

Maersk Decom A/S

Lyngby Hovedgade 85
2800 Kgs. Lyngby
CVR No. 39644053

Annual report 2019

The Annual General Meeting adopted the
annual report on 06.05.2020

Benjamin Critchley

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	8
Balance sheet at 31.12.2019	9
Statement of changes in equity for 2019	11
Notes	12
Accounting policies	14

Entity details

Entity

Maersk Decom A/S

Lyngby Hovedgade 85

2800 Kgs. Lyngby

CVR No.: 39644053

Date of foundation: 14.06.2018

Registered office: Lyngby-Taarbæk

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Steen Strøm Karstensen, Chairman

Jørn Peter Madsen

Carsten Gram Haagensen

Morten Kelstrup

Jonas Munch Agerskov

Nikolaj Barsøe Svane

Executive Board

Lars Banke

Auditors

PricewaterhouseCoopers Statautoriseret Revisionspartnerskab

Strandvejen 44

2900 Hellerup

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Maersk Decom A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 06.05.2020

Executive Board

Lars Banke

Board of Directors

Steen Strøm Karstensen
Chairman

Jørn Peter Madsen

Carsten Gram Haagensen

Morten Kelstrup

Jonas Munch Agerskov

Nikolaj Barsøe Svane

Independent auditor's report

To the shareholders of Maersk Decom A/S

Opinion

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

We have audited the Financial Statements of Maersk Decom A/S for the financial year 1 January - 31 December 2019, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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, 06.05.2020

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

CVR No. 33771231

Martin Lunden

State Authorised Public Accountant

Identification No (MNE) mne32209

Martin Enderberg Lassen

State Authorised Public Accountant

Identification No (MNE) mne40044

Management commentary

Primary activities

Maersk Decom is a stand-alone Joint Venture, owned by Maersk Supply Service A/S and Maersk Drilling A/S, providing bundled full-scope decommissioning solutions for the offshore oil & gas industry.

Description of material changes in activities and finances

The Income Statement of the Entity for 2019 shows a loss of USD -4.3 million and at 31 December 2019 the balance sheet of the Entity shows an equity of USD 5.4 million. The reason for the loss in 2019 is because the Entity is still in the start-up phase and therefore has a substantial amount of start-up costs.

This is the Entity's second financial year.

Events after the balance sheet date

The COVID-19 pandemic will have significant impact on the global economy, with many governments across the world deciding to "close down their countries". Management considers the implications of COVID-19 a subsequent event, which occurred after the balance sheet date (31 December 2019). It is therefore a non-adjusting event for the Company.

The Company's outlook for the future may be negatively impacted by the COVID-19 pandemic, and by the measures taken by governments around the world to limit the effect of the outbreak.

Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, still too early to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

Capital Resources

On 18 December 2019, Maersk Decom A/S's budget for 2020 was approved at a meeting of its board of directors, who represent Maersk Decom A/S's owners, Maersk Drilling A/S and Maersk Supply Service A/S. The approved budget for 2020 provides for financial support from Maersk Decom A/S's owners for the period up to 31 December 2020 that will ensure Maersk Decom A/S is able to settle its obligation as they fall due.

Income statement for 2019

	Notes	2019 USD'000	2018 USD'000
Gross profit/loss		(5,196)	(2,463)
Other financial income	3	69	9
Other financial expenses	4	(40)	(118)
Profit/loss before tax		(5,167)	(2,572)
Tax on profit/loss for the year	5	876	252
Profit/loss for the year		(4,291)	(2,320)
Proposed distribution of profit and loss			
Retained earnings		(4,291)	(2,320)
Proposed distribution of profit and loss		(4,291)	(2,320)

Balance sheet at 31.12.2019

Assets

	Notes	2019 USD'000	2018 USD'000
Trade receivables		0	141
Receivables from group enterprises		0	3,016
Other receivables		379	388
Income tax receivable		886	252
Receivables		1,265	3,797
Cash		5,437	0
Current assets		6,702	3,797
Assets		6,702	3,797

Equity and liabilities

	Notes	2019 USD'000	2018 USD'000
Contributed capital		77	77
Retained earnings		5,312	1,603
Equity		5,389	1,680
Trade payables		66	612
Payables to group enterprises		652	1,199
Other payables		595	306
Current liabilities other than provisions		1,313	2,117
Liabilities other than provisions		1,313	2,117
Equity and liabilities		6,702	3,797

Events after the balance sheet date	1
Capital resources	2
Contingent liabilities	6
Related parties with controlling interest	7

Statement of changes in equity for 2019

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	77	1,603	1,680
Tax free contribution from shareholder	0	8,000	8,000
Profit/loss for the year	0	(4,291)	(4,291)
Equity end of year	77	5,312	5,389

Notes

1 Events after the balance sheet date

The COVID-19 pandemic will have significant impact on the global economy, with many governments across the world deciding to "close down their countries". Management considers the implications of COVID-19 a subsequent event, which occurred after the balance sheet date (31 December 2019). It is therefore a non-adjusting event for the Company.

The Company's outlook for the future may be negatively impacted by the COVID-19 pandemic, and by the measures taken by governments around the world to limit the effect of the outbreak.

Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, still too early to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

2 Capital resources

On 18 December 2019, Maersk Decom A/S's budget for 2020 was approved at a meeting of its board of directors, who represent Maersk Decom A/S's owners, Maersk Drilling A/S and Maersk Supply Service A/S. The approved budget for 2020 provides for financial support from Maersk Decom A/S's owners for the period up to 31 December 2020 that will ensure Maersk Decom A/S is able to settle its obligation as they fall due.

3 Other financial income

	2019 USD'000	2018 USD'000
Other interest income	56	4
Exchange rate adjustments	13	5
	69	9

4 Other financial expenses

	2019 USD'000	2018 USD'000
Other interest expenses	2	0
Exchange rate adjustments	38	118
	40	118

5 Tax on profit/loss for the year

	2019 USD'000	2018 USD'000
Current tax	(886)	(252)
Adjustment concerning previous years	10	0
	(876)	(252)

6 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where A.P. Møller Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint arrangement is evident from the administration company's financial statement.

There are no other security or contingent liabilities at 31 December 2019.

7 Related parties with controlling interest

Related parties with controlling interest:

The Company is a stand-alone joint venture, owned by Maersk Supply Service A/S (50%) and Maersk Drilling A/S (50%). The ultimate controlling parent of the company is A.P. Møller-Mærsk A/S, Esplanaden 50, 1263 Copenhagen K, Denmark, at the end of 2019.

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 significant interest.

Transactions:

During the financial year, related party transactions have been conducted on an arm's length basis.

Consolidated annual accounts:

The Company is included in the consolidated annual accounts of A.P. Møller – Mærsk A/S, Esplanaden 50, 1263 Copenhagen K and A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The Annual Accounts are presented in American dollars (USD). The exchange rate of USD to DKK was 6.676 at 31 December 2019.

Recognition and measurement

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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.

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.

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of services is recognised in the income statement when delivery 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.

Other external expenses

Other external expenses comprise costs of administration etc.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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 group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxables incomes.

Balance sheet**Receivables**

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

Income tax payable or receivable

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.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Carsten Gram Haagensen

Bestyrelsesformand

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-571957314215

IP: 168.149.xxx.xxx

2020-05-20 06:07:38Z

NEM ID 

Lars Banke

Direktør

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-671072084675

IP: 168.149.xxx.xxx

2020-05-20 06:49:44Z

NEM ID 

Steen Strøm Karstensen

Bestyrelsesformand

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-331157908493

IP: 168.149.xxx.xxx

2020-05-20 07:02:14Z

NEM ID 

Jonas Munch Agerskov

Bestyrelsesmedlem

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-351553193325

IP: 148.64.xxx.xxx

2020-05-20 09:47:58Z

NEM ID 

Morten Kelstrup

Bestyrelsesmedlem

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-875546990775

IP: 98.158.xxx.xxx

2020-05-22 12:09:01Z

NEM ID 

Jørn Peter Madsen

Bestyrelsesmedlem

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-979053671974

IP: 185.98.xxx.xxx

2020-05-23 17:25:29Z

NEM ID 

Nikolaj Barsøe Svane

Bestyrelsesmedlem

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-697638041247

IP: 148.64.xxx.xxx

2020-05-24 09:19:17Z

NEM ID 

Martin Enderberg Lassen

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret

Revisionspartnerselskab

Serienummer: CVR:33771231-RID:66801140

IP: 83.136.xxx.xxx

2020-05-24 10:16:24Z

NEM ID 

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Martin Lunden

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret

Revisionspartnerselskab

Serienummer: CVR:33771231-RID:77203914

IP: 83.136.xxx.xxx

2020-05-24 18:39:43Z

NEM ID 

Benjamin Hugh Sutherland Critchley

Dirigent

På vegne af: Maersk Decom A/S

Serienummer: PID:9208-2002-2-218424713179

IP: 5.186.xxx.xxx

2020-05-24 19:34:19Z

NEM ID 

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>