SVITZER

Group Annual Report 2023

Svitzer A/S
Sundkrogsgade 17, 2100 Copenhagen Ø, Denmark
Registration Number 43 26 60 12

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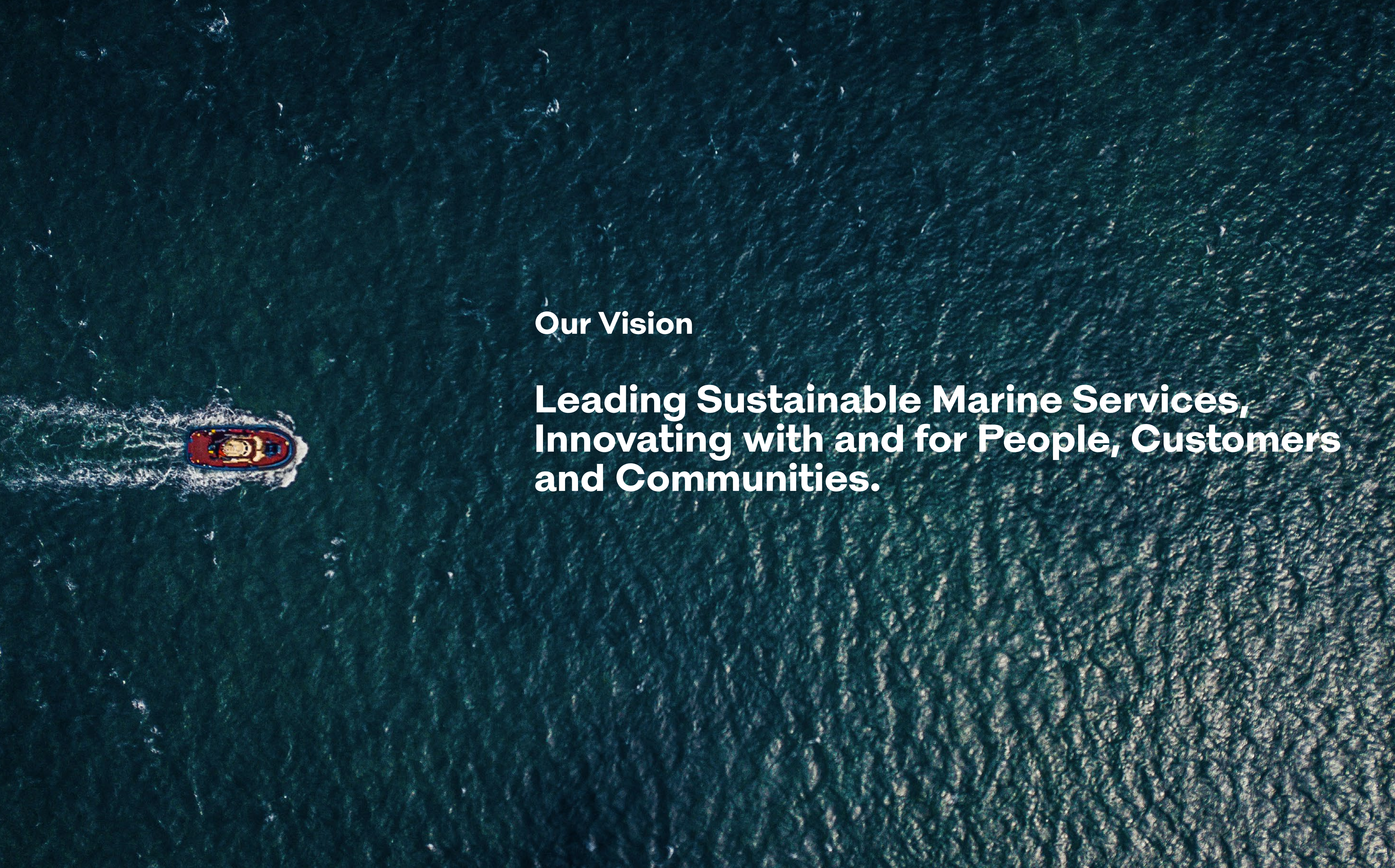
Management Review

In accordance with section 149, paragraph 2 of the Danish Financial Statement Act, the Consolidated Annual Report 2023 is an excerpt from Svitzer's complete annual report. After adoption at the Annual General Meeting, the complete annual report can be obtained from the Danish Business Authority.



Our Vision

Leading Sustainable Marine Services, Innovating with and for People, Customers and Communities.

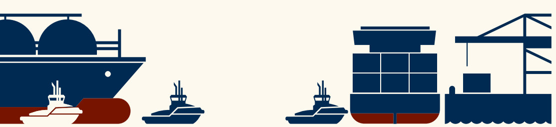
Executive Summary

Group Annual Report 2023

Svitzer at a Glance

Every 3-4 minutes, somewhere in the world, a ship relies on Svitzer for safe and sustainable towage in or out of a bustling port or terminal. Cargo and container ships, tankers, and car carriers etc. depend on Svitzer's expertise to manoeuvre them safely the first and the last mile of their journeys.

Founded in 1833, Svitzer builds on almost 200 years of experience, and our powerful tugboats and experts in towage work tirelessly to keep goods flowing, businesses thriving, and communities connected. Today, Svitzer is a leading global port and terminal infrastructure provider, serving approximately 2,000 customers in 141 ports and 40 terminals across 37 countries through a fleet of 456 vessels.



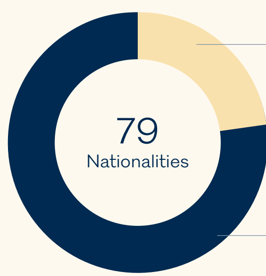
SVITZER

Employees

4,000

Onshore

778



Seafarers

3,214

[1] All data based for FY 2023. Countries, Ports, vessels and terminals include Svitzer Group and all joint ventures and associated companies. Employees (approximate) include Svitzer and subsidiaries.

37
Countries

456
Vessels

2,000
Custmers

5.8bn
DKK 2023 Revenue

1.7bn
DKK 2023 EBITDA

29.2%
2023 EBITDA margin

Executive Summary

Letter from the CEO

A year of solid performance

2023 was yet again a year of solid performance for Svitzer. We kept a steady course and delivered mission-critical, safe, and reliable towage and marine services to our approximately 2,000 customers around the globe and across different industries.

Our total revenue grew 6% to DKK 5,786m driven by a record number of harbour towage tug jobs of more than 150,000 in total. Adjusted for foreign exchange impact, total revenue grew 9.5%. EBITDA was up 4% to DKK 1,690m, resulting in a EBITDA margin of 29.2%. Over the past five years, we have consistently achieved around 6% annually revenue growth with an average EBITDA margin of 30%.

During the year, we secured a number of significant commercial contract wins to further reaffirm our global leadership position. This includes a seven-year contract for Terminal Towage services at Fawley Refinery, one of the UK's largest oil refineries, and a five-year contract, commencing in 2024, to deliver five tugboats servicing BHP's operations at Port Hedland, Western Australia, the world's largest iron ore export port. We also secured a 15-year Terminal Towage contract to service Gastrade's Alexandropoulis Independent Natural Gas System, which marked our entry into Greece.

Further, we started up operations on several previously signed contracts. This included a

> We secured a number of significant commercial contract wins to further reaffirm our global leadership position

Kasper Friis Nilaus
Chief Executive Officer

Letter from the CEO

contract with Oman India Fertiliser Co. in Oman and the contract with Australian energy company Woodside Energy Ltd. to provide towage and pilot transfer services at their LNG export operations in the Port of Dampier. Meanwhile, in Brazil, we continued to expand our fleet, clearly demonstrating our strategic commitment to servicing customers along the Brazilian coast.

In Australia, a new four-year National Towage Enterprise Agreement came into effect in July, providing certainty and stability for both our colleagues and customers throughout Australia. In Russia, we closed down our operations as a consequence of Russia's invasion of Ukraine. As part of this process, we were pleased to see that all former employees of Svitzer found new employment.

New strategy launched

In early 2023, we launched a new strategy, firmly anchored in our vision of leading sustainable marine services and setting a clear direction for future growth.

We have identified a number of mutually reinforcing focus areas and differentiators, which in combination enable us to provide more value to customers and other stakeholders as industry megatrends, including decarbonisation and digitalisation of port operations, progress at speed.

While the delivery of cost-effective, safe, and reliable services remains a top priority for Svitzer, we have further intensified our efforts to move even closer to our customers to strengthen the customer experience. Several commercial initiatives have been launched to deepen our understanding of customer needs and ensure we remain at the forefront of such needs. Consequently, it is rewarding to see that we in 2023 managed to improve customer satisfaction and loyalty, based on the globally recognised NPS (Net Promoter Score) standard to an all-time high of 39.

Leading the decarbonisation of towage services

As a global leader in sustainable marine services, we take our responsibility towards our customers, society, and the environment very seriously. We take an active role in leading the green transition in our industry, actively showing the way towards more sustainable practices by minimising the environmental impact of our operations. We have set two ambitious targets: to reduce the CO_2 intensity of our global fleet by 50% by 2030, and to reach fully carbon neutral operations by 2040.

In 2023, we reached several important decarbonisation milestones on our way to these targets. Firstly, we ran up to 70 tugboats on Hydrotreated Vegetable Oil (HVO) instead of Marine Gas Oil (MGO), saving approximately 23,000 tonnes of CO_2 in 2022 alone. Secondly, our 'Aim for 8 initiative' that prompts masters to sail at a maximum of eight knots during tug operations has saved more than 930,000 liters of fuel and 2,600 tonnes of CO_2, with a significant potential for further fuel savings and emission reductions ahead.

> We take on the role of leading the green transition of our industry.

Based on those combined initiatives, we made strong progress on our targets in 2023 by reducing the CO_2 intensity of our global fleet by 24% compared to 2020, and we are so far on track to deliver on our long-term decarbonisation targets.

Our people make the difference

Across our markets and regions, it is our passionate, deeply committed and professional colleagues that make the defining difference for our company. I would like to extend my sincere appreciation while thanking them for their hard work and dedicated service to Svitzer and our customers in 2023.

I am particularly pleased to see how our colleagues, across sea and shore, have proactively leaned into our strategy and the changes it brings to our business and ways of working. The engagement and motivation of our people continue to be as critical for our future success as ever, which is why I am delighted to see our

Letter from the CEO

people engagement score be in the top 25% quartile in 2023. It is only when we enable our people to perform, thrive, and grow that Svitzer can continue to deliver superior customer experiences.

Becoming a stand-alone listed company
2024 will be another exciting year for Svitzer, not least following A.P. Møller – Mærsk's decision to initiate a separation of Svitzer through a demerger and listing of Svitzer Group A/S on Nasdaq Copenhagen, whereby A.P. Møller – Mærsk shareholders will receive listed shares in Svitzer Group A/S. A listing presents Svitzer, our customers, people, and shareholders with new opportunities for sustainable growth. Our core business and strategy remain the same, but a separate listing is a unique opportunity to position ourselves even stronger as an independent company and leader in global towage and marine services.

In February 2024, as part of the preparations for becoming a stand-alone listed company, the Board of Directors was strengthened with new members. The Board of Directors now comprises Chair Morten H. Engelstoft, Vice Chair Robert M. Uggla, Christine Brennet (Morris) and Peter Wikström.

The Board of Directors and our Global Leader-ship Team together represent many years of experience within the commercial, operational, technical, financial, regulatory, and safety aspects of the towage and marine services industry.

> We are organisationally, financially, and operationally ready for a future as a stand-alone listed company.

As we continue to execute on our strategy to grow Svitzer sustainably, I am convinced that we are both organisationally, financially, and operationally ready for a future as a stand-alone listed company. At the centre of everything we do will be the safety of our people and the continued efforts to listen and respond to the needs of our customers.

Kasper Friis Nilaus,
Chief Executive Officer

Executive Summary

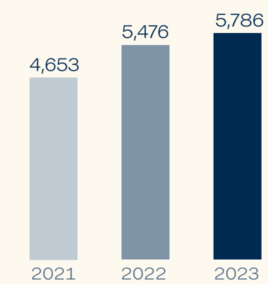
Financials at a Glance

Financial statements (DKK m)	**2023**	**2022**	**2021**	**2020***	**2019***
Income statement					
Revenue	5,786	5,476	4,653	4,453	4,632
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,690**	**1,623**	**1,383**	**1,412**	**1,369**
Depreciation, amortisation and impairment losses, net	-829	-957	-774	-763	-930
Profit/loss before financial items (EBIT)	**1,007**	**820**	**762**	**922**	**596**
Financial items, net	39	-21	-72	-157	-203
Profit/loss before tax	**1,046**	**799**	**690**	**765**	**393**
Tax	-286	-149	-118	-96	-149
Profit/loss for the year	**760**	**649**	**573**	**670**	**244**
Profit/loss for the year-Svitzer's share	**705**	**598**	**537**	**644**	**213**
Balance sheet					
Total assets	14,378	14,442	13,615	12,119	12,143
of which tangible assets	8,633	8,069	7,746	7,285	7,504
Equity	6,379	12,324	11,627	10,930	4,400
Liabilities	7,999	2,118	1,988	1,189	7,742
Invested capital	9,778	9,750	9,290	9,016	8,999
Net interest-bearing debt	-3,745	2,576	2,325	1,914	-4,581
Cash flow statement					
Change in net working capital	-113	-205	-77	138	23
Cash flow from operating activities	1,416	1,291	1,252	1,449	1,159
Cash flow from investing activities	-1,061	-910	-703	-934	-476
Capital lease instalments – repayments of lease liabilities	-100	-98	-96	-98	-108
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	-1,465	-1,153	-944	-854	-612
Cash flow from financing activities	-452	-402	-561	-534	-686
Free Cash Flow	223	232	391	566	663
Key financial figures					
Revenue growth	5.7%	17.7%	4.5%	-3.9%	5.8%
EBITDA margin	29.2%	29.6%	29.7%	31.7%	29.6%
Return on equity after tax	8.1%	5.4%	5.1%	8.7%	6.2%
Return on invested capital (LTM)	7.6%	6.7%	7.0%	9.0%	4.9%
Revenue from Harbour Towage (HT) activities	3,993	3,731	3,124	3,001	3,149
EBITDA from HT acitivties	1,034	955	833	784	812
Number of tug jobs in Harbour Towage (HT)	151,018	146,115	137,738	137,764	134,359
Revenue from Terminal Towage (TT) activities	1,787	1,764	1,548	1,508	1,520
EBITDA from TT activities	700	679	597	640	606
Environmental and social data					
CO_2 intensity reduction	24.4%	13.4%	3.7%	-	-
Average number of emloyees	3,397	3,285	3,127	3,099	3,105

* The numbers for the years 2019 and 2020 are unaudited and are estimates from periods before Svitzer Group has applied IFRS accounting standards.
Reference is made to Page 111 for definition of terms.

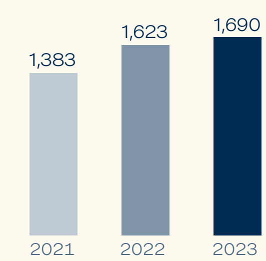
DKK m

Revenue



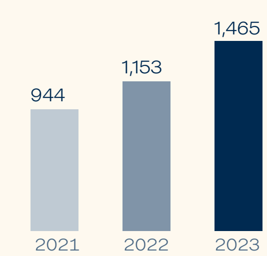
DKK m

EBITDA



DKK m

CAPEX



Case Story

Setting the Standard for Sustainable Marine Services

Port of Bristol
UK

Svitzer's commitment to emissions reduction is evident in our tangible achievements. Overall, we achieved a 24% reduction in CO_2 intensity of our global fleet in 2023 compared to 2020, through digitalisation, behavioural initiatives and conversion to biofuels.

The use of data and digitalisation play a crucial role in Svitzer, as they can provide valuable insights for understanding the carbon footprint of our tugboats and more broadly in the local ports. By collecting real-time data from our global operations, we are able to develop data-driven insights and solutions that advance operational efficiency and reduce emissions in our own operations, as well as for our partners, and customers.

One of the solutions developed by Svitzer is the digital tool Port Monitor. Port Monitor drives fuel and carbon intensity reduction by providing insights into efficiency progress per vessel, per port, and across the entire operation. It also assigns each tugboat job with an EcoRating, representing the fuel efficiency of the particular job, to enable conversations with the crew about how to minimise fuel consumption and environmental impact.

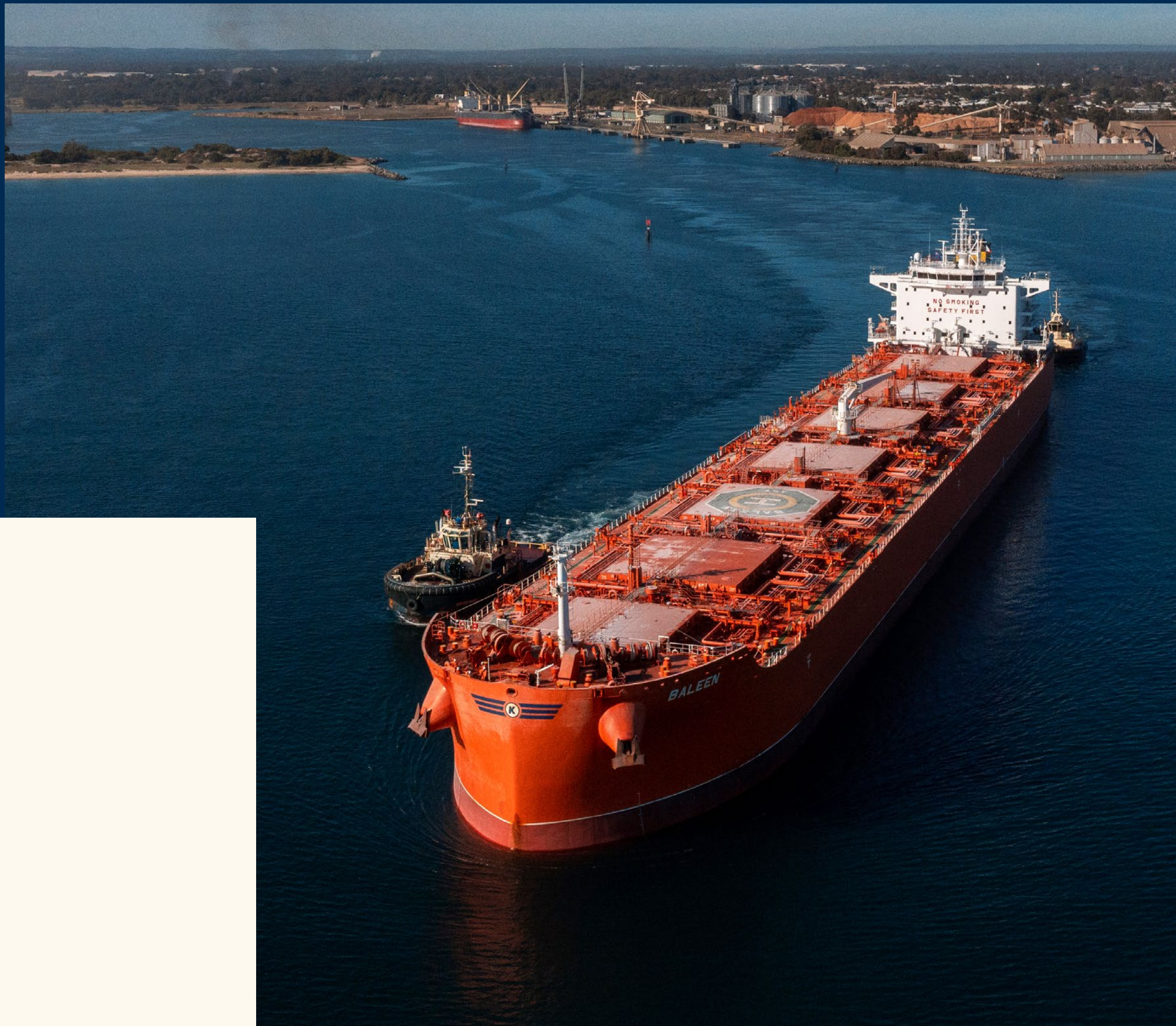
Initiatives like 'Aim for 8' exemplify Svitzer's proactive approach in changing behaviours to reduce emissions by encouraging masters to reduce speed to 8 knots during mobilisation and demobilisation. Launched in 2022, this initiative has in 2023 already decreased carbon intensity by more than 6% compared to the 2020 baseline.

EcoTow represents another sustainable solution offered by Svitzer, offering customers a low-carbon fuel alternative to traditional towage services. Up to 70 tugboats have been converted from Marine Gas Oil (MGO) to Hydrotreated Vegetable Oil (HVO) since the introduction of the EcoTow tugboats in 2021. EcoTow is available to Svitzer customers globally and offers immediate Scope 3 CO_2 emission reductions.

The solution provides customers with emission reductions and the conversion to HVO has saved the emission of approximately 23,000 metric tons of CO_2 in 2022 alone.

> "In addition to the vast potential a solution like Port Monitor holds for internal optimisation, it's relevant to a broad range of customers.
>
> One example being terminal towage customers who, in most instances, pay for the fuel used on our vessels and consequently take a strong interest in our fuel consumption and any opportunity for fuel and carbon emission reductions.

Kasper Karlsen
Global Chief Operating Officer



Towage and Marine Services

Towage and Marine Services

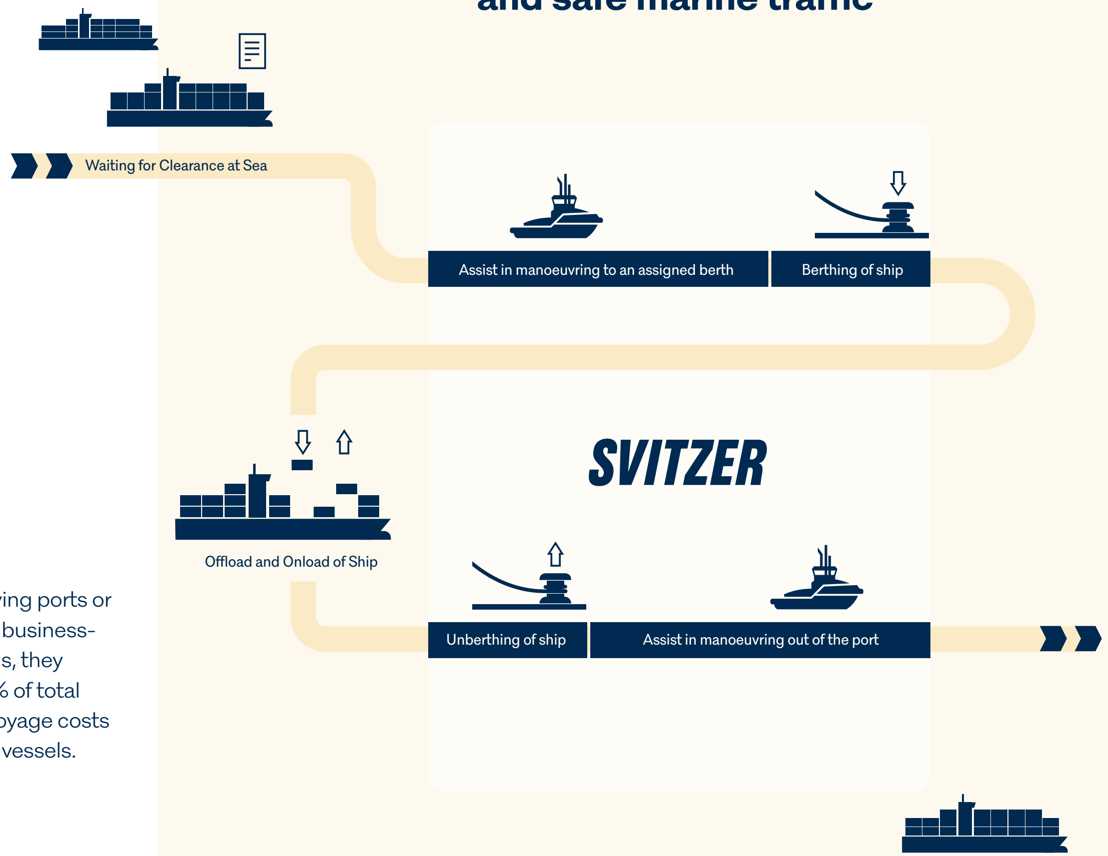
Our Business

Svitzer's business is centred around the use of tugboats to assist large seaborne vessels in manoeuvring in and out of ports and terminals to berth and unberth.

We also provide vessels, ports, and terminals with a range of related marine services. This includes line handling, firefighting, emergency response, and where relevant, maintenance services and operation of smaller service boats, in certain locations.

Our services play a crucial role as part of critical port infrastructure. Reliable and safe towage services are essential to a safe and efficient berthing of vessels in ports and terminals, and delays in towage services may trigger costly delays for the vessels entering or leaving ports or terminals. While towage services are business-critical to port and terminal operations, they represent an estimated less than 10% of total port costs and less than 1% of total voyage costs for medium- to large-sized container vessels.

Towage is a mission critical port infrastructure service enabling efficient and safe marine traffic



Reducing Risk in Navigation through Ports

Enhancing Operations and Driving Efficiency in Port Calls

Limiting Delays Triggering Delays for Following Vessels

Our Business

Two Main Business Areas

We have divided our towage service business into two main areas, Harbour Towage and Terminal Towage.

Harbour Towage
In Harbour Towage, we enter into agreements with vessel owners or operators to provide towage services for their vessels in specific ports. In addition to agreements with vessel owners or operators, we may also enter into a license agreement with the port authority granting the right to operate in that port. The contract period with the vessel owners or operators is usually between one and three years. Licenses issued by the port can be of a longer duration, usually between five to ten years.

The fee structure for customers in the Harbour Towage segment is usually determined based on a per-tug-job basis which means that we are paid a certain fee per tug required for a given towage service. Each port has a public tariff for towage jobs and other related services. The fee is either determined based on the public tariff or a negotiated discount to the public tariff.

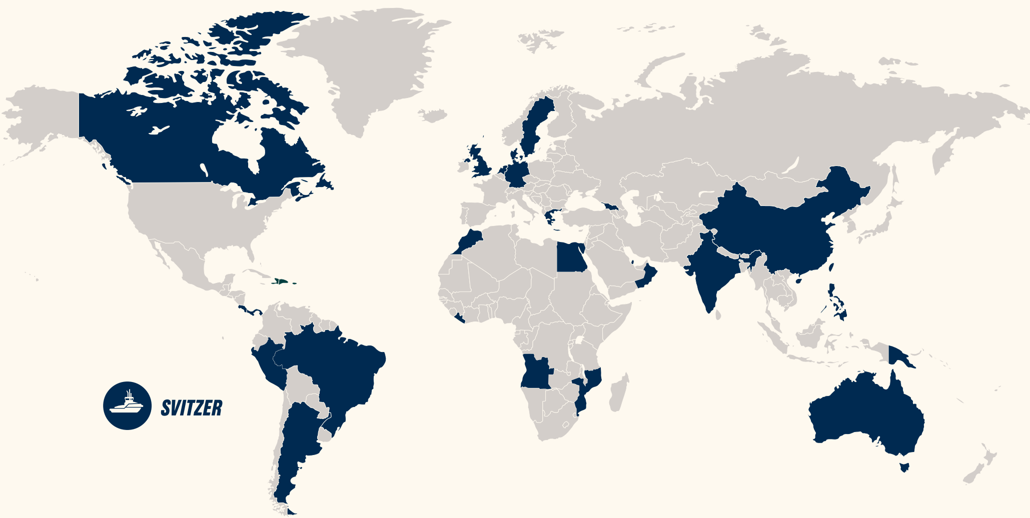
In some instances, typically for certain licensed ports, the fee or any increase in fees is agreed with or set by the port authority as part of the tender for the license. These fees are then typically adjusted or reviewed every year, reflecting consumer price index developments, and may also incorporate more frequent adjustments related to changes to the price of fuel.

Two main segments with overlapping and differentiated dynamics.

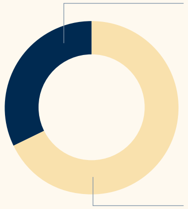
Harbour Towage

Terminal Towage

We operate in 141 ports and 40 terminals across 37 countries



Revenue 2023*



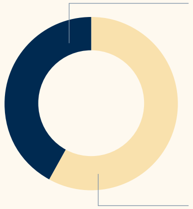
Terminal Towage

31%
DKK 1,787

Harbour Towage

69%
DKK 3,993

EBITDA 2023*



Terminal towage

40%
DKK 700

Harbour Towage

60%
DKK 1,034

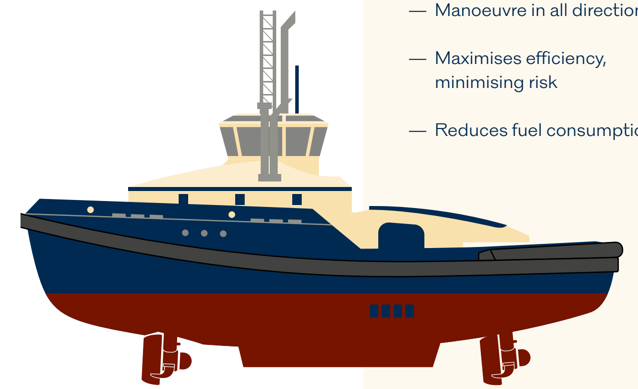
* Revenue and EBITDA which is classified as unallocated activities do not form part of these numbers

Terminal Towage

In Terminal Towage, we enter into agreements with on- and off-shore terminal operators for the delivery of towage services by making a pre-determined number of tugboats, and sometimes other vessels, available to service all vessels that enter or leave the specific terminal.

The fee structure for these contracts is a fixed day rate paid by terminal operators regardless of towage volumes. Adjustments of fees are relative to each contract but are often tied to changes of the consumer price index, pre-determined annual rate increases, or increases in certain costs e.g. crew.

Terminal Towage contract periods differ but are sometimes up to 30 years long, with an average contract length of approximately 10 years.



The pioneering TRAnsverse design fundamentally changes towage operations, drives efficiency and reduces emissions.

- Higher steering forces
- Manoeuvre in all directions
- Maximises efficiency, minimising risk
- Reduces fuel consumption

Towage and Marine Services

Our Market

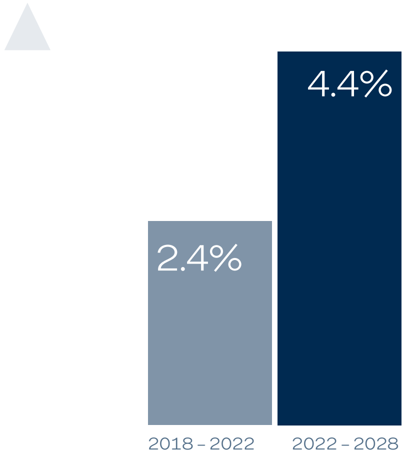
The global towage market is inherently resilient and stable and has shown consistent long-term growth, reflecting a continuous increase in the number of port calls.

As a mission-critical service, which provides for safe and efficient marine operations in ports and terminals, the estimated value of the global towage market in 2022 was approximately USD 11.6bn.

Svitzer's Group addressable market has grown at a CAGR of 2.4% between 2018 and 2022 and is expected to grow at a CAGR of 4.4% between 2022 and 2028*.

* The addressable market is defined as the markets / ports Svitzer considers to be addressable, equivalent to a total market value of USD 6.7bn in 2022 of which USD 2.7bn is currently addressed and USD 4.0bn is currently not addressed. Thereby, the addressable market is excluding markets considered structurally unavailable due to restrictions on foreign companies, inability to compete, geopolitics, risk appetite and customer types.

Expected market growth 2022-2028 (CAGR)



The expected market growth will be driven by three main growth drivers:

Increase in global trade volumes

Growth in global trade volumes promotes more seaborne cargo and results in more and larger cargo vessels being put into operation which in turn increases the demand for towage services. Consequently, the cargo volume growth per commodity is the main underlying driver of growth in port calls. The global fleet size and trade flows are the two main parameters driving the total volume of port calls and determining the location of the port calls.

Shift towards larger vessels

As a result of increasing global trade volumes, seaborne cargo vessels are becoming increasingly larger, enabling them to transport more cargo per voyage. The number of tugboats required per port call typically depends on the type and the size of the vessel entering the port. With larger vessels expected to claim a larger share of the market, more tugboats will be required to safely manoeuvre these vessels. The increase in the average size of cargo vessels has resulted in the number of tug jobs growing faster than port calls, which is also expected towards 2028.

Increase in average towage service tariffs

Average tariffs per tug job in the global towage market has increased and is expected to continue to increase. Tariffs are usually calculated based on a number of factors. This includes the gross tonnage and size of the vessel to be towed, the number of tugboats required, the duration of the tug job, and global price inflation. The main driver for the general year-on-year increase in towage service tariffs is the general increase in costs as a result of price inflation, resulting in higher operating costs for towage operators.

Our Market

Market Trends

In addition to the growth drivers, three key trends are shaping the global towage industry and increasing its complexity, benefiting key players with the capabilities to meet market demand.

Decarbonisation

Decarbonisation is gradually becoming more important among customers in the maritime industry as they increase focus on their Scope 3 emissions. In addition, some ports start driving the implementation of green towage even if it comes with additional costs. This increased focus from customers is driven by their own targets, as well as transparency regulations, such as the European Union's Corporate Sustainability Reporting Directive, which will gradually require companies to report on their carbon footprint.

Digitalisation

Digital tools and use of operational data are increasingly driving operational optimisations to reduce the idle time and fuel consumption of tugboats, while also optimising maintenance of vessels.

Market Consolidation

The towage market is experiencing ongoing consolidation, driven both by expected scale advantages as well as increased quality and expanded geographic coverage of the services provided. Further consolidation is expected to also be driven by the need to invest in decarbonisation and optimisation of operations. This will increase complexity and costs of operations, making it more difficult for smaller towage operators to compete.

Towage and Marine Services

Our Strategy

Enabling Growth

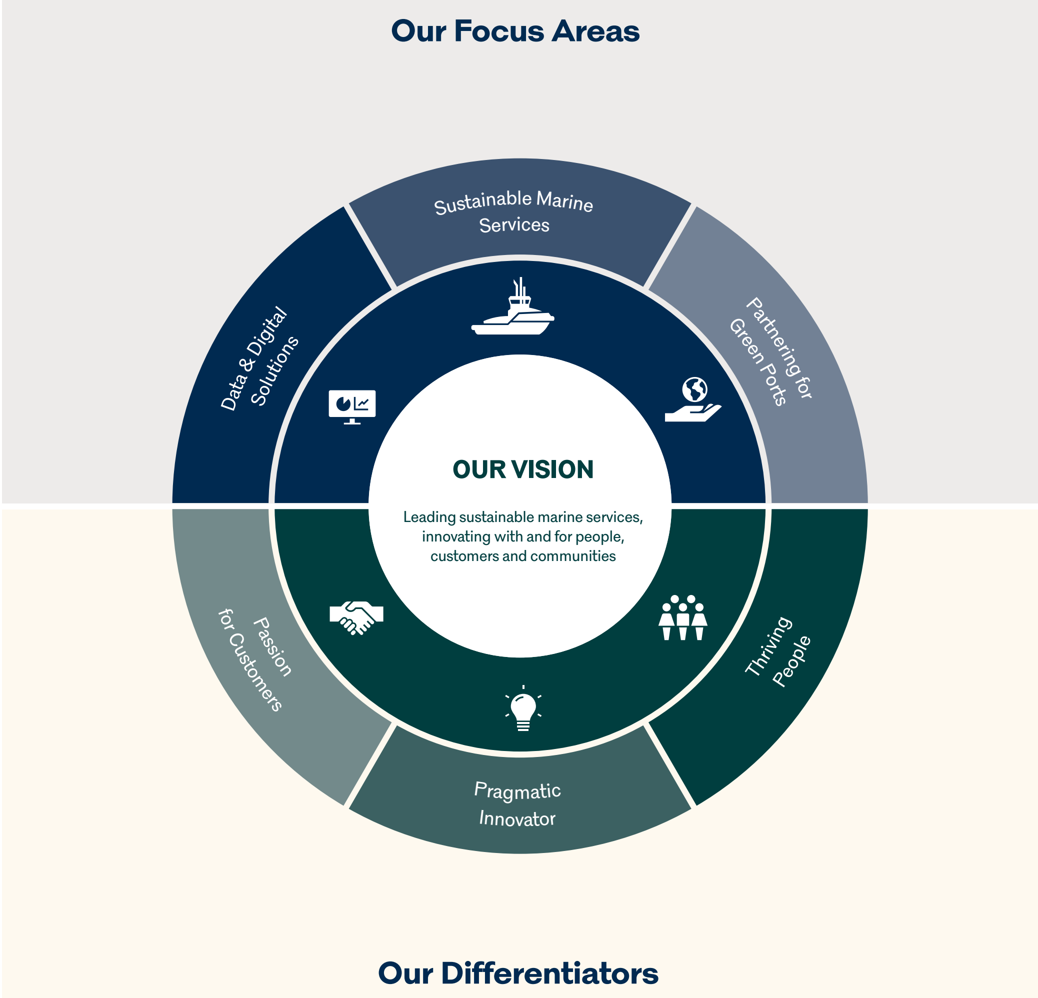
As customer demands continue to change globally and new industry trends such as decarbonisation and digitalisation emerge, being a global leader in sustainable marine services requires us to work closely with customers and other industry stakeholders, while continuing to focus on opportunities for mutual value creation.

Our strategy is centred on our commitment to three core focus areas, which reinforce each other, and is rooted in our vision to be a leader in sustainable marine services, innovating with and for people, customers and communities.

We aim to grow organically in line with the overall towage market, by targeting specific projects within Harbour Towage and Terminal Towage, and through continued leadership in decarbonisation, as well as through M&A growth on an opportunistic basis.

Sustainable Marine Services
Our ambition of continuously growing and developing our business in a safe, financially sound, and environmentally sustainable way, will be met through:

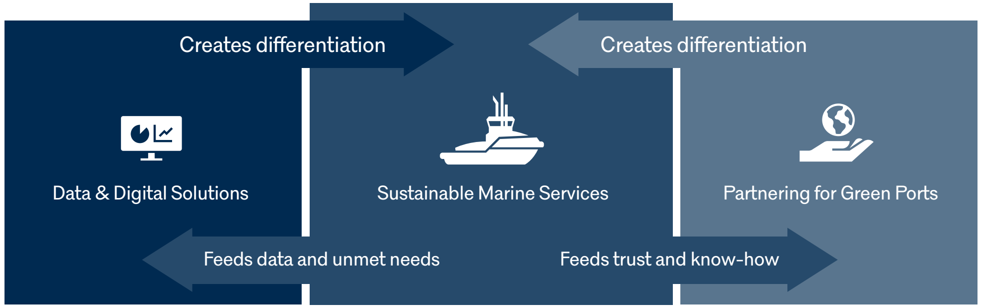
- **Commercial excellence** – tailored solutions and value propositions for customers to help win new contracts and retain customers through contract renewals and extensions.
- **Portfolio enhancements** – differentiate from competitors by offering innovation, improved efficiency and safety that adds value for customers and ports with the aim of being the preferred provider for customers and drive additional business.
- **Cost efficiency** – driving efficiency and reducing costs through increased asset and crew utilisation, procurement savings, operating costs optimisation, bunker costs reduction and extended dry-dock intervals.



Our Strategy

Data and Digital Solutions
Operating in ports and terminals globally, Svitzer collects large amounts of data every day. This enables us to unlock data-driven insights and to develop digital solutions that deliver operational efficiency and value for ourselves, our customers and other in-port stakeholders.

Partnering for Green Ports
Through partnerships with port operators, port authorities, shipping lines, and other in-port stakeholders, we explore long-term, collaborative development of innovative business models, digital products, and tools that enable the decarbonisation of port operations.



Our three strategic focus areas have a mutually reinforcing effect between each other, creating a competitive advantage where we continuously learn from our customers and partners and act on these insights.

- The more ports and terminals we serve, the more data we get to create data and digital solutions and spark the interest of new ports and terminals.

- Attractive data and digital solutions strengthen our customer value proposition and helps the expansion of our existing core products.

- The more ports and terminals we can serve with decarbonisation solutions, the more attractive we become as a green port partner to other ports and customers.

Case Story

Svitzer's Focus on Pragmatic Innovation Reshapes Maritime Standards

Istanbul
Turkey

Staying ahead of the curve in meeting customer needs is our top priority. Our commitment to innovation has led to significant innovative solutions that strengthen safety and support the green transition in our industry.

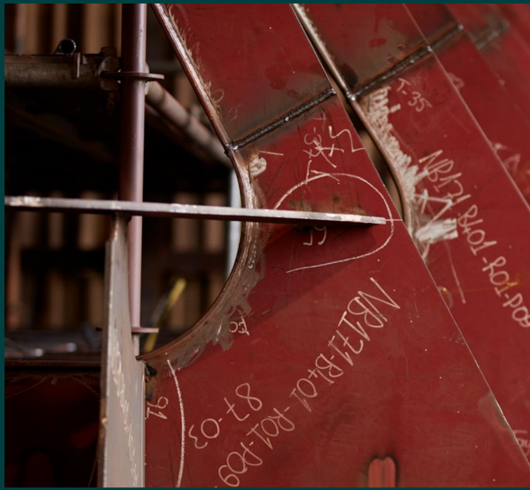
Svitzer's innovation focus thrives within the industry's constraints, forcing us to be creative within the limitations and boundaries set by our customers. However, there are also cases where we can push the boundaries. We encourage teams to bring forward their ideas, fostering a culture where we continuously test ideas and concepts, while acknowledging that failure is an integral part of innovation.

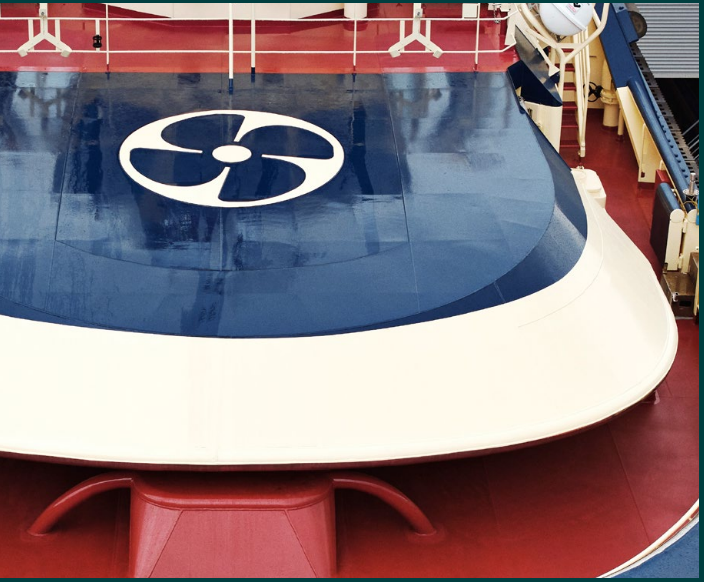
The Swiss Army Knife of Tugboats
One example is the TRAnsverse Tugboat, Svitzer's latest tugboat design. As container-ships and tankers grow larger to reduce the environmental impact, so does the need for our fleet to have more steering force, historically leading to larger engines.

To break this cycle, Svitzer has designed a tugboat with a more efficient balance between propellers, hull, and towpoint featuring a towing staple that enables 180-degree free movement of the tow line. This provides the vessel with multidirectional manoeuvrability and superior steering forces, with a much higher speed range than the norm.

The new tugboat's versatility and safety have earned it the nickname "Swiss Army Knife of Tugboats" among our crew – perfect for any port or terminal.

During 2023 and with an expected delivery in 2024, the Svitzer Group is building the first three TRAnsverse tugboats. The first one will operate in Amsterdam, The Netherlands, followed by two tugboats that will operate in Newcastle Port in Australia.





> Today, we see an increasing demand from our customers for more sustainable solutions. Traditional methods are not enough to meet their expectations.
>
> They require more steering force from our vessels while still reducing the carbon footprint. This necessitates a continuous drive for innovation.

Thomas Bangslund
Head of Innovation

Performance

Performance

Operational Highlights 2023

In 2023, Svitzer achieved a series of significant business milestones, reflecting the company's commitment to growth, innovation, and decarbonisation.

Fawley Refinery
In April, Svitzer secured a seven-year contract for terminal towage services at Fawley Refinery near Southampton in the UK. Effective July 1, the contract includes line handling, along with operating three tugboats, three launch boats, and two mooring pontoons at one of the UK's largest oil refineries.

Utilising existing tugboats, launch assets, and infrastructure previously used by Solent Towage, Svitzer provided a reliable, efficient, and cost-effective solution through synergies with our harbour towage operations in the Port of Southampton, reinforcing Svitzer's leading position in the UK towage market.

BHP, Port Hedland
In June, Svitzer signed a five-year contract for servicing BHP's operations in Port Hedland, Western Australia. Port Hedland is the world's largest iron ore export port and the largest bulk port measured by tonnage throughput. Effective from 2024, the contract includes the delivery of five new RAstar 2800 tugboats.

The new tugboats will operate on a five-year term with a five-year extension option. In addition to the delivery of tugs, Svitzer will provide exclusive commercial representation for BHP's towage services in Port Hedland.

Operational Highlights 2023

Alexandropoulis LNG terminal

In July, Svitzer secured a 15-year terminal towage contract for Gastrade's flagship Alexandropoulis INGS terminal, and Greece's first offshore LNG project.

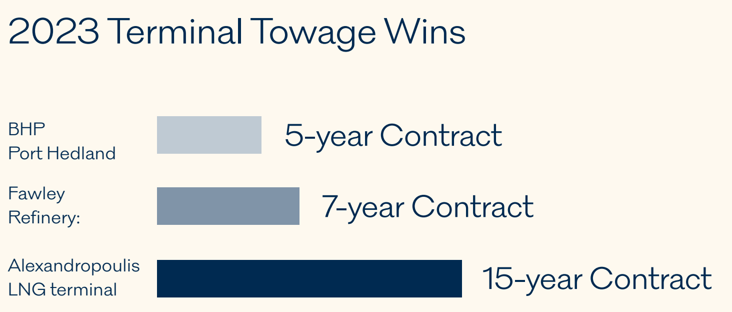
Effective December 2023, this contract marks Svitzer's entry into Southern Europe and Greece, providing towage services and support for advanced LNG operations, including the support of a Floating Storage Regasification Unit (FSRU) and its pipeline system connected to the Greek national natural gas transmission system. Svitzer's more than 25 years of experience working in the LNG industry will be showcased through a customised solution, including four new ASD tugboats, further establishing our position as a leading towage service partner to the industry.

Woodside Energy

In October, Svitzer's contract with Woodside Energy Ltd. commenced operations, providing towage and pilot transfer services at Woodside's flagship LNG export operations in the Port of Dampier, Western Australia.

The contract, awarded in January 2022, has an initial 12-year term with options to renew for three and further two years. Svitzer operates five modern 80-tonne bollard pull tugboats to meet critical towage needs for export LNG cargoes. Additionally, Svitzer has delivered a new pilot transfer vessel to support Woodside and its joint venture operations.

The Woodside contract prioritises substantial emission reductions and local industry support, including the commissioning of a new pilot transfer vessel and tailored training packages for local people.



Performance

Financial Performance 2023

The Group delivered an EBITDA of DKK 1,690m (DKK 1,623m), resulting from higher revenue across the Group.

Svitzer continued to grow with new contracts secured in Europe, with one new contract commencing in the UK in July and entering into a new country (Greece) through winning a Terminal Towage contract which commenced in December. In AMEA, new operations in Oman and the Philippines were commenced. Americas was positively impacted by Brazil entering a new port. Australia also commenced a new contract in Dampier in October.

Revenue increased by DKK 310m to DKK 5,786m (DKK 5,476m) and adjusted for foreign exchange impact, the increase was 9.5% or DKK 522m. Revenue for Harbour Towage increased by DKK 262m driven by higher volumes of 3%, tariff increases in Europe, Australia and Americas and a new port entry in Brazil. Terminal Towage revenue increased by DKK 23m primarily impacted by tariff increases across regions, new contracts commenced in Europe, Australia and AMEA partly offset by the loss of revenue from the closing of operations in Russia.

Region (DKKm)	Revenue				EBITDA				CAPEX			
	2023	2022	▲	▲ %	2023	2022	▲	▲ %	2023	2022	▲	▲ %
Svitzer Australia	2,004	1,914	90	5%	637	570	67	12%	-648	-287	-361	126%
Svitzer Europe	1,994	1,874	120	6%	488	505	-17	-3%	-505	-224	-281	125%
Svitzer Americas	907	788	119	15%	298	240	58	24%	-192	-223	31	-14%
Svitzer AMEA	888	896	-8	-1%	311	318	-7	-2%	-120	-399	279	-70%
Unallocated/eliminations	-7	3	-10	-333%	-45	-11	-34	309%	-	-20	20	-100%
Svitzer Group	**5,786**	**5,476**	**310**	**6%**	**1,690**	**1,623**	**66**	**4%**	**-1,465**	**-1,153**	**-312**	**-27%**

EBITDA increased to DKK 1,690m (DKK 1,623 m)
Svitzer continued to be challenged with the macroeconomic development where inflationary increases on costs were seen across the regions impacting operating costs. However, with timely tariff adjustments in Harbour Towage and escalations in accordance with the Terminal Towage contracts Svitzer managed to mitigate impact on the financial result.

In Svitzer Americas, the increase was primarily driven by increased revenue from a new port entry in Brazil and tariff increases offset by higher fuel costs driven by higher activity, higher crew related costs and maintenance and repair costs for vessels. In Svitzer Australia, the increase was primarily driven by tariff increases and increased volumes, partly offset by increasing fuel and operating costs driven by higher activity.

The increases in Svitzer Americas and Australia were partly offset by a decrease in Svitzer Europe impacted by higher costs from the inflationary increases on crew costs and higher fuel costs from higher activity and replacing MGO with HVO and Svitzer AMEA impacted by the closing of operations in Russia. EBITDA margin for the Group was at 29.2% which was a decrease compared to 2022 at 29.6%.

EBIT increased to DKK 1,007m (DKK 820m) primarily driven by 2022 being impacted by an impairment related to the closing of operations in Russia, an increase in EBITDA, which was partly offset by lower results from joint ventures and associates.

Financial Performance 2023

Financial items, net increased to net income of DKK 39m (net loss of DKK 21m) positively impacted by the higher interest income on loans and receivables, lower net foreign exchange losses and 2022 was negatively impacted by the net impact from write-down of a financial receivable related to divested activities.

Tax expense increased to DKK 286m (DKK 149m) impacted by improved financial performance and net movements related tax exposures for ongoing tax matters in multiple jurisdictions.

Net profit of DKK 760m (649m) primarily driven by an improved EBIT partly offset by higher tax expense.

ROIC increased to 7.6% (6.7%) impacted by increased net operating profit after tax (NOPAT) and by increased investments in the fleet, dry-docking and assets under construction and net movements related to tax exposures for ongoing tax matters in multiple jurisdictions.

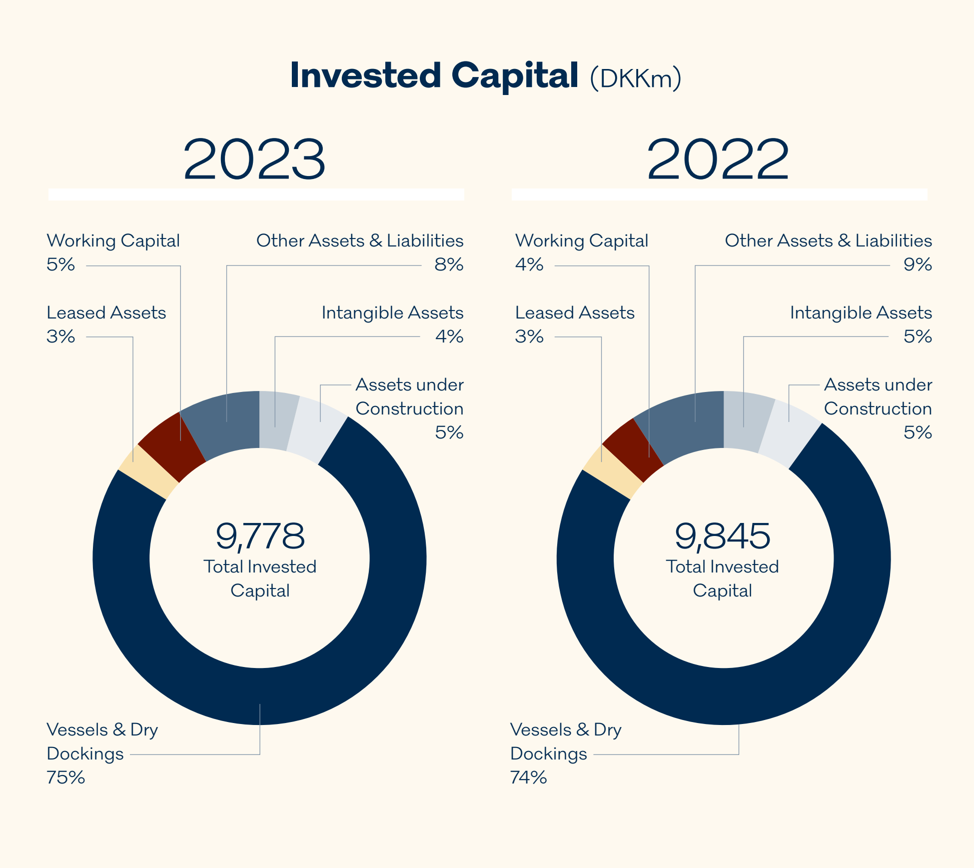
Cash flow from operating activities was DKK 1,416m (DKK 1,291m). The increase was impacted by improved EBITDA and a positive change in net working capital in comparison to prior year. The change in working capital was primarily driven by an increase in trade receivables from higher revenue partly offset by increased trade and other payables resulting from higher costs and decreased fuel inventory due to timing of fuel stock on vessels.

Cash conversion for the year was 84% which was higher than prior year at 80% impacted by a less unfavourable change in working capital.

Gross capital expenditure (CAPEX) was DKK 1,465m (DKK 1,153m) mainly driven by investments in growth projects of DKK 678m (DKK 476m), fleet renewals of DKK 286m (DKK 223m), drydocking of DKK 526m (DKK 399m) and other investment or timing of payment of negative DKK 25m (DKK 55m). The investments in growth projects were primarily in Terminal Towage DKK 551m (DKK 308m) whereas Harbour Towage growth was DKK 127m (DKK 168m).

Free cash flow reduced to DKK 223m (DKK 232m) impacted by increased CAPEX investments partly offset by higher sales proceeds from sale of property, plant and equipment of DKK 207m (DKK 73m), higher cash flow from operating activities and higher dividends received from joint ventures and associated companies DKK 177m (DKK 131m).

Invested capital: Total assets for the year amounted to DKK 14,378m (DKK 14,442m). The decrease was primarily driven by a decrease in current assets and a negative foreign exchange rate impact of DKK 211m offset by an increase in non-current assets related to assets under construction, deliveries of new vessels and dry-dockings undertaken. The invested capital remained stable at DKK 9,778m (DKK 9,845m). 80% (79%) or DKK 7,828m (DKK 7,767m) of the invested capital comprises of vessels, dry-docking assets, and assets under construction. Land, buildings, intangible assets, and other leased assets remained on par compromising of 7% (8%) or DKK 729m (DKK 831m) of the invested capital. Other assets and liabilities amounted to DKK 1,222m (DKK 1,247m) or 12% (13%) of the invested capital, including net working capital items which increased to DKK 449m (DKK 366m) primarily driven by an increase in trade receivables resulting from the increased revenue, and increased trade and other payables resulting from timing of costs.



Financial Performance 2023

Svitzer Australia

2023

Svitzer Australia comprises the operating segment of the Svitzer Group's business on the Australian continent and Papua New Guinea.

The main Harbour Towage ports in terms of revenue are Adelaide, Brisbane, Fremantle, Melbourne, Newcastle, Port Botany, and Port Kembla, with key Terminal Towage contracts supporting the Chevron operations in Gorgon and Wheatstone and the Darwin INPEX operation. In addition to this, Svitzer Australia has joint ventures and associated companies across the continent.

AUSTRALIA — Financial Figures DKKm	2023	2022	▲	▲ %
Revenue	2,004	1,914	90	5%
EBITDA	637	570	67	12%
CAPEX	-648	-287	-361	126%

Overall Development

Strong financial performance in 2023 assisted by higher Harbour Towage activity across most Australian ports, including a significant uplift in Melbourne as a result of a Harbour Master mandate for additional towage support in response to safety incidents. Public tariff increases from 1st April reflected the high inflationary pressure which has progressively reduced to more moderate levels by the end of the year.

Key Highlights

- Successful implementation of the new contract with Woodside Energy Ltd. from 1st October.
- Awarded the fleet renewal tender for BHP for five newbuild vessels to be chartered to BHP in Port Hedland over an initial period of five years commencing in first half of 2024 with an option to extend for a further 5 year period.
- The new National Towage Enterprise Agreement for Svitzer Australia was approved by the Fair Work Commission. The new agreement came into effect from 18 July 2023 and runs for a four-year period until July 2027.

CAPEX

Significant Growth CAPEX in 2023 associated with the purchase of five newbuild tugs for the commencement of the new Woodside contract in the Port of Dampier. The remaining CAPEX was related to the regular drydocking investment and vessels for fleet renewal.

Svitzer Europe

2023

Svitzer Europe comprises the operating segment of the Svitzer Group's business on the European continent.

The main markets in terms of revenue are the UK, Denmark, Sweden, the Netherlands, and Germany.

EUROPE — Financial Figures DKKm	2023	2022	▲	▲ %
Revenue	1,994	1,874	120	6%
EBITDA	488	505	-17	-3%
CAPEX	-505	-224	-281	125%

Overall Development

Revenue increased driven by CPI related tariff increases for Harbour Towage and higher Terminal Towage revenue as a result of the commencement of the Terminal Towage project at Fawley. The tug job volume in 2023 was negatively impacted by increased sanctions in Russia and higher energy inventories in the region impacting energy related vessel calls and tug jobs especially in Continental Europe.

Key Highlights

- The commencement of a seven-year contract to provide Terminal Towage services at Fawley Refinery, at Southampton in the UK in Q3 2023.
- The commencement of a 15-year agreement to service Gastrade's Alexandroupolis Independent Natural Gas System (Alexandroupolis INGS) LNG terminal, the first offshore LNG project in Greece from December 2023.

CAPEX

Growth CAPEX was impacted by the project in Greece with the purchase of four vessels. The remaining CAPEX was related to the regular drydocking investment.

Financial Performance 2023

Svitzer Americas

2023

Svitzer Americas comprises the operating segment of the Svitzer Group's business in the Americas.

The main markets in terms of revenue are Argentina, Bahamas, Brazil, Costa Rica, Panama, and Peru. Further, Svitzer Americas has joint ventures and associated companies in Barbados, British Virgin Islands, Canada, the Dominican Republic, Haiti, and St. Lucia.

AMERICAS — Financial Figures DKKm

	2023	2022	▲	▲ %
Revenue	907	788	119	15%
EBITDA	298	240	58	24%
CAPEX	-192	-223	31	-14%

Overall Development

Revenue increased due to high volumes particularly coming from grain export in Brazil and revenue from special operations. The decline in volumes from grain exports due to the severe drought in Argentina and the high inflation experienced in the country were mitigated by tariff increases and reallocation of tugs to reduce capacity and increase the utilisation.

Inflation remained a concern in the rest of the region and higher costs were widely recovered through contractual escalations, tariff increase, and cost saving initiatives.

Key Highlights

- Further expanding the presence in Brazil with the start of operations in Salvador.
- In June 2023 a special operation was started in the South of Brazil to support a container ship affected by fire erupting in its engine room, requiring continuous support of one tug through the end of the year.

CAPEX

Growth CAPEX includes fleet expansion in Brazil with a total of four newbuild tugs contracted where two were delivered during 2023 and the other two with expected completion in 2024. Growth CAPEX was approximately 65% of total CAPEX in the region. The remaining CAPEX was related to the regular drydocking investment.

Svitzer AMEA

2023

Svitzer AMEA comprises the operating segment of the Svitzer Group's within Asia, the Middle East, and Africa.

The main markets in terms of revenue are Angola, Bahrain, Egypt, Morocco, Bangladesh, and Oman. In addition to this, Svitzer AMEA has joint ventures and associated companies in China, the Philippines, and Qatar.

AMEA — Financial Figures DKKm

	2023	2022	▲	▲ %
Revenue	888	896	-8	-1%
EBITDA	311	318	-7	-2%
CAPEX	-120	-399	279	-70%

Overall Development

The contractual increases in rates were secured across the Terminal Towage portfolio. Operations remained stable in all countries with increased activity and volumes recorded in Egypt and Morocco.

The operations in Russia were terminated end of first quarter. The vessels from the operations are being sold to a third party.

Key Highlights

- Commencement of new operations in the Philippines and Oman, while extension of contracts was secured in Bahrain, and Egypt.
- Positive reception and interest in sustainability solutions in the Middle East countries and the green fuel on tugs has been piloted in Oman.

CAPEX

Growth CAPEX for the year was related to the upgrading of vessels for the new contract in Oman. For Philippines a replacement vessel was acquired. Remaining CAPEX relates to the replacement of a pilot boat in Morocco and regular drydocking investment.

Performance

Outlook for 2024*

Sensitivity Analysis on Currency (EBITDA)

Currency	Average 2023A Rates towards DKK	Average 2024 Rates towards DKK	+- 5% Change in 2024 FX Rate Impact on 2024 EBITDA
USD	6.90	6.73	+- DKK 30m
EUR	7.45	7.44	+- DKK 18m
GBP	8.50	8.43	+- DKK 8m
AUD	4.66	4.55	+- DKK 35m

Sensitivities
Revenue expectation includes full year effects of operations commenced during 2023 in the UK, Greece, Brazil, the Philippines and Australia, as well as new operations planned to commence during 2024 in Australia.

Given the multi-local nature of Svitzer's business, the consolidated financial results are impacted by the development in the underlying currencies of the business. The main foreign currencies for Svitzer are Australian Dollar, US Dollar, British Pound and Euro. These main currencies are assumed to weaken or be flat towards the DKK.

Revenue

3.5-5.0% growth on constant exchange rates basis

Harbour Towage is driven by global shipping activity along with tariff increases reflecting local inflation.

Terminal Towage is driven by the number of vessels on contract along with annual escalations in the day rate to reflect cost inflation.

Combining the underlying activity growth in the market with price adjustments and new operation, the revenue is expected to grow by 3.5% to 5% in 2024, on a constant exchange rates basis and 1.5% to 3% in estimated average exchange rates basis.

EBITDA

DKK 1,700-1,800m

Similar to previous years, Svitzer will continue the efforts to mitigate the inflationary pressure on all cost categories by driving efficiencies.

Based on this, combined with the assumptions made on revenue, the EBITDA margin is expected to be in line with 2023 leading to an expected EBITDA of DKK 1,700-1,800m, excluding separation and listing cost related to the demerger from A.P. Møller – Mærsk A/S which is expected to amount to DKK 130m

Gross CAPEX

DKK 900-1,100m

Growth CAPEX is expected to be DKK 400-500m.

Fleet renewal, docking, and other CAPEX is expected to be DKK 500-600m.

It is assumed that Svitzer continues to invest in commercial and technology upgrades of its fleet and operations and that the fleet does not experience abnormal levels of equipment breakdowns.

* See forward looking statements – risks and uncertainties on page 55.

Case Story

Dedication Secured Woodside Terminal Towage Contract

Port of Dampier
Australia

Set along the Pilbara coast in Western Australia amidst the dry, red landscapes, lies the industrial Port of Dampier.

For over 65 years, Woodside, a global energy company, has led the production and export of LNG from this port, supplying natural gas both domestically and internationally, while also playing a role in decarbonisation efforts. In line with this commitment, as well as their commitment to excellence and safety, Woodside sought a new long-term Terminal Towage partner, inviting proposals from premier towage companies across Australia and worldwide.

Combining Global and Local Expertise
Svitzer's tender proposal was based on listening attentively to Woodside's perspective, coupled with a fusion of our global maritime expertise, scale, and profound local market insights. Our proposal was a fleet design emphasising operational efficiency, decarbonisation solutions, and an operational model aligned with Woodside's stringent safety, environmental, and community standards.

Overcoming Challenges with Commitment
Executing the project amidst ongoing COVID-19 impacts posed challenges, particularly during implementation. Nonetheless, our geographically dispersed team rallied tirelessly to ensure compliance with all quality standards, overcoming logistical and workforce hurdles.

Woodside's unwavering support, transparent communication, and collaborative spirit significantly contributed to our success.

The contract was awarded in January 2022 and has an initial term of 12 years from January 2022 with two options to renew, one for 3 years and one for 2 years. The contract entered its operation in October 2023

Building a Trust-Based Partnership
This contract represents a key milestone. The commencement of operations shows how aligning with customer needs, leveraging our global and local expertise, and embracing innovative approaches can foster enduring and mutually beneficial partnerships. Yet, for Svitzer, this milestone marks just the beginning of the journey – transitioning from contractual obligations to ongoing value creation for Woodside.

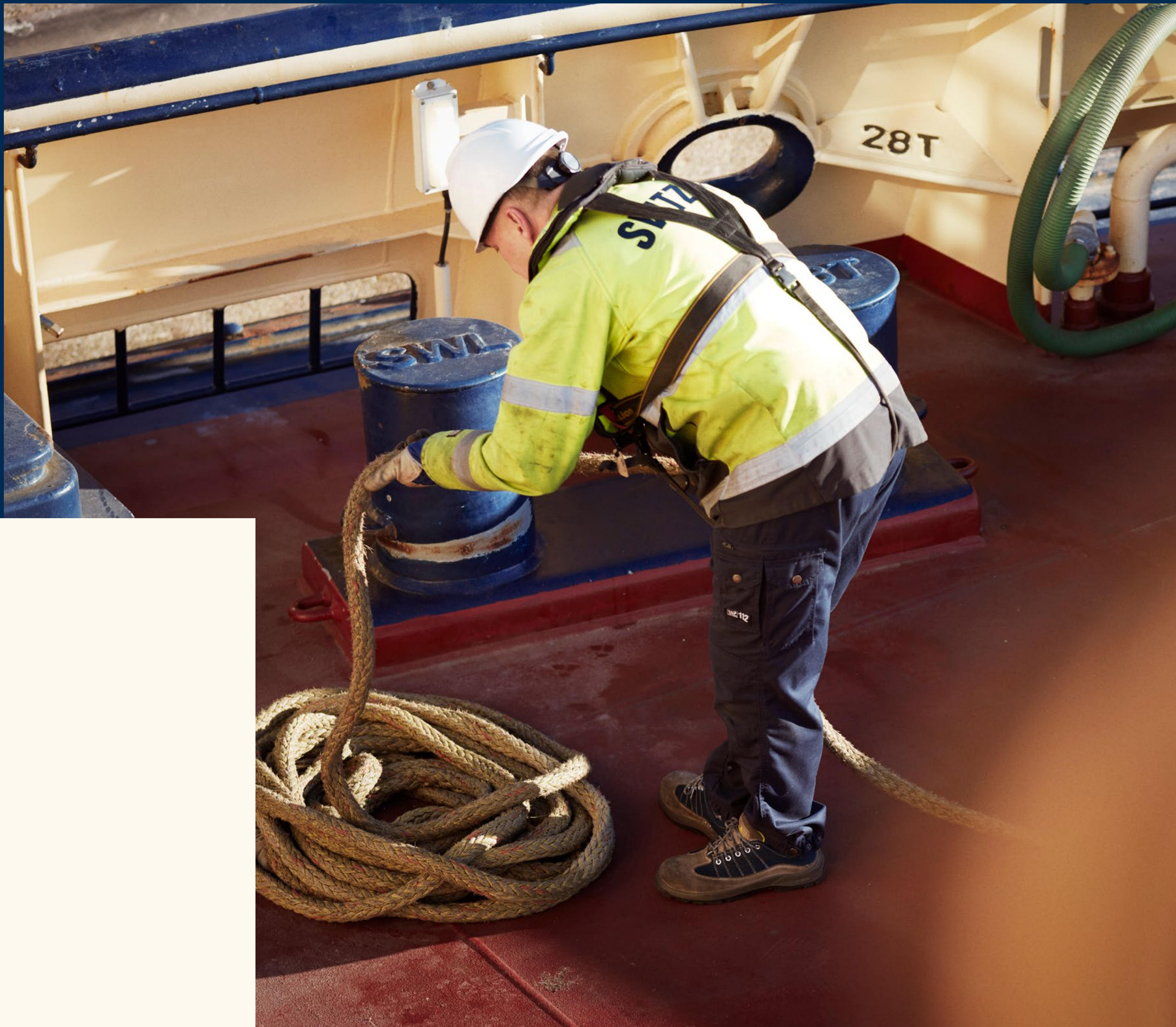
For Svitzer, the Woodside operation represents more than just a contractual agreement; it symbolises how innovation, adaptability, and shared values can cultivate enduring partnership and generate shared value.

”

Their request for proposal stood out. They delegated the responsibility of solution-finding to us, fostering immense creativity within our team. For Woodside, towage was not merely a service but a vital component of their operations.

They sought innovative solutions ensuring safety, reliability, operational efficiency and decarbonisation, integrating cutting-edge technologies.

Videlina Georgieva
Managing Director Svitzer Australia



Sustainability

Sustainability

This section covers activities in the 2023 calendar year and represents our statutory statement on sustainability, including social responsibility, underrepresented gender, and diversity, human rights as well as data ethics in accordance with sections 99a, b and d of the Danish Financial Statements Act for Svitzer.

For the description of Svitzer's business model see page 12, and for reporting on risks relating to environment and climate, social and employee conditions as well as anti-corruption and bribery, see 'Risk Management' on page 50.

Thriving People

Thriving People is integral to Svitzer's strategy, demonstrating our dedication to fostering an inclusive, diverse, and safe workplace where individuals perform, grow, and thrive through enhanced engagement and well-being.

Engagement

We believe that driving performance and executing on our strategy can be achieved in a human-centric manner, with a focus on enhancing the employee experience to ultimately enhance the customer experience. Therefore, parallel to our attentiveness to customer feedback such as the Net Promoter Score, we prioritise gathering insights from our employees to ensure that we listen and learn from their feedback.

Biannually, we conduct the 'People Pulse' employee engagement survey, to assess various factors influencing engagement, with the employee Net Promoter Score[1] (eNPs) as our key metric. Since adopting the survey methodology in early 2022, our eNPS has increased by 10 points to 40, positioning Svitzer in the top quartile for +1,000 companies globally.

In the past year, numerous initiatives have been undertaken, ongoing into 2024, aimed at fostering employee well-being. Commencing in 2022 and concluded in 2023, employees across Svitzer participated in over 150 'Purpose & Values' workshops, joining discussions on the connection to our values and the meaningfulness of their work.

In 2023, we introduced an updated people performance management strategy, building on past experiences and more traditional methods, mechanical processes, and a decentralised documentation-free period. This balanced approach prioritises regular performance dialogues and fosters a culture of continuous feedback. The rollout across the organisation in 2024 will be supported by enhancements to our global People IT system.

Recognising the pivotal role of leadership in shaping organisational culture and promoting an environment in which our people thrive, we are implementing a comprehensive leadership development programme spanning approximately one year. The programme aims to establish clear expectations, cultivate a values-driven culture, enhance team engagement, and promote cross-collaboration, initially focusing on frontline leaders in 2024 and expanding the scope in the coming years.

We see the impact of our 'Thriving People' initiatives reflected in our attrition rate[2] (10.0%), which in 2023 remained below the current external benchmark of 10.9% for the Transport & Logistics industry.

[1] This Score is calculated by subtracting the percentage of detractors (employees that responded between 0 and 6 to the question 'How likely are you to recommend Svitzer as a place to work?') from the percentage of promoters (employees that responded 9 or 10).

[2] Calculated by taking the number of employees that have left the company throughout the year, divided by the total average headcount for the year.

Sustainability

Diversity and Inclusion

Svitzer is committed to fostering a diverse and inclusive workplace where every individual feels valued, regardless of gender, age, nationality, sexual orientation, or other dimensions of diversity. We actively monitor gender representation across all employee processes, from recruitment to engagement to performance and talent reviews. This effort aims to drive progress toward achieving greater gender balance throughout the organisation, particularly at senior leadership level. By 2025, we aim to have 40% representation of the underrepresented gender at the executive leadership team level and the senior leadership team level, collectively.

There is no specific target figure for gender representation on the Board of Directors, as Svitzer maintains an equal gender representation among the board members elected by the general meeting. The gender representation as of December 31, 2023, is considered equal according to the Danish Business Authority's applicable guidelines.

The table to the right shows an overview of Svitzer's status as of December 31, 2023, with regards to the gender representation at our Board of Directors level, executive leadership team level, and senior leadership level.

As with many other companies in the industry, we are challenged in attracting more female employees into our frontline and seafaring roles. However, with increased efforts and by being deliberate in recruitments in 2023, we are seeing progress in relation to reaching our 40% target for leadership positions in 2025, along with the percentage of the under represented gender in Svitzer overall increasing (in line with our aim of continuous progress in both our onshore and seafaring population).

To further advance our commitment to diversity and inclusion, Svitzer's Diversity and Inclusion policy[3] outlines an approach aimed at driving progress across all organisational levels. The approach is founded on four key levers: engage the organisation; build capabilities; reinforce throughout the experience; and measure for transparency and accountability.

In 2023, specific actions were taken to enhance gender balance in senior leadership. These actions included implementing a recruitment guideline mandating consideration of both genders in shortlisted candidates for senior positions and utilising ongoing talent reviews to cultivate a stronger pipeline of female candidates for senior leadership positions. Additionally, executive leaders are increasingly involved in mentoring and developmental coaching

Gender representation in Svitzer A/S

	Board of Directors	Executive Leadership Team (ELT[4])	Senior Leadership (SL)	Total[5] (ELT)(SL)
Number of individuals	4	6	22	28
Underrepresented gender	1 (25%[6])	2	7	9 (32%)
Target for 2025				40% Underrepresented gender

[3] Covered in both global Svitzer Group's, and Svitzer A/S's Diversity and Inclusion policy.

[4] Included in this is Executive Management (2 individuals, 0% underrepresented gender).

[5] Defined as our Executive Leadership Team in Svitzer A/S and their direct reports who have direct reports themselves.

[6] This is considered equal representation according to the Danish Business Authority's applicable guidelines.

Sustainability

for identified female talents, contributing to an executive leadership team reflective of our desired gender balance organisation-wide.

Recognising that diversity alone is insufficient without inclusion, it is a priority for us to foster a sense of belonging among people. This is measured through indicators, such as the extent to which they feel listened to and safe to speak up, as assessed in our latest employee engagement survey. These metrics provide insights into our progress in cultivating an inclusive workplace with psychological safety.

Inclusion, along with awareness of personal biases and strategies to manage them, are key outcomes of Svitzer's leadership development programme and other training initiatives conducted throughout 2023 and continuing into 2024. These efforts collectively contribute to our ongoing culture journey towards fostering psychological safety and enabling all individuals to thrive.

Human Rights

Svitzer is deeply committed to upholding human rights across all aspects of our operations, in alignment with our values. Through our services and ESG commitments, we deliver sustainable marine services that drive global and local development.

We diligently strive to prevent any adverse impacts on individuals, whether within our company, through our partnerships, or in the communities where we operate. This commitment is enshrined in our Code of Conduct and reinforced by internal policies and procedures. We adhere to internationally recognised human rights principles, including those outlined in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

These include core labour rights, such as freedom of association and collective bargaining; the rights to not be subjected to forced labour, child labour or discrimination in respect of employment and occupation; and standards on working hours and the safety and health of workers.

Regular assessment of our human rights impacts is conducted, with particular attention to salient issues such as health and safety, as well as emerging concerns such as data ethics. Upon identification of issues, we take prompt measures to manage, mitigate, and remediate our impacts. Even in regions where local regulations may fall short of international human rights standards, we strive to uphold higher international standards.

We expect the commitment to human rights from our business partners, as outlined in the Svitzer Supplier Code of Conduct.

Gender representation Global Svitzer Group[7]

	Executive Leadership Team (ELT)	Senior Leadership (SL)	Total (ELT)(SL)
Global Svitzer Group[8]	11 Number of individuals	53 Number of individuals	64 Number of individuals
	5 Underrepresented gender	15 Underrepresented gender	20 (31%) Underrepresented gender

[7] The Global Svitzer Group consist of Svitzer A/S and all member companies globally.

[8] The reporting on the Global Svitzer Group is voluntary and in line with the Danish Business Authority's guidance on such reporting.

Sustainability

Safety

Safety has always been a cornerstone of Svitzer's mission, rooted in our commitment to preventing loss of life and capital at sea and safeguarding our people. Our primary objectives in all Health, Safety, Security & Environment (HSSE) efforts are to mitigate risks and ensure the well-being of our employees, striving for incident-free operations and a culture of safety, collaboration and risk dialogue.

To live up to these objectives, we have transcended traditional health and safety approaches, developing a novel safety framework that has evolved since 2019.

The approach is based on three guiding strategic principles:

- Learning and adapting to risks,
- Leading with care, and
- Recognising our people as the experts to inform improvement needs relating to their work.

This employee-centric model emphasises continuous improvement, leveraging frontline insights to enhance risk management and strengthening safety protocols. Unlike conventional maritime safety models focused on top-down standards, audits, and assurance, our approach prioritises workforce engagement and supportive leadership, aiming for a culture of safety ownership and accountability.

This safety-centric approach not only enhances the well-being of our employees but also improves our ability to deliver value to customers by minimising operational disruptions and reducing environmental risks. Our safety metrics encompass both lagging incidents frequency rate indicators and proactive leading indicators, aimed at addressing serious risks and preventing harm.

Our leading indicators include compliance with Global Offshore Vessel Management and Self-Assessment (OVMSA) standards and proactive HSS management practices, such as emergency drills, leadership vessel visits, learning from high-potential events and action closure. The leading indicators provide a proactive approach to risk management and resilience, which ensure continuous focus on mitigating serious risk rather than solely reacting to incidents.

By prioritising incident reporting and data quality while leveraging leading indicators for risk improvement decision-making, Svitzer remains committed to safety excellence and operational resilience.

KPIs			
Lagging	**2021**	**2022**	**2023**
LTIF	0.7	1.7	1.3
TRCF	5.4	5.2	6.0
Leading			
Frontline learning teams for High Risk Events	100%	84%	80%
Emergency Drills Completion	93.2%	86.1%	95.3%
Action Closure (all actions)	92.7%	93.8%	91.4%
Leadership Safety Visits	90.9%	93.8%	94.4%

Sustainability

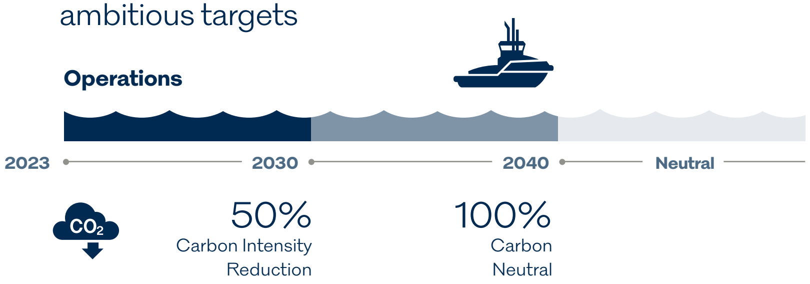
Decarbonising Marine Services

Svitzer is committed to being a front-runner in the green transition of the marine services industry with high environmental standards globally. Our pioneering decarbonisation targets include 50% reduction in vessel carbon intensity[9] by 2030 and achieving carbon neutral operations by 2040.

We pursue these targets through safe, innovative, and continuous improvements across three pillars of our decarbonisation strategy, which was launched in 2022:

- **Behaviour:** Operating equipment in more fuel-efficient ways, especially during mobilisation and demobilisation to and from tug jobs and enabled by the digital and AI-based tracking tool Port Monitor, developed by Svitzer.
- **Equipment:** Exploring fuel-efficient equipment and tugboat designs like the TRAnsverse Tug, experiment with retrofitting of existing fleet to sail on alternative fuels, and investigating technologies such as fuel cells for electrification.
- **Fuel:** Pioneering drop-in fuel usage for low-carbon towage services with up to 70 vessels sailing on biofuels in 2023. We collaborate closely with future fuel producers for low-emission and green fuel solutions.

The strategy rests on two ambitious targets



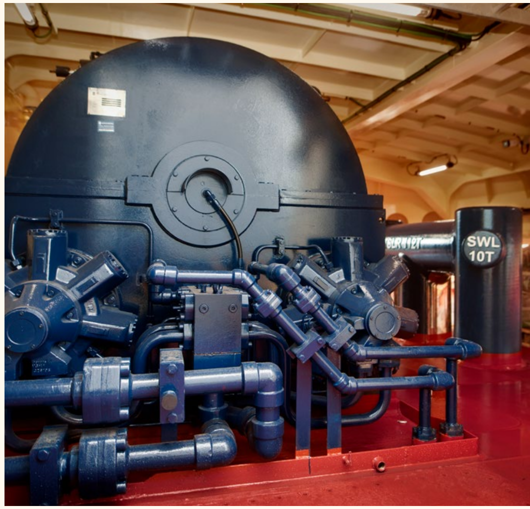
[9] Carbon intensity, measured in gCO_2e /kWh, is determined for each vessel based on the total fuel consumption and running hours for all engines installed on board. Total kW power installed is the sum of all engines Maximum Continuous Rating values for the vessels. Percentage improvement is measured by comparing the fleet average value for the current year to the baseline value for 2020. GHG emissions are calculated using conversion factors from DEFRA (updated 2022).

There has been solid progress on the decarbonisation strategy to date, both prior to and after the launch of our decarbonisation strategy in 2022.

This includes:

- **2012:** Introduced ECOtugboats, cutting fuel consumption by up to 10% and reducing nitrogen oxide emissions by up to 80%.
- **2015:** Launched "Gorgon LNG" tugboats, the second generation ECOtugboats enabling battery powered mobilisation for terminal contract close to protected natural environment in Western Australia.
- **2021:** Strengthened carbon-reduction commitment with EcoTow product, offering low-carbon towage using biofuels. Scaled up to nearly 70 tugboats sailing on biofuels by 2023, reducing fleet carbon intensity by over 15% compared to 2020 baseline.
- **2022:** Launched 'Aim for 8' behavioural change campaign internally, encouraging crews to maintain speeds below eight knots during mobilising and demobilising. Enabled by our internally developed AI-based digital tool, Port Monitor, the initiative has reduced fleet carbon intensity by 6% in 2023 compared to the 2020 baseline.

Overall, Svitzer achieved a remarkable 24% reduction in CO_2 intensity in 2023 compared to 2020. We remain committed to carbon neutrality by 2040 and a 50% reduction of CO_2 intensity across our global fleet by 2030.



Sustainability

Business Ethics and Compliance

Svitzer is committed to conducting business responsibly, ethically, and transparently, meeting high standards of integrity. New employees undergo compliance-related training during onboarding, with regular refreshers.

In 2023, Code of Conduct refresher training for all employees in scope[10] achieved a 95% completion rate. Additionally, employees were invited to participate in the Business Ethics Week session, 'All the way to Zero Corruption'.

Anti-Corruption

Svitzer upholds high ethical standards and is dedicated to combatting corruption. As a member of the Maritime Anti-Corruption Network (MACN), we adhere strictly to a zero-tolerance policy on corruption, bribes, and facilitation payments as outlined in our Anti-Corruption Policy. Our policy includes procedures to counter unethical behaviour. Over 150 purpose and values workshops conducted across the company in 2022-2023 emphasised our commitment to ethical conduct, particularly our core value of 'Uprightness'.

Anti-corruption remains a key focus in our compliance initiatives, including the Code of Conduct, Supplier Code of Conduct, and business development due diligence.

Going forward, we will continue our efforts to combat corruption and maintain ethical and transparent business practices.

Anti bribery and corruption actions

- Whistleblower hotline – available on both internal and external Svitzer sites.
- Third-party management and due diligence processes.
- Bi-annual broad, risk-based assessment of knowledge gaps and training needs.
- Processes for reporting and approval of gifts, donations, and sponsorships.
- Training: on-boarding of new employees, annual Code of Conduct refreshers, and targeted training on an ad-hoc basis, depending on identified needs.

Fair Competition

Svitzer emphasises fair and transparent competition and regularly trains relevant employees on compliance with competition laws and regulations, a core part of our Code of Conduct.

Sanctions

With operations across jurisdictions, we focus on compliance with sanctions and export control laws. We particularly address evolving sanctions related to regions like Russia, ensuring awareness and training as part of our Code of Conduct and due diligence processes.

[10] Code of Conduct refresher training is the completion rate of employees in scope for the e-learning out of the total employee population in scope. The employees in scope for the e-learning in 2023 were active white-collar Svitzer employees. This excludes white-collar employees on long-term leave and employees that have joined Svitzer after 31 October in the reporting year. The completion rate is based on registrations in the Learning Management system as of 31 December 2023, and completion data up until this date.

Sustainability

Sustainable Procurement
Svitzer integrates sustainability into procurement though our Sustainable Procurement Programme. Requirements are outlined in the Supplier Code of Conduct, enforced contractually, and monitored for compliance.

Suppliers with contractual agreements are as a minimum required to follow the Supplier Code of Conduct, the supplier's own equivalent or United Nations Global Compact principles by monitoring and ensuring compliance against these standards.

Whistleblower Scheme
Our whistleblower platform allows reporting of violations of laws and regulations, internal policies and procedures anonymously.

A Whistleblower Committee formed in 2023 oversees investigations and determines the appropriate outcome, such as disciplinary steps and other remediation actions, which are then implemented and monitored by the relevant corporate functions. Our whistleblower policy outlines our zero-tolerance for retaliation. In 2023, 19 reports were raised, a 16% increase from 2022. 26% were substantiated, leading to actions including three dismissals, two warnings, and two policy reviews and targeted trainings[11].

We remain dedicated to anti-corruption, ethical and transparent business practices.

Data Protection and Data Ethics
In the area of data protection, Svitzer implements GDPR measures with a focus on accountability and data transfer.

Our Data Ethics approach is guided by four key principles:

- **Transparency:** Ensuring transparency and accessible and easily understandable data practices.
- **Respect:** Upholding individuals' rights and privacy, with a shared responsibility of using data in a manner that respects individual autonomy.
- **Innovation:** Leveraging data for innovation, while upholding ethical standards.
- **Security:** Prioritising data security to prevent unauthorised access or alteration.

Svitzer's Data Ethics Policy reflects our ongoing commitment to ethical data practices. Our data ethics training completion rate was 84% in 2023[12].

[11] 19 cases are the number of whistleblower cases recorded in Svitzer's whistleblower system during the year. All cases are recorded in the whistleblower system irrespective of who makes a misconduct report, or how such a report is received, including via telephone, email, the whistleblower system, or audits.

[12] Data ethics training is the completion rate of employees in scope for the data ethics e-learning out of the total employee population in scope. The employees in scope for the e-learning in 2023 were active white-collar Svitzer employees. This excludes white-collar employees on long-term leave and employees that have joined Svitzer after 31 October in the reporting year. The completion rate is based on registrations in the Learning Management system as of 31 December 2023, and completion data up until this date.

Case Story

Partnering with the Industry to Create Sustainable Growth

Port of Melbourne
Australia

With vast insight into global port operations, Svitzer actively collaborates with port operators, port authorities, shipping companies, and stakeholders to develop innovative business models, enabling CO_2 reductions while driving value for our port customers.

We do this by leveraging our global scale, data and expertise, and working with partners to apply our leading decarbonisation solutions in emissions monitoring, behavioural tracking, new towing technologies, and the use of biofuels.

Throughout 2023, we engaged in strategic dialogues with several ports and other actors in the wider global shipping industry, focusing on forming partnerships for green ports to reduce carbon emissions through the adoption of new technologies and low or zero carbon alternatives for all involved in the port operations.

In April 2023, this resulted in the signing of a memorandum of understanding (MoU) with the Port of Melbourne, alongside industry partners Maersk, ANL (a subsidiary of CMA-CGM), Stolthaven Terminals, HAMR Energy, and ABEL Energy. The collaboration will explore the commercial feasibility of establishing a green methanol bunkering hub at the Port of Melbourne, including the various elements of establishing the hub and potential challenges.

The Port of Melbourne is Australasia's largest maritime hub for containerised, automotive, and general cargo. Svitzer has served the port for more than 15 years.

> It is through a partnership approach that we will best meet the future decarbonisation challenges facing the wider shipping industry.
>
> Svitzer is in a unique position to contribute to the decarbonisation based on our experience and decarbonisation solutions developed from serving port operations around the world.

James Robinson-Burge
Head of Performance & Products,
Svitzer Operations

Governance

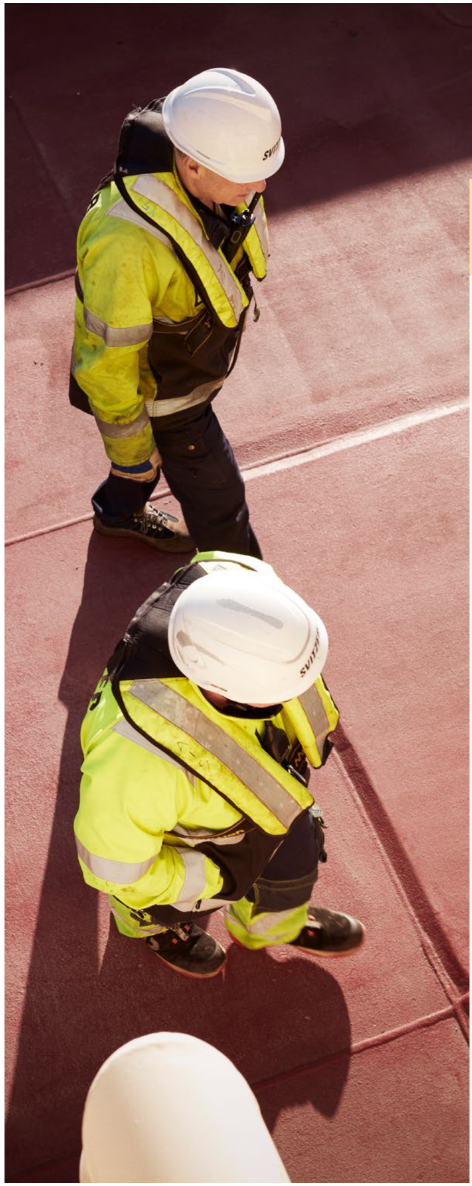
Governance

Corporate Governance

Good corporate governance is essential to Svitzer. As a wholly owned subsidiary of A.P. Møller – Mærsk A/S, our governance structure today is an integrated part of A.P. Møller – Mærsk A/S' governance structure which promotes the objectives of:

- Early identification of opportunities, challenges, and risks.
- Efficient processes for informed decision-making.
- Continuous learning.
- Proactive planning and agile execution.
- Sound controls, checks, and balances, and compliance.
- Clear allocation of authorities and responsibilities.
- Safe operations.
- A strong, sustainable approach to ESG.

The core values of A.P. Møller – Mærsk A/S are engrained in Svitzer's way of conducting its business and will continue to be an integral part of the corporate governance of the new group after the A.P. Møller – Mærsk A/S demerger of its towage and marine services activities. These core values have remained guiding principles for leaders and employees across our company for almost half a century.



Our 5 Core Values

Our 5 core values were far ahead of their time when they were created by the founders of A.P. Moller – Maersk. Today they remain our guiding principles, calling upon us to remain conscientious as we strive to do better.

Constant Care
Take care of today, actively prepare for tomorrow

Humbleness
Listen, learn, share, and give space to others

Uprightness
Our word is our bond

Our Employees
The right environment for the right people

Our Name
The sum of our values: Passionately striving together

Governance

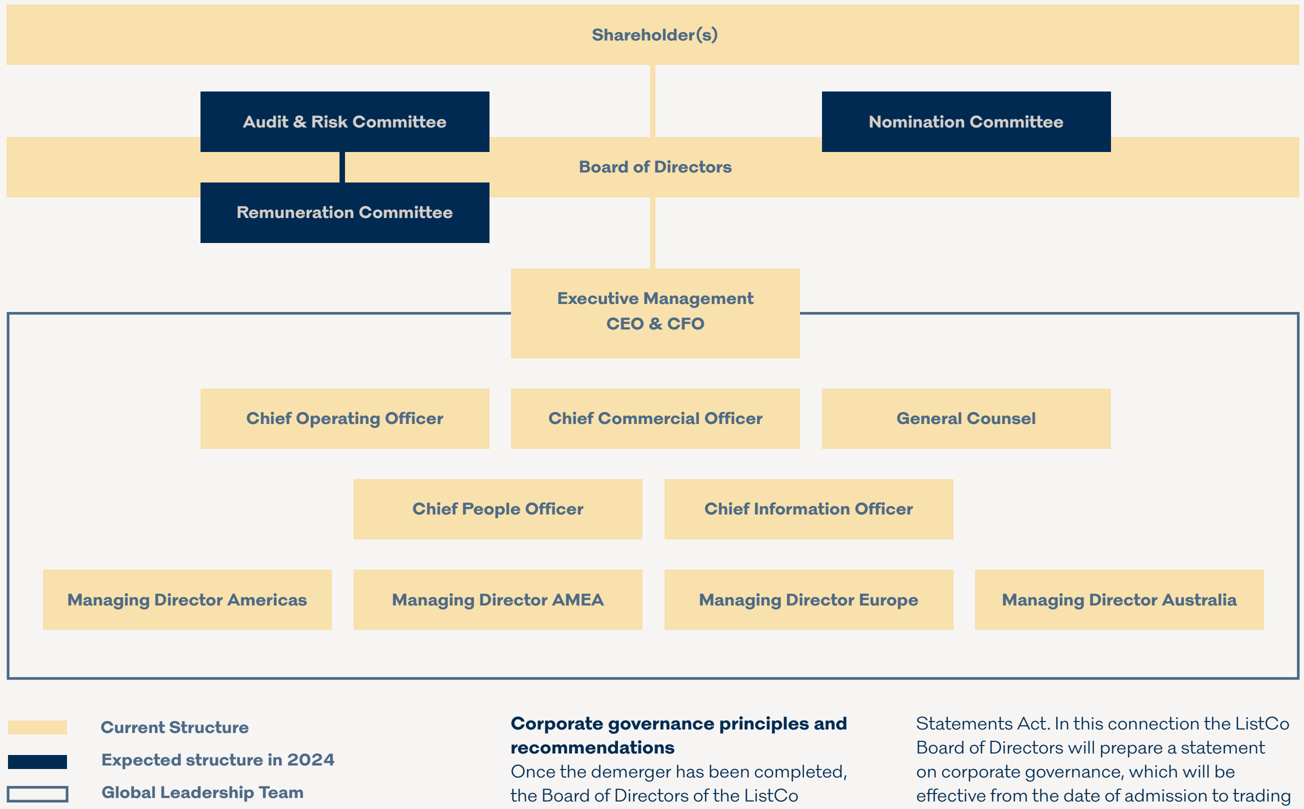
Governance Structure

The supreme governing body of Svitzer A/S is the General Meeting, at which the shareholders exercise their rights in matters such as the election of board members and auditors of the company, approval of the Group Annual Report and adoption of the Articles of Association.

Svitzer A/S has a two-tier management structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. Board of Directors is responsible for the overall management, strategic direction, and the supervision of the Executive Management who carries out the day-to-day management of the company together with the wider Executive Leadership Team.

Following the demerger and admission to trading and official listing in 2024 and in addition to a similar two-tier governance structure, it is expected that the Board of Directors will establish a corporate governance set-up for ListCo as reflected to the right.

ListCo Corporate Governance Structure



Corporate governance principles and recommendations

Once the demerger has been completed, the Board of Directors of the ListCo (the 'ListCo Board of Directors') will adopt a set of corporate governance principles that will constitute ListCo's approach to the 'Recommendations for Corporate Governance' implemented by Nasdaq Copenhagen in the Rules for issuers of shares and as set out in section 107b of the Danish Financial Statements Act. In this connection the ListCo Board of Directors will prepare a statement on corporate governance, which will be effective from the date of admission to trading and official listing on Nasdaq Copenhagen. This statement will include information about ListCo's corporate governance practices and compliance with the 'Recommendations for Corporate Governance'. Once adopted, ListCo's corporate governance statement will be available on the company's website.

Governance

Board of Directors

The ListCo Board of Directors is expected to comprise of Chair Morten H. Engelstoft, Vice Chair Robert M. Uggla, Christine Brennet (Morris) and Peter Wikström which corresponds to the current Board of Directors of Svitzer A/S. It is the intention to propose one or two additional, independent members at Svitzer's annual general meeting in 2025. Further information on the members of the Svitzer A/S and expected ListCo Board of Directors, including a presentation of the biographies can be found on page 46.

The ListCo Board of Directors will be responsible for the overall and strategic management of ListCo and ensuring that ListCo is properly organised. Further, the ListCo Board of Directors will, among other things, supervise ListCo's operations, financial performance, and forecasts on an on-going basis, ensure that relevant and proper budget approval procedures are in place, carry out an annual risk assessment and ensure that ListCo's financial resources are adequate at all times. The ListCo Board of Directors must annually perform an evaluation of the effectiveness, performance, achievements and competencies of the ListCo Board of Directors.

Outline of responsibilities:

- Establish, review, and continuously update general business and management principles of the company
- Decide on strategy and risk policies for the company
- Supervise the performance of the company, the Executive Management, and secure that the company has the proper organisational setup in place
- Review the company's financial position, capital resources, and reporting on financials and performance
- Appoint members of Executive Management

It is expected that the Board of Directors of ListCo will convene at least four times a year.

Executive Management

The Executive Management of Svitzer A/S is appointed by the Board of Directors and consists of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) who will also serve as Executive Management team in ListCo. Further information on the members of the Executive Management, including a presentation of the biographies can be found on page 47.

The ListCo Executive Management is responsible for the day-to-day management of ListCo in accordance with the direction set by the ListCo Board of Directors, which includes:

Outline of responsibilities:

- The development of the business and submission of strategy proposals to the Board of Directors for review and decision
- Strategy implementation and executing on investments and divestments
- Developing the organisational structure of the company including the allocation of resources
- Driving and monitoring the performance of the company
- Preparing internal and external financial reporting
- Monitoring and planning capital resources and liquidity
- Establishing and implementing internal policies and procedures for relevant topics such as accounting, finance, IT, sustainability, etc.
- Overseeing Enterprise Risk Management
- Reporting to the Board of Directors.

Governance

Expected Board Committee structure for ListCo

Following completion of the demerger and admission to trading and official listing of ListCo, the Board of Directors of ListCo is expected to establish an Audit and Risk Committee, a Remuneration Committee, and a Nomination Committee in accordance with applicable laws and regulations and the Danish Recommendations on Corporate Governance.

Audit and Risk Committee

Once established, the Audit and Risk Committee is expected to consist of Christine Brennet (Morris) as Chair and Morten H. Engelstoft and Peter Wikström as members.

The overall purpose of the Audit and Risk Committee will be to review ListCo's accounting and auditing matters that require, by decision of the ListCo Board of Directors or the Audit and Risk Committee, a more thorough evaluation, and shall assess the internal controls and risk management systems of the ListCo Group. Furthermore, the Audit and Risk Committee is tasked with reviewing material on related parties' transactions for ListCo.

4+

The Audit & Risk Committee is expected to convene at least four times per year.

Remuneration Committee

Once established, the Remuneration Committee is expected to consist of Morten H. Engelstoft as Chair and Robert M. Uggla as member.

The overall purpose of the Remuneration Committee will be to ensure that ListCo maintains a remuneration policy for members of the ListCo Board of Directors and ListCo Executive Management and practices that supports the overall strategy of ListCo and long term value creation for shareholders. The main tasks of the Remuneration Committee shall be to outline the framework and overall principles and make recommendations for the remuneration of the members of the ListCo Board of Directors, the ListCo Board Committees and the ListCo Executive Management as well as ensure compliance with the remuneration policy applicable for ListCo. Additionally, the Remuneration Committee will be consulted on the framework and overall principles for the remuneration for the executive leadership team of ListCo based on proposal from the CEO of ListCo and be informed of the overall incentive framework applicable for employees in general. Lastly, the Remuneration Committee will assist the ListCo Board of Directors of ListCo with the preparation of ListCo's remuneration report.

2+

The Remuneration Committee is expected to convene at least twice per year.

Nomination Committee

Once established, the Nomination Committee is expected to consist of Robert M. Uggla as Chair and Morten H. Engelstoft as member.

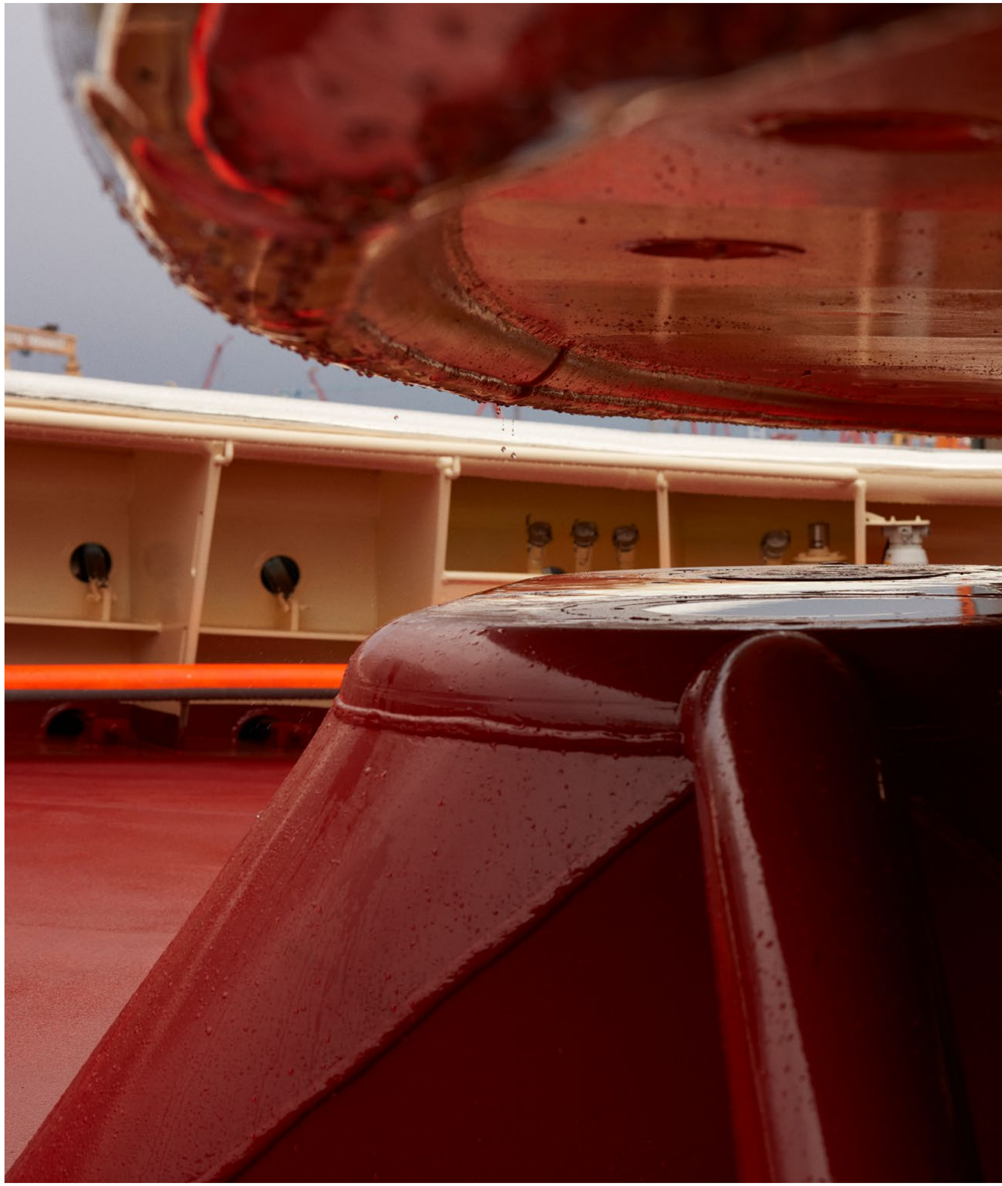
The overall purpose of the Nomination Committee will be to assist the ListCo Board of Directors with ensuring that appropriate plans and processes are in place for the recruitment and nomination of candidates to the ListCo Board of Directors, ListCo Executive Management, and the ListCo Board Committees. The Nomination Committee will annually evaluate the composition of the ListCo Board of Directors and ListCo Executive Management and make recommendations for nomination or appointment of members of the ListCo Board of Directors, the ListCo Executive Management, and the ListCo Board Committees.

1+

The Nomination Committee is expected to convene at least once per year.

Governance

Shareholders, Capital Structure and Allocation



Share Capital
Svitzer has one class of shares. The share capital at the end of 2023 was DKK 420,952,500 comprising 1,683,810 shares, each with a nominal value of DKK 250. There were no changes to the share capital during 2023.

Distribution to Shareholders in 2023
In the financial year ended 31 December 2023, Svitzer declared DKK 6.2bn (corresponding to DKK 3,682 (rounded) per share of nominal value DKK 250) in interim dividends to its shareholders. Svitzer did not pay out dividends in respect of the financial year ended 31 December 2022.

Shareholders
At the end of 2023, Svitzer had one registered shareholder who owned 100% of the share capital. A.P. Møller – Mærsk A/S owned 100% (2022: 100%) of the total registered share capital.

Capital Structure
At the end of 2023, Svitzer's net interest-bearing debt was DKK 3,745m (a net cash position of DKK 2,576m at year-end 2022). This was impacted by the paid dividend of DKK 6,200m by obtaining a loan from its shareholder of DKK 6,200m.

Governance

Board of Directors

Morten H. Engelstoft
Chair

Considered independent (ListCo)

Born: 1967
Nationality: Danish
Year of first appointment: 2024
Expiration of term (expected for ListCo): 2025

Non-executive board member

Other management duties, etc.:
- Board position in Through Transport Mutual Insurance Association Limited (as Chair) and one of its controlled subsidiaries
- Wärtsilä Corporation [13] (board member)
- Board position in Maersk Supply Service Holding ApS and one of its controlled subsidiaries

Education:
- Executive MBA from International Institute for Management Development (IMD)
- A.P. Møller's Shipping Education

Qualifications:
Experience within the transport, maritime and logistics sector. Previously served as CEO of APM Terminals B.V. and Executive Vice President of A.P. Møller – Mærsk A/S.

Robert M. Uggla
Vice Chair

Not considered independent (ListCo)

Born: 1978
Nationality: Swedish
Year of first appointment: 2024
Expiration of term (expected for ListCo): 2025

CEO of A.P. Møller Holding A/S

Other management duties, etc.:
- A.P. Møller – Mærsk A/S [13] (Chair)
- A.P. Møller Capital P/S (Chair)
- Maersk Tankers A/S (Chair)
- Agata ApS (CEO)
- Estemco XII ApS (CEO)
- IMD (Director of the foundation board)
- International Business Leaders' Advisory Council, IBLAC (member)
- Board positions in a number of controlled subsidiaries of A.P. Møller Holding A/S

Education:
- MSc in Business Administration from Stockholm School of Economics, including studies at Università Commerciale Luigi Bocconi
- Executive education at The Wharton School, Stanford Business School, Harvard Business School, and IMD

Qualifications:
Leadership experience within investments, transportation and infrastructure-related activities.

Christine Brennet (Morris)

Considered independent (ListCo)

Born: 1966
Nationality: Dual Belgian and American citizenship
Year of first appointment: 2024
Expiration of term (expected for ListCo): 2025

Non-executive board member

Other management duties, etc.:
- DOF Group ASA [13] (board member)

Education:
- MBA from Stanford Graduate School of Business
- MSc in Actuarial Sciences from Université Catholique de Louvain

Qualifications:
International experience as CFO and broad financial experience in capital markets, financial and strategic planning, strategy, risk management, accounting and financial operations and systems.

Peter Wikström

Not considered independent (ListCo)

Born: 1975
Nationality: Swedish
Year of first appointment: 2023
Expiration of term (expected for ListCo): 2025

Head of M&A, Head of Strategic Brands and Vice President in A.P. Møller – Mærsk A/S [13]

Other management duties, etc.:
- C2X A/S (board member)
- Maersk Container Industry A/S (Chair)
- Stillstrom A/S (Chair)
- Maersk Training A/S (Chair)

Education:
- MSc in International Business Administration from the School of Economics and Management at Lund University

Qualifications:
Experience from investments in the transport, maritime and logistics sector and experience from the finance industry with a focus on corporate finance and M&A.

[13] Listed company

Governance

Executive Leadership Team

Svitzer's Executive Leadership Team includes leaders with a long tenure within the company and in the maritime industry, and leaders with valuable experience from outside the company, bringing increased diversity of thought, age, gender, and nationality.

Executive Management

Kasper Friis Nilaus
Chief Executive Officer since June 2020.

Prior to his appointment as CEO, Kasper Friis Nilaus was Managing Director of Svitzer Europe from 2017-2020.

Kasper Friis Nilaus is currently a member of the Board of Directors of Höegh Autoliners ASA where he is also a member of the Sustainability, Governance, and Compensation Committee.

Kasper Friis Nilaus has previously been a member of the board of directors of Höegh Autoliners Management AS. Kasper Friis Nilaus holds a Master of Laws from the University of Copenhagen and an MBA from Nottingham University Business School and has completed different executive leadership programs at IMD Business School, Harvard University and Stanford University.

Knud Lind Winkler
Chief Financial Officer since October 2013.

Knud Lind Winkler has also been the CEO of Svitzer Salvage Holding A/S since April 2015 and CEO of Svitzer Caribbean A/S since October 2013.

Knud Link Winkler has previously been Chair of the Board of Directors at Ardent Worldwide Ltd. and Ardent Holdings Ltd.

Knud Lind Winkler holds a Master of Science in Business Administration and Auditing from the University of Aarhus, School of Business and Social Sciences and a Bachelor of Science in Business Administration and Computer Science from the University of Aarhus, School of Business and Social Sciences.

The Executive Leadership Team includes 11 roles and areas of responsibility.

The Executive Leadership Team jointly owns the execution of Svitzer's strategy and is composed in a way which provides strong alignment across Svitzer's global organisation as well as clear ownership and accountability of the company's strategy.

The Executive Leadership Team responsibilities

Kasper Friis Nilaus, Chief Executive Officer
Knud Lind Winkler, Chief Financial Officer
Kasper Karlsen, Chief Operating Officer
Mattias Hellström, Chief Commercial Officer
Emilie Margrethe Sybille Bruun, Chief People Officer
Jacob Ulrik, General Counsel
Pernille Krogh-Meyer, Chief Information Officer
Arjen van Dijk, Managing Director, Americas
Lise Demant, Managing Director, Europe
Videlina Georgieva, Managing Director, Australia
Deniz Kirdar True, Managing Director AMEA

Governance

Management Remuneration

The following sections set out key elements of the total remuneration awarded to the Executive Management of Svitzer A/S for 2023 as per the A. P. Møller – Mærsk Remuneration Policy ('The Policy'), applicable for Svitzer for the financial year 2023.

Fees and Remuneration to the Executive Management (In DKK m)

	2023	2022	2021
Fixed Based Salary	5	5	5
Short-term Cash Incentive	3	3	3
Long-term Share Based Incentives	2	1	2
Total Remuneration to the Executive Management	**10**	**9**	**10**

The Policy supports the business needs by enabling an appropriate total remuneration package that has a clear link to business strategy and aligns with shareholder interests.

The objectives of the Policy are to:

- Ensure appropriate total remuneration: The remuneration design and decisions are guided by market practice, reflected in the remuneration components offered and the total remuneration value provided.
- Link to business strategy: The Policy supports the business plan and the need for executive leaders to focus on delivering an ongoing progress to achieve the company's strategic goals, reflected in a combination of short- and long-term incentive components.
- Align with shareholder interest: The Policy is designed to support the delivery of strong financial and operational results over time, which ultimately grow shareholder value.

The remuneration for the Executive Management consists of a fixed base salary, which is inclusive of company pension contribution and car, short-term incentive as well as long-term incentive components. The remuneration structure is intended to drive a 'reward for performance' culture by aligning individual reward to company performance and shareholder value creation.

The individual remuneration level is set and reviewed based on peer companies of similar size and complexity to ensure they remain comparable and fit for the business.


PB MURRAY

Governance

Risk Management

Risk Management contributes to sustainable value creation and achieving our strategic objectives. It supports our short- and medium-term targets and helps Svitzer establish the necessary foundations for informed business decisions. This includes securing an appropriate balance between risks and opportunities.

Enterprise Risk Management

As a global company, we face various risks inherent to the marine services industry we are a part of and the markets and regions we operate in. The aim of Enterprise Risk Management (ERM) is to manage these risks, support our operational and strategic objectives, protect and create shareholder value, ensure risk awareness, and inform decisions to ensure an appropriate balance between risk and reward.

Risk Management is an integral part of our decision-making processes and is supported by our corporate ERM framework. The ERM framework provides a holistic and transparent view of our strategic and operational risk positions, with the aim of continuously assessing and, when necessary, adjusting our overall risk exposure.

Key Risks

Based on their potential impact and probability, the key risks identified for Svitzer are described on the following pages. This includes mitigating actions taken and planned.

Key Risks

Decarbonisation

Description

Svitzer has set ambitious long-term targets to deliver carbon neutral operations. Some of the technologies enabling us to realise those targets are new and yet to be widely adopted. Svitzer faces the risk of, on the one hand, to ensure that timely investments are made in new technologies, and on the other hand, that early adopted technologies may fail to mature, making it difficult to realise the projected benefits from these investments.

— The shift to a greener economy can also result in changes in trade flows and vessel volumes in the ports we service.

Mitigation

Lowest cost of abatement approach taken to balance investment with CO_2 return.

— Decarbonisation projects supported by business cases to prioritise projects with acceptable NPV (net present value) return.

— New technologies are introduced cautiously ensuring that operational redundancy is built-in to offset potential failures.

— Pragmatic innovation approach balances investments with clear business cases to reduce the risk of stranded assets.

— Green Ports focus and customer centric approach will help to identify volume shifts and changes in customer focus to mitigate volume loss and identify new opportunities.

Geopolitical environment and macroeconomy

Description

As a global organisation, Svitzer experiences the effects of increasing geopolitical tensions as well as actual armed conflicts.

— Macroeconomic changes, expressed in high inflation rates, volatility in transaction currencies, and higher cost of capital, may impact our ability to deliver our services cost-efficiently.

Mitigation

All new market entries are approved by Svitzer's Executive Management team. Exposure to any particular risk is carefully considered and mitigated in the wider context of the individual market, its industry dynamics, and our customer exposure. This was most recently done when Svitzer closed down its operations in Russia, as a consequence of the Russian invasion of Ukraine.

Operational risk – safety

Description

The personal safety and security of our employees, and the operational integrity of our and our customers' assets, remain key priorities. Our global workforce is exposed to various safety risks in the execution of daily tasks. Individual safety measures must be tailored to local circumstances, which vary across different geographies and operational tasks.

Mitigation

Our primary mitigations for operational risks are:

HMS, Safety Culture, Training

Svitzer operates a global Harmonised Management System (HMS) based on the OVMSA guidelines for safe vessel management.

HMS is built on 5 main principles:

1. Documents and Record Control: Policies, Procedures, Methods, Instructions.

2. Risk Management: A formal application of Risk management including HAZID, Risk Assessments, Isolations, Permit to Work, Toolbox Talks and emergency response.

3. Monitoring & Best practice: A systematic way of monitoring and reviewing performance and sharing best practices/knowledge.

4. Audit and Inspections: A structured method of scheduling, conducting and handling audits and inspections, and initiating corrective and preventive actions

5. Incident Investigation and Reporting: A well-documented system of capturing and handling injury to personnel, damage to assets and the environment, near misses, defects and observations supported by a systematic means of incident investigation.

Commercial

Description

Commercially, Svitzer is exposed to risks in relation to increased competitive pressure, which is most notable in relation to competitive entries in our single operator ports. We are also exposed to changes in commodity prices, negatively impacting growth and existing business.

— Similarly, a risk of commoditisation of towage, is a factor we have to prepare for.

Mitigation

To further strengthen customer loyalty, Svitzer is strongly focused on cost leadership, high service reliability, the development of deep customer relationships, and having high contract coverage.

— We purposely diversify our business development efforts and work proactively, leveraging our strategic differentiators.

— Operational flexibility through crewing models and fleet increases the variability of our cost base, while maximising our differentiators to set us apart from competition.

Compliance

Description

Lack of compliance with regulatory laws, standards, and internal rules with respect to anti-corruption, sanctions, competition law, and data privacy.

Mitigation

Svitzer has a robust compliance programme designed to fulfil global requirements.

— Several initiatives have been implemented to further strengthen Svitzer's focus on compliance such as screening and due diligence of vessels, vendors, customers and other business partners, internal risk assessments to help identify knowledge gaps and training needs and compliance spot checks.

— Furthermore, Svitzer has an onboarding e-learning training for all employees, and a Code of Conduct refresher is sent out annually.

— We also provide targeted training depending on needs or risks detected or foreseen.

— Finally, the risk is reduced through a mature process for whistleblower case handling, reporting of facilitation payments and for approval of gifts, donations, and sponsorships.

Key Risks

People and culture

Description

In a global marketplace for talent, it is always a risk that Svitzer is unable to attract and/or retain the necessary talent in critical positions where key capabilities are required. This applies particularly in relation to key senior or operational frontline roles, and the new capabilities our strategy requires us to build. We also see that in many areas we operate in, younger generations are less attracted to working on vessels which may lead to a decline in the size of the candidate pool for vacant positions and leadership roles on our vessels.

Mitigation

We address this risk through activities under our strategic differentiator of 'Thriving People'. This includes:

— People Pulse engagement survey that provides input for engagement dialogues.
— Renewed performance management approach that puts focus on how employees perform, grow, and thrive.
— Capability builds for continuous professional growth, as well as dedicated leadership after development.
— Increased employer branding and presence in networks and events.
— Employee referral programme to leverage existing networks.

Building safety and inclusion is consistent throughout the employee experience, as is an emphasis on fostering connections among employees and highlighting impact for customers and our sustainability agenda.

Cyber Risk

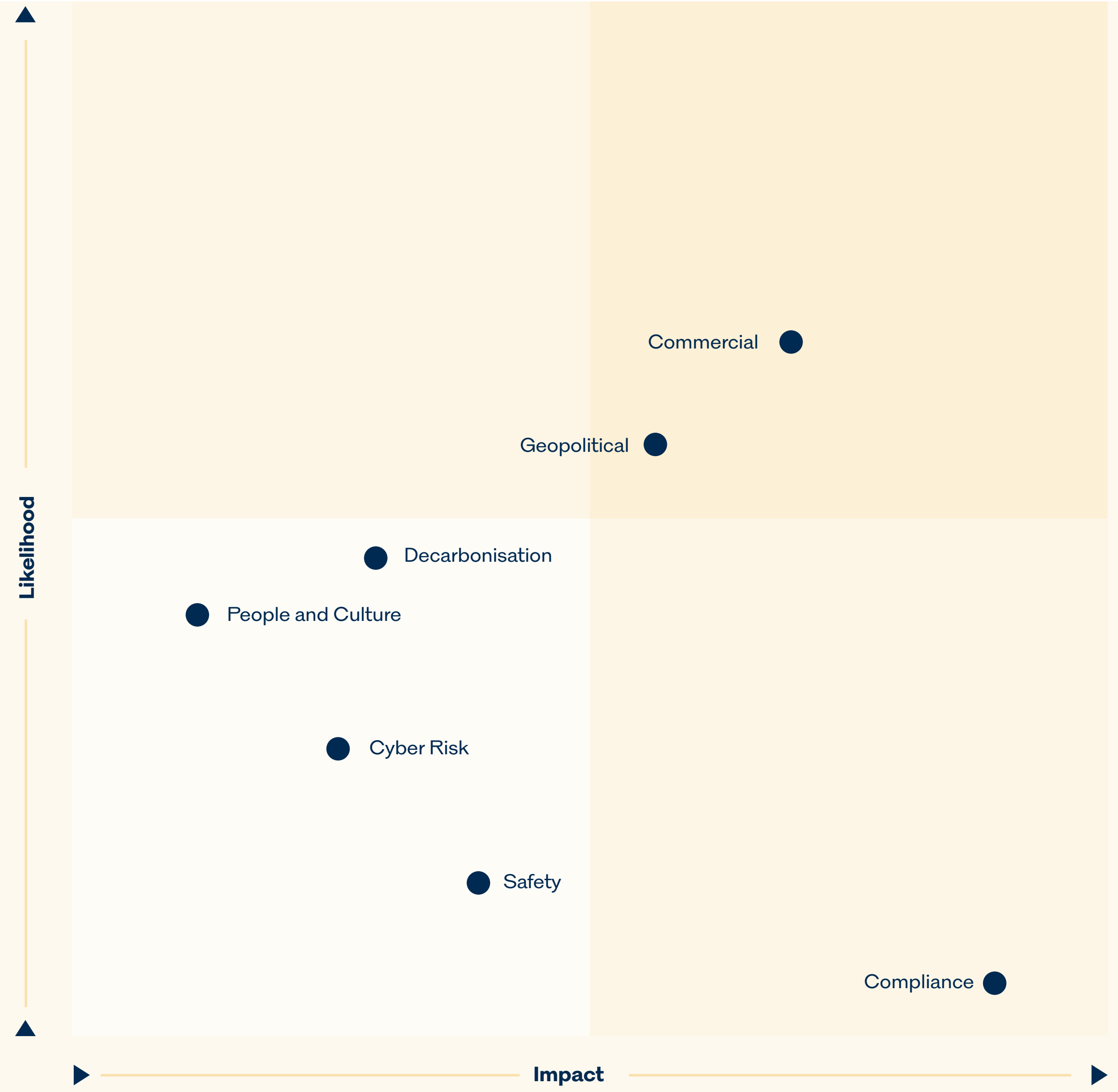
Description

We are dependent on our commercial, technical, and operational IT infrastructure. A cyber security event, whether caused by malicious activities, unintentional human error, or system failure, can have significant impact on our operations and on our customers' operations. Theft of data could potentially affect our ability to meet contractual obligations, impacting our operations and resulting in a loss of business opportunities, fines from authorities, and reputational damage.

Mitigation

Continuously work to improve Svitzer's cyber security posture by working structured with cyber risks both from an external and internal view and mitigating the critical risks with concrete actions. Furthermore, as the biggest threat vector continues to be via our employees, we are promoting awareness initiatives for all employees to mitigate this.

Risk Overview

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Consolidated Financial Statements

Consolidated income statement

Note	(DKK m)	2023	2022	2021
2.1	Revenue	5,786	5,476	4,653
2.2	Operating costs	-4,095	-3,849	-3,249
	Other income	26	23	11
	Other costs	-27	-27	-32
2.1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**1,690**	**1,623**	**1,383**
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	-829	-957	-774
2.4	Gain on sale of non-current assets, etc., net	18	1	15
3.6	Share of profit in joint ventures and associated companies	128	153	138
2.1	**Profit/loss before financial items (EBIT)**	**1,007**	**820**	**762**
4.3	Financial income	198	139	110
4.3	Financial expenses	-159	-160	-182
	Profit before tax	**1,046**	**799**	**690**
5.1	Tax	-286	-149	-118
	Profit for the period	**760**	**649**	**573**
	Of which:			
	Non-controlling interests	-55	-51	-36
	Svitzer A/S' share	**705**	**598**	**537**
	Earnings per share, DKK	**419**	**355**	**318**

Consolidated statement of comprehensive income

Note	(DKK m)	2023	2022	2021
	Profit for the year	**760**	**649**	**573**
	Translation from functional currency to presentation currency:			
	Translation impact arising during the year	-204	97	560
	Reclassified to income statement	-	-	-1
	Total items that have been or may be reclassified subsequently to the income statement	**-204**	**97**	**559**
4.2	Actuarial gains/losses on defined benefit plans	-8	2	-409
5.1	Tax on other comprehensive income	2	-1	76
	Total items that will not be reclassified to the income statement	**-6**	**1**	**-333**
	Other comprehensive income, net of tax	**-210**	**98**	**226**
	Total comprehensive income for the year	**550**	**747**	**799**
	Of which:			
	Non-controlling interests	-51	-61	-46
	Svitzer A/S' share	**499**	**686**	**753**

Consolidated balance sheet

Note	(DKK m)	31 Dec 2023	31 Dec 2022	31 Dec 2021	1 Jan 2021
3.1	**Intangible assets**	**399**	**444**	**435**	**427**
3.2	**Property, plant and equipment**	**8,290**	**7,802**	**7,446**	**6,967**
3.3	**Right-of-use-assets**	**343**	**267**	**300**	**318**
3.6	Investments in joint ventures and associated companies	772	865	865	795
4.2	Pensions, net assets	7	11	13	391
	Loans receivable	58	74	49	82
	Other receivables	14	16	20	52
	Financial non-current assets, etc.	**851**	**966**	**947**	**1,320**
5.1	**Deferred tax**	**338**	**339**	**300**	**195**
	Total non-current assets	**10,221**	**9,818**	**9,428**	**9,227**
	Inventories	**101**	**94**	**59**	**34**
4.4, 2.1	Trade receivables	876	713	608	524
	Tax receivables	61	58	33	51
3.4	Loan receivable	2,601	3,188	2,870	1,764
	Other receivables	157	89	123	51
	Prepayments	31	40	29	28
	Other current assets	**3,726**	**4,088**	**3,663**	**2,418**
	Cash and bank balances	**318**	**427**	**436**	**410**
	Assets held for sale	**12**	**15**	**29**	**30**
	Total current assets	**4,157**	**4,624**	**4,187**	**2,892**
	Total assets	**14,378**	**14,442**	**13,615**	**12,119**

Note	(DKK m)	31 Dec 2023	31 Dec 2022	31 Dec 2021	1 Jan 2021
	Share capital	421	421	421	421
	Reserves	5,802	11,506	10,813	10,120
	Equity attributable to Svitzer A/S	**6,223**	**11,927**	**11,234**	**10,541**
	Non-controlling interests	156	397	393	389
	Total equity	**6,379**	**12,324**	**11,627**	**10,930**
4.1	**Lease liabilities, non-current**	**275**	**194**	**229**	**241**
4.1	**Borrowings, non-current**	**487**	**469**	**91**	**4**
4.2	Pensions and similar obligations	25	28	25	54
3.5	Provisions	79	82	58	30
5.1	Deferred tax	180	188	134	93
	Tax payables	16	1	2	-
	Other non-current liabilities	**300**	**299**	**219**	**177**
	Total non-current liabilities	**1,062**	**962**	**539**	**422**
4.1	**Lease liabilities, current**	**85**	**89**	**87**	**86**
4.1	**Borrowings, current**	**5,878**	**362**	**636**	**55**
3.5	Provisions	4	21	29	44
	Trade payables	432	366	413	372
	Tax payables	255	107	83	34
	Other payables	265	189	191	166
2.1	Deferred income	17	18	10	10
	Other current liabilities	**973**	**701**	**726**	**626**
	Liabilities associated with assets held for sale	1	4	-	-
	Total current liabilities	**6,937**	**1,156**	**1,449**	**767**
	Total liabilities	**7,999**	**2,118**	**1,988**	**1,189**
	Total equity and liabilities	**14,378**	**14,442**	**13,615**	**12,119**

Consolidated cash flow statement

Note	(DKK m)	2023	2022	2021
	Profit/loss before financial items	1,007	820	762
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	829	957	774
2.4	Gain on sale of non-current assets, etc., net	-18	-1	-15
	Share of profit/loss in joint ventures and associated companies	-128	-153	-138
5.5	Change in working capital	-113	-205	-77
	Change in provisions and pension obligations, etc.	-17	18	-19
	Other non-cash items	4	6	-0
	Cash flow from operating activities before tax	1,564	1,442	1,287
	Taxes paid	-148	-151	-35
	Cash flow from operating activities	**1,416**	**1,291**	**1,252**
5.5	Purchase of intangible assets and property, plant and equipment	-1,465	-1,153	-944
	Sale of intangible assets and property, plant and equipment	207	73	80
	Dividends received	177	131	112
	Other financial investments, net	20	39	47
	Cash flow from investing activities	**-1,061**	**-910**	**-703**
4.1	Repayment of external borrowings	-21	-3	428
4.1	Repayment of lease liabilities	-100	-98	-96
4.1	Proceeds from external borrowings	-	24	2
4.1	Proceeds from borrowings with Parent company	6,200	-	-
4.1	Change in borrowings with Parent company	-635	92	256
	Change in loans with Parent company	543	-377	-1,060
	Financial income received	160	49	31
	Financial expenses paid	-80	-26	-14
4.3	Financial expenses paid on lease liabilities	-12	-12	-13
	Dividends distributed	-6,216	-17	-51
	Dividends distributed to non-controlling interests in subsidiaries	-30	-50	-24
	Acquisition of non controlling interests	-273	-	-
	Other equity transactions	12	16	-20
	Cash flow from financing activities	**-452**	**-402**	**-561**
	Net cash flow for the period	**-97**	**-21**	**-12**

Note	(DKK m)	2023	2022	2021
	Net cash flow for the period	**-97**	**-21**	**-12**
	Cash and cash equivalents 1 January	432	436	410
	Currency translation effect on cash and cash equivalents	-16	17	38
	Cash and cash equivalents 31 December	**319**	**432**	**436**
	Of which classified as assets held for sale	-1	-5	-
	Cash and cash equivalents 31 December	**318**	**427**	**436**

Cash and bank balances include DKK 198m (2022: DKK 329m, 2021: DKK 286m) 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

Note	(DKK m)	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity 1 January 2021	421	3,200	6,920	10,541	389	10,930
	Other comprehensive income, net of tax	-	549	-333	216	10	226
	Profit for the period	-	-	537	537	36	573
	Total comprehensive income for the period	**-**	**549**	**204**	**753**	**46**	**799**
	Dividends to shareholders	-	-	-50	-50	-31	-82
	Acquisition of non-controlling interests	-	-	-21	-21	-	-21
	Sale of non-controlling interests	-	-	13	13	-13	-
	Capital increases and decreases	-	-	-2	-2	2	-
	Total transactions with shareholders	**-**	**-**	**-60**	**-60**	**-42**	**-102**
	Equity 31 December 2021	**421**	**3,749**	**7,064**	**11,234**	**393**	**11,627**
	2022						
	Other comprehensive income, net of tax	-	87	1	88	10	98
	Profit for the period	-	-	598	598	51	649
	Total comprehensive income for the period	**-**	**87**	**599**	**686**	**61**	**747**
	Dividends to shareholders	-	-	-17	-17	-48	-65
	Sale of non-controlling interests	-	-	9	9	-9	-
	Capital increases and decreases	-	-	15	15	-	15
	Total transactions with shareholders	**-**	**-**	**7**	**7**	**-57**	**-50**
	Equity 31 December 2022	**421**	**3,836**	**7,670**	**11,927**	**397**	**12,324**

Consolidated statement of changes in equity

Note	(DKK m)	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	2023						
	Other comprehensive income, net of tax	-	-200	-6	-206	-4	-210
	Profit for the period	-	-	705	705	55	760
	Total comprehensive income for the period	**-**	**-200**	**699**	**499**	**51**	**550**
	Dividends to shareholders	-	-	-6,200	-6,200	-33	-6,233
	Acquisition of non-controlling interests	-	-	-	-	-273	-273
	Capital increases and decreases	-	-	-3	-3	14	11
	Total transactions with shareholders	**-**	**-**	**-6,203**	**-6,203**	**-292**	**-6,495**
	Equity 31 December 2023	**421**	**3,636**	**2,166**	**6,223**	**156**	**6,379**

The Company's share capital amounts to DKK 420,953 thousand with shares of DKK 250 or multiples there of.
Dividend per share in 2023 is equivalent to DKK 3,612 per share. Earnings and dividends per share in 2023 and before is only applicable before the demerger from A.P. Møller – Mærsk A/S.

Notes to the consolidated financial statements

1. Basis of Preparation

Note 1.1

General accounting policies

Basis of preparation

The consolidated financial statements for 2023 for Svitzer have been prepared on a going concern basis and in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for reporting class large C as per Danish Financial Statements Act.

The consolidated financial statements of Svitzer are included in the consolidated financial statements of A.P. Moller – Maersk.

First-time adoption of IFRS accounting standards

For all periods up to and including the year ended 31 December 2022, the parent company, Svitzer A/S, has prepared separate financial statements in accordance with the Danish Financial Statements Act. These consolidated financial statements for the year ended 31 December 2023 are the first consolidated financial statements prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Accordingly, Svitzer has prepared consolidated financial statements for the year ended 31 December 2023 together with comparative figures for the years ended 31 December 2022 and 31 December 2021 that comply with IFRS as adopted by the EU applicable as at 31 December 2023, as described in the summary of general accounting policies. In preparing the financial statement, the Group's opening statement of financial position was prepared as at 1 January 2021, the Group's date of transition to IFRS Accounting Standards as adopted by the EU.

As a Brand in A.P. Moller – Maersk, the accounting policies applied by Svitzer have been aligned with IFRS Accounting Standards, and as such no material differences exist between the recognition and measurement criteria historically applied in the financial reporting to A.P. Moller – Maersk and the criteria applied in the preparation of these consolidated financial statements. In addition, no objective evidence has been identified to suggest that estimates made under previous accounting policies were in error, and, as such, no adjustments have been recognised to opening equity upon the transition to IFRS Accounting Standards. Accordingly, no reconciliations of impact are presented in these consolidated financial statements.

In accordance with IFRS 1, these consolidated financial statements comply with IFRS Accounting Standards as adopted by the EU applicable as at 31 December 2023. All standards are applied fully retrospectively, considering transition options in IFRS 1.

iXBRL reporting

The primary statements and the notes to the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL).

Rounding

In general, rounding may cause variances in sums and percentages in the Annual Report.

Consolidation

The consolidated financial statements comprise the parent company Svitzer A/S and its subsidiaries.

Subsidiaries are entities controlled by Svitzer A/S. Control is usually obtained when the Group directly or indirectly holds more than 50% of the voting rights in the company or by other rights such as agreements on management control. Further, control also implies that the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Entities are classified as joint ventures if the contracting parties' rights are limited to net assets in the seperate legal entities.

Entities which are not subsidiaries, over which the Group exercises significant influence, but which it does not control are considered associates. Significant influence is usually obtained by direct or indirect ownership or controls of more than 20% of the voting rights but less than 50%.

The Consolidated Financial Statements are based on the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating intercompany transactions, shareholdings, balances and intercompany gains and losses. The consolidated financial statements are prepared by applying the Group's accounting policies. Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date. The Group's investments in associates and joint ventures are recognised in the Consolidated Financial Statements at the Group's proportionate share of the associate's/joint venture's net asset value.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of Svitzer's profit and equity respectively but shown as separate items.

Foreign currency translation

The consolidated financial statements are presented in DKK. In the translation to the presentation currency for subsidiaries, associates, or joint ventures with functional currencies other than DKK, the total comprehensive income

Note 1.1 — continued

General accounting policies

is translated into DKK 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 and in a separate reserve of equity.

The functional currency varies from business area to business area. For Svitzer's principal activities, the functional currency is generally the local currency of the country in which such activities are performed, unless specific scenarios suggest a different currency is appropriate.

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.

Share of profit/loss in associated companies and joint ventures is recognised net of tax and corrected for the share of unrealised intra-group gains and losses. The item also comprises any impairment losses for such investments and their reversal.

Statement of comprehensive income

Other comprehensive income consists of gains and losses not recognised in the income statement, including exchange rate adjustments arising from the translation from functional currency to presentation currency, fair value adjustments of other equity investments (at FVOCI), as well as actuarial gains/losses on defined benefit plans, etc. Svitzer's share of other comprehensive income in associated companies and joint ventures is also included.

On disposal or discontinuation of an entity, Svitzer's share of the accumulated exchange rate adjustment relating to the relevant entity with a functional currency other than DKK, is reclassified to the income statement.

Other comprehensive income includes current and deferred income tax to the extent that the items recognised in other comprehensive income are taxable or deductible.

Balance sheet

Non-current assets

Assets are held for sale, when the carrying amount of an individual non-current asset, or disposal groups, will be recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale when activities to carry out a sale have been initiated, when the activities are available for immediate sale in their present condition and when the activities are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale are presented separately from other liabilities.

Assets held for sale are measured at the lower of the carrying amount immediately before classification as held for sale and fair value less costs to sell, and impairment tests are performed immediately before classification as held for sale. Non-current assets are not depreciated or amortised while classified as held for sale.

Current assets

Inventories mainly consist of bunker on the vessels. Inventories are measured at cost, primarily according to the FIFO method. Spare parts are usually expensed directly in the profit/loss as the amounts are immaterial.

Loans and receivables are initially recognised at fair value and if applicable any direct transaction costs, and subsequently measured at amortised cost using the effective interest method. For loans and other receivables, write-downs are made for expected losses based on specific individual assessments. For trade receivables, the loss allowance is measured by the simplified approach according to IFRS 9, applying a provision matrix to calculate the expected lifetime losses. The provision matrix includes write-downs for non-due receivables. Write-downs could also be made for specific individual cases.

Equity and liabilities

Equity includes total comprehensive income for the year comprising the profit/loss for the year and other comprehensive income.

The translation reserve comprises of Svitzer's share of accumulated exchange rate differences arising on translation from functional currency into presentation currency.

Other payables comprise of amounts related to staff, including wages and salaries, holiday pay and other wages and salary related items, amounts owed to the public authorities, amounts owed in connection with the purchase/disposal of capex, accrued interest and dividends payable.

Climate-related risks

When preparing the consolidated financial statements, Management considers climate-related risks, where these could potentially impact reported amounts materially. As a Brand of A.P. Moller – Maersk, Svitzer was part of the assessment made at the end of 2023 by A.P. Moller – Maersk. For Svitzer, the material areas assessed covered useful life and residual value of vessels. For 2023, the assessment has not resulted in any material change in useful life or

Note 1.1 — continued

General accounting policies

the estimated residual value. Reference is made to Note 3.2 Property, plant and equipment.

New financial reporting requirements
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 II 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 the relief.

Deferred tax related to assets and liabilities arising from a single transaction: The amendments narrow the scope of the initial recogniton exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decomissioning liabilities. The amendments have no material impact on the Group's consolidated financial statements.

Svitzer has not yet adopted the following accounting standards and requirements:

IFRS 17 – Insurance contracts: It has been assessed that the standard will not have a significant impact on recognition and measurement of the Group.

Other changes to IFRS are not expected to have any significant impact on recognition and measurement.

Note 1.2

Significant accounting estimates and judgements

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

The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions. One aspect 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. Therefore, assumptions may change, or the outcome may differ in the coming years, which could require an upward or downward adjustment to the carrying amounts of the balance sheet items.

In the opinion of Management, the following accounting estimates are significant in the preparation of the Annual Report:

- Useful life and residual value estimates: Note 3.2
- Impairment testing key assumptions: Note 3.1, Note 3.2
- Deferred tax assets and uncertain tax positions: Note 5.1

2. Operating Profit

Note 2.1

Segment information

Segment information

The allocation of business activities into segments reflects Svitzer's character as a global leading port infrastructure service provider and is in line with the internal management reporting. The reportable segments are split out on the main geographical regions Svitzer operates in.

The operating segments being Australia, Europe, AMEA (Asia, Middle East and Africa), Americas and the Unallocated items which includes the costs related to the corporate functions, which are reported as unallocated items.

All the four segments have activities in harbour towage and terminal towage.

Revenue between segments is limited.

Income statement

Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Revenue from towage activities is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete activities at the balance sheet date. However, this remains very limited to Svitzer. Revenue from sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Revenue from the sale of goods is recognised upon the transfer of control to the buyer.

No significant element of financing is deemed present as sales are made with a credit term of 20-45 days, which is consistent with market practice.

Additional key segment performance measure is gross capital expenditure (CAPEX) which is calculated basis the capex spend excluding acquisitions and divestments.

Note 2.1 — continued

Segment information

(DKK m)	Australia	Europe	Americas	AMEA	Unallocated items & Eliminations[1]	Consolidated total
2023						
Total revenue	**2,004**	**1,994**	**907**	**888**	**-7**	**5,786**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**637**	**488**	**298**	**311**	**-45**	**1,690**
Depreciation, amortisation and impairments, net	-306	-263	-133	-106	-20	-829
Profit before financial items (EBIT)	**363**	**244**	**230**	**235**	**-65**	**1,007**
Key Metrics:						
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	**-648**	**-505**	**-192**	**-120**	**0**	**-1,465**
2022						
Total revenue	**1,914**	**1,874**	**788**	**896**	**3**	**5,476**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**570**	**505**	**240**	**318**	**-11**	**1,623**
Depreciation, amortisation and impairments, net	-296	-274	-122	-257	-7	-957
Profit before financial items (EBIT)	**316**	**235**	**183**	**102**	**-15**	**820**
Key Metrics:						
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	**-287**	**-224**	**-223**	**-399**	**-20**	**-1,153**
2021						
Total revenue	**1,668**	**1,599**	**655**	**730**	**0**	**4,653**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**512**	**430**	**213**	**261**	**-32**	**1,383**
Depreciation, amortisation and impairments, net	-274	-259	-123	-107	-12	-774
Profit before financial items (EBIT)	**286**	**182**	**138**	**169**	**-15**	**762**
Key Metrics:						
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	**-185**	**-411**	**-100**	**-224**	**-23**	**-944**

1 Includes Svitzer HQ (headquarters, which incurs costs for the global teams, IT, travel costs. etc)

Svitzer has organised segments in 'Australia', 'Europe', 'Americas' and 'AMEA'. All segments include harbour towage and terminal towage activities.

Reference is made to the income statement for a reconciliation from EBIT to profit.

The segment disclosures reflect the information which the Executive Management receives monthly in its capacity as 'chief operating decision maker' as defined in IFRS 8. The allocation of resources and the segment performance are evaluated based on revenue and profitability measured on earnings before interest and taxes (EBIT).

Note 2.1 — continued

Segment information

Contract balances (DKK m)	**2023**	**2022**	**2021**
Trade receivables from revenue from contracts with customers	770	649	550
Accrued income – contract asset	106	64	58
Deferred income – contract liability	17	18	10

Accrued income included in trade receivables in the balance sheet constitutes contract assets comprising unbilled amounts to customers representing the Group's right to consideration for the services transferred to date. Any amount previously recognised as accrued income is reclassified to trade receivables at the time it is invoiced to the customer.

Deferred income is recognised in the income statement within 12 months.

Under the payment terms generally applicable to the Group's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon the completion of services.

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

There are no significant changes in accrued income and deferred income during the reporting period.

Loss allowance disclosed in note 4.4 relates to receivables arising from contracts with customers.

Geographical split (DKK m)	**Revenue**			**Non-current assets**[1]		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
Denmark	309	271	240	437	518	548
Angola	240	262	212	235	265	253
Argentina	122	122	93	119	146	155
Australia	1,887	1,802	1,564	2,615	2,395	2,258
Brazil	216	166	125	661	519	352
Egypt	148	139	77	299	326	227
Netherlands	247	273	228	837	1,457	1,523
Panama	115	102	110	312	253	255
Sweden	202	193	163	8	19	18
UK	1,010	968	826	1,341	743	696
Other	1,291	1,178	1,015	2,168	1,872	1,898
Total	**5,786**	**5,476**	**4,653**	**9,032**	**8,513**	**8,183**

Geographical information: Revenue for towage activities is based on the entity the port being serviced by the tugs operated by the Group, including leased vessels on time charter agreements.

1 Comprised of intangible assets, property, plant and equipment and right-of-use assets, excluding financial non-current assets.

Types of revenue (DKK m)	**2023**	**2022**	**2021**
Harbour Towage activities	3,993	3,731	3,124
Terminal Towage activities	1,787	1,764	1,548
Other activities and eliminations	6	-19	-19
Total	**5,786**	**5,476**	**4,653**

Note 2.2

Operating costs

(DKK m)	2023	2022	2021
Variable costs [1]	586	536	339
Vessel costs [2]	588	543	467
Overheads [3]	329	294	225
Staff costs	2,403	2,317	2,101
Other	189	159	117
Total operating costs	**4,095**	**3,849**	**3,249**
Remuneration of employees			
Wages and salaries	2,053	1,996	1,803
Severance payments	11	14	20
Pension costs, defined benefit plans	14	25	21
Pension costs, defined contribution plans	178	149	143
Other social security costs	151	133	114
Total remuneration	**2,407**	**2,317**	**2,101**
Of which			
Recognised in the cost of assets	4	-	2
Expensed as staff costs	**2,403**	**2,317**	**2,101**
Average number of employees	**3,397**	**3,285**	**3,127**

Customary agreements have been entered into with employees regarding compensation in connection with resignation with consideration for local legislation and collective agreements.
For information about share-based payments, reference is made to note 5.2.

1 Variable costs are inclusive of fuel costs, overheads and royalty costs
2 Vessel costs are inclusive of port, mobilisation, insurance, stores, consumables, maintenance and repair costs
3 Overheads are inclusive of lease expenses and general administration costs

Fees and remuneration to the Executive Management and other key management personnel (DKK m)	2023	2022	2021
Fixed based salary	21	22	18
Short-term cash incentive [2]	11	12	9
Long-term share based incentives [1]	5	5	4
Total remuneration to the Executive Management and other key management personnel	**37**	**39**	**31**

Key management personnel comprises of the Board of Directors, Executive Management and other key management personnel.
1 Inclusive of restricted shares and stock options, refer to note 5.2.
2 Short term incentives include pensions contributed for other key management personnel of DKK 1.9m (2022: DKK 1.5m, 2021: DKK 1.0m).
For the years 2023, 2022, 2021 the Board of Directors for Svitzer A/S have been employees of A.P. Moller – Maersk.
No additional fees and remuneration has been provided for the Board by Svitzer A/S.

Fees to the statutory auditors (DKK m)	2023	2022	2021
Statutory audit	9	6	6
Other assurance services	7	-	-
Tax and VAT advisory services	-	-	-
Other services	-	-	-
Total fees	**16**	**6**	**6**

Note 2.3

Depreciation, amortisation and impairment losses

(DKK m)	2023	2022	2021
Vessels etc.	698	671	611
Production facilities and equipment	16	14	15
Right-of-use assets	102	97	102
Total depreciation	**816**	**782**	**727**
Customer relationships	11	11	11
Other intangible assets	13	22	12
Total amortisation	**24**	**33**	**24**
Impairments losses related to intangible assets [1]	9	-	14
Vessels etc. impairment losses [2]	1	7	-
Assets held for sale impairment losses [2]	-	134	10
Total impairment losses	**11**	**141**	**24**
Reversal of impairment losses [3]	-20	-	-
Total net impairments	**-10**	**141**	**24**
Depreciation, amortisation and impairment losses, net	**829**	**957**	**774**

1 Impairment losses related to intangible assets of DKK 9m (2022: DKK 0m, 2021: DKK 14m) relate to impairments for IT software.

2 Impairment losses related to tangible assets of DKK 1m (2022: DKK 141m, 2021: DKK 10m) relate to impairment of property, plant and equipment. In 2022 as a consequence of closing of Svitzer operations in Russia impairment of DKK 134m was recognised, as the recoverable amounts of the assets in Russia were reassessed and impairment losses for the vessels were recognised. The operating segment impacted was AMEA.

3 Reversal of impairment losses of DKK 20m (2022: DKK 0m, 2021: DKK 0m) relate to two vessels which were sold for higher than asset value considered in assets held for sale. The operating segment impacted was AMEA.

Note 2.4

Gain on sale of non-current assets, etc.

(DKK m)	2023	2022	2021
Gains	23	11	19
Losses	-5	-10	-4
Gain on sale of non-current assets, etc., net	**18**	**1**	**15**

Gains and losses in the years are related to the sale of vessels.

3. Invested Capital

Note 3.1

Intangible assets

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. Goodwill has an indefinite useful life.

Intangible assets regarding acquired customer relationships are amortised basis assessment on individual cases, while IT software is amortised over the useful life of 5 years.

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. Goodwill is attributed to cash-generating units on acquisition and impaired before other assets.

Significant account estimates

Intangible assets and property, plant and equipment are tested for impairment if there is an indication of impairment. However, annual impairment tests are carried out for goodwill as well as intangible assets that are not yet in use. Impairment losses are included in depreciation, amortisation and impairment, in the income statement.

In Group, only Port Towage Amsterdam reported under reporting segment, Europe, has Goodwill recognised as a result of a stepwise acquisiton. An annual impairment test is carried out for goodwill.

Impairment – assessment inputs

The recoverable amount of each cash-generating unit is determined based on the higher of its value in use or fair value less costs of disposal. 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, though based on experience, external sources where available and a calculated terminal value. In nature, these projections are subject to judgement and estimates that are uncertain.

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.

Impairment – key assumptions applied

The outcome of impairment tests is subject to estimates of the future development of volumes, rates, fuel prices and the discount rates applied. Management determines the key assumptions for each impairment test by considering past experience as well as market analysis and future expectations based on supply and demand trends.

Svitzer is directly impacted by the development of fuel price, where the competitive landscape determines the extent to which the development is reflected in the tariffs charged to the customer. Fuel expense is expected to reduce compared to 2023, driven by a reduction in prices.

Inflation is expected to also remain a contributing factor, while the impact is expected to be lower across Svitzer in 2024 than in 2023.

Impairment – results of impairment

Goodwill relates to Port Towage Amsterdam, where the impairment test is based on the estimated value in use from five-year business plan for 2024-2028 and a calculated terminal value. Management has applied an assumption of a flat terminal growth rate of 2% (2022: 2%, 2021: 2%). A discount rate of 9.5% (2022: 7.6%, 2021: 7.6%) p.a. before tax or a discount rate of 9% (2022: 7.5%, 2021: 7.5%) p.a after tax. The impairment test showed headroom from the value in use to the carrying amount and thus no impairment was recognised.

Note 3.1 — continued

Intangible assets

(DKK m)	Goodwill	Customer relationships	Other[1]	Total
Cost				
1 January 2023	2,319	56	144	2,519
Disposals	-	-	-55	-55
Exchange rate adjustments	-82	-	1	-81
31 December 2023	**2,237**	**56**	**90**	**2,383**
Amortisation and impairment losses				
1 January 2023	-1,951	-34	-90	-2,075
Amortisation	-	-11	-13	-24
Impairment losses[2]	-	-	-9	-9
Disposals	-	-	55	55
Exchange rate adjustments	70	-	-1	69
31 December 2023	**-1,881**	**-45**	**-58**	**-1,983**
Carrying amount:				
31 December 2023	**356**	**11**	**32**	**399**
Cost				
1 January 2022	2,298	56	119	2,473
Additions	-	-	20	20
Exchange rate adjustments	21	-	6	27
31 December 2022	**2,319**	**56**	**144**	**2,519**
Amortisation and impairment losses				
1 January 2022	-1,952	-22	-64	-2,039
Amortisation	-	-11	-22	-33
Exchange rate adjustments	1	-1	-5	-5
31 December 2022	**-1,951**	**-34**	**-90**	**-2,075**
Carrying amount:				
31 December 2022	**368**	**22**	**54**	**444**

(DKK m)	Goodwill	Customer relationships	Other[1]	Total
Cost				
1 January 2021	2,688	56	93	2,837
Additions	-	-	23	23
Disposals	-478	-	-	-478
Exchange rate adjustments	88	-	3	91
31 December 2021	**2,298**	**56**	**119**	**2,473**
Amortisation and impairment losses				
1 January 2021	-2,363	-11	-35	-2,410
Amortisation	-	-11	-12	-24
Impairment losses[3]	-	-	-14	-14
Disposals	478	-	-	478
Exchange rate adjustments	-67	-	-2	-68
31 December 2021	**-1,952**	**-22**	**-64**	**-2,039**
Carrying amount:				
31 December 2021	**346**	**34**	**56**	**435**

1 Other including IT software is inclusive of any other rights and IT software and prepayments.
2 In 2023, it was assessed that the business was not able to harvest all the benefits of a software, thus an impairment of the carrying value of DKK 9m was recognised. The impairment was recognised in unallocated items.
3 In 2021 an impairment of DKK 14m was recognised as a result of the redesign of the ERP platform. The operating segment impacted was unallocated items and eliminations.

● Note 3.2

Property, plant and equipment

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	25 years
IT equipment	3 years
Operational equipment	5-7 years
Leasehold improvements	5-15 years

Estimated useful lives and residual values are reassessed on an annual basis. The cost of an asset is divided into separate components, which are depreciated separately if the useful life of the individual component differs. Drydocking and survey costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next drydocking or survey.

The cost of assets constructed by Svitzer includes directly attributable expenses.

For information on impairment tests, reference is made to note 3.1 Intangible assets.

The impact of decarbonisation and climate-related risks on the useful lives of existing assets has been assessed. Such risks include new climate-related legistation restricting the use of certain assets and new technology demanded. For 2023, the assessment has not resulted in any material change.

Significant accounting estimates

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 or groups of assets with similar characteristics due to factors such as quality of maintenance and repair, technical development, or environmental requirements.

Residual values of a vessel is difficult to estimate given their long useful lives, the uncertainty of economic conditions, and the uncertainty of steel prices which is considered the main determinant of residual value. Additionally, the acceleration of development of vessels with a lower carbon footprint may generate downward pressure on the market for second-hand conventional vessels. Svitzer estimates its residual value of vessels at 10% of the purchase price excluding drydocking costs.

(DKK m)	Vessels etc.	Other tangible assets[1]	Assets under construction and payment on account	Total
Cost				
1 January 2023	12,211	230	442	12,883
Additions	73	3	1,414	1,490
Disposals	-495	-36	-4	-535
Transfers	1,258	43	-1,301	-
Transfers, assets held for sale	-33	-	-	-33
Exchange rate adjustments	-150	-4	6	-148
31 December 2023	**12,863**	**237**	**557**	**13,657**
Depreciation and impairment losses				
1 January 2023	-4,905	-176	-	-5,081
Depreciation	-698	-16	-	-714
Impairment losses	-1	-	-	-1
Disposals	316	35	-	351
Transfers, assets held for sale	28	-	-	28
Exchange rate adjustments	47	3	-	50
31 December 2023	**-5,214**	**-154**	**-**	**-5,368**
Carrying amount				
31 December 2023	**7,650**	**83**	**557**	**8,290**

[1] This includes hardwares, furniture & fixtures, cars, land, buildings, leasehold improvements, operational improvements and other tangible assets

Note 3.2 — continued

Property, plant and equipment

(DKK m)	Vessels etc.	Other tangible assets[1]	Assets under construction and payment on account	Total
Cost				
1 January 2022	11,819	238	232	12,289
Additions	80	2	1,037	1,119
Disposals	-332	-24	--	-355
Transfer from asset under construction	804	17	-821	-
Transfers, assets held for sale	-280	-1	-11	-291
Exchange rate adjustments	120	-2	5	123
31 December 2022	**12,211**	**230**	**442**	**12,883**
Depreciation and impairment losses				
1 January 2022	-4,656	-187	-	-4,843
Depreciation	-671	-14	-	-686
Impairment losses	-7	-	-	-7
Disposals	297	23	-	320
Transfers, assets held for sale	147	0	-	148
Exchange rate adjustments	-15	2	-	-13
31 December 2022	**-4,905**	**-176**	**-**	**-5,081**
Carrying amount				
31 December 2022	**7,307**	**54**	**442**	**7,802**

[1] This includes hardwares, furniture & fixtures, cars, land, buildings, leasehold improvements, operational improvements and other tangible assets

(DKK m)	Vessels etc.	Other tangible assets[1]	Assets under construction and payment on account	Total
Cost				
1 January 2021	11,005	305	174	11,484
Additions	386	-1	532	918
Disposals	-429	-81	-	-510
Transfer from asset under construction	474	7	-481	-
Transfers, assets held for sale	-49	-	-	-49
Exchange rate adjustments	431	9	7	446
31 December 2021	**11,819**	**238**	**232**	**12,289**
Depreciation and impairment losses				
1 January 2021	-4,271	-247	-	-4,518
Depreciation	-611	-15	-	-625
Impairment losses	-	-	-	-
Disposals	364	81	-	445
Transfers, assets held for sale	41	-	-	41
Exchange rate adjustments	-179	-7	-	-186
31 December 2021	**-4,656**	**-187**	**-**	**-4,843**
Carrying amount				
31 December 2021	**7,163**	**51**	**232**	**7,446**

[1] This includes hardwares, furniture & fixtures, cars, land, buildings, leasehold improvements, operational improvements and other tangible assets

Note 3.3

Right-of-use assets

Right-of-use assets (DKK m)	**Vessels, etc.**	**Real estate and other leases**	**Total**
1 January 2023	98	169	267
Additions	88	99	187
Disposals	-	-1	-1
Depreciation	-68	-34	-102
Exchange rate adjustments	-3	-5	-8
31 December 2023	**115**	**228**	**343**
1 January 2022	162	139	300
Additions	-	63	63
Disposals	-	-	-
Depreciation	-66	-30	-97
Exchange rate adjustments	3	-2	1
31 December 2022	**98**	**169**	**267**
1 January 2021	158	160	318
Additions	107	9	116
Disposals	-35	-7	-42
Depreciation	-74	-28	-102
Exchange rate adjustments	6	5	10
31 December 2021	**162**	**139**	**300**

Amounts recognised in profit and loss (DKK m)	**2023**	**2022**	**2021**
Depreciation cost on right-of-use assets	-102	-97	-102
Interest expenses (included in finance costs)	-12	-12	-13
Expenses relating to service elements of leases	-10	-7	-4
Expenses relating to short-term leases	-57	-47	-43
Expenses relating to leases of low-value assets	-1	-1	-1
Total recognised in operating costs	**-68**	**-54**	**-49**

Right-of-use assets are mainly leased vessels and real estate property. Lease contracts for vessels are typically made for fixed periods but may have extension options as described together with lease liabilities. Real estate contracts are negotiated on an individual basis and contain a wide range of terms and conditions.

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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the short-term recognition exemption for lease contracts that, at the commencement date have a lease term of 12 months or less for all classes of underlying assets and exemption for lease contracts for which the underlying asset is of low value.

As part of the Group's activities, customary leasing agreements are entered, especially regarding the chartering of vessels and offices and other equipment. In some cases, there can be options for extending the lease term.
Real estate and other leases primarily consist of leased buildings for Svitzer's offices.
Lease liabilities are disclosed in notes 4.1 and 4.4.

Total cash outflow from leases was DKK 180m (2022: DKK 164m , 2021: DKK 157m) of which DKK 100m(2022: DKK 98m, 2021: DKK 96m) relates to repayment of lease liabilities, DKK 68m (2022: DKK 54m, 2021: DKK 49m) to other lease expenses and DKK 12m (2022: 12m, 2021: DKK 13m) to interest expenses.

Note 3.4

Loans receivable

Loans receivable of DKK 2,601m (2022: DKK 3,188m, 2021: DKK 2,870m) primarily consists of intra group cash pools with A.P. Møller – Mærsk A/S of DKK 2,592m (2022: DKK 3,177m, 2021: DKK 2,727m).

Note 3.5

Provisions

Provisions are recognised when Svitzer has a present legal or constructive obligation from past events. The item includes, legal disputes, provisions for ongoing indirect tax disputes and other provisions. Provisions are recognised based on best estimates and discounted where the time element is significant and where the time of settlement is reasonably determinable.

(DKK m)	Indirect tax provisions	Legal disputes	Other	Total
1 January 2023	81	21	2	103
Provision made	9	1	-	11
Amount used	-	-19	-	-19
Amount reversed	-3	-	-	-3
Exchange rate adjustments	-10	1	-	-9
31 December 2023	**77**	**4**	**2**	**83**
Of which:				
Classified as non-current	77	2	-	79
Classified as current	-	2	2	4

(DKK m)	Indirect tax provisions	Unsettled claims and lawsuits	Other	Total
1 January 2022	64	21	2	87
Provision made	15	4	-	19
Amount used	-	-3	-	-3
Amount reversed	-4	-	-	-4
Exchange rate adjustments	5	-1	-	4
31 December 2022	**81**	**21**	**2**	**103**
Of which:				
Classified as non-current	81	2	-	82
Classified as current	-	19	2	21
1 January 2021	50	2	22	74
Provision made	15	20	-	35
Amount used	-	-	-20	-20
Amount reversed	-6	-1	-	-7
Exchange rate adjustments	5	-	0	5
31 December 2021	**64**	**21**	**2**	**87**
Of which:				
Classified as non-current	40	18	-	58
Classified as current	24	3	2	29

Indirect tax provisions include current and potential tax claims which are not based on the taxable profits such as VAT, turnover taxes, etc.

Unsettled claims and lawsuits include ongoing legal disputes where a provision should be created basis legal assessment. The resolution of legal disputes through either negotiations or litigation can take several years to be reached and outcomes are subject to considerable uncertainty.

All non current provisions are expected to be settled within two to five years.

Reversals of provisions primarily relate to legal disputes and indirect tax provisions which are recognised in the income statement under operating costs and tax.

Note 3.6

Investments in associates and joint ventures

Investments in associated companies and joint ventures are recognised as Svitzer's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of associated companies and joint ventures and is therefore subject to impairment test together with the investment.

Impairment losses are reversed to the extent the original value in considered recoverable.

Investments in associates and joint ventures are measured according to equity method. In the balance sheet, investments are measured at the proportionate share of the companies' equity value.

The Group, through its wholly owned subsidiaries have interests in associated companies and joint ventures. The table on the right shows the interests with ownership percentages.

(DKK m)	2023	2022	2021
Svitzer's interest in associates	190	198	194
Svitzer's interest in joint ventures	582	667	671
Total	**772**	**865**	**865**

Investments comprise (DKK m)	**Ownership %**	**Type of ownership**	**Share of profit/loss**			**Share of Carrying amount**		
			2023	**2022**	**2021**	**2023**	**2022**	**2021**
Qingdao Port Svitzer Towage Co. Ltd	45	Associated	5	7	7	106	111	113
Cenertech Svitzer Marine Service (Gunagdong) Co. Ltd	49	Associated	9	10	8	62	64	56
CNOOC Zhuhai Shipping Services Co, LTD	29	Associated	2	3	2	22	24	25
Riverwijs-Dampier Pty. Ltd	50	Joint venture	10	19	14	11	48	49
RiverWijs Burrup Pty.Ltd	50	Joint venture	5	15	11	15	54	48
Adstan Tug Charters (Partnership)	50	Joint venture	7	7	9	11	12	11
Bowen Towage Services Pty. Ltd	50	Joint venture	-	-	8	4	15	27
Port Lincoln Tugs Pty. Ltd.	50	Joint venture	7	5	1	32	26	21
Halifax Marine Towing Limited Partnership	50	Joint venture	25	19	16	25	18	16
Shenzhen Dapeng Svitzer Towage Company Ltd.	49	Joint venture	2	3	3	20	22	23
Yantian Svitzer (Huizhou) Towage Company Ltd.	44	Joint venture	1	2	2	17	20	21
Svitzer Caribbean Dominicana S.A.S	50	Joint venture	16	14	9	48	46	50
Nakilat Svitzerwijsmuller Company W.L:L	30	Joint venture	16	23	20	197	199	166
Svitzer Barbados Ltd	50	Joint venture	3	-	-	12	16	21
Caucedo Marine Service S.A. (Dominican Republic branch)	50	Joint venture	11	19	13	143	140	123
Other investments*		Joint venture	9	7	15	47	50	95
Total			**128**	**153**	**138**	**772**	**865**	**865**

* This consists of other joint venture entities with the investment carrying amount lower than 5% of total interests in joint ventures. Reference is made to the company overview for the country of incorporation.

Note 3.6 — continued

Investments in associates and joint ventures

The table on the right summarises the profit for the period and other key financial information at 100% for associates and joint ventures.

Associated companies, key figures (100%) DKK m	2023	2022	2021
Revenue	158	174	163
Costs	-120	-128	-125
Total profit/loss	**38**	**45**	**38**
Share of profit/loss of associates	**16**	**20**	**17**
Non-current assets	340	382	423
Current assets	187	209	211
of this, cash and cash equivalents	22	120	87
Non-current liabilities	-15	-49	-77
Current liabilities	- 31	-40	-59
Total carrying amount	**481**	**503**	**498**

The table summarises the key financial information at 100% for associated companies.

Joint ventures, key figures (100%) DKK m	2023	2022	2021
Revenue	975	980	963
Costs	-740	-686	-694
Total profit/loss	**235**	**295**	**268**
Share of profit/loss of joint ventures	**112**	**133**	**121**
Non-current assets	1,004	1,226	1,150
Current assets	965	960	767
of this, cash and cash equivalents	297	413	331
Non-current liabilities	-130	-105	-166
Current liabilities	-302	-367	-259
Total carrying amount	**1,536**	**1,714**	**1,491**

The table summarises the key financial information at 100% for joint ventures.

4.
Capital and Financing

Note 4.1

Borrowings and lease liability reconciliation

(DKK m)	Net debt as at 31 December 2022	Cash flows	Non-cash changes				Net debt as at 31 December 2023
			Additions	Disposals	Foreign exchange movements	Other	
Borrowings	**831**	**5,544**	**-**	**-**	**-10**	**-**	**6,365**
Borrowings:							
Classified as non-current	469						487
Classified as current	362						5,878
Leases:							
Lease liabilities	283	-100	187	-1	-9	-	360
Total leases	**283**	**-100**	**187**	**-1**	**-9**	**-**	**360**
Leases:							
Classified as non-current	194						275
Classified as current	89						85
Total borrowings and leases	**1,114**	**5,445**	**187**	**-1**	**-19**	**-**	**6,726**

Cash flows of DKK 5,544m consists of proceeds from new borrowings from Parent company of DKK 6,200m, repayments of DKK 21m for external borrowings and repayments of borrowings to the Parent company of DKK 635m.

Note 4.1 — continued

Borrowings and lease liability reconciliation

(DKK m)	Net debt as at 31 December 2021	Cash flows	Non-cash changes				Net debt as at 31 December 2022
			Additions	Disposals	Foreign exchange movements	Other	
Borrowings	**728**	**113**	**-**	**-**	**-10**	**-**	**831**
Borrowings:							
Classified as non-current	91						469
Classified as current	636						362
Leases:							
Lease liabilities	316	-97	63	-	1	-	283
Total leases	**316**	**-97**	**63**	**-**	**1**	**-**	**283**
Leases:							
Lease liabilities	229						194
Total leases	87						89
Total borrowings and leases	**1,044**	**16**	**63**	**-**	**-9**	**-**	**1,114**
	31 December 2020						**31 December 2021**
Borrowings	**59**	**686**	**-**	**-**	**-13**	**-4**	**728**
Borrowings:							
Classified as non-current	4						91
Classified as current	55						636
Leases:							
Lease liabilities	327	-96	116	-42	11	-	316
Total leases	**327**	**-96**	**116**	**-42**	**11**	**-**	**316**
Leases:							
Classified as non-current	241						229
Classified as current	86						87
Total borrowings and leases	**386**	**590**	**116**	**-42**	**-2**	**-4**	**1,044**

Note 4.1 — continued

Borrowings and lease liability reconciliation

Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities.

Lease liabilities are measured at the present value of the lease payments over the lease term, at the interest rate implicit in the lease. If that rate cannot be determined, the lease's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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 (Incremental borrowing rate) that was used to discount the lease payments.

The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. If the contract holds an option to purchase, extend or terminate a lease and it is reasonable to be exercised by the Group, the lease payment will include those.

Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight line basis over the lease term.

Reference is made to Note 4.4 for the maturities on lease liabilities.

Note 4.2

Pension and similar obligations

Pension obligations are the net liabilities of defined benefit obligations and the dedicated assets adjusted for the effect of minimum funding and asset ceiling requirements. Plans with a funding surplus are presented as net assets on the balance sheet. The defined benefit obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance sheet date. Plan assets are measured at fair value. The pension cost charged to the income statement consists of calculated amounts for vested benefits and interest in addition to settlement of gains or losses, etc. Interest on plan assets is calculated with the same rates as used for discounting the obligations. Actuarial gains/losses are recognised in other comprehensive income.

As employer, the Group participates in pension plans according to normal practice in the countries in which the Group operates. Generally, the pension plans within the Group are defined contribution plans, where contributions are recognised on an accrual basis in the income statement. A number of entities have defined benefit plans, in which retirement benefits are based on length of service and salary level.

Specification of net liability (DKK m)	**United Kingdom 2023**	**Other 2023**	**Total 2023**	**United Kingdom 2022**	**Other 2022**	**Total 2022**	**United Kingdom 2021**	**Other 2021**	**Total 2021**
Present value of funded plans	1,539	120	1,659	1,495	140	1,635	2,356	181	2,537
Fair value of plan assets	-1,539	-165	-1,704	-1,510	-194	-1,703	-2,375	-237	-2,612
Net liability of funded plans	**0**	**-45**	**-45**	**-15**	**-54**	**-69**	**-19**	**-56**	**-75**
Present value of unfunded plans	-	55	55	-	67	67	-	65	65
Impact of minimum funding requirement/asset ceiling	4	4	8	14	5	19	17	5	21
Net liability 31 December	**4**	**14**	**18**	**-1**	**18**	**17**	**-2**	**14**	**12**
Of which:									
Pensions, net assets			7			11			13
Pensions and similar obligations			25			28			25

In 2024, the Group expects to pay contributions totalling DKK 10m (DKK 11m) to funded defined benefit plans.

The majority of the Group's defined benefit liabilities are in the UK. All of the plans in the UK are funded. Other defined benefit liabilities are in Australia and Canada.

In Sweden, the Group also particiapates in the defined benefit scheme Alecta. As no information is available about the individual participants share of this scheme, it is treated as a defined contribution plan and disclosed as part of operating costs in Note 2.2.

As well as being subject to the risks of falling interest rates, which would increase the obligation, poor asset returns and pensioners living longer than anticipated, the Group is also subject to the risk of higher-than-expected inflation. This is because many pension benefits, particularly in the UK plans, increase in line with inflation although some minimum and maximum limits apply.

Note 4.2 — continued

Pension and similar obligations

The sensitivity of the liabilities and pension costs to the key assumptions are as follows:

Significant financial assumptions	United Kingdom 2023	Total 2023	United Kingdom 2022	Total 2022	United Kingdom 2021	Total 2021
Discount rate	4.5%	4.4%	4.8%	4.6%	2.0%	2.0%
Inflation rate	3.3%	3.3%	3.5%	3.4%	3.5%	3.4%

Life expectancy as at 31 December	2023	2043	2022	2042	2021	2041
65 year old male in the UK	21.4	22.7	21.1	23.0	21.0	23.0
65 year old female in the UK	24.1	25.5	24.0	25.1	24.0	25.0

Sensitivities for key assumptions in the UK (DKK m)	Change in liability	2023 Increase	2023 Decrease	2022 Increase	2022 Decrease
Factors					
Discount rate	Increase/(decrease) by 25 basis points	-42	44	-48	51
Inflation rate	Increase/(decrease) by 25 basis points	22	-22	26	-26
Life expectancy	Increase/(decrease) by 1 year	70	-71	80	-81

Note 4.2 — continued

Pension and similar obligations

Specification of plan assets (DKK m)	**United Kingdom 2023**	**Other 2023**	**Total 2023**	**United Kingdom 2022**	**Other 2022**	**Total 2022**	**United Kingdom 2021**	**Other 2021**	**Total 2021**
Insurance contracts	1,507	-	1,507	1,454	-	1,454	2,287	-	2,287
Shares	5	55	60	9	72	81	12	88	100
Government bonds	10	42	52	13	61	74	36	74	109
Corporate bonds	10	21	31	11	-	11	11	-	11
Real estate	1	24	24	1	29	29	1	35	36
Other assets	6	23	29	21	33	54	28	40	68
Fair value 31 December	**1,539**	**165**	**1,703**	**1,509**	**194**	**1,703**	**2,375**	**237**	**2,612**

Rates of life expectancy reflect the most recent mortality investigations, and in line with market practice an allowance is made for future improvements in life expectancy. The Group assumes that future improvements will be in line with the latest projections of 1.25% for all UK plans.

The liabilities are calculated using assumptions that are the Group's best estimate of future experience bearing in mind the requirements of IAS 19.

The Group's plans are funded in accordance with applicable local legislation. In the UK, each plan has a Trustee Board that is required to act in the best interests of plan members. Every three years, a formal valuation of the plan's liabilities is carried out using a prudent basis, and if the plan is in deficit, the Trustees agree with the Group or the sponsoring employer on a plan for recovering that deficit.

Around 98% of the UK liabilities are now covered by insurance policies. Therefore, movement in the liabilities due to change in assumptions would equally impact the assets value related to the buy-in policies, resulting in a reduced movement in the overall balance sheet position.
No contributions to the UK plans are expected for 2024. No contributions to the UK plans were also expected for 2023 and 2022. In most of the UK plans, any surplus remaining after the last member dies may be returned to the Group. However, the Merchant Navy Officers Pension Fund (MNOPF) contributions paid by the Group are not refundable in any circumstance and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions.

Note 4.2 — continued

Pension and similar obligations

Change in net liability (DKK m)	**Present value of obligations**	**Fair value of plan assets**	**Adjust-ments**	**Net liability**	**Of which: UK**
1 January 2023	**1,702**	**1,704**	**19**	**17**	**-1**
Current service cost, administration cost etc.	8	-6	-	15	6
Calculated interest expense/income	74	77	2	-1	0
Recognised in the income statement in 2023	**82**	**71**	**2**	**15**	**6**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	53	33	-	20	10
Adjustment for unrecognised asset due to asset ceiling	-	-	-12	-12	-10
Recognised in other comprehensive income in 2023	**53**	**33**	**-12**	**8**	**0**
Contributions from the Group and employees	1	13	-	-12	-
Benefit payments	-152	-145	-	-7	-
Exchange rate adjustments	28	29	-	-1	-
31 December 2023	**1,714**	**1,704**	**9**	**18**	**4**
1 January 2022	**2,602**	**2,612**	**22**	**12**	**-2**
Current service cost, administration cost etc.	20	-7	-	26	6
Calculated interest expense/income	48	50	-	-1	0
Recognised in the income statement in 2022	**68**	**43**	**0**	**25**	**6**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	-696	-697	-	1	-3
Adjustment for unrecognised asset due to asset ceiling	-	-	-2	-2	-2
Recognised in other comprehensive income in 2022	**-696**	**-697**	**-2**	**-2**	**-5**
Contributions from the Group and employees	1	4	-	-3	-
Benefit payments	-178	-163	-	-16	-
Exchange rate adjustments	-95	-97	-1	1	0
31 December 2022	**1,702**	**1,704**	**19**	**17**	**-1**

Change in net liability (DKK m)	**Present value of obligations**	**Fair value of plan assets**	**Adjust-ments**	**Net liability**	**Of which: UK**
1 January 2021	**2,675**	**3,032**	**20**	**-337**	**-381**
Current service cost, administration cost etc.	12	-15	-	27	14
Calculated interest expense/income	41	48	0	-6	-6
Recognised in the income statement in 2021	**53**	**33**	**0**	**21**	**8**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	-136	-529	-	393	418
Adjustment for unrecognised asset due to asset ceiling	-	-	-1	-1	3
Exchange rate adjustments	-	-	17	17	-
Recognised in other comprehensive income in 2021	**-136**	**-529**	**16**	**409**	**421**
Contributions from the Group and employees	1	36	-	-35	-30
Benefit payments	-180	-168	-	-12	-
Exchange rate adjustments	188	208	-15	-35	-20
31 December 2021	**2,602**	**2,612**	**22**	**12**	**-2**

● Note 4.3

Financial income and expenses

(DKK m)	2023	2022	2021
Interest income on loans and receivables	160	48	31
Interest expenses on liabilities[1]	-108	-44	-29
of which borrowing costs capitalised on assets[1]	-	1	0
Net interest expenses	**52**	**4**	**3**
Exchange rate gains on bank balances, borrowings and working capital	38	73	78
Exchange rate losses on bank balances, borrowings and working capital	-50	-91	-94
Net foreign exchange gains/losses	**-12**	**-19**	**-16**
Impairment losses on financial assets	-	-24	-58
Reversal of impairment losses on financial assets	-	18	-
Financial expenses, net	**40**	**-22**	**-71**
Of which:			
Financial income	198	139	110
Financial expenses	-159	-160	-182

[1] Of which DKK 12m (2022: DKK 12m, 2021: DKK 13m) relates to interest expenses on lease liabilities.

Note 4.4

Financial instruments and risks

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

- Market risks, i.e., currency risk and interest rate risk
- Credit risk
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

Risk Management is carried out by a central finance department of A.P. Moller - Maersk under policies approved by the A.P. Møller - Mærsk A/S' Board of Directors. The finance department identifies, evaluates and hedges financial risks in cooperation with the Executive Management of Svitzer.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or the value of its holdings of financial instruments. The sensitivity analysis in the currency risk and interest rate section relate to the position of financial instruments at 31 December 2023.

The sensitivity analysis for currency risk has been prepared on the basis that the proportion of financial assets and liabilities in foreign currencies remain unchanged from 31 December 2023. Furthermore, it is assumed that the exchange rate sensitivities have a symmetric impact, i.e., an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analysis shows the effect on profit and equity of a reasonably possible change in exchange rates.

Currency and translation risk

The Group's currency risk relates to the fact that the Group presentation currency is DKK while local entities may incur expenses and earn revenue in both DKK and a wide range of other currencies, where the most significant currencies are AUD, EUR, GBP and USD.

As net income is in DKK, this is also the primary financing currency. Income and expenses from other activities are mainly denominated in local currencies, thus reducing Svitzer's exposure to these currencies.

The Group's sensitivity to an increase in the DKK exchange rate of 10% against all other significant currencies to which the Group is exposed is estimated to have the impact of DKK 126m (2022: 195m, 2021: 168m) on profit before tax with the correlating impact on equity before tax. EUR is not included in the anlysis as it is considered pegged to DKK.

The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date and are thus not an expression of the Group's total currency risk.

Currency sensitivity for financial instruments (DKK m)	Profit before tax			Equity before tax		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
USD	10	13	-26	10	13	-26
AUD	77	104	89	77	104	89
GBP	4	31	51	4	31	51
Other	35	46	53	35	46	53
Total	**126**	**195**	**168**	**126**	**195**	**168**

Note 4.4 — continued

Financial instruments and risks

Interest rate risk

Borrowings and lease liabilities by interest rate levels (DKK m)	**Carrying Amount**	**Next interest rate fixing** **0-1 year**	**2-4 years**	**5- years**
2023				
0-3%	95	2	93	-
3-6%	6,630	6,408	75	147
Total	**6,725**	**6,410**	**168**	**147**
Of which:				
Bearing fixed interest	364			
Bearing floating interest	6,361			
2022				
0-3%	870	828	42	-
3-6%	244	75	95	74
Total	**1,114**	**903**	**136**	**74**
Of which:				
Bearing fixed interest	308			
Bearing floating interest	806			
2021				
0-3%	790	765	26	-
3-6%	253	67	108	78
Total	**1,043**	**832**	**133**	**78**
Of which:				
Bearing fixed interest	321			
Bearing floating interest	722			

The Group has most of its debt denominated in DKK, USD and AUD. The Group strives to maintain a combination of fixed and floating interest rates on its net debt, reflecting expectations and risks, bearing fixed interest rates thus resulting in minimal risk from change in interest rates.

Credit risk

Maturity analysis of trade receivables (DKK m)	**2023**	**2022**	**2021**
Receivables not due	636	545	468
Less than 90 days overdue	227	161	136
91 - 365 days overdue	21	16	9
More than 1 year overdue	7	3	2
Receivables, gross	**891**	**724**	**615**
Provision for bad debt	-15	-11	-6
Carrying amount	**876**	**713**	**608**

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

Change in provision for bad debt (DKK m)	**2023**	**2022**	**2021**
1 January	-11	-6	-12
Provision made	-7	-7	-5
Amount used	1	-	6
Amount reversed	3	2	5
Exchange rate adjustments and others	-	-	-
31 December	**-15**	**-11**	**-6**

Note 4.4 — continued

Financial instruments and risks

Trade receivables

The Group has exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, financial vetting is undertaken for all major customers, adequate security is required for commercial counterparties, and credit limits are set for key commercial counterparties.

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, non-due trade receivables have also been considered for impairment.

Approximately 46% (2022: 26%, 2021: 29%) of the provision for bad debt is related to trade receivables overdue by more than one year.

Other financial assets at amortised cost

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

Financial institutions

Bank balances are primarily held in relationship banks with a credit rating of at least A-. No individual counter-partly exposure is above 10%.

Liquidity reserve

The Group in Q1 2024 is anticipated to sign a loan agreement which comprises of a term loan of around DKK 3,287m and a revolving credit facility of DKK 1,379m. Combined with the liquidity reserve of DKK 2,582m as of 31 December 2023, the Group is deemed to have sufficient liquidity reserves to cover short term debt obligations.

Liquidity Risk

Net interest-bearing debt and liquidity reserve (DKK m)	**2023**	**2022**	**2021**
Borrowings	6,365	831	728
Net interest-bearing debt	-3,745	2,576	2,325
Cash and bank balances	318	427	436
Restricted cash	-198	-329	-286
Net Cash pools	2,462	3,109	2,870
Liquidity reserve[1]	**2,582**	**3,207**	**3,020**

For information about cash and bank balances in countries with exchange control or other restrictions, please see text to the consolidated cash flow statement.

[1] Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, term deposits not included in cash and bank balances and cash and bank balances, excluding balances in countries with exchange control or other restrictions.

The average term to maturity of loan facilities in the Group was about less than 1 year at 31 December 2023, about 1 year at 31 December 2022, about 1 year at 31 December 2021.

The majority of the borrowings are with the parent company, A. P. Møller - Mærsk A/S that has a credit rating of BBB+.

Note 4.4 — continued

Financial instruments and risks

Maturities of liabilities and commitments (DKK m)	Carrying Amount	Cash flows including interest			Total
		0-1 year	2-4 years	5- years	
2023					
Borrowings	6,365	5,986	515	-	6,501
Lease liabilities	360	99	170	182	451
- hereof interest		14	31	46	91
Trade payables	432	432	-	-	432
Other payables	265	265	-	-	265
Total recognised in balance sheet	**7,422**	**6,782**	**685**	**182**	**7,649**
Capital commitments		291	-	-	291
Total		**7,073**	**685**	**182**	**7,940**
2022					
Borrowings	831	378	489	-	867
Lease liabilities	283	98	138	95	331
- hereof interest		9	19	21	49
Trade payables	366	366	-	-	366
Other payables	189	189	-	-	189
Total recognised in balance sheet	**1,669**	**1,031**	**627**	**95**	**1,753**
Capital commitments		743	24	-	767
Total		**1,774**	**651**	**95**	**2,520**

Maturities of liabilities and commitments (DKK m)	Carrying Amount	Cash flows including interest			Total
		0-1 year	2-4 years	5- years	
2021					
Borrowings	727	636	92	-	728
Lease liabilities	316	96	170	102	368
- hereof interest		10	20	24	54
Trade payables	413	413	-	-	413
Other payables	191	191	-	-	191
Total recognised in balance sheet	**1,647**	**1,338**	**262**	**102**	**1,702**
Capital commitments		382	131	-	513
Total		**1,720**	**393**	**102**	**2,215**

Majority of the Borrowings are with the Parent company. Where interest rate for future payments is not readily available, future interest is calculated basis the prevalent interest rate on the last day of the year.

It is of great importance for the Group to maintain a financial reserve to cover the Group's obligations and investment opportunities and to provide the capital necessary to offset changes in the Group's liquidity due to changes in the cash flow from operating activities.

The flexibility of the financial reserve is subject to ongoing prioritisation and optimisation, among other things by focusing on the release of capital and following up on the development in working capital.

Note 4.5

Financial instruments by category

(DKK m)	Carrying amount 2023	Carrying amount 2022	Carrying amount 2021
Carried at amortised cost			
Loans receivable	2,659	3,262	2,919
Other interest-bearing receivables and deposits	3	1	1
Trade receivables	876	713	608
Other receivables (non-interest-bearing)	168	105	143
Cash and bank balances	318	427	436
Financial assets at amortised cost	**4,024**	**4,508**	**4,107**
Carried at fair value through other comprehensive income			
Equity investments (FVOCI)[1]	2	2	2
Financial assets at fair value through OCI	**2**	**2**	**2**
Total financial assets	**4,026**	**4,510**	**4,109**
Carried at amortised cost			
Borrowings	6,365	831	727
Lease liabilities	360	283	316
Trade payables	432	366	413
Other payables	265	189	191
Financial liabilities at amortised cost	**7,422**	**1,669**	**1,647**
Total financial liabilities	**7,422**	**1,669**	**1,647**

[1] Designated at initial recognition in accordance with IFRS 9.
The fair value for all financial assets and liabilities are deemed to equal carrying amount.

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)

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

Fair value of listed securities is within level 1 of the fair value hierarchy. Non-listed shares and other securities are within level 3 of the fair value hierarchy.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated based on observable market data as of the end of the reporting period.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows.

A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly.

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. In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, however, this was deemed to be the fair value.

Other equity investments (FVOCI)

The Group has investments in equity shares of one non-listed company. The Group holds non-controlling interests (between 1% and 15%) in this company. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

5. Other Disclosures

● Note 5.1

Tax and deferred tax

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years taxes. Income tax is tax on taxable profits, and consists of corporation tax, withholding tax of dividends, etc. In addition, tax comprises tonnage tax. Tonnage tax is classified as tax when creditable in, or paid in lieu of, income tax. Tax is recognised in the income statement to the extent that it arises from items recognised in the income statement, including tax on gains on intra-group transactions that have been eliminated in the consolidation.

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 Svitzer controls the timing of dividends. 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.

Global Minimum Taxation (OECD Pillar II)
In an effort to end tax avoidance and to address concerns about the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. One of the key elements is to introduce a global minimum tax rate of 15%, based on group accounting income per jurisdiction.

The minimum tax rules are designed as a hierarchy of the right to claim income tax. If the income is not subject to a minimum effective tax rate of 15% in the country where it is earned, then the remaining tax payment (top-up tax) can be picked up in another jurisdiction where the Group is active. For the Group, Denmark will add top-up tax if not applied locally as the ultimate parent entity of the Group, A. P. Møller Holding A/S, is located in Denmark.

The Danish Implementation of Council Directive (EU) 2022/2523 of 14 December 2022 is effective from 1 January 2024. This means that Svitzer's income is subject to the minimum tax rules for all jurisdictions via Danish implementation for the financial year 2024 and onwards. It is expected that many jurisdictions will implement similar legislation.

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

Significant account estimates
Deferred tax assets, including the tax value of tax losses carried forward are recognised to the extent that Management assess that the tax asset can be utilised through positive taxable income in the foreseeable future. Assessment is made basis the latest business plans and the recent financial performance of the individual entities. Net deferred tax assets recognised in entities having recognised an accounting loss in either the current or preceding period amount to DKK 1.4m (DKK 13.1m). These assets mainly relate to the unused tax losses.

Uncertain tax positions
Svitzer Group is engaged in a number of disputes with tax authorities of varying scope. Appropriate provisions and recognition of uncertain tax positions have been made where the probability of the tax position upheld in individual cases is considered at least 50%. Claims for which the probability of Svitzer Group's tax position being upheld is assessed by Management to be less than 50%, are not provided for.

Note 5.1 — continued

Tax and deferred tax

(DKK m)	2023	2022	2021
Tax recognised in the income statement			
Current tax on profits for the year	-228	-172	-155
Adjustment for current tax of prior periods	-65	-23	24
Utilisation of previously unrecognised deferred tax assets	-	54	39
Total current tax	**-293**	**-140**	**-92**
Origination and reversal of temporary differences	48	-8	-11
Adjustment for deferred tax of prior periods	-42	-1	-2
Adjustment attributable to changes in tax rates and laws	-	-	22
Recognition of previous unrecognised deferred tax assets	1	-	-
Reassessment of recoverability of deferred tax assets, net	-	-	-35
Total deferred tax	**7**	**-9**	**-25**
Total income tax	**-286**	**-149**	**-118**
Tonnage and freight tax	-	-	-
Total tax expense	**-286**	**-149**	**-118**
Tax reconciliation			
Profit/loss before tax	1,046	799	690
Profit/loss subject to Danish and foreign tonnage taxation, etc.	-190	-127	-117
Share of profit/loss in joint ventures	-112	-133	-121
Share of profit/loss in associated companies	-17	-20	-17
Profit/loss before tax, adjusted	**728**	**519**	**436**

(DKK m)	2023	2022	2021
Tax using the Danish corporation tax rate (22%)	-160	-114	-96
Tax rate deviations in foreign jurisdictions	-24	2	-65
Effect of income taxes distinct from corporation tax	-27	-39	-16
Non-taxable income	-3	0	0
Non-deductible expenses	17	-14	15
Temporary diff. no deferred tax asset recognised	-5	-2	0
Tax loss, no deferred tax recognised	-	-4	-2
Tax asset recognised	29	-	-
Adjustment to previous years' taxes[1]	-107	-24	22
Effect of changed tax rate	-	-	22
Change in recoverability of deferred tax assets	1	54	4
Other differences, net	-7	-8	-3
Total income tax	**-286**	**-149**	**-118**
Effective tax rate	40%	29%	27%
Tax recognised in other comprehensive income and equity	**2**	**-1**	**76**
Of which:			
Current tax	2	1	-7
Deferred tax	0	-1	83

[1] Adjustment to previous year taxes includes additional tax payable and correlated penalties related to recognition and utilisation of tax losses carried forward recognised in prior years.

Towage activity is subject to various local corporate tax regimes, including tonnage tax which calculates corporate income tax based on the net tonnage of the fleet. Given the liability to tonnage tax is not impacted by financial profits, and is payable even in loss making years, the effective tax rate (ETR) metric can fluctuate significantly.

Note 5.1 — continued

Tax and deferred tax

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

(DKK m)	Assets			Liabilities			Net liabilities		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Intangible Assets	-	-	-	3	6	11	3	6	11
Property, plant and equipment	87	89	85	189	49	33	102	-40	-52
Receivables etc.	-	-	-	9	-	-	9	-	-
Provisions, etc.	35	3	2	12	-	-	-23	-3	-2
Leases	5	4	4	0	-	-	-5	-4	-4
Tax loss carry forwards	252	232	207	-	-	-	-252	-232	-207
Other	2	11	3	10	133	91	8	122	87
Total	**381**	**339**	**301**	**223**	**188**	**135**	**-158**	**-152**	**-167**
Offsets	-43	-	-1	-43	-	-1	-	-	-
Total	**338**	**339**	**300**	**180**	**188**	**134**	**-158**	**-152**	**-166**

Unrecognised deferred tax assets (DKK m)	2023	2022	2021
Deductible temporary differences	18	51	52
Tax loss carry forwards	251	531	551
Unused tax credits	-	1	1
Total	**269**	**582**	**604**

Majority of the unrecognised deferred tax assets have no significant time limitations. There are no substantial unrecognised tax liabilities on investments in subsidiaries, associated companies and joint ventures.

Note 5.1 — continued

Tax and deferred tax

Change in deferred tax, net during the year (DKK m)	**2023**	**2022**	**2021**
1 January	**-152**	**-166**	**-102**
Intangible Assets	-3	-6	-4
Property, plant and equipment	143	11	-
Receivables etc.	9	-	-
Provisions, etc.	-20	-1	-73
Leases	-	-	-1
Tax loss carry forwards	-20	-25	-24
Other	-115	35	39
Recognised in the income statement	**-7**	**15**	**-63**
31 December	**-158**	**-152**	**-166**

Note 5.2

Share based payments

Equity-settled restricted shares and share options awarded to members of the Executive Management and other key management personnel of Svitzer as part of A.P. Møller – Mærsk A/S' long-term incentive programme are recognised as remuneration expense over the vesting period as per the estimated fair value at the grant date and result in a corresponding adjustment to equity of A.P. Møller – Mærsk A/S.

At the end of each reporting period, A.P. Møller – Mærsk A/S revises its estimated number of awards that are expected to vest based on the non-market vesting conditions and service conditions. Any impact of the revision is recognised in the income statement with a corresponding adjustment to equity.

Restricted shares
Members of the Executive Management and the key management personnel of Svitzer are awarded restricted shares of A.P. Møller – Mærsk A/S. Each restricted share granted is a right to receive an existing B share of nominal DKK 1,000 in A.P. Møller – Mærsk A/S.

Transfer of restricted shares is contingent upon employee still being employed and not being under notice of termination and takes place when three years have passed from the date of grant. During the vesting period, there is no entitlement to any dividends. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure, etc. The recognised remuneration expense related to the restricted shares plan is DKK 3m (2022: DKK 3m, 2021: DKK 2.3m). The average remaining contractual life for the outstanding restricted shares as per 31 December 2023 is 1.5 years (2022: 1.2 years, 2021: 1.3 years).

Outstanding restricted shares	**Executive Management**	**Other key management personnel**	**Total**	**Total fair value[1, 2]**
	No.	No.	No.	DKK million
1 January 2023	166	278	444	
Granted	80	164	244	3
Exercised and vested[3]	77	84	161	
Forfeited	-	42	42	
Transferred[4]	-	59	59	
Outstanding 31 December 2023	**169**	**257**	**426**	
1 January 2022	209	269	478	
Granted	32	85	117	2
Exercised and vested[3]	75	76	151	
Outstanding 31 December 2022	**166**	**278**	**444**	
1 January 2021	207	208	415	
Granted	57	109	166	2
Exercised and vested[3]	55	48	103	
Outstanding 31 December 2021	**209**	**269**	**478**	

[1] The fair value per Restricted Stock unit (RSU) is equal to the volume weighted average share price on the date of grant i.e. 1 April 2023 (1 April 2022, 1 April 2021), adjusted for expected dividends during the vesting period. The fair value per RSU is 10,299 DKK (2022: DKK 17,466 and 2021: DKK 14,793).
[2] Total fair value is at the time of grant.
[3] The weighted average share price at settlement was DKK 12,732 (2022: DKK 20,372, 2021: DKK 14,793)
[4] Transferred shares relate to employees who have moved from Svitzer to A.P. Møller – Mærsk A/S.

Note 5.2 — continued

Share based payments

Share options plan

In addition to the restricted shares, Executive Management and other key management personnel have a share option plan in A.P. Møller – Mærsk A/S. Each share option granted is a call option to buy an existing B share nominal DKK 1,000 in A.P. Møller – Mærsk A/S. The share options are granted at an exercise price corresponding to 110% of the average of the market price on the first five trading days following the release of A.P. Møller – Mærsk A/S' most recent Annual Report. Exercise of the share options is contingent upon the option holder still being employed at the time of vesting, which takes place when three years have passed from the date of grant.

The share options can then be exercised when at least three years and no more than seven years have passed from the date of the grant. Special conditions apply regarding illness, death, and resignation as well as changes in A.P. Møller – Mærsk A/S' capital structure, etc.

The share options can only be settled in shares. The recognised remuneration expense related to the share option plan is DKK 2.1m (2022: DKK 2.3m, 2021: DKK 2.1m).

The average remaining contractual life of outstanding stock options as per 31 December 2023 is 6.2 years (2022: 6.2 years, 2021: 5.3 years) and the exercise price for outstanding stock options as per 31 December 2023 is DKK 7,605 to 25,096 (2022: 7,605 to 25,096, 2021: 7,605 to 13,754).

Outstanding share options	Members of the Executive Management No.	Other key management personnel and employees No.	Total No.	Average exercise price DKK	Total fair value DKK million
1 January 2023	1,241	1,361	2,602	13,452	
Granted	478	213	691	13,257	9
Exercised[1]	357	168	525	8,633	
Forfeited	-	491	491	15,327	
Transfer[2]	-	476	476	-	
Outstanding 31 December 2023	**1,362**	**439**	**1,801**	**14,318**	
Exercisable 31 December 2023	**266**	**-**	**266**	**8,309**	
1 January 2022	1,448	1,455	2,903	9,873	
Granted	241	296	537	25,096	10
Exercised[1]	448	390	838	7,998	
Outstanding 31 December 2022	**1,241**	**1,361**	**2,602**	**13,452**	
Exercisable 31 December 2022	**101**	**29**	**130**	**8,637**	
1 January 2021	1,235	1,128	2,363	8,670	
Granted	377	466	843	13,754	14
Exercised[1]	164	139	303	9,988	
Outstanding 31 December 2021	**1,448**	**1,455**	**2,903**	**9,873**	
Exercisable 31 December 2021	**142**	**-**	**142**	**9,941**	

1 The weighted average share price at the dates of exercise of share options exercised in 2023 was DKK 12,674 (2022: DKK 19,833, 2021: DKK 16,490).
2 Transferred shares relate to employees who have moved from Svitzer to A.P. Møller – Mærsk A/S.

Note 5.3

Commitments

Lease commitments (DKK m)	
2023	
Within one year	4
Total	**4**
2022	
Within one year	10
Total	**10**
2021	
Within one year	17
Between two and five years	8
Total	**25**

Capital commitments (DKK m)	**Total**
2023	
Capital commitments relating to acquisition of non-current assets	291
Total capital commitments	**291**
2022	
Capital commitments relating to acquisition of non-current assets	767
Total capital commitments	**767**
2021	
Capital commitments relating to acquisition of non-current assets	513
Total capital commitments	**513**

Newbuilding programme at 31 December 2023 (DKK m)	**2024**	**Total**
Vessels (number of assets)	10	10
Capital commitment relating to newbuildings	291	291

Newbuilding programme at 31 December 2022 (DKK m)	**2023**	**2024**	**Total**
Vessels (number of assets)	21	2	23
Capital commitment relating to newbuildings	743	24	767

Newbuilding programme at 31 December 2021 (DKK m)	**2022**	**2023**	**Total**
Vessels (number of assets)	8	6	14
Capital commitment relating to newbuildings	375	131	506

Short-term and low-value leases

As part of the Group's activities, customary agreements are entered into regarding the charter and operating leases of vessels, port facilities, etc.

Capital Commitments

Capital commitment of DKK 291m (2022: 767m, 2021: 513m) primarily relate to investments of 10 (2022: 23, 2021: 14) new building vessels.

Note 5.4

Contingent liabilities

Class of contingent liabilities (DKK m)	**2023**	**2022**	**2021**
External guarantees	6	6	5
Disputed cases-claims and litigations	87	84	76
Liabilities jointly liable with other venturers of joint ventures	9	-	2
Tax issues	45	46	51
Contingent liabilities	**147**	**136**	**134**

The Group is involved in several legal cases, tax, and other proceedings arising in the ordinary course of business, which are subject to inherent uncertainty. Disputed cases include ongoing unsettled lawsuits, tax issues refer to ongoing tax disputes with tax authorities. 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.
Tax may crystallise on repatriation of dividends. Through participation in a joint taxation scheme with A.P. Møller Holding A/S, the Danish companies are jointly and severally liable for taxes payable, etc., in Denmark.

Note 5.5

Cash flow specifications

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 net of bank overdrafts where overdraft facilities form an integral part of Svitzer's cash management.

(DKK m)	**2023**	**2022**	**2021**
Change in working capital			
Inventories	-7	-36	-23
Trade receivables	-182	-106	-58
Trade payables	55	-44	-1
Other working capital movements	29	-	-22
Exchange rate adjustment of working capital	-9	-18	27
Total	**-113**	**-205**	**-77**
Purchase of intangible assets and property, plant and equipment			
Purchase of intangible assets	-	-20	-23
Purchase of property, plant and equipment, own	-1,490	-1,119	-918
Cost of property, plant and equipment, leased	-	-	-
Change in payables to suppliers regarding purchase of assets	25	-15	-3
Capitalised borrowing costs	-	1	-
Total	**-1,465**	**-1,153**	**-944**

Note 5.6

Related parties

(DKK m)	Controlling parties			Associated companies			Joint Ventures		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Income statement									
Revenue	663	534	454	-	-	-	-	-	-
Operating costs	-52	-96	-178	-	-	-	-	-	-
Financial items	88	13	1	-	-	-	-	-	-
Other	-25	-27	-29	-	-	-	-	-	-
Assets									
Loans receivable, non-current	58	56	-	-	-	-	-	-	-
Trade receivables	99	76	57	-	-	-	-	-	-
Loans and other receivable, current	2,593	3,188	2,870	-	-	-	-	-	-
Cash and bank balances	12	1	0	-	-	-	-	-	-
Liabilities									
Bank and other credit institutions, etc, non- current	486	459	88	-	-	-	-	-	-
Bank and other credit institutions, etc, current	5,745	347	635	-	-	-	-	-	-
Trade payables	5	3	61	-	-	-	-	-	-
Other	12	8	2	-	-	-	-	-	-
Purchase of property, plant and equipment, etc,	-	-	-	-	-	-	-112	-	-
Sale of companies, property, plant and equipment, etc,	178	-	-	-	-	-	-	-	-
Capital Increase	-	-	37	-	-	-	-	-9	-
Dividends earned	-	-	-	15	10	6	163	121	107
Dividends distributed	-6,200	-13	-11	-	-	-	-	-	-

Reference is made to Note 2.2 for the remuneration to the Executive Management and other key management personnel and Note 5.2 for share options and restricted shares.

A.P. Møller – Mærsk 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.

Note 5.7

Subsequent events

On 8 February 2024, A.P. Møller – Mærsk A/S announced that it has decided to initiate a seperation of Svitzer through a demerger and a separate public listing of Svitzer on Nasdaq Copenhagen A/S following the anticipated signing and publication of statutory demerger documents on or around 22 March 2024. The Board of Directors of A.P. Møller – Mærsk A/S intends to propose the demerger for approval by the A.P. Møller – Mærsk A/S shareholders at an extraordinary general meeting expected to be held on 26 April 2024. The anticipated first date of trading for the shares of Svitzer Group on Nasdaq Copenhagen is on 30 April 2024.

Company Overview

Company	Country of incorporation	Owned share (in %)
Subsidiaries		
Adsteam Agency Pty. Ltd.	Australia	100
Adsteam Agency (PNG) Ltd.	Papa New Guinea	100
Adsteam Marine Pty. Ltd.	Australia	100
Em. Z. Svitzer A/S	Denmark	100
Felixarc Marine Ltd.	United Kingdom	100
OOO Svitzer Sakhalin Terminal Towage	Russian Federation	100
P/F Svitzer Faroe Islands	Faroe Islands	100
Port Towage Amsterdam B.V.	Netherlands	100
Svitzer Africa Pty. Ltd.	South Africa	100
Svitzer Americas Company S.A.	Panama	100
Svitzer Americas Terminal Towage, S.A.	Panama	100
Svitzer Angola Lda	Angola	60
Svitzer Angola Shipowners BVI Ltd.	British Virgin Islands	60
Svitzer Argentina S.A.U.	Argentina	100
Svitzer Asia Pte. Ltd.	Singapore	100
Svitzer Australasia Group Limited Partnership	Australia	100
Svitzer Australasia Holdings Pty. Ltd.	Australia	100
Svitzer Australasia Services Pty. Ltd.	Australia	100
Svitzer Australia Pty. Ltd.	Australia	100
Svitzer Bahamas Ltd.	Bahamas	100
Svitzer Bahrain WLL	Bahrain	100
Svitzer Brasil Serviços Marítimos Ltda.	Brazil	100
Svitzer Canada Ltd.	Canada	100
Svitzer Caribbean A/S	Denmark	100
Svitzer Contracting Pty Limited	Australia	100
Svitzer Costa Rica S.A.	Costa Rica	100
Svitzer Egypt LLC	Egypt	86
SVITZER EuroMed B.V.	Netherlands	100
SVITZER Europe Holding B.V.	Netherlands	100
Svitzer Georgia LLC	Georgia	100
Svitzer Growth Projects Pty Ltd	Australia	100
Svitzer Hazira Pvt. Ltd.	India	100
Svitzer Hellas Maritime Company	Greece	100
Svitzer Idku SAE	Egypt	80
Svitzer India Pvt. Ltd.	India	100
Svitzer Joint Ventures Pty. Ltd.	Australia	100
Svitzer Latin Americas B.V.	Netherlands	100
Svitzer Liberia LLC	Liberia	100
Svitzer Marine Ltd.	United Kingdom	100
Svitzer Mexico S.A. de C.V.	Mexico	100
Svitzer Middle East Ltd.	British Virgin Islands	100
Svitzer Netherlands BV	Netherlands	100
Svitzer Panama Inc.	Panama	100
Svitzer Peru S.A.	Peru	100
SVITZER PNG Limited	Papa New Guinea	100
SVITZER Sakhalin B.V.	Netherlands	100
Svitzer Sakhalin Limited Liability Co.	Russian Federation	100
Svitzer Salvage Holding A/S	Denmark	100
Svitzer Sohar LLC	Oman	85
Svitzer Sur LLC	Oman	70
Svitzer Sverige AB	Sweden	100
Svitzer Tanger Med	Morocco	70
Svitzer Terminals Australia Pty Limited	Australia	100
Svitzer Terminals Limited	United Kingdom	100
Svitzer Towage A/S	Denmark	100
Svitzer Towage GmbH	Germany	100
SvitzerWijsmuller Halul LLC*	Qatar	100
Wijsmuller Groningen B.V.	Netherlands	100
Wijsmuller Salvage & Towage Argentina S.A.*	Argentina	100
Joint Ventures		
Adstan Tug Charters (Partnership)	Australia	50
Batangas Bay Towage, Inc	Philipines	40
Bowen Towage Services Pty. Ltd.*	Australia	50
Caribbean Tug & Barge S.A	Panama	50
Caucedo Marine Service S.A. (St. Lucia branch)	Saint Lucia	50
Caucedo Marine Service S.A. (St. Kitts)	Saint Kitts and Nevis	50
Caucedo Marine Service, S.A.	Panama	50
Caucedo Marine Service, S.A. (DR Branch)	Dominican Republic	50
Caucedo Marine Service, S.A. (USVI Branch)	United States Minor Outlying Islands	50
Coastal Tug & Barge Pty. Ltd.	Australia	50
Halifax Marine Towing General Partnership	Canada	50
Halifax Marine Towing Limited Partnership	Canada	50
Nakilat Svitzerwijsmuller Company W.L.L.	Qatar	30
Point Tupper Towing General Partnership	Canada	50
Point Tupper Towing Limited Partnership	Canada	50
Port Lincoln Tugs Pty. Ltd.	Australia	50
RiverWijs Burrup Pty. Ltd.	Australia	50
Riverwijs Pty. Ltd.	Australia	50
Riverwijs-Dampier Pty. Ltd.	Australia	50
Shenzhen Dapeng Svitzer Towage Company Ltd.	China	49
Svitzer Alireza Saudi Arabia Limited	Saudi Arabia	50
SVITZER Barbados Ltd	Barbados	50
Svitzer Caribbean Dominicana S.A.S	Dominican Republic	50
Svitzer Caribbean Harbour Services, S.A.	Panama	50
Svitzer Haiti S.A.	Haiti	35
Yantian Svitzer (Huizhou) Towage Company Ltd.	China	44
Associated companies		
Cenertech Svitzer Marine Service (Gunagdong) Co. Ltd.	China	49
CNOOC Zhuhai Shipping Services Co. Ltd	China	29
Qingdao Port Svitzer Towage Co. Ltd	China	45

* Refers to entities in liquidation

Governance

Management's Statement

The Group Annual Report – which, in accordance with Section 149 of the Danish Financial Statements Act, is an excerpt from the Company's complete Annual Report – does not contain the Financial Statements for the parent company, Svitzer A/S.

After adoption at the Annual General Meeting, the complete Annual Report can also be obtained from Danish Business Authority.

The following statements have been submitted by the Management and the Auditor for the complete Annual Report of Svitzer A/S.

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Svitzer A/S for the financial year 1 January – 31 December 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements 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 provides a true and fair view of the financial position as of 31 December 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

In our opinion, the Management's Review includes a fair review of the development in the operations and financial conditions 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 as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting in Copenhagen on 23 February 2024.

Copenhagen, 23 February 2024

Executive Management

Kasper Friis Nilaus
Chief Executive Officer

Knud Lind Winkler
Chief Financial Officer

Board of Directors

Morten H. Engelstoft
Chair

Robert M. Uggla
Vice Chair

Christine Brennet (Morris)

Peter Wikström

Independent Auditor's Report

To the Shareholder of Svitzer A/S

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 Svitzer A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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.

Independent Auditor's Report

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.

Hellerup, 23 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

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Definition of Terms

Technical terms, abbreviations and definitions of key figures and financial ratios.

A

ASD: Azimuth Stern Drive tug.

C

CAPEX or Gross CAPEX: CAPEX or Gross capital expenditure refers to cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments.

Calculated as (Frontline Learning Teams/No. of serious + HiPo events) x 100: All reported incidents to HMS are monitored for the actual severity and potential severity against the company safety risk matrix to assess for high-risk classifications. When it is likely that severe or fatal consequences were only avoided due to (i) slight differences in the work context normally present, (ii) dependence on one or week risk controls, and (iii) presence of luck rather than effective risk control, then less serious incidents are recorded as High Potential events. Once the classification is confirmed, a frontline learning team is planned and carried out with actions tracked to completion. Exemptions for legal privilege, external threat related and significant access challenges.

Calculated as Compliant Vessels/Valid Vessels: For vessel and crew safety we monitor the amount and type of drills completed on a monthly basis against the procedural requirements of the Svitzer Drill Matrix. If SOLAS mandatory drills (fire, abandon ship and MOB) are not completed on time, the score will be 0 regardless of other completed drills.

Calculated as Actions Closed on time / All Actions Due: The KPI measures on-time action closure rate against all HMS system generated actions including audit actions, safety meeting actions, and event improvement actions (except categories; workflow and vessel reoccurring actions). The KPI is a percentage of actions closed prior to or on the action due date against all generated valid system actions that have reached or passed the assigned due date.

Calculated as Compliant Vessels/Valid Vessels: Vessels must be attended by leaders or management on a monthly basis to engage and discuss safety. The KPI tracks basis of procedural requirements.

Change in Net Working Capital: The movement between the opening and closing balances in a period for inventory, trade receivables, other receivables, trade payables, other payables and any gains/losses with respect to working capital adjusted for non-cash and cash movement within the period.

CO_2 Intensity Reduction: The reduction percentage of carbon intensity (gCO_2e/kWh) that Svitzer A/S has realised compared to baseline year 2020 (129.62).

E

EBIT: Earnings Before Interest and Taxes.
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation.
EBITDA Margin: EBITDA divided by Revenue.

F

Free cash flow: Cash flow from operation activities, purchase-sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

FTE or average number of employees: The number of all equivalent full time employees (both onshore and offshore) employed by the Svitzer Group and its subsidiaries for a relevant financial period.

G

Gross profit: The sum of revenue, less variable costs and loss on debtors.

Growth CAPEX: CAPEX predominantly related to growth.

H

Harbour Towage: A towage service by tugboats to vessel owners or operators at various ports and harbours.

I

Invested capital: Segment operating assets less segment operating liabilities, including investments and deferred taxes related to the operation.

L

ListCo: The company that will be incorporated upon final approval by the shareholders of A.P. Møller – Mærsk A/S of the separation and demerger of the towage and marine services activities by contribution of A.P. Møller – Mærsk A/S' holding of shares in Svitzer A/S including its direct and indirect subsidiaries as well as certain other assets and liabilities to a newly incorporated Danish limited liability company to be named Svitzer Group A/S.

Lost Time Injury Frequency rate (LTIF): Calculated as (Number of LTI/Exposure Hours Reported) x 1m. LTI is a work-related injury, which is classified as a fatality, life altering injury (LAI) or lost workday case (LWC) that results in a person being unfit for work on the day after or shift after the day of occurrence of the occupational injury. This 'day' includes rest days, weekends, leave days, public holidays or days after ceasing employment. Fatalities, LAI and LWCs are included in LTI reporting. Exposure Hours are work hours for employees recorded within Svitzer Harmonised Management System and is used as the base for calculating this metric. The metric excludes associated companies.

N

Net interest-bearing debt: Equals interest-bearing debt, including lease liabilities less cash and bank balances as well as other interest bearing assets.

R

Return on equity after tax: Calculated as the profit/loss for the year divided by the average equity as at end of current year and prior year.

Return on invested capital after tax (ROIC): Profit/loss before financial items for the year (EBIT) less tax on EBIT divided by the average invested capital, last 12 months.

Revenue Growth: Increase in revenue over a financial period.

T

Terminal Towage: A towage service by tugboats dedicated to a specific terminal.

Total Recordable Incident Frequency rate (TRIF): Calculated as (Number of TRC/Exposure Hours Reported) x 1m. Total Recordable cases are the sum of fatalities, life altering injuries (LAI), lost workday cases (LWC), restricted work cases (RWC) and medical treatment cases (MTC). Exposure Hours are the work hours for employees recorded within HMS which is used as the base for calculating this metric. The metric excludes associated companies.

Tug Jobs (Harbour Towage) ('000): The number of harbour towage tug jobs performed by the Svitzer Group in a relevant financial period.

SVITZER

In accordance with section 149, paragraph 2 of the Danish Financial Statement Act, the Consolidated Annual Report 2023 is an excerpt from Svitzer's complete annual report. After adoption at the Annual General Meeting, the complete annual report can be obtained from the Danish Business Authority.

Forward-looking statements – risks and uncertainties

This annual report contains forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should", and similar expressions. The forward-looking statements in this annual report are based upon various assumptions, many of which are based, in turn, upon further assumptions.

Although Svitzer believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. These factors include general economic and business conditions, changes in exchange rates, demand for Svitzer's services, competitive factors within the global towage industry, operational issues in one or more of the company's markets and regions, and uncertainties regarding the purchase and divestment of businesses.

See also the annual report's Risk Management section on pages 50.

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