8,207	1,244
Outpayment of debt from bondholders	4.5	33,806	-
Draw on working capital facility	4.1-4.4	8,663	334
Capital increase in parent		-	-
Lease payments	4.1-4.4	-32,865	-1,766
<b>Net cash used/received in financing activities</b>		<b>1,397</b>	<b>-188</b>
<b>Net change in cash and cash equivalents</b>		<b>1,214</b>	<b>-1,723</b>
Cash and cash equivalents at beginning of period	4.2	284	2,008
Exchange gains/losses on cash and cash equivalents		-	-1
<b>Cash and cash equivalents at end of period*</b>	4.2	<b>1,498</b>	<b>284</b>



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management  
Independent auditor’s report

› Consolidated financial statements

Income statement and statement of comprehensive income  
Review of income statement  
Balance sheet  
Review of balance sheet  
Cash flow statement  
Review of cash flow statement  
Statement of changes in equity

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

REVIEW OF CASH FLOWS FOR 2021

Operating activities

Cash flows from operating activities amounted to EUR 15.4m in 2021 compared to EUR 7.1m in 2020. For 2021, working capital adjustments amounted to negative EUR 2.0m mainly related to increased receivables from initiation of the long-term time charter of J/U WIND ENTERPRISE. Financial payments amounted to negative EUR 10.4m for 2021 compared to EUR 6.1m for 2020. The increased financial costs were mainly a consequence of financial payments to the bond loan issued in the subsidiary Wind Enterprise P/S to purchase J/U WIND ENTERPRISE in January 2021.

Investing activities

In 2021, investing activities amounted to an outflow of EUR 5.2m compared to an outflow EUR 2.6m for 2020. Investing activities in 2021, were mainly related to J/U WIND ENTERPRISE and 10-years classing of the vessel.

Financing activities

Financing activities in 2021 amounted to a cash inflow of EUR 1.4m compared to a cash outflow of EUR 0.2m in 2020. The cash inflow from financing activities arose from a draw on the Second Super Senior Work Capital Facility (“SSS WCF”).

In May 2019, ZITON bareboat chartered J/U WIND ENTERPRISE and 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 as assets and lease liabilities. In January 2021, the vessel was purchased for EUR 42.5m, of which EUR 32.5m was cash and EUR 10.0m shares in ZITON A/S. The purchase was financed by establishing Wind Enterprise P/S as a wholly owned subsidiary of ZITON A/S. The EUR 10.0m in new capital was transferred into Wind Enterprise P/S as subordinated capital and a bond loan of EUR 35.0m was issued to finance the cash payment. In 2021, the lease obligations related to J/U WIND ENTERPRISE were replaced by the above-mentioned bond issue, as the purchase was completed.

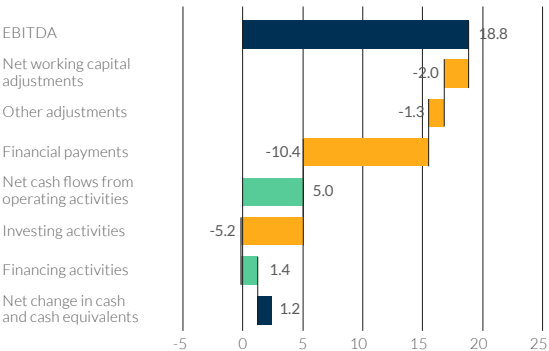
Available liquidity

Available liquidity including available drawings on the working capital facility amounted to EUR 1.7m at the end of 2021 compared to EUR 12.5m available at the end of 2020. The reduction of available liquidity was the consequence of the full utilisation of the SSS WCF to finance cash outflow during Q1 2021 and reduction of the Working Capital Facility under the First Super Senior Working Capital Facility (“FSS WCF”) from EUR 6.7 million to EUR 0.4 million. The WCF, under the FSS WCF, was reduced as ZITON, during February 2021, provided the performance guarantee to SGRE under the SGRE long-term charter. The SSS WCF was increased from EUR 6.0m to EUR 9.0m during Q2 2021 and was fully utilised at the end of 2021.

EUR '000	2021	2020	2019
<b>Liquidity</b>	<b>1.5</b>	<b>0.3</b>	<b>2.0</b>
Available draw on working capital facility	0.2	12.2	6.5
<b>Available liquidity</b>	<b>1.7</b>	<b>12.5</b>	<b>8.5</b>

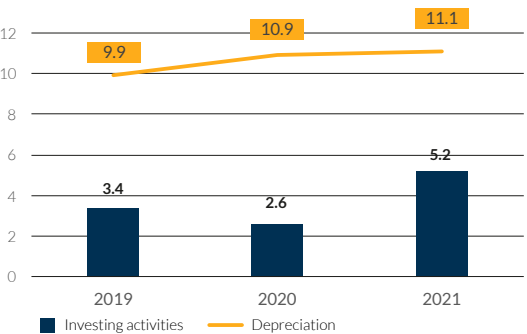
Cash flows

EUR million



Investing activities vs. depreciation

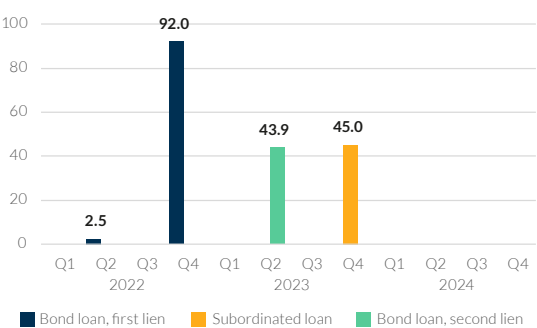
EUR million



Debt repayments next four years

After amendment to the bond terms completed in April 2020, as described in the Capital Structure section.

EUR million



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

» Consolidated financial  
statements

Income statement and  
statement of comprehensive  
income

Review of income statement

Balance sheet

Review of balance sheet

Cash flow statement

Review of cash flow  
statement

Statement of changes in  
equity

Notes to the consolidated  
financial statements

Parent company financial  
statements

Notes to the parent  
company financial  
statements

## STATEMENT OF CHANGES IN EQUITY

2021 EUR '000	Attributable to shareholders of ZITON A/S							Non- controlling interests	Total equity
	Share capital	Reserve for warrants	Translation reserves	Cash flow hedges	Total reserves	Retained earnings	Total		
<b>Balance at 31 December 2020</b>	<b>13,098</b>	<b>143</b>	<b>-166</b>	<b>-</b>	<b>-23</b>	<b>-30,272</b>	<b>-17,197</b>	<b>287</b>	<b>-16,911</b>
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
<b>Balance at 31 December 2021</b>	<b>14,473</b>	<b>143</b>	<b>-145</b>	<b>-</b>	<b>-2</b>	<b>-36,974</b>	<b>-22,503</b>	<b>258</b>	<b>-22,245</b>

**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.

**ACCOUNTING POLICIES**

Reserves on equity consist of the following:

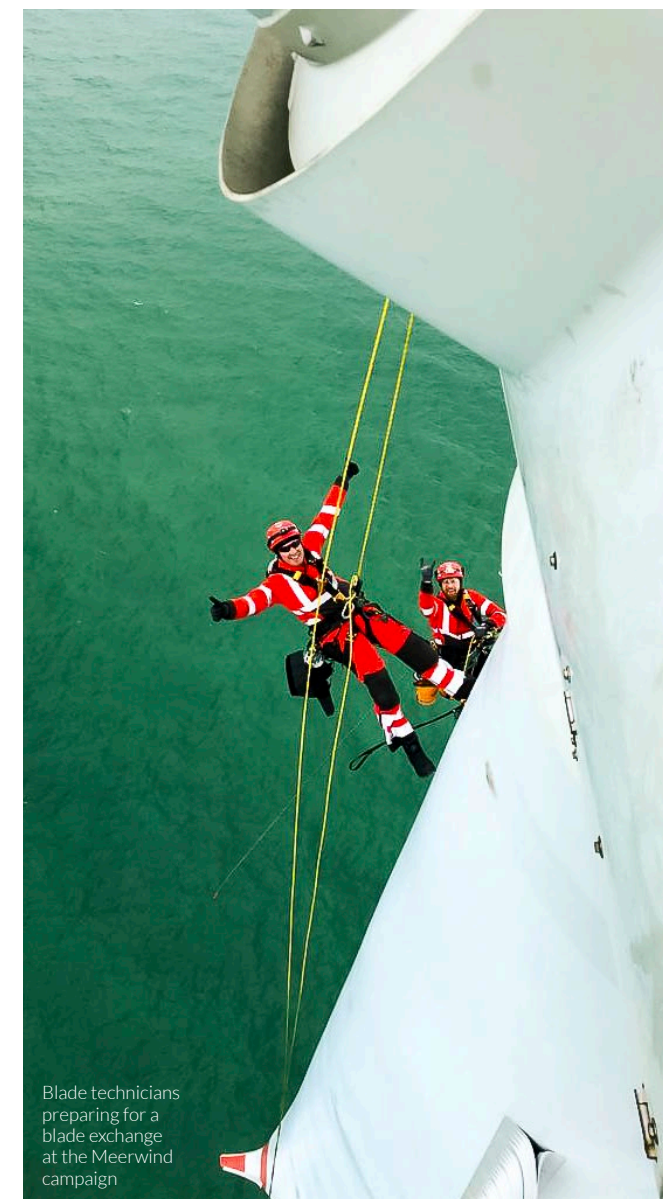
**Reserve for warrants** consist of warrants to management, selected employees and a subordinated loan provider.

**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.

2020 EUR '000	Attributable to shareholders of ZITON A/S							Non- controlling interests	Total equity
	Share capital	Reserve for warrants	Translation reserves	Cash flow hedges	Total reserves	Retained earnings	Total		
<b>Balance at 31 December 2019</b>	<b>13,098</b>	<b>143</b>	<b>56</b>	<b>-701</b>	<b>-502</b>	<b>-17,923</b>	<b>-5,327</b>	<b>61</b>	<b>-5,266</b>
Total comprehensive income for the year, after tax	-	-	-221	701	480	-12,348	-11,869	-8	-11,877
Capital increase in subsidiaries	-	-	-	-	-	-	-	234	234
Capital increase in parent	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>13,098</b>	<b>143</b>	<b>-166</b>	<b>-</b>	<b>-23</b>	<b>-30,272</b>	<b>-17,196</b>	<b>287</b>	<b>-16,910</b>

**Share capital**

At the end of 2020, the share capital consisted of 97,782,192 shares of DKK 1 each (EUR 13,098k). The shares are divided into two classes: 15,118,416 A shares of DKK 1 each and 82,663,782 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.



Blade technicians  
preparing for a  
blade exchange  
at the Meerwind  
campaign

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

Notes to the consolidated financial statements

1 BASIS OF REPORTING

1.1 Basis of reporting

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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 Jack-Up Holding A/S, which holds 68.3% of the share capital in ZITON A/S. Dansk Bjergrning & Bugsering Holding ApS, Enterprise Shipping B.V. (Vroon B.V.) and OY Finans ApS hold 16.5%, 9.5% and 5.6% of the share capital respectively. The remaining shares, equivalent to 0.1% of the share capital, are held by management. The ultimate parent of the Group is Jack-Up Holding A/S’s holding company, Anpartsselskabet af 1. december 2011.

ZITON A/S is consolidated in the financial statements of Jack-Up Holding A/S (registered office: Fredensborg, Denmark), which is the smallest consolidated financial statement, and Anpartsselskabet af 1. december 2011 (registered office: Fredensborg, Denmark), which is the largest consolidated financial statement.

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 2020.

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

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 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.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

Notes to the consolidated financial statements

1 BASIS OF REPORTING

1.1 Basis of reporting

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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 JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial reporting requires management to make judgments, 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 judgments 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 judgments 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.

Judgments

In the process of applying ZITON A/S’s accounting policies, management has made the following judgment, 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

From 2019 to 2021, ZITON’s balance sheet deteriorated as operational earnings declined as a consequence of blade campaigns, which were less profitable than anticipated, and because the vessel fleet was expanded with the purchase of J/U WIND ENTERPRISE. Further, the current capital structure shows sizeable interest-bearing debt compared to equity and cash flow to service the debt.

Therefore, ZITON A/S’ shareholders and the majority of the first lien bond and over two thirds of the holders in the second lien bond have negotiated a solution to set up ZITON with a long-term and viable capital structure. The agreement is conditional upon, amongst other things, approval by the bond meetings for the three bonds issued by ZITON A/S and Wind Enterprise P/S, formal approval of merger filings with competition authorities and foreign direct investments approval with authorities in Denmark. Management assesses that the required approvals will be attained.

Management has prepared scenarios for cash flow and financial covenants, and management is confident that the consolidated group retains sufficient liquidity to meet its debt obligations and fulfil its financial covenants during 2022.

Based on the above, events or conditions may arise that could cause material uncertainty as to the entity’s ability to continue as a going concern. The entity may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Management assesses the entity’s ability to continue as a going concern to be met and the consolidated financial statement have therefore been prepared on a going concern basis and no changes to recognition or measurement have been made.

**NAVIGATION**

→ Click section to expand and  
click chapter to jump to it.

**ABOUT ZITON****THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES****STRATEGIC DIRECTION****BUSINESS PERFORMANCE****FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

› **Notes to the consolidated  
financial statements**

**1 BASIS OF REPORTING****1.1 Basis of reporting****2 OPERATING ACTIVITIES****3 OPERATING ASSETS AND  
LIABILITIES****4 CAPITAL STRUCTURE AND  
FINANCING****5 TAX****6 OTHER DISCLOSURES**

Parent company financial  
statements

Notes to the parent  
company financial  
statements

**RELEVANT NEW ACCOUNTING STANDARDS**

Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union.

ZITON has adopted the following interpretations, amendments and improvements as of 1 January 2021:

- Classification of Liabilities and as Current or Non-Current - Deferral of Effective Date (Amendment to IAS 1), and;
- IBOR Reform and its Effects on Financial Reporting – Phase 2 (Amendment to IAS 39, IFRS 7 and IFRS 9).

It is assessed that application of other new interpretations effective from 1 January 2021 did not have any material impact on the consolidated financial statements for 2021. Furthermore, management does not anticipate any significant impact on future periods from the adoption of these new interpretations.

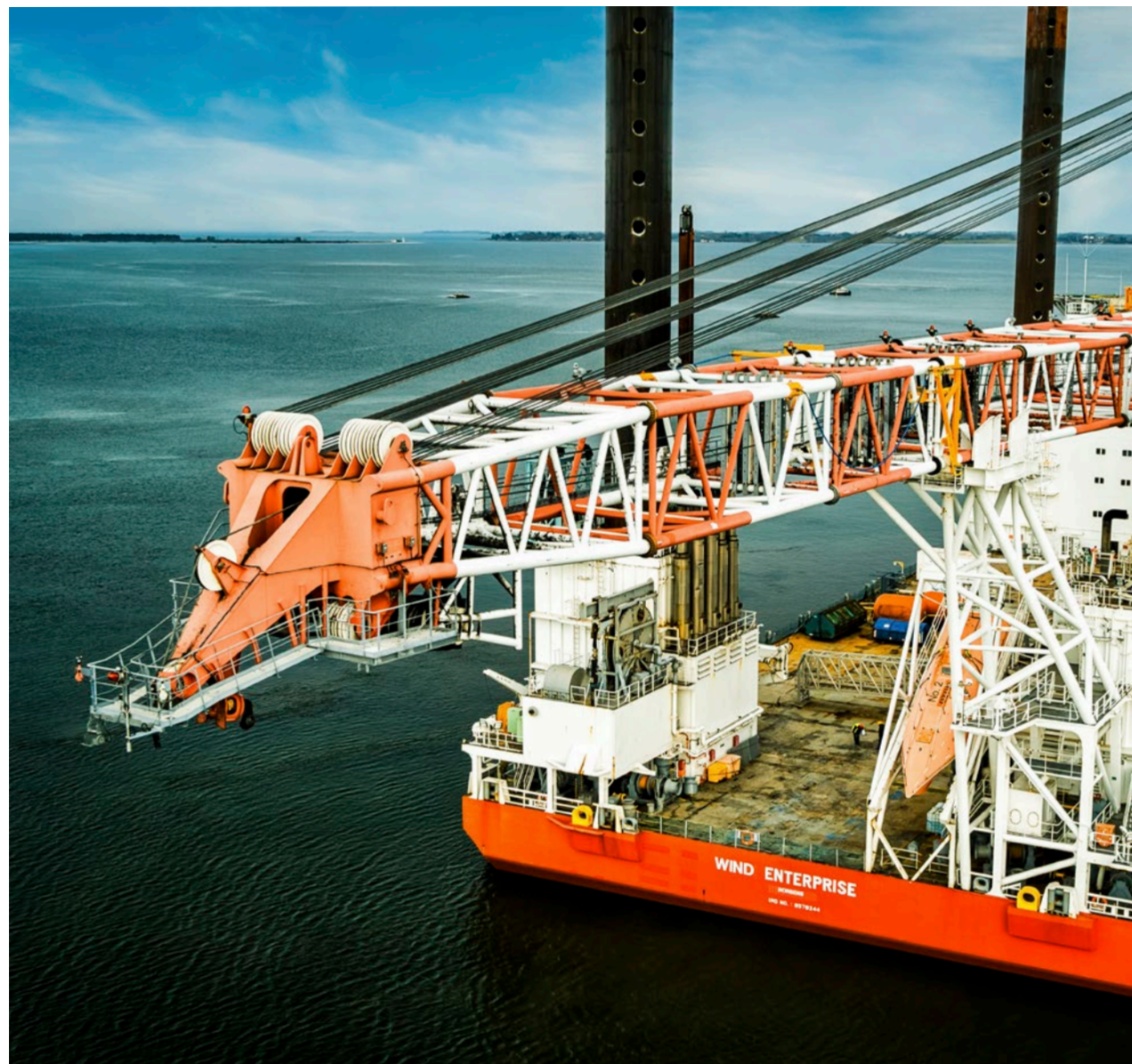
**New standards and interpretations not yet adopted**

The IASB has issued a number of new or amended standards and interpretations that are not mandatory for the consolidated financial statements for 2021. ZITON A/S expects to adopt the standards and interpretations when they become mandatory.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities and as Current or Non-Current - Deferral of Effective Date (Amendment to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendment to IAS 1), and;
- Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction (Amendment to IAS 12).

None of these amended standards or interpretations are expected to have a significant impact on recognition and measurement, but may lead to further disclosures in the notes.

J/U WIND ENTERPRISE in  
Odense Fjord leaving Fayard  
after its 10-years classing



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

› Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

2.1 Revenue from contracts with customers

2.2 Operating expenses

2.3 Staff costs

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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	2021	2020
Germany	24,785	1,489
United Kingdom	10,898	36,235
Denmark	5,228	7,446
Belgium	1,888	1,489
Sweden	505	993
Netherlands	333	1,985
Ireland	296	-
<b>Total non time charter</b>	<b>43,933</b>	<b>49,637</b>
Long-term time charter	14,118	-
<b>Total</b>	<b>I/S 58,051</b>	<b>49,637</b>

Sales to the largest customers, accounting for more than 10% of revenue, made up 57% and 16% of total revenue in 2021 (2020: 52%, 18% and 14%, respectively).

Ongoing contracts - contract balance

EUR '000	2021		2020	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Accrued contract-related expenses on contract with customers	-	-	-	-293
Provision for ongoing contract	-	-	-	644
Net cash received in advance of performance	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351</b>

Contract assets and contract liabilities are included in "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from the Group's accumulated experience in development of turnkey contracts.

When measuring the revenue stream from the contract an estimated amount from expected penalties should be included in the contract revenue. At the end of December 2021, no penalties were expected (2020; 644k).

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 separate disclosure of the lease components and the service income components has not been provided as it is impracticable to establish such a disclosure.



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

› Notes to the consolidated  
financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

2.1 Revenue from contracts  
with customers

2.2 Operating expenses

2.3 Staff costs

3 OPERATING ASSETS AND  
LIABILITIES

3.1 Vessels and equipment

3.2 Intangible assets

3.3 Provisions

3.4 Trade and other receivables

3.5 Trade and other payables

4 CAPITAL STRUCTURE AND  
FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial  
statements

Notes to the parent  
company financial  
statements

## 2.2 OPERATING EXPENSES

## Total operating expenses

EUR '000	2021	2020
Other operating expenses	9,073	10,277
Vessel staff costs	9,259	8,972
<b>Total operating expenses</b>	<b>18,332</b>	<b>19,249</b>

The decrease in operating expenses from 2020 to 2021 was mainly due to SGRE's time charter of J/U WIND ENTERPRISE where they pay the variable costs.

## 2.3 STAFF COSTS

## Total staff costs

EUR '000	2021	2020
<b>Staff costs, office staff</b>		
Wages and salaries	4,420	4,237
Pensions - defined contribution plans	348	302
Other social security costs	102	104
<b>Total staff costs, office staff</b>	<b>I/S 4,870</b>	<b>4,643</b>
<b>Staff costs, vessel staff (included in "Operating expenses")</b>		
Wages and salaries	8,718	8,597
Pensions - defined contribution plans	431	334
Other social security costs	110	41
<b>Total staff costs, vessel staff</b>	<b>9,259</b>	<b>8,972</b>
<b>Total staff costs</b>	<b>14,129</b>	<b>13,614</b>

## Average number of employees

	2021	2020
Office staff, Danish nationality	38	31
Office staff, other nationalities	6	7
Vessel staff, Danish nationality	81	79
Vessel staff, other nationalities	61	60
<b>Total employees</b>	<b>186</b>	<b>177</b>

## 3.1 VESSELS AND EQUIPMENT

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
<b>Cost at 31 December</b>	<b>1,126</b>	<b>3,130</b>	<b>247,724</b>	<b>251,980</b>
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	-	135	-	135
<b>Depreciation at 31 December</b>	<b>-746</b>	<b>-1,411</b>	<b>-67,676</b>	<b>-69,833</b>
Impairment losses at 1 January	-	-	-	-
Impairment losses at 31 December	-	-	-	-
<b>Carrying amount at 31 December</b>	<b>B/S 380</b>	<b>1,719</b>	<b>180,049</b>	<b>182,147</b>

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

› Notes to the consolidated  
financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND  
LIABILITIES

3.1 Vessels and equipment

3.2 Intangible assets

3.3 Provisions

3.4 Trade and other receivables

3.5 Trade and other payables

4 CAPITAL STRUCTURE AND  
FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial  
statements

Notes to the parent  
company financial  
statements

The balance sheet shows the following amounts related to leases:

EUR '000	2021	2020
<b>Right-of-use assets</b>		
Vessels	-	46,381
Office rents	798	663
Cars	257	34
<b>Total right-of-use assets</b>	<b>1,055</b>	<b>47,078</b>

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

EUR '000	2021	2020
<b>Depreciation charge of right-of-use assets</b>		
Vessels	-	1,952
Office rents	233	267
Cars	112	26
<b>Total depreciation charge of right-of-use assets</b>	<b>345</b>	<b>2,245</b>
<b>Interest expenses (included in "Finance costs")</b>		
Vessels	-	2,936
Office rents	25	42
Cars	5	3
<b>Total interest expenses</b>	<b>30</b>	<b>2,982</b>

2020 EUR '000	Property	Fixtures & equipment	Vessels	Total
Cost at 1 January	1,181	2,517	239,521	243,219
Exchange rate adjustments	-1	5	39	43
Additions	-	374	1,929	2,303
Additions to right-of-use assets	-	127	1,254	1,381
Disposals of right-of-use assets	-	-253	-	-253
<b>Cost at 31 December</b>	<b>1,180</b>	<b>2,770</b>	<b>242,743</b>	<b>246,694</b>
Depreciation at 1 January	-242	-726	-47,313	-48,281
Exchange rate adjustments	2	-2	-7	-7
Depreciation I/S	-	-372	-8,350	-8,722
Depreciation of right-of-use assets I/S	-267	-142	-1,781	-2,190
Disposals of right-of-use assets	-	177	-	177
<b>Depreciation at 31 December</b>	<b>-507</b>	<b>-1,065</b>	<b>-57,451</b>	<b>-59,022</b>
Impairment losses at 1 January	-	-	-	-
Impairment losses at 31 December	-	-	-	-
<b>Carrying amount at 31 December</b>	<b>B/S 673</b>	<b>1,706</b>	<b>185,293</b>	<b>187,671</b>

On 28 May 2019, ZITON entered into a bareboat charter of J/U WIND ENTERPRISE until 31 March 2021. As part of the agreement, ZITON was given an option to acquire the vessel. As of end December 2020, ZITON executed the call option and purchased the vessel in January 2021.

COVID-19 did not affect leases for the group.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

3.1 Vessels and equipment

3.2 Intangible assets

3.3 Provisions

3.4 Trade and other receivables

3.5 Trade and other payables

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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 2021, ZITON realised a loss for the year, and the weighted average utilisation of the vessels fell slightly short of expectations. These are indicators of impairment, 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, ZITON’s expected market share, and jack-up vessel requirements for blade campaigns.
- 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 9.2% (2020: 8,1%) 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 182,147k

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.

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 COO. 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 2 percentage points to 11.2% 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 75% to 93%, which compares to realised figures of 52% and 57% in 2020 and 2021 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 vessels, 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. 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.



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&amp;M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

› Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

3.1 Vessels and equipment

3.2 Intangible assets

3.3 Provisions

3.4 Trade and other receivables

3.5 Trade and other payables

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.



Toolbox talk at J/U WIND for ZITON crew and technicians prior to a major component replacement

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND  
LIABILITIES

3.1 Vessels and equipment

3.2 Intangible assets

3.3 Provisions

3.4 Trade and other receivables

3.5 Trade and other payables

4 CAPITAL STRUCTURE AND  
FINANCING

5 TAX

6 OTHER DISCLOSURES

Parent company financial  
statements

Notes to the parent  
company financial  
statements

3.2 INTANGIBLE ASSETS

2021 EUR '000		Software
Cost at 1 January		231
Additions		23
<b>Cost at 31 December</b>		<b>254</b>
Depreciation at 1 January		-72
Amortisation	I/S	-35
<b>Depreciation at 31 December</b>		<b>-107</b>
<b>Carrying amount at 31 December</b>	<b>B/S</b>	<b>147</b>

2020 EUR '000		Software
Cost at 1 January		172
Additions		59
<b>Cost at 31 December</b>		<b>231</b>
Depreciation at 1 January		-44
Amortisation	I/S	-28
<b>Depreciation at 31 December</b>		<b>-72</b>
<b>Carrying amount at 31 December</b>	<b>B/S</b>	<b>159</b>

1 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:  
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.

3.3 PROVISIONS

Provisions for employee benefits

EUR '000		2021	2020
<b>Provisions at 1 January</b>		<b>978</b>	<b>1,104</b>
Change in employee bonus provision		-142	142
Change in provision for employee earned leave days		134	-10
Change in holiday provisions for employees		-22	-200
Warranty provision		34	-57
<b>Provisions at 31 December</b>		<b>982</b>	<b>978</b>
Recognised in the balance sheet as follows:			
Non-current	B/S	318	318
Current	B/S	664	660
<b>Total provisions</b>		<b>982</b>	<b>978</b>

1 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.

1 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 12 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.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management's statement by the board of directors and executive management  
Independent auditor's report  
Consolidated financial statements

Notes to the consolidated financial statements

- 1 BASIS OF REPORTING
- 2 OPERATING ACTIVITIES
- 3 OPERATING ASSETS AND LIABILITIES
  - 3.1 Vessels and equipment
  - 3.2 Intangible assets
  - 3.3 Provisions
  - 3.4 Trade and other receivables
  - 3.5 Trade and other payables

4 CAPITAL STRUCTURE AND FINANCING

- 5 TAX
- 6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

An amount equivalent to the retained holiday scheme is classified as non-current. The classification of the holiday scheme is made due to changes in the Danish Holiday Act in 2019.

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.

3.4 TRADE AND OTHER RECEIVABLES

EUR '000	2021	2020
Trade receivables	3,619	1,618
Other receivables	339	132
Intercompany receivables	1,140	422
Prepayments	379	180
<b>Total trade and other receivables</b>	<b>B/S 5,476</b>	<b>2,352</b>
Recognised in the balance sheet as follows:		
Non-current	-	-
Current	5,476	2,352
<b>Total</b>	<b>5,476</b>	<b>2,352</b>

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

No trade receivables were overdue at 31 December 2021 (2020: No trade receivables were overdue at 31 December 2020).

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 2021 (2020: 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 2021, 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 simplified 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 a VAT payment in an ongoing legal dispute with the Danish tax authorities.

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.

3.5 TRADE AND OTHER PAYABLES

EUR '000	2021	2020
Trade payables	1,353	1,602
Contract liabilities	-	351
Other liabilities	2,303	646
<b>Total trade and other payables</b>	<b>B/S 3,656</b>	<b>2,599</b>

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.

Contract liabilities comprises the accrued contract-related expenses on contracts with customers and provision for ongoing contracts, which is a net liability.

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 12 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.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

› Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

4.1 Risk management

4.2 Working capital facility

4.3 Loans

4.4 Net financial expenses

4.5 Reconciliation of financing liabilities

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

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 revised financial structure in 2020, obtaining a capital structure with a subordinated loan maturing in October 2023, a first lien bond issue maturing in October 2022 and a second lien bond issue maturing in April 2023.

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			Total	Book value
	In 2022	Between 2023 to 2024	2025 and onwards		
<b>Loans and receivables</b>					
Cash	1,498	-	-	<b>1,498</b>	1,498
Trade receivables	3,619	-	-	<b>3,619</b>	3,619
Other receivables	339	-	-	<b>339</b>	339
<b>Financial liabilities</b>					
Subordinated loan	-	34,762	-	<b>34,762</b>	34,511
Bond loan, second lien	-	37,348	-	<b>37,348</b>	37,048
Bond loan, first lien	102,062	22,638	-	<b>124,699</b>	124,699
Lease liabilities	360	279	-	<b>639</b>	639
Trade and other payables	1,353	-	-	<b>1,353</b>	1,353
Working capital facility	9,152	-	-	<b>9,152</b>	9,152

Response:

The company currently has a loan to book value of vessels ratio of 97% and plans to reduce that percentage before the current bond issue comes due for refinancing (ZITON A/S first lien bond loan matures October 2022, Wind Enterprise P/S first lien bond loan matures June 2024, and ZITON A/S second lien bond loan matures in April 2023).

Covenants

The bond loan agreement includes financial covenants that, if breached, involve a default on credit facilities. The minimum required subordinated capital ratio at 31 December 2021 was 27%.

Market risk

Interest rate risk

Most of the Group's financing, including the bond issues and the subordinated loan, carries 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 3M CIBOR for the subordinated loan, will have an adverse effect on the Group's interest expenses.

An increase of 1 percentage point in interest rates would increase interest expenses by approximately EUR 1.97m. If EURIBOR or CIBOR rates declines, it would not benefit the Group to any major extent as there is a floor of 0% on ZITON A/S's bond issue and subordinated loan.

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.

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 DKK, EUR 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 hedges existing assets and liabilities in key currencies, other than DKK and EUR, as well as future expected cash flows up to a maximum of 24 months forward. Hedge accounting is applied to match the impact of the hedged item and the hedging instrument in the consolidated income statement.

Currency hedging mainly uses foreign exchange forwards matching the due dates of the hedged items. Expected cash flows are continually assessed using historical inflows, budgets and monthly sales forecasts. Hedge effectiveness is assessed on a regular basis. There is no expected ineffectiveness at 31 December 2021, as no hedging was carried out during the year.

Key currencies

Exchange rate EUR per 100	2021	2020
GBP		
Average	1.16	1.13
Year-end	1.19	1.11
Year-end change	7.6%	-5.4%

ZITON had no ongoing hedges as of end December 2021.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

› Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

4.1 Risk management

4.2 Working capital facility

4.3 Loans

4.4 Net financial expenses

4.5 Reconciliation of financing liabilities

5 TAX

6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

ACCOUNTING POLICIES

ZITON uses financial instruments to reduce the impact of foreign exchange on financial results. The derivative financial instruments are used to manage the exposure to market risk.

Use of derivative financial instruments

None of the derivatives are held for trading purposes. ZITON uses forward exchange contracts to hedge forecast transactions, assets and liabilities. The overall policy is to hedge the majority of total currency exposure. Currently, net investments in foreign subsidiaries are not hedged.

Initial recognition and measurement

On initiation of the contract, ZITON designates each derivative financial contract that qualifies for hedge accounting as one of:

- hedges of the fair value of a recognised asset or liability (fair value hedge), or;
- hedges of the fair value of a forecast financial transaction (cash flow hedge).

All contracts are initially recognised at fair value and subsequently remeasured at fair value at the end of the reporting period.

Fair value hedges

Value adjustments of fair value hedges are recognised in the income statement along with any value adjustments of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

Value adjustments of the effective part of cash flow hedges are recognised directly in other comprehensive income. The cumulative value adjustment of these contracts is transferred from other comprehensive income to the income statement when the hedged transaction is recognised in the income statement.

Discontinuance of cash flow hedging

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under financial income or financial expenses.

Fair value determination

The fair value of derivative financial instruments is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, the fair value is based on the most recently observed market price at the end of the reporting period. If a financial instrument is quoted in a market that is not active, ZITON bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments assumed to be motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as foreign exchange forward contracts, interest rate swaps, currency swaps and unlisted bonds, is measured according to generally accepted valuation techniques. Market-based parameters are used to measure the fair value.

Hedging activities

	2021			2020		
EUR '000	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end
FX forward contracts, cash flow hedges (GBP)	-	-	-	-	-	-
<b>Total hedging activities</b>	-	-	-	-	-	-
Recognised in the income statement	-	-	-	-	-	-
Recognised in other comprehensive income	-	-	-	-	-	-701
<b>Presented in the balance sheet as</b>						
Financial instruments (current assets/liabilities)	-	-	-	-	-	-
Cash at bank	-	-	-	-	-	-

4.2 WORKING CAPITAL FACILITY

Cash and bank overdraft

EUR '000		2021	2020
Cash and cash equivalents	B/S	1,498	284
Working capital facility	B/S	-9,152	-490
<b>Total</b>	<b>C/F</b>	<b>-7,655</b>	<b>-206</b>

At 31 December 2021, the Group had an undrawn working capital facility with the bank of EUR 224k (2020: EUR 12,193k).

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

› Notes to the consolidated financial statements

1 BASIS OF REPORTING  
2 OPERATING ACTIVITIES  
3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING  
4.1 Risk management  
4.2 Working capital facility  
4.3 Loans  
4.4 Net financial expenses  
4.5 Reconciliation of financing liabilities

5 TAX  
6 OTHER DISCLOSURES

Parent company financial statements

Notes to the parent company financial statements

## 4.3 LOANS

2021 EUR '000		Interests type	Current debt	Non-current debt	Total
Subordinated loan	B/S	Floating rate	-	34,511	34,511
Bond loan, second lien	B/S	Floating rate	-	37,048	37,048
Bond loan, first lien	B/S	Floating rate	102,062	22,638	124,699
Lease obligations	B/S	Floating rate	360	279	639
Working capital facility	B/S	Floating rate	9,152	-	9,152
<b>Total loans</b>			<b>111,575</b>	<b>94,476</b>	<b>206,050</b>

### 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 (hierarchy 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 2018/2021 - ISIN NO0010832488 & 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. The key terms of the bonds are listed in the table "Key terms for bond loans as of 31 December 2021" under accounting policies.

2020 EUR '000		Interests type	Current debt	Non-current debt	Total
Subordinated loans	B/S	Floating rate	-	29,574	29,574
Bond loans, second lien	B/S	Floating rate	-	32,322	32,322
Bond loans, first lien	B/S	Floating rate	3,482	94,305	97,787
Lease obligations	B/S	Floating rate	42,257	878	43,135
Working capital facility	B/S	Floating rate	490	-	490
<b>Total loans</b>			<b>46,229</b>	<b>157,079</b>	<b>203,308</b>

### Fair value

At 31 December 2020, the latest trading price quoted for the first lien bond on the stock exchanges was 102.2. The fair value (hierarchy level 1) of the bond is equivalent to EUR 97,090k, compared to the carrying amount of EUR 95,000k, and the bond extension loan as of April 2021 of EUR 4,576k (adjusted for capitalised fees of EUR 1,789k).

At 31 December 2020, there had been no trading of the second lien bond on the stock exchange. The exchange rate is set at 100. The fair value (hierarchy level 1) of the bond is EUR 32,854k, equivalent to the carrying amount of EUR 32,322k (adjusted for capital fees of EUR 532k).

The fair value of the subordinated loan (hierarchy level 3) is equivalent to the carrying amounts (adjusted for capitalised fees on subordinated loan of EUR 337k).

The total fair value of the bond loans and subordinated loan at 31 December 2020 was EUR 159,683k (adjusted for capitalised fees of total EUR 2,658k).

### Financial covenants

BOND: FRN ZITON A/S 2018/2021 - ISIN NO0010832488 & 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 29% from December 2020 onwards, to increase to 31% from 1 January 2022 onwards.

## 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 12 months after the end of the reporting period.



Key terms for bond loans as of 31 December 2021.

	EUR 100m first lien, ZITON A/S	EUR 25m second lien ZITON A/S	EUR 35m first lien, Wind Enterprise P/S
Listing/ISIN	Oslo Børs - ISIN NO0010832488	Oslo Børs - ISIN NO 0010832512	Not listed
Coupon	Floating rate - 3 months EURIBOR + 7.9% (0% floor) with quarterly interest payments on 3 January, 3 April, 3 July and 3 October	Floating rate - 3 months + 12.85% PIK (0% floor)	Fixed rate - 7.0% 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 Wind Enterprise P/S and Green Wind Enterprise ApS, vessel insurance, earnings account, retention account, collection account etc.
Maturity	3 October 2022	3 April 2023	17 June 2024
Amortisation	Amortisation of EUR 2.5m semi-annually (in 2022 only one amortisation is scheduled on 4 April 2022)	No amortisation	Semi-annual amortisation on 17 June and 17 December of amount on retention account. During 2022, monthly transfer for amortisation amounts to EUR 583,333, for 2023 and thereafter the transfer amounts to EUR 666,667
Call structure	102.15% from 1 January 2022 - 1 July 2022 101.65% from 2 July 2022 - 2 October 2022 100.15% on 3 October 2022	102.0% from 1 January 2022 - 1 July 2022 101.5% from 2 July 2022 - 2 April 2023 100.0% on 3 April 2023	104.2%+make whole from 17 December 2020 - 17 June 2022 104.2% from 17 June 2022 - 17 December 2022 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 Issuer shall at all times maintain a Subordinated Capital Ratio of minimum 27.0% from July 2021 onwards, to increase to 31.0% from 1 January 2022 onwards, to be tested quarterly on the basis of the Interim Report. The covenants were fulfilled during 2021.  The Group shall at all times maintain a minimum, consolidated pro forma EBITDA (to be calculated on a rolling 12-month basis) of EUR 14.0m, 15.5m, and 17.0m as per Q2, Q3 and Q4 2021, respectively. The covenants were fulfilled during 2021.	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 3x during 2021, 4x during 2022 and 5x thereafter, with the first testing date being at the end of March 2022.

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

› Notes to the consolidated  
financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND  
LIABILITIES

4 CAPITAL STRUCTURE AND  
FINANCING

4.1 Risk management

4.2 Working capital facility

4.3 Loans

4.4 Net financial expenses

4.5 Reconciliation of financing  
liabilities

5 TAX

5.1 Income tax expense

5.2 Deferred tax

6 OTHER DISCLOSURES

Parent company financial  
statements

Notes to the parent  
company financial  
statements

## 4.4 NET FINANCIAL EXPENSES

EUR '000	2021	2020
<b>Financial income</b>		
Foreign exchange gains	21	1,064
Other	175	134
<b>Total financial income</b>	<b>I/S 196</b>	<b>1,198</b>
<b>Financial expenses</b>		
Subordinated loan	4,827	4,081
Bank loans	105	258
Transaction costs	1,699	1,059
Bond loan, second lien	4,726	3,720
Bond loan, first lien	10,670	8,241
Finance lease liabilities	161	3,089
Foreign exchange loss	-	-
Other interest expense	796	506
<b>Total financial expenses</b>	<b>I/S 22,984</b>	<b>20,954</b>
<b>Net financial expenses</b>	<b>22,788</b>	<b>19,756</b>

## ■ 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	2021	Cash flow	Non-cash changes			2020
			Other non-cash movements	Non-cash interests	Foreign exchange movements	
Subordinated loan	34,511	-	-	4,937	-	29,574
Bond loan, second lien	37,048	-	-	4,726	-	32,322
Bond loan, first lien	22,638	25,599	-98,579	1,313	-	94,305
Bond loan - current liability	102,062	-	98,579	-	-	3,482
Lease liabilities	279	-32,865	32,266	-	-	878
Lease liabilities - current liability	360	-	-41,897	-	-	42,257
Working capital facility	9,152	8,663	-	-	-	490
<b>Total financing liabilities</b>	<b>206,050</b>	<b>1,397</b>	<b>-9,631</b>	<b>10,976</b>	<b>-</b>	<b>203,308</b>

## 5.1 INCOME TAX EXPENSE

## Income tax expenses

EUR '000	2021	2020
<b>Current tax</b>		
Current tax on income for the year	-	-336
Adjustments in respect of prior years - current tax	-	-
<b>Total current tax</b>	<b>-</b>	<b>-336</b>
<b>Deferred tax (note 5.2)</b>		
Deferred tax on the income (profit/loss) for the year	-284	5,232
Adjustments in respect of prior years - deferred tax	-	-
<b>Total deferred tax</b>	<b>-284</b>	<b>5,232</b>
<b>Income tax expenses</b>	<b>I/S -284</b>	<b>4,896</b>

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:

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

› Notes to the consolidated  
financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND  
LIABILITIES

4 CAPITAL STRUCTURE AND  
FINANCING

5 TAX

5.1 Income tax expense

5.2 Deferred tax

6 OTHER DISCLOSURES

Parent company financial  
statements

Notes to the parent  
company financial  
statements

## Reconciliation of tax rate

EUR '000	2021	2020
<b>Profit/loss before tax</b>	<b>-15,072</b>	<b>-17,252</b>
Profit/loss subject to Danish and foreign tonnage taxation	7,864	-
<b>Profit/loss before tax, adjusted</b>	<b>-7,208</b>	<b>-17,252</b>
<b>Tax, using Danish corporation tax rate of 22%</b>	<b>1,586</b>	<b>3,796</b>
Tax from deviation in foreign subsidiaries' tax rates compared to Danish tax rate	-	77
Tax from non-taxable income or expense	-	-162
Tax from thin capitalisation and non-deductible interests	-5,031	-3,538
Tax from other adjustments	3,161	4,723
<b>Income tax expense</b>	<b>-284</b>	<b>4,896</b>

ZITON recognised a loss of EUR 15,1m for 2021 and taxable income was a loss of EUR 7.2m, resulting in a tax expense of EUR 0.3m. Restructuring the Group into the Danish tonnage tax scheme and other adjustments affected the tax positively, while thin capitalisation and non-deductible interests negatively affected the tax.

In 2020, ZITON recognised a loss of EUR 17.2m and a taxable income equivalent to a loss of EUR 22.3m, resulting in a tax income of EUR 4.9m.

## 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	2021	2020
Deferred tax 1 January	-389	-5,590
Currency translation	-10	-9
Change in deferred tax - recognised in the income statement	-284	5,232
Current tax on income for the year	-	-
Adjustments in respect of prior years - deferred tax	-	-22
<b>Total deferred tax, net at 31 December</b>	<b>-683</b>	<b>-389</b>
<b>Deferred tax gross</b>		
Deferred tax asset	-	6,883
Deferred tax liability	-683	-7,272
<b>Total deferred tax, net at 31 December</b>	<b>-683</b>	<b>-389</b>

## Specification of deferred tax

EUR '000	2021	2020
Vessels and equipment	-791	-7,272
Tax-loss carry forwards	-108	6,883
<b>Total deferred tax, net at 31 December</b>	<b>-683</b>	<b>-389</b>

## Deferred tax in balance sheet

EUR '000	2021	2020
Deferred tax asset	B/S 108	108
Deferred tax liability	B/S -791	-497
<b>Total deferred tax, net at 31 December</b>	<b>-683</b>	<b>-389</b>

In 2021, total deferred tax consists of a net tax liability of EUR 791k concerning Danish joint taxation and a deferred tax asset of EUR 108k from the permanent establishment in England, for a total of EUR 683k

In 2020, total deferred tax consists of a net tax liability of EUR 497k concerning Danish joint taxation and a deferred tax asset of EUR 108k from the permanent establishment in England, for a total of EUR 389k.



NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management

Independent auditor’s report

Consolidated financial statements

Notes to the consolidated financial statements

- 1 BASIS OF REPORTING
- 2 OPERATING ACTIVITIES
- 3 OPERATING ASSETS AND LIABILITIES
- 4 CAPITAL STRUCTURE AND FINANCING

5 TAX

- 5.1 Income tax expense
- 5.2 Deferred tax

6 OTHER DISCLOSURES

- 6.1 Commitments and contingencies
- 6.2 Share-based payments
- 6.3 Fees to auditors
- 6.4 Related party transactions
- 6.5 Subsequent events
- 6.6 Legal entities

Parent company financial statements

Notes to the parent company financial statements

2 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.

3 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 ZITON Contractors A/S, Hangout A/S, Green Wind Enterprise ApS, Wind Enterprise P/S and the parent company Jack-Up Holding A/S and the ultimate parent company Anpartsselskabet af 1. december 2011. Anpartsselskabet af 1. december 2011 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.

The majority of the Group’s taxable income is located in Denmark, and therefore the majority of the tax base is subject to Danish tax legislation. As such, the Group has elected to participate in the Danish tonnage tax scheme; the participation is binding until 31 December 2024.

The Group expects to participate in the tonnage tax scheme after the binding period and, as a minimum, to maintain an investing and activity level equivalent to that at the time of entering the tonnage tax scheme.

Under the Danish tonnage tax scheme, income and expenses from shipping activities are not subject to direct taxation, and accordingly an effective rate reconciliation has not been provided, as it would not provide any meaningful information. Instead, the taxable income is calculated from the net tonnage of the vessels used to generate the income from shipping activities

6.1 COLLATERAL, COMMITMENTS AND CONTINGENCIES

Collateral security for borrowings

ZITON A/S’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), a second lien bond (ISIN NO 0010832512) and a subordinated loan 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. The total carrying amount for the three vessels of EUR 132,257k have been pledged for a total amount of 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 NO0010911126), 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 total carrying amount of EUR 47,792k have been pledged for a total amount of 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, the total carrying amount for the four vessels of EUR 180,049k (2020: EUR 138,912k) have been pledged for a total amount of EUR 205,662k (2020: EUR 195,267k).

Guarantee commitments

As part of the FSS WCF, the Group’s bank provided four guarantees all 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 is 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.

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.

NAVIGATION

→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management’s statement by the board of directors and executive management  
Independent auditor’s report  
Consolidated financial statements

Notes to the consolidated financial statements

- 1 BASIS OF REPORTING
- 2 OPERATING ACTIVITIES
- 3 OPERATING ASSETS AND LIABILITIES
- 4 CAPITAL STRUCTURE AND FINANCING
- 5 TAX
- 6 OTHER DISCLOSURES
- 6.1 Commitments and contingencies
- 6.2 Share-based payments
- 6.3 Fees to auditors
- 6.4 Related party transactions
- 6.5 Subsequent events
- 6.6 Legal entities

Parent company financial statements  
Notes to the parent company financial statements

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 consultations 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.

6.2 SHARE-BASED PAYMENTS

**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 has been 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 has approved an adjustment of the number of warrants to management and selected employees in 2016.

**Management and selected employees (granted in 2012):** The warrants may be exercised in whole or in part during a 10-year period from the date of the holder’s subscription for warrants. Each warrant entitles 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 are made to the company’s capital structure involving a reduction or increase in the value of the warrants, the company’s Board of Directors must adjust the subscription price and/or the number of warrants, as applicable, to ensure that the value of the warrants remains unaffected by the change.

**Subordinated loan provider (granted in 2012):** The warrants may be exercised, in whole or in part, prior to the final repayment date in 2022. Each warrant shall 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 are implemented, causing the value of the warrants to increase or decline, the Subscription Price will be adjusted accordingly, depending on the circumstances, to the effect that the value of the warrants remains unaffected by the changes.

**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 carry a fair value of EUR 0, as the value has 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 carry a fair value of EUR 7k.

	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
<b>Outstanding warrants at 31 December 2021</b>	<b>327,329</b>	<b>51,078</b>	<b>99,500</b>	<b>477,907</b>
Number of exercisable options at 31 December 2021				<b>477,907</b>
<b>Fair value at the time of grant (EUR '000)</b>	<b>68</b>	<b>10</b>	<b>64</b>	<b>142</b>

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.

	Staff expenses		Interests	
2020				
Warrants – amount and value in EUR	Management	Employees	Subordinated loan provider	Total
Outstanding warrants at 1 January 2020	327,329	51,078	99,500	477,907
<b>Outstanding warrants at 31 December 2020</b>	<b>327,329</b>	<b>51,078</b>	<b>99,500</b>	<b>477,907</b>
Number of exercisable options at 31 December 2020				<b>477,907</b>
<b>Fair value at the time of grant (EUR '000)</b>	<b>68</b>	<b>10</b>	<b>64</b>	<b>142</b>

No warrants were granted, exercised or cancelled in 2020. The fair value of the warrants is fully recognised, hence there was no effect in the income statement or equity during 2020.

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.

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

## THE OFFSHORE WIND INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

## FINANCIAL STATEMENTS AND FINANCIAL REVIEW

Management's statement by the board of directors and executive management

Independent auditor's report

Consolidated financial statements

Notes to the consolidated financial statements

1 BASIS OF REPORTING

2 OPERATING ACTIVITIES

3 OPERATING ASSETS AND LIABILITIES

4 CAPITAL STRUCTURE AND FINANCING

5 TAX

6 OTHER DISCLOSURES

6.1 Commitments and contingencies

6.2 Share-based payments

6.3 Fees to auditors

6.4 Related party transactions

6.5 Subsequent events

6.6 Legal entities

Parent company financial statements

Notes to the parent company financial statements

## 6.3 FEES TO AUDITORS

The Group's fees to auditors appointed at the Annual General Meeting are listed below:

### Fees to auditors appointed by the Annual General Meeting

EUR '000	2021	2020
<b>BDO Statsautoriseret revisionsaktieselskab</b>		
Statutory audit	101	71
Assurance engagements	5	3
Tax advisory	5	25
Other services	1	1
<b>Total</b>	<b>112</b>	<b>100</b>

## 6.4 RELATED PARTY TRANSACTIONS

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

### Remuneration

	Executive Management		Board of Directors	
EUR '000	2021	2020	2021	2020
Wages and salaries	425	359	32	54
Pensions – defined contribution plans	-	-	-	-
Other social security costs	-	-	-	-
<b>Total</b>	<b>425</b>	<b>359</b>	<b>32</b>	<b>54</b>

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

## Trading and accounts with related parties

EUR '000	2021	2020
<b>Balance sheet items</b>		
<b>Intercompany balances</b>		
Effect of joint taxation with Jack-Up Holding A/S and Anpartsselskabet af 1. december 2011	1,140	422
<b>Profit and loss</b>		
Transactions with Dansk Bjergrning & Bugsering A/S	-	18

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

## 1 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

ZITON A/S is controlled by Jack-Up Holding A/S, which holds 68.3% of the share capital in ZITON A/S. Dansk Bjergrning & Bugsering Holding ApS, Enterprise Shipping B.V. (Vroon B.V.) and OY Finans ApS hold 16.5%, 9.5% and 5.6% of the share capital respectively. The ultimate controlling party of the Group is Jack-Up Holding A/S's holding company, Anpartsselskabet af 1. december 2011.

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.

## 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 22 June 2022.



NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management’s statement  
by the board of directors  
and executive management  
  
Independent auditor’s  
report  
  
Consolidated financial  
statements

› Notes to the consolidated  
financial statements

- 1 BASIS OF REPORTING
- 2 OPERATING ACTIVITIES
- 3 OPERATING ASSETS AND  
LIABILITIES
- 4 CAPITAL STRUCTURE AND  
FINANCING
- 5 TAX
- 6 OTHER DISCLOSURES
- 6.1 Commitments and  
contingencies
- 6.2 Share-based payments
- 6.3 Fees to auditors
- 6.4 Related party transactions
- 6.5 Subsequent events
- 6.6 Legal entities

Parent company financial  
statements

Notes to the parent  
company financial  
statements

6.6 LEGAL ENTITIES

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

\* 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.



Crane operator doing  
maintenance work on the  
auxiliary crane at J/U WIND

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

› Parent company financial  
statements

Income statement

Balance sheet

Statement of changes in  
equity

Notes to the parent  
company financial  
statements



First officer  
on the bridge  
at J/U WIND  
ENTERPRISE

# PARENT COMPANY FINANCIAL STATEMENT

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

PARENT COMPANY			
EUR '000	Note	2021	2020
<b>Revenue</b>		<b>43,907</b>	<b>49,636</b>
Other operating income		-	-
Project-related expenses		-19,402	-14,107
Operating expenses		-4,339	-13,941
<b>Gross profit</b>		<b>20,166</b>	<b>21,588</b>
Administrative expenses		-1,701	-2,789
Staff costs	2.1	-8,728	-10,305
<b>EBITDA</b>		<b>9,737</b>	<b>8,494</b>
Depreciation and amortisation	3.1-3.2	-8,550	-7,971
<b>EBIT</b>		<b>1,188</b>	<b>523</b>
Income from equity investments		3,641	2,969
Financial income	2.2	175	1,026
Financial expenses	2.2	-20,292	-19,866
<b>Income before tax</b>		<b>-15,288</b>	<b>-15,347</b>
Tax on profit (loss)	2.3	-	298
<b>Income for the year</b>		<b>-15,288</b>	<b>-15,049</b>

## NAVIGATION

→ Click section to expand and  
click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

› Parent company financial  
statements

Income statement

Balance sheet

Statement of changes in  
equity

Notes to the parent  
company financial  
statements

## BALANCE SHEET AT 31 DECEMBER - ASSETS

		PARENT COMPANY	
EUR '000	Note	2021	2020
<b>ASSETS</b>			
Intangible assets	3.1	104	100
<b>Intangible assets</b>		<b>104</b>	<b>100</b>
Vessels	3.2	132,257	185,292
Fixtures & equipment	3.2	711	601
<b>Tangible assets</b>		<b>132,968</b>	<b>185,893</b>
Investments in subsidiaries	3.4	33,081	29,424
Deferred tax asset	3.3	108	108
Long-term receivables, subsidiaries		13,200	-
<b>Financial assets</b>		<b>46,389</b>	<b>29,532</b>
Inventories		193	233
Trade receivables		1,877	1,901
Intercompany receivables, subsidiaries		5,570	782
Other receivables		350	337
Prepayments		353	179
Cash and cash equivalents		572	120
<b>Current assets</b>		<b>8,915</b>	<b>3,552</b>
<b>Total assets</b>		<b>188,377</b>	<b>219,077</b>

## BALANCE SHEET AT 31 DECEMBER - EQUITY AND LIABILITIES

		PARENT COMPANY	
EUR '000	Note	2021	2020
<b>EQUITY</b>			
Share capital		14,473	13,098
Reserves		237	-6,408
Retained earnings		-37,194	-23,886
<b>Total equity</b>		<b>-22,484</b>	<b>-17,196</b>
<b>LIABILITIES</b>			
Subordinated loan	4.1	34,511	29,574
Bond loan, second lien	4.1	37,048	32,322
Bond loan, first lien		-	94,414
Lease obligations		203	178
Deferred tax liabilities	3.3	515	326
Provision for other liabilities		-	293
<b>Total non-current liabilities</b>		<b>72,277</b>	<b>157,107</b>
Bond loan, first lien	4.1	95,076	3,482
Lease obligations		-	42,257
Working capital facility		9,202	600
Trade payables		1,175	1,957
Intercompany payables, subsidiaries		31,162	29,936
Provision for other liabilities		1,969	934
<b>Total current liabilities</b>		<b>138,584</b>	<b>79,166</b>
<b>Total liabilities</b>		<b>210,861</b>	<b>236,273</b>
<b>Total equity and liabilities</b>		<b>188,377</b>	<b>219,077</b>



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

› Parent company financial  
statements

Income statement

Balance sheet

Statement of changes in  
equity

Notes to the parent  
company financial  
statements

## STATEMENT OF CHANGES IN EQUITY

## PARENT COMPANY

2021 EUR '000	Share capital	Reserve for warrants	Translation reserves	Cash flow hedges	Reserve for equity value	Total reserves	Retained earnings	Total equity
<b>Balance at 31 December 2020</b>	<b>13,098</b>	<b>142</b>	<b>94</b>	-	<b>-6,644</b>	<b>-6,408</b>	<b>-23,886</b>	<b>-17,196</b>
Exchange rate adjustments	-	1	-	-	-89	-88	86	-2
Total income for the year, after tax	-	-	-	-	3,641	3,641	-18,927	-15,286
Dividend received	-	-	-	-	-9,215	-9,215	9,215	-
Transferred between reserves	-	-	-	-	12,307	12,307	-12,307	-
Capital increase	1,375	-	-	-	-	-	8,625	10,000
<b>Balance at 31 December 2021</b>	<b>14,473</b>	<b>143</b>	<b>94</b>	-	-	<b>237</b>	<b>-37,194</b>	<b>-22,484</b>

**Share capital**

At the end of 2021, the share capital consisted of 97,782,192 shares of DKK 1 each (EUR 13,104K). The shares are divided into two classes: 15,118,416 A shares of DKK 1 each and 82,663,782 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.

**Specification of movements in the share capital**

EUR '000	2021	2020	2019	2018	2017
Share capital	14,473	13,098	13,098	11,093	11,093



Blade exchange  
at J/U WIND

NAVIGATION  
→ Click section to expand and click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management’s statement  
by the board of directors  
and executive management

Independent auditor’s  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› Notes to the parent  
company financial  
statements

1.1 Basis of reporting

2.1 Staff costs

2.2 Net financial expenses

2.3 Income tax expenses

3.1 Intangible assets

3.2 Vessels and equipment

3.3 Financial assets

3.4 Deferred tax

4.1 Loans

4.2 Distribution of profit

5.1 Commitments and  
contingencies

5.2 Share-based payments

5.3 Fees to auditors

5.4 Related party transactions

5.5 Subsequent events

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.

Subsidiaries with negative net asset value are recognised at EUR 0m, 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.

2.1 STAFF COSTS

Total staff costs		PARENT COMPANY	
EUR '000		2021	2020
<b>Staff costs</b>			
Wages and salaries		8,012	9,663
Pensions - defined contributions plans		570	561
Other social security costs		147	81
<b>Total staff costs</b>	<b>I/S</b>	<b>8,728</b>	<b>10,305</b>
of which remuneration to: Management *		425	359
Board of Directors		32	54
<b>Average number of employees</b>			
<b>Total employees</b>		<b>173</b>	<b>153</b>

\* Executive Management registered with the Danish Business Authority (Erhvervsstyrelsen)

2.2 NET FINANCIAL EXPENSES

		PARENT COMPANY	
EUR '000		2021	2020
<b>Financial income</b>			
Financial income, related parties		-	892
Other financial income		175	134
<b>Total financial income</b>	<b>I/S</b>	<b>175</b>	<b>1,026</b>
<b>Financial expenses</b>			
Financial expenses, related parties		185	982
Other financial expenses		20,107	18,884
<b>Total financial expenses</b>	<b>I/S</b>	<b>20,292</b>	<b>19,866</b>
<b>Net financial expenses</b>			
		<b>20,117</b>	<b>18,840</b>

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› Notes to the parent  
company financial  
statements

1.1 Basis of reporting

2.1 Staff costs

2.2 Net financial expenses

2.3 Income tax expenses

3.1 Intangible assets

3.2 Vessels and equipment

3.3 Financial assets

3.4 Deferred tax

4.1 Loans

4.2 Distribution of profit

5.1 Commitments and  
contingencies

5.2 Share-based payments

5.3 Fees to auditors

5.4 Related party transactions

5.5 Subsequent events

## 2.3 INCOME TAX EXPENSE

PARENT COMPANY		
EUR '000	2021	2020
<b>Current tax</b>		
Current tax on income for the year	-	-
Adjustments in respect of prior years - current tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax (note 3.4)</b>		
Deferred tax on the income (profit/loss) for the year	-	298
Adjustments in respect of prior years - deferred tax	-	-
<b>Total deferred tax</b>	-	298
<b>Income tax expenses</b>	I/S	298

## 3.1 INTANGIBLE ASSETS

PARENT COMPANY		
2021 EUR '000	Software	Total
Cost at 1 January	172	172
Exchange rate adjustments	1	1
Additions	35	35
Disposals	-	-
<b>Cost at 31 December</b>	<b>208</b>	<b>208</b>
Depreciation at 1 January	-72	-72
Exchange rate adjustments	-	-
Depreciation	-32	-32
Disposals	-	-
<b>Depreciation at 31 December</b>	<b>-104</b>	<b>-104</b>
Impairment losses at 1 January	-	-
Impairment losses at 31 December	-	-
<b>Carrying amount at 31 December</b>	B/S	104



ZITON crew replacing  
radiator cooler for diesel  
generator at J/U WIND



## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› Notes to the parent  
company financial  
statements

1.1 Basis of reporting

2.1 Staff costs

2.2 Net financial expenses

2.3 Income tax expenses

3.1 Intangible assets

3.2 Vessels and equipment

3.3 Financial assets

3.4 Deferred tax

4.1 Loans

4.2 Distribution of profit

5.1 Commitments and  
contingencies

5.2 Share-based payments

5.3 Fees to auditors

5.4 Related party transactions

5.5 Subsequent events

## 3.2 VESSELS AND EQUIPMENT

	PARENT COMPANY		
2021 EUR '000	Fixtures & equipment	Vessels	Total
Cost at 1 January	1,374	223,396	224,769
Exchange rate adjustments	1	85	85
Additions	306	1,228	1,534
Additions on leased assets	208	-	208
Disposals	-257	-49,340	-49,597
<b>Cost at 31 December</b>	<b>1,631</b>	<b>175,368</b>	<b>176,999</b>
Depreciation at 1 January	-772	-38,103	-38,876
Exchange rate adjustments	-	-14	-15
Depreciation	-181	-8,225	-8,406
Depreciations on leased assets	-112	-	-112
Disposals	147	3,232	3,378
<b>Depreciation at 31 December</b>	<b>-919</b>	<b>-43,111</b>	<b>-44,031</b>
Impairment losses at 1 January	-	-	-
Impairment losses at 31 December	-	-	-
<b>Carrying amount at 31 December</b>	<b>B/S 711</b>	<b>132,257</b>	<b>132,968</b>
- of which interior and design	-	-	-
- of which finance leases	281	-	281

## 3.3 DEFERRED TAX

	PARENT COMPANY	
EUR '000	2021	2020
Deferred tax 1 January	-326	2,808
Merger of Jack-Up InvestCo 2 A/S	-	-3,245
Change in deferred tax - recognised in the income statement	-	298
Utilisation of tax loss in joint taxation	-	-187
Adjustment to deferred tax asset	-81	-
<b>Total deferred tax, net at 31 December</b>	<b>B/S -407</b>	<b>-326</b>
<b>Deferred tax gross</b>		
Deferred tax asset	108	6,736
Deferred tax liability	-515	-7,062
<b>Total deferred tax, net at 31 December</b>	<b>B/S -407</b>	<b>-326</b>

NAVIGATION  
→ Click section to expand and  
click chapter to jump to it.

ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

STRATEGIC DIRECTION

BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management’s statement  
by the board of directors  
and executive management

Independent auditor’s  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› Notes to the parent  
company financial  
statements

- 1.1 Basis of reporting
- 2.1 Staff costs
- 2.2 Net financial expenses
- 2.3 Income tax expenses
- 3.1 Intangible assets
- 3.2 Vessels and equipment
- 3.3 Financial assets
- 3.4 Deferred tax
- 4.1 Loans
- 4.2 Distribution of profit
- 5.1 Commitments and contingencies
- 5.2 Share-based payments
- 5.3 Fees to auditors
- 5.4 Related party transactions
- 5.5 Subsequent events

3.4 FINANCIAL ASSETS

2021 EUR '000	PARENT COMPANY								
	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	99	-	25	301	28,001	5	54	67	28,552
Exchange rate adjustments	8	-	-	-	-	-	-	-	9
Disposals	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
<b>Cost at 31 December</b>	<b>107</b>	<b>-</b>	<b>25</b>	<b>301</b>	<b>28,001</b>	<b>5</b>	<b>54</b>	<b>67</b>	<b>28,561</b>
Adjustments at 1 January	14	24	7	-14	9,215	-	-	848	10,094
Exchange rate adjustments	4	14	-	-	-	-	-1	-	17
Dividend received	-	-	-	-	-9,215	-	-	-	-9,215
Profit during the year	14	11	2	-29	-35	-	2,759	881	3,603
<b>Adjustments at 31 December</b>	<b>31</b>	<b>49</b>	<b>9</b>	<b>-43</b>	<b>-35</b>	<b>-</b>	<b>2,758</b>	<b>1,730</b>	<b>4,500</b>
<b>Total</b>	<b>139</b>	<b>50</b>	<b>34</b>	<b>258</b>	<b>27,966</b>	<b>5</b>	<b>2,812</b>	<b>1,797</b>	<b>33,061</b>
Transfer to other liabilities	-	-	-	-	-	-	-	-	-
<b>Carrying amount at 31 December</b>	<b>B/S 139</b>	<b>50</b>	<b>34</b>	<b>258</b>	<b>27,966</b>	<b>5</b>	<b>2,812</b>	<b>1,797</b>	<b>33,061</b>

Legal entities

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 Plc - 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%)



ZITON crew and technicians  
preparing for a major component  
replacement at J/U WIND

## NAVIGATION

→ Click section to expand and click chapter to jump to it.

## ABOUT ZITON

THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES

## STRATEGIC DIRECTION

## BUSINESS PERFORMANCE

FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› Notes to the parent  
company financial  
statements

- 1.1 Basis of reporting
- 2.1 Staff costs
- 2.2 Net financial expenses
- 2.3 Income tax expenses
- 3.1 Intangible assets
- 3.2 Vessels and equipment
- 3.3 Financial assets
- 3.4 Deferred tax
- 4.1 Loans
- 4.2 Distribution of profit
- 5.1 Commitments and contingencies
- 5.2 Share-based payments
- 5.3 Fees to auditors
- 5.4 Related party transactions
- 5.5 Subsequent events

## 4.1 LOANS

PARENT COMPANY				
2021 EUR '000	Current debt		Non-current debt	
	0-1 year	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
<b>Total</b>	<b>B/S</b>	<b>95,076</b>	<b>71,762</b>	<b>-</b>
2020 EUR '000	Current debt		Non-current debt	
	0-1 year	1-5 years	After 5 years	Total
Subordinated loan	-	29,574	-	29,574
Bond loan, second lien	-	32,322	-	32,322
Bond loan, first lien	3,482	94,414	-	97,896
Lease obligations	42,257	178	-	42,435
<b>Total</b>	<b>B/S</b>	<b>45,739</b>	<b>156,488</b>	<b>-</b>

## 4.2 PROPOSED DISTRIBUTION OF PROFIT

PARENT COMPANY		
EUR '000	2021	2020
Reserve for equity value	3,641	2,969
Dividend from subsidiary	-9,215	-9,221
Accumulated profit (loss)	-9,714	-8,798
<b>Proposed distribution of profit</b>	<b>-15,288</b>	<b>-15,049</b>

## 5.1 COMMITMENTS AND CONTINGENCIES

## Commitments (operating lease arrangements)

See note 6.1 to the consolidated financial statements.

## Contingencies

## Lease obligations

Operating leases in 2020 and 2021 relate to leases of office and cars.

## Operating leases

EUR '000	2021	2020
Recognised in the income statement in respect of rentals:		
Within 1 year	258	267
Between 1 and 5 years	516	534
After 5 years	-	-
<b>In total</b>	<b>774</b>	<b>800</b>

## Security

ZITON A/S credit facilities includes a First Super Senior Working Capital Facility ("FSS WCF"), a Second Super Senior Working Capital Facility ("SSS WCF"), first lien bond (ISIN NO 0010832488), second lien bond (ISIN NO 0010832512) and a subordinated loan 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. The total carrying amount for the three vessels of EUR 132,257k (2020: EUR 138,912k) have been pledged for a total amount of EUR 176,038k (2020: EUR 195,267k).

ZITON A/S has pledged the shares in the wholly-owned Jack-Up InvestCo 3 Plc., Wind Enterprise P/S and Green Wind Enterprise ApS.

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.



**NAVIGATION**

→ Click section to expand and  
click chapter to jump to it.

**ABOUT ZITON****THE OFFSHORE WIND  
INDUSTRY AND O&M SERVICES****STRATEGIC DIRECTION****BUSINESS PERFORMANCE****FINANCIAL STATEMENTS  
AND FINANCIAL REVIEW**

Management's statement  
by the board of directors  
and executive management

Independent auditor's  
report

Consolidated financial  
statements

Notes to the consolidated  
financial statements

Parent company financial  
statements

› **Notes to the parent  
company financial  
statements**

1.1 Basis of reporting

2.1 Staff costs

2.2 Net financial expenses

2.3 Income tax expenses

3.1 Intangible assets

3.2 Vessels and equipment

3.3 Financial assets

3.4 Deferred tax

4.1 Loans

4.2 Distribution of profit

5.1 Commitments and  
contingencies

5.2 Share-based payments

5.3 Fees to auditors

5.4 Related party transactions

5.5 Subsequent events

**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**

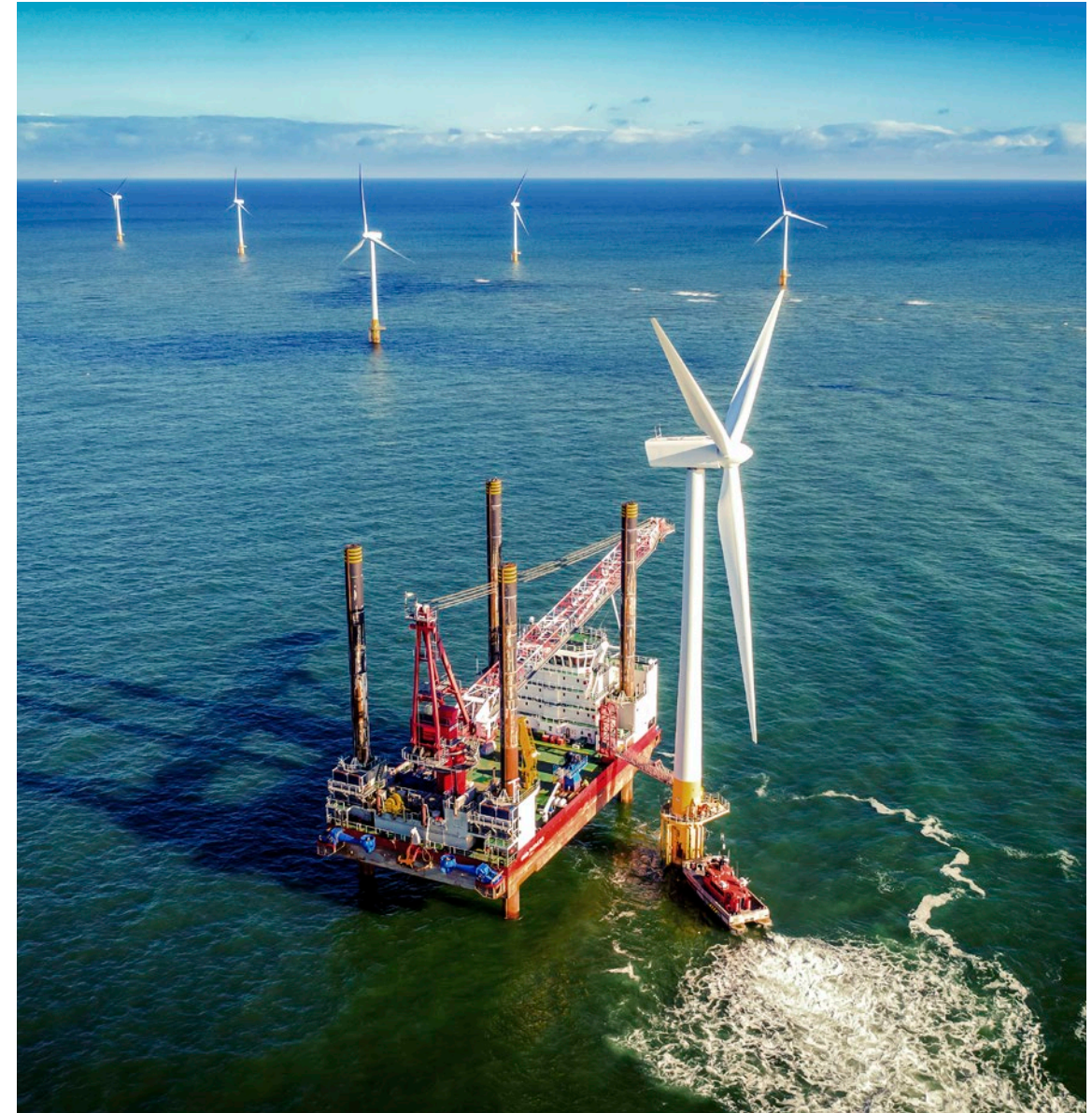
See note 6.4 to the consolidated financial statements.

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

The ownership shares above 5% are listed on page 15 in this report.

**5.5 SUBSEQUENT EVENTS**

See note 6.5 to the consolidated financial statements.



J/U WIND PIONEER jacked  
up next to turbine at the  
Sheringham Shoal wind farm