

Maersk Supply Service Holding ApS

Annual Report 2023



The Annual Report was presented and adopted at the Annual General Meeting
Chairman of the General Meeting: Nils Fredrik Olsson
Lyngby-Taarbæk, 1 March 2024

Mærsk Supply Service Holding ApS
Lyngby Hovedgade 85, DK-2800 Kongens Lyngby
Central Business Registration No. 40922504



MAERSK
SUPPLY SERVICE

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Company Details

The Company

Maersk Supply Service Holding ApS
Lyngby Hovedgade 85
DK-2800 Kongens Lyngby
Denmark

CVR No. 40922504

Registered in: Lyngby-Taarbæk

Registration date: 6 November 2019

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

Auditors

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

Executive Board

Christian Michael Ingerslev

Consolidated accounts

Maersk Supply Service Holding ApS
and its subsidiaries are included in
the consolidated accounts of A.P.
Møller Holding A/S, Copenhagen.



Key figures and financial highlights

Amounts in USD million	2023	2022	2021	2020	2019
Revenue	422.9	390.3	300.6	252.5	305.6
Profit/loss before depreciation, etc. (EBITDA)	37.2	24.7	15.7	21.1	27.9
Profit/loss before financial items (EBIT)	58.5	16.1	-323.9	-71.9	-32.2
Financial items, net	-15.2	-11.0	-17.0	-28.8	-53.2
Profit/loss for the year	43.2	3.7	-343.6	-103.5	-86.6
Total assets	905.1	843.0	662.1	956.7	1,040.7
Investments in vessels, plant and machinery	107.8	149.7	16.6	13.4	85.4
Total equity	272.5	678.6	462.2	368.6	471.6
EBITDA margin (%)	8.8	6.3	5.2	8.4	9.1
EBIT margin (%)	13.8	4.1	-107.7	-28.5	-10.5
Return on equity (%)	9.1	0.6	-82.7	-24.6	-26.1
Equity ratio (%)	30.1	80.5	69.8	38.5	45.3
Return on assets (%)	6.5	1.9	-48.9	-7.5	-3.1

Comparison figures 2019-2022 are based on internal consolidation to previous owner.

Highlights of 2023

The safety of our crew and personnel is a key parameter of our operations. This year, Maersk Supply Service had two Lost Time Incidents (matching 2022) and the Total Recordables Cases Frequency significantly improved during the year, starting at 2.01 and ending at 0.77 by December, due to less recordable cases and the higher activity level.

Maersk Supply Service has experienced growth across its financials despite the continued uncertainties related to the global geopolitical situation. The company also divested six vessels during the year and had a fleet of 30 vessels by the end of 2023.

Maersk Supply Service was acquired by A.P. Moller Holding, the parent company in the A.P. Moller Group. The transaction closed mid-May.

In second half of the year, the company announced its new strategic direction with two key focus areas: offshore support vessels and offshore wind installation. As a consequence of the new focused strategy, Maersk Supply Service will phase out its Integrated Solutions business, though will honour its current commitments ending in 2025. The newbuild Wind Turbine Installation vessel is on track and is expected to be delivered in 2025.

About the company

Maersk Supply Service is a leading provider of global offshore marine services for the energy sector worldwide. The company serves its customers with a fleet of 30 vessels manned by more than 1,400 employees onshore and offshore. In addition to the traditional offshore marine services, Maersk Supply Service is moving into offshore renewables through the construction of a Wind Turbine Installation Vessel (WTIV). Maersk Supply Service brings more than 50 years' hands-on marine experience in performing complex operations at sea. As per 31 December 2023, Maersk Supply Service has a fleet of 19 Anchor-Handling Tug Supply vessels (AHTS), 9 Subsea Support Vessels (SSVs) and 2 Platform Supply Vessels (PSVs).

Maersk Supply Service was acquired by A.P. Moller Holding in May 2023. Since the acquisition closed, a number of strategic initiatives have been launched. The vision for Maersk Supply Service remains intact, which is to actively take part in solving the energy challenges of tomorrow.

Management review

Performance and strategic development in 2023

Maersk Supply Service experienced solid growth throughout 2023, ending the year with a total revenue of USD 423m (USD 390m in 2022) and an EBITDA of USD 37m (USD 25m in 2022). The year was characterised by general improvements in the offshore supply vessel markets. The number of laid-up vessels in the fleet was reduced to one by December 2023 (versus seven laid-up vessels end 2022) which, combined with the increase in tender activity, increased utilisation.

In 2023, Maersk Supply Service had a net income of USD 43m (USD 26m in 2022). As the annual report is the first set of IFRS consolidated financial statements (See note 1), there is no result estimate from last year to be commented on.

Up until May 2023, Maersk Supply Service was fully owned by A.P. Moller – Maersk. In connection with the acquisition by A.P. Moller Holding, Maersk Supply Service was initially funded via equity and external debt. Consequently the equity was USD 273m (2022: USD 679m) at year end.

Strategic developments in 2023

In August 2023, Maersk Supply Service announced that it will focus on two core business areas: Offshore Wind and Offshore Support Vessels (OSV) as well as focusing on a regional corporate setup.

Maersk Supply Service introduced a leaner onshore setup, moving the decision-making closer to the frontline. The objective of the change is an effective operation with a lower cost base, improved competitiveness, and stronger commercial decisions.

By focusing on fewer business areas and regions, Maersk Supply Service will increase its presence in core markets, increase synergies in its operations and improve profitability.

As a consequence of the narrowed focus, the company will no longer engage in new turn-key solutions projects. The company will honour its current commitments and execute the project backlog.

Fleet development

During the year, the company sold six of its older vessels and, in Q1-2024, Maersk Supply Service will no longer have any vessels in lay-up.

In addition to its OSV fleet, Maersk Supply Service has one Wind Installation Vessel under construction. In 2023, the construction progressed according to plan and delivery from the yard is expected in summer 2025.

Over the course of 2023, the company invested a total of USD 100m into its fleet development. The amount is partly related to reactivation of vessels, drydockings and modifications to existing vessels, as well as the ongoing construction of the Wind Installation Vessel.



Outlook for the company

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

EBITDA for 2024 is thus expected to be at a significantly higher level than in 2023. The range is expected USD 75m to USD 150m.

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.

Industry activity

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.

In addition to the risks related to the demand for offshore support vessels, Maersk Supply Service is exposed to developments in the global offshore wind sector through its newbuild. The newbuild is expected to be delivered during 2025 and is planned to operate in the US.

Foreign exchange risks

Maersk Supply Service's income is mainly in USD, whereas expenditure is spread across several currencies. Due to net earnings in USD, this currency is also the company's primary financing currency. Based on specific assessments, Maersk Supply Service may use financial instruments to reduce the impact of exchange rate fluctuations.

Interest rate risks

Maersk Supply Service has obtained external financing where part of the interest carries a floating interest element. This implies that Maersk Supply Service is exposed to fluctuations in interest 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.

The Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) require that companies adapt their reporting to comply with rules and regulation set out over the coming years. Maersk Supply Service is in scope from 2025 and is actively preparing to adapt to the requirements and to provide transparency on the impact on society and the environment from its operations.

Environmental

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.

Social

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.

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.

Diversity and inclusion

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 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.

Governance

Corporate social responsibility

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/>

Data ethics

Data ethics is an area that has been developed through introducing processes, raising awareness and training throughout the organisation. One example is the IT awareness programme rolled out to Maersk Supply Services +1,400 employees.

Our data ethics principles aim to ensure that data is handled in a correct and responsible way. Maersk Supply Service continually monitor and update the data ethics policy and guidelines to protect individual's privacy, and to safeguard the company from legal, business, and reputational risk.

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

No events of importance to the Annual Report occurred during the period from the balance sheet date until the presentation of the financial statements.



Independent Auditor's Reports

To the Shareholders of Maersk Supply Service Holding ApS.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Maersk Supply Service Holding Group for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 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.

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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements unless Management either intends to liquidate the Group or the Parent 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 judgement and maintain professional scepticism 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 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 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 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 Parent 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.

- 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.

Vejle, 29 February 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lasse Berg
State Authorised Public Accountant
mne35811

Management's statement

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Maersk Supply Service Holding ApS for the financial year 1 January 2023 – 31 December 2023.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements^{1/2} have been prepared in accordance with the Danish Financial Statements Act. Management’s Review has been 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 at 31 December 2023 of the Group and the Parent Company and of the results of the Group and the Parent Company's operations and consolidated cash flows for the financial year 1 January 2023 – 31 December 2023.

In our opinion, Management’s Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year, and of the financial position of the Group and the Parent Company as well.

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

Executive Management, 29 Februar 2024

Executive Board

Christian Michael Ingerslev
CEC

Board of Directors

Martin Nørkjær Larsen
Chairman

Morten Henrik Engelstoft

Maria Aagaard Pejter

Martin Neubert

Kristin Helene Holth

Consolidated income statement

For the year ended 31 December 2023

Amounts in USD million

	Notes	2023	2022
Revenue	3	422.9	390.3
Operating costs	4	-385.7	-365.6
Profit/loss before depreciation, etc. (EBITDA)		37.2	24.7
Depreciation, amortisation and impairment	5	-29.6	-18.8
Gain on sale of non-current assets etc.	7	51.0	10.3
Share of loss in joint ventures		-0.1	-0.1
Profit/loss before financial items (EBIT)		58.5	16.1
Financial income	6	7.3	7.8
Financial expenses	6	-22.5	-18.8
Profit/loss before tax		43.3	5.1
Tax expense	8	-0.1	-1.4
Profit/loss for the year		43.2	3.7
Of which			
Non-controlling interests		2.6	4.0
Owners of the parent		40.6	-0.3
Total		43.2	3.7

Consolidated statement of comprehensive income

For the year ended 31 December 2023

Amounts in USD million

	Notes	2023	2022
Profit/loss for the year		43.2	3.7
Exchange differences on translation of foreign entities		1.2	1.1
Hedging	22		
Value adjustments of hedges for the year		0.4	-1.4
Reclassified to income statement: Operating costs		-1.2	3.2
Total items that may be reclassified to profit or loss		0.4	2.9
Net gain on equity investments designated at FVOCI	17	2.8	19.5
Total items that will not be reclassified to profit or loss		2.8	19.5
Total comprehensive income for the year		46.5	26.1
Of which			
Non-controlling interests		2.6	4.0
Owners of the parent		43.9	22.1
Total		46.5	26.1

Consolidated balance sheet

At 31 December 2023

Amounts in USD million

	Notes	2023	2022
Assets			
Intangible assets	10	8.5	16.5
Vessels		470.9	436.3
Other property, plant and equipment under construction etc.		150.9	118.5
Property, plant and equipment	11, 12	621.8	554.8
Other equity investments	17	0.0	14.6
Loans and other receivables	17, 26	1.2	0.7
Financial non-current assets		1.2	15.3
Deferred tax asset	8	6.5	0.8
Total non-current assets		638.0	587.4
Inventories	9	15.1	21.3
Trade receivables	17, 20	147.9	96.4
Current tax receivables	8	7.3	4.5
Derivatives	22	0.0	1.1
Loans and other receivables	17, 26	18.2	108.6
Prepayments		3.9	2.8
Receivables		177.3	213.4
Cash and bank balances	25	74.7	20.9
Total current assets		267.1	255.6
Total assets		905.1	843.0

Consolidated balance sheet - Continued

At 31 December 2023

Amounts in USD million

	Notes	2023	2022
Equity and liabilities			
Share capital (0.1 mill. DKK)	14	0.0	0.0
Reserves and retained earnings		268.1	676.9
Equity attributable to owners of the parent		268.1	676.9
Non-controlling interests		4.4	1.8
Total equity		272.5	678.7
Deferred tax	8	4.9	0.0
Lease liabilities	12, 17	0.9	0.9
Borrowings	16, 17	416.3	0.1
Provisions	13	12.5	12.0
Provisions for loss in joint ventures		2.4	2.3
Total non-current liabilities		437.0	15.3
Lease liabilities	12, 17	0.4	0.3
Borrowings	16, 17	41.1	18.4
Provisions	13	11.6	5.7
Trade payables	17	76.9	86.6
Tax payables	8	1.3	2.0
Derivatives	22	0.0	0.3
Other payables	17	45.0	35.2
Deferred income		19.3	0.5
Total current liabilities		195.6	149.0
Total liabilities		632.6	164.3
Total equity and liabilities		905.1	843.0

Cash flow statement

For the year ended 31 December 2023

Amounts in USD million	Notes	2023	2022
Profit/loss before financial items (EBIT)		58.5	16.1
Depreciation, amortisation and impairment		29.6	18.9
Gains/losses on sale of non-current assets		-50.9	-10.3
Share of profit/loss in joint ventures		0.1	0.1
Change in working capital	25	-36.2	6.4
Change in provisions, etc.		5.4	8.7
Other non-cash items		0.3	-1.7
Tax paid		-4.4	-1.6
Net cash from operating activities		2.4	36.6
Purchase of intangible assets and property, plant & equipment	25	-100.9	-154.1
Sale of intangible assets and property, plant & equipment		53.0	12.6
Net cash from other financial investments		17.0	-0.2
Sale of activities		0.0	2.6
Purchase of subsidiary		-763.3	0.0
Sale of subsidiary		11.3	0.0
Purchase/sale of securities		1.1	-1.1
Net cash from investing activities		-781.8	-140.2
Financial income received		2.8	1.6
Financial expenses paid		-23.7	-5.4
Interest on lease liabilities		-0.1	-0.1
Sale / Purchases of financial instruments		1.2	-3.3
Proceeds from bank and other credit institutions		450.1	0.0
Capital contributions		805.6	190.3
Equity investment transactions		0.0	34.0
Paid dividend		-478.0	0.0
Repayments and disposals of lease liabilities	12, 16	-0.4	-0.5
Repayments of borrowings	16	-0.1	-76.6
Change in loans and other receivables		80.8	-37.6
Net cash from financing activities		838.2	102.4
Net cash for the period		58.8	-1.2
Liquid funds beginning of period		20.9	23.9
Net foreign exchange difference		-5.0	-1.8
Liquid funds end of period		74.7	20.9
Cash and bank balances		74.7	20.9

Cash and bank balances include USD 8.5m (2022: USD 11.1m) relating to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

Consolidated statement of changes in equity

For the year ended 31 December 2023

Amounts in USD million	Share capital	Translation reserve	Retained earnings	Reserve for other investment	Reserve for cash-flow hedges	Total	Non-controlling interests	Total equity
Equity at 1 January 2023	0.0	2.1	644.6	29.3	0.8	676.8	1.8	678.6
Profit for the year	0.0	0.0	40.6	0.0	0.0	40.6	2.6	43.2
Other comprehensive income, net of tax	0.0	1.2	0.0	2.8	-0.8	3.2	0.0	3.2
Total comprehensive income	0.0	1.2	40.6	2.8	-0.8	43.9	2.6	46.5
Capital contributions	0.0	0.0	805.6	0.0	0.0	805.6	0.0	805.6
Acq. of Maersk Supply Service A/S	0.0	0.0	-774.2	0.0	0.0	-774.2	0.0	-774.2
Dividends	0.0	0.0	-478.0	0.0	0.0	-478.0	0.0	-478.0
Transfer	0.0	0.0	32.1	-32.1	0.0	0.0	0.0	0.0
Other equity movements	0.0	0.0	-6.0	0.0	0.0	-6.0	0.0	-6.0
Transactions with shareholders	0.0	0.0	-420.5	-32.1	0.0	-452.6	0.0	-452.6
Equity at 31 December 2023	0.0	3.3	264.8	0.0	0.0	268.1	4.4	272.5

For the year ended 31 December 2022

Amounts in USD million	Share capital	Translation reserve	Retained earnings	Reserve for other investment	Reserve for cash-flow hedges	Total	Non-controlling interests	Total equity
Equity at 1 January 2022	0.0	1.0	454.5	9.8	-1.0	464.3	-2.1	462.2
Profit for the year	0.0	0.0	-0.3	0.0	0.0	-0.3	4.0	3.7
Other comprehensive income, net of tax	0.0	1.1	0.0	19.5	1.8	22.4	0.0	22.4
Total comprehensive income	0.0	1.1	-0.3	19.5	1.8	22.1	4.0	26.1
Capital contributions	0.0	0.0	190.3	0.0	0.0	190.3	0.0	190.3
Other equity movements	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Transactions with shareholders	0.0	0.0	190.4	0.0	0.0	190.4	0.0	190.4
Equity at 31 December 2022	0.0	2.1	644.6	29.3	0.8	676.8	1.8	678.6

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Note 1 General accounting policies

Basis of preparation

This section sets out general accounting policies for the Group that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within that note. In addition, this section describes the significant accounting estimates and judgements that management has identified as having a potentially material impact on the Group's consolidated financial statements. Reference is made to the specific note in the financial statements which is impacted by the significant accounting estimates and judgements.

Further, details are provided on the new accounting pronouncements that the Group will adopt in future years and the Group's current view of the impact such pronouncements will have on the financial reporting.

The consolidated financial statements for 2023 for Maersk Supply Service Holding ApS have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

Consolidation

The consolidated financial statements comprise the parent company Maersk Supply Service Holding ApS, and its subsidiaries. Subsidiaries are entities controlled by Maersk Supply Service Holding ApS. Control is based on the power to direct the relevant activities of an entity and the exposure, or right, to variable returns arising from it. In that connection, relevant activities are those that significantly affect the investee's returns. Control is usually achieved by directly or indirectly owning or in other ways controlling more than 50% of the voting rights or by other rights, such as agreements on management control.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries in accordance with Maersk Supply Service Holding ApS' accounting policies. Intra-group income and expenses, shareholdings, dividends, intra-group balances and gains on intra-group transactions are eliminated. Unrealised gains on transactions with associated companies are eliminated in proportion to Maersk Supply Service Holding ApS' ownership share. Unrealised losses are eliminated in the same way unless they indicate impairment.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of Maersk Supply Service Holding ApS' profit and equity respectively but shown as separate items.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The Group participates in one minor joint venture.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Note 1 General accounting policies - Continued

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

The consolidated financial statements are presented in USD (rounded to the nearest hundred thousand, unless otherwise indicated), the functional currency of the parent company and the Group. In the translation to the presentation currency for the most significant subsidiaries and associates with functional currencies other than USD, the total comprehensive income is translated into USD at average exchange rates, and the balance sheet is translated at the exchange rates as at the balance sheet date. Exchange rate differences arising from such translations are recognised directly in other comprehensive income. For Maersk Supply Service Holding ApS, the functional currency is USD.

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing at the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as at the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 12 Income taxes

In May 2023, the IASB issued amendments to IAS 12 Income Taxes, which provides temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. The amendments have been adopted by the EU and the company has applied this relief.

The amendments have no material impact on the Group's consolidated financial statements.

First set of IFRS consolidated financial statements

In May 2023, Maersk Supply Service Holding ApS acquired Maersk Supply Service A/S (incl. its subsidiaries) from Group related party A. P. Moller-Maersk A/S.

As this transaction is a business combination under common control, the 2023 figures and the 2022 comparison figures has been restated and used the pooling of interest method, as if Maersk Supply Holding ApS has owned Maersk Supply Service A/S since 2022.

The Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2023, together with the comparative period information for the year ended 31 December 2022.

The financial statements for the year ended 31 December 2023 are the first set of consolidated financial statement that the Group has prepared in accordance with IFRS. The Group has not previously prepared a set of consolidated financial statements. The separate financial statements of the parent entity, Maersk Supply Service Holding ApS, is prepared in accordance with the Danish Financial Statements Act.

Note 1 General accounting policies - Continued

As a consequence, the Group does not disclose how the first time adoption of IFRS affected the Group's reported financial position, financial performance and cash flows, as the relevant comparative information is not available.

Financial highlights - Key figures calculations

Ratios	Calculation formula	Details
EBITDA margin (%)	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	The Group's EBITDA as a percentage of revenue
EBIT margin (%)	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$	The Group's EBIT as a percentage of revenue
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Group's return on capital invested in the Group by the owners
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Group
Return on assets (%)	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$	Profitability ratio measuring net income from total assets

Note 2 Significant accounting estimates and judgements

Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and judgements on an ongoing basis and to form assumptions that affect the reported amounts. Management forms its estimates and judgements based on historical experience, independent advice, external data points as well as on in-house specialists and on other factors believed to be reasonable under the circumstances.

In its assumption setting, Management deals with various aspects of uncertainty. One aspect of uncertainty is measurement uncertainty, where Management makes assumptions that derive the value of recognised assets and liabilities. These assumptions concern the timing and amount of future cash flows as well as the risks inherent in these.

In certain areas, the outcome of business plans, including ongoing negotiations with external parties to execute those plans or the outcome of negotiations to settle claims that are raised against the Group, is highly uncertain. Therefore, assumptions may change, or the outcome may differ in the coming years, which could require a material upward or downward adjustment to the carrying amounts of assets and liabilities.

The areas and their related impact in which the Group is particularly exposed to material uncertainty over the carrying amounts as at the end of 2023 are included within the individual notes as outlined below.

Key accounting estimates and judgements

The preparation of the consolidated financial statements requires Management to make estimates and judgements on an ongoing basis and to form assumptions that affect the reported amounts. Management forms its estimates and judgements based on historical experience, independent advice, external data points as well as on in-house specialists and on other factors believed to be reasonable under the circumstances.

The areas and their related impact in which the Group is particularly exposed to material uncertainty over the carrying amounts as at the end of 2023 are included within the individual notes as outlined below:

- Assumptions for impairment testing (estimates) (refer to note 5).
- Judgements in respect of determination of cash-generating units and impairment testing inputs (refer to note 5).
- Assumptions for useful lives and residual values for property, plant and equipment (estimates) (refer to note 11).
- Assumptions for provisions (estimates) (refer to note 13).
- Judgements in respect of operations in countries with limited access to repatriating surplus cash (estimates) (refer to note 25).

Note 3 Revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following customer contract:

Amounts in USD million	2023	2022
Revenue recognized from contract types:		
OSV - Time Charter contracts	341.6	266.1
Offshore Wind contracts	27.0	0.0
Integrated Solution contracts	54.3	124.2
Total revenue	422.9	390.3

Maersk Supply Service Group has branches in Australia, Philippines, Mexico, Norway, Ghana and Guyana.

Contract balances

Amounts in USD million	2023	2022
Trade receivables - contract assets	31.5	96.4
Deferred income - contract liability	14.2	0.5

Revenue recognised in 2023 and 2022 that was included in the contract liability at the beginning of each year relates to prepayments from customers that are deferred and recognised over the contract term.

Revenue related to Time Charter contracts are recognised as invoiced. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed. Most Integrated Solution contracts are either (1) for one year or less, or (2) revenue is recognised according to Percentage of Completion (one single performance obligation).

Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases (bareboat elements) as at 31 December are, as follows:

Amounts in USD million	2023	2022
Within one year	60.9	37.2
Between 1 and 2 years	36.7	31.4
Between 2 and 3 years	40.9	78.7
Between 3 and 4 years	32.3	50.9
Between 4 and 5 years	0.0	50.9
Total	170.8	249.1

Time Charter contracts

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. The performance obligations within Time Charter contracts include a bareboat charter component (lease) as well as the operation (service) of the vessel. All revenue related to the contract is recognized based on the amount the Group has a right to invoice, as allowed under IFRS 15 (i.e., the 'right-to-invoice' practical expedient).

Significant mobilization and demobilization payments are deferred and recognized as revenue over the contract term. However, Management has deemed the mobilization and demobilization payments insignificant.

Note 3 Revenue from contracts with customers - Continued

Offshore wind contracts

Revenue for Offshore Wind contracts is recognized when services has been provided.

Integrated solution contracts

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.

Integrated solution contracts comprise a single performance obligation (i.e., a bundle of services). This is because the Group provides a significant service of integrating the components in the contract into a combined output.

The customer either pays the Group a fixed amount in accordance with a predetermined payment schedule, or at fixed contractual rates for, among other, personnel and vessels.

For the fixed priced contracts, a contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability (deferred income) is recognised.

Revenue is recognized over time as the Group performs. For the fixed priced contracts, the Group, in measuring progress, applies a cost-to-cost method. Management has determined that this measure of progress is the most appropriate in depicting the Group's efforts in satisfying the performance obligation. For the contracts with fixed contractual rates, the right-to-invoice practical expedient is applied (i.e., revenue is recognized as the amounts are invoiced).

Contract balances

Deferred income presented in the balance sheet constitutes contract liabilities which represent advance payments and billings in excess of revenue recognised.

A receivable is recognised when the services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Mobilization and demobilization costs

Significant mobilization and demobilization costs required to meet the operational needs of a customer contract are capitalized as costs to fulfil a contract provided the costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The asset is amortised on a straightline basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

No significant costs related to mobilization and demobilization have been capitalized as costs to fulfil a contract.

Note 4 Operating costs

Amounts in USD million	2023	2022
Bunker costs	9.2	13.9
Incurred costs from Integrated Solutions contracts	54.7	76.6
Turnover tax	17.8	21.8
Hedging gain/loss	-1.2	3.2
Other expenses, external	125.7	100.8
Operating cost excluding bunker costs	6.6	7.6
Staff costs	158.9	141.8
Integration and restructuring costs	14.0	0.0
Total operating costs	385.7	365.6
Remuneration of employees		
Wages and salaries	140.0	124.6
Share-based payments	0.0	0.2
Severance payments	0.5	0.0
Restructuring costs	12.5	0.0
Pension costs, defined contribution plans	8.9	7.8
Other social security costs	12.4	10.0
Total remuneration	174.3	142.6
Of which:		
Recognised in the cost of assets	-2.9	-0.8
Staff costs incl. in restructuring costs	-12.5	0.0
Expensed as staff costs	158.9	141.8
Average number of employees	1,655	1,501
Fees and remuneration to key management personnel		
Wages and salaries	8.3	2.9
Share-based payments	0.0	0.3
Total fee and remuneration to key management personnel	8.3	3.2
Fees and remuneration to Executive Management and Board of Directors		
Wages and salaries	4.5	N/A
Total fee and remun. to Executive Management and Board of Directors	4.5	N/A

Above wages and salaries include Severance payments within Restructuring costs of approx USD 1.9 million.

The Group's key management personnel includes the Board of Directors, and the Executive Management who have the authority and responsibility for planning, directing and controlling the Group's day-to-day activities.

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

Note 4 Operating costs - Continued

Share based payments

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.

Restricted shares plan (2022)

When Maersk Supply Service A/S was owned by A.P. Møller - Mærsk A/S, certain key employees in the Group were annually awarded with restricted shares. Each restricted share granted included a right to receive an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

Transfer of restricted shares was contingent upon the employee still being employed and not being under notice of termination, and took place when three years have passed from the date of grant.

Fees to the statutory auditors

Amounts in USD million	2023	2022
Statutory audit	0.7	0.3
Tax and VAT advisory services	0.2	0.0
Other services	0.7	0.1
Total fees	1.6	0.4

Accounting policies

Operating costs comprise costs incurred in generating revenue for the year, including costs for crew, repair and maintenance.

Pension costs, contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Note 5 Depreciation, amortisation and impairment losses

Amounts in USD million	2023	2022
Depreciation	29.6	18.9
Total	29.6	18.9

Impairment testing

Maersk Supply Service Group performs impairment test based on cash generating units (CGUs). The CGUs are Anchor Handler Supply Vessels (AHTS), Subsea Support Vessels (SSVs) and Platform Supply Vessels (PSVs) and Wind Installation Vessel under construction (WIV). Where the carrying amount (net book value) of an asset exceeds its recoverable amount (the higher of Value-in-Use or market value), the asset is considered impaired. The recoverable amount is the higher of a) fair value less costs to sell or b) the present value of estimated future cash flows arising from the asset (Value-in-Use). Maersk Supply Service Group use the latter as the basis for the recoverable amount.

Based on the Q4-2023 impairment assessment, Maersk Supply Service Holding ApS concluded that there was no impairment write-downs or impairment reversals (similar to 2022).

Significant accounting estimates and judgements

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The recoverable amount of each cash generating unit is determined based on the higher of its value in use or fair value less costs to sell. The estimated value in use is calculated using certain key assumptions for the expected future cash flows and applied discount factor. Current market values for vessels, etc., are estimated using acknowledged brokers. Projected cash flow models are used when fair value is not obtainable or when fair value is deemed lower than value in use. The cash flow projections are based on financial budgets and business plans approved by Management. In nature, these projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available.

The discount rates applied reflect the time value of money as well as the specific risks related to the underlying cash flows (i.e., project and/or country-specific risk premium). Further, any uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates.

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 Group also own vessels, further write downs on subsidiaries may also be recognised in the coming years.

Note 6 Financial income and expenses

Amounts in USD million	2023	2022
Interest expenses on liabilities	-19.5	-12.8
Borrowing costs capitalised on assets	7.4	1.8
	-12.1	-11.0
Interest income on loans and receivables	2.8	1.6
Net interest expenses	-9.3	-9.4
Exchange rate gains on bank balances, borrowings and working capital	4.3	4.2
Exchange rate losses on bank balances, borrowings and working capital	-10.2	-5.3
Total exchange rate loss	-5.9	-1.1
Fair value gains from derivatives	0.2	0.2
Fair value losses from derivatives	-0.2	-0.7
Net fair value gains/losses	0.0	-0.5
Financial expenses, net	-15.2	-11.0
Of which:		
Financial income	7.3	7.8
Financial expenses	-22.5	-18.8
Derivatives		
Currency derivatives recognised directly in financial income/expenses	0.0	-0.5
Net gains/losses recognised directly in the income statement	0.0	-0.5

Accounting policies

Financial income and expenses comprise interest income and expenses including the interest element of lease payments related to leases capitalised under IFRS 16, foreign exchange gains/losses, realised and unrealised gains/losses on financial instruments and bank fees and transaction costs related to borrowings.

Financial income and expenses are recognised in the income statement based on the effective interest rate method.

Note 7 Gains on sale of non-current assets

Amounts in USD million	2023	2022
Sale of vessels	51.0	10.3
Gains on sale of non-current assets, etc., net	51.0	10.3

Gains/loss on sale of non-current assets relates to sale of six vessels (Maersk Detector, Maersk Dispatcher, Maersk Tracer, Maersk Terrier, Maersk Transporter and Maersk Tracker) (2022: five vessels).

Note 8 Tax and deferred tax

Amounts in USD million

	2023	2022
Tax recognised in the income statement		
Current tax on profits for the year	1.9	1.8
Withholding taxes	5.1	5.1
Adjustment for current tax of prior periods	2.2	-2.8
Adjustment for tax provision of prior periods	-0.9	-1.5
Utilisation of previously unrecognised deferred tax assets	-7.5	-1.0
Total current tax	0.8	1.6
Origination and reversal of temporary differences	5.1	1.0
Adjustment for deferred tax of prior periods	-5.9	-1.3
Total deferred tax	-0.8	-0.3
Total income tax	0.0	1.3
Tonnage tax	0.1	0.1
Total tax expense	0.1	1.4
Tax reconciliation		
Profit/loss before tax	43.4	5.0
Profit/loss subject to tonnage taxation	7.3	26.2
Share of profit/loss in joint ventures	0.1	0.1
Profit/loss before tax, adjusted	50.8	31.3
Tax using the Danish corporation tax rate (22%)	11.2	6.9
Tax rate deviations in foreign jurisdictions	1.2	1.9
Effect of other income taxes distinct from corporation tax	2.5	-0.5
Non-taxable income	-3.8	-1.7
Non-deductible expenses	0.2	1.0
Adjustment to previous years' taxes	-4.6	-5.7
Change in recoverability of deferred tax assets	-7.5	-1.0
Deferred tax assets not recognised	0.8	0.4
Total income tax	0.0	1.3
Effective tax rate	0.1 %	4.0 %

Note 8 Tax and deferred tax - Continued

Amounts in USD million	2023	2022
Deferred tax		
Assets	6.5	0.8
Liabilities	-4.9	0.0
Net assets	1.6	0.8
Change in deferred tax, net, during the year		
1 January	0.8	0.5
Tax loss carry-forwards	6.3	0.3
Time differences	-5.5	0.0
Recognised in the income statement	0.8	0.8
31 December	1.6	1.3

Recognised deferred tax assets and liabilities are attributable to the following:

Amounts in USD million	Assets		Liabilities		Net assets	
	2023	2022	2023	2022	2023	2022
Tax loss carry forwards	7.1	0.8	0.0	0.0	7.1	0.8
Deferred income	0.0	0.0	5.5	0.0	-5.5	0.0
Total	7.1	0.8	5.5	0.0	1.6	0.8
Offsets	-0.6	0.0	-0.6	0.0	0.0	0.0
Total	6.5	0.8	4.9	0.0	1.6	0.8

	2023	2022
Unrecognised deferred tax assets		
Deductible temporary differences	12.2	22.1
Deferred tax	40.9	58.4
Total	53.1	80.5

The majority of the unrecognised deferred tax assets have no short term time limitations.

Ocean activities, which represents the vast majority of the Group's current revenues, may be subject to special shipping tax rules, including tonnage and freight taxes.

As for change in IAS 12 (OECD Pillar II), please refer note 1 for General Accounting policies.

Global Minimum Taxation (OECD Pillar Two)

OECD Pillar Two refers to one of the two main pillars of the Organization for Economic Co-operation and Development's (OECD) initiative on Base Erosion and Profit Shifting (BEPS). Pillar Two specifically focuses on the development of a global minimum tax to ensure that multinational enterprises pay a minimum level of tax on group accounting income per jurisdiction regardless of where they operate.

Note 8 Tax and deferred tax - Continued

If the income earned in a particular country does not meet the minimum effective tax rate of 15%, then the remaining tax obligation (top-up tax) can be addressed by another jurisdiction where the Group conducts its activities. In the case of the Group, if the minimum tax is not applied locally, Denmark, as the ultimate parent entity's jurisdiction (A.P. Moller Holding A/S), will impose top-up tax. The Danish implementation of Council Directive (EU) 2022/2523, effective from January 1, 2024, means that Maersk Supply Service Group's income falls under the purview of the minimum tax rules for all its jurisdictions starting the financial year 2024 and onward.

Because the Danish implementation covers the Group's global activities, it is not expected that other national implementations will have a significant additional impact to its global tax payments. It may, however, have an impact on the location where potential top-up taxes will be paid.

The Group is awaiting further guidance from the OECD Secretariat regarding the application of the shipping income provision. The definition is more restrictive, especially concerning the extended scope of the Danish tonnage tax regime applied to Maersk Supply Service Group, compared to the broader definitions typically employed globally under a tax treaty following the OECD Model Tax Convention or under Danish tonnage tax.

Due to the nature of tonnage taxation, the effective tax rate for the Group tends to fluctuate significantly based on annual results. Additionally, it will be calculated on a consolidated basis, considering other activities in the respective country in accordance with the global minimum tax rules.

Taking into account the factors mentioned above and the transitional Safe Harbour regulations, our analysis indicates that there should be no significant additional tax (top-up tax) applicable to Maersk Supply Service Group in the year 2024.

Accounting policies

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years for the individual entities covered by the consolidated financial statements. Income tax is tax on taxable profits and consists of corporation tax and withholding tax of dividends, etc. Tax is recognised in the income statement to the extent it arises from items recognised in the income statement.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognised for differences on the initial recognition of assets or liabilities where at the time of the transaction neither accounting nor taxable profit/loss is affected, unless the differences arise in a business combination. In addition, no deferred tax is recognised for undistributed earnings in subsidiaries, when Maersk Supply Service controls the timing of dividends, and no taxable dividends are currently expected. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Note 9 Inventories

Amounts in USD million	2023	2022
Raw materials and other consumables	4.8	6.8
Bunkers, etc.	10.3	14.5
Total inventories	15.1	21.3

Amounts recognized in profit or loss

Inventories recognised as an expense during the year ended 31 December 2023 amounted to USD 12.6m (2022: USD 18.1m).

Write-downs of inventories to net realisable value amounted to USD 204k (2022: USD 267k). These were recognised as an expense during the year ended 31 December 2023 and included in operating costs in the income statement.

Accounting policies

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.

Note 10 Intangible assets

	Complete develop- ment projects	Develop- ment project in progress	Software	Total
Amounts in USD million				
Cost				
1 January 2023	16.5	0.0	30.1	46.6
Additions	0.0	2.1	0.0	2.1
Adjustments (adjustment from previous owner)	-10.1	0.0	0.0	-10.1
31 December 2023	6.4	2.1	30.1	38.6
Amortisation and impairment losses				
1 January 2023	0.0	0.0	30.1	30.1
31 December 2023	0.0	0.0	30.1	30.1
Carrying amount				
31 December 2023	6.4	2.1	0.0	8.5

The addition of USD 2.1m in development projects in progress pertains to a patent related to the newbuilding contract for a pioneering Wind Installation Vessel (WIV), which is expected to be delivered in 2025.

Amortization does not commence until the delivery of the WIV.

	Complete develop- ment projects	Develop- ment project in progress	Software	Total
Amounts in USD million				
Cost				
1 January 2022	0.0	0.0	30.1	30.1
Additions	23.0	0.0	0.0	23.0
Adjustments	-6.5	0.0	0.0	-6.5
31 December 2022	16.5	0.0	30.1	46.6
Amortisation and impairment losses				
1 January 2022	0.0	0.0	30.1	30.1
31 December 2022	0.0	0.0	30.1	30.1
Carrying amount				
31 December 2022	16.5	0.0	0.0	16.5

Note 10 Intangible assets - Continued

Accounting policies

The Group's intangible assets comprise acquired software and development projects.

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the assets. Acquired software is amortised over a useful life of 5-10 years. Development projects are amortised from the time it is ready to be put into operation on a straight-line basis over the useful life (expected to be 5 years from when it is ready to be put into operation).

Impairment losses 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.

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on Management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Research costs are expensed as incurred.

Note 11 Property, plant and equipment

	Vessels	Plant and machinery	Construction work in progress and payment on account	Total
Amounts in USD million				
Cost				
1 January 2023	3,097.5	7.4	116.9	3,221.8
Additions	0.0	0.0	107.8	107.8
Disposals	-311.8	0.0	-10.5	-322.3
Transfers	64.8	0.0	-64.8	0.0
Exchange rate adjustment	5.8	0.0	0.1	5.9
31 December 2023	2,856.3	7.4	149.5	3,013.2
Depreciation and impairment losses				
1 January 2023	2,661.1	7.3	0.0	2,668.4
Depreciation	29.0	0.1	0.0	29.1
Disposals	-309.9	0.0	0.0	-309.9
Exchange rate adjustment	5.1	0.0	0.0	5.1
31 December 2023	2,385.3	7.4	0.0	2,392.7
Depreciation and impairment losses				
31 December 2023	471.0	0.0	149.5	620.5

An amount of USD 7.4m was capitalised within Construction work in progress and payment on account as borrowing costs during the period (2022: USD 1.8m).

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year (determined to be 7.0 % in 2023 versus 4.6% in 2022).

Note 11 Property, plant and equipment - Continued

Amounts in USD million	Vessels	Plant and machinery	Construction work in progress and payment on account	Total
Cost				
1 January 2022	3,366.1	10.9	5.1	3,382.1
Additions	0.0	0.0	149.7	149.7
Disposals	-284.9	-3.5	0.0	-288.4
Transfers	37.9	0.0	-37.9	0.0
Exchange rate adjustment	-21.6	0.0	0.0	-21.6
31 December 2022	3,097.5	7.4	116.9	3,221.8
Depreciation and impairment losses				
1 January 2022	2,947.2	9.6	0.0	2,956.8
Depreciation	18.2	0.2	0.0	18.4
Disposals	-283.6	-2.6	0.0	-286.2
Exchange rate adjustment	-20.7	0.0	0.0	-20.7
31 December 2022	2,661.1	7.1	0.0	2,668.3
Depreciation and impairment losses				
31 December 2022	436.4	0.3	116.9	553.5

Accounting policies

Property, plant, and equipment are valued at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful life at an estimated residual value. The useful lives of new assets are typically as follows:

- Vessels: 20 years
- Plant and machinery: 3-10 years

On the balance sheet, right-of-use assets are presented as part of property, plant and equipment.

Significant accounting estimates and judgements

Estimates related to useful lives and residual values.

Estimated useful lives and residual values are reassessed on a regular basis. The cost of an asset is divided into separate components, which are depreciated separately if the useful life of the individual component differs. Dry-docking costs are recognised in the carrying amount of ships when incurred and depreciated over the period until the next dry-docking. The cost of assets constructed by the Group includes directly attributable expenses. For assets with a long construction period, borrowing costs during the construction period from specific as well as general borrowings are attributed to cost. In addition, the cost includes the net present value of estimated costs of removal and restoration.

Note 11 Property, plant and equipment - Continued

Useful lives are estimated based on experience. When there is an indication of a change in an asset's useful life, management revises the estimates for individual assets or Groups of assets with similar characteristics due to factors such as quality of maintenance and repair, technical development, or environmental requirements. Management has also considered the impact of decarbonisation and climate-related risks on useful lives of existing assets. Such risks include new climate-related legislation restricting the use of certain assets, new technology demanded by climate-related legislation, and the increase in restoration costs for terminal sites due to new and/or more comprehensive policies.

Residual values of vessels are difficult to estimate given their long useful lives, the uncertainty of future economic conditions, and the uncertainty of future steel prices, which is considered the main determinant of the residual value. Generally, the residual values of vessels are initially estimated at 10% of the purchase price excluding dry-docking costs. The long-term view is prioritised in order to disregard to the extent possible, temporary market fluctuations which may be significant.

Note 12 Leases

Amounts in USD million	2023	2022
Right-of-use assets		
1 January	1.3	1.8
Additions	0.4	0.0
Depreciation	-0.4	-0.5
31 December	1.3	1.3
Amounts recognised in profit and loss		
Depreciation on right-of-use assets	0.4	0.5
Interest expenses (included in finance costs)	0.1	0.1
Total	0.5	0.6
Total cash outflow related to leases	0.5	0.5

Accounting policies

The Group leases various offices, warehouses and vehicles. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options.

Leases are recognised as a right-of-use asset with a corresponding lease liability at the date on which the leased asset is available for use.

Lease liabilities are measured at the present value of the lease payments over the lease term, at the interest rate implicit in the lease, or at the Group's incremental borrowing rate (IBR). The Group's IBR reflects the credit risk, leased amount, and contract duration, as well as the nature and quality of the asset's security and economic environment in which the leased assets operate. To determine the IBR, where possible, the Group uses recent third-party financing received by the individual lessee as a starting point, with adjustments to reflect changes in financing conditions since that financing was received.

Subsequently, the lease liability is measured at amortised cost with each lease payment allocated between the repayment of the liability and financing cost. The finance cost is charged to the income statement over the lease period, using the IBR that was used to discount the lease payments.

The Group did not incur any significant expenses related to variable lease payments, leases of low-value or short-term leases.

The following lease payments are included in the net present value:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options in lease contracts are included in contracts, where it is reasonably certain the Group will exercise the options. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

Note 12 Leases - Continued

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

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit/loss.

On the balance sheet, right-of-use assets are presented as part of property, plant and equipment.

There are no major low-value or short term leasing contracts.

Note 13 Provisions

Amounts in USD million	Restruc- turing	Indirect tax provisions	Legal disputes etc.	Other *	Total
1 January 2023	0.0	6.3	2.1	9.3	17.7
Provisions made	15.4	0.1	0.1	7.8	23.4
Amount used	-4.8	0.0	-1.5	-0.5	-6.8
Amount reversed	-1.4	-6.7	-0.1	-2.7	-10.9
Exchange rate adjustment	0.3	0.3	0.0	0.1	0.7
31 December 2023	9.5	0.0	0.6	14.0	24.1
Of which:					
Classified as non-current	7.9	0.0	0.4	3.3	11.6
Classified as current	1.6	0.0	0.2	10.7	12.5
1 January 2022	0.4	7.8	1.5	1.4	11.1
Provisions made	0.0	2.8	1.1	8.0	11.9
Amount used	-0.2	0.0	-0.5	-0.1	-0.8
Amount reversed	-0.2	-4.6	0.0	0.0	-4.8
Exchange rate adjustment	0.0	0.3	0.0	0.0	0.3
31 December 2022	0.0	6.3	2.1	9.3	17.7
Of which:					
Classified as non-current	0.0	5.9	0.2	5.9	12.0
Classified as current	0.0	0.4	1.9	3.4	5.7

* Other comprises mainly other labour claims and warranties.

No provisions are expected to be realised after more than five years.

Accounting policies

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.

Significant accounting estimates and judgements

Management's estimate of the provisions in connection with legal disputes, including disputes on personnel taxes and duties, is based on the knowledge available on the actual substance of the cases and a legal assessment of these. The resolution of legal disputes, through either negotiations or litigation, can take several years to complete and the outcome is subject to considerable uncertainty.

Note 13 Provisions - Continued

The Group is engaged in a limited number of disputes with tax authorities of various scope. In evaluating the accounting impact of uncertain tax positions, Maersk Supply Service applies a two stage test in accordance with IAS 12 and IFRIC 23. If it is probable (i.e. a probability of more than 50%) that a tax authority will accept a particular uncertain tax position, then the tax position reported in these consolidated financial statements is consistent with what is or will be used in the tax returns of the entity and no further liability is recognised. However, if it is not probable that a tax authority will accept a particular uncertain tax position then the income tax accounting is adjusted generally by recognising an additional liability. The adjustment could also be a decrease in tax receivables or an adjustment to deferred tax balances, depending on the tax position. The uncertain tax position is measured using either the most likely amount or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position.

Note 14 Share capital

	2023	2023	2022	2022
	Number of shares	Nominal value (USD '000)	Number of shares	Nominal value (USD '000)
Amounts in USD million				

The share capital comprise

Ordinary shares (fully paid)	100,000	15.0	40,000	7.0
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The share capital consists of 100,000 shares of a nominal value of DKK 1, equal to USD 15k. There have been increase in share capital during 2023 (60,000 shares of DKK 1; USD 8k).

All shares are paid in. No shares carry any special rights.

Translation reserve

The translation reserve is comprised of the Group's share of accumulated exchange rate differences arising on translation from functional currency into presentation currency.

Reserve for other equity investments

The reserve for other equity investments is comprised of accumulated changes in the fair value of equity investments (at FVOCI), net of tax.

Reserve for hedges

Reserves for hedges includes the accumulated changes in fair value of derivatives qualifying for cash flow hedge accounting, net of tax, as well as forward points.

Note 15 Capital management

The Group's objectives, policies and processes for managing capital

Prior to the separation from A.P. Møller-Mærsk A/S, the Group's capital management objectives, policies, and processes were overseen by A.P. Møller-Mærsk A/S.

Going forward, the Group will strive to create sustainable value over the long term by fostering cash flow growth, upholding a strong balance sheet, and practicing prudent allocation of capital. To accomplish this objective, the Group will concentrate on optimizing operational efficiency and innovating new services and business models.

The Group will manage its capital structure and makes adjustments in light of changes in economic conditions.

The Group is subject to financial covenants which impose capital requirements.

Note 16 Borrowings reconciliation

	As at 1 January	Cash flows	Non-cash changes			As at 31 December
	2023		New leases	Foreign exchange move- ments	Other	2023
Amounts in USD million						
Borrowings	18.5	438.8	0.0	0.0	0.1	457.4
Of which is:						
Classified as non-current	0.1	416.1	0.0	0.0	0.1	416.3
Classified as current	18.4	22.7	0.0	0.0	0.0	41.1
Leases						
Lease liabilities	1.3	-0.4	0.5	0.0	-0.1	1.3
Total leases	1.3	-0.4	0.5	0.0	-0.1	1.3
Total borrowings and leases	19.8	438.4	0.5	0.0	0.0	458.8

	As at 1 January	Cash flows	Non-cash changes			As at 31 December
	2022		New leases	Foreign exchange move- ments	Other	2022
Amounts in USD million						
Borrowings	97.2	-76.6	0.0	-2.1	0.0	18.5
Of which is:						
Classified as non-current	0.1	0.0	0.0	-0.0	0.0	0.1
Classified as current	97.1	-76.6	0.0	-2.1	0.0	18.4
Leases						
Lease liabilities	1.9	-0.5	0.0	0.0	-0.1	1.3
Total leases	1.9	-0.5	0.0	0.0	-0.1	1.3
Total borrowings and leases	99.1	-77.1	0.0	-2.1	-0.1	19.8

The total external loan of USD 450m has variable interest. The loan is in USD, and last installment is in 2028.

Note 17 Financial instruments by category

Amounts in USD million	2023	2022
Carried at amortised cost		
Loan receivables	0.0	91.6
Trade receivables	147.9	96.4
Other receivables (non-interest bearing)	19.3	17.6
Cash and bank balances	74.7	20.9
Financial assets at amortised cost	241.9	226.5
Derivatives	0.0	1.1
Carried at fair value through profit/loss		
Other interest-bearing receivables	0.1	0.1
Financial assets at fair value through P/L	0.1	0.1
Carried at fair value through other comprehensive income		
Equity investments (FVOCI)	0.0	14.6
Financial assets at fair value through OCI	0.0	14.6
Total financial assets	242.0	242.3
Carried at amortised cost		
Borrowings	457.3	18.5
Lease liabilities	1.3	1.3
Trade payables	76.9	86.6
Other payables	45.0	35.2
Financial liabilities at amortised cost	580.5	141.6
Derivatives	0.0	0.3
Financial liability at fair value	0.0	0.3
Total financial liability	580.5	141.9

The carrying amounts are reasonable approximations of fair value.

Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) and

Level 3 — Inputs for the asset or liability that are not based on observable market data.

Fair value of derivatives fall within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period. The Group has no financial instruments within level 3.

Note 17 Financial instruments by category - Continued

Financial instruments carried at amortised cost

Fair value of the short-term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount.

Other equity investments (FVOCI)

The Group had investments in equity shares of listed companies. These investments were irrevocably designated at fair value through other comprehensive income (FVOCI) as the Group considers these investments to be strategic in nature. These equity investments have all been sold during the first half of 2023.

Derivatives

Derivative financial instruments comprising mainly forward contracts are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable inputs. Fair value is generally determined based on observable forward rates.

Note 18 Financial risk management

The Group's financial risks were previously managed in the context of the wider risk management policies of the A.P. Møller-Mærsk A/S Group, of which the Group until May 2023 was a part. With the separation, Group has developed its own financial policy. The overall objective of the financial policy is to enable the Group to manage the cyclicity that characterises the industry with an aim to create long-term shareholder value.

The financial policy ensures, amongst others:

- Financial flexibility including adequate liquidity reserves.
- A long-term funding view to minimise refinancing risk.
- A robust capital structure through the business cycle.

In order to meet these objectives, free cash flow is to be allocated based on the following prioritisation:

1. Maintain a robust capital structure with sufficient funding available to comply with financial covenants and support the business through the cycle.
2. Pursue investment opportunities supporting long-term shareholder value creation.
3. Return surplus capital to shareholders.

The Group's exposure to risk

The Group's activities expose it to a variety of financial risks:

- Market risks (currency risk, interest rate risk and equity price risk)
- Credit risk
- Liquidity risk

The Group's overall risk management programme seeks to minimise the potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures (refer to note 17).

Note 19 Market risk

Currency risk

Currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. Revenue is primarily denominated in USD, the functional currency of all material entities in the Group, while related operating expenses are incurred in both USD and local currencies. The currency exposure arises from the Group operating in countries with different local currencies.

The exposure to changes in foreign exchange rates is mitigated by aligning the currency of cash inflows and outflows to the extent possible. Group does not currently utilise financial instruments to mitigate this risk, but is evaluating the risk on an ongoing basis.

Management considers the exposure to currency risk to be generally low and does not significantly affect the Group's profit.

Interest rate risk

Interest rate risk is the risk that future cash flows from financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk primarily stems from the Group's long term loans and obligations with floating interest. No fixed interest rate contracts, nor other interest hedges, are entered at present.

Assuming all other variables are unchanged, an increase in the interest rates by one percentage point is estimated to impact net result before taxes and equity negatively by USD 5.0m, assuming a full year of external loans.

Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as at fair value through other comprehensive income (FVOCI). The equity price risk exposure arises from the ownership of listed shares.

Since May 2023, there has not been any investments.

Note 20 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

For customer contracts, credit risk is minimised by undertaking a credit assessment of the counterparty prior to entering into the contracts. Depending on the creditworthiness, the Group may seek protection, in form of parent company guarantees, pre-payments or other type of security.

For financial counterparties, the credit risk is minimized by applying credit limits and transacting with financial institutions with a strong credit rating. For derivatives, counterparties with an investment grade rating may be used. A limited number of geographies are not serviced by our relationship banks and have no operations by financial counterparties with a satisfactory credit rating.

Financial assets at amortised cost comprise loans receivable and other receivables. These are all considered to have low credit risk and thus the impairment provision calculated on the basis of 12 month expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group applies the simplified approach to providing the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Customer contracts do not include unusual payment terms or material financing components. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristics and the days past due. In accordance with IFRS 9, non-due trade receivables have also been considered for expected credit losses.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Maturity analysis of trade receivables

Amounts in USD million	2023	2022
Receivables not due	135.2	81.0
Less than 90 days overdue	12.3	15.4
91 - 365 days overdue	1.4	0.4
More than 1 year overdue	0.0	0.3
Receivables, gross	148.9	97.1
Provision for bad debt	-1.0	-0.7
Carrying amount	147.9	96.4

Provision for bad debt based on the following percentages (minimum):

Trade receivables not overdue	0.4 %	0.4 %
Trade receivables overdue 0-90 days	1 %	1 %
Trade receivables overdue 91-180 days	10 %	10 %
Trade receivables overdue 181-270 days	30 %	30 %
Trade receivables overdue 271-365 days	50 %	50 %
Trade receivables overdue > 1 year	90 %	90 %

Note 20 Credit risk - Continued

The following allowance provision for trade receivables as at 31 December 2023 reconciles to the opening loss allowance as follows:

Change in provision for bad debt

Amounts in USD million	2023	2022
1 January	0.8	2.5
Provisions made	2.8	3.5
Amount reversed	-2.6	-5.2
31 December	1.0	0.8

Accounting policies

Trade receivables are initially recognized at their transaction price. Subsequently, they are measured at the transaction price less expected credit losses.

The Group applies the simplified approach to providing the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristics and the days past due. In accordance with IFRS 9, also non-due trade receivables have been impaired.

Other loans and receivables are initially measured at fair value, plus any direct transaction costs and subsequently measured at amortized cost less expected credit losses.

Note 21 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations when they occur or ceasing to have access to adequate funding to pursue its strategic ambitions and comply with financial covenants. The overall objective is to maintain adequate liquidity reserves to meet the Group's obligations and to withstand volatility in cash flow from operations.

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Group's revenue backlog provides visibility into the Group's future cash flow generation and is a key component in the Group's mitigation of the liquidity risk inherent in the Group's financial liabilities.

The Group has a centralized and structured approach to liquidity, capital funding and cash management, focusing on repatriating and concentrating cash. Short-term funding of subsidiaries is handled primarily through a Group wide cash pool structure.

The maturities of the Group's total liabilities and commitments are illustrated in the chart below.

Maturities of liabilities and commitments

Amounts in USD million	Carrying amount	Cash flows including interests		
		0-1 year	1-5 years	Total
2023				
Borrowings	457.3	43.2	540.4	583.6
Lease liabilities	1.3	0.4	0.9	1.3
Trade payables	76.9	76.9	0.0	76.9
Other payables	45.0	45.0	0.0	45.0
Non-derivative financial liabilities	580.5	165.5	541.3	706.8
Derivatives	0.0	0.0	0.0	0.0
Total	580.5	165.5	541.3	706.8
2022				
Borrowings	18.5	18.4	0.1	18.5
Lease liabilities	1.3	0.3	1.0	1.3
Trade payables	86.6	86.6	0.0	86.6
Other payables	35.2	35.2	0.0	35.2
Non-derivative financial liabilities	141.6	140.5	1.1	141.6
Derivatives	0.3	0.3	0.0	0.3
Total recognised in balance sheet	141.9	140.8	1.1	141.9

Note 21 Liquidity risk - Continued

Accounting policies

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Note 22 Derivatives

Until May 2023, the Group enters into derivative transactions in order to mitigate foreign exchange rate exposure related to costs incurred in local currencies. The derivative transactions comprise foreign exchange forwards.

Foreign exchange derivative contracts are used to hedge the currency risk related to recognised and unrecognised transactions which are designated as cash flow hedges. Derivatives are only used for hedging purposes and not as speculative investments.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques.

The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. At that time, the accumulated gains/losses are transferred to the items under which the hedged transactions are recognised.

The effective portion of changes in the value of derivative financial instruments used to hedge the value of recognised financial assets and liabilities is recognised in the income statement together with changes in the fair value of the hedged assets or liabilities that can be attributed to the hedging relationship.

The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments, which do not qualify for hedge accounting, are recognised in the income statement as financial income or expenses.

The following amounts were recognized in comprehensive income in relation to derivatives:

Maturity analysis of derivatives

Amounts in USD million	2023	2022
Hedging gains or losses recognized in other comprehensive income	-0.8	1.8
Hedge ineffectiveness of foreign exchange in profit or loss	0.0	-0.3

The effects of the foreign currency-related hedging instruments on the Group's financial position are as follows:

Amounts in USD million	2023	2022
Carrying amount (current assets)	0.0	1.1
Maturity date (year)	-	2023
Carrying amount (current liabilities)	0.0	0.3
Maturity date (year)	-	2023

As of the first half of 2023, all hedges have been terminated.

Note 23 Contingent liabilities

The Group participates in a Danish joint taxation arrangement where A.P. Møller Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known liability under the joint taxation arrangement is disclosed in the administration company's Financial Statements.

The Group is involved in several legal cases, tax and other disputes. Some of these involve significant amounts and are subject to considerable uncertainty. Management continuously assesses the risks associated with the cases and disputes, and their likely outcome. It is the opinion of management that, apart from items recognised in the financial statements, the outcome of these cases and disputes are not probable or cannot be reliably estimated in terms of amount or timing. The Group does not expect these to have a material impact on the consolidated financial statements.

The Group is also subject to the Tonnage Tax scheme. Tax may become payable on the sale of vessels or on withdrawal from the Tonnage Tax scheme.

Property, Plant and Equipment in subsidiaries with a value of USD 370m has been pledged as security for Borrowings of USD 450m in Maersk Supply Service Holding ApS.

Note 24 Commitments

Lease commitments

Amounts in USD million	2023	2022
Operating lease payments (lessee)	0.6	0.7

Capital commitments

Amounts in USD million	2023	2022
Capital commitments relating to the acquisition of non-current assets	381.8	389.1

During 2022, the Group signed a newbuild contract for a pioneering Wind Installation Vessel (WIV) for installation of wind turbines. The commitments relate entirely to this programme.

Capital commitments relating to the newbuilding programme at 31 December 2023

Amounts in USD million	2024	2025	Total
Wind Installation Vessel (WIV)	12.0	369.8	381.8

Note 25 Cash flow specifications

Change in working capital

Amounts in USD million	2023	2022
Trade receivables	-51.4	-0.3
Other working capital movements	15.3	5.6
Exchange rate adjustment of working capital	-0.1	1.1
Total	-36.2	6.4

Purchase of intangible assets and property, plant and equipment

Amounts in USD million	2023	2022
Additions *	-109.9	-166.3
Of which borrowing costs capitalised on assets	7.4	1.8
Change in payables to suppliers regarding purchase of assets, etc.	1.7	10.3
Total	-100.9	-154.1

* Additions to intangible assets of USD 2.1m (2022: USD 23.0m), property, plant and equipment of USD 107.8m (2022: USD 143.2m).

Accounting policies

Cash flow from operating activities includes all cash transactions other than cash flows arising from investing and financing activities such as investments and divestments, received dividends, principal payments of loans, instalments on lease liabilities, paid and received financial items and equity transactions. Capitalisation of borrowing costs is considered as a non-cash item, and the actual payments of these borrowing costs are included in cash flow from financing.

Cash and cash equivalents comprise cash and bank balances.

Significant accounting estimates and judgements

Judgements regarding operations in countries with limited access to repatriating surplus cash.

The Group operates worldwide and, in this respect, has operations in countries where the ability to repatriate surplus cash is complicated and time consuming. In these countries, Management makes judgements as to whether these cash positions can be recognised as cash or cash equivalents.

Note 26 Related parties

The following transactions occurred with related parties:

Amounts in USD million	Controlling parties		Other related parties	
	2023	2022	2023	2022
Income statement				
Revenue	0.0	0.0	0.0	3.9
Other income	0.0	0.0	0.0	0.0
Operating costs	0.0	0.0	9.7	58.0
Financial income	0.0	0.0	1.9	1.3
Financial expenses	3.1	0.0	0.9	8.2
Assets				
Trade receivables	0.0	0.0	2.7	2.6
Loan receivables, current	0.0	0.0	0.0	0.0
Derivatives	0.0	0.0	0.0	1.1
Cash (2022: cash pool receivables *)	0.0	0.0	17.3	91.6
Liabilities				
Borrowings, current	7.3	0.0	0.0	18.4
Trade payables	0.8	0.0	4.8	18.6
Other	0.0	0.0	0.0	0.5

* Amount included in the line item 'Loans and other receivables'.

All transactions with related parties are made on markets terms.

The relationships are outlined below:

Related parties with controlling interest

A.P. Møller Holding A/S, Copenhagen, Denmark has control over the Company and prepares consolidated financial statements. A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal is the ultimate owner.

Other related parties

Other related parties include A.P. Møller Holding A/S and all its subsidiaries and affiliates.

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.

Group relations

Name and registered office of the parent company preparing consolidated financial statements for the highest group:

A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K, Denmark

Note 26 Related parties - Continued

The group is controlled by the following entities:

Name	Place of corporation	Type	Ownership interest	
			2023	2022
A.P. Møller Holding A/S	Denmark	Ultimate parent entity	79.6%	100.0%
APMH Invest XXIV ApS	Denmark	Intermediate parent entity	98.7%	0.0%
A.P. Møller - Mærsk A/S	Denmark	Intermediate parent entity	0.0%	100.0%

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of corporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2023	2022	2023	2022
Maersk Supply Service International A/S	Denmark	100%	100%	0%	0%
Maersk Supply Service Canada Ltd.	Canada	100%	100%	0%	0%
Maersk Supply Service UK Ltd.	UK	100%	100%	0%	0%
Maersk Supply Service Subsea UK Ltd.	UK	100%	100%	0%	0%
Maersk Crewing Australia Pty.	Australia	100%	100%	0%	0%
Maersk Supply Service Singapore Ltd.*	Singapore	0%	100%	0%	0%
Maersk Supply Service Philippines A/S	Denmark	100%	100%	0%	0%
Maersk Supply Service (Angola) S.A.	Angola	49%	49%	51%	51%
Maersk Supply Service Brazil Holdings A/S	Denmark	100%	100%	0%	0%
Maersk Supply Service Apoio Maritimo Ltda.	Brazil	100%	100%	0%	0%
Maersk Supply Service America Latina Servicos Maritimos Ltda.	Brazil	100%	100%	0%	0%
Maersk Supply Service Mexico Holdings S. de R. L. de C.V.	Mexico	100%	100%	0%	0%
Maersk Supply Service Mexico S.A. de C.V.	Mexico	49%	49%	51%	51%
Maersk Supply Service Equatorial Guinea SAS	Eq. Guinea	65%	65%	35%	35%
Maersk Supply Service West Africa A/S	Denmark	100%	100%	0%	0%
Maersk Supply Service Griffon Ghana Ltd.	Ghana	90%	90%	10%	10%
Stillstrom A/S**	Denmark	0%	100%	0%	0%
Phoenix II A/S	Denmark	100%	100%	0%	0%

* Liquidated in 2023.

** Sold in 2023.

Note 27 Subsequent events

No events of importance to the Annual Report occurred during the period from the balance sheet date until the presentation of the financial statements.

Parent company financial statements

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Income statement

For the year ended 31 December 2023

Amounts in USD million

	Notes	2023	2022
Other external expenses		-1.7	0.0
Profit/loss before depreciation, etc. (EBITDA)		-1.7	0.0
Dividend received		30.3	0.0
Other financial income		0.1	0.0
Other financial expenses	1	-22.1	0.0
Profit/loss before tax		6.6	0.0
Tax	2	4.7	0.0
Profit/loss for the year		11.3	0.0
Proposed distribution of profit/loss			
Retained earnings		11.3	0.0
Total		11.3	0.0

Balance sheet

At 31 December 2023

Amounts in USD million

	Notes	2023	2022
Assets			
Investment in subsidiaries	3	774.2	0.0
Fixed assets		774.2	0.0
Income tax receivables		4.7	0.0
Receivables		4.7	0.0
Cash and bank balances		1.4	0.0
Total current assets		6.1	0.0
Total assets		780.3	0.0
Equity and liabilities			
Share capital (0.1 mill. DKK)		0.0	0.0
Retained earnings		316.3	0.0
Total equity		316.3	0.0
Borrowings, non-current	4	416.3	0.0
Total non-current liabilities		416.3	0.0
Borrowings, current	4	33.7	0.0
Other payables		14.0	0.0
Total current liabilities		47.7	0.0
Total liabilities		464.0	0.0
Total equity and liabilities		780.3	0.0

Statement of changes in equity

For the year ended 31 December 2023

Amounts in USD million	Share capital	Retained earnings	Total equity
Equity at 1 January 2023	0.0	0.0	0.0
Share capital increase (60k DKK)	0.0	0.0	0.0
Tax free contribution from shareholder	0.0	783.0	783.0
Extraordinary dividend paid to shareholder	0.0	-478.0	-478.0
Result for the year	0.0	11.3	11.3
Equity at 31 December 2023	0.0	316.3	316.3

Note 1 Other financial expenses

	2023	2022
Financial expenses to affiliated companies	0.2	0.0
Other interest expenses	21.9	0.0
Total	22.1	0.0

Note 2 Tax

Current tax on profit for the year	4.7	0.0
Total	4.7	0.0

Note 3 Fixed assets investments

Investment in subsidiary

1 January	0.0	0.0
Addition	774.2	0.0
Book value 31 December	774.2	0.0

Investment in subsidiary comprise:	Regi- stered in	Corpo- rate Form	Equity inter- est %	Equity USD mill.	Profit/ loss USD mill.
Maersk Supply Service A/S*	Denmark	A/S	100%	660.3	-50.9

Shares in subsidiary has been acquired in 2023 and there has been no changes in factors, impacting the valuation 31.12.2023.

* Annual Report 2022.

Note 4 Contingent liabilities

The Company participates in a Danish joint taxation arrangement where A.P. Møller Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known liability under the joint taxation arrangement is disclosed in the administration company's Financial Statements.

Property, Plant and Equipment in subsidiaries with a value of USD 370m has been pledged as security for Borrowings of USD 450m in Maersk Supply Service Holding ApS.

Note 5 Related parties with controlling interest

Majority shareholder: APMH Invest XXIV ApS, Esplanaden 50, 1263 Copenhagen K. 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: During the financial year, related party transactions have been conducted on an arm's length basis.

Significant accounting policies

Reporting class

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The significant accounting policies applied to these Financial Statements are consistent with those applied last year and the Annual Reports are presented in American dollars (USD). The exchange rate of USD to DKK was 6.7438 at 31 December 2023 (2022: DKK 6.9672).

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.

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 that have been purchased in foreign currencies are measured at the transaction date rates.

Income statement

Other external expenses comprise costs of administration etc.

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial income comprises interest income, including interest income on receivables and transactions in foreign currencies.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

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.

Balance sheet

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

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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.

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