

Svitzer Towage A/S

*c/o Svitzer A/S
Esplanaden 50
DK-1263 Copenhagen K*

Annual Report for 1 January - 31 December 2020

CVR 29537216

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on **31** May 2021

Knud Lind Winkler
Chairman

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Directors' Report

Svitzer Group is the leading towage operator with activities within both Harbour and Terminal towage and with a fleet of 355 vessels (2019: 345) in more than 100 ports across 32 countries. Additional 6 vessels (2019: 1) are on order with delivery in 2021. Svitzer's customers are ship owners and operators within all shipping segments as well as national and international Oil & Gas companies.

Svitzer Towage A/S is a 100% owned subsidiary of the Svitzer Group's parent company, Svitzer A/S, and its activities mainly relate to ownership and chartering of vessels in Australia through an Australian branch, and the provision of loans to the Australian operations.

2020 in review

The profit of 2020 ends at the same level as last year and is compiled from a slight increase in financial income generated of vessels chartered to Svitzer's Australian operations, offset by a slight decrease in depreciation for the year.

Sustainability and gender composition of management

The lost time incidents frequency ('LTIF') for 2020 was 1.9 per one million exposure hours which is an increase compared to 1.4 for 2019. There is a recognition in Svitzer that the effect of the actions taken in prior years to improve safety have produced significant benefits, however the improvement has now plateaued in recent years. Continuation of the the focus on the safety culture and monitoring results of initiatives via the launched initiative, Safety Differently, is expected to realise benefits in 2021 onwards.

Environment

In 2020 the primary measure for CO2 emissions (fuel consumption) were down to index 90.4 (2019: 100) despite a slight increase in activity (Index 2020:102.5 compared to 2019:100). Environmental efficiency is one of the core operational elements and is measured on an annual basis.

Corporate social responsibility

Please refer to the separate and independently assured Sustainability Report for 2020 of the parent company which provides detailed information of the A.P. Moller - Maersk Group's sustainability performance and sustainability strategy. The report is available on: <https://www.maersk.com/about/sustainability/reports>

Directors' Report (continued)

Expectations for 2021

The outlook for 2021 continues to be subject to the uncertainties related to COVID-19-pandemic, and uncertainties related to fuel prices, given the uncertain macro economic conditions.

Given the current outlook and high degree of uncertainty related to the continued impact from COVID-19 on economic growth and global demand patterns, Management expects the full-year 2021 result before financial items to be at level with 2020.

Risks

Under normal conditions, changes to the operating environment in Australia represent the most significant risks to Svitzer Towage A/S' performance. Increased competition and cost increases in the Australian operations are the most likely to impact Svitzer Towage A/S' performance.

Five Year Summary

	2020	2019	2018	2017	2016
	AUD ('000)	AUD ('000)	AUD ('000)	AUD ('000)	AUD ('000)
Gross profit	30.100	30.316	30.970	25.853	14.270
Profit before financial items (EBIT)	21.521	20.797	21.360	17.669	9.816
Financial income and financial expenses	8.718	9.415	-5.390	35	744
Profit before tax	30.240	30.212	15.970	17.704	10.560
Tax	-2.035	-1.946	-27.226	15.773	5.281
Profit for the year	28.204	28.266	-11.256	33.477	15.841
Total assets	450.030	436.558	515.180	247.175	205.694
Total equity	449.873	421.669	393.403	232.737	199.102
Investments in tangible fixed assets	-	-19	-19	-23.478	-58.335
Profit (EBIT) margin	68,5%	66,2%	68,1%	67,9%	66,6%
Return on equity after tax	6,5%	6,9%	-3,6%	15,5%	15,9%
Equity ratio	100,0%	96,6%	76,4%	94,2%	96,8%

Statement of the Board of Directors and Management

The Executive Board and Board of Directors have today considered and adopted the annual report of Svitzer Towage A/S ('the Company') for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual report gives a true and fair view of the assets and liabilities, financial position at 31 December 2020 of the Company and of the results of the Company's operations for 2020.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2021

Management:

Michael Andrew Hill

Board of Directors

Knud Lind Winkler
Chairman

Michael Andrew Hill

David Paul Phillips

Independent Auditor's Report

To the Shareholder of Svitzer Towage 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 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Svitzer Salvage Holding A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, accounting policies and notes ('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.

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 over-ride 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, 31 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Claus Carlsson
State Authorised Public Accountant
mne29461

Income Statement

	Note	2020	2019
		AUD ('000)	AUD ('000)
Gross profit		30.100	30.316
Staff costs	2	-424	-457
Depreciation, amortisation and impairment of property, plant and equipment		-8.155	-9.062
Profit before financial income and expenses		21.521	20.797
Financial income	3	9.098	19.886
Financial expenses	4	-380	-10.471
Profit before tax		30.239	30.212
Tax on profit for the year	5	-2.035	-1.946
Profit for the year	6	28.204	28.266

Balance Sheet 31 December

Assets

	Note	2020	2019
		AUD ('000)	AUD ('000)
Ships		153.144	161.299
Property, plant and equipment	7	153.144	161.299
Total non-current assets		153.144	161.299
Receivables from group enterprises		259.648	233.425
Other receivables		0	2.625
Deferred tax asset		37.238	39.209
Receivables		296.886	275.259
Current assets		296.886	275.259
Total assets		450.030	436.558

Balance Sheet 31 December

Equity and liabilities

	Note	2020	2019
		AUD ('000)	AUD ('000)
Share capital	8	12.097	12.097
Retained earnings		437.776	409.572
Equity		449.873	421.669
Trade payables		92	35
Payables to group enterprises		0	14.765
Other payables		65	89
Liabilities		157	14.889
Total equity and liabilities		450.030	436.558

Statement of Changes in Equity

	Share capital	Retain earnings	Total equity
	AUD ('000)	AUD ('000)	AUD ('000)
Equity 1 January 2020	12.097	409.572	421.669
Profit for the year	0	28.204	28.204
Equity 31 January 2020	12.097	437.776	449.873

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Notes to the Financial Statements

1 Main activities of the company

The purpose of the company is to operate in the towing and pump-out businesses and in similar activities with the company's own or chartered vessels and to provide loans to the Australian operations.

	<u>2020</u>	<u>2019</u>
	AUD ('000)	AUD ('000)
2 Staff cost		
Salaries	348	400
Pension costs	36	35
Other social security expenses	40	22
	<u>424</u>	<u>457</u>
Average number of employees	<u>2</u>	<u>2</u>
3 Financial income		
Interest received from group enterprises	8.735	7.429
Other financial income	0	4.285
Exchange rate adjustments	363	8.172
	<u>9.098</u>	<u>19.886</u>
4 Financial expenses		
Interest paid to group enterprises	0	2.289
Exchange rate adjustments	380	8.182
	<u>380</u>	<u>10.471</u>
5 Tax on profit for the year		
Current tax for the year and prior years	-64	-242
Deferred tax for the year	-1.971	-1.704
	<u>-2.035</u>	<u>-1.946</u>
6 Appropriation of profit		
Distribution of Dividends	0	0
Retained Earnings	28.204	28.266
	<u>28.204</u>	<u>28.266</u>

Notes to the Financial Statements

7 Property, plant and equipment

	<u>Ships</u>	<u>Total</u>
	AUD ('000)	AUD ('000)
Cost at 1 January	192.374	192.374
Additions for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>192.374</u>	<u>192.374</u>
Impairment losses and depreciation at 1 January	31.076	31.076
Depreciation for the year	<u>8.155</u>	<u>8.155</u>
Impairment losses and depreciation at 31 December	<u>39.231</u>	<u>39.231</u>
Carrying amount at 31 December	<u>153.144</u>	<u>153.144</u>

8 Share capital

The share capital comprises two shares, one A share at the amount of nominal DKK 53,781,750 (common share) and one B share at the amount of nominal DKK 543,250 (preference share). Restrictions apply regarding rights to receive dividends between the two share classes. Each share amount of DKK 1,000 represents one vote, however certain changes to the Articles of Association require consensus by both share classes. The total share capital has remained unchanged for the last five years.

The fully issued and paid share capital, DKK 54,325,000 had been translated to AUD 12,096,955 using the registration date exchange rate of DKK 4.490 to 1 AUD (as per April 2006).

9 Contingent assets, liabilities and other financial obligations

Contingent liabilities

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

10 Related parties and ownership

Controlling interest

Svitzer A/S has the controlling interest and holds 100% of the A shares.

Other related parties

All Svitzer Group companies, A.P. Møller – Mærsk Group companies and the ultimate parent company, A.P. Møller Holding A/S, are considered related parties.

Consolidated financial statements

The financial statements of the company are included in both the consolidated financial statements of A.P. Møller – Mærsk A/S and A.P. Møller Holding A/S, which are available at the companies' registered office address, Esplanaden 50, DK-1098 Copenhagen K. Further, the consolidated financial statements of A.P. Møller – Mærsk A/S can be downloaded from the website www.maersk.com.

Notes to the Financial Statements

11 Accounting policies

Basis of preparation

The financial statements of Svitzer Towage A/S for 2020 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial statements for 2019 are presented in AUD. Exchange rate applied 31 December 2020 is 4.64 (31 December 2019: 4.67).

Cash flow statement

With reference to section 86 par. 4 of the Danish Financial Statements Act, the Company does not prepare a cash flow statement as the Company is included in the consolidated cash flow statement of A.P. Moller - Maersk Group.

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.

Notes to the Financial Statements

Accounting policies (continued)

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.

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.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments and adjustments of investments.

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.

The Company is jointly taxed with the Danish entities within the A.P. Møller - Maersk Group as well as A. P. Møller Holding A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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:

Ships	20-25	years
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Notes to the Financial Statements

Accounting policies (continued)

Receivables

Receivables and receivables from group enterprises are measured in the balance sheet at the lower of amortised cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 carry-ing 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 legisla-tion 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.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payment and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

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

Key figures

Profit (EBIT) margin:	$\frac{\text{Profit before financial items}}{\text{Revenue}}$
Return on equity after tax:	$\frac{\text{Profit/loss for the year}}{\text{Average equity}}$
Equity ratio:	$\frac{\text{Equity}}{\text{Total assets}}$

Company Details

The Company:	Svitzer Towage A/S c/o Svitzer A/S Esplanaden 50 DK-1263 Copenhagen K Telephone: +45 39 19 39 19 CVR No: 29 53 72 16
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Main activity:	The purpose of the company is to operate in the salvage-, diving-, towing-, pump-out businesses, and in similar activities with the company's own or chartered vessels.
Board of Directors:	Knud Winkler, Chairman Michael Andrew Hill David Paul Phillips
Management:	Michael Andrew Hill
Auditors:	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup