ANNUAL REPORT 2022

SAFETY & SUPPORT AT SEA

CVR no. 60 69 88 13

SAFETY & SUPPORT AT SEA

DO IT SAFELY. OR NOT AT ALL.

Making the sea a safe place to work has been ESVAGT's mission from day one. Safety is imbedded in our DNA, and today our safety commitment is as strong as ever.

SEE OUR WEBSITE

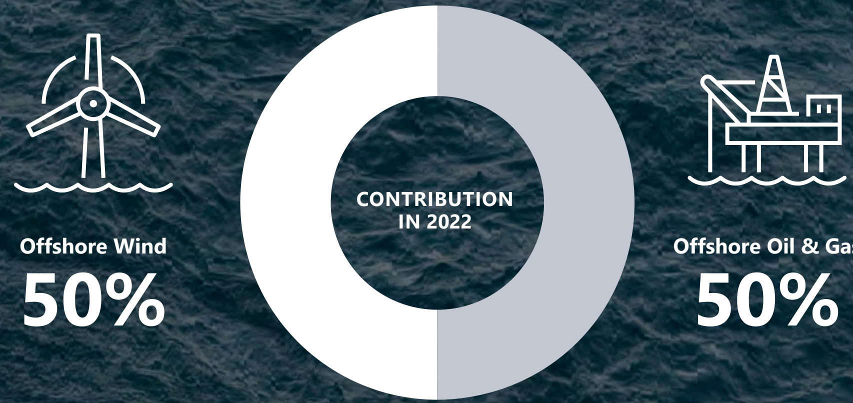
CONTENTS

OUR BUSINESS

ESVAGT was established in 1981 and today is a leading provider of safety and support at sea for the offshore wind and oil & gas industries.

ESVAGT's fleet comprises of 43 modern offshore support vessels built to the best standards and operated by more than 1,200 professional crew members all trained for safe and efficient operations in harsh weather conditions.

The services ESVAGT offers comprise of Service Operation Vessels (SOVs) supporting offshore wind farm operators, and Emergency Response and Rescue Vessels (ERRVs) working as stand by and service vessels for offshore oil & gas companies.



Revenue growth 2022
+26%

LTI's 2022
0

SOV / Total Fleet
9/43

Offshore Employees
+1,200

Walk-to-Work gangway transfers
337,975

Onshore Employees
+90

Boat transfers
247,271

Rescued people
149

MANAGEMENT REVIEW

CEO statement

CONTINUING GROWTH - IN TURBULENT CONDITIONS

2022 was an excellent year for ESVAGT. With 26% revenue growth, we demonstrated the growth potential of our business model. Future growth was secured by signing the world's first emission free vessel with Ørsted as well as successfully entering the US market in our joint venture with Crowley. We also successfully re-financed the company at attractive terms securing funding for further growth within the offshore wind segment.

26%

ESVAGT's revenue increased by 26% year-on-year.

During 2022 the geopolitical climate continued to be unstable fueled by the ongoing war between Russia and Ukraine and the threatening trade war between US and China. Sanctions against Russia were leading to shortage of oil and gas in Europe and energy prices increased significantly across the world. Also, the inflation and interest rates increased during second half of 2022 impacting most of the world economies negatively. ESVAGT managed however in these turbulent conditions to deliver a very satisfying result and secure a new seven-year loan at attractive terms. The loan was secured through a consortium of leading international banks and will allow ESVAGT to both re-financed its existing debt and further grow the SOV business within the renewable offshore wind segment.

Peter Lytzen
CEO, ESVAGT A/S

"

In the US our joint effort with Crowley entering the Jones Act regulated SOV market paid-off and a 15-year firm contract with SiemensGamesa was successfully secured for a state-of-the-art SOV servicing the Dominion operated Energy's Coastal Offshore Wind Park, situated off the coast of Virginia. With a solid long-term contract the partnership has created an ideal platform for further growth in the US and jointly we are expecting to bid for more SOV projects in the near-term future."

From an operational perspective 2022 was also a positive year without any serious incidents and with good operational performance across the fleet. In the ERRV segment the positive development seen in second half of 2021 continued with high utilization and improving day-rates. Consequently, it was decided to take advantage of the market and re-activate ESVAGT CONNECTOR having been in lay-up in Grenå, Denmark for the last two years. The re-activation was executed as planned and ESVAGT CONNECTOR is now actively trading within the offshore spot market.

The ERRV vessels on long contracts were all extended for the next couple of years providing a high degree of visibility, both operationally and financially. This Includes an extension of ESVAGT BERGEN, ESVAGT STAVANGER, ESVAGT AURORA, ESVAGT SERVER and ESVAGT OBSERVER.

The SOV fleet performed well during 2022 and all SOV's were deployed on long contracts, except ESVAGT FROUDE which we instead managed to secure good coverage for in the busy SOV spot market with very limited idle time in between the contracts.

In the US our joint effort with Crowley entering the Jones Act regulated SOV market paid-off and a 15-year firm contract with SiemensGamesa was successfully secured for a state-of-the-art SOV servicing the Dominion operated Energy's Coastal Offshore Wind Park, situated off the coast of Virginia. With a solid long-term contract the partnership has created an ideal platform for further growth in the US and jointly we will in the future bid for more SOV projects.

The journey towards zero CO_2 emission by 2050 continued with construction of the first e-methanol fueled SOV in the world. The SOV will service Ørsted's Hornsea Wind Park project in the UK and start operations end of 2024.

Tests onboard existing vessels using biofuel as an alternative to conventional marine fuel were successfully carried out during 2022 and a framework agreement has been made with a key supplier of co-processed marine fuel which can be offered ESVAGT's customers as an environmentally friendly alternative to the conventional marine fuel.

In Esbjerg, an agreement has been made with the harbor authorities to conduct tests in 2023 using mobile hydrogen fuel cells skids for the supply of shore power to the vessels during port call. If successful, the new technology can be used as an alternative to the domestic power grid and thereby eliminate all CO_2 emissions when the vessels are at port.

Looking ahead our predictions for 2023 continue to be positive with expected high activity levels in the oil and gas segment (ERRV's) and continued growth in the offshore wind segment (SOV's). Both activities driven by a short term need for replacing the oil and gas supplies from Russia with alternative sources – like the North Sea - and longer term, by replacing fossil fuels with renewable alternatives, like offshore wind.

Peter Lytzen
CEO, ESVAGT A/S

HIGHLIGHTS 2022

ESVAGT's US Joint Venture, CREST, awarded first major offshore contract in the US for Coastal Virginia Offshore Wind.
Crowley, a privately held, U.S.-owned and -operated maritime, energy and logistics solutions company and ESVAGT, will jointly build and operate a Service Operation Vessel (SOV) under a long-term charter with Siemens Gamesa Renewable Energy. The SOV will feature state-of the art technologies to support the U.S. clean wind energy market.

Søren Karas, CSCO of ESVAGT:
"We are excited to bring our decades of offshore wind experience to bear in a new market through our CREST JV with the premier Jones Act operator, Crowley. Together, we can offer an unparalleled solution to the wind industry and are delighted that Siemens Gamesa have recognized this."

See more

ESVAGT CORNELIA rescues an exhausted Norwegian sailor
The crew at 'ESVAGT Cornelia' responded a distress call from SOLA to check on a Norwegian sailor in the Balder field in the Norwegian Sector. Great work from the crew, who reacted on the emergency call. Good training in rapid response, strong communication on board, FRB evacuation, hospital examination of distressed and mental first aid, towing and subsequent helicopter evacuation. Really good collaboration and accurate reporting ended a great effort. Bravo Zulu, 'ESVAGT Cornelia'!

See more

Vestas appoints ESVAGT best offshore partner
ESVAGT is delighted and honored to be presented with the 'Best Partner for Offshore' by Vestas Northern and Central Europe at the VESTAS - NCE Regional Supplier Day 2023 in Hamburg.

'Best Partner for Offshore' awards achievement related to 'Quality, Safety, Performance and Competitiveness', all parameters very close to the ESVAGT heart and DNA.

See more

New ESVAGT vessel provides fewer emissions and more streamlined logistics for TotalEnergies' North Sea activities
The agreement, which is commercially historically large for ESVAGT, rethinks the operational and logistical infrastructure in the North Sea. Specifically, this means that compared to before, more functions and tasks are concentrated on fewer vessels. That part of the new infrastructure alone will lead to fewer emissions from the logistical part of the North Sea operation.

See more

ESVAGT part of the consortium behind project Greensand where CO_2 is stored in the underground of the North Sea
With ESVAGT's 40 years of experience operating at the North Sea, we can provide our high level of Support and Safety at sea in the Project Greensand. ESVAGT furthermore providing the platform for the seismic measurements of the CO_2 storage possibilities together with the consortium partners, before injection and storage of the CO_2 can be made in the Danish underground. Project Greensand is the most mature project for storage of CO_2 in the North Sea with the possibility of storing up to 1.5 million tonnes of CO_2 per year in 2025/2026 and up to 8 million tonnes of CO_2 per year in 2030.

See more

BUSINESS PERFORMANCE

ESVAGT delivers safety and support at sea making the sea a safe place to work. This is being carried out with our efficient fleet of Service Operation Vessels (SOVs) which provides services for the Offshore Wind industry and with our Emergency Response and Rescue Vessels (ERRVs) which is servicing the drilling rigs and production platforms of the Oil and Gas production.

EXPECTATIONS FOR 2023

ESVAGT look into a positive and continuing growth within the offshore market which leads to a fully utilized fleet and good market conditions. The human and political will to develop more renewable energy and secure more alternative energy and gas supply from non-belligerent or oppressive regimes drives the demand for ESVAGTS two core businesses.

Despite the exceptional high inflation and interest levels and without any planned fleet expansion, ESVAGT still expects to deliver a solid result in 2023. ESVAGT can thereby focus on optimizing the operational and financial setup and prepare for the growth plans already initiated and partly secured.

Wind

The existing SOV fleet is primarily on long-term contracts and operates with stable and safe services for all our clients. This gives ESVAGT a well-established position in the European offshore wind sector, which again gives a good foundation for future expansion of the SOV activities in Europe and emerging markets. This already proven by the two contracted SOV's under construction and several ongoing tender-processes throughout the year. Especially having secured the first long term contract in the US with our highly reputed joint venture partner Crowley, gives ESVAGT a good position to expand with the fast-growing offshore wind business in US.

Oil and Gas

The geopolitical conditions have increased the demand for Oil and Gas from other sources than Russia, which have intensified and sustained the activity levels in the

0.55%

Strong operational performance
0.55% Unplanned breakdown – against KPI of 0.90%

North Sea. This provides good market conditions for our existing and efficient ERRV fleet, which serves a wide range of clients and services. The fleet operates with many years of experience and several clients have renewed or extended the contracts, this together with a positive outlook in the spot market secures the business and margins for the coming years.

ACTIVITY FOR 2022

Result for the year

The Revenue for ESVAGT in 2022 was MDKK 1,364 against MDKK 1,081 in 2021. This generated a net result for the year of MDKK -16 compared to a net result of MDKK 151 in 2021. Revenue increased especially due to full year impact from new vessels, re-activation, modification and fast recovering market rates in the ERRV segment. Net result highly impacted by the extraordinary cost from the refinancing of the loan package complaint to the future growth plans.

Even though operating in very turbulent markets, highly impacted by macro and political changes the EBITDA is still in line with the predictions given for the year. The Covid-19 still impacted the operation at sea and the inflation and high interest rates push the cost levels to extraordinary heights. However, ESVAGT's proved to be quite resistant and well-structured to maneuver in these conditions and managed to achieve a highly satisficing result for 2022.

The refinancing process came of course with a cost, but was negotiated and executed in due time and gives ESVAGT good conditions for the continuing growth. A journey which already manifested by to new pioneering contracts signed in 2022. One will be the first e-methanol fueled SOV to servicing Orsted on a 15-year contract and one will be the first SOV in our newly established joint venture with Crowley in the US, servicing SiemensGamesa on a 15-year contract.

Market and activities

The whole fleet have been positively utilized and especially the ERRV market have recovered well and benefited from the radical changes in the geopolitical situations in Europe which have had derivative impacts on the increasing and changing demand for energy.

Wind

The wind market continuously evolves in a positive trend as several offshore wind projects is ongoing and more is announced to be developed the coming years. The existing SOV fleet is more or less all on long-term contracts with steady performance and a minor delayed escalation impact from the high inflation.

Oil and Gas

The North Sea ERRV market continuously improving and especially spot markets are highly attractive given the renewed focus on oil and gas supply. This have resulted in several contract renewals, re-activation of a vessel in lay-up and chartered in tonnage to meet the high demands in the market.

Development activities

During 2022 ESVAGT held expenses of MDKK 4.0 (2021: MDKK 2.9) mainly relating to IT projects.

Financial risks

A consolidated overview of the ESVAGT Groups financial risks is included in note 25.

Sustainability

ESVAGT's constant strive for more sustainable solutions strengthen by contract signing of the first ever CO_2 neutral SOV new build to be delivered in 2024.

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Saved lives since early 1980s

Statutory statement regarding environment, social issues and governance in accordance with section 99a of the Danish Financial Statements Act

For our statutory statement regarding environment, social issues and governance, we refer to our 2022 Sustainability & ESG Report.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

For our statutory statement regarding the underrepresented gender, we refer to our 2022 Sustainability & ESG Report.

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

For our statutory statement regarding the policy on data ethics policy can be found here.

SUSTAINABILITY & ESG REPORT 2022

Read our report here

KEY FIGURES FOR THE CONSOLIDATED GROUP

5 YEARS KEY FIGURES

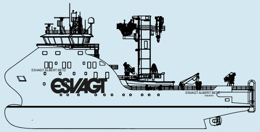
TDKK	**2022**	2021	2020	2019*	2018
Profit and loss accounts					
Net revenue	1,364,473	1,080,683	976,788	1,028,568	985,695
Profit before financial items	190,311	239,219	-161,390	89,964	95,011
Net financials	-205,993	-87,669	-84,112	-81,748	-93,745
Profit for the year	-16,159	150,709	-246,140	14,353	1,012
Balance sheet					
Total assets	5,514,795	5,009,039	4,199,245	4,190,808	4,153,013
Equity	2,277,111	2,150,584	1,752,137	1,762,940	1,740,471
Investment in property, plant and equipment	502,402	670,122	405,926	403,263	607,285
Key ratios					
Profit margin %	14%	22%	-17%	9%	10%
Return on equity %	-1%	8%	-14%	1%	0%
Equity ratio %	41%	43%	42%	42%	42%

* The company has adopted IFRS 16 as per 1.1.2019, the comparative figures for 2018 have not been adjusted.

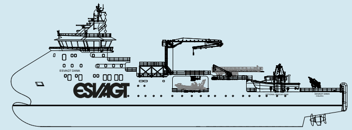
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

NEW BUILD VESSELS FROM 2016 TO 2022

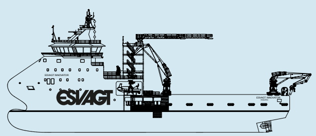
ESVAGT Albert Betz



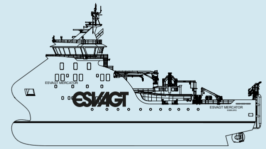
ESVAGT Dana



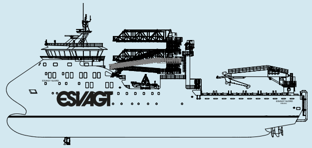
ESVAGT Innovator



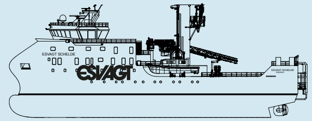
ESVAGT Mercator



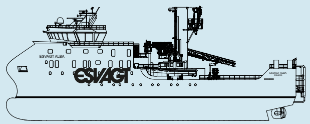
ESVAGT Njord



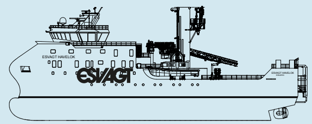
ESVAGT Schelde



ESVAGT Alba

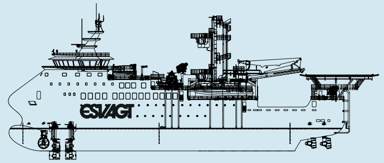


ESVAGT Havelok

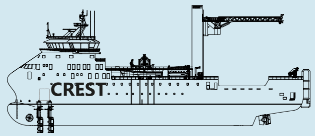


NEW BUILD VESSELS UNDER CONSTRUCTION

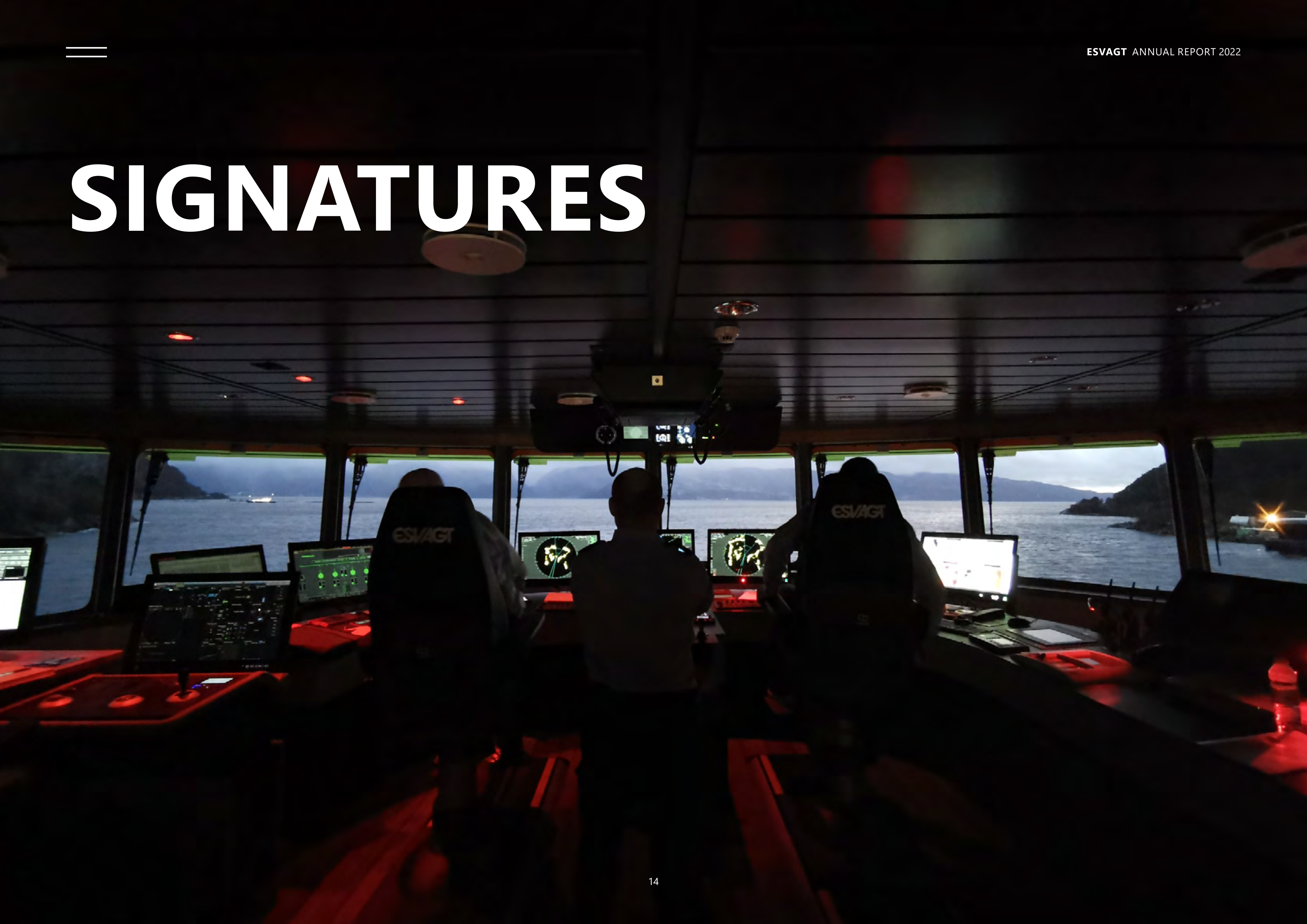
New build (EU) Hull-1094



New build (US) Hull-793



SIGNATURES



MANAGEMENT'S STATEMENT

The Executive Management and Board of Directors have today considered and adopted the Annual Report of ESVAGT A/S for the financial year 1 January – 31 December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January – 31 December 2022.

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

Esbjerg, 26 April 2023

Executive Management

Peter Lytzen
Chief Executive Officer

Kristian Ole Jakobsen
Deputy Chief Executive Officer

Board of Directors

Jakob Bo Thomasen
Chairman

Søren Poulsgaard Jensen

Scott B. M. Moseley

Lars Oscar Tylegård

Henrik Gorzelak Pedersen

Jess Høeg

To the Shareholder of ESVAGT A/S

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ESVAGT A/S for the financial year 1 January - 31 December 2022, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Esbjerg, 26 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Palle H. Jensen
State Authorized Public Accountant
mne32115

FINANCIAL STATEMENTS

Consolidated and parent company financial statements

STATEMENT OF PROFIT AND LOSS

		GROUP		PARENT	
TDKK	Note	**2022**	2021	**2022**	2021
Net revenue	3	1,364,473	1,080,683	1,361,219	1,077,894
Other income		4,593	724	4,593	724
Other operating expenses		-460,539	-332,046	-460,090	-331,764
Gross profit		**908,527**	**749,360**	**905,722**	**746,854**
Staff expenses	4	-435,044	-384,578	-433,385	-382,946
Share of profit/loss in subsidiaries		0	0	975	684
Share of profit/loss in joint ventures	22	-8	-6	-8	-6
Profit before special items, depreciation, amortization and financial items etc.		**473,475**	**364,776**	**473,304**	**364,586**
Special items	5	-67	-45,566	-67	-45,566
Profit before depreciation, amortisation and financial items etc.		**473,408**	**319,210**	**473,237**	**319,021**
Amortisation, depreciation and impairment losses	6	-283,096	-79,992	-283,096	-79,992
Profit/loss before financial items		**190,311**	**239,219**	**190,140**	**239,029**
Financial income	7	46,269	7,704	46,216	7,782
Financial expenses	8	-252,263	-95,372	-252,290	-95,403
Profit/loss before income tax		**-15,682**	**151,550**	**-15,934**	**151,409**
Tax	9	-477	-841	-220	-694
Profit/loss for the year		**-16,159**	**150,709**	**-16,154**	**150,715**
Profit is attributable to:					
Non-controlling interests		-6	-6	0	0
Owners of ESVAGT A/S		**-16,154**	**150,715**	**-16,154**	**150,715**

STATEMENT OF COMPREHENSIVE INCOME

		GROUP		PARENT	
TDKK	Note	**2022**	2021	**2022**	2021
Profit for the year		**-16,159**	**150,709**	**-16,154**	**150,715**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange diff. on translation of subsidiaries		-792	919	-792	919
Cash flow hedges:					
Value adjustment of hedges for the year		5,136	-6,891	5,136	-6,891
Interest rate swaps		127,818	0	127,818	0
Reclassified to income statement					
- revenue		12,240	1,072	12,240	1,072
- financial expenses		-1,729	3,683	-1,729	3,683
Reclassified to non-current assets		0	14,210	0	14,210
Other comprehensive income for the year, net of tax		**142,672**	**12,994**	**142,672**	**12,994**
Total comprehensive income for the year		**126,513**	**163,702**	**126,518**	**163,708**
Profit is attributable to:					
Non-controlling interests		-6	-6	0	0
Owners of ESVAGT A/S		**126,518**	**163,708**	**126,518**	**163,708**

Consolidated and parent company financial statements

BALANCE SHEET - ASSETS

		GROUP		PARENT	
TDKK	Note	**2022**	2021	**2022**	2021
Development projects		5,754	8,887	5,754	8,887
Intangible assets	**10**	**5,754**	**8,887**	**5,754**	**8,887**
Vessels	11	4,311,979	4,187,745	4,311,979	4,187,745
Other operating equipment and fixtures	11	11,984	995	11,984	995
Buildings on leased land	11	35,114	37,651	35,114	37,651
Prepayments for tangible assets	11	199,396	89,071	199,396	89,071
Right-of-use assets	18	247,399	255,178	247,399	255,178
Tangible assets		**4,805,872**	**4,570,641**	**4,805,872**	**4,570,641**
Investment in subsidiaries		0	0	14,642	14,430
Investment in joint ventures	22	0	0	0	0
Investments in other entities		**0**	**0**	**14,642**	**14,430**
Total non-current assets		**4,811,626**	**4,579,529**	**4,826,267**	**4,593,959**
Bunker oil and other consumables	13	24,457	16,199	24,457	16,199
Inventories		**24,457**	**16,199**	**24,457**	**16,199**
Trade receivables	14	198,367	157,825	153,158	129,462
Receivables from parent company		5,874	5,148	5,874	5,148
Receivables from Group companies		29	0	117,957	40,816
Derivatives and interest rate swaps		132,540	0	132,540	0
Other receivables		12,761	9,712	12,749	9,679
Prepayments		11,196	11,267	11,166	11,262
Receivables		**360,767**	**183,952**	**433,446**	**196,367**
Cash and cash equivalents		**317,945**	**229,359**	**231,935**	**204,397**
Total current assets		**703,169**	**429,511**	**689,838**	**416,961**
Total assets		**5,514,795**	**5,009,039**	**5,516,105**	**5,010,920**

LIABILITIES

		GROUP		PARENT	
TDKK	Note	**2022**	2021	**2022**	2021
Share capital	15	2,200	2,200	2,200	2,200
Other reserves		130,724	-11,948	136,478	-3,061
Retained earnings		2,143,928	2,160,068	2,138,174	2,151,180
Equity attributable to owners of ESVAGT		**2,276,852**	**2,150,320**	**2,276,852**	**2,150,320**
Non-controlling interests		259	265	0	0
Total equity		**2,277,111**	**2,150,584**	**2,276,852**	**2,150,320**
Deferred tax liabilities	16	0	8	0	0
Bank and credit institutions, non current	17	2,829,283	1,737,750	2,829,283	1,737,750
Lease liabilities, non current	18	180,118	220,720	180,118	220,720
Other non current liabilities		1,937	2,690	1,937	2,690
Derivatives, non current	20	0	1,255	0	1,255
Total non-current liabilities		**3,011,338**	**1,962,423**	**3,011,338**	**1,962,415**
Bank and credit institutions, current	17	0	711,450	0	711,450
Lease liabilities, current	18	43,714	37,008	43,714	37,008
Received prepayments		11,164	11,682	11,164	11,682
Trade payables		87,078	73,419	87,029	73,380
Payables to Group companies		0	0	1,675	2,012
Income tax liabilities		764	494	693	675
Other payables		83,626	51,802	83,641	51,803
Derivatives, current	20	0	10,177	0	10,177
Total current liabilities		**226,346**	**896,032**	**227,915**	**898,187**
Total liabilities		**3,237,684**	**2,858,454**	**3,239,253**	**2,860,602**
Total equity and liabilities		**5,514,795**	**5,009,039**	**5,516,105**	**5,010,920**

Consolidated and parent company financial statements

STATEMENT OF CHANGES IN EQUITY

	GROUP						
TDKK	**Share Capital**	**Reserve for Foreign Currency Translation**	**Cash Flow Hedges**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
Equity at 01.01.2021	**2,100**	**-1.477**	**-23,465**	**1,774,708**	**1,751,866**	**271**	**1,752,137**
Profit for the year	0	0	0	150,715	150,715	-6	150,709
Other comprehensive income	0	919	12,075	0	12,993	0	12,993
Total comprehensive income for the year	**0**	**919**	**12,075**	**150,715**	**163,708**	**-6**	**163,702**
Transactions with owners in their capacity as owners							
Dividends provided for or paid							
Capital increase	100	0	0	199,900	200,000	0	200,000
Long term incentive scheme	0	0	0	34,745	34,745	0	34,745
Equity at 31.12.2021	**2,200**	**-558**	**-11,390**	**2,160,068**	**2,150,320**	**265**	**2,150,584**
Profit for the year	0	0	0	-16,154	-16,154	-6	-16,159
Exchange diff. on translation of subsidiaries	0	-792	0	0	-792	0	-792
Interest rate swaps	0	0	127,818	0	127,818	0	127,818
Value adjustment of hedges for the year	0	0	5,136	0	5,136	0	5,136
Reclassified to income statement							
- revenue	0	0	12,240	0	12,240	0	12,240
- financial expenses	0	0	-1,729	0	-1,729	0	-1,729
Reclassified to non-current assets	0	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**-792**	**143,464**	**-16,154**	**126,518**	**-6**	**126,513**
Transactions with owners in their capacity as owners							
Group subsidy	0	0	0	14	14	0	14
Equity at 31.12.2022	**2,200**	**-1,350**	**132,074**	**2,143,928**	**2,276,852**	**259**	**2,277,111**

Consolidated and parent company financial statements

STATEMENT OF CHANGES IN EQUITY

	PARENT					
TDKK	**Share Capital**	**Reserve for Foreign Currency Translation**	**Cash Flow Hedges**	**Development Cost Reserve**	**Retained Earnings**	**Total Equity**
Equity at 01.01.2021	**2,100**	**-1,476**	**-23,464**	**9,671**	**1,765,036**	**1,751,866**
Profit for the year	0	0	0	-784	151,499	150,715
Other comprehensive income	0	919	12,074	0	0	12,994
Total comprehensive income for the year	**0**	**919**	**12,074**	**-784**	**151,499**	**163,708**
Transactions with owners in their capacity as owners						
Capital increase	100	0	0	0	199,900	200,000
Long term incentive schemes	0	0	0	0	34,745	34,745
Equity at 31.12.2021	**2,200**	**-558**	**-11,390**	**8,887**	**2,151,180**	**2,150,320**
Profit for the year	0	0	0	-3,133	-13,020	-16,154
Exchange diff. on translation of subsidiaries	0	-792	0	0	0	-792
Interest rate swaps	0	0	127,818	0	0	127,818
Value adjustment of hedges for the year	0	0	5,136	0	0	5,136
Reclassified to income statement	0					
- revenue	0	0	12,240	0	0	12,240
- financial expenses	0	0	-1,729	0	0	-1,729
Reclassified to non-current assets	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**-792**	**143,464**	**-3,133**	**-13,020**	**126,518**
Transactions with owners in their capacity as owners						
Group subsidy	0	0	0	0	14	14
Equity at 31.12.2022	**2,200**	**-1,351**	**132,075**	**5,754**	**2,138,175**	**2,276,852**

Consolidated and parent company financial statements

CASH FLOW STATEMENT

TDKK	Note	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Profit before depreciation, amortisation and financial items etc.		473,408	319,210	473,237	319,021
Other expenses		-4,151	-2	-4,151	-2
Long Term Incentive Scheme		0	34,745	0	34,745
Adjustment for non-cash transactions		0	59	0	59
Change in working capital	24	-26,276	-26,563	-87,274	-30,348
Share of profit/loss in subsidiaries		0	0	-975	-684
Share of profit/loss in joint ventures		8	6	8	6
Cash flows from operating activities before financial income and expenses		**442,989**	**327,455**	**380,845**	**322,797**
Financial income received		1,323	102	1,354	102
Financial expenses paid		-285,495	-98,350	-285,519	-98,380
Income taxes paid		-224	-697	-202	-269
Net cash flow from operating activities		**158,592**	**228,510**	**96,478**	**224,250**

TDKK	Note	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Payments for intangible assets and property, plant and equipment		-501,423	-662,884	-501,423	-662,883
Sale of intangible assets and property, plant and equipment		4,402	2	4,402	2
Net cash flow from investing activities		**-497,021**	**-662,882**	**-497,021**	**-662,881**
Proceeds from loans from credit institutions		479,269	150,000	479,269	150,000
Principle element of lease payments		-43,817	-17,966	-43,817	-17,966
Working capital contribution		0	6,695	0	6,695
Share Capital and Share Premium paid		14	200,000	0	200,000
Cash flow from financing activities		**435,466**	**338,729**	**435,452**	**338,729**
Net cash flow for the year		**97,037**	**-95,643**	**34,909**	**-99,904**
Effects of exchange rate changes on cash and cash equivalents		-8,451	8,986	-7,370	8,003
Cash and cash equivalents, beginning of the year		229,359	316,016	204,397	296,298
Cash and cash equivalents, end of the year		**317,946**	**229,359**	**231,935**	**204,397**

INDEX OF NOTES

Note 1

ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2022 comprise the consolidated financial statement of the parent company ESVAGT A/S and subsidiaries controlled by the parent company (the group) and the separate financial statements of the parent company and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act. The annual report has been approved by the Board of Directors at its meeting on 26 April 2023.

The annual report will be presented to the shareholders of ESVAGT A/S for approval at the annual General Meeting.

Measurement basis
The consolidated and separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

New and amended standards adopted by the group
The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted
Certain new accounting standard and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future periods and on foreseeable transactions.

Basis of consolidation
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Consolidation is performed by summarizing the financial statements of the parent company and its subsidiaries which have been prepared in accordance with ESVAGT A/S accounting policies. On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries are included as part of ESVAGT A/S profit and equity respectively but shown as separate items.

Foreign currency translation
Functional and presentation currency
Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The functional currency of the Parent company, ESVAGT A/S is DKK.

The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
b. Income and expenses for each income statement are translated at average exchange rates; and
c. All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Note 1 – continued

ACCOUNTING POLICIES

Derivatives
Derivatives are initially recognized at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange forwards are used to hedge the currency risk related to recognized and unrecognized transactions.

The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognized. The effective portion of changes in the value of derivative financial instruments used to hedge the value of the recognized financial assets and liabilities is recognized in the income statement together with changes in the fair value of the hedged assets or liabilities which can be attributed to the hedging relationship. The ineffective portion of hedge transaction are recognized in the income statement as financial income or expenses for interest and currency-based instruments.

Revenue recognition
ESVAGT provides support and services (ERRV and SOV) to the offshore industry comprising standby and emergency response and rescue, oil spill contingency, tanker assist, rig move and supply duties. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the days spent relative to the total number of days the contract covers. Furthermore, the group recognizes revenue for it's long-term contracts in a amount to which the group has a right to invoice.

Support and service contracts include multiple deliverables, such as charter, crew, fuel and services. Except for fuel, the deliverables are integrated in the services and cannot be provided separately. The services in a charter excluding fuel are therefore accounted for as one performance obligation. A part of the contract price is allocated to a separate performance obligation for fuel based on its stand-alone selling price, which is directly observable.

The contracts do not contain any variable elements.

Other income
Other income comprises of other activities, e.g. property rent and gains/losses of sales of fixed assets. Other income is recognized when the agreed service or asset is delivered, and the control has been transferred to the purchaser.

External expenses
External expenses comprise repair and maintenance, stores, vessel fuel, training and travel costs, expenses related to marketing, administration, office expenses, bad debt etc.

Staff expenses including pensions and similar liabilities
Staff expenses comprise wages and salaries, pensions, social security costs and other staff costs to the company's employees.

ESVAGT A/S has entered into pension and similar agreements with most employees. Obligations relating to defined contribution plans are recognized in the income statement in the period in which they are earned.

Special items
Special items comprise non-recurring income and expenses that are not considered to be part of ordinary operations such as Long Term Incentive Program, liquidated damages, strategic market investigations.

Amortization, depreciation and impairment
Amortization, depreciation and impairment comprise amortization, depreciation and impairment of intangible assets, property, plant and equipment and right-of-use assets.

Financial income and expenses
Financial income and expenses comprise interest income and expenses based on the effective interest rate method, realized and non-realized capital gains/losses on transactions in foreign currency, amortization of financial assets and liabilities etc.

Income tax and deferred tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

ESVAGT's vessels activities are subject to the tonnage taxation scheme under which the computation of taxable income includes an amount, calculated based on the fleet's tonnage.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax

Note 1 – continued

ACCOUNTING POLICIES

liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Development projects

Development projects comprise costs related to specific development projects. Development projects are capitalized when development projects imply a technical and/or operational advantage for ESVAGT and where the financial net present value of these projects exceeds the development expenses.

Intangible assets are measured at cost less of accumulated amortization and impairment losses.

Amortization is recognized in the income statement on a straight-line basis over the useful life, which is:

- Development projects: 3 years

Tangible assets

Premises on leased land, vessels, docking costs and other operating equipment and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Borrowing costs from specific as well as general borrowing directly related to assets with a long production period are attributed to costs during the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

- Premises on leased land: 20-30 years
- Vessels: Up to 35 years
- Docking costs: 2.5-5 years
- Other fixtures and fittings: 3-5 years

New build vessels are depreciated over 25-35 years. Used vessels are depreciated over a shorter period based on the vessel age upon time of purchase. Charter contracts related upgrades and other improvements are depreciated over expected useful life of 3-5 years.

Expenses for docking of vessels are recognized when incurred in the carrying amount of vessels and depreciated over the period until next docking.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account as other operating income or other operating costs.

Impairment of non-financial assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Tangible and intangible assets that are subject to amortization are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the group.

Note 1 – continued

ACCOUNTING POLICIES

Assets and liabilities arising from a lease are initially measured at present value of the lease payments. The lease payments include among other fixed payments and variable lease payments that are based on an index or a rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For all leases, the group has elected not to separate the lease and non-lease components and instead accounts for these as a single component.

The lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily determinable, the incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate and payments associated with leases with a lease term of 12 months or less and low-value assets are recognized as an expense in the income statement, included in other operating expenses.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 pandemic-related rent concession from a lessor is a lease modification. ESVAGT applies the IASB amendments to IFRS 16 in regard to rent concessions that simplify how lessee accounts for rent concessions that are direct consequence of Covid-19 and where all conditions of the practical expedient are met.

Investment in subsidiaries and joint ventures

Investments in subsidiaries

Investments in subsidiaries are in the separate financial statements of the parent company recognized according to the equity method (see below) after initially being measured at cost.

Investment in joint ventures

IFRS requires investments in joint arrangements to be classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. All investments over which the group has joint control are classified as joint ventures.

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognized at cost.

Applying the equity method

Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee. Dividends received or receivable from subsidiaries (separate financial statements of ESVAGT A/S only) and joint ventures are recognized as a reduction in the carrying amount of the investment.

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described above.

Inventories

Inventories comprise of bunkers and other consumables. Inventories are measured at cost according to the FIFO-method. Write-down is made to a possibly lower net realizable value.

Receivables

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost, which usually corresponds to the nominal value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Note 1 – continued

ACCOUNTING POLICIES

The expected loss rates are based on the payment profiles of historic sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GBP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Prepayments
Prepayments comprise various prepaid expenses such as prepaid insurance, subscriptions etc. Prepayments are measured at cost.

Cash and cash equivalents
Cash and cash equivalents comprise "Cash at bank and in hand".

Equity
Reserve for foreign currency translation
The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognized in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Cash flow hedges
The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized.

Dividend distribution
Dividends are recognized as a liability in the period in which they are adopted at the Annual General Meeting.

Development cost reserve
An amount equal to the total capitalized development costs after tax is recognized in equity in the Development cost reserve.

Bank and Credit institutions
Borrowings from credit institutions are initially recognized at fair value, net of transaction expenses incurred. Borrowings from credit institutions are subsequently measured at amortized cost. Any differences between the proceeds and the redemption value are recognized in the income statement over the period of the borrowings using the effective interest method.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Other liabilities
Other debt or liabilities covering trade payables and other debt are recognized at amortized cost, which is usually equivalent to the nominal value.

Statement of cash flow
The cash flow statement shows the Group's cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated by the indirect method using the profit before depreciation adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, payment of principal element of leases as well as payments to and from shareholders.

Consolidated Key Figures
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

Parent company's policy to account for mergers
Mergers between the parent company and its subsidiaries are accounted for by applying predecessor accounting. Hereby the parent company recognizes the assets and liabilities received at their values as included in the consolidated financial statements of the Group. Comparative figures are restated accordingly. The full-year results and cash flows of the merged subsidiaries (including comparative figures) are included in the parent company's income statement and cash flow statement.

Note 2

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group performs certain judgements and estimates concerning the future.

The estimates are performed based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

The judgement and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Judgements

Determination of cash generating units

Judgement is applied in determining the cash generating units (CGU's). Management has based on the specific capabilities of the vessels, split these into three CGU's;

- *Group 1: multi-role ERRV vessels are flexible and support the offshore oil & gas industry with a number of highly specialized services as a supplement to the ERRV functions: Anchor handling; Rig moves; Emergency towing; Cargo runs; ROV inspections and surveys; Barge work; Oil spill response and Fire-Fighting.*
- *Group 2/3: high-end fleet of ERRV vessels in Group 2 are all designed to operate worldwide and in harsh environments. They comply with all stand-by regulations in DK, UK, NL and N. The vessels are optimized on fuel consumption, capacity and size. Group 3 vessels are the pioneers of the ESVAGT fleet. They are particularly seaworthy and completely solid. Some of the vessels have already been upgraded with a number of welfare and technical improvements. They are approved to stand-by / ERRV duties in the Danish sector.*
- *Wind: Service Operation Vessels (SOV) are the cost-efficient choice for windfarms far from shore. The SOV offers onboard workshop, spare parts storage, crane and office facilities. Advanced transfer of technicians and spare parts to WTGs by ESVAGT Safe Transfer Boat or W2W gangway solutions.*

This also reflect how Management monitors the operations.

Management furthermore applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGU's.

Estimates

Useful life and residual values

The vessels are estimated to operate up to 35 years before they are taken out of the fleet. Some vessels operate longer than that, and the depreciations are calculated individually when the useful lives and residual values are reviewed and adjusted if appropriate, at the end of each year.

Impairment testing

Impairment testing is performed for each cash-generating unit as defined by our operational structure as described under judgement, if indicators of impairment exists.

For the impairment testing, a number of estimates are made regarding the expected development in day rates, utilization of vessels, future capital expenditures, discount rates, which are all included in the projected cash flows applied for the impairment testing.

These estimates are based on an assessment of current and future developments in the three cash-generating units and on historical data and future assumptions. Assessment of market trends as regards to day rates is supported by independent 3rd party reports from 2021.

The assumptions included in the value-in-use calculation are based on financial budgets and business plans approved by management.

Despite the high inflation, increasing interest rates and falling GBP and NOK rates, ESVAGT are in a favorable business position with high markets rates and long-term contracts with incorporated escalation principles, which means no impairment seen in the different CGU's. The result of the impairment testing is further disclosed in note 11 about Property, Plant and Equipment.

Note 3

REVENUE

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Support and safety activities, offshore oil & gas (over time)	760,934	622,833	757,700	620,052
Support and safety activities, offshore wind (over time)	491,294	401,475	491,294	401,475
Sale of fuel, offshore oil & gas (point in time)	79,242	37,331	79,222	37,324
Sale of fuel, offshore wind (point in time)	33,003	19,044	33,003	19,044
	1,364,473	**1,080,683**	**1,361,219**	**1,077,894**

The group has recognized the following assets and liabilities related to contracts with customers:

TDKK	**31 Dec 2022**	31 Dec 2021	1 Jan 2021
Group			
Current contract assets relating to charters	280	1,187	480
Current contract liabilities relating to charters	-11,164	-11,682	-7,529
Parent			
Current contract assets relating to charters	280	1,187	480
Current contract liabilities relating to charters	-11,164	-11,682	-7,529

The increase in contract liabilities in 2021 relates to mobilization costs received from customers prior to specific charters, which will be recognized as revenue during the secured contract length.

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Revenue recognised that was included in the contract liability at the beginning of the period	3,138	5,141	3,138	5,141

The group has taken the practical expedient in IFRS 15 not to disclose information about the aggregate amount of the transaction price allocated to its remaining performance obligations, as the group's contracts either has an original expected duration of one year or less; or as the group for its long-term contracts recognizes revenue in an amount to which the group has a right to invoice.

The invoicing is done a monthly basis reflecting the contracted day rate and the actuals days per month. Normal payment terms are running month +30 days or 45 days.

Note 4

STAFF EXPENSES

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Wages and salaries	417,324	367,907	415,665	366,275
Pensions, defined contribution plans	8,633	8,200	8,633	8,200
Other staff costs	9,087	8,472	9,087	8,472
Long term incentive schemes	0	0	0	0
Staff Expenses	**435,044**	**384,578**	**433,385**	**382,946**
Average number of full-time employees	**937**	**911**	**935**	**909**

Key Management Compensation
Key Management includes Board of Directors and Executive Management in ESVAGT A/S, in total 8 persons by end 2022 (8 in 2021).

Long term incentive schemes 2021
The Executive Management and other senior employees of ESVAGT have been granted 2 Long Term Incentive Schemes (the LTIP programs), which are structured according to the same principles, but depend on different triggering events. The participants will therefore only get payment from one of the LTIP programs when vested.

Both programs depended on the fair value development of ESVAGT A/S and an exit of the current owners. One of the two granted Long Term Incentive Schemes has been executed during 2021 triggered by the sales process in Q4 2021 and recognized under Special items MDKK 34.7, and the second has been cancelled. Based on the publicized sales price the value of the program has been calculated and the paid out to the relevant parties after closing February 1st, 2022.

The compensation paid or payables to key management for employee services is shown below:

TDKK	Executive Management	Board of Directors	Total
2022 Group			
Wages and salaries	8,668	2,540	11,208
Pensions, defined contribution plans	243	0	243
Long term incentive schemes	0	0	0
Compensation to the Board of Directors and Executive Management	**8,911**	**2,540**	**11,451**
2022 Parent			
Wages and salaries	8,668	2,540	11,208
Pensions, defined contribution plans	243	0	243
Long term incentive schemes	0	0	0
Compensation to the Board of Directors and Executive Management	**8,911**	**2,540**	**11,451**

TDKK	Executive Management	Board of Directors	Total
2021 Group			
Wages and salaries	7,531	1,205	8,736
Pensions, defined contribution plans	237	0	237
Long term incentive schemes	17,404	930	18,334
Compensation to the Board of Directors and Executive Management	**25,172**	**2,135**	**27,307**
2021 Parent			
Wages and salaries	7,531	1,205	8,736
Pensions, defined contribution plans	237	0	237
Long term incentive schemes	17,404	930	18,334
Compensation to the Board of Directors and Executive Management	**25,172**	**2,135**	**27,307**

Note 5

SPECIAL ITEMS

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Strategic market investigations	67	6,001	67	6,001
Long term incentive schemes	0	34,745	0	34,745
Compensation to customers for late deliveries of Newbuilds	0	4,820	0	4,820
	67	**45,566**	**67**	**45,566**

Special items comprise non-recurring expenses that are not considered to be part of ESVAGT's ordinary operations such as liquidated damages, strategic market investigations such as M&A, listings, and sales prospects.

Special items of 2022 comprise of final costs related to the sales prospects concluded in 2022.

In the classification of Special items, judgment is applied in ensuring that only exceptional items not associated with the ordinary operations of ESVAGT are included.

Note 6

AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Amortisation of intangible assets	7,155	3,650	7,155	3,650
Depreciation of tangible assets	258,241	251,028	258,241	251,028
Impairment of tangible assets	0	0	0	0
Impairment reversal of tangible assets	0	-188,000	0	-188,000
Depreciation of right-of-use assets	17,700	13,313	17,700	13,313
	283,096	**79,992**	**283,096**	**79,992**

Note 7

FINANCIAL INCOME

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Interest income from parent	204	99	204	99
Interest income from subsidiaries	1	3	59	3
Interest income, bank	1,118	0	1,092	0
Exchange rate adjustments	44,919	7,573	44,835	7,652
Other financial Income	27	29	27	29
	46,269	**7,704**	**46,216**	**7,782**

Total interest income on financial assets that are measured at amortized cost for the year was TDKK 1,350 (2021: TDKK 131) for the Group and TDKK 1,381 (2021: TDKK 131) for the parent company.

Note 8

FINANCIAL EXPENSES

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Interest expenses to parent	0	3	41	48
Interest expenses, credit institutions	232,670	98,357	232,670	98,352
Interest expenses, bank	1,221	1,082	1,222	1,082
Interest expenses, leases	21,535	5,196	21,535	5,196
Exchange rate adjustments	197	0	197	0
Other financial expenses, including bank fees	740	837	726	828
Capitalized interests	-4,100	-10,103	-4,100	-10,103
	252,263	**95,372**	**252,290**	**95,403**

Total interest expenses on financial liabilities not measured at fair value through profit or loss for the year was TDKK 255,623 (2021: TDKK 104,638) for the group and TDKK 255,665 (2021: TDKK 104,678) for the parent company. The realized refinancing costs amount up to TDKK 99,340 in 2022.

Note 9

TAX

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Income tax:				
Tax on profit/loss for the year	-216	166	-473	19
Total income tax	**-216**	**166**	**-473**	**19**
Tonnage tax	693	675	693	675
Total tax for the year	**477**	**841**	**220**	**694**
Tax on profit/loss for the year can be broken down as follows:				
Current tax	256	147	0	0
Deferred tax	0	0	0	0
Adjustments for current tax of prior periods	-473	19	-473	19
Tax on profit/loss for the year	**-216**	**166**	**-473**	**19**
Income tax is specified as follows:				
Calculated 22% tax on "Profit for the year before income tax"	**3,451**	**30,019**	**3,505**	**30,050**
Tax effects of:				
Income tax under tonnage taxation	-3,194	-29,872	-3,506	-30,050
Adjustments in respect of prior years	-473	19	-473	19
	-216	**166**	**-473**	**19**
Effective tax rate	**-1.4%**	**-0.1%**	**-3.0%**	**0.0%**

The majority of the Group's taxable income is located in Denmark, and therefore the majority of the tax base is subject to Danish tax legislation. As such, the ESVAGT Group has elected to participate in the Danish Tonnage Tax scheme; the participation is binding until 31 December 2031.

Deferred tax relates to tangible fixed assets not covered by tonnage taxation activities.

Note 10

INTANGIBLE ASSETS

	GROUP	PARENT
TDKK	**Development Projects**	**Development Projects**
Cost:		
At 01.01.2021	14,308	14,308
Additions during the year	2,865	2,865
At 31.12.2021	**17,173**	**17,173**
Amortisation and impairment:		
At 01.01.2021	4,637	4,637
Amortisation charge	3,649	3,649
At 31.12.2021	**8,286**	**8,286**
Carrying amount 31.12.2021	**8,887**	**8,887**
Cost:		
At 01.01.2022	17,173	17,173
Additions during the year	4,022	4,022
At 31.12.2022	**21,195**	**21,195**
Amortisation and impairment:		
At 01.01.2022	8,286	8,286
Amortisation charge	7,155	7,155
At 31.12.2022	**15,441**	**15,441**
Carrying amount 31.12.2022	**5,754**	**5,754**

During 2022 ESVAGT held expenses of MDKK 4,0 (2021: MDKK 2,9) mainly relating to IT projects.

Note 11

PROPERTY, PLANT AND EQUIPMENT

TDKK	GROUP Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2021	5,737,472	34,135	61,858	163,274	5,996,739
Adjustment to prior year	-61	0	0	0	-61
Additions during the year	584,820	0	0	85,303	670,122
Disposals	0	-222	0	0	-222
Reclasssifications	159,505	0	0	-159,505	0
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2021	**6,481,736**	**33,913**	**61,858**	**89,071**	**6,666,578**
Amortisation and impairment:					
At 01.01.2021	2,235,081	32,116	21,112	0	2,288,309
Adjustment to prior year	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation charge	246,910	802	3,095	0	250,807
Impairment losses	-188,000	0	0	0	-188,000
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2021	**2,293,991**	**32,918**	**24,207**	**0**	**2,351,116**
Carrying amount 31.12.2021	**4,187,745**	**995**	**37,651**	**89,071**	**4,315,462**

The amount of borrowing costs capitalized during 2021 was TDKK 10,103. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

TDKK	GROUP Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2022	6,481,736	33,913	61,858	89,071	6,666,578
Additions during the year	292,437	11,553	821	197,590	502,402
Disposals	-96,016	-251	0	0	-96,267
Reclasssifications	87,266	0	0	-87,266	0
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2022	**6,765,423**	**45,215**	**62,679**	**199,396**	**7,072,713**
Amortisation and impairment:					
At 01.01.2022	2,293,991	32,918	24,207	0	2,351,116
Disposals	-94,865	-251	0	0	-95,116
Amortisation charge	254,319	564	3,358	0	258,241
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2022	**2,453,444**	**33,231**	**27,565**	**0**	**2,514,240**
Carrying amount 31.12.2022	**4,311,979**	**11,984**	**35,114**	**199,396**	**4,558,473**

The amount of borrowing costs capitalized during 2022 was TDKK 4,100. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

Commitments for tangible assets

ESVAGT have one vessel under production for delivery in 2024.

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Remaining Commitments, new building program	420,000	0	420,000	0
	420,000	**0**	**420,000**	**0**

Note 11 - continued

PROPERTY, PLANT AND EQUIPMENT

	PARENT				
TDKK	Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2021	5,737,472	34,135	61,858	163,274	5,996,739
Adjustment to prior year	-61	0	0	0	-61
Additions during the year	584,820	0	0	85,303	670,122
Disposals	0	-222	0	0	-222
Reclasssifications	159,505	0	0	-159,505	0
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2021	**6,481,736**	**33,913**	**61,858**	**89,071**	**6,666,578**
Amortisation and impairment:					
At 01.01.2021	2,235,081	32,116	21,112	0	2,288,309
Adjustment to prior year	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation charge	246,910	802	3,095	0	250,807
Impairment losses	-188,000	0	0	0	-188,000
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2021	**2,293,991**	**32,918**	**24,207**	**0**	**2,351,116**
Carrying amount 31.12.2021	**4,187,745**	**995**	**37,651**	**89,071**	**4,315,462**

The amount of borrowing costs capitalized during 2021 was TDKK 10,103. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

	PARENT				
TDKK	Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2022	6,481,736	33,913	61,858	89,071	6,666,578
Additions during the year	292,437	11,553	821	197,590	502,402
Disposals	-96,016	-251	0	0	-96,267
Reclasssifications	87,266	0	0	-87,266	0
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2022	**6,765,423**	**45,215**	**62,679**	**199,396**	**7,072,713**
Amortisation and impairment:					
At 01.01.2022	2,293,991	32,918	24,207	0	2,351,116
Disposals	-94,865	-251	0	0	-95,116
Amortisation charge	254,319	564	3,358	0	258,241
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2022	**2,453,444**	**33,231**	**27,565**	**0**	**2,514,240**
Carrying amount 31.12.2022	**4,311,979**	**11,984**	**35,114**	**199,396**	**4,558,473**

The amount of borrowing costs capitalized during 2022 was TDKK 4,100. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

Note 11 - continued

PROPERTY, PLANT AND EQUIPMENT

Impairment Analysis
The radical changes of the geopolitical situations in Europe with derivative impacts on the energy supply, financing and inflation levels, challenging the main cost levels in ESVAGT business. However, ESVAGT's shows to be quite resistant and well-structured to maneuver in these conditions and managed to deliver above budget for 2022.

The markets within ERRV and Wind given higher focus through political incentives and persistent demands for alternative energy supply's, all help covering the price increases ESVAGT is facing. The market improves and recovers faster than expected and current indication shows improved utilization and market rates for most of ESVAGT fleet going forward.

Outcome of the impairment test
The combination of the high inflation and interest rates, lower FX rates on GBP and NOK, reversal of impairment loss last year, will all challenge the headroom in this year impairment test. However with the improved market conditions, ESVAGT's strong position and resistant business model we still have a acceptable headroom in all CGU's. Thereby no impairment loss to be recognized for the year.

Basis for impairment test
ESVAGT considers vessels with similar functionality as cash generating units (CGU) due to largely interdependent cash flows. The recoverable amount for each CGU is determined as the present value of future net cash flow from each or fair value less cost to sell if higher. ESVAGT applies value-in-use calculations in the Impairment Analysis.

The value-in-use is calculated based on cash flow projections in financial budgets and key assumptions for the coming 5 years period as approved by management. For the period after the 5-year period an expected inflation rate of 2.5% (2021: 2.0%) p.a. is applied, and specific day-rate assumptions post-contract. These cash flow projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. Below different sensitivity analysis for certain key assumptions applied in the expected future cash flows.

The discount rate applied in the value-in-use calculation is 7.05% for ERRV segment and 6.54% for WIND segment (2021: 5.71% for ERRV & WIND) p.a. after tax. The discount rate applied reflect the specific risks relating to the relevant CGU's.

The FX rates applied is based on the FX rate level on 31 December 2022:

- GBP: 838.45 (2021: 886.04)
- NOK: 70.73 (2021: 74.59)
- EUR: 743.65 (2021: 743.65)

Sensitivity analysis
The value-in-use calculations for the individual CGU's are particularly sensitive to the day rates expected post-contract and to utilization on ERRV spot activities. In addition, discount rate, inflation rate and changes in FX rates are critical assumptions. Especially the headroom in CGU ERRV G2/G3 being challenged last couple of years and result of sensitivity test listed below for the CGU.

The headroom between the recoverable amount and the carrying amount for the CGU ERRV G2/G3 is DKK 58 million in 2022 and the sensitivity analysis for the unit shows that the headroom would have been:

- DKK 27 million and DKK 90 million with a +/- 0.5 percentage point change in the discount rate, keeping all other assumptions unchanged.
- DKK -85 million and DKK 202 million with a -/+ 5 percentage point change in the Market spot rate, keeping all other assumptions unchanged.
- DKK 26 million and DKK 91 million with a -/+ 0.5 percentage point change in the long-term inflation rate, keeping all other assumptions unchanged.
- DKK 64 million with FX Rates (except EUR) from 13th of February, keeping all other assumptions unchanged.

The above sensitivity test only shows a potential risk for negative headroom in a -5 percentage point change in the market spot rates. The probability hereof doesn't seem high as we already seen spot rates quite higher than the base assumption in the impairment.

Note 12

FINANCIAL ASSETS AND LIABILITIES

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Carrying Amount				
Financial assets:				
Financial assets at fair value				
Interest rate swap	127,520	0	127,520	0
Foreign currency forwards	5,020	0	5,020	0
Total financial assets at fair value	**132,540**	**0**	**132,540**	**0**
Financial assets at amortised cost:				
Trade receivables	198,367	157,825	153,158	129,462
Receivables from parent company	5,874	5,148	5,874	5,148
Receivables from Group companies	29	0	117,957	40,816
Other Receivables	12,761	9,712	12,749	9,679
Cash and cash equivalents	317,945	229,359	231,935	204,397
Total Financial assets at amortised cost	**534,977**	**402,043**	**521,675**	**389,502**
Financial liabilities:				
Financial liabilities at fair value				
Foreign currency forwards (used for hedging)	0	11,432	0	11,432
Total financial liabilities at fair value	**0**	**11,432**	**0**	**11,432**
Financial liabilities at amortised cost:				
Borrowings	2,829,283	2,449,200	2,829,283	2,449,200
Trade payables	87,078	73,419	87,029	73,380
Payables to Group companies	0	0	1,675	2,012
Lease liabilities	223,832	257,728	223,832	257,728
Other Payables	83,611	51,803	83,611	51,803
Total Financial liabilities at amortised cost	**3,223,804**	**2,832,150**	**3,225,430**	**2,834,123**
Total Financial liabilities	**3,223,804**	**2,843,582**	**3,225,430**	**2,845,555**

Fair value is approximately the same as the carrying amounts.

Note 13

INVENTORIES

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Bunker oil	24,457	16,199	24,457	16,199
	24,457	**16,199**	**24,457**	**16,199**

During 2022 TDKK 142,267 (2021: TDKK 74,603) was recognized as an expense for the group, and TDKK 142,267 (2021: TDKK 74,603) for the parent company.

Note 14

TRADE RECEIVABLES

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Trade receivables at 31 December	198,467	157,925	153,258	129,562
Expected credit loss	-100	-100	-100	-100
Trade receivables net	**198,367**	**157,825**	**153,158**	**129,462**
The maturity of the trade receivables is specified as follows:				
Not overdue	143,785	133,660	105,916	113,054
Up to 30 days	49,660	17,630	42,320	9,873
Between 31 and 90 days	4,884	6,153	4,884	6,153
Between 91 and 365 days	38	382	38	382
Total	**198,367**	**157,825**	**153,158**	**129,462**

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Note 14 - continued

TRADE RECEIVABLES

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GBP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The expected credit losses for all trade receivables and contract assets, 97.5% less than 30 days overdue, 2.5% 30-90 days overdue and 0.0% over 90 days overdue, are immaterial and therefore not recognized. During the year no losses has been realized, similar to 2021.

As further described in note 21, the receivables from Group companies are primarily arising from ordinary sales transactions and are in general repaid in full on a monthly basis. Consequently, the 12-month expected credit losses related to those receivables are immaterial.

Note 15

SHARE CAPITAL

The share capital comprise of:

	No. shares	Nominal value per share	**2022 TDKK**	2021 TDKK
	2,200,000	1	2,200	2,200
	2,200,000	**1**	**2,200**	**2,200**

No shares carry any special rights. There are no restrictions connected to the transferability or voting rights of the shares. All shares have been fully paid in.

All shares in ESVAGT A/S are owned by ERRV ApS.

Capital management
The group’s objectives when managing capital are to safeguard the group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Normal covenant demands applies such as “Leverage Ratio”, “ICR Ratio” etc. which we have been compliant with during the year.

The Group has not adopted a specific key ratio, but Management and Board of Directors monitor the share and capital structure to ensure that the group’s capital resources support the strategic goals. The overall target is to have secured long term financing with fixed interest rates at competitive rates.

The Company’s policy for managing capital is unchanged from last year.

Note 16

DEFERRED TAX

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
At 1 January	8	4	0	0
Deferred tax recognized in the income statement	0	0	0	0
Exchange Rate Adjustment	-8	3		
At 31 December	0	8	0	0
Deferred tax relates to:				
Loss carried forward	0	8	0	0
	0	**8**	**0**	**0**

Note 17

BANK AND CREDIT INSTITUTIONS

The borrowings comprise of vessel financing related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Currency	Maturity	**2022 TDKK**	2021 TDKK
Group				
Floating rate loans	EUR	2022	0	318,282
Floating rate loans	DKK	2022	0	393,168
Fixed-rate loans	EUR	2027-2029	1,797,445	1,747,578
Fixed-rate loans	DKK	2027-2029	413,000	0
Fixed-rate loans	GBP	2027-2029	691,288	0
Parent				
Floating rate loans	EUR	2022	0	318,282
Floating rate loans	DKK	2022	0	393,168
Fixed-rate loans	EUR	2027-2029	1,797,445	1,747,578
Fixed-rate loans	DKK	2027-2029	413,000	0
Fixed-rate loans	GBP	2027-2029	691,288	0

All loans are considered as fixed-rate until 2027 due to rate swaps. Hereafter TDKK 1,674,459 will be floating until 2029.

Note 18

LEASING

The group has entered leases on land, properties, cars, equipment and two Multipurpose ERRV's. The remaining lease period for land is 20 years + 5 months. ESVAGT can terminate the contract of the leased land with a 6 months' notice. The non-cancellable lease period for cars is typically 36 months. In general car leases do not include any extension options. The two Multipurpose ERRV's are leased on a bareboat charter for 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements in general do not impose any covenants but leased assets may not be used as security for borrowing purposes. Exception for main rule is the two Multipurpose ERRV's as they comply with the covenant requirements in force at any time towards the external lenders.

The Group recognized the following amounts relating to leases:

TDKK	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Lease liabilities				
Current	43,714	37,008	43,714	37,008
Non-current	180,118	220,720	180,118	220,720
	223,832	**257,728**	**223,832**	**257,728**
Right-of-use assets				
Land	6,890	7,228	6,890	7,228
Cars	925	297	925	297
Equipment	7,716	7,429	7,716	7,429
Vessels	231,869	240,225	231,869	240,225
	247,399	**255,178**	**247,399**	**255,178**

Additions to the right-of-use assets during the 2022 financial year were TDKK 9,921 (2021: TDKK 243,322) for the Group and TDKK 9,921 (2021: TDKK 243,322) for the parent company, respectively.

Note 18 - continued

LEASING

The statement of profit or loss show the following amounts relating to leases:

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Depreciation charge of right-of-use assets				
Land	337	337	337	337
Cars	328	425	328	425
Equipment	8,678	10,693	8,678	10,693
Vessels	8,357	1,857	8,357	1,857
	17,700	**13,313**	**17,700**	**13,313**

The total cash outflow for leases in 2022 was TDKK 43,817 (2021: TDKK 11,271) for the Group and TDKK 43,817 (2021: TDKK 11,271) for the parent company.

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Interest expense (included in finance expenses)	21,535	5,196	21,535	5,196
Expense relating to short-term leases (included in other operating expenses)	1,918	9,141	1,918	9,141
	23,454	**14,337**	**23,454**	**14,337**

Note 19

FEE TO THE STATUTORY AUDITORS

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Statutory audit	946	772	946	772
Other assurance services	0	0	0	0
Tax and VAT advisory services	631	1,140	631	1,140
Other services	776	1,421	776	1,421
Total fees to PwC	**2,353**	**3,333**	**2,353**	**3,333**

Note 20

DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.

The group has entered foreign exchange contracts to hedge currency risk on contracted long-term revenue and fuel consumption.

Further Interest Rate Swap is used to exchange the floating rate interest payments to fixed-rate interest payments.

Information about the group's exposure to financial risk is provided in note 25.

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Reclassified from other comprehensive income				
Gains/losses arising on currency forward contracts (cash flow hedges) reclassified to revenue/other operating expenses during the year	-3,513	-10,456	-3,513	-10,456
Interest rate swaps	127,818	0	127,818	0
	124,305	**-10,456**	**124,305**	**-10,456**

Note 21

RELATED PARTIES

The Company and its parent company ERRV ApS are included in the consolidated financial statements for ERRV Holdings ApS, Hammerengsgade 1, 2nd floor, 1267 Copenhagen K, Denmark.

Interest in subsidiaries and joint ventures are set out in note 22.

The ultimate controlling party is 3i Infrastructure plc, United Kingdom.

The following transactions were carried through with related parties:

	PARENT	
TDKK	**2022**	2021
Transactions with subsidiaries		
Sales of services	244,844	222,822
Transactions with joint ventures		
Sales of services	0	0
	244,844	**222,822**

Note 21 - continued

RELATED PARTIES

The following balances arising from sales/purchases of goods and services are outstanding at the end of the period in relation to transactions with related parties:

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Receivables from subsidiaries	0	0	48,736	40,634
Loans to related parties				
Loans to ERRV ApS and ERRV Holding ApS (parent company)				
Beginning of the period	5,148	4,453	5,148	4,453
Loans advanced	523	596	523	596
Loans repayments received	0	0	0	0
Interest charged	204	99	204	99
End of year	**5,874**	**5,148**	**5,874**	**5,148**
Loans to subsidiaries				
Beginning of the period	0	0	165	160
Loans advanced	0	0	109	2
Loans repayments received	0	0	0	0
Interest charged	0	0	6	3
End of year	**0**	**0**	**280**	**165**
Loans from subsidiaries				
Beginning of the period	0	0	2,012	2,079
Loans advanced	0	0	0	0
Loans repayments	0	0	373	109
Interest charged	0	0	36	42
End of year	**0**	**0**	**1,675**	**2,012**

Terms and conditions
Receivables from the Group companies primarily arises from ordinary operations and are in general repaid in full on a monthly basis. The receivables do not thus carry any interest. Loans to the parent company and to and from subsidiaries carry an interest of 3.75% (2021: 2.00%) and the loans are expected to be settled in cash.

Note 22

INVESTMENTS IN JOINT VENTURES

The group has interest in a number of individually immaterial joint ventures that are accounted for using the equity method.

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Summarised balance sheet				
Aggregated carrying amount of individually immaterial associates	0	0	0	0
Aggregate amounts of the group's share of				
Loss from continuing operations	8	6	8	6
Total comprehensive income	**8**	**6**	**8**	**6**

No further information is disclosed due to the materiality of the investment.

Note 23

CONTINGENT LIABILITIES

Litigation
None

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Bank loans secured in vessels				
Bank and other credit institutions - amount secured	2,901,733	2,459,028	2,901,733	2,459,028
Carrying amount of vessels provided as security	4,311,979	4,187,745	4,311,979	4,187,745

Other contingent liabilities
Since 17 September 2015 ESVAGT A/S is part of national joint taxation in Denmark with ERRV Holding ApS and is jointly liable with other Danish companies owned by ERRV Holding ApS.

Note 24

CASH FLOW STATEMENT

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Change in working capital				
Change in inventories	-8,258	-6,738	-8,258	-6,738
Change in trade receivables and receiv. from parent	-40,499	-48,916	-31,090	-52,600
Change in other receivables and prepayments	-3,225	-4,851	-73,450	-4,858
Change in trade payables, excl. payables related to fixed assets	-2,430	35,159	-2,430	35,159
Change in other payables	20,958	-5,114	20,950	-4,961
Change in received prepayments	-518	4,152	-518	4,152
Exchange gains and losses on working capital	7,695	-256	7,522	-502
	-26,276	**-26,563**	**-87,274**	**-30,348**
Changes in liabilities arising from financing activities				
Bank and credit institutions at 1 January	2,449,200	2,291,875	2,449,200	2,291,875
Proceeds from loans from credit institutions	479,269	150,000	479,269	150,000
Amortized loan cost	-62,622	8,103	-62,622	8,103
Foreign currency	-36,564	-778	-36,564	-778
Bank and credit institutions at 31 December	**2,829,283**	**2,449,200**	**2,829,283**	**2,449,200**
Lease liabilities at 1 January	257,729	25,678	257,729	25,678
Repayment of leases	-43,817	-17,966	-43,817	-17,966
New leases	9,921	250,017	9,921	250,017
Lease liabilities at 31 December	**223,832**	**257,729**	**223,832**	**257,729**
Financing liabilities at 31 December	**3,053,116**	**2,706,928**	**3,053,116**	**2,706,928**

Note 25

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the Board of Directors. Group Finance/Treasury department identifies and evaluates exposures in close co-operation with the group's operating units. The board provides written principles for overall risk management.

Market Risk

Foreign exchange risk

The revenue is denominated in other currencies than DKK, mainly EUR, GBP and NOK. Part of these transactions is hedged according to the Group policy. Increases or decreases in the exchange rate of GBP and NOK against the functional currency, can affect the group's results and cash position negatively or positively.

The cost of goods sold, and operating expenses are mainly incurred in DKK. The Group has transactions in other currencies, mainly EUR, but the foreign exchange risks related to this are not considered material, due to fixed change rate policy in Denmark against EUR. Fuel expenses are however paid in USD and are likewise hedge according to the Group policy. Increases or decreases in the exchange rate of such foreign against the functional currency, can affect the group's results and cash position negatively or positively.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, in the different currency units converted to TDKK, was as follows:

	GROUP			
Currency amounts converted to TDKK	**EUR**	**GBP**	**NOK**	**USD**
2022				
Trade receivables	79,337	48,756	17,744	716
Cash and cash equivalents	67,241	82,756	30,987	86,595
Bank loans	-1,797,445	-691,288	0	0
Trade payables	-12,564	-3,113	-2,163	-22,800
	-1,663,431	**-562,890**	**46,568**	**64,511**
2021				
Trade receivables	50,320	33,533	17,981	674
Cash and cash equivalents	128,138	25,879	14,982	7,378
Bank loans	-2,065,860	0	0	0
Trade payables	-10,035	-1,056	-13,150	-16,230
	-1,897,437	**58,356**	**19,813**	**-8,178**

Note 25 – continued

FINANCIAL RISK MANAGEMENT

	PARENT			
Currency amounts converted to TDKK	**EUR**	**GBP**	**NOK**	**USD**
2022				
Trade receivables	77,752	5,133	17,744	0
Cash and cash equivalents	65,536	69,885	30,392	16,326
Bank loans	-1,797,445	-691,288	0	0
Trade payables	-12,564	-3,113	-2,163	-22,800
	-1,666,722	**-619,383**	**45,973**	**-6,475**
2021				
Trade receivables	48,637	7,527	17,981	0
Cash and cash equivalents	115,367	14,712	14,583	7,335
Bank loans	-2,065,860	0	0	0
Trade payables	-10,035	-1,056	-13,150	-16,230
	-1,911,891	**21,182**	**19,414**	**-8,895**

Interest rate risk
The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest risk. Group policy is always to ensure that a minimum of 70 percent of total outstanding debt is fixed rate or effectively bears a fixed rate pursuant to a hedging agreement. The group is compliant with the policy at 31 December 2022.

Sensitivity analysis
Profit or loss is sensitive to higher/lower interest from borrowings and fair value changes of interest rate derivatives as a result of changes in interest rates. The sensitivity analysis is based on financial instruments recognized at the balance sheet date. Effects from hedging is not included in these calculations and sensitivity figures.

	2022		2021	
TDKK	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**
Group				
GBP/DKK exchange rate - increase 10%	-56,289	-56,289	5,836	5,836
NOK/DKK exchange rate - increase 10%	4,657	4,657	1,981	1,981
USD/DKK exchange rate - increase 10%	6,451	6,451	-818	-818
Parent				
GBP/DKK exchange rate - increase 10%	-61,938	-61,938	2,118	2,118
NOK/DKK exchange rate - increase 10%	4,597	4,597	1,941	1,941
USD/DKK exchange rate - increase 10%	-647	-647	-890	-890

	2022		2021	
TDKK	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**
Group				
Interest rates – increase by 100 basis points	0	0	-7,115	0
Interest rates – decrease by 100 basis points	0	0	7,115	0
Parent				
Interest rates – increase by 100 basis points	0	0	-7,115	0
Interest rates – decrease by 100 basis points	0	0	7,115	0

The calculation is based on an increase in both short- and long-term interest. All other variables are held constant. Loans are in floating interest rate duration 7 years. Interest rate is swapped to fixed rate for 5 years.

Note 25 – continued

FINANCIAL RISK MANAGEMENT

Credit risk
Credit risk is managed on group basis, except for credit risk relating to account receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-' are accepted, For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. No significant risk related to intercompany accounts due to monthly settlements as further described in note 21. The utilization of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying amount of receivables and cash.

Liquidity Risk
Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans and compliance with loan documentation. The group has undrawn borrowing facilities of TDKK 1,315,910 hereof TDKK 130,910 that may be available for future operating activities and TDKK 1,185,000 for Capex investments. The borrowing facilities is part of the current bank facilities attached to the same covenants as mentioned in note 17.

The tables below analyses the group's derivatives and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	GROUP			
TDKK	**Less than 1 year**	**1-5 years**	**> 5 years**	**Total**
Non-derivatives				
At 31.12.2021				
Credit institutions	804,051	1,561,665	185,913	2,551,629
Lease liabilities (Finance lease)	58,169	220,720	0	278,890
Trade payables	73,419	0	0	73,419
Other payables	51,803	0	0	51,803
	987,443	**1,782,385**	**185,913**	**2,955,741**
At 31.12.2022				
Credit institutions	124,458	0	2,901,733	3,026,191
Lease liabilities	18,055	223,832	0	241,887
Trade payables	87,078	0	0	87,078
Other payables	83,618	0	0	83,618
	313,209	**223,832**	**2,901,733**	**3,438,775**
Derivatives				
At 31.12.2021				
Foreign exchange options / forwards used to hedge currency risk	10,177	1,255	0	11,432
	10,177	**1,255**	**0**	**11,432**
At 31.12.2022				
Foreign exchange options / forwards used to hedge currency risk	-5,110	298	0	-4,812
	-5,110	**298**	**0**	**-4,812**

Note 25 – continued

FINANCIAL RISK MANAGEMENT

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

Level 1 - Quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability
Level 3 – Input for the asset or liability that are not based on observable market data.

The fair value of bank borrowings does not differ significantly from the carrying amount. The fair value of derivatives is calculated on level 2 in the fair value hierarchy using direct quotes.

Fair value measurements at 31 December 2022

	GROUP		PARENT	
TDKK	**2022**	2021	**2022**	2021
Significant other observable inputs (Level 2)				
Forwards used to hedge currency risk	-4,812	11,432	-4,812	11,432
	-4,812	**11,432**	**-4,812**	**11,432**

Measurement of derivatives
The valuation techniques used to measure derivatives include:
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. Interest rate derivates entered with a value of TDKK 127,817 on a 5-year term.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of ESVAGT or the derivative counterparty and as differences between the spot rate and the forward rate of a contract.

The group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

The group designates the forward rate of foreign currency forwards in hedge relationships. The intrinsic value of foreign currency is determined with reference to the relevant spot market exchange rate.

The group operates internationally and is exposed to foreign exchange risk, primarily the NOK, GBP and USD. Foreign exchange risk arises from future commercial transactions denominated in currencies that are not DKK or EUR. The risk is measured through forecasts of highly probable expenditures in NOK, GBP and USD. The risk is hedged with the objective of minimizing the volatility of currency cost of highly probable revenue and purchases of property, plant and equipment.

The group treasury's risk management policy is to hedge up to 80% of forecast income and expenses in currencies other than DKK and EUR up to two years in advance.

The effects of the foreign currency related hedging instruments on the group's financial position and performance are as follows:

	GROUP		
	NOK	**GBP**	**USD**
Foreign currency forwards as at 31 December 2021			
Carrying amount in TDKK	-5,494	-9,433	2,205
Notional amount	60,612	164,275	126,215
Maturity date	Jan/2022 Jun/2023	Jan/2022 Dec/2023	Jan/2022 Dec/2023
Weighted average hedged rate for the year (incl. forward points)	67.58	829.67	637.45
Foreign currency forwards as at 31 December 2022			
Carrying amount in TDKK	-164	2,609	2,366
Notional amount	16,125	131,930	231,681
Maturity date	Jan/2023 Jun/2023	Jan/2023 Dec/2024	Jan/2023 Dec/2024
Weighted average hedged rate for the year (incl. forward points)	69.81	845.71	677.43

Note 26

EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

Note 27

COMPOSITION OF THE GROUP

Name of Entity:	**Ownership and Voting Rights held by ESVAGT**	**Place of Business/ Incorporation**
Investments in subsidiaries		
ESVAGT Holdings Limited	100%	Great Britain
ESVAGT UK Limited	100%	Great Britain
ESVAGT Norge AS	100%	Norway
ESVAGT Holdings Inc	100%	United States
P/F ESVAGT-THOR	51%	Faroe Islands
Investments in Joint Ventures		
EWPL Ocean ApS	50%	Denmark

COMPANY INFORMATION

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Søren Poulsgaard Jensen
Jess Høeg
Henrik Gorzelak Pedersen

Executive Management

Peter Lytzen
Kristian Ole Jakobsen

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SAFETY & SUPPORT AT SEA

ESVAGT's mission is making the sea a safe place to work for both our customers and our crew. Safety always comes first and as the saying goes at ESVAGT: Do it safely or not at all.

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