Zappy Topco ApS

Annual Report 2022/23

CVR-No. 43 52 06 36

Address of registered Office: Bygholm Søpark 21E, 8700 Horsens

The Annual Report was presented and adopted at the company´s Annual General Meeting on 10 June 2024

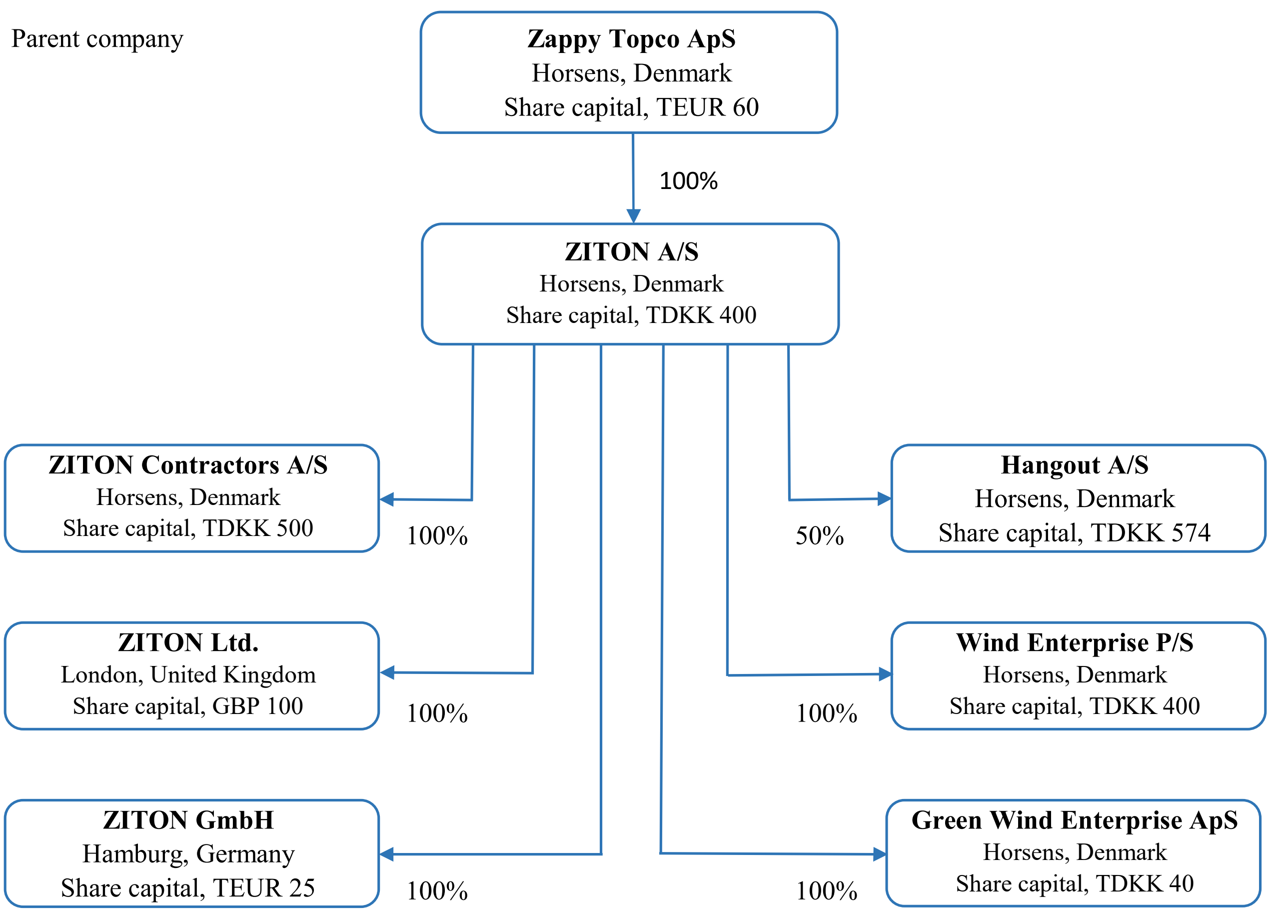
Jens Michael Haurum
Conductor

Contents

Company Details

Company	Zappy Topco ApS Bygholm Søpark 21E 8700 Horsens	
	CVR-nr.	43 52 06 36
	Registered Office:	Horsens, Denmark
	Established:	16 September 2022
	Financial period:	16 September 2022 - 31 December 2023
Board of Directors	Samuel Martin Gross, Chairman Lars Rabe Tønnesen Thorsten Henrik Jalk Jens Michael Haurum Jon Oliver Sinclair Bryce	
Executive Management	Samuel Martin Gross	
Independent Auditor	BDO Statsautoriseret revisionsaktieselskab Jeppe Aakjærs Vej 10 9500 Hobro	

Group Structure



Today, the board of directors and management have discussed and approved the Annual Report of Zappy Topco ApS for the period 16 September 2022 - 31 December 2023.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and Parent Financial Statements give a true and fair view of the Group's and the Company's asets, liabilities and financial position at 31 December 2023 and of the results of the Group's and Company's operations for the financial year 16 September 2022 - 31 December 2023 and the Group's consolidated cash flows for the financial year 16 September 2022 - 31 December 2023.

In our opinion, the Management's Review includes a fair view of the matters dealt with in the review.

We recommend that the Annual Report be approved at the annual general meeting.

Horsens, 6 June 2024

Executive Management

Samuel Martin Gross

Board of Directors

Samuel Martin Gross, Chairman	Lars Rabe Tønnesen	Thorsten Henrik Jalk
Jens Michael Haurum	Jon Oliver Sinclair Bryce	

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Zappy Topco ApS Group

Opinion

We have audited the Consolidated Financial Statements and Parent Company Financial Statements of Zappy Topco ApS for the financial year 16 September 2022 - 31 December 2023, which comprise an income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies for both the Group and Parent company and Cash Flow Statement for the Group. The Consolidated Financial Statements and Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and Parent Company's operations as well as the consolidated cash flows for the financial year 16 September 2022 - 31 December 2023 in accordance with the Danish Financial Statements Act.

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 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 (IESBA Code) and the additional ethical requirements applicable 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.

Management's Responsibilities for the Consolidated 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 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 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 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.

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, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Hobro 6. juni 2024

BDO Statsautoriseret revisionsaktieselskab
Cvr. No.: 20 22 26 70

Michael Graversen
State Authorised Public Accountant
MNE no.: mne34099

Key Figures

	Group figures
	16/9/22 - 31/12/23
	EUR'000
Income Statement	
Net revenue	83,518
Gross profit	62,974
EBITDA	40,470
Operating profit	25,790
Financial income and expenses, net	-32,054
Profit before tax	-6,264
Balance sheet	
Balance sheet total	305,074
Equity incl. minority interests	18,932
Cash-flow	
Investment in tangible fixed assets	94,048
Change in cash and cash equivalents	26,535
Ratios	
EBITDA margin	48.5%
Rate of return	10.5%
Average number of operating vessels	4
Average number of employees	237

Reference is made to accounting policies for the principal figures and key figures concerning the formula for calculation of individual key figures.

Principal activities

Zappy Topco ApS is the holding company of ZITON A/S. All of the Group's activities are managed by the subsidiary ZITON A/S.

ZITON is the market-leading service provider within offshore wind operations & maintenance for major component replacements. ZITON has carried out more than 1,650 interventions at 72 wind farms across seven countries.

ZITON's customers are leading wind turbine manufacturers and wind farm owners.

ZITON owns and operates a fleet of five dedicated O&M jack-up vessels, which provides us with the flexibility and versatility to operate at almost every offshore wind farm in the northern Europe. ZITON owns five jack-up vessels of which four vessels were in operation during the year as the newly acquired fifth vessel WIND ENERGY was transported from China to Denmark and underwent extensive upgrades to bring the vessel up to the high standards of its sister vessel WIND ENTERPRISE. The Group's fleet of vessels include the following:

- J/U WIND ENERGY was purchased in 2023. J/U WIND ENERGY is one of the two largest vessels in our fleet capable of servicing turbines up to 10 MW. The vessel was acquired in 2023 and has just initiated a long-term time charter after yard stays in China and Denmark for extensive upgrades. J/U WIND ENERGY is equipped with an 800 tonnes crane and is capable of working in water depths of up to 48 meters.
- J/U WIND ENTERPRISE was acquired in 2021. J/U WIND ENTERPRISE is the sister vessel of J/U WIND ENERGY and she is also capable of servicing turbines up to 10 MW. The vessel was acquired in 2021 and is currently working on a long-term time charter. Over the past four years, she has built a track record of more than 140 major component replacements. Like her sister, J/U WIND ENTERPRISE is also equipped with an 800 tonnes crane and is capable of working in water depths of up to 48 meters.
- J/U WIND SERVER is our third-largest vessel and the only jack-up vessel in the industry purposely built for the O&M market. The vessel was built by ZITON in 2014 and is perfectly dimensioned for major component replacements on turbines up to 5 MW, where she has a track record of more than 510 major component replacements. J/U WIND SERVER is equipped with a 400 tonnes crane and capable of working in water depths of up to 45 meters.
- J/U WIND PIONEER was acquired in 2012 by ZITON and rebuilt at Ørskov Yard. The vessel is very well-suited for major component replacements on smaller turbines up to 4 MW, while it also provides a relatively low carbon footprint. J/U WIND PIONEER has a track record of more than 300 major component replacements, and she is equipped with a 150 tonnes crane and capable of working in water depths of up to 34 meters.
- J/U WIND is our smallest vessel, and she was one of the first jack-ups in offshore wind, and the first one dedicated to O&M. ZITON has owned the vessel since 2007, and she has an impressive track record with more than 560 major component replacements. She also offers a relatively low carbon footprint and is wellsuited for smaller turbines. J/U WIND is equipped with a 30 tonnes crane and capable of working in water depths of up to 35 meters.

The group has approximately 249 employees of which 197 employees operate offshore and approximately 52 operate onshore.

The group’s primary business is to provide jack-up services for major component replacement, including gearboxes, generators, blades, transformers, main bearings, main shafts, full rotors, etc.

In addition, the group provides jack-up services such as installation support, blade repair and decommissioning of turbines, foundations and met masts.

Development in activites and economic position

The income statement for the group for the financial year 16 September 2022 - 31 December 2023 shows a net revenue of EUR 83.5m.

The Group realised a loss after taxes of EUR 5.5m and the result for the financial year was as expected by management.

The Group made significant investments in an additional vessel and other assets during the year resulting in a cash outflow of EUR 94.2m.

During the financial year the Group refinanced its bond debt resulting in a significant positive cash flow. Net cash flow from financing activities during the year was EUR 91.4m. Cash flow was positively affected by a capital increase of approximately EUR 15m.

Following the capital increase the Group's equity was improved and was EUR 18.9m as at 31 December 2023.

Financial risks

The Group's operations, investments and financing in different countries and currencies exposes it to financial risks. The financial risks are elaborated below:

Foreign exchange risk

Foreign exchange risk is an important financial risk for the group and can have a significant impact on the income statement, 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 flow, thereby contributing to the predictability of the financial results.

Interest rate risk

Most of the group’s financing, including the bond issues, carry a floating rate of interest. Consequently, an increase in the general level of interest rates, as denoted by 3m EURIBOR for the bond issues will have an adverse effect on the group’s interest expenses.

A change of one percentage point in interest rates would increase or decrease interest expenses by approximately EUR 2.1m. Given the modest impact on cash flows, the group accepts that interest rates will vary. The group has chosen not to swap floating rate debt into fixed rate debt. However, the company has partly hedged itself against changes in EURIBOR as part of the ESG loan carries fixed interest rates. The loan carrying a fixed coupon amounted to 23% of the total bond loans at the end of 2023.

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 solid record of on-time payments.

Other risks

Other risks that the group is exposed to include the risk of major breakdown of vessels, risk related to key customer contracts and talent loss.

Risks related to a major breakdown is partly mitigated by way of insurance against vessel total loss and breakdowns. Further the group performs preventive maintenance to counter the risk of breakdowns and also the group keeps an inventory of critical spare parts to reduce non- operationsl time for smaller breakdowns.

The group relies on being able to fulfil contracts with its key customers to secure future revenue. Inability to meet requirements of contracts with key customers will have material consequences for the company's cash flows. In the medium to long term, the company relies on the extension of existing contracts and/or on winning new contracts. The group seeks to retain customers by providing value to customers through offering turnkey solutions, by being a dedicated O&M supplier with a diverse fleet, by offering experienced crews, and by having an organisation capable of and geared to provide efficient O&M services.

The group and the offshore wind industry in general are showing tremendous prospects for future growth. ZITON is an established company in the industry with talented and experienced employees that may be recruited by other industry participants. In general, the labour market is tight which makes it more challenging and expensive to recruit and retain employees. In order to mitigate the risk of talent loss, ZITON maintains a retention programme to retain key employees. ZITON focuses on being an attractive employer and maintains an employer branding campaign to inform potential employees of what it is like to work for the group. ZITON applies succession planning to ensure that we have qualified replacements in our organisation.

Significant events after 31 December 2023

The subsidiaries Wind Enterprise P/S and Green Wind Enterprise were dissolved in February 2024.

No other 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.

Future expectations

The Group expects EBITDA for 2024 to be in the range of EUR 52-56m. Further, cash flows from operating activities is expected to be in the range of EUR 47-51m. Cash flows from investing activities is expected to be in the range of EUR 29m including EUR 22m for capital expenditure for the leg extension and other costs related to the newly acquired J/U WIND ENERGY.

Statement of Corporate social responsibility

At Zappy Topco ApS Group, we recognise our responsibilities within the areas of environmental, social and governance ("ESG"), and therefore we are transparent and accountable on our policies and reporting. To emphasise this further, we conducted an initial double materiality assessment ("DMA") in 2023, to determine which ESG topics are material for the Group.

This section covers our ESG strategy and the reasoning for conducting a DMA as well as the overall results from the assessment, which identified 15 material ESG topics referred to as sustainability matters ("SMs"). These are divided into environmental, social and governance matters, and are presented in the following parts of this section. The section also 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.

ESG Strategy

The Board of Directors has approved the ESG strategy of ZITON. The ESG strategy includes a roadmap for our ESG initiatives and an ESG working committee overseeing the implementation of these initiatives. Progress on the implementation is regularly reported to the Board of Directors. The ESG working committee prioritise ESG initiatives as well as coordinate and manage resources and develop competences across the organisation.

Double Materiality Assessment

In 2023, ZITON conducted a DMA to determine which ESG topics are material for the company. The process was created and conducted based on the final European Sustainability Reporting Standards published in July 2023, and the assessment considers both impact materiality, which is the impact of the Group's business on people and the environment as well as financial materiality, which is the effect on the business from a financial perspective, i.e. how ESG matters affect the company. An ESG topic meets the criterion of materiality if it is material from either the impact perspective or the financial perspective or both (double).

A double materiality assessment is important, since it is a core requirement of the ESRS, while it determines the ESRS topics that the company is required to disclose. In addition, it dictates the company's sustainability statements, and focuses the topics for the ESG strategy, while it also ensures that nothing is missed. The purpose of the assessment is to prepare for the implementation of the Corporate Sustainability Reporting Directive ("CSRD"), and it covers all topics defined in the CSRD. The process involved leaders from within the company, as well as inputs from external stakeholders like shareholders and customers.

The result of ZITON's DMA was the identification of 15 ESG topics or SMs deemed material, while 23 SMs were deemed non material. The material SMs for ZITON spans over both environmental, social and governance themes, and they are listed on the next page.

Material sustainability Matters

Environmental

Climate change adaption
Climate change mitigation
Energy
Pollution of air
Pollution of water
Direct impact drivers on biodiversity loss
Resource inflows including use
Resource outflows related to products and services
Waste

Social

Working conditions for own workers
Health and safety of own workers
Equal treatment and opportunities for all own workers

Governance

Corporate culture
Mangement of relationships with supplies including payment practices
Corruption and bribery

Many of the SMs listed in the table are related to the KPIs presented in the following parts of this section, and they reflect ZITON's increased strategic focus on sustainability and our environmental initiatives to reduce carbon emissions by working for a safe and sustainable energy transition. Thus, ZITON plays a key role in maintaining the critical renewable energy infrastructure by repairing and maintaining offshore wind farms in the northern Europe. However, to maintain our position as a key player, we will continue our commitment and efforts to further decarbonise our fleet and operations and minimise any kind of pollution to ensure future resilience to rising demands from customers, regulators and suppliers.

For the social SMs, this includes our efforts to remain an attractive workplace, where the work conditions and our workers' health and safety is of highest priority, while treating everyone equally. Human capital is a key resource for the company's operations, and taking care of our employees is crucial to retain and attract strong offshore crews and technicians, while also remaining attractive to suppliers and customers.

Governance SMs reflect our efforts in maintaining a strong, professional and positive corporate culture, which is focused on safety, responsibility, honesty and togetherness. Also, they reflect how we strive to build strong relationships with suppliers, and how we conduct our business in relation to corruption and bribery.

Overall, at ZITON, we aim at being respected for our efforts to reduce carbon emissions and minimise pollution as well as our contributions to society and our workers together with our way of conducting our business. The following parts of this section elaborates on the three ESG topics, while it also shows the most relevant KPIs we are currently reporting and monitoring under each of the three.

Environmentatal

Carbon Emissions

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

The group'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 the group's ON's primary markets, which is not within such an area. To be able to work in the Baltic Sea and the North Sea, ZITON has been using Marine Gas Oil both before and during the entire measurement period. Marine Gas Oil is a fuel with a sulphur content below the maximum limit of 0.1%. The engines on all ZITON's vessels also comply with the NOx control requirements of Annex VI's regulation 13.

Our use of new industry compliant calculation methodologies for consumption and emission figures has resulted in a change from reporting on CO2, NOx and SOx emissions to reporting on CO2 equivalent (CO2e - which is a measurement of the total greenhouse gases emitted, expressed in terms of the equivalent measurement of CO2). In these figures, we are also including the consumption of the tug boats used to tow J/U WIND PIONEER, while we only include the operational emissions, which are the emissions that result from using the fuel once it is already in the tank (tank-to-wake). Thus, how the fuel is produced and transported to get to our vessels is not included.

The emissions are monitored in accordance with recognised industry standards. Despite a high activity level in 2023 with more major component replacements completed, CO2e emissions from our vessels was 16,991 tonnes because of efficient utilisation of our vessels. This is also expressed in the emissions per intervention figure of 93 tonnes.

In relation to the monitoring and reporting of our carbon emissions, we are also working with the definitions of scope 1, 2 and 3, where we have collected data for the financial year. The scope 1 emissions are the ones directly controlled by us, while scope 2 and 3 are indirect emissions, which are a consequence of our activities but occur from sources not controlled by us. Scope 2 are the emissions coming from where the energy we purchase and use is produced, and scope 3 is all the emissions not covered in scope 1 or 2, which are created by our value chain. The emissions by scope are shown in the table below:

Scopes 1, 2 and 3 Emissions

CO_2e emissions from scope 1 (Tonnes CO_2e)	15,526
CO_2e emissions from scope 2 (market-based) (Tonnes CO_2e)	0
CO_2e emissions from scope 2 (location-based) (Tonnes CO_2e)	20
CO_2e emissions from scope 3 (Tonnes CO_2e)	17,355

Our emissions in scope 1 includes bunker consumption from our vessels (tank-to-wake) as well as fuel consumption from our warehouse truck and management cars. . Our location-based scope 2 emissions includes indirect emissions from electricity and heat for our offices and warehouse facilities. Finally, our emissions in scope 3 includes fuel- and energy-related activities, waste generated in operations, business travel and upstream leased assets (tank-to-wake bunker consumption for tug boats and the vessels used to transport J/U WIND ENERGY to Denmark – with the latter being one-off emissions, which will not occur again).

Most of our water consumption is for cleaning purposes onboard the vessels, while relatively small amounts are used in kitchens and for bathing. the group 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.

Pollution

The group 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 to minimise the negative environmental impact in case of accidental spills. ZITON had one incident of accidental spill on J/U WIND PIONEER in 2021 related to wear and tear on hoses carrying hydraulic oil to the thrusters, as well as a minor accident on J/U WIND ENTERPRISE. On J/U WIND PIONEER, it has become clear that wear and tear on the hoses occurs sooner than specified by the manufacturer, and as a result they are now examined frequently and replaced well in advance. In 2023, we had zero releases of fuel oil or hydraulic oil to the environment. However, two events of contained spills (i.e. spills contained onboard) were registered aiding ZITON in our aims of identifying and monitoring our environmental related high risk operations and equipment.

In our efforts to minimise our negative impact on the surrounding environment further and to be fully transparent, we are also reporting and monitoring any other releases of substances to the environment. This includes releases of certain substances that are not subject to formal reporting requirements set out by authorities and conventions. In 2023, we experienced two minor events with releases to the environment. One event was a loss of a ten kilo friction rubber mat, which was lost into the sea during a lift, and the other event was related to an accidental release of approximately three kilos of CO_2 from one of our vessel's firefighting systems.

Social

Health and safety

We have a relentless focus on health, safety, environment and quality ("HSEQ") for our employees, subcontractors and customers. HSEQ is an important risk factor to ZITON, and the management believes the implementation of various policies, systems and procedures has effectively mitigated the company's HSEQ risk exposure.

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

Our 'safety first' culture permeates our entire organisation and is the all-encompassing rule onboard our vessels. In addition, we have a ship-to-shore drill at least once a year to train the procedures between the onshore emergency group and the masters of the vessels. This means we are trained for almost any unexpected situation that may arise. Further, we apply a vessel risk assessment management system, which includes a toolbox talk before each assignment and a safety observation card system, enabling us to react proactively to potentially unsafe conditions. In numbers, we had 907 toolbox talks, 615 safety observation cards, 282 safety drills, 96 non-conformity reports, and 12 safety flashes in 2023.

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") – losttime incidents per million hours vessel crews are exposed to risk offshore.
- Total recordable incident rate ("TRIR") - total recordable incidents per million hours vessel crews are exposed to risk offshore.

Despite our high level of safety standards, incidents do occur within the three different categories. However, our objective is still to avoid any incidents altogether. We had one single medical treatment case in 2023, which was caused by an accidental human error in a manual handling process. 9 near miss incidents were reported during the year. The total recordable incident rate for the financial year was 1.5.

Officer retention

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. The groups has successfully maintained a high officer retention rate, mainly by facilitating generally good working conditions. The group applies the BIMCO Shipping KPI system to monitor and follow-up on the retention rate. For the financial year the retention rate was 94.9%.

Drug and alchohol testing

To support safety at sea further, the group 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 group 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 2023 two externals were dismissed as a result of positive tests and denied any future work for the group. When such incidents occur, we always emphasise our zero tolerance policy explicitly to all offshore staff in order to avoid any future cases.

Sickness absence

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. the group maintains a policy of offering good working conditions for its crews, which include a healthy and balanced diet and access to a well-equipped gym. In 2023, 11 employees were on long-term leave due to health issues, and they accounted for 72% of all sickness absence.

Workforce

In addition to the offshore staff employed in ZITON, the group also employs technicians and warehouse employees in ZITON Contractors A/S as well as office staff at offices in Denmark, the UK and Germany. The group had a full-time workforce at 31 December 2023 of 249 employees, of whom 146 were Danish citizens and the rest represented other nationalities.

Human rights

Within the area of human rights and labour, the group 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 the group. ZITON has been certified to the Maritime Labour Convention by the Danish Maritime Authority, and 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 2023, as no direct employees or employees of suppliers or subcontractors under the age of 18 worked on our vessels during the year.

Governance

Bribery and corruption

The group 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 during 2023 with no indications of bribery or corruption.

Diversity in management

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

The group aims to employ the best candidates, and a candidate's qualifications must therefore always be the decisive factor in external and internal recruitment processes. Nominations for the Board of Directors are based on an evaluation of factors such as competences, diversity, independence, and prior performance. Each major shareholder independently appoints members of the Board, and each of them has considered candidates of both genders, without appointing a representative of the underrepresented gender with qualifications fit for the purpose of representing them on the Board.

The group recognises the value of diversity, also including gender-related diversity. The Board of Directors in ZITON A/S have 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 all management levels. The target is for an increase from 0% to 29% (2 out of 7) at Board level. The measurement period runs from the annual general meeting held in April 2017 to the annual general meeting to be held in April 2025.

It is our ambition in the group to increase diversity at all management levels by providing equal opportunities for men and women. The group sets targets for gender diversity at all management levels and seeks to have both genders represented as candidates in all recruitment processes. The target is for an increase from 0% to 40% (2 out of 5) at management level. The measurement period runs from publication of the annual report in April 2024 to publication of the annual report for 2028. To increase the diversity at management level and other levels, during 2023 ZITON carried out a campaign showing the diversity in employment at ZITON and that it is possible to maintain a good work-life balance even though you have uncommon workhours with four weeks on the vessels followed by four weeks at home. Further, ZITON is planning to recruit more people directly after they have completed their education and offer training onboard the vessels for young people to consider offshore wind as a career path.

The table below shows the staus of representation of the underrepresented gender for the financial year.

Representation of the underrepresented gender	
Diversity at Board of Directors level	0 of 5
(Board members of underrepresentedgender to total board members)	
Diversity at management level	0 of 5
(Managers of underrepresented gender to total managers)	

Statement on data ethics, cf. Section 99 d of the Danish Financial Act

The Group has extensive procedures regarding compliance and GDPR, including process descriptions and incident reporting. We respect the data subject's rights and are obliged to process personal information responsibily and in accordance with applicable law.

Digital transformation in the group encompasses the processes across the company from operation to connectivity with customers, and automation of processes to data-driven decision making. We continually review process by process. Initially, we strive to simplify and streamline processes. Then we investigate the digitalisation and automation potential of each process. We also review technology trends to evaluate whether there are solutions we can utilise in our digital transformation. In 2024, we plan to complete digitalisation projects for our ESG reporting, for the NIS2 directive, which is related to the implementation of a higher level of cyber security, as well as for an overall data strategy.

We have successfully developed the ZITON Portal over the past years in a process driven by a team dedicated to improving connectivity with our customers. The portal enables us to exchange project documentation seamlessly with our customers. We use a cloud-based solution on which customers can interact with us using a browser. This is a very cost-effective solution that allows customers to access all documentation in one place. We also maintain all our safety and quality management documentation on the ZITON Portal, for our own and for our customers' convenience, as well as our registrations for the environment, social and governance ("ESG") related key performance indicators that we are reporting and monitoring.

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.

Income Statement

	Note	Group	Parent company
		16/9/22 - 31/12/23	16/9/22 - 31/12/23
		EUR'000	*EUR'000*
Net revenue	1	**83,518**	**-**
Other operating income	2	736	-
Project-related expenses		-4,769	-
Operating expenses		-13,454	-
Administrative expenses		-3,057	-116
Gross Profit		**62,974**	**-116**
Staff costs	4	-22,504	-
Depreciation and amortisation	10 + 11	-14,680	-
Operating profit		**25,790**	**-116**
Financial income	6	891	2
Impairment losses on financial assets		-84	-
Financial expenses	7	-32,862	-7
Profit before tax		**-6,264**	**-121**
Tax on profit	8	751	-
Profit for the year	9	**-5,513**	**-121**

Attributable to:	
Shareholders of ZITON A/S	-5,340
Non-controlling interests	-173
Income for the year	**-5,513**

Balance Sheet 31 December

Assets	Note	Group 2023 EUR'000	Parent company 2023 EUR'000
Patents	10	174	-
Software	10	18	-
Intangible fixed assets		**192**	**-**
Fixtures and equipment	11	3,351	-
Vessels	11	251,824	-
Tangible fixed assets		**255,175**	**-**
Equity investment in subsidiary	12	-	15,054
Financial assets		**-**	**15,054**
Fixed assets		**255,367**	**15,054**
Inventories		310	-
Trade receivables		7,800	-
Contract assets		1,717	-
Deferred tax asset	14	39	-
Other receivables		2,557	-
Prepayments	13	162	-
Accounts receivable		**12,584**	**-**
Cash and cash equivalents		37,123	1
Current assets		**49,707**	**1**
Total assets		**305,074**	**15,055**

Balance Sheet 31 December

Equity and liabilities	Note	Group 2023 EUR'000	Parent company 2023 EUR'000
Share capital	15	60	60
Other reserves		-152	-2
Retained earnings		18,954	14,851
Total equity attributable to shareholders of Zappy Topco ApS		**18,862**	**14,909**
Minority interests	9	70	-
Total equity		**18,932**	**14,909**
Non-current liabilities			
ESG loan	12	96,098	-
Bond loan, first lien	12	136,815	-
Bond loan, second lien	12	32,890	-
Lease obligations	12	127	-
Long-term liabilities		**265,930**	**-**
Current liabilities			
Bond loan, first lien, current liability	12	7,687	-
Lease obligations, current liability	12	88	-
Current tax payable		6	-
Trade and other payables		9,315	31
Liability to group enterprises		-	115
Other liabilities	17	3,116	-
Current liabilities		**20,213**	**146**
Total liabilities		**286,143**	**146**
Total equity and liabilities		**305,074**	**15,055**

Contingencies and contractual obligations	18
Charges and securities	19
Related parties and ownership	20
Significant events after the balance sheet date	21

Equity statement 31 December 2023

	Group						
	Share capital	Share premium	Other reserves	Retained earnings	**Total**	Minority interests	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	***EUR'000***	EUR'000	***EUR'000***
Equity 16 September 2022	6	-	-	-	**6**	-	**6**
Capital increase during the year	54	15,000	74	10,167	**25,296**	243	**25,538**
Transfer from share premium	-	-15,000	-	15,000	**-**	-	**-**
Profit for the year	-	-	-	-5,340	**-5,340**	-173	**-5,513**
Cost of capital increase	-	-	-	-873	**-873**	-	**-873**
Exchange rate adjustment of subsidiaries	-	-	-226	-	**-226**	-	**-226**
Equity 31 December 2023	**60**	**-**	**-152**	**18,954**	**18,862**	**70**	**18,932**

	Parent Company				
	Share capital	Share premium	Other reserves	Retained earnings	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	***EUR'000***
Equity 16 September 2022	6	-	-	-	**6**
Capital increase during the year	54	15,000	-	-	**15,054**
Transfer from share premium	-	-15,000	-	15,000	**-**
Profit for the year	-	-	-	-121	**-121**
Cost of capital increase	-	-	-	-28	**-28**
Exchange rate adjustments	-	-	-2	-	**-2**
Equity 31 December 2023	**60**	**-**	**-2**	**14,851**	**14,909**

Specification of movements in the share capital	**2023**
	EUR
Sharecapital at company formation, 16 September 2022	5,500
Capital increase, share for share exchange ZITON A/S, 30 September 2022	53,789
Cash capital increase, 26 April 2023	200
Cash capital increase, 20 June 2023	150
Sharecapital 31 December	**59,639**

Cash flow statement 16 September 2022 - 31 December 2023	Group
	16/9/22 - 31/12/23
	EUR'000
Profit for the year	-5,513
Reversed depreciation of the year	14,680
Profit/loss on disposal of assets	-1
Reversed financial income	-891
Reversed impairment losses on financial assets	84
Reversed financial expenses	32,862
Reversed tax on profit for the year	-751
Other adjustments	-471
Change in inventories	5
Change in contract assets	-1,717
Change in current receivables	-1,145
Change in current liabilities	5,018
Cash flow from ordinary activities	**42,160**
Financial income received during the year	891
Financial expenses - paid during the period	-28,611
Corporate income tax paid	-15
Cash flow from operating activities	**14,425**
Purchase of tangible fixed assets	-94,707
Disposal of tangible fixed assets	659
Purchase of intangible fixed assets	-196
Cash flow from investing activities	**-94,244**
Repayments of debt to bondholders	-173,245
Loan costs	-9,377
Proceeds from bank and bond loans	281,339
Draw on working capital facility	-6,241
Capital increase	15,000
Cost of capital increase	-1,037
Lease payments	-84
Cash Flow from financing activities	**106,354**
Change in cash and cash equivalents	**26,535**
Cash and cash equivalents 1 October 2022	10,588
Cash and cash equivalents 31 December 2023	**37,123**

1 Net revenue

	Group	Parent company
	16/9/22 - 31/12/23	16/9/22 - 31/12/23
	EUR'000	*EUR'000*
Geographical distribution of revenue		
Non long-term time charter (revenue recognised point in time)		
United Kingdom	38,235	-
Denmark	19,616	-
Germany	882	-
Sweden	763	-
Belgium	1,247	-
Netherlands	351	-
Total non long-term time charter	**61,095**	**-**
Long-term time charter (revenue recognised over time)		
Denmark	22,423	-
Total long-term time charter	**22,423**	**-**
Total revenue	**83,518**	**-**

2 Other operating income

	Group	Parent company
Insurance compensation	604	-
Profit from sale of non- current assets	1	
Salary refunds	131	
	736	**-**

3 Special items

The Group has received compensation for losses caused by breakdowns on the Group's vessels. The compensation amount of tEUR 604 has been recognised as other operating income in the Income Statement.

The Group has disposed non- current assets which generated a profit of tEUR 1. The profit has been recognised as other operating income in the Income Statement.

4 Staff Costs

	Group	Parent company
	16/9/22 - 31/12/23	**16/9/22 - 31/12/23**
	EUR'000	*EUR'000*
Wages and Salaries	20,806	-
Pensions - defined contributions plans	1,167	-
Other social security costs	530	-
	22,504	**-**
Of which remuneration to:		
Executive Management:		
Wages and Salaries	667	-
Pensions - defined contributions plans	-	-
Other social security costs	1	-
Total	**668**	**-**
Board of Directors:		
Wages and Salaries	491	-
Pensions - defined contributions plans	26	-
Other social security costs	1	-
Total	**518**	**-**
Average number of employees	237	-

5 Fee to statutory auditors

	Group	Parent company
Fee to BDO Statsautoriseret revisionsaktieselskab	**81**	**3**
Fee for statutory audit	76	3
Fee for Assurance engagements	1	-
Fee for tax advisory	-	-
Fee for other services	3	-
Total	**81**	**3**

6 Financial income

	Group	Parent company
Other financial income	891	2
	891	**2**

7 Financial expenses

	Group	Parent company
	16/9/22 - 31/12/23	16/9/22 - 31/12/23
	EUR'000	*EUR'000*
Financial expenses, Group companies	-	7
Other financial expenses	32,862	0
	32,862	**7**

8 Tax on profit for the year

	Group	Parent company
Income tax for the year	165	-
Change in provision for deferred tax	-105	-
Adjustments in respect of prior years - deferred tax	-811	-
	-751	**-**

9 Proposed distribution of profit

	Group	Parent company
Minority interests' share of profit/loss in subsidiary	-173	-
Retained earnings	-5,340	-121
Total	**-5,513**	**-121**

10 Intangible assets

	Group		
	Patents	Software	Total
	EUR'000	*EUR'000*	*EUR'000*
Cost at 16 September 2022	-	-	-
Additions in connection with purchase of subsidiary	47	208	255
Additions during the year	19	177	196
Disposals during the year	-	-126	-126
Cost at 31 December 2023	**66**	**260**	**325**
Amortisation and impairment at 16 September 2022	-	-	-
Additions in connection with purchase of subsidiary	5	131	137
Impairment	47	-	47
Depreciation during the year	-5	80	75
Disposals during the year	-	-126	-126
Amortisation and impairment 31 December 2023	**47**	**86**	**133**
Carrying amount at 31 December 2023	**18**	**174**	**192**

11 Tangible fixed assets

	Group		
	Fixtures and equipment	Vessels	Total
	EUR'000	*EUR'000*	*EUR'000*
Cost at 16 September 2022	-	-	-
Additions in connection with purchase of subsidiary	3,117	250,238	253,355
Exchange rate adjustment at closing rate	-10	-604	-614
Additions during the year	2,841	91,720	94,561
Disposals during the year	-457	-673	-1,130
Cost at 31 December 2023	**5,490**	**340,682**	**346,171**
Depreciation at 16 September 2022	-	-	-
Additions in connection with purchase of subsidiary	1,602	75,468	77,071
Exchange rate adjustment at closing rate	-4	-223	-228
Impairment	309	-	309
Depreciation during the year	556	13,691	14,247
Disposals during the year	-324	-79	-402
Depreciation and impairment at 31 December 2023	**2,139**	**88,858**	**90,997**
Carrying amount at 31 December 2023	**3,351**	**251,824**	**255,175**
Of which finance lease asssets	265	-	265
Carrying amount of capitalised interest	-	6,402	6,402

12 Financial assets

	Parent company
	Equity investment in subsidiary
	EUR'000
Cost at 16 September 2022	-
Additions	15,054
Cost 31 December 2023	**15,054**
Carrying amount at 31 December 2023	**15,054**

Legal entitites	Company form	Registered office	Ownership share	Profit for the period	Equity as at 31 December 2023
				EUR'000	*EUR'000*
ZITON A/S	A/S	Horsens, Denmark	100%	-5,248	19,007
- ZITON Contractors A/S	A/S	Horsens, Denmark	100%	426	850
- ZITON Ltd	Ltd.	London, United Kingdom	100%	14	71
- ZITON GmbH	GmbH	Hamburg, Germany	100%	-6	49
- Wind Enterprise P/S *	P/S	Horsens, Denmark	100%	8,226	14,134
- Green Wind Enterprise ApS*	ApS	Horsens, Denmark	100%	-2	2
- Hangout A/S **	A/S	Horsens, Denmark	50%	-347	139

* The subsidiaries Green Wind Enterprise ApS and Wind Enterprise P/S were dissolved on 19 February 2024.

** ZITON A/S regards Hangout A/S as a subsidiary due to its controlling interest in the entity.

13 Prepayments

Prepayments consist of prepaid expenses regarding rent, insurance, supscriptions and interest.

14 Deferred tax

	Group	Parent company
	2023	**2023**
	EUR'000	*EUR'000*
Deferred tax at 16 September 2022	-	-
Additions in connection with purchase of subsidiary	-649	-
Currency translation	3	-
Change in deferred tax - recognised in the income statement	105	-
Adjustments in respect of prior years	811	-
Adjustment to deferred tax asset in joint taxation	-232	-
Deferred tax 31 December 2023	**39**	**-**
Gross deferred tax:		
Deferred tax asset	39	-
Deferred tax liability	-0	-
Deferred tax 31 December 2023	**39**	**-**

Group

The deferred tax asset recognised by the group is related to temporary differences of tangible fixed assets.

The group has unrecognised tax losses carried forward of EUR 26m with a tax value of EUR 6m. The deferred tax asset of the tax losses in some group entities have not been recognised as it has been assessed that the losses cannot be substantially utilised in the foreseeable future.

The majority of the activities in the group are included in local tonnage tax scheme. If group entities under tonnage taxation withdraw from the tonnage taxation schemes, a deferred tax liability amounting to a maximum of EUR 14m may be recognised. The deferred tax liability can be offset in the deferred tax on tax losses carried forward. The group does not intend to withdraw from the tonnage tax scheme and therefore no tax liability has been recognised.

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

Parent Company

Zappy Topco Aps has not recognised a deferred tax asset for tax losses carried forward as it is not expected that the tax losses can be substantially utilised in the forseeable future.

15 Share Capital

The registrered share capital of Zappy Topco ApS is as below:	Face value per share *EUR*	Number of shares	Total share capital *EUR*
	Parent Company		
A-shares, ordinary shares	0.01	676,818	6,768
B-shares, non-voting shares	0.01	75,202	752
C-shares, preference shares	0.01	5,176,854	51,769
D-shares, preference shares	0.01	10,000	100
E-shares, ratchet shares	0.01	10,000	100
F-shares, preference shares	0.01	15,000	150
Total registered share capital at 31 December 2023		**5,963,874**	**59,639**

16 Long-term liabilities

	Group **2023** *EUR'000*
ESG Loan	
After 5 years	-
Between 1 and 5 years	96,098
Long-term part	**96,098**
Under 1 year	-
Bonds	
After 5 years	-
Between 1 and 5 years	169,705
Long-term part	**169,705**
Under 1 year	7,687
Lease obligations	
After 5 years	-
Between 1 and 5 years	127
Long-term part	**127**
Under 1 year	88
Short-term part of long-term debt	
Under 1 year	7,775

17 Other liabilities

Other liabilities include accrued bonus, holiday provisions and other payables.

18 Contingencies and contractual obligations

Contingent assets

Group

The Group has unrecognised tax losses carried forward of EUR 26m with a tax value of EUR 6m. The deferred tax asset of the tax losses have not been recognised as it has been assessed that the losses cannot be substantially utilised in the foreseeable future.

Parent company

The parent has a carried forward tax losses for which a deferred tax asset has not been recognised in the balance sheet.

Contingent liabilities

Group

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

The majority of the Group´s income is taxed under the Danish tonnage tax scheme. If ZITON A/S withdraws from the tonnage taxation scheme, a deferred tax liability amounting to a maximum of EUR 14m may be realised. ZITON A/S does not intend to withdraw from the tonnage tax scheme and therefore no tax liability has been recognised.

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

Parent company

The parent company does not any have any contingencies etc.

Joint taxation liability

Parent company

Zappy Topco ApS is jointly taxed with the subsidiaries ZITON A/S, ZITON Contractors A/S, Hangout A/S and Green Wind Enterprise ApS. Zappy Topco ApS is the administraton company for the joint taxation.

The company is liable jointly and severally with the parent company and the other companies in the jointly taxed group for tax on the group's jointly taxed income and for potential withholding taxes, such as dividend tax and royalty tax.

The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.

The tax liability of the jointly taxed income as at 31st December 2023 amounts to EUR 0.

18 Contingencies and contractual obligations - continued

Contractual obligations

Group

Operating leases relate to lease of office, warehouse and motor vehicles. The lease agreements have a termination period of 6 -23 months. The collective minimum lease obligation amounts to approximately EUR 0.3m.

Lease liabilities are due as below:

After 5 years	-
Between 1 and 5 years	127
Long-term part	**127**
Under 1 year	169

Parent Company

The parent company does not have lease obligations.

19 Charges and securities

Group

As security for engagement with the bank and bondholders the following securities are provided:

	Book value of pledged assets	Nominal amount of pledge
	EUR'000	*EUR'000*
Vessel mortgage in J/U WIND, J/U WIND PIONEER, J/U WIND SERVER, J/U WIND ENTERPRISE and J/U WIND ENERGY	255,175	284,200

The Groups' credit facilities include a first lien bond loan (ISIN NO 0012928185) with a nominal outstanding of EUR 150m, an ESG loan with a nominal outstanding of DKK 745m, and a second lien bond loan (ISIN NO 0012928169) with a nominal outstanding of EUR 34.2m at year-end 2023.

These facilities and loans hold a joint security package with security in all the five vessels (J/U WIND, J/U WIND PIONEER, J/U WIND SERVER, J/U WIND ENTERPRISE and J/U WIND ENERGY) owned by ZITON A/S as well as entitlements under insurances related to the vessels.

Further, the security package includes a pledge over 100% of the shares of ZITON A/S, a pledge in the CAPEX account held by ZITON A/S, assignment of any subordinated loans, and any current and future intercompany loans. The security package also includes, subject to any "Quiet enjoyment letter" and any "Supply chain finance program", an assignment of the rights of under the contracts with Siemens Gamesa Renewable Energy ("SGRE") for J/U WIND ENTERPRISE and J/U WIND ENERGY including all income payable.

In addition, the first lien bond loan (ISIN NO 0012928185) and the ESG loan hold a pledge against amounts on the individual retention accounts for each loan.

19 Charges and securities - continued

Parent Company

The parent company has pledged 100% of share of ZITON A/S as security for loans.

Guarantees

Group

As part of the working capital facility, the Group's bank had provided bank guarantees which were performance guarantees, on-demand guarantees and serve to guarantee the full and punctual performance of ZITON A/S's obligations and payment of any sums that ZITON A/S is liable to pay under or in connection with the charter contract. All guarantees were cancelled in 2023 and hence there were no outstanding guarantees as at 31 December 2023.

Parent Company

The parent company has not issued any guarantees.

20 Related parties and ownership

Controlling interest	Basis
Permira Credit Solution III Sub Master Euro S.à r.l.	Majority shareholder

Other related parties

Other related parties

Zappy Topco ApS' related parties with significant influence consist of parent companies as well as the companies' subsidiaries and boards of directors and executive officers and their family members. Related parties also include companies in which the above persons have significant interests.

Furthermore, Zappy Topco ApS' subsidiaries, as well as members of the Board of Directors and the Executive Management of Zappy Topco ApS together with their immediate families, including companies in which the above persons have control or joint control, are considered related parties.

Transactions with related parties

Zappy Topco ApS did not carry out any material transactions, that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions, that were not performed on common market conditions.

21 Significant events after the balance sheet date

The subsidiaries Wind Enterprise P/S and Green Wind Enterprise were dissolved in February 2024.

No other significant events have occurred since the end of the financial year.

The annual report of Zappy Topco ApS for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act for large enterprises in reporting class C.

As the financial year 2022/23 is the Company's first financial year, the Financial Statements with associated notes have been prepared without comparative figures for the previous year.

The Company and Group's first financial year is from 16 September 2022 to 31 December 2023.

Presentation currency

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

Consolidated financial statements

The consolidated financial statements include the parent company Zappy Topco ApS and its subsidiary enterprises in which Zappy Topco ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of takeover or establishment. Sold or wound up enterprises are recognised in the Consolidated Income Statement up to the time of handover. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises.

The date of takeover is the date on which the Group gains actual control over the acquired enterprise.

Acquired enterprises within the Group are recognised in the Consolidated Financial Statements under the combination method according to which the combination is regarded as having taken place at the date of takeover and using the carrying amounts of the assets and liabilities taken over.

Transaction costs incurred in connection with acquisition of enterprises are recognised in the Income Statement in the year in which, the costs are incurred.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests’ proportional share of the results and Equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under Equity.

INCOME STATEMENT

Net revenue

Net revenue for the sale of services is generally recognised on the basis of a measurable degree of completion, however, straight-line recognition is applied to services which are delivered over time in a regular pattern. If the degree of completion is not measurable or the sales value or total costs of completing the services are uncertain, revenue is recognised by an amount not exceeding the amount, that the enterprise believes it can claim and is expected to be received for the services delivered at the Balance Sheet date.

Net revenue is recognised ex VAT and with deduction of the charges and discounts, that may be related to the sale.

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.

Where contracts are identified as a lease (time charter), revenue is recognised over time on a straight-line basis over the term of the lease period.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, and salary refunds.

Project-related expenses

Project-related expenses consist of expenses in relation to projects and primarily involve expenses to tugboat, subcontractors, 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. Operating expenses include insurance, maintenance expenses, bunker consumption, lubricants and other direct and indirect costs to operate the vessels. Like revenue, operating expenses are recognised upon delivery of the service.

Administrative expenses

Administrative expenses include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts and similar expenses. Administrative expenses are also recognised upon delivery of the service.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible assets.

Results of investments in subsidiary and associate enterprises

Results of investment in subsidiaries include received dividende from subsidiaries to the extent that dividends do not exceed accumulated earnings in the subsidiaries during the ownership period.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the Income Statement by the amounts, that relate to the financial year.

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.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion, that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

BALANCE SHEET

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement.

Software are measured at cost less accumulated amortisation and writedowns. The depreciation base is cost.

The cost includes the acquisition price, costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line amortisation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Patents	7 - 15 years	0%
Software	3 - 7 years	0%

Intangible assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Vessels, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time, when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Vessels	20 - 30 years	0%
Installed equipment on vessels:	3 - 12 years	0%
Machinery and tools	3 - 10 years	0%
Cars and office equipment	2 - 5 years	0%

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.

Profit or loss on disposal of tangible assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Investments in financial assets

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value with the addition of direct purchase costs. In case of indication of impairment, at impairment test must be conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets as well as investments, which are not measured at fair value, are assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

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

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

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

Contract assets

Contract assets are recognised when the company has provided services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract assets relate to the work in progress of projects executed by the group and services rendered. Work in progress shows the balance of revenue recognised on those contracts less progress billings, advance payments and potential provisions for losses.

Contract assets are the group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract asset arises when the group performed works for a customer that are recognised as revenue to date but are not yet invoiced or paid. As such the revenue recognition reflects the rate at which the group's performance obligations are fulfilled corresponding to the transfer of control of a good or service to the customers. When there is no transfer of control throughout the contract, revenue is still recognised over time, based on the fact that the asset created has no alternative use, as well as the fact that the group has an enforceable right to the payment for performance completed to date. Contract assets turn into receivables when those works are accepted by the client.

Other receivables and prepayments

Other receivables comprise deposits and miscellaneous receivables.

Accruals recognised as assets include costs incurred relating to the subsequent financial year 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.

Equity

Fair value reserve for foreign currency translation

The reserve includes a share of foreign currency translation adjustments arisen at translation of the financial statements of entities with another functional currency than Danish Kroner as well as foreign currency translation adjustments regarding assets and liabilities which constitute a share of the company's net investments in such entities. The reserve is dissolved by disposal of foreign entities. In the parent company where investments in subsidiaries, associates and equity investments are subject to the requirement of limitation of the reserve according to equity method, foreign currency translation adjustments will instead be included in the reserve according to the equity method.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax unit.

Deferred tax is measured on the basis of the tax rules and tax rates, that, under the legislation in force on the Balance Sheet date, will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in Equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Other liabilities

Other liabilities are measured at amortised cost equal to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies, that are not settled on the Balance Sheet date, are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the Balance Sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or write-down of the asset. The items of the Income Statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item. Exchange rate differences are recognised in the Income Statement under financial income and expenses.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the Equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of income statements from average rate to the rates of the Balance Sheet date are recognised directly in the Equity.

Exchange adjustments of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the Equity of independent subsidiaries are recognised directly in Equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

CASH FLOW STATEMENT

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

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank and in hand.

Cash flow statement for the parent company has not been prepared in accordance with the exemption provision in §86 of the Danish Financial Statements Act.

KEY FIGURES

The key figures are prepared in accordance with the guidance of Den Danske Finansanalytikerforening on "Recommendation 8: Key Figures". Reference is made to below for principal figures and key figures concerning the formula for calculation of individual key figures.

EBITDA margin:
EBITDA as percentage of net revenue

Rate of return:
Operating profit as percentage of average balance sheet total

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