

Maersk Supply Service A/S

Lyngby Hovedgade 85
DK-2800 Kongens Lyngby

**Central Business Registration
No. 31414377**

Annual Report 2023

The Annual Report was presented and adopted at the Annual General Meeting,
Lyngby-Taarbæk, 21. June 2024.

Chairman of the General Meeting

Name: Nils Fredrik Olsson

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COMPANY DETAILS

The Company Maersk Supply Service A/S
Lyngby Hovedgade 85
DK-2800 Kongens Lyngby
Denmark

CVR No.: 31414377

Registered in: Copenhagen

Registration date: 29 April 2008

Accounting period: 1 January 2023 - 31 December 2023

Board of Directors Martin Nørkjær Larsen (Chairman)
Morten Henrik Engelstoft
Maria Aagaard Pejter
Martin Neubert
Kristin Helene Holth

Executive Board Christian Michael Ingerslev

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark
CVR No. 33771231

Consolidated accounts The Company is included in the consolidated accounts of A.P. Møller-Holding A/S, Copenhagen and Maersk Supply Service Holding ApS, Lyngby-Taarbæk.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Maersk Supply Service A/S for the financial year 1 January - 31 December 2023.

The Annual Report for 2023 has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

We believe that the Management`s Review contains a fair review of the affairs and conditions referred to therein.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 21. June 2024

Executive Board

Christian Michael Ingerslev

Board of Directors

Martin Nørkjær Larsen
(Chairman)

Morten Henrik Engeltoft

Maria Aagaard Pejter

Martin Neubert

Kristin Helene Holth

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Maersk Supply Service A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Supply Service A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

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 Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

Copenhagen, 21. June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31

Lasse Berg
State Authorised Public Accountant
Mne35811

MANAGEMENT'S REVIEW

Key figures and financial highlights

(amounts in USD million)

	2023	2022	2021	2020	2019
Revenue	190	188	163	135	134
Gross profit/loss	122	85	93	92	71
Operating profit/loss	35	2	(205)	(77)	(44)
Financial items, net	26	(87)	(82)	2	(64)
Profit/loss for the year	66	(51)	(289)	(76)	(104)
Total assets	812	773	592	852	888
Investments in vessels, plant and machinery	42	39	12	157	189
Total equity	718	660	522	386	460
Gross margin (%)	63.7	45.0	57.2	68.0	53.0
Profit margin (%)	18.2	1.0	(125.5)	(57.0)	(32.8)
Return on equity (%)	9.5	(8.6)	(63.7)	(18.2)	(64.8)
Equity ratio (%)	88.4	85.4	88.3	45.3	51.8
Return on assets (%)	4.3	0.2	(34.6)	(9.0)	(5.0)

Ratios

Calculation formula

Ratios

Gross margin (%)

$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

The entity's operating gearing

Profit margin (%)

$$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

The entity's operating profitability

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

The entity's return on capital invested in the entity by the owners

Equity ratios (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

The financial strength of the entity

Return on assets (%)

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Profitability ratio measuring net income from total assets

MANAGEMENT'S REVIEW (CONTINUED)

Primary activities

Maersk Supply Service A/S is a 100% owned subsidiary of Maersk Supply Service Holding ApS, providing global services to the offshore industry including anchor handling, towage of drilling rigs and platforms, and has recently moved into the renewables (offshore wind) market. The Company furthermore provides project management and execution, however these activities are expected to be phased out over the next couple of years. A minor part of the activities takes place in branches abroad (please refer note 3).

Up until May 2023, Maersk Supply Service A/S was fully owned by A.P. Moller – Maersk. Since May 2023, the Company has been owned by Maersk Supply Service Holding ApS.

As of 31 December 2023, the Company's fleet comprises 19 vessels.

Development in activities and finances

The Income Statement of the Company for 2023 shows a profit of USD 66m (2022: loss of USD 51m) and at 31 December 2023 the Balance Sheet of the Company shows equity of USD 718m (2022: USD 660m).

The adjusted profit for 2023 amounts to USD 28m, which was better than the adjusted profit for 2022 of USD 7m. The difference of USD 34m (2022: USD 58m) include mainly reversals of impairment on vessels and investments in subsidiaries. The improvement in adjusted profit is primarily due to an increase in other operating revenue.

Gross profit ended at USD 122m (2022: USD 85m), slightly above the expectations (gross profit was expected in range USD 70m to USD 120m for 2023).

A review of asset values did not show a need for impairment in Maersk Supply Service group. For Maersk Supply Service A/S, a minor impairment reversal was recognized due to company ownership of vessels benefitting most from improved market conditions.

Investments

During 2023, no major investments have been made. The investments during the year relates to reactivation of vessels, drydockings and modifications to existing vessels.

Outlook

In 2024, Maersk Supply Service A/S expects positive developments in results on the back of improved market conditions, positive order backlog and sustained cost reductions.

Gross Profit for 2024 is thus expected to be at a significantly higher level than in 2023. The range is expected USD 125m to USD 175m.

MANAGEMENT'S REVIEW (CONTINUED)

Particular risks

For 2024, the main risks to Maersk Supply Service's financial performance relate to developments in global demand for offshore support vessels and the corresponding development in day rates and utilisation. Maersk Supply Service assesses the risks related to the market activity through impairment test. For the year of 2023, the impairment test resulted in no net impairments in the fleet on a consolidated level. In addition to the market activity, Maersk Supply Service is exposed risks related to its Integrated Solutions business through completing projects on time and within the committed scope to its customers.

The offshore supply sector is closely tied to activity in the oil and gas industry. Fluctuations in commodity prices can significantly impact the demand for offshore support vessels. Economic downturns or uncertainties in key markets can impact the overall demand for offshore services as well as sudden drop in oil prices may lead to reduced exploration and production activities, affecting vessel utilisation and day rates.

ESG

Acting with constant care is embedded in the culture of Maersk Supply Service, and its values act as a guide towards a safe, compliant and healthy work environment, offshore as well as onshore. A safe working environment for its employees, partners and clients remains the focus for all projects and operations. The company maintains a high level of quality and ensures compliance throughout its organisation, and is committed to conducting business in a sustainable, ethical and conscientious manner.

Maersk Supply Service is also committed to its vision, "Actively taking part in solving the energy challenges of tomorrow", by leveraging its assets and expertise to help drive the UN Sustainable Development Goals. No one individual, company or organisation can solve the climate crisis alone – the scale is global, and it will require a collective effort to devise a global solution. Through partnerships, cooperative action, and taking responsibility for its own impact, Maersk Supply Service continues to drive improvements to its ESG performance.

Environmental performance

Maersk Supply Service continued to effect positive environmental developments during 2023. The company tracks its decarbonisation efforts against the Carbon Intensity Indicator metric. In 2023, the Carbon Intensity Indicator was 73.3 (g/kWh) – a reduction from the 2022 figure of 76.0 (g/kWh).

From the 2018 baseline, Maersk Supply Service has reduced its carbon intensity by 21%. This progress has been made by focusing on emissions-conscious behaviours, closer collaboration with customers, and technical upgrades to the fleet. Maersk Supply Service is committed to continue its progress on reducing emissions. The target for the company is to have reduced its carbon intensity by 40% in 2028, from a 2018 baseline.

Safety

Safety is part of everything Maersk Supply Service does. Every hour of every day the company operates under conditions that are potentially dangerous if not managed correctly. Maersk Supply Service believes that safety is a leadership matter, and everyone is responsible for taking care of each other.

MANAGEMENT'S REVIEW (CONTINUED)

In 2023, Maersk Supply Service improved its safety performance compared to 2022. While two Lost-Time-Incidents were reported – the same level as 2022 – the Total Recordable Case frequency significantly improved throughout the year, starting at 2.01 and ending at 0.77 by December due to less recordable cases (five in 2023 vs. 11 in 2022) and an increased activity level.

A total of five High Potential cases were seen during 2023. These cases are incidents causing no loss or damage but, under different circumstances, would have resulted in an incident. Out of the five incidents, one High Potential case was directly related to Maersk Supply Service. The remaining four were client incidents onboard Maersk Supply Service vessels. The total of five High Potential cases onboard Maersk Supply Service vessels signifies a decrease compared to 2022 where 11 High Potential cases, all Maersk Supply Service related, were recorded onboard Maersk Supply Service vessels. Maersk Supply Service tracks High Potential cases and other relevant safety metrics as a mean to continue to improve safety onboard our vessel on a proactive manner.

Statutory report on corporate social responsibility cf. section 99a of the Danish Financial Statements Act

Concerning compliance with section 99a of the Danish Financial Statements Act, reference is made to the parent company A.P. Møller Holding A/S' (CVR number 25679288) separate sustainability report on the website: <https://apmoller.com/reports/>

Statutory report on share of underrepresented gender cf. section 99b of the Danish Financial Statements Act

Addressing the challenges within the shipping industry revolves around navigating the green transition. It is imperative for the sector to pioneer and implement solutions that mitigate the environmental impact of marine services, requiring a culture of innovation. Diversity stands out as a pivotal driver for innovation and flourishes in various dimensions within Maersk Supply Service's operations – encompassing nationality, educational background, and other facets.

Maersk Supply Service embodies this diversity ethos with a team of over 1,400 individuals representing 37 different nationalities. Despite these strides, we acknowledge the ongoing need for improvements, particularly in enhancing gender diversity within an industry that is still male dominated.

Maersk Supply Service is a signatory of Danish Shipping's More Women in Shipping and has adopted the goals in the charter such as increasing its number of women, ensuring equal opportunities, and implementing concrete measure to increase women in the company.

On the basis of its Diversity & Inclusion (D&I) strategy, Maersk Supply Service continues its D&I journey with focus on increasing female leadership. The main focus and activities, during 2023, have been around the recruitment process as well as strengthening internal processes and awareness.

MANAGEMENT'S REVIEW (CONTINUED)

Management level	Number of members	Underrepresented gender
Board of directors	5	40 %
Other management levels	6	17 %

Some of the D&I initiatives and actions during 2023 within Maersk Supply Service was:

- A DEI week across the organization, onshore and offshore. Hosting and facilitating D&I activities (lunches, townhalls, information sharing).
- Ensuring a D&I focus within the recruitment process incl. gender neutral job ads, diverse candidate slates and training of leaders.
- Planning and facilitating psychological work safety workshops across all locations, onshore and offshore, to ensure an open space to talk about well-being, psychological work safety, work culture and inclusion.
- Setting a deliberate target of not becoming less diverse as an organization, despite having to make more than 100+ onshore employees and leaders redundant during 2023. This target was achieved at both overall organisational level and at leadership level (senior leadership and across all leadership positions).

In addition to above, the Senior Management Team in Maersk Supply Service, now consist of 6 positions, where one of the roles have been filled by a female during 2023. Increasing the female representation in the senior management to 17%.

Within Maersk Supply Service, the female leadership percentage has been stable for the last three years at around 30%. This is for female leaders below the Senior Management level. The target remains unchanged from previous years (30%).

Given that the organisation went through a lot of organisational change in 2023, including a company ownership change and 2 significant re-organisations incl. redundancies, our focus was primarily on the well-being of the people during a period of significant uncertainty and high level of change.

As we enter 2024, the company has embarked on a strategic approach, engaging leaders to foster the necessary cultural shift. As part of this, the D&I strategy and targets will be reviewed during 2024. This is to ensure that this is aligned up against the Maersk Supply Service, Together Towards'28 strategy which is currently being rolled out. It is also a recognition of the need to have a continued focus on D&I.

Maersk Supply Service achieved its 2023 target of equal gender representation on its Board of Directors, in accordance with section 99b of the Danish Financial Statements Act. The target remains unchanged at 40% underrepresented gender for the Board of Directors.

Statutory statement on data ethics in accordance with section 99d of the Danish Financial Statements Act

Concerning compliance with section 99d of the Danish Financial Statements Act, reference is made to the parent company A.P. Møller Holding A/S' (CVR number 25679288) separate sustainability report on the website: <https://apmoller.com/reports/>

MANAGEMENT'S REVIEW (CONTINUED)

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any significant uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position as of 31 December 2023 and the result for the financial year has not been affected by any unusual events.

Events after the balance sheet date

Maersk Supply Service A/S has after the balance sheet date distributed ordinary dividend to parent company Maersk Supply Service Holding ApS. The ordinary dividend comprises the shares of the 100% owned company Phoenix II A/S.

No other events have occurred after the reporting date of importance to the Annual Report.

INCOME STATEMENT

Amounts in USD 1,000

Note		<u>2023</u>	<u>2022</u>
3	Revenue	190,460	187,930
	Other operating income	46,973	19,724
	Other external expenses	<u>(115,920)</u>	<u>(123,056)</u>
	Gross profit/loss	121,513	84,598
4	Staff costs	(85,657)	(79,402)
5	Depreciation, amortisation and Impairment	<u>(1,109)</u>	<u>(3,351)</u>
	Operating profit/loss	34,747	1,845
6	Other financial income	11,829	1,627
	Dividends received	4,497	2,576
7	Impairment of subsidiaries	12,618	(67,419)
7	Impairment of joint ventures	0	(2,617)
7	Value adjustment, Other investments	2,811	(16,620)
8	Other financial expenses	<u>(6,153)</u>	<u>(4,799)</u>
	Profit/loss before tax	60,349	(85,407)
9	Tax	<u>5,502</u>	<u>34,466</u>
10	Profit/loss for the year	<u>65,851</u>	<u>(50,941)</u>

BALANCE SHEET 31 DECEMBER

Amounts in USD 1,000

Assets	2023	2022
Note		
Software	0	0
11 Intangible asset	0	0
Plant and machinery	0	0
Vessels	343,888	303,771
Prepayments for vessels	9,381	6,108
12 Vessels, plant and machinery	353,269	309,879
Investments in subsidiaries	330,238	267,323
Other investments	0	14,565
13 Fixed asset investments	330,238	281,888
Fixed Assets	683,507	591,767
Raw materials and consumables	4,653	6,782
Manufactured goods and goods for resale	8,194	10,195
Inventories	12,847	16,977
Trade receivables	39,250	47,846
Receivables from affiliated companies	48,417	110,726
Other receivables	2,832	2,746
Income tax receivable	8,639	1,873
Prepayments	13	1,232
Receivables	99,151	164,423
Cash	16,664	103
Current assets	128,662	181,503
Assets	812,169	773,270

BALANCE SHEET 31 DECEMBER (continued)

Amounts in USD 1,000

Equity and liabilities

	<u>2023</u>	<u>2022</u>
14		
Share capital	100,000	100,000
Hedges	0	765
Proposed dividend	183,930	0
Retained earnings	<u>433,781</u>	<u>559,510</u>
Total equity	<u>717,711</u>	<u>660,275</u>
15		
Other provisions	<u>16,279</u>	<u>14,882</u>
Provisions	<u>16,279</u>	<u>14,882</u>
16		
Trade payables	36,227	43,329
Payables to affiliated companies	28,491	31,070
Income tax payable	831	1,080
Other payables	<u>12,630</u>	<u>22,634</u>
Current liabilities	<u>78,179</u>	<u>98,113</u>
Liabilities other than provisions	<u>78,179</u>	<u>98,113</u>
Equity and liabilities	<u>812,169</u>	<u>773,270</u>

- 1 Special items
- 2 Event after the balance sheet date
- 17 Financial instruments
- 18 Contingent liabilities
- 19 Contractual obligations
- 20 Related parties with controlling interest
- 21 Accounting policies

STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1,000

	<u>Share capital</u>	<u>Hedges</u>	<u>Proposed dividend</u>	<u>Retained earnings</u>	<u>Total</u>
1 January 2023	100,000	765	0	559,510	660,275
Tax free contribution	0	0	0	22,600	22,600
Fair value adj. of hedging	0	(765)	0	0	(765)
Extraord. dividend paid out	0	0	0	(30,250)	(30,250)
Proposed dividend	0	0	183,930	(183,930)	0
Profit for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,851</u>	<u>65,851</u>
31 December 2023	<u>100,000</u>	<u>0</u>	<u>183,930</u>	<u>433,781</u>	<u>717,711</u>

NOTES

Note

1 **Special items**

Impairment reversals on Intangibles, vessels and plant and machinery in 2023 amounts to net USD 21m (2022: USD 10m (net)) and impairment reversals on Investments in subsidiaries and joint ventures of USD 13m (2022: impairment USD 70m) and received dividend of USD 4.5m (2022: USD 2,6m).

The fair market value estimates for vessels are highly uncertain as the second-hand market for offshore vessels has very few benchmark transactions for both modern and older vessels involving willing buyers / willing sellers.

The value in use calculations for the individual cash generating units are sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate and EBITDA margin in the terminal period are critical variables. The day rates in the short to medium term are expected to improve and management expects a gradual move towards more economically sustainable rates in the long-term. Due to the uncertain macroeconomics conditions, further impairment write downs may be recognised in the coming years. As some of the subsidiaries in the Maersk Supply Service Group also own vessels, further write downs on subsidiaries may also be recognised in the coming years.

Similarly, if the market recovers more than expected, reversals of impairment on vessels and subsidiaries may be recognised in the coming years.

2 **Event after the balance sheet date**

Maersk Supply Service A/S has after the balance sheet date distributed ordinary dividend to parent company Maersk Supply Service Holding ApS. The ordinary dividend comprises the shares of the 100% owned company Phoenix II A/S.

No other events have occurred after the reporting date of importance to the Annual Report.

NOTES (continued)

Amounts in USD 1,000

	<u>2023</u>	<u>2022</u>
3 Revenue		
<i>Revenue recognized from contract types:</i>		
OSV – Time Charter contracts	186,251	173,289
Integrated Solution contracts	<u>4,209</u>	<u>14,641</u>
	<u>190,460</u>	<u>187,930</u>
 <i>By activity</i>		
Exports	<u>190,460</u>	<u>187,930</u>
	<u>190,460</u>	<u>187,930</u>
 The Company has the following branches: Maersk Supply Service AS – Norway Branch* Maersk Supply Service AS – Australia Branch Maersk Supply Service AS – UK Branch Maersk Supply Service AS – Mexico Branch Maersk Supply Service AS – Guyana Branch		
<i>*no activity in 2023</i>		
 4 Staff costs		
Wages and salaries	71,487	72,820
Pension costs	5,088	4,730
Other social security costs	1,838	1,810
Other staff costs	<u>7,244</u>	<u>42</u>
	<u>85,657</u>	<u>79,402</u>
 Average number of employees	 <u>1,035</u>	 <u>929</u>

Pursuant to section 98(b)(3) of the Danish Financial Statements Act, remuneration to Executive Management has not been disclosed for 2022. For 2023 the amount to Executive Management and Board of Directors is USD 4.5m.

A.P. Moller Holding Group has introduced certain co-investment programmes for Maersk Supply Service Group management and key employees. The programmes are based on fair market value. Due to service conditions, among other things, the programmes are defined as cash settled share-based payment programmes. The company has no obligation to settle the transactions with its employees, and accordingly, the programmes have no impact on the annual report.

NOTES (continued)

Amounts in USD 1,000

	<u>2023</u>	<u>2022</u>
5 Depreciation, amortisation and impairment losses		
Depreciation of vessels, plant and machinery	21,914	13,090
Reversal of impairment on vessels, plant and machinery	<u>(20,805)</u>	<u>(9,739)</u>
	<u>1,109</u>	<u>3,351</u>
6 Other financial income		
Financial income arising from group enterprises	1,999	455
Interest income	1,423	0
Other financial income	6,766	0
Exchange rate adjustments	<u>1,641</u>	<u>1,172</u>
	<u>11,829</u>	<u>1,627</u>
7 Impairment and value adjustment of financial assets		
Impairment of financial assets comprises write down on Investments in subsidiaries and value adjustment comprise write up to fair value of listed Equity Investments (Other investments).		
8 Other financial expenses		
Financial expenses from group enterprises	2,345	178
Exchange rate adjustments	3,149	66
Other financial expenses	<u>659</u>	<u>4,555</u>
	<u>6,153</u>	<u>4,799</u>
9 Tax		
Tax on current year taxable income	2,220	5,936
Previously unrecognised tax asset utilised	(693)	0
Adjustments concerning previous years	<u>(7,029)</u>	<u>(40,402)</u>
	<u>(5,502)</u>	<u>(34,466)</u>

NOTES (continued)

	<u>2023</u>	<u>2022</u>
10 Proposed distribution of profit/loss		
Retained earning	(118,079)	(50,941)
Dividend	<u>183,930</u>	<u>0</u>
	<u>65,851</u>	<u>(50,941)</u>
11 Intangible assets		Software
Cost:		
1 January 2023		30,118
Disposal		<u>(19,335)</u>
31 December 2023		<u>10,783</u>
Amortisation and impairment losses:		
1 January 2023		(30,118)
Reversed regarding disposal		<u>19,335</u>
31 December 2023		<u>(10,783)</u>
Carrying amount 31 December 2023		<u>0</u>

NOTES (continued)

Amounts in USD 1,000

12	Vessels, plant and machinery	Plant and machinery	Vessels	Prepayments for Vessels
	Cost:			
	1 January 2023	3,894	1,643,458	6,108
	Transfers	0	42,006	(42,006)
	Additions	0	0	45,279
	Disposals	0	(179,760)	0
	31 December 2023	3,894	1,505,704	9,381
	Depreciations and impairment losses:			
	1 January 2023	(3,894)	(1,339,687)	0
	Impairment losses for the year	0	(67,503)	0
	Reversal impairment	0	88,308	0
	Reversed regarding disposal	0	178,980	0
	Depreciation for the year	0	(21,914)	0
	31 December 2023	(3,894)	(1,161,816)	0
	Carrying amount 31 December 2023	0	343,888	9,381

NOTES (continued)

Amounts in USD 1,000

13 Fixed Assets Investments	Investm.in subs.	Other investments
Costs:		
1 January 2023	1,216,904	20,421
Additions	59,100	0
Disposal	<u>(10,080)</u>	<u>(20,421)</u>
31 December 2023	<u>1,265,924</u>	<u>0</u>
Valuation of Equity investment:		
1 January 2023	0	(5,856)
Valuation during the year	0	2,811
Disposal	<u>0</u>	<u>3,045</u>
31 December 2023	<u>0</u>	<u>0</u>
Impairment losses:		
1 January 2023	(923,581)	0
Impairment losses, net	(12,105)	0
Disposal	<u>0</u>	<u>0</u>
31 December 2023	<u>(935,686)</u>	<u>0</u>
Carrying amount 31 December 2023	<u>330,238</u>	<u>0</u>

NOTES (continued)

	Registered In	Corporate Form	Equity interest %	Equity USD 1,000	Profit/loss USD 1,000
<i>Investment in subsidiaries comprise:</i>					
Maersk Supply Service International A/S**	Denmark	A/S	100%	180,106	10,488
Maersk Supply Service Canada Ltd. ***	Canada	Ltd.	100%	N/A	N/A
Maersk Supply Service UK Ltd. *	UK	Ltd.	100%	146,474	16,281
Maersk Supply Service Subsea UK Ltd. *	UK	Ltd.	100%	142,593	19,548
Maersk Crewing Australia Pty. *	Australia	Ltd.	100%	(193)	(109)
Maersk Supply Service Philippines A/S **	Denmark	A/S	100%	638	(14)
Maersk Supply Service (Angola) S.A. *	Angola	S.A.	49%	6,817	6,854
Maersk Supply Service Brazil Holdings A/S**	Denmark	A/S	100%	(2)	(60)
Maersk Supply Service Apoio Maritimo Ltda. *	Brazil	Ltda.	100%	12,523	639
Maersk Supply Service America Latina Servicios Maritimos Ltda. ***	Brazil	Ltda.	100%	N/A	N/A
Maersk Supply Service Mexico Holdings S. de R. L. de C.V. ***	Mexico	S.de R.L. de C.V.	100%	N/A	N/A
Maersk Supply Service Mexico S.A. de C.V. ***	Mexico	SA de CV	49%	N/A	N/A
Maersk Supply Service Equatorial Guinea SAS***	Eq. Guinea	S.A.S	65%	N/A	N/A
Maersk Supply Service West Africa A/S **	Denmark	A/S	100%	6,748	5,419
Maersk Supply Service Griffon Ghana Ltd. ***	Ghana	Ltd.	90%	N/A	N/A
Phoenix II A/S **	Denmark	A/S	100%	173,782	25,500

* Annual Report 2022 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2022, and the profit is calculated using the average exchange rate for 2022).

** Annual Report 2023 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2023, and the profit is calculated using the average exchange rate for 2023).

*** No published financial statements available.

14 Share capital

The share capital consists of 507,531 shares of a nominal value of DKK 1,000, equal to USD 100m. No shares carry any special rights.

15 Other provisions

Other provisions comprising litigations and disputes on taxes and duties.

Other provisions of USD 8m (2022: USD 4m) are expected to mature within one year (USD 7m) and within 2-5 years (USD 1m). Provisions are recognised based on specific estimates and amounts may vary, as these are uncertain.

Remaining Other provisions include tax provisions of USD 8m (2022: USD 11m) maturing within 2-5 years.

NOTES (continued)

16 **Payables to affiliated companies**

Payable to affiliates only has normal business transactions, mainly payable to Maersk Oil Trading for Bunker purchase and Payable to subsidiaries.

17 **Financial instruments**

Forward exchange contracts:

The forward exchange contracts have been concluded to hedge future OPEX. The fair value of the forward exchange contracts amounts to a positive fair value of USD 0m (2022: fair value of USD 0,8m) at the balance sheet date. The Hedging amount end of 2023 was USD 0m (DKK 0m).

18 **Contingent liabilities**

The Company is subject to the Tonnage Tax scheme. The Company is not subject to deferred tax. However, tax may become payable on the sale of vessels or on withdrawal from the Tonnage Tax scheme.

19 **Contractual obligations**

As of 31 December 2023, the Company has contractual obligations of USD 382m regarding a subsidiary obligation for completion of Wind Installation Vessel.

20 **Related parties with controlling interest**

Majority shareholder: Maersk Supply Service Holding ApS, Lyngby Hovedgade 85, 2800 Kongens Lyngby, Denmark.

Other related parties:

Companies affiliated with A.P. Møller Holding A/S.

The Company's related parties include the members of the Board of Directors, Management and the key executives, as well as the related family members of these persons. Related parties also include companies in which the above-mentioned persons have a significant interest.

Transactions with related parties:

All transactions with related parties are made on markets terms.

Group relations:

Name and registered office of the Parent Company preparing Consolidated Financial Statements for the smallest group:

Maersk Supply Service Holding ApS, Lyngby Hovedgade 85, 2800 Kongens Lyngby

The Company is also included in the Consolidated Financial Statements for A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K, Denmark.

21 **Accounting policies**

Reporting class

This Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large enterprises).

The accounting policies applied to these financial statements are consistent with those applied last year and the Annual Report are presented in American dollars (USD). The exchange rate of USD to DKK was 6.743 at 31 December 2023 (2022: DKK 6.967).

No Consolidated Financial Statements have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The Annual Report of Maersk Supply Service A/S and its group enterprises are included in the Consolidated Financial Statements for Maersk Supply Service Holding ApS, Denmark, CVR no. 40 92 25 04.

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has chosen not to disclose the fee to the Company's auditors appointed at the Annual General Meeting.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the Consolidated Financial Statements of Maersk Supply Service Holding ApS.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial Statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

NOTES (continued)

Hedge accounting

Changes in fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair value of derivative financial Instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

NOTES (continued)

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Time Charters are contracts under which the customer pays a fixed daily hire for a fixed period of time for services provided by different vessels. Revenue related to Time Charter contracts are recognised as invoiced.

Integrated solution contracts are contracts for larger decommissioning and towing, mooring and installation (TM&I) projects comprising multiple components such as mobilisation, demobilisation, disposals, inspections and operations. Revenue is recognized over time as the Company performs. For the fixed priced contracts, the Company, in measuring progress, applies a cost-to-cost method.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including gain on divestments of vessels.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for daily running costs, administration etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses / reversals relate to vessels, plant and machinery, and intangible assets for the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, foreign realised and unrealised exchange gains/losses on receivables and transactions in foreign currencies.

Dividend received

Dividends from subsidiaries are recognised at the time of receipt.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, foreign realised and unrealised exchange gains/losses on payables and transactions in foreign currencies.

NOTES (continued)

Tax on profit/loss for the year

The Company is included in the Tonnage Taxation Scheme. Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with other Danish companies in the A.P. Møller Holding A/S Group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities, and from carry forward losses. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Balance sheet

Intangible assets

Software is measured at cost price and is amortised from the time it is ready to be put into operation on straight-line basis over the useful life, max. 5 years.

Vessels, plant and machinery

Vessels, plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Vessels 20 years
Other 3-10 years

Estimated useful lives and residual values are reassessed on a regular basis.

Vessels, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Impairment losses on Intangible assets and Vessels, Plant and machinery are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposal. Intangible assets and property, plant and equipment are tested for impairment if there is an indication of impairment.

Investments in Subsidiaries

Investments in subsidiaries are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in Joint Ventures

Investments in Joint Ventures are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprising listed Equity Investments are measured at fair value. The value adjustment is recognized as Financials in the Income statement.

Inventories

Inventories mainly consist of bunker, spare parts not qualifying for property, plant and equipment, and other consumables. Inventories are measured at the lower of cost and net realisable value, primarily according to the FIFO method.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad debts.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments include prepaid costs, including mainly prepaid insurances.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions are recognised when the Group has a present legal or constructive obligation from past events. The item includes, among other things, legal disputes and provisions for onerous contracts.

Provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.