Interim report Q4 2020

ZITON A/S
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Highlights of the report

Highlights of Q4 2020

- On 17 December 2020, Siemens Gamesa Renewable Energy (SGRE) and ZITON signed a time charter of 3 years and 8 months for J/U WIND ENTERPRISE. During January and February 2021, J/U WIND ENTERPRISE completed 10-year 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. J/U WIND ENTERPRISE is ready to enter into a fixed time charter from 1 March 2021 to 31 October 2024. As customary for time charter contracts, SGRE will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenor of time charter. SGRE will take on the full weather risk while ZITON will be responsible for operational uptime of the vessel.
- On 18 December 2020, ZITON exercised is purchase option to acquire J/U WIND ENTERPRISE. Purchase of the vessel was closed in January 2021. ZITON established Wind Enterprise P/S as a fully owned subsidiary to ringfence the cash flow from the SGRE long-term charter and security in the vessel J/U WIND ENTERPRISE. This enabled Wind Enterprise P/S to issue a bond loan of EUR 35.0m to finance acquisition of the vessel, together with issuing new shares to the seller of the vessel equivalent to EUR 10.0m.
- SGRE and ZITON have signed a final contract to repair and upgrade blades on 80 turbines at the Meerwind Süd/Ost Offshore Wind Farm. J/U WIND SERVER will be occupied on the Meerwind project from March 2021 and the next 9-12 months depending mostly on weather. According to the terms of the Meerwind contract, ZITON will receive a fixed price per intervention plus compensation for adverse weather days (up to a predetermined time-period), thus significantly reducing weather risk for ZITON.
- During Q4 2020, ZITON was exposed to an outbreak of COVID-19 on J/U WIND SERVER that caused the vessel in being out of operations for six weeks and delayed completion of other operations. This had a negative effect on ZITON's EBITDA, which ended the full year 2020 at EUR 13.4m, below the most recent guidance EBITDA of EUR 14-16m.
- From begin March, J/U WIND ENTERPRISE will go on time charter with SGRE for 3 years and 8 months, and J/U WIND SERVER will initiate the Meerwind blade campaign for the remainder of 2021. These two contracts cover approx. 2/3 of the revenue forecast for 2021, which together with reduced weather risk provides a high degree of visibility into earnings for 2021. However, the delay caused by COVID-19 during Q4 2020 had a knock-on effect on project completion into Q1 2021. Further, initiation of the Meerwind blade campaign was postponed by two months mainly resulting from customer delays. As a result, we are lowering our EBITDA guidance for 2021. The following sets out our KPI Guidance for 2021:
  - **Weighted average utilisation rate**. We expect a utilisation rate in the range of 55%-65%.
  - **EBITDA**. We expect EBITDA to be in the range of EUR 20-25m, compared to previous expectations of EBITDA in the range of EUR 25-30m.
  - **Cash flow from operating activities** is defined as EBITDA less changes in working capital. We expect cash flows from operating activities of EUR 18-23m.
  - **CAPEX.** We expect CAPEX of up to EUR 5.0m, including CAPEX for 10-year classing of J/U WIND ENTERPRISE before entering into the SGRE long-term time charter.

Information in this report

The information provided in this interim report is submitted in accordance with the Bond Agreements on FRN ZITON A/S EUR 100,000,000 callable bonds 2018/2022 (ISIN NO 0010832488) and FRN second secured EUR 25,000,000 callable PIK bonds 2018/2023 (ISIN NO 0010832512).

As required under the Bond Agreements, the consolidated financial statements of ZITON A/S are prepared in accordance with IFRS with Euro as the reporting currency.

This report has not been reviewed or audited by the company's auditors.

Disclaimer

This report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Although the Company believes that these assumptions were reasonable when made, the statements provided in this report are solely opinions and forecasts which are subject to uncertainty, risks, contingencies and other important factors which are difficult or impossible to predict and are beyond the Company's control. A multitude of factors may cause actual results to differ significantly from any anticipated development expressed or implied in this document. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statement.

Management Review

Market activity

The activity level for regular major component replacement was relatively strong in second half 2020, compared to the same period the year before.

Our analysis shows that the increase is driven by older turbines, where wear and tear increasingly seem to drive the need for component replacement. In addition, it was partly a consequence of the outbreak of coronavirus causing postponement of major component replacements from Q2 2020 to the second half of 2020.

The market for blade campaigns continues to develop favourably, but this market is more erratic, and initiation of such larger projects is subject to uncertainty and wider competition.

Contract developments

ZITON's current contracts within offshore wind O&M include:

- On 17 December 2020, Siemens Gamesa Renewable Energy (SGRE) and ZITON signed a time charter of 3 years and 8 months for J/U WIND ENTERPRISE (SGRE long-term charter).

  J/U WIND ENTERPRISE will enter into a fixed time charter from 1 March 2021 to 31 October 2024. As customary for time charter contracts, SGRE will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenor of the time charter. SGRE will take on the full weather risk while ZITON will be responsible for operational uptime of the vessel.
- In August 2020, SGRE and ZITON entered into final negotiations to repair and upgrade blades on 80 turbines at the Meerwind Süd/Ost Offshore Wind Farms (Meerwind). The contract was finally signed in Q1 2021, leading to a delayed initiation of the project by approx. 2 months. J/U WIND SERVER will be occupied on the Meerwind project from March 2021 and the next 9-12 months depending mostly on weather. According to the terms of the Meerwind contract, ZITON will receive a fixed price per intervention plus compensation for adverse weather days (up to a predetermined time-period), thus significantly reducing weather risk for ZITON.
- On 1 May 2019, Ørsted and ZITON signed a framework agreement covering nine of Ørsted's offshore wind farms. The contract expires in March 2022.
- On 18 December 2019, Vestas Offshore Wind and ZITON signed a three-year framework agreement. The framework agreement is an extension and amendment of the two companies' former framework agreement. Most of the turbines for which Vestas has jack-up requirements are for their 8+MW turbines. J/U WIND ENTERPRISE is the only one of ZITON's vessel that can service these turbines. As J/U WIND ENTERPRISE is on SGRE long-term charter, ZITON will be constrained in our ability to service Vestas on their larger turbines.
- ZITON's framework agreement with Vattenfall Wind Power AB expired in November 2020. Vattenfall has completed a tender to service both smaller and larger 8+MW turbines. As J/U WIND ENTERPRISE is on SGRE long-term charter and J/U WIND SERVER is occupied on the Meerwind project for most of 2021, ZITON is constrained in its ability to service Vattenfall on their larger turbines. However, ZITON was selected second supplier, which involves that if the first supplier declines to carry out a specific component exchange, ZTION will have the opportunity to assist Vattenfall. Negotiation on final terms of this four-year contract as second supplier is ongoing.

Competitive environment

ZITON is the clear market leader within dedicated O&M services for major component replacements at offshore wind farms. The primary business of most other jack-up vessels is within Transport & Installation ("T&I") of new offshore wind farms. From time-to-time T&I vessel are also used for O&M services. The main exception is Van Oord, that recently was selected first supplier for the four-year framework agreement with Vattenfall.

Vessel operations

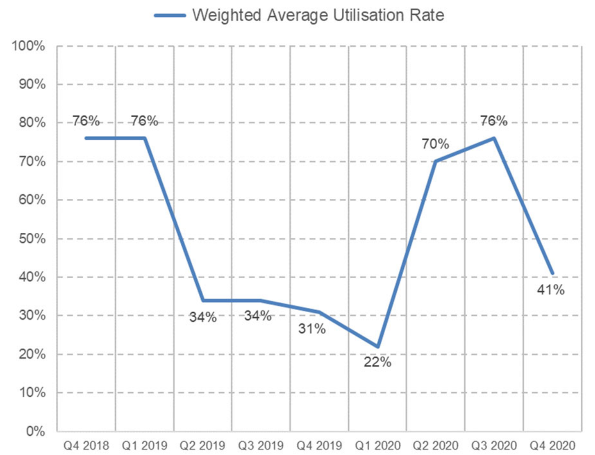
On 18 December 2020, ZITON exercised its purchase option to acquire J/U WIND ENTERPRISE. Purchase of the vessel was closed in January 2021. During January and February 2021, J/U WIND ENTERPRISE completed 10-years dry-dock surveys and repairs to maintain the vessel in good condition to avoid unexpected off-hire days going into the SGRE long-term charter. During the stay in the dry dock various damages to the legs and the jetting system were discovered. In order to avoid conditions of class, these critical conditions were repaired. As it was not possible to detect these damages before the vessel was in dry dock, the cost of the docking stay exceeded the budget cost of 1.6 MEUR by 1.0 MEUR. According to the operational support agreement between ZITON A/S and Wind Enterprise P/S, ZITON A/S will be reimbursed when the cash generation can cover the additional Capex. Cash flow predictions show that this should be achieved during 1H 2021. The vessel is now fully functional to enter into the SGRE long-term charter on 1 March 2021.

In December 2020, J/U WIND SERVER completed the WoDS blade campaign to repair and upgrade the blades on 108 turbines at the West of Duddon Sands Offshore Wind Farm. The vessel is currently, operating on another project until initiating the Meerwind blade campaign during March 2021. For the Meerwind blade campaign ZITON will provide a full turnkey solution including, among other things, jack-up, lifting equipment, lift planning, technicians and blade repair including repair facilities.

During the quarter, J/U WIND and J/U WIND PIONEER operated under framework agreements with Ørsted, Vattenfall and Vestas Offshore Wind as well as other tenders attained.

Utilisation rates

The weighted average utilisation rate for Q4 2020 was at 41%, and 52% for the full year 2020.



Note: Weighted average utilisation rate is calculated as vessel revenue and other operating income deducting project-related expenses during the quarter divided by full utilisation at standard rates of EUR 185k/day (EUR 135k/day until the end of June 2019). Each vessel has a different weighting depending on its specifications.

Review of guidance for 2020

	Initial guidance 04-Dec-19	Revised guidance 27-Feb-20	Revised guidance 14-May-20	Revised guidance 27-Aug-20	Revised guidance 19-Nov-20	Actual 2020 25-Feb-21
Weighted average utilisation rate	No specific guidance	65-75%	60-70%	50-60%	50-55%	52%
EBITDA	EUR 24-30m	EUR 20-24m	EUR 18-22m	EUR 15-18m	EUR 14-16m	EUR 13.4m
Cash flows from operating activities	No specific guidance	EUR 12-16m	EUR 10-14m	EUR 7-10m	EUR 5-7m	EUR 7.1m
CAPEX	No specific guidance	Up to EUR 4m	Up to EUR 4m	Up to EUR 4m	Up to EUR 2m	EUR 2.6m

We provided initial guidance to the bondholders on 4 December 2019 in connection with Summons for Written Resolution for approval of an advance payment of 5.5 MGBP on the now completed WoDS blade campaign.

At the release of our Q4 2019 interim report published on 27 February 2020, we reduced guidance for EBITDA of EUR 20-24m. The reason being that work was halted at WoDS for two weeks in January 2020, as a consequence of 2 work incidents. The contractor was reassured that safety policies and procedures were satisfactory. In addition, the weather remained a challenge for the first two months of 2020, as it was at the end of 2019.

In Q1 2020 adverse weather continued to negatively impact operations, and we lowered our EBITDA guidance on 14 May 2020 to EUR 18-22m.

Market activity during Q2 2020 was influenced by the coronavirus, that resulted in postponement of major component replacements. Consequently, we lowered our EBITDA guidance on 27 August 2020 to EUR 15-18m.

In the beginning of Q4 2020, an outbreak of COVID-19 occurred on J/U WIND SERVER operating on the WoDS blade campaign. ZITON reacted swiftly and was able to encapsulate the outbreak to four people. However, due to quarantining of the vessel and subsequently up manning of the vessel to be fully operational, resulted in the vessel being out of operations for six weeks. As a result, we lowered our EBITDA guidance on 19 November 2020 to EUR 14-16m.

The impact from the COVID-19 delayed J/U WIND SERVER in completing other operations during Q4 2020. It had a negative effect on ZITON's EBITDA, which ended the full year 2020 at EUR 13.4m, below the most recent guidance EBITDA of EUR 14-16m.

Outlook for 2021

From begin March, J/U WIND ENTERPRISE will go on time charter with SGRE for 3 years and 8 months, and J/U WIND SERVER will initiate the Meerwind blade campaign for the remainder of 2021. These two contracts cover approx. 2/3 of the revenue forecast for 2021, which together with reduced weather risk provides a high degree of visibility into earnings for 2021. However, the delay caused by COVID-19 during Q4 2020 had a knock-on effect on project completion into Q1 2021. Further, initiation of the Meerwind blade campaign was postponed by two months mainly resulting from customer delays. As a result, we are lowering our EBITDA guidance for 2021. The following sets out our KPI Guidance for 2021:

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- **EBITDA**. We expect EBITDA to be in the range of EUR 20-25m, compared to previous expectations of EBITDA in the range of EUR 25-30m.
- **Cash flow from operating activities** is defined as EBITDA less changes in working capital. We expect cash flows from operating activities of EUR 18-23m. This reflects a strong reduction of working capital achieved towards the end of 2020, which is not assumed to be repeated at the end of 2021.
- **CAPEX.** We expect CAPEX of up to EUR 5.0m, including CAPEX for 10-years classing of J/U WIND ENTERPRISE before entering into the SGRE long-term time charter.

Liquidity and capital structure

The operational challenges experienced during the first two months of 2020, resulted in financial performance below expectations and significant drain on liquidity. Consequently, a summons for written resolution was issued on 23 March 2020, resulting in bond holders' approval of the proposal on 6 April 2020.

In April 2020, following approval of the written resolution, the corporate loans were restructured, and a second super senior working capital facility of EUR 6.0m was provided, collectively improving the company's available liquidity by up to EUR 14.3m.

Bondholders of the 1st lien bond approved on 6 April 2020 a proposal to:

- Extend the maturity of the loan by 1 year to 3 October 2022;
- Waive covenants for the subordinated capital ratio until 31 December 2020;
- Postpone semi-annual amortization payments from 3 April 2020 and 3 October 2020 by one year to 3 April 2021 and 3 October 2021 respectively. Improving the liquidity of a total of EUR 5.0m in 2020, and;
- Option for the company to postpone quarterly interest payments on 3 April 2020 and 3 July 2020 until the bonds mature, improving the liquidity by up to EUR 3.3m. ZITON has, since then, utilised both options, for which bondholders were compensated by increasing the coupon by an additional 1%-point on the postponed amount.

The bondholders of the 2nd lien bond approved on 6 April 2020 a proposal to:

- Extend the maturity of the loan by one year to 3 April 2023, and;
- Waive covenants for the subordinated capital ratio until 31 December 2020.

The subordinated loan provider approved a proposal to:

- Extend the maturity of the loan by one year to 3 October 2023, and;
- Waive covenants for the subordinated capital ratio until 31 December 2020.

The bondholders and subordinated capital providers are compensated by, among other things, an increase in the coupon of 1%-point, new covenants and an improved call structure for early repayment. Detailed terms of the amendments to the bond terms are available in note 4.3 of the annual report 2019.

The new covenants include:

- 12 months rolling EBITDA of EUR 11m for the 2nd lien bond and EUR 9m for the 1st lien bond at the end of Q3 2020. This covenant is fulfilled.
- 12 months rolling EBITDA of EUR 14.0m for the 2nd lien bond (on 17 December 2020, amended to EUR 12.0m) and EUR 12.0m for the 1st lien bond at the end of Q4 2020. This covenant is fulfilled.
- Capital Issue of EUR 10.0m in subordinated capital to be in place before 31 December 2020 (on 17 December 2020, amended to be closed before 1 February 2021). This covenant is fulfilled.
- In addition, the bareboat charter for J/U WIND ENTERPRISE should be extended or the call option exercised in due time before 20 December 2020. This covenant is fulfilled.

With the objective of fulfilling the two last covenants listed above, ZITON exercised the call option to acquire J/U WIND ENTERPRISE on 18 December 2020, partly by issuing new shares to the seller of the vessel equivalent to EUR 10.0m. J/U WIND ENTERPRISE was acquired for EUR 42.5m, of which EUR 32.5m was cash and EUR 10.0m shares in ZITON A/S.

Acquisition of the vessel was financed by establishing Wind Enterprise P/S as a fully owned subsidiary of ZITON A/S. The EUR 10.0m in new capital was transferred into Wind Enterprise A/S as subordinated capital. Wind Enterprise P/S acquired the vessel J/U WIND ENTERPRISE and is counterpart with SGRE under the time charter contract. Wind Enterprise P/S has no employees, but an operational support agreement with ZITON A/S that performs all services related to sales, technical management, operations, crewing, administration etc. The structure was set up to provide new bond holders with strong security as the cash flow from the SGRE long-term charter and security in the vessel J/U WIND ENTERPRISE is ringfenced into Wind Enterprise P/S. This enabled Wind Enterprise P/S to issue a bond loan of EUR 35.0m to finance the cash payment to the seller of J/U WIND ENTERPRISE as well as general corporate purposes in Wind Enterprise P/S.

A summons for written resolution was issued on 3 December 2020, resulting ZITON A/S' existing bondholders' approval of the financing proposal on 17 December 2020.

Bondholders of the 1st lien bond approved on 17 December 2020 a proposal to:

- Accept the fulfilment of the Capital Issue covenant if acquisition of J/U WIND ENTERPRISE was completed on or before 1 February 2021. This covenant is fulfilled as the acquisition was completed in January 2021.
- Amend the Subordinated Capital Ratio to be reset at a minimum of 29.0% from December 2020 onwards, to increase to 31.0% from 1 January 2022 to be tested quarterly.
- Postpone semi-annual amortization payments from 3 April 2021 and 3 October 2021 by six months each 3 October 2021 and 3 April 2022 respectively.

The two former proposals were also approved by the 2nd lien bond holders and providers of the subordinated loans. In addition, the maturity of the second working capital facility of EUR 6 million was extended from 31 December 2020 to 30 June 2021. At the end of 2020, ZITON has not drawn on the second working capital facility.

Risks and uncertainties

ZITON A/S is exposed to various risks that may be of significance to the company's future operations, results and financial position. For a description of ZITON A/S' risks, please refer to the Risk Management section on pages 42-43 and note 4.1 "Risk management" on pages 80-81 of the 2019 annual report.

Financial Review

REVIEW OF THE INCOME STATEMENT

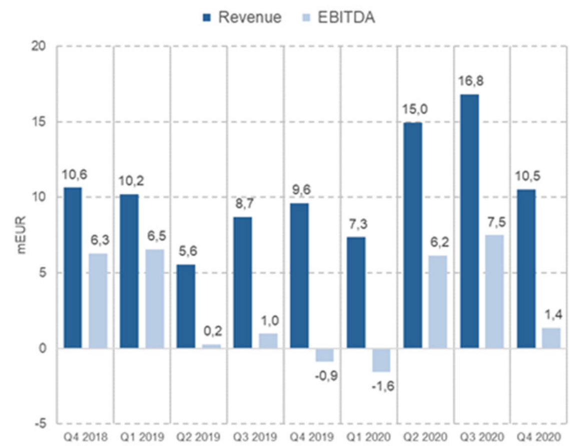
EUR´000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
Revenue	**10,536**	**9,608**	**928**	**49,637**	**33,572**	**16,065**
Other operating income	-	-	-	-	488	-488
OPEX and project-related expenses	-7,351	-8,861	1,510	-30,016	-21,860	-8,156
SG&A	-1,831	-1,636	-196	-6,205	-5,356	-850
EBITDA	**1,353**	**-889**	**2,243**	**13,416**	**6,844**	**6,571**
Depreciation	-2,816	-2,700	-116	-10,912	-9,870	-1,042
EBIT	**-1,462**	**-3,589**	**2,127**	**2,504**	**-3,026**	**5,529**
Financials, net	-4,929	-4,781	-149	-19,757	-16,999	-2,757
Income before tax	**-6,392**	**-8,370**	**1,978**	**-17,253**	**-20,025**	**2,772**
Key ratios						
EBITDA margin	12.8%	-9.3%	22.1%	27.0%	20.4%	6.6%

Review of the income statement for Q4 2020

The consolidated income statement for the ZITON Group shows revenue for Q4 2020 of EUR 10.5m, compared to revenue of EUR 9.6m in Q4 2019. Revenue was negatively affected by an outbreak of COVID-19 on J/U WIND SERVER, resulting in quarantine of the vessel and the vessel being out of operations for six weeks. The negative effect on revenue was around EUR 3.0m.

Vessel OPEX and project related costs decreased to EUR 7.3m for Q4 2020 from EUR 8.9m in Q4 2019. The main reason for the decrease is a reduction of OPEX on J/U WIND ENTERPRISE following right-sizing of crew and employment of ZITON's own crew on net salary under Danish International Shipping Register (DIS) replacing crew employed by a ship management company.

SG&A increased to EUR 1.8m in Q4 2020 from EUR 1.6m in Q4 2019. The increase is due to employments in our foreign subsidiaries.



EBITDA amounted to EUR 1.4m in Q4 2020 compared to a loss of EUR 0.9m in Q4 2019. The main reason for the improvement was higher revenue and a reduction in OPEX.

Depreciation charges increased slightly to EUR 2.8m in Q4 2020 compared to EUR 2.7m in Q4 2019.

Financials, net was an expense of EUR 4.9m in Q4 2020 compared to an expense of EUR 4.8m in Q4 2019. The increased financial costs were mainly a consequence of the increase in interests on the bond loans on which the terms were renegotiated in April 2020.

Review of income statement full year 2020

The fully consolidated results for ZITON shows net revenue for 2020 of EUR 49.6m compared to EUR 33.6m for 2019, an increase of EUR 16.1m. The main reason for the increase in revenue was a strong improvement in execution of the WoDS blade campaign and full year contribution from J/U WIND ENTERPRISE that was acquired at the end of May 2019.

Vessel OPEX and project-related costs increased to EUR 30.0m in 2020 from EUR 21.9m in 2019. The main reason for the increase in costs was the full year effect of project-related expenses for providing a turnkey solution for the WoDS blade campaign that was initiated in July 2019 and full year effect of ownership of J/U WIND ENTERPRISE.

SG&A expenses amounted to EUR 6.2m in 2020 compared to EUR 5.4m in 2019. The increase is due to employments in our foreign subsidiaries.

EBITDA was a EUR 13.4m profit for 2020 compared to a profit of EUR 6.8m for 2019. The main reason for the increase in EBITDA was a strong improvement in execution of the WoDS blade campaign and full year contribution from J/U WIND ENTERPRISE.

Depreciation charges amounted to EUR 10.9m for 2020 compared to EUR 9.9m for 2019. The increase in depreciation is mainly related to full year effect on the ownership of J/U WIND ENTERPRISE.

Financials, net was an expense of EUR 19.8m in 2020 compared to an expense of EUR 17.0m in 2019. The increased financial costs were mainly as consequence of capitalisation and interest expensing of the bareboat charter of J/U WIND ENTERPRISE and the increase in interests on bond loans on which the terms were renegotiated in April 2020.

REVIEW OF THE BALANCE SHEET AT THE END OF Q4 2020

EUR´000	Q4 2020	Q4 2019
Assets		
Vessel, including fixtures & equipment	187,671	194,939
Other non-current assets	268	647
Non-current assets	**187,939**	**195,586**
Trade and other receivables	2,585	2,931
Cash and cash equivalents	284	2,009
Current assets	**2,869**	**4,940**
Total assets	**190,807**	**200,526**
Equity and Liabilities		
Equity	**-16,915**	**-5,266**
Subordinated loan	29,574	25,472
Bond loans, second lien	32,322	28,602
Bond loans, first lien	97,787	92,431
Lease obligations	43,135	43,378
Other liabilities	4,906	15,909
Total liabilities	**207,723**	**205,792**
Total equity and liabilites	**190,807**	**200,526**
Key ratios		
Subordinated capital ratio	31.1%	33.8%

Review of the balance sheet, end of 2020

The total value of the vessels (incl. fixtures & equipment and leased offices) amounted to EUR 187.7m at the end of Q4 2020. This compares to EUR 194.9m at the end of Q4 2019. The decrease is mainly due to depreciation.

Other non-current assets amounted to EUR 0.6m at the end of Q4 2020 compared to EUR 0.1m in Q4 2019.

Trade and other receivables amounted to EUR 2.6m at the end of Q4 2020 compared to EUR 2.9m at the end of Q4 2019.

Total equity was negative at EUR 16.9m at the end of Q4 2020, a change from a negative amount of EUR 5.3m at the end of Q4 2019. The decline compared to Q4 2019 was mainly a consequence of losses incurred during 2020.

The subordinated capital ratio at end of Q4 2020 was 31.1% compared to 33.8% at the end of Q4 2019. However, the definition of subordinated capital ratio was altered when the Written Resolution was approved on 17 December 2020. This is further explained in note 8 “Alternative Performance Measures”.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q4 2020

EUR´000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
EBITDA	**1,353**	**-889**	**2,243**	**13,416**	**6,844**	**6,571**
Working capital adjustments	-886	9,307	-10,192	-5,807	7,187	-12,994
Other adjustments	-333	-1,664	1,331	-508	-1,663	1,155
Net cash flows from operating activities	**134**	**6,753**	**-6,619**	**7,101**	**12,369**	**-5,268**
Financial payments, net	-1,792	-2,475	683	-6,086	-9,260	3,174
Net cash before investing activities	**-1,658**	**4,278**	**-5,936**	**1,014**	**3,109**	**-2,095**
Investing activities	-772	-727	-45	-2,556	-3,477	922
Net cash flows after investing activities	**-2,429**	**3,552**	**-5,981**	**-1,542**	**-368**	**-1,173**
Financing activities	-876	747	-1,622	-183	-8,466	8,283
Net cash flows after financing activities	**-3,305**	**4,298**	**-7,603**	**-1,724**	**-8,834**	**7,110**

Available liquidity	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Liquidity	**284**	**3,589**	**3,437**	**1,056**	**2,009**
Available draw on working capital facility	12,193	11,193	13,166	1,179	6,525
Available liquidity	**12,476**	**14,781**	**16,603**	**2,235**	**8,533**

Review of the cash flow statement

Cash flows from operating activities were an inflow of EUR 0.1m in Q4 2020 compared to an inflow of EUR 6.8m in Q4 2019. For the full year 2020 cash flow from operating activities amounted to EUR 7.1m compared to EUR 12.4m in 2019. Working capital adjustments in Q4 2019 was positively affected by an advance payment for the WoDS blade campaign from SGRE of approx. EUR 6.5m. The advance payment was reversed at the end of 2020, mainly affecting working capital changes negatively in Q4 2020.

Financial payments, net amounted to negative EUR 1.8m in Q4 2020 compared to negative EUR 2.5m in Q4 2019. For the full year 2020 financial payments were EUR 6.1m compared to EUR 9.3m in 2019. The reduced financial payments are the consequence of postponed quarterly interest payments on the 1st lien bond loan on 3 April 2020, however offset by interest expensing of the bareboat charter of J/U WIND ENTERPRISE.

Investing activities amounted to an outflow of EUR 0.8m in Q4 2020 compared to an inflow of EUR 0.7m in Q4 2019. For the full year 2020 investing activities amounted to an outflow of EUR 2.6m compared to an outflow of EUR 3.5m in 2019. The decline is mainly due to a larger investment for the extension of the crane boom of J/U WIND ENTERPRISE in 2019.

Financing activities amounted to a cash outflow of EUR 0.9m in Q4 2020 compared to an inflow of EUR 0.7m in Q4 2019. For the full year 2020 financing activities amounted to a cash outflow of EUR 0.2m compared a cash outflow of EUR 8.5m in 2019. The cash outflow in 2019 was mainly related to instalments on the 1st lien bond loan. These instalments were postponed in 2020, according to Written Resolution approved in April 2020.

Available liquidity including available drawings on our working capital facility amounted to EUR 12.5m at the end of Q4 2020, of which EUR 6.0m consist of the second super senior working capital facility.

Consolidated financial statements for ZITON A/S

INCOME STATEMENT

EUR´000	Note	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Revenue	2	**10,536**	**9,608**	**49,637**	**33,572**
Other operating income		-	-	-	488
Project-related expenses		-2,669	-2,957	-10,767	-5,389
Operational expenses		-4,682	-5,904	-19,249	-16,471
Gross profit		**3,185**	**746**	**19,621**	**12,200**
Administrative expenses		-414	-526	-1,563	-1,819
Staff costs, office staff		-1,418	-1,110	-4,643	-3,537
EBITDA		**1,353**	**-889**	**13,416**	**6,844**
Depreciation & amortisation		-2,816	-2,700	-10,912	-9,870
EBIT		**-1,462**	**-3,589**	**2,504**	**-3,026**
Financial income		733	35	1,198	43
Financial expenses		-5,662	-4,815	-20,955	-17,042
Income before tax		**-6,392**	**-8,370**	**-17,253**	**-20,025**
Tax on profit (loss)		747	2,890	4,896	4,476
Income for the year		**-5,645**	**-5,480**	**-12,357**	**-15,549**
Attributable to:					
Owners of ZITON A/S		-5,643	-5,479	-12,349	-15,543
Non-controllong interest - Profit/loss		-2	-1	-8	-6
Income for the year		**-5,645**	**-5,480**	**-12,357**	**-15,549**

STATEMENT OF COMPREHENSIVE INCOME

EUR´000	Note	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Income for the year		**-5,645**	**-5,480**	**-12,357**	**-15,549**
Items that will be reclassified subsequently to the income statement when specific conditions are met:					
Exchange adjustments of foreign entities, net of tax		-227	-57	-227	-57
Cash flow hedges, realised gains/(losses) incurred during period		-	170	63	170
Cash flow hedges, deferred gains/(losses) incurred during period		-	-871	638	-871
Total comprehensive income for the year, after tax		**-5,871**	**-6,238**	**-11,883**	**-16,307**
Attributable to:					
Owners of ZITON A/S		-5,870	-6,237	-11,875	-16,301
Non-controllong interest - Profit/loss		-2	-1	-8	-6
Total comprehensive income for the year, after tax		**-5,871**	**-6,238**	**-11,883**	**-16,307**

BALANCE SHEET ***EUR´000***		**Q4 2020**	**Q4 2019**
Assets			
Non-current assets			
Vessel, including fixtures & equipment	3	187,671	194,939
Intangible assets		160	128
Deferred tax asset		108	519
Non-current assets		**187,939**	**195,586**
Current assets			
Inventories		233	293
Trade and other receivables		2,352	2,638
Cash and cash equivalents		284	2,009
Current assets		**2,869**	**4,940**
Total assets		**190,807**	**200,526**
Equity and Liabilities			
Equity			
Share capital		13,098	13,098
Reserves		-95	-569
Retained earnings		-30,205	-17,856
Total equity attributable to owners of ZITON A/S		**-17,202**	**-5,327**
Non-controlling interest		287	61
Total equity		**-16,915**	**-5,266**
Liabilities			
Non-current liabilities			
Subordinated loan		29,574	25,472
Bond loans, second lien		32,322	28,602
Bond loans, first lien		94,513	88,117
Lease obligations		878	40,832
Deferred income tax liabilities		496	6,109
Provision for other liabilities		318	230
Total non-current liabilities		**158,100**	**189,362**
Current liabilites			
Bond loans, first lien		3,274	4,314
Lease obligations		42,257	2,546
Current tax payable		336	-
Working capital facility		495	156
Trade and other payables		2,599	8,540
Provision for other liabilities		661	874
Total current liabilites		**49,622**	**16,430**
Total liabilities		**207,723**	**205,792**
Total equity and liabilites		**190,807**	**200,526**

STATEMENT OF CASH FLOWS

EUR´000	Note	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Income before tax		**-6,392**	**-8,370**	**-17,253**	**-20,025**
Operating activities					
Adjustments for non-cash items					
Reversal financial expenses, net		4,929	4,781	19,757	16,999
Depreciation and writedowns of the period		2,816	2,700	10,912	9,870
Other adjustments		-333	-1,664	-508	-1,663
Working capital adjustments					
Change in inventories		-87	10	61	-258
Change in trade receivables		2,302	1,415	286	394
Change in trade payables and other liabilities		-3,100	7,882	-6,154	7,052
Income tax expense					
Income tax expense		-	-	-	-
Net cash flows from operating activities		**134**	**6,753**	**7,101**	**12,370**
Financial payments					
Financial receipts		-	-	-	-
Financial payments		-1,792	-2,475	-6,086	-9,260
Net cash flows before investing activities		**-1,658**	**4,278**	**1,014**	**3,110**
Investing activities					
Purchase of vessel, fixtures & equipment		-772	-727	-2,556	-3,544
Other cash flows from investing activites		-	-	-	67
Net cash used in investing activities		**-772**	**-727**	**-2,556**	**-3,477**
Financing activities					
Repayment of debt to bank and bond holders		216	-762	1,244	-6,245
Draw on working capital facility		-998	156	339	156
Capital increase in parent		-	2,005	-	2,005
Lease payments		-94	-652	-1,766	-4,381
Net cash used/received in financing activities		**-876**	**747**	**-183**	**-8,466**
Net (decrease)/increase in cash and cash equivalents		**-3,305**	**4,298**	**-1,724**	**-8,833**
Cash and cash equivalents at beginning of period		3,589	-2,290	2,008	10,842
Exchange gains/losses on cash and cash equivalents		-	-	-	-
Net cash and cash equivalents at end of period		**284**	**2,009**	**283**	**2,009**

STATEMENT OF CHANGES IN EQUITY

YTD 2020		Attributable to owners of ZITON A/S							
EUR´000	**Share capital**	*Reserve for warrants*	*Translation reserves*	*Cash flow hedges*	**Total reserves**	**Retained earnings**	**Total**	Non-controlling interests	**Total equity**
Balance at 31 December 2019	**13,098**	*143*	*-11*	*-701*	**-569**	**-17,856**	**-5,327**	61	**-5,267**
Total comprehensive income, after tax	-	-	-227	701	474	-12,349	-11,875	-8	-11,883
Capital increase in subsidiaries	-	-	-	-	-	-	-	234	234
Balance at YTD	**13,098**	*143*	*-238*	-	**-95**	**-30,205**	**-17,202**	**287**	**-16,915**

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.

Reserves

Equity reserves consist of the following:

Reserve for warrants consists of warrants to management, selected employees and the 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.

YTD 2019		Attributable to owners of ZITON A/S							
EUR´000	**Share capital**	*Reserve for warrants*	*Translation reserves*	*Cash flow hedges*	**Total reserves**	**Retained earnings**	**Total**	Non-controlling interest	**Total equity**
Balance at 31 December 2018	**11,093**	*143*	*46*	-	**189**	**-2,380**	**8,902**	**-**	**8,902**
Total comprehensive income, after tax	-	-	-57	-701	-758	-15,543	-16,301	-6	-16,307
Capital increase in subsidiaries	-	-	-	-	-	67	67	67	134
Capital increase in parent	2,005	-	-	-	-	-	2,005	-	2,005
Balance at YTD	**13,098**	*143*	*-11*	*-701*	**-569**	**-17,856**	**-5,327**	**61**	**-5,267**

Share capital

At the end of Q4 2019, 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.

Note 1 – Total Comprehensive Income by Quarter

Income statement by quarter ***EUR´000***	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**
Revenue	**10,536**	**16,799**	**14,955**	**7,346**	**9,608**
Other operating income	-	-	-	-	-
Project-related expenses	-2,669	-2,893	-2,417	-2,788	-2,957
Operational expenses	-4,682	-4,901	-4,925	-4,740	-5,904
Gross profit	**3,185**	**9,004**	**7,614**	**-182**	**746**
Administrative expenses	-414	-373	-374	-402	-526
Staff costs, office staff	-1,418	-1,147	-1,089	-989	-1,110
EBITDA	**1,353**	**7,485**	**6,151**	**-1,573**	**-889**
Depreciation	-2,816	-2,724	-2,687	-2,686	-2,700
EBIT	**-1,462**	**4,761**	**3,464**	**-4,259**	**-3,589**
Financial income	733	86	207	172	35
Financial expenses	-5,662	-5,287	-5,331	-4,674	-4,815
Income before tax	**-6,392**	**-440**	**-1,660**	**-8,761**	**-8,370**

Note 2 – Revenue from 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 jack-up vessel, ZITON Contractors A/S and Hangout A/S revenue and expenses. As all jack-up vessels including 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 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.

Geographical distribution of revenue ***EUR´000***	**Q4 2020**	**Q4 2019**	**YTD 2020**	**YTD 2019**
United Kingdom	6,427	8,020	36,235	23,009
Denmark	1,580	639	7,446	5,706
Germany	-	224	1,489	2,099
Sweden	738	144	993	1,195
Belgium	-	581	1,489	1,325
Netherlands	1,791	-	1,985	238
Total	**10,536**	**9,608**	**49,637**	**33,572**

Sales to the three largest customers, accounting for more than 10% of revenue, made up 52%, 18% and 14% of total revenue in YTD 2020 (YTD largest customers in 2019: 47%, 16%, 16% and 15% respectively).

Note 3 - Vessels and equipment

Q4 2020 *EUR´000*	**Property**	**Fixtures & equipment**	**Vessels**	**Total**
Cost at 1 January 2020	1,181	2,517	239,521	243,219
Exchange rate adjustments	-1	5	39	43
Additions	-	374	1,929	2,303
Disposals	-	-130	-	-130
Additions to leased assets (Right-of-use assets)	-	127	1,254	1,381
Disposals of leased assets (Right-of-use assets)	-	-123	-	-123
Cost YTD	**1,180**	**2,771**	**242,743**	**246,695**
Depreciation at 1 January 2020	-242	-726	-47,312	-48,280
Exchange rate adjustments	2	-2	-7	-7
Depreciation		-397	-8,350	-8,747
Depreciation on leased assets (Right-of-use assets)	-242	-142	-1,781	-2,165
Disposals of leased assets (Right-of-use assets)	-	177	-	177
Depreciation YTD	**-482**	**-1,090**	**-57,450**	**-59,022**
Impairment losses at 1 January 2020	-	-	-	-
Impairment losses YTD	-	-	-	-
Carrying amount YTD	**698**	**1,681**	**185,293**	**187,673**

Q4 2019 *EUR´000*	**Property**	**Fixtures & equipment**	**Vessels**	**Total**
Cost at 1 January 2020	-	1,353	190,351	191,704
Exchange rate adjustments	-	-	66	66
Additions	-	983	301	1,284
Disposals	-	146	-	146
Additions to leased assets (Right-of-use assets)	1,181	109	48,803	48,912
Disposals of leased assets (Right-of-use assets)	-	-74	-	-74
Cost YTD	**1,181**	**2,517**	**239,521**	**243,219**
Depreciation at 1 January 2020	-	-367	-38,012	-38,380
Exchange rate adjustments	-	-	-	-
Depreciation	-	-365	-1,559	-1,924
Disposals	-	-	-	
Depreciation on leased assets (Right-of-use assets)	-	-	-7,741	-7,983
Transition to IFRS 16 leased assets (right-of-use assets)	-242	-29	-	-29
Disposals of leased assets (Right-of-use assets)	-	35	-	35
Depreciation YTD	**-242**	**-726**	**-47,312**	**-48,280**
Impairment losses at 1 January 2019	-	-	-	-
Impairment losses YTD	-	-	-	-
Carrying amount YTD	**939**	**1,790**	**192,209**	**194,938**

Obligations related to right of use assets

On 28 May 2019, ZITON entered into a bareboat charter of J/U WIND ENTERPRISE running until 31 March 2021. As part of the agreement ZITON was given an option to acquire the vessel. ZITON executed the call option by 20th December 2020, whereas ZITON is no longer liable to pay a breakaway fee.

Assessment of Impairment of vessels

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Towards the end of 2020, governments across Europe responded to the coronavirus by creating restrictions on the free movement of people. This had an immediate effect on ZITON and its customers' ability to carry out operations and to procure components. ZITON and its customers took precautions to avoid spreading of the coronavirus, by implementing procedures for continuous testing of crew and technicians, limit physical contact, keep distance, wash/sanitise hands, cleaning etc. Furthermore, ZITON has implemented secure crew changes incl. crew changes in chartered airplanes and avoiding contact between different crews, limiting unnecessary access to vessels, no access in case of symptoms etc. The impact of coronavirus continued into the second half 2020 and was exacerbated in November when the UK imposed a ban on non-UK citizens travelling from Denmark amid concerns over a coronavirus strain that spread from mink to humans. Most of ZITON's vessel crew are from Denmark, thus made it unfeasible to perform crew changes in UK ports. In the short term, this could be handled by extending the time between crew changes and performing them in non-UK ports. The majority of turbine technicians who worked on the WoDS project were not Danish citizens, which softened the impact on the WoDS project from the restrictions.

Coronavirus is an indicator of impairment, and as a result, ZITON performed an impairment test. An impairment loss is recognised at 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 on vessels is based on the cash-generating unit (CGU) in which all jack-up vessels including 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 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 187,673k.

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.

Note 4 - Commitments and contingencies

Since the end of 2019, no significant changes have occurred to contingent assets and liabilities other than those referred to in the annual report for 2019.

Note 5 - Related party transactions

No significant changes have occurred to related parties or types and scale of transactions with these parties other than what was disclosed in the 2019 annual report.

Note 6 - Subsequent events

Other than the developments disclosed in the review, no significant events have occurred between the end of the quarter and publication of this interim report which materially affect the results for the period or the financial position.

Note 7 – Basis of reporting

Accounting policies

Basis of consolidation

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports. No interim report has been prepared for the parent company (ZITON A/S).

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not applied early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant estimates and assumptions

Going Concern

During 2019 and 2020, ZITON Group has incurred substantial losses resulting in negative equity at year end. Further, the current capital structure shows sizeable interest-bearing debt compared to equity and cash flow to service the debt.

Management has prepared revised cash flow forecast scenarios and is currently evaluating strategic options to ensure the consolidated group retains sufficient liquidity to meet its debt obligations and the Subordinated Capital Ratio during 2021.

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.

As a result of the current events and conditions, management has made a plan to deal with these events and conditions. It is management's assessment that the contemplated process to ensure sufficient liquidity will be successfully completed, consequently the Financial statements have been prepared on a going concern basis.

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

Risks

For a description of the risks ZITON A/S is exposed to, please refer to the Risk Management section on pages 51-53 and note 4.1 "Risk management" on pages 96-99 of the 2019 annual report.

Note 8 – Alternative Performance Measures

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

APMs	Definition	Reconciliation	Explanation of use	Comparison	Coherence
Weighted average utilisation rate	Weighted average utilisation rate is calculated as vessel revenue plus other operating income deducting 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 quarterly report.	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 Q4 2019 and Q1 2020, and project-related expenses are deducted. Project-related costs are deducted as the purpose of weighted average utilisation rate is to show the utilisation of the vessels alone, without turnkey revenue. Further, J/U WIND ENTERPRISE was included from in Q2 2019 when it became part of ZITON's fleet.
EBITDA	EBITDA is short for Earnings Before Interest, Tax, Depreciation and Amortisation	Income before tax + Financial payments, net + Depreciation and amortisation	EBITDA is a good approximation of pre-tax operating cash flow before working capital variations. This performance measure is a key driver of overall operational efficiency	Prior-year comparative figures are presented in the quarterly report	We use the modified retrospective approach for implementation of IFRS 16. Hence in 2018 finance leases were included in administrative expenses. From 2019 they are included in depreciation and financial expenses. All other criteria used to calculate EBITDA are unchanged
EBITDA margin	EBITDA divided by Revenue	Income before tax + Financials, net + depreciation and amortisation / Revenue * 100	EBITDA margin is a good measure of operating efficiency	Prior-year comparative figures are presented in the quarterly report	The criteria used to calculate EBITDA margin are unchanged from last year, with the effect on EBITDA of IFRS 16 elaborated upon above.
Cash flows from operating activities	Cash flows from operating activities is defined as EBITDA less working capital adjustments and other adjustments	Income before tax + Reversal of financial expenses, net + depreciation and amortisation + other adjustments + working capital adjustments	Cash flows from operating activities is a good measure of the company's cash generating power, and the ability to pay interest, service loans and carry out investments	Prior-year comparative figures are presented in the quarterly report	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

APMs	Definition	Reconciliation	Explanation of use	Comparison	Coherence
Subordinated capital	Subordinated capital consists of equity, subordinated loan and a second lien bond. Subordinated capital ranks last if the company goes into liquidation	Equity + subordinated loan + a 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 quarterly report	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
Subordinated capital ratio	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, and consequently not in effect at the end of 2020.	Prior-year comparative figures are presented in the quarterly report	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
Net Interest-Bearing Debt (adjusted for capitalised financing costs)	Net Interest-Bearing Debt ("NIBD") is senior debt with the highest priority level. It ranks ahead of subordinated debt if the company goes into liquidation	Bond loan, first lien (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 quarterly report	We use the modified retrospective approach for implementation of IFRS 16, hence finance leases are now capitalised and included in NIBD from 2019.

APMs	Definition	Reconciliation	Explanation of use	Comparison	Coherence
Loan to Vessels ratio	The Loan to Vessels ratio expresses NIBD (adjusted for capitalised financing costs) compared to the book value of the company's vessels	Bond loan, first lien (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 quarterly report	The criteria used to calculate the Loan to Vessels ratio is unchanged from previous years, with the effect on NIBD of IFRS 16 elaborated upon above.
Available liquidity	The liquidity available to the company less cash on retention account, which is provided as security for the company's credit facilities, plus available working capital credit facilities	Cash and cash equivalents less cash on retention account less draw on working capital facility + available draw on facility	Available liquidity is a good measure of the liquidity available to the company 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 quarterly report	The criteria used to calculate available liquidity are unchanged from previous years
Liquidity	The liquidity available to the company less cash on retention account, which is provided as security for the company's credit facilities	Cash and cash equivalents less cash on retention account	Liquidity is a good measure of the liquidity available to the company and its ability to pay interest and instalments and to withstand variations in future operating cash flows	Prior-year comparative figures are presented in the quarterly report	The criteria used to calculate liquidity are unchanged from previous years

Management statement

The Board of Directors and Executive Management have considered and approved the interim report for ZITON A/S for the fourth quarter of 2020. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report for the fourth quarter of 2020 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further disclosure requirements for issuers of bonds listed on the Oslo Stock Exchange.

In our opinion, the interim report gives a true and fair view of the ZITON's assets, liabilities, and financial position at 31 December 2020, and of the results of the ZITON's operations and cash flow for 2020.

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

Horsens, 25 February 2021

Executive Management

Thorsten Jalk
CEO

Board of Directors

Vagn Lehd Møller Chairman	Ove Eriksen	Jacob Bergenholtz	Morten Melin
Lars Thorsgaard Jensen	Henrik Kleis	Herman Marks	

Financial calendar 2021

Annual report 2020 – 29 April 2021
Interim report Q1 2021 – 20 May 2021
Interim report Q2 2021 – 26 August 2021
Interim report Q3 2021 – 19 November 2021

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