

Maersk Supply Service A/S

Esplanaden 50
DK-1263 Copenhagen K

**Central Business Registration
No. 31414377**

Annual Report 2021

The Annual General Meeting adopted the Annual Report on 24.05.2022.

Chairman of the General Meeting

Name: Christopher Bent Lindbo Hennings

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COMPANY DETAILS

The Company

Maersk Supply Service A/S
Esplanaden 50
DK-1263 Copenhagen K
Denmark

CVR No.: 31414377

Registered in: Copenhagen

Registration date: 29 April 2008

Accounting period: 1 January 2021 - 31 December 2021

Board of Directors Henriette Hallberg Thygesen (Chairman)
Johan Pedersson Hay Uggla
Magnus Joakim Warholm

Executive Board Steen Strøm Karstensen

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark
CVR No. 33771231

Consolidated accounts The Company is included in the consolidated accounts of A.P. Møller Holding A/S, Copenhagen and A.P. Møller – Mærsk A/S, Copenhagen.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Maersk Supply Service A/S for the financial year 1 January - 31 December 2021.

The Annual Report for 2021 has been 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 2021 of the Company and of the results of the Company operations for 2021.

We believe that the Management`s Review contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 24 May 2022

Executive Board

Steen Strøm Karstensen

Board of Directors

Henriette Hallberg Thygesen
(Chairman)

Johan Pedersson Hay Ugglå

Magnus Joakim Warholm

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Maersk Supply Service 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Supply Service A/S for the financial year 1 January - 31 December 2021, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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, 24 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

MANAGEMENT'S REVIEW

Key figures and financial highlights

(amounts in USD million)

	2021	2020	2019	2018	2017
Revenue	163	135	134	103	113
Gross profit/loss	93	92	71	132	44
Operating profit/loss	(205)	(77)	(44)	(98)	(104)
Financial items, net	(82)	2	(64)	(399)	(205)
Profit/loss for the year	(289)	(76)	(104)	(491)	(316)
Total assets	592	852	888	964	1,083
Investments in vessels, plant and machinery	12	157	189	446	442
Total equity	522	386	460	(139)	(1)
Gross margin (%)	57.2	68.0	53.0	128.6	38.6
Profit margin (%)	(125.5)	(57.0)	(32.8)	(95.4)	(15.6)
Return on equity (%)	(63.7)	(18.2)	(64.8)	-	(202.9)
Equity ratio (%)	88.3	45.3	51.8	(15.8)	(0.1)
Return on assets (%)	(34.6)	(9.0)	(5.0)	(10.2)	0.1

Ratios

Calculation formula

Ratios

Gross margin (%)

$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$

The entity's operating gearing

Profit margin (%)

$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$

The entity's operating profitability

Return on equity (%)

$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

The entity's return on capital invested in the entity by the owners

Equity ratios (%)

$\frac{\text{Equity} \times 100}{\text{Total assets}}$

The financial strength of the entity

Return on assets (%)

$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Profitability ratio measuring net income from total assets

MANAGEMENT'S REVIEW (CONTINUED)

Primary activities

Maersk Supply Service A/S is a 100% owned subsidiary of A.P. Møller-Mærsk, providing global services to the offshore industry including anchor handling, towage of drilling rigs and platforms, as well as project management and execution. The Company is also moving into the renewables (offshore wind) market. A minor part of the activities takes place in branches abroad (please refer note 4).

As of 31 December 2021, the Company's fleet comprises 24 vessels.

Development in activities and finances

The Income Statement of the Company for 2021 shows a loss of USD 289 million (2020: loss of USD 76 million) and at 31 December 2021 the Balance Sheet of the Company shows equity of USD 522 million (2020: USD 386 million). The result for 2021 includes impairment write downs on vessels and intangible assets of USD 188 million (2020: USD 73 million) and impairment write downs on investments in subsidiaries and joint ventures of USD 86 million (2020: USD 60 million), partly offset by dividends received of USD 4 million (2020: USD 80 million). Consequently, the adjusted loss for 2021 amounts to USD 16 million, which was lower than the adjusted loss for 2020 of USD 22 million. The improvement in adjusted loss is primarily due to an increase in revenue and improved financial result, partly offset by increased operating cost and staff cost.

The loss for 2021 result is negatively impacted by Covid-19, mainly through a reduction in revenue and increased crew cost. The outlook for 2021 was last year subject to significant uncertainty due to Covid-19, as a result and it was not possible to give a reliable estimate at the time of publishing the 2020 accounts. The revenue and result for 2021 was as expected negatively impacted by Covid-19.

The industry continues to be characterized by oversupply and difficult market conditions in the short-term. The early part of the COVID-19 pandemic resulted in lower oil prices, reduced activity and contract opportunities within the OSV segment. While oil prices rebounded in 2021, a similar improvement in OSV demand did not eventuate. This prompted management to perform a strategic review of the fleet and future requirements, resulting in a revised strategy focused more on green energy activity, prompted by increased customer focus in the area, leading to an impairment due to lower future market demand for vessels operating in the traditional oil and gas segment.

During the year, A.P. Møller-Mærsk A/S has made a capital increase in Maersk Supply Service A/S of USD 428 million as a tax-free contribution in kind.

Investments

During 2021, no major investments have been made, thus the investments during the year are mainly related to Drydocking, modification on vessels and IT software.

Outlook

The Company's outlook for the near future is set to improve, as the Company continues to grow the renewables (offshore wind) market, optimize the core time chartering business and further develop the solutions business with specific focus on the towing and mooring market.

MANAGEMENT'S REVIEW (CONTINUED)

Renewables (offshore wind) is expected to become an ever more important source of vessel demand.

Gross profit is expected to be in line with 2021. The range expected is USD 70 million to USD 120 million.

The outlook for 2022 is subject to uncertainties related to the Russia-Ukraine war, COVID-19, vessels rates etc., given the uncertain macroeconomics conditions.

Particular risks

The main risks to Maersk Supply Service's performance relate to development in global demand for offshore support vessels and the corresponding development in day rates.

Impairment indicators in Maersk Supply Service are lower day rates on new contracts, forecasted utilisation on vessels without firm contracts and a decline in fair market value of vessels.

The fair market value estimates for vessels are highly uncertain, as the second-hand market for offshore vessels is in a state of distress, with only very few benchmark transactions for both modern and older vessels involving willing buyers / willing sellers.

The value in use calculations for the individual cash generating units are sensitive to the day rates expected to apply when contracts expire, and to the risks of idle periods in the forecasts. Other critical variables include the discount rate, and the impact on day rates from the green transition.

The market development for oil and gas assets, as well as the speed of the green transition, is uncertain and will impact the future valuation of Maersk Supply Service and determine additional impairment or impairment reversals in the coming years. COVID-19 is not expected to have significant impact on vessel value-in-use, but a return of the pandemic could impact costs.

There is no significant dependency on particular customers or suppliers. The Company has no significant credit risks.

Foreign exchange risks:

The Company's income is mainly in USD, whereas expenditure is spread across several currencies. Due to net earnings in USD, this currency is also the Company's primary financing currency. Based on specific assessment, the Company uses financial instruments to reduce the impact of exchange rate fluctuations.

Safety

During 2021, Maersk Supply Service Group continued to be affected by the COVID-19 pandemic. Despite this, 2021 signified another year with strong safety performance. While Maersk Supply Service did endure two Lost Time Injuries (LTI) during 2021, the Total Recordable Case Frequency (TRCF) related to restricted work cases and medical treatment cases decreased to below 2020 levels. As a result, the Frequency (TRCF) was sustained at a very low level both in terms of actual numbers and potential consequences.

Environmental performance

Maersk Supply Service Group continued to see positive environmental developments during 2021.

Maersk Supply Service Group track the decarbonisation efforts via the Carbon Intensity Indicator. In 2021 the Carbon Intensity is indicated at 76.5 - down 2 points from 2020 at 78.48. Overall, in 2021 Maersk Supply Service Group have reduced carbon intensity by 15.6% from 2018.

The positive trend is made possible through focus on behaviour optimisation in Maersk Supply Service throughout our operations and various technical upgrades. Maersk Supply Service will continue increasing decarbonisation initiatives with the addition of a battery pack, variable frequency drives and use of biofuel.

Moreover, Maersk Supply Service vessels work closely in observing and implementing improvement opportunities. They develop 2 vessel specific improvement initiatives every year, one focusing on the energy efficiency aspect (soon to be merged with Decarbonization efforts) and the other on a specific environmental objective/project. These are shared across the fleet on a platform called NOSCO as COBIs (Continuous Onboard Improvements) and often act as an inspiration for other vessels in setting respective annual objectives. In 2021, our operating vessels established initiatives which resulted in better collaboration and crew engagement.

An updated Environmental training for Maersk Supply Service was overdue and finally in Q3 2021 a new ISO 14001: Environmental Management and Compliance training was created. The inhouse training is divided into 5 modules to facilitate and test the awareness of colleagues on various sub-topics. The improved e-training module takes into consideration certain legislative revisions and places intense focus on our obligations towards environmental protection.

Statutory report on corporate social responsibility cf. section 99a of the Danish Financial Statements Act

Concerning compliance with section 99a of the Danish Financial Statements Act, reference is made to the parent company A.P. Møller - Mærsk A/S' separate sustainability report on the website: <https://www.maersk.com/about/sustainability/reports-and-resources>

Statutory report on share of underrepresented gender cf. section 99b of the Danish Financial Statements Act

Maersk Supply Service has reached equal gender representation on its Board of Directors in accordance with section 99b of the Danish Financial Statements Act. Female representation has increased as a result of a reduction in the number of board members. The target is now 40% female representation.

On the basis of the Diversity & Inclusion (D&I) policy launched in 2020, Maersk Supply Service continued the D&I journey into 2021 with roll-out of D&I strategy, outlining targets and actions to increase female representation at all levels both onshore and offshore towards 2023.

MANAGEMENT'S REVIEW (CONTINUED)

The main focus and activities have been around recruitment processes and employee systems, and consequently the numbers for female representation increased satisfactory during 2021.

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

Maersk Supply Service A/S is part of APMM Group and refers to the Group statement on data ethics in the 2021 Maersk Group Sustainability Report, on the website: <https://www.maersk.com/about/sustainability/reports-and-resources>

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty, apart from the above mentioned relating to impairment write downs, which are based on a number of assumptions and estimates.

Unusual circumstances affecting recognition and measurement

The financial position as at 31 December 2021 and the result for the financial year has not been affected by any unusual events apart from the impact from the impairment write downs as described above.

Events after the balance sheet date

A capital increase of USD 49 million has been made in March 2022.

The current war in the Ukraine has impacted bunker cost but is not expected to materially impact profitability or the market value of the vessels. Management will continue to monitor developments and assess the impact on Maersk Supply Service A/S.

No other events have occurred after the reporting date of importance to the Annual Report.

INCOME STATEMENT

Amounts in USD 1,000

Note		<u>2021</u>	<u>2020</u>
4	Revenue	163,121	134,831
	Other operating income	19,062	40,091
	Other external expenses	<u>(88,896)</u>	<u>(62,912)</u>
	Gross profit/loss	93,287	112,010
5	Staff costs	(83,796)	(66,870)
6	Depreciation, amortisation and Impairment losses	(214,250)	(101,492)
	Other operating expenses	<u>(0)</u>	<u>(20,191)</u>
	Operating profit/loss	(204,759)	(76,543)
7	Other financial income	389	479
	Dividends received	4,273	80,000
8	Impairment of subsidiaries	(81,711)	(58,477)
8	Impairment of joint ventures	(3,916)	(1,989)
8	Value adjustment, Other investments	9,836	0
9	Other financial expenses	<u>(11,252)</u>	<u>(18,052)</u>
	Profit/loss before tax	(287,140)	(74,582)
10	Tax	<u>(2,282)</u>	<u>(1,598)</u>
11	Profit/loss for the year	<u>(289,422)</u>	<u>(76,180)</u>

BALANCE SHEET 31 DECEMBER

Amounts in USD 1,000

Assets	2021	2020
Note		
Software	0	5,767
12 Intangible asset	0	5,767
Plant and machinery	975	2,813
Vessels	271,906	488,023
Prepayments for vessels	3,329	3,796
13 Vessels, plant and machinery	276,210	494,632
Investments in subsidiaries	165,472	218,103
Investments in joint ventures	914	1,830
Other investments	32,314	17,895
14 Fixed asset investments	198,700	237,828
Fixed Assets	474,910	738,227
Raw materials and consumables	4,610	2,054
Manufactured goods and goods for resale	7,284	6,398
Inventories	11,894	8,452
Trade receivables	43,522	35,331
Receivables from affiliated companies	55,490	65,012
Other receivables	1,710	1,170
Income tax receivable	1,846	1,929
Prepayments	1,913	1,703
Receivables	104,481	105,145
Cash	500	138
Current assets	116,875	113,735
Assets	591,785	851,962

BALANCE SHEET 31 DECEMBER (continued)

Amounts in USD 1,000

Equity and liabilities

	<u>2021</u>	<u>2020</u>	
15	Share capital	100,000	100,000
	Hedges	(1,027)	1,120
	Retained earnings	423,479	284,563
	Total equity	<u>522,452</u>	<u>385,683</u>
16	Other provisions	9,834	16,027
	Provisions	<u>9,834</u>	<u>16,027</u>
17	Trade payables	31,015	21,015
	Payables to affiliated companies	11,640	408,669
	Income tax payable	2,637	1,222
	Other payables	14,207	19,346
	Current liabilities	<u>59,499</u>	<u>450,252</u>
	Liabilities other than provisions	<u>59,499</u>	<u>450,252</u>
	Equity and liabilities	<u>591,785</u>	<u>851,962</u>

- 1 Going concern
- 2 Special items
- 3 Event after the balance sheet date
- 18 Financial instruments
- 19 Contingent liabilities
- 20 Contractual obligations
- 21 Related parties with controlling interest

STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1,000

	Share capital	Hedges	Retained earnings	Total
1 January 2021	100,000	1,120	284,563	385,683
Capital Increase			428,338	428,338
Fair value adjust. of Hedging		(2,147)		(2,147)
Profit for the year			(289,422)	(289,422)
31 December 2021	100,000	(1,027)	423,479	522,452

NOTES

Note

1 **Going concern**

In connection with the Board of Directors and Management's assessment of the assumption of going concern, which forms the basis of the preparation of the Annual Report of Maersk Supply Service A/S for 2021, A.P. Møller - Mærsk A/S, being the Parent Company, have informed that they in line with prior practice will support Maersk Supply Service A/S to the extent necessary to finance the Company's operating activities, and to settle its financial obligations as they fall due until the date of publishing of the Annual Report for 2022.

Based on this, the Annual Report of Maersk Supply Service A/S is based on the assumption of going concern.

2 **Special items**

Impairment on Intangibles, vessels and plant and machinery in 2021 amounts to net USD 188 million (2020: USD 73 million (net)) and impairment on Investments in subsidiaries and joint ventures of USD 86 million (2020: USD 60 million), partly offset by received dividend of USD 4 million (2020: USD 80 million).

The fair market value estimates for vessels are highly uncertain as the second-hand market for offshore vessels is in a state of distress with only very few benchmark transactions for both modern and older vessels involving willing buyers / willing sellers.

The value in use calculations for the individual cash generating units are sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate and EBITDA margin in the terminal period are critical variables. The day rates in the short to medium term are expected to remain low. In line with analysts in the market, management expects a gradual move towards more economically sustainable rates in the long-term. Due to the uncertain prospects for vessels without contracts, further impairment write downs may be recognised in the coming years, if the market decline continues for a longer period. As some of the subsidiaries in the MSS Group also own vessels, further write downs on subsidiaries may also be recognised in the coming years.

Similarly, if the market recovers more than expected, reversals of impairment on vessels and subsidiaries may be recognised in the coming years.

3 **Event after the balance sheet date**

A capital increase of USD 49 million has been made in March 2022.

The current war in the Ukraine has impacted bunker cost but is not expected to materially impact profitability or the market value of the vessels. Management will continue to monitor developments and assess the impact on Maersk Supply Service A/S.

No other events have occurred after the reporting date of importance to the Annual Report.

NOTES (continued)

Amounts in USD 1,000

	2021	2020
4 Revenue		
<i>By geographical market</i>		
Europe	53,983	56,870
Asia and Pacific	23,678	27,404
Africa	57,191	27,978
North America	28,269	14,346
South America	0	8,233
	163,121	134,831
<i>By activity</i>		
Exports	163,121	134,831
	163,121	134,831
<p>The Company has the following branches: Maersk Supply Service AS – Norway Branch Maersk Supply Service AS – Ivory Coast Branch Maersk Supply Service AS – Australia Branch Maersk Supply Service AS – UK Branch Maersk Supply Service AS – Nigeria Branch</p>		
5 Staff costs		
Wages and salaries	77,303	60,674
Pension costs	5,035	4,917
Other social security costs	1,240	1,103
Other staff costs	218	176
	83,796	66,870
Average number of employees	889	799

Pursuant to section 98(b)(3) of the Danish Financial Statements Act, remuneration to Management has not been disclosed. No emoluments have been paid to the Board of Directors.

NOTES (continued)

Amounts in USD 1,000

	<u>2021</u>	<u>2020</u>
6 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2,099	2,315
Impairment losses on intangible asset	4,214	0
Depreciation of vessels, plant and machinery	24,518	25,970
Impairment losses on vessels, plant and machinery	183,419	73,207
	<u>214,250</u>	<u>101,492</u>
7 Other financial income		
Financial income arising from group enterprises	16	122
Exchange rate adjustments	373	357
	<u>389</u>	<u>479</u>
8 Impairment and value adjustment of financial assets		
Impairment of financial assets comprises write down on Investments in subsidiaries and joint ventures, and value adjustment comprise write up to fair value of listed Equity Investments.		
9 Other financial expenses		
Financial expenses from group enterprises	10,965	15,549
Exchange rate adjustments	53	41
Other financial expenses	234	2,462
	<u>11,252</u>	<u>18,052</u>
10 Tax		
Tax on current year taxable income	1,236	(1,046)
Adjustments concerning previous years	1,046	(552)
	<u>2,282</u>	<u>(1,598)</u>
11 Proposed distribution of profit/loss		
Retained earning	(289,422)	(76,180)
Dividend	0	0
	<u>(289,422)</u>	<u>(76,180)</u>

NOTES (continued)

Amounts in USD 1,000

12 Intangible assets	Software
Cost:	
1 January 2021	29,572
Additions	<u>546</u>
31 December 2021	<u>30,118</u>
Amortisation and impairment losses:	
1 January 2021	(23,805)
Amortisation for the year	(2,099)
Impairment for the year	<u>(4,214)</u>
31 December 2021	<u>(30,118)</u>
Carrying amount 31 December 2021	<u>0</u>

13 Vessels, plant and machinery	Plant and machinery	Vessels	Prepayments for Vessels
Cost:			
1 January 2021	5,416	1,843,317	3,796
Transfers	0	11,021	(11,021)
Additions	1,929	0	10,554
Disposals	<u>0</u>	<u>(94,715)</u>	<u>0</u>
31 December 2021	<u>7,345</u>	<u>1,759,622</u>	<u>3,329</u>
Depreciations and impairment losses:			
1 January 2021	(2,604)	(1,355,294)	0
Impairment losses for the year	(3,133)	(180,286)	0
Reversed regarding disposal	0	71,749	0
Depreciation for the year	<u>(633)</u>	<u>(23,885)</u>	<u>0</u>
31 December 2021	<u>(6,370)</u>	<u>(1,487,715)</u>	<u>0</u>
Carrying amount 31 December 2021	<u>975</u>	<u>271,906</u>	<u>3,329</u>

NOTES (continued)

Amounts in USD 1,000

14 Fixed Assets Investments	Investm. in subs.	Investm. in joint vent.	Other investments
Costs:			
1 January 2021	990,851	7,000	17,895
Additions	<u>29,081</u>	<u>3,000</u>	<u>4,583</u>
31 December 2021	<u>1,019,932</u>	<u>10,000</u>	<u>22,478</u>
Valuation of Equity investment:			
1 January 2021	0	0	0
Valuation during the year	<u>0</u>	<u>0</u>	<u>9,836</u>
31 December 2021	<u>0</u>	<u>0</u>	<u>9,836</u>
Impairment losses:			
1 January 2021	(772,748)	(5,171)	0
Impairment losses for the year	<u>(81,712)</u>	<u>(3,916)</u>	<u>0</u>
31 December 2021	<u>(854,460)</u>	<u>(9,086)</u>	<u>0</u>
Carrying amount 31 December 2021	<u>165,472</u>	<u>914</u>	<u>32,314</u>

NOTES (continued)

	Registered In	Corporate Form	Equity interest %	Equity USD 1,000	Profit/loss USD 1,000
<i>Investment in subsidiaries comprise:</i>					
Maersk Supply Service International A/S**	Denmark	A/S	100%	161,719	(69,606)
Maersk Supply Service Canada Ltd. ***	Canada	Ltd.	100%	N/A	N/A
Maersk Supply Service UK Ltd. *	UK	Ltd.	100%	198,902	67,469
Maersk Supply Service Subsea UK Ltd. *	UK	Ltd.	100%	176,722	62,684
Maersk Crewing Australia Pty. *	Australia	Ltd.	100%	(96)	(12)
Maersk Supply Service Singapore Ltd. *	Singapore	Ltd.	100%	57	12
Maersk Supply Service Philippines A/S **	Denmark	A/S	100%	617	74
Maersk Supply Service (Angola) S.A. *	Angola	S.A.	49%	(8,067)	(4,259)
Maersk Supply Service Brazil Holdings A/S**	Denmark	A/S	100%	184	(19,323)
Maersk Supply Service Apoio Maritimo Ltda. *	Brazil	Ltda.	100%	(798)	(6,185)
Maersk Supply Service America Latina Servicos Maritimos Ltda. ***	Brazil	Ltda.	100%	N/A	N/A
Maersk Supply Service Mexico Holdings S. de R. L. de C.V. ***	Mexico	S.de R.L. de C.V.	100%	N/A	N/A
Maersk Supply Service Mexico S.A. de C.V. ***	Mexico	SA de CV	49%	N/A	N/A
Maersk Supply Service Equatorial Guinea SAS***	Eq. Guinea	S.A.S	65%	N/A	N/A
Maersk Supply Service West Africa A/S **	Denmark	A/S	100%	3,612	(9,665)
Maersk Supply Service Griffon Ghana Ltd. ***	Ghana	Ltd.	90%	N/A	N/A
Stillstrom A/S **	Denmark	A/S	100%	75	(7)
<i>Investment in joint ventures comprise:</i>					
Maersk Decom A/S **	Denmark	A/S	50%	6,479	(3,062)
Maersk Decom Mauritania A/S**	Denmark	A/S	50%	334	427

* Annual Report 2020 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2020, and the profit is calculated using the average exchange rate for 2020).

** Annual Report 2021 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2021, and the profit is calculated using the average exchange rate for 2021).

*** No published financial statements available.

15 Share capital

The share capital consists of 507,531 shares of a nominal value of DKK 1,000, equal to USD 100 million. No shares carry any special rights.

NOTES (continued)

16 **Other provisions**

Other provisions comprising litigations and disputes on taxes and duties.

Other provisions of USD 2 million (2020: USD 3 million) are expected to mature within one year (USD 1 million) and within 2-5 years (USD 1 million). Provisions are recognised based on specific estimates and amounts may vary, as these are uncertain.

Remaining Other provisions include tax provisions of USD 8 million (2020: USD 13 million) maturing within 2-5 years.

17 **Payables to affiliated companies**

Payables to affiliated companies mainly included a loan of USD 394 million from previous year and additional loan of 30m in August 2021 from the Parent Company, A.P. Møller - Mærsk A/S. In Dec 2021, this loan amount along with interest portion was cleared through tax free contribution in kind from A.P. Møller - Mærsk A/S, resulting in no loan end of 2021.

Payable to affiliates now only has normal business transactions, mainly payable to Maersk Oil Trading for Bunker purchase.

18 **Financial instruments**

Forward exchange contracts:

The forward exchange contracts have been concluded to hedge future OPEX. The fair value of the forward exchange contracts amounts to a negative fair value of USD -1.0 million (2020: fair value of USD 1.1 million) at the balance sheet date.

19 **Contingent liabilities**

The Company is subject to the Tonnage Tax scheme. The Company is not subject to deferred tax. However, tax may become payable on the sale of vessels or on withdrawal from the Tonnage Tax scheme.

NOTES (continued)

20 **Contractual obligations**

As of 31 December 2021, the Company has no contractual commitments.

21 **Related parties with controlling interest**

Majority shareholder: A.P. Møller - Mærsk A/S, Esplanaden 50, 1263 Copenhagen, Denmark.

Other related parties:

Companies affiliated with A.P. Møller - Mærsk A/S and A.P. Møller Holding A/S.

The Company's related parties include the members of the Board of Directors, Management and the key executives, as well as the related family members of these persons. Related parties also include companies in which the above-mentioned persons have a significant interest.

Transactions with related parties:

All transactions with related parties are made on markets terms.

Group relations:

Name and registered office of the Parent Company preparing Consolidated Financial Statements for the smallest group:

A.P. Møller - Mærsk A/S, Esplanaden 50, 1263 Copenhagen K, Denmark

The Company is also included in the Consolidated Financial Statements for A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K, Denmark.

ACCOUNTING POLICIES

Reporting class

This Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large enterprises).

The accounting policies applied to these financial statements are consistent with those applied last year and the Annual Report are presented in American dollars (USD). The exchange rate of USD to DKK was 6.557 at 31 December 2021 (2020: DKK 6.052).

No Consolidated Financial Statements have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The Annual Report of Maersk Supply Service A/S and its group enterprises are included in the Consolidated Financial Statements for A.P. Møller - Mærsk A/S, Denmark, CVR no. 22 75 62 14.

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has chosen not to disclose the fee to the Company's auditors appointed at the Annual General Meeting.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the Consolidated Financial Statements of A.P. Møller - Mærsk A/S.

Recognition and measurement in general

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial Statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

ACCOUNTING POLICIES (CONTINUED)

Hedge accounting

Changes in fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair value of derivative financial Instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

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

ACCOUNTING POLICIES (CONTINUED)

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including gain on divestments of vessels.

Other operating expenses

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including loss on divestments of vessels.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for daily running costs, administration etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relate to vessels, plant and machinery, and intangible assets for the financial year.

ACCOUNTING POLICIES (CONTINUED)

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, receivables and transactions in foreign currencies.

Dividend received

Dividends from subsidiaries are recognised at the time of receipt.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

Tax on profit/loss for the year

The Company is included in the Tonnage Taxation Scheme. Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with other Danish companies in the A.P. Møller Holding A/S Group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets

Software and development projects in progress are measured at cost price and are amortised from the time it is ready to be put into operation on straight-line basis over the useful life, max. 5 years.

Vessels, plant and machinery

Vessels, plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of vessels, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the Income Statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Vessels 20 years
Other 3-10 years

ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives and residual values are reassessed annually.

Vessels, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in Subsidiaries

Investments in subsidiaries are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in Joint Ventures

Investments in Joint Ventures are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprising listed Equity Investments are measured at fair value. The value adjustment is recognized as Financials in the Income statement.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments include prepaid costs, including mainly prepaid insurances.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is

ACCOUNTING POLICIES (CONTINUED)

recognised in the Income statement as a financial expense over the term of the leases.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.