

Svitzer Towage A/S

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

Annual Report for 1 January - 31 December 2022

CVR 29537216

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on 20. June 2023



Knud Lind Winkler
Chairman of the Annual General Meeting

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Management Review

Svitzer Group is the leading towage operator with activities within both Harbour and Terminal towage and with a fleet of 359 vessels (2021: 364) in more than 100 ports across 32 countries. Additional 25 vessels (2021: 14) are on order with delivery in 2023. 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.

2022 in review

The profit of 2022 ends higher than last year and is compiled from a decrease in gross profit generated of vessels chartered to Svitzer's Australian operations, offset by an increase in net financial income for the year, and in line with expectations for the year..

Sustainability and gender composition of management

The lost time incidents frequency ("LTIF") for 2022 for Svitzer Group was 1.7 per one million exposure hours which was an increase compared to 1.2 for 2021. Despite the recognition in Svitzer of the effect of the actions taken in prior years to improve safety, bringing significant benefits, the number of LTI cases have increased more than the exposure hours. Continued focus on the safety culture and monitoring results of initiatives via the launched initiative, Safety Differently, is expected to further realise benefits in 2023 onwards.

Environment

In 2022 the primary measure for CO2 emissions (fuel consumption) for Svitzer Group were down to index 87 (2021: 100) with a higher level of activity (Operational tug jobs, Index 2022:106 compared to 2021:100). Environmental efficiency is one of the core operational elements and is measured on an annual basis.

Statement of under-represented gender in accordance with section 99(b) of the Danish Financial Statement Act

The Board of Directors consist of 3 males and 0 females; Thus, the gender split is not conderered to be balanced and is expected to be improved in the future.

Statement of corporate social responsibility in accordance with section 99(a) of the Danish Financial Statement Act

Please refer to the separate and independently assured Sustainability Report for 2022 of the parent company which provides detailed information of the A.P. Møller - Maersk Group's sustainability performance and sustainability strategy. The report is available on: <https://www.maersk.com/about/sustainability/reports>

Statement regarding data ethics in accordance with section 99(d) of the Danish Financial Statement Act

To comply with the Danish Financial Statements, Act section 99d, A.P. Møller - Mærsk A/S (CVR-no 22756214) has, among other initiatives, established a set of principles that are incorporated into workflows and processes throughout the A.P. Møller - Mærsk Group. Properness, dedication, and innovation are examples of values that contributes towards compliance, with the data ethics principles, both internally and externally.

For our statement, of data ethics, we refer to A.P. Møller – Maersk Group (CVR-no 22756214): (<https://www.maersk.com/sustainability/our-priorities/governance/data-ethics>).

EXPECTATIONS FOR 2023

The outlook for 2023 is subject to the uncertainties related to the current situation in Europe, sanctions imposed and increasing fuel prices and crew costs.

Management expects the full-year 2023 result before financial items to be at level with 2022.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------|------------|------------|------------|------------|
| | AUD ('000) | AUD ('000) | AUD ('000) | AUD ('000) | AUD ('000) |
| Gross profit | 25,483 | 27,494 | 30,100 | 30,316 | 30,970 |
| Profit before financial items (EBIT) | 18,176 | 18,958 | 21,521 | 20,797 | 21,360 |
| Financial income and financial expenses | 10,847 | 7,539 | 8,718 | 9,415 | -5,390 |
| Profit before tax | 29,023 | 26,497 | 30,239 | 30,212 | 15,970 |
| Tax | -3,062 | -1,918 | -2,035 | -1,946 | -27,226 |
| Profit for the year | 25,961 | 24,579 | 28,204 | 28,266 | -11,256 |
| Total assets | 500,529 | 474,743 | 450,030 | 436,558 | 515,180 |
| Total equity | 500,413 | 474,452 | 449,873 | 421,669 | 393,403 |
| Investments in tangible fixed assets | - | - | - | -19 | -19 |

Statement of the Board of Directors and Management

The Board of Directors and the Management have today considered and adopted the annual report of Svitzer Towage A/S ('the Company') for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company's operations for 2022.

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

Copenhagen, 20. June 2023

Executive Management:



Michael Andrew Hill

Board of Directors



Knud Lind Winkler
Chairman



Michael Andrew Hill



David Paul Phillips

Independent Auditor's Report

To the Shareholders 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 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Svitzer Towage A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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' 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 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, 20. June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31


Kristian Pedersen
State Authorised Public Accountant
Mne35412


Claus Carlsson
State Authorised Public Accountant
Mne29461

Income Statement

| | Note | 2022 | 2021 |
|--|------|----------------------|----------------------|
| | | AUD ('000) | AUD ('000) |
| Gross profit | | 25.483 | 27.494 |
| Staff costs | 1 | -447 | -443 |
| Depreciation, amortisation and impairment of property, plant and equipment | | <u>-6.860</u> | <u>-8.093</u> |
| Profit before financial income and expenses | | <u>18.176</u> | <u>18.958</u> |
| Financial income | 2 | 10.851 | 7.801 |
| Financial expenses | 3 | <u>-4</u> | <u>-262</u> |
| Profit before tax | | <u>29.023</u> | <u>26.497</u> |
| Tax on profit for the year | 4 | <u>-3.062</u> | <u>-1.918</u> |
| Profit for the year | 5 | <u>25.961</u> | <u>24.579</u> |

Balance Sheet 31 December

Assets

| | Note | 2022 | 2021 |
|--------------------------------------|------|----------------|----------------|
| | | AUD ('000) | AUD ('000) |
| Ships | | 138,190 | 145,051 |
| Ships under construction | | 6,955 | 0 |
| Property, plant and equipment | 6 | 145,145 | 145,051 |
| Total non-current assets | | 145,145 | 145,051 |
| Receivables from group enterprises | | 353,276 | 294,396 |
| Other receivables | | 0 | 0 |
| Deferred tax asset | | 2,108 | 35,296 |
| Receivables | | 355,384 | 329,692 |
| Current assets | | 355,384 | 329,692 |
| Total assets | | 500,529 | 474,743 |

Balance Sheet 31 December

Equity and liabilities

| | Note | 2022 | 2021 |
|-------------------------------------|------|----------------|----------------|
| | | AUD ('000) | AUD ('000) |
| Share capital | 7 | 12,097 | 12,097 |
| Retained earnings | | 488,316 | 462,355 |
| Equity | | 500,413 | 474,452 |
| Trade payables | | 27 | 211 |
| Payables to group enterprises | | 0 | 0 |
| Other payables | | 89 | 80 |
| Liabilities | | 116 | 291 |
| Total equity and liabilities | | 500,529 | 474,743 |

Statement of Changes in Equity

| | Share capital | Retain earnings | Total equity |
|--------------------------------|---------------|-----------------|----------------|
| | AUD ('000) | AUD ('000) | AUD ('000) |
| Equity 1 January 2022 | 12.097 | 462.355 | 474.452 |
| Profit for the year | 0 | 25.961 | 25.961 |
| Equity 31 December 2022 | 12.097 | 488.316 | 500.413 |

Notes

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Notes to the Financial Statements

| | 2022 | 2021 |
|--|---------------|---------------|
| | AUD ('000) | AUD ('000) |
| 1 Staff cost | | |
| Salaries | 386 | 380 |
| Pension costs | 37 | 38 |
| Other social security expenses | 24 | 25 |
| | <u>447</u> | <u>443</u> |
| | | |
| Average number of employees | <u>2</u> | <u>2</u> |
| | | |
| 2 Financial income | | |
| Interest received from group enterprises | 10.743 | 7.609 |
| Other financial income | 0 | 1 |
| Exchange rate adjustments | 108 | 191 |
| | <u>10.851</u> | <u>7.801</u> |
| | | |
| 3 Financial expenses | | |
| Interest paid to group enterprises | 0 | 0 |
| Exchange rate adjustments | 4 | 262 |
| | <u>4</u> | <u>262</u> |
| | | |
| 4 Tax on profit for the year | | |
| Current tax for the year and prior years | 19.105 | 24 |
| Deferred tax for the year | -22.167 | -1.942 |
| | <u>-3.062</u> | <u>-1.918</u> |
| | | |
| 5 Appropriation of profit | | |
| Distribution of Dividends | 0 | 0 |
| Retained Earnings | 25.961 | 24.579 |
| | <u>25.961</u> | <u>24.579</u> |

Notes to the Financial Statements

6 Property, plant and equipment

| | Ships | Under construction | Total |
|--|----------------|-----------------------|----------------|
| | AUD ('000) | AUD ('000) | AUD ('000) |
| Cost at 1 January 2022 | 192.374 | 0 | 192.374 |
| Additions for the year | 0 | 0 | 0 |
| Under construction - additions for the year | 0 | 6.955 | 6.955 |
| Disposals for the year | -12.450 | 0 | -12.450 |
| Cost at 31 December 2022 | <u>179.924</u> | <u>6.955</u> | <u>186.879</u> |
| Impairment losses and depreciation at 1 January 2022 | 47.324 | 0 | 47.324 |
| Depreciation for the year | 6.860 | 0 | 6.860 |
| Disposals for the year | -12.450 | 0 | -12.450 |
| Impairment losses and depreciation at 31 December 2022 | <u>41.734</u> | <u>0</u> | <u>41.734</u> |
| | | | |
| Carrying amount at 31 December 2022 | <u>138.190</u> | <u>6.955</u> | <u>145.145</u> |

7 Share capital

The share capital consist of A shares at the amount of nominal DKK 54,325,000. 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).

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Svitzer Towage A/S is jointly taxed with the Danish companies in the A.P. Møller - Mærsk Group and A.P. Møller Holding A/S. The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

9 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 – Maersk 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-1263 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

10 Accounting policies

Basis of preparation

The financial statements of Svitzer Towage A/S for 2022 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (Medium).

In accordance with the Danish Financial Statements Act section 112, the Company does not prepare consolidated financial statements as the Company and its subsidiaries are part of the consolidated financial statements prepared for A.P. Møller – Mærsk, incorporated in Denmark under registration no. 22756214, and available at the companies' registered office address, Esplanaden 50, DK-1263 Copenhagen K. Further, the consolidated financial statements of A.P. Møller – Mærsk A/S can be downloaded from the website www.maersk.com.

Also, in accordance with section 86, par. 4 of the Danish Financial Statements Act, the Company does not prepare a cash flow statement, as the Company and its subsidiaries are included in the consolidated cash flow statements of A.P. Møller - Mærsk Group.

With reference to section 966(3) of the Danish Financial Statements Act and to note for fees to the statutory auditors included in the consolidated financial statements of A.P. Møller – Mærsk A/S, the Company has decided not to disclose the fees to statutory auditors.

There has not been made any changes to the accounting policies applied.

Financial statements for 2022 are presented in AUD. Exchange rate applied 31 December 2022 is 4.77 (31 December 2021: 4.64).

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

Revenue

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

Revenue is recognized exclusive of VAT and net of discounts related to sales.

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. Moller - 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 |
|-------|-------|-------|

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.

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 towing-, pump-out businesses, and in similar activities with the company's own or chartered vessels, plus to provide loans to the Australian operations. |
| Board of Directors: | Knud Lind Winkler, Chairman Michael Andrew Hill David Paul Phillips |
| Management: | Michael Andrew Hill |
| Auditors: | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup |