

Svitzer Caribbean A/S

c/o Svitzer A/S, Pakhus 48, Sundkaj 153, DK-2150 Nordhavn

Annual Report for 1 January - 31 December 2019

CVR No 27 73 33 95

The Annual Report
was presented and
adopted at the
Annual General
Meeting of the
Company on 29/5
2020

Jacob Ulrik
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svitzer Caribbean A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

Copenhagen, 29 May 2020

Executive Board

Knud Winkler

Board of Directors

Arjen Van Dijk
Chairman

Knud Winkler

Albert Snoei

Jacob Ulrik

Independent Auditor's Report

To the Shareholders of Svitzer Caribbean A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Svitzer Caribbean A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and accounting policies (Financial statements).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 29 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Claus Carlsson
State Authorised Public Accountant
mne29461

Company Information

The Company

Svitzer Caribbean A/S
c/o Svitzer A/S
Pakhus 48, Sundkaj 153
DK-2150 Nordhavn

Telephone: 39 19 39 19

CVR No: 27 73 33 95

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Main activity

The purpose of the company is to operate in the diving-, towing-pump-out-, and similar activities with the company's own or chartered vessels.

Board of Directors

Arjen Van Dijk, Chairman
Knud Winkler
Albert Snoei
Jacob Ulrik

Executive Board

Knud Winkler

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Main activity

The purpose of the company is to operate in the diving-, towing-, pump-out-, and similar activities with the company's own or chartered vessels or through subsidiaries.

Development in the year

The income statement of the Company for 2019 shows a loss of USD 31.2m and at 31 December 2019 the balance sheet of the Company shows equity of USD 82m.

Income Statement

	Note	2019 USD	2018 USD
Gross profit/loss		(86,946)	216,162
Other income		-	570,624
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-	(81,909)
Other operating expenses		-	(7,690)
Profit/loss before financial income and expenses		(86,946)	697,187
Financial income	1	28,191	20,084
Financial expenses		(56,094)	(89,694)
Impairment of financial assets	3	(31,086,430)	(30,000,000)
Profit/loss before tax		(31,201,279)	(29,372,422)
Tax on profit/loss for the year	2	2,726	(138,067)
Net profit/loss for the year		(31,198,553)	(29,510,489)
Distribution of profit			
Proposed dividend for the year		-	-
Retained earnings		(31,198,553)	(29,510,489)
		<u>(31,198,553)</u>	<u>(29,510,489)</u>

Assets

	Note	2019 USD	2018 USD
Investments in subsidiaries	3	82,424,980	113,511,410
Other investments		1,013	1,013
Fixed asset investment		82,425,993	113,512,423
Fixed assets		82,425,993	113,512,423
Deferred tax		39,105	13,838
Receivables from group enterprises		1,681,041	1,583,341
Other receivables		12,100	299,835
Receivables		1,693,141	1,883,176
Cash at bank and in hand		950,170	554,341
Current assets		2,682,416	2,451,355
Assets		85,108,409	115,963,778

Liabilities and equity

Liabilities and Equity

	Note	2019 USD	2018 USD
Share capital		81,304	81,304
Retained earnings		83,083,345	114,281,898
Equity	4	83,164,649	114,363,202
Trade payables		29,299	29,299
Payables to group enterprises		1,812,402	1,303,235
Corporation tax		102,059	268,042
Short-term debt		1,943,760	1,600,577
Debt		1,943,760	1,600,577
Liabilities and equity		85,108,409	115,963,778
Contingent assets, liabilities and other financial obligations	6		
Related parties and ownership	7		
Subsequent events	8		

Notes to the Financial Statements

	2019	2018
	USD	USD
1 Financial Income		
Other financial income	28,191	20,084
	28,191	20,084
2 Tax on profit/loss for the year		
Current tax for the year	-	267,854
Deferred tax for the year	(25,267)	(180,431)
Foreign withholding taxes	22,541	50,644
	(2,726)	138,067
3 Investments in subsidiaries		
Cost at 1 January	143,511,410	84,294,410
Additions for the year	-	59,217,000
Cost at 31 December	143,511,410	143,511,410
Value adjustments 1 January	(30,000,000)	-
Impairment for the year	(31,086,430)	(30,000,000)
Value adjustments at 31 December	(61,086,430)	(30,000,000)
Carrying amount at 31 December	82,424,980	113,511,410

Impairment loss for the years 2018 and 2019 relates to investments of Svitzer Latin Americas B.V.'s activities in Brazil and Argentina and has been determined based on equity in subsidiaries and estimate for goodwill.

Notes to the Financial Statements

3 Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net Profit/Loss for the year</u>
Svitzer Mexico S.A. de C.V.	Mexico	65,130	99%	N/A	N/A
Wijsmuller Salvage & Towage Argentina S.A.	Argentina	1,000	100%	N/A	N/A
Svitzer Latin Americas B.V.	The Netherlands	10,000	100%	N/A	N/A

Only subsidiaries of direct ownership have been disclosed. All subsidiaries are consolidated in the AP Moller-Maersk Group's annual report for 2019.

Profit/Loss for the period and equity are disclosed as per latest official financial statements in accordance with the requirements in the Danish Financial Statements Act. Not Available (N/A) indicated that no official statements are required to be prepared.

4 Equity

	Share Capital	Retained Earnings	Total
Equity at 1 January	81,304	114,281,898	114,363,202
Capital injection	-	-	-
Net profit/loss for the year	-	(31,198,553)	(31,198,553)
Equity at 31 December	81,304	83,083,345	83,164,649

Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Operating leases

No lease agreements or contingent liabilities by December 31st, 2019.

Taxes

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for the Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax.

7 Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Svitzer Europe Holding B.V., The Netherlands

Consolidated Financial Statements

The Company's ultimate parent, which prepares consolidated financial statements (the largest group) into which the Company is incorporated as a subsidiary, is A.P. Møller Holding A/S.

8 Subsequent events

These financial statements are made with the knowledge and information available as of December 31st, 2019. Impact of the subsequent global COVID-19 pandemic and the effect it potentially will have, has not been considered when evaluating the recoverability of the asset values.

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Accounting policies

Basis of Preparation

Financial Statements of Svitzer Caribbean A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with options from higher reporting classes.

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared

The accounting policies applied remain unchanged from last year.

Financial Statements for 2019 are presented in USD.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

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

Accounting policies

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Other external expenses

Other external expenses comprise costs of distribution, sales, marketing, administration, premises, bad debt, operating leases etc.

Other income and expenses

Other operating income and other expenses comprise items of a secondary nature to the main activities of the Company, including gain and losses on disposal of assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments and adjustments of investments. Dividends from subsidiaries are recognised in the financial year where dividends are declared.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Other investments

Other investments, which consist of non-listed shares, are measured at their fair values at the balance sheet date.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.