



## **MAERSK TANKERS A/S**

(Central Business Registration no: 28 67 35 90)

Annual Report 2020  
(14th Accounting Year)

The Annual Report was presented and adopted at the Annual General Meeting.

*Anette Ryde*  
Chairman of the meeting

Copenhagen 6 April 2021

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**Company information**

Maersk Tankers A/S  
Holmbladsgade 133  
2300 Copenhagen S  
Denmark

Registration no.: 28 67 35 90  
Founded: 7 December 2006  
Domicile: Copenhagen  
Financial year: 1 January - 31 December

**Board of directors**

Robert M. Uggla (Chairman)  
Michael David Brennan  
Martin N. Larsen  
Maria A. Pejter  
Ibrahim Gokcen  
Kristin Helene Holth

**Executive Management**

Christian M. Ingerslev  
Morten M. Christensen  
Eva Birgitte Bisgaard  
Claus Grønberg

**Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
Denmark

Amounts in USD million

**Financial highlights**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> <sup>1</sup>
<i>Revenue</i>	530	419	300	275	451
<i>Profit/loss before depreciation and impairment losses<sup>2</sup></i>	76	34	(16)	(79)	47
<i>Financial items, net</i>	(5)	0	2	7	(23)
<i>Profit/loss for the year - continuing operations</i>	24	17	(14)	(72)	35
<i>Profit/loss for the year</i>	24	17	(14)	(479)	35
<i>Total assets</i>	382	254	175	726	1,752
<i>Equity</i>	38	49	31	546	1,023
<i>Investments in tangible fixed assets</i>	52	37	0	3	15
<i>Profit margin</i>	14.3%	8.1%	(5.5%)	(29.4%)	10.4%
<i>Equity ratio</i>	10.0%	19.4%	17.9%	75.5%	58.5%
<i>Return on equity</i>	54.4%	41.3%	(5.0%)	(10.3%)	3.5%

<sup>1</sup> Figures for 2016 are not adjusted to reflect the carve out of the vessel owning activities, which are presented as discontinued operations in 2017. IFRS 16 'Leases' was implemented as of 1 January 2019 applying the modified retrospective approach under which comparative figures are not to be adjusted in the financial statements.

<sup>2</sup> Includes other income generated by the carveout of digital activities to ZeroNorth A/S.

## Management's review

Maersk Tankers is a service company within the product tanker industry, managing one of the largest product tanker fleets in the world, totalling 234 vessels. The ships are operating in global and niche markets across seven segments to meet the varied needs of customers: City, Intermediate, Flexi, Handy, MR, LR2 and Aframax.

Maersk Tankers' strategy is centred on providing partners in its pools greater economic and environmental performance while retaining high employee engagement. Hence, the strategy helps to: increase the number of vessels under commercial management by attracting and retaining pool partners; offer alternative freight solutions to partners to reduce their risk; and develop and deploy digital solutions for the industry to reduce CO2 emissions.

The company is sole responsible for the corporate, commercial, and technical management of the considerable fleet in Maersk Product Tankers.

## Activities for the year

The result for the year is a profit of USD 23.7 million (2019: USD 16.6 million) in line with the expectation for the year. The result was positively impacted by higher fee income triggered by an increase in vessels under management and a better result in Freight Trading. In 2020, vessels under management witnessed a significant growth along with several new partnerships in addition to improved retention and further growth among the existing partner base.

Furthermore, the carveout of digital activities to ZeroNorth A/S to enable further growth, contributed to the overall result.

## Energy value chain

Of the world's seaborne transportation, 9% is carried out by product tanker vessels. Maersk Tankers operates as a commercial, corporate, and technical manager for companies operating in the industry carrying oil products from refineries to distribution points determined by customers, who are mainly oil majors and trading houses.



## Risks

### Freight rates

Maersk Tankers' trading of freight rate risks through arbitrage between physical and financial market exposes the company to fluctuations in global freight rates and bunker prices. Vessels leased for trading or risk management purposes to further support the commercial activities are exposed to freight related risks, that are largely covered by freight and bunker price hedges.

### Currency rates

Maersk Tankers' income is mainly in USD, whereas spending is spread across several currencies, including USD. It is Maersk Tankers policy to partly hedge fluctuations in exchange rates. As of 31 December 2020, Maersk Tankers had 60% (2019: 52%) of its exchange rate risks on expected costs for the next 12 months hedged using FX forwards.

## Management's review, continued

### Sustainability

The shipping industry plays a critical role in providing the world with a reliable supply of energy, as illustrated in the section 'Energy value chain'. It is an efficient and dependable mode of transportation that enables people and economies to thrive.

The shipping industry, by its very nature, is highly global with multiple stakeholders in its supply chain. Its impact on people and planet comes with a responsibility to consider and promote the integration of economic, social, and environmental activities into core business practices.

### Climate

Tackling climate change is a pressing issue. Temperature levels are rising and causing long-lasting change to the climate, which threatens to become irreversible if no action is taken. Solutions at a global scale are needed and they require investors, governments, organisations, companies, and people worldwide to join forces to reduce emissions.

Today, shipping is responsible for 2 to 3% of global emissions. The International Maritime Organisation (IMO) has set an industrywide goal of cutting CO<sub>2</sub> emissions, by at least 40% by 2030, pursuing efforts towards 70% reduction by 2050, compared to a 2008 baseline. To fulfil these goals and deliver a lasting change the industry needs to unite in partnerships.

Maersk Tankers is working in partnerships through organisations as Getting to Zero Coalition; the Climate Partnership for Blue Denmark; and the Global Maritime Forum. Through these partnerships, and its commitment to the UN Sustainable Development Goal of combatting climate change, the company takes an active role in paving the way for innovative ideas and solutions that seek to usher in a greener future for shipping.

We will continue to push for greater innovation and greater transparency on emissions. There remains a need for alignment across regulators, shipowners, and operators on a standardised way of measuring and reporting on emissions. A step in closing the transparency gap happened when Maersk Tankers signed the Sea Cargo Charter in February 2021. This makes the company part of a global initiative that commits to disclosing chartering activities and assessing them against climate targets.

### Safety

Protecting our employees' health and well-being is of the utmost importance to us. New challenges surfaced from the restrictions and lockdowns followed from the ongoing pandemic, which left seafarers stranded at sea for an extended period. Despite these challenges, we recorded the lowest number of incidents onboard the vessels owned by Maersk Product Tankers, which are under our management, underlining our commitment to health and safety and telling of our seafarers' extraordinary efforts.

Our work to achieve an accident and incident-free workplace through, for example safety campaigns and a reporting and learning culture has been supported by new initiatives in 2020. A recent resilience program emphasised wellbeing and was particularly valuable for the seafarers in navigating through the stresses of the pandemic. In 2021 we will continue to address and tackle human factors in safety and also assess the effectiveness of our navigational safeguards. We retain our steadfast commitment to improving safety and to our ambition of running a zero-incident operation.

## Management's review, continued

### Anti-corruption Work

Corruption is illegal, undermines social and economic development, destabilises the business environment, adds to the cost of trade and hurts market and society. We have put strict policies in place to ensure we do not engage in corruption of any kind. We are a member of the Maritime Anti-Corruption Network (MACN), which works towards eliminating corruption and enabling fair trade, and we strictly adhere to our Zero Facilitation Payment (FP) Policy.

In 2020, we increased cooperation with international anti-corruption organisations; when calling certain ports, we have ensured that local agent representatives are on board the vessels when inspections take place to reinforce our zero-tolerance stance against facilitation payments; we have made it clear to local authorities that the company doesn't accept bribery and corruption in any form; and we have conducted internal training on our stance and measures against corruption. Our unfailing commitment to upholding these measures will continue.

### Responsible Procurement

Global shipping companies' purchasing decisions have an environmental, social, and economic impact around the world. The safe, reliable, and flexible operation of vessels is dependent on a large and complex network of suppliers worldwide. Our Responsible Procurement Programme aims at ensuring suppliers responsibly conduct business in accordance with international and company standards. We conduct regular due diligence audits with high-risk suppliers, which totalled 23, of which four were onsite audits, in 2020, and put in place an improvement plan when needed. In 2020, we also completed a thorough analysis of our Responsible Procurement Programme to align it to the international standard for sustainable procurement (ISO 20400).

### Labour and Human rights

Without human rights, an individual cannot have freedom or dignity. And so, we remain steadfast in our commitment to upholding international human and labour standards.

You can read about our sustainability work at: <https://maersktankers.com/strategy/sustainability>

### Diversity and inclusion

At a time where the shipping industry needs to adapt and innovate to become more profitable, digital and sustainable there is a need for innovation to find new solutions to complex problems. Diversity and inclusion help to raise innovation just as it helps to raise engagement and performance of each of us. And when we excel, our businesses and industry will excel.

Diversity thrives in many forms in the shipping industry – be it on nationality, education, background or in other areas. At Maersk Tankers, employees hail from over 30 different countries, contributing to the diverse composition. We are taking strategic actions on improving gender diversity in an industry where the workforce remains predominantly male.

In moving the needle on gender diversity, we executed several strategic initiatives during the year: training leaders in identifying and reducing unconscious bias in hiring and promotion; making the need for gender diversity visible externally; signing Danish Shipping's 'Charter for more women in shipping'; strengthening the parental leave policy; and providing more flexibility by giving employees the option to work remotely for up to 40% of the time.

As a result of these initiatives, we increased the proportion of women employed in the offices to 30.5% and aims to hit the 35%-mark by the end of 2023. Furthermore, concerted recruitment efforts led to 47% of new women hires in 2020, bringing the company closer to gender-balanced hiring ratio.

**Management's review, continued**

Maersk Tankers' targeted and strategic effort to introduce more female leaders to the company is also bearing fruit. We are pleased to see the hiring of a new female Chief Commercial Officer in 2020 and that a new female Chief Human Resources Officer have joined in March 2021. These recruitments show the company's unwavering commitment to attract and empower female talents. The executive management team now consists of two women and four men.

As of January 2021, the board of directors consists of two female and four male members.

**Expectations for 2021**

The result for 2021 is expected to be in line with 2020 after excluding the contribution from the carveout of digital activities to ZeroNorth A/S. The expectation for commercial management fee is to decrease due to lower gross freight rates, partly offset by a continued increase in vessels under management, and lower earnings from our trading activities. Moreover, further digital investments are expected to take place in 2021.

**Events after balance sheet date**

No events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.



## Statement of the Board of Directors and the Executive Management

The Board of Directors and Executive Management have today considered and adopted the Annual Report for the financial year 1 January - 31 December 2020 for Maersk Tankers A/S.

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

In our opinion, the Company's financial statements give a true and fair view of the financial position at 31 December 2020 as well as the result of the Company's operations for financial year 1 January to 31 December 2020.

Furthermore, in our opinion the Management's review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results of the year and of the financial position of the Company and of the most significant risks and elements of uncertainty facing the Company.

We recommend the Annual Report for adoption at the Annual General Meeting.

Copenhagen, 4 March 2021

### *Executive Management*

Christian Michael Ingerslev  
CEO

Morten Mosegaard Christensen  
CFO

Claus Grønborg  
CIO

Eva Birgitte Bisgaard  
CCO

### *Board of Directors*

Robert Mærsk Uggla  
*Chairman*

Michael David Brennan

Martin Nørkjær Larsen

Maria Aagaard Pejter

Ibrahim Gokcen

Kristin Helene Holth

## Independent Auditor's Report

To the Shareholders of Maersk Tankers A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Tankers A/S for the financial year 1 January - 31 December 2020, 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 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 based on 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 scepticism 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 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, 4 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Wraae Holm  
State Authorised Public Accountant  
MNE-number 30141

Henrik Ødegaard  
State Authorised Public Accountant  
MNE-number 31489

Amounts in USD '000

<i>Note</i>	<b>Income statement</b>	<b>2020</b>	<b>2019</b>
1	Revenue	530,291	419,150
2	External costs	(460,252)	(385,233)
	Other income	5,750	-
	<b>Profit/loss before depreciation and impairment losses</b>	<b>75,789</b>	<b>33,917</b>
7, 8	Depreciation and impairment losses	(31,784)	(13,359)
	<b>Profit/loss before financial items</b>	<b>44,005</b>	<b>20,558</b>
	Impairment/reversal and gain on sale of affiliated and associated companies	(6,394)	(326)
3	Financial income	5,016	1,938
4	Financial expenses	(9,957)	(2,101)
	<b>Profit/loss before tax</b>	<b>32,670</b>	<b>20,069</b>
5	Tax on profit for the year	(9,010)	(3,445)
	<b>Profit/loss for the year</b>	<b>23,660</b>	<b>16,624</b>

Amounts in USD '000

<i>Note</i>	<b>Assets</b>	<b>2020</b>	<b>2019</b>
7	Intangible assets	543	2,372
	<b>Total intangible assets</b>	<b>543</b>	<b>2,372</b>
8	Right-of-use assets	51,548	37,050
	<b>Right-of-use assets</b>	<b>51,548</b>	<b>37,050</b>
9	Investment in affiliates	14,518	18,358
9	Investment in associated companies	10	10
10	Deferred tax assets	2,234	2,357
	Lease receivables non-current	67,756	-
	<b>Total fixed asset investments</b>	<b>84,518</b>	<b>20,725</b>
	<b>Total non-current assets</b>	<b>136,609</b>	<b>60,147</b>
	<b>Inventories</b>	<b>3,153</b>	<b>6,255</b>
	Trade receivables	39,615	53,208
	Receivables from affiliates	13,817	13,521
15	Derivatives	2,909	222
	Other receivables	8,023	6,186
	Lease receivables, current	54,603	7,391
	Prepayments	6,292	4,034
	<b>Total receivables</b>	<b>125,259</b>	<b>84,562</b>
11	<b>Cash and bank balances</b>	<b>116,541</b>	<b>102,571</b>
	<b>Total current assets</b>	<b>244,953</b>	<b>193,388</b>
	<b>TOTAL ASSETS</b>	<b>381,562</b>	<b>253,535</b>

Amounts in USD '000

<i>Note</i>	<b>Equity &amp; liabilities</b>	<b>2020</b>	<b>2019</b>
12	Share capital	17,247	17,247
6	Dividends proposed	10,000	17,299
	Reserve for hedges	1,598	-
	Retained earnings	9,123	14,463
	<b>Total equity</b>	<b>37,968</b>	<b>49,009</b>
13	Provisions	11,440	828
	<b>Total provisions</b>	<b>11,440</b>	<b>828</b>
14	Borrowings, non-current	80,865	19,703
	Other payables, non-current	-	630
	<b>Total non-current liabilities</b>	<b>80,865</b>	<b>20,333</b>
14	Borrowings, current	85,809	26,182
	Trade payables	73,384	86,696
	Payables to affiliates	14,067	35,584
	Deferred income	16,845	5,761
	Tax payables	8,438	822
	Other payables	52,746	28,320
	<b>Total current liabilities</b>	<b>251,289</b>	<b>183,365</b>
	<b>Total liabilities</b>	<b>343,594</b>	<b>203,698</b>
	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>381,562</b>	<b>253,535</b>
16	Contingent liabilities		
17	Related parties		
18	Accounting policies		

Statement of changes in Equity	Share capital	Reserve for hedges	Retained earnings etc.	Dividend Proposed	Total equity
<b>Equity 1 January 2019</b>	<b>17,247</b>	-	<b>14,022</b>	-	<b>31,269</b>
Profit/loss for the year	-	-	(675)	17,299	16,624
Change of accounting policies	-	-	384	-	384
Cash flow hedge, net of tax	-	-	733	-	733
<b>Equity 31 December 2019</b>	<b>17,247</b>	-	<b>14,463</b>	<b>17,299</b>	<b>49,009</b>
Profit/loss for the year	-	-	13,660	10,000	23,660
Cash flow hedge, net of tax	-	1,598	-	-	1,598
Dividend distributed	-	-	-	(17,299)	(17,299)
Extraordinary dividend distributed	-	-	(19,000)	-	(19,000)
<b>Equity 31 December 2020</b>	<b>17,247</b>	<b>1,598</b>	<b>9,123</b>	<b>10,000</b>	<b>37,968</b>

The reserve for hedges is the only reserve presented in the statement of changes in equity. The Company does not have a translation reserve as all subsidiaries have the United States Dollar (USD) as their functional currency.

Amounts in USD '000

## Note

**1 Revenue**

Distribution of revenue is based on the destination, split into three principal regions; Europe, North and South America and Other Regions.

	<b>2020</b>	<b>2019</b>
Europe	204,120	217,456
North and South America	117,283	59,797
Other regions <sup>1)</sup>	208,889	141,897
	<b>530,292</b>	<b>419,150</b>

1) Other regions primarily include Africa, Asia and the Middle East.

**2 External costs**

In the accounting year an average of 150 persons (2019: 152 persons) were employed by the Company. The total staff cost for 2020:

	<b>2020</b>	<b>2019</b>
Salaries	28,740	27,082
Pensions	1,971	1,803
Other	126	17
	<b>30,837</b>	<b>28,902</b>

In 2020 the Executive Management has received remuneration amounting to USD 2.3 million. For 2019 the remuneration for Executive Management amounted to USD 2.2 million.

Executive Management is participating in a performance shares plan where the actual cash settlement is dependent on the development of a synthetic share price for the sister company, Maersk Product Tankers A/S. The fair value of awards granted to Executive Management was USD 0.6 million (USD 1.2 million) at the time of grant. The board of Directors has for 2020 received fees amounting to USD 0.1 million (2019: USD 0.1 million).

**3 Financial income**

	<b>2020</b>	<b>2019</b>
Other financial income	5,016	1,938
	<b>5,016</b>	<b>1,938</b>

**4 Financial expenses**

Interest expenses from affiliated companies	(65)	0
Interest expenses from others <sup>1)</sup>	(4,873)	(1,259)
Other financial expenses <sup>2)</sup>	(5,019)	(842)
	<b>(9,957)</b>	<b>(2,101)</b>

1) Consists of interest expenses relating to leases

2) Consists primarily of unrealised exchange gain/loss



Amounts in USD '000

Note

<b>5 Tax on profit for the year</b>	<b>2020</b>	<b>2019</b>	
Current income tax	(7,930)	(744)	
Prior years adjustments	(764)	171	
Withholding taxes	(192)	-	
Changes in deferred tax asset	(124)	(2,872)	
	<b>(9,010)</b>	<b>(3,445)</b>	
<b>6 Proposed distribution of the profit of the year</b>	<b>2020</b>	<b>2019</b>	
Proposed dividend for the year	10,000	17,299	
Extraordinary dividend distributed	19,000	-	
Retained earnings	(5,340)	(675)	
<b>Total</b>	<b>23,660</b>	<b>16,624</b>	
<b>7 Intangible assets</b>	<b>2020</b>	<b>2019</b>	
	IT software	IT software	
Cost as of 1 January	8,782	8,175	
Addition during the year	206	607	
<b>Cost as of 31 December</b>	<b>8,988</b>	<b>8,782</b>	
Amortisation and impairment losses as of 1 January	(6,410)	(4,022)	
Amortisation and impairment for the year	(2,035)	(2,388)	
<b>Amortisation and impairment losses as of 31 December</b>	<b>(8,455)</b>	<b>(6,410)</b>	
<b>Carrying amount as of 31 December</b>	<b>543</b>	<b>2,372</b>	
<b>8 Right-of-use assets</b>			
	<b>Land and Buildings</b>	<b>Vessels</b>	<b>Total</b>
Cost as of 31 December 2019	3,744	44,277	48,021
Additions during the year	14	44,464	44,478
<b>Total cost as of 31 December 2020</b>	<b>3,758</b>	<b>88,741</b>	<b>92,499</b>
Depreciation and impairment losses as of 31 December 2019	(209)	(10,762)	(10,971)
Depreciation during the year	(752)	(28,998)	(29,750)
Disposals during the year	-	(230)	(230)
<b>Total depreciation and impairment as of 31 December 2020</b>	<b>(961)</b>	<b>(39,990)</b>	<b>(40,951)</b>
<b>Total as of 31 December 2020</b>	<b>2,797</b>	<b>48,751</b>	<b>51,548</b>

Amounts in USD '000

## Note

**9 Investments in subsidiaries and associated companies****Investments in subsidiaries**

	<b>2020</b>	<b>2019</b>
Cost as of 1 January	127,500	127,500
Additions during the year	13,375	-
Disposals during the year	(110,168)	-
<b>Cost as of 31 December</b>	<b>30,707</b>	<b>127,500</b>
Impairments as of 1 January	109,142	109,005
Impairment of the year	7,327	137
Disposals during the year	(100,280)	-
<b>Impairments as of 31 December</b>	<b>16,189</b>	<b>109,142</b>
<b>Carrying amount as of 31 December</b>	<b>14,518</b>	<b>18,358</b>

**Subsidiaries**

Name	Domicile	Capital	Equity	Profit/loss	Ownership interest
Broström General Partner A/S	Denmark	90	137	12	100%
Maersk Tankers MR General Partner A/S	Denmark	90	138	12	100%
O.P.S.A. Operadora Portuaria S.A.	Venezuela	11	3	2,349	100%
Maersk Tankers Holland B.V.	Holland	1,263	0	0	100%
Handytankers General Partner A/S	Denmark	92	73	7	100%
Handytankers K/S	Denmark	13	13	1	100%
Broström AB	Sweden	6	476	(97)	100%
Maersk Tankers LR2 General Partners A/S	Denmark	75	76	7	100%
Broström K/S	Denmark	12	7	(0)	100%
Maersk Tankers MR K/S	Denmark	12	7	(0)	100%
Maersk Tankers LR2 K/S	Denmark	12	7	(0)	100%
Maersk Tankers Romania SRL	Romania	5	175	67	100%
Maersk Tankers Afra K/S	Denmark	12	10	1	100%
Maersk Tankers Afra General Partner A/S	Denmark	72	81	7	100%
Maersk Tankers India Private Ltd.	India	15	2,439	1,621	100%
Maersk Tankers US Inc.	US	7,230	(1,687)	(8,422)	100%
Maersk Tankers US Personell LLC	US	0	(714)	73	100%
ZeroNorth A/S	Denmark	13,375	14,892	(2,131)	80.5%

**Investments in associated companies**

	<b>2020</b>	<b>2019</b>
Cost as of 1 January	10	199
Impairment of the year	-	(189)
<b>Cost as of 31 December</b>	<b>10</b>	<b>10</b>

**Associated companies**

Name	Domicile	Capital	Equity	Profit/loss	Ownership interest
Long Range2 A/S	Denmark	57	41	1	50%
LR2 Management K/S	Denmark	18	35	(0)	50%

*Note*

<b>10</b>	<b>Deferred tax asset</b>	<b>2020</b>	<b>2019</b>
	Deferred tax as of 1 January	2,357	5,229
	Adjustment of deferred tax asset recognised in the income statement	(123)	(2,872)
	<b>Deferred tax as of 31 December</b>	<b>2,234</b>	<b>2,357</b>
	<i>Deferred tax is related to:</i>		
	Intangible assets	1,613	1,161
	Current assets	541	545
	Provisions	80	510
	Loss carried forward	-	141
	<b>Total</b>	<b>2,234</b>	<b>2,357</b>

Deferred tax is calculated based on the difference between the carrying amount and the tax base of assets and liabilities. Management expects the deferred tax asset to be utilised by Maersk Tankers A/S itself or by the group of jointly taxed companies within a few years.

*Note*

<b>11</b>	<b>Cash and bank balances</b>
	USD 46.4 million of the total liquid funds are classified as restricted funds (2019: USD 28.1 million).

*Note*

<b>12</b>	<b>Share capital</b>
	Share capital of nominally DKK 100 million (2019: 100 million) is divided into 100,000 shares (2019: 100,000 shares) of a nominal value of DKK 1,000 each.

*Note*

<b>13</b>	<b>Provisions</b>	<b>2020</b>	<b>2019</b>
	Provisions as of 1 January	828	5,647
	Provisions for the year	10,722	120
	Provisions used/reversed during the year	(110)	(4,939)
	Other provisions as of 31 December	11,440	<b>828</b>
	 Maturities for provisions are expected to be:	<b>2020</b>	<b>2019</b>
	Within a year	5,740	100
	Between one and five years	5,700	728
		<b>11,440</b>	<b>828</b>

Provisions relate to drydocking obligations for subleased vessels as well as unsettled claims and legal disputes.

Note

#### 14 Borrowings

	<b>Land and Buildings</b>	<b>Vessels</b>	<b>Total</b>
Non-current liabilities, presented in "Borrowings, non-current"	1,884	78,981	80,865
Current liabilities, presented in "Borrowings, current"	658	85,151	85,809
Borrowings as of December 31	<b>2,542</b>	<b>164,132</b>	<b>166,674</b>

Note

#### 15 Derivatives

The company is exposed to currency risk mainly from changes in DKK and SGD. As per 31 December 2020 the company has entered derivatives to hedge fluctuations in administration costs in those currencies. The derivatives have a duration of 0-12 months and the coverage on the 31 December 2020 was 60% of the expected cost incurred within 12 months from the balance sheet date (52% in 2019). Currency derivatives are designated as hedge accounting.

The company is to some extent using derivatives related to fluctuations in prices of bunker and freight prices (Forward Freight Agreements). The duration of the derivatives on bunker prices and freight prices are typically 0-12 months and is based on the contract terms and market expectations. On 31 December 2020 the derivatives on bunker and forward freight agreements had a positive fair value of USD 0.2 million (USD 0.7 million in 2019) and a fair value of USD 0.8 million (negative USD 0.3 million in 2019) respectively.

Company's risk management policies are applied to all derivatives.

Note

#### 16 Contingent liabilities

Maersk Tankers A/S is involved in commercial claims and disputes, which are subject to considerable uncertainty. The commercial claims and disputes do not involve significant amounts.

Through participation in a joint taxation scheme with A.P. Møller Holding A/S, the Danish Company is jointly liable for taxes payable etc. in Denmark.

Maersk Tankers A/S has entered leasing contracts with a duration less than one year totalling USD 6.3 million (December 31, 2019: USD 13.2 million). Following IFRS 16, lease obligations with longer contractual dates than one year are recognised as lease liabilities.

Note

#### 17 Related parties

Maersk Tankers A/S' related parties include:

##### Controlling interest

Maersk Tankers A/S is owned by APMH Invest A/S, Esplanaden 50, 1263 Copenhagen K, Registration no. 36 53 38 46. A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal is the ultimate owner.

##### Other related parties with significant interest

Maersk Tankers A/S is included in the consolidated financial statements for A.P. Møller Holding A/S, Copenhagen, Denmark, Business Registration No 25 67 92 88. The consolidated financial statement of A.P. Møller Holding A/S can be required at [www.cvr.dk](http://www.cvr.dk).

*Note***17 Related parties, continued**

Other related parties include A.P. Møller Holding A/S and all its subsidiaries and affiliates.

The Company's related parties include the members of the Board of Directors, Executive 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**

As part of its usual trading, the Company purchases and sells goods and services from/to companies under direct or indirect ownership of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

The Company has not entered into any transactions with related parties that were not on an arm's length basis.

*Note***18 Accounting policies**

The Annual Report for 2020 of Maersk Tankers A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class-C (large) companies.

In accordance with provision 112 of the Danish Financial Statements Act, no consolidated accounts have been presented as Maersk Tankers A/S and its subsidiaries are included in the consolidated accounts of A.P. Møller Holding A/S.

In accordance with provision 86 (4) of the Danish Financial Statements Act, no cash flow statement has been presented as Maersk Tankers A/S is included in the consolidated cash flow statement of A.P. Møller Holding A/S.

In accordance with provision 96 (3) of the Danish Financial Statements Act, Audit fee has not been presented as Maersk Tankers A/S is included in the audit fee note in the consolidated accounts of A.P. Møller Holding A/S.

The accounting policies are unchanged compared to last year.

**Recognition and measurement**

Income is recognised in the income statement as earned. All expenses are recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable. On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

**Foreign Currency Translation**

USD is used as functional currency and as presentation currency as the majority of transactions are in USD. At 31 December 2020, the exchange rate DKK/USD was 605.76 (2019: 665.11).

Transactions in currencies other than the functional currency are translated to the exchange rate on the date of the transaction. Monetary items in foreign currency not settled by the balance sheet date are translated to the exchange rate on the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income and expenses.

*Note***18 Accounting policies, continued****Revenue**

Revenue is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which Maersk Tankers expects to be entitled in exchange for the services. Revenue from ongoing voyages at the balance sheet date is recognised following the "load to discharge" method, where freight income and related expenses are recognised in the income statement from the first load date of the voyage to the discharge date of the cargo. Invoiced revenue related to an estimated proportion of remaining voyage time and activities at the destination port is deferred.

Lease income from operating leases is recognised over the lease term. Demurrage claims are recognised if they are considered probable.

The majority of the company's leased vessels participate in commercial pools (Maersk Tankers-Afra Pool, Maersk Tankers-Handytankers Pool, Maersk Tankers-Intermediate Pool, Maersk Tankers-LR2 Pool, Maersk Tankers- MR pool) in which other vessel owners with similar, high-quality, modern and well-maintained vessels also participate. Pools employ experienced commercial charterers and operators who have established relationships with customers and brokers, while technical management is arranged by each vessel owner. The managers of the pools negotiate charters with customers.

The earnings allocated to vessels are aggregated and divided on the basis of a weighted scale, or Pool Points, which reflect comparative voyage results on hypothetical benchmark routes. The Pool Point system is generally weighted by attributes such as size, fuel consumption, class notation and other capabilities. Pool revenues are recognised when the vessel has participated in a pool during the period and the amount of pool revenue for the period can be estimated reliably.

**External costs**

External costs include costs for staff, costs for premises, costs for lease of vessels on contract with a duration less than one-year, operating costs, administration etc.

**Financial items**

Financial income and expenses are recognized in the income statement at the amount relating to the financial year. Financial items include interest income and expense, gains, and losses on transactions in foreign currency.

**Tax on profit for the year**

Tax on profit for the year includes the amount expected to be paid for the year plus adjustment concerning previous years and deferred tax.

**Balance Sheet****Intangible fixed assets**

Intangible fixed assets are measured at cost less of accumulated depreciation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

IT software is amortised over a useful life of 3-5 years.

Note

## 18 Accounting policies, continued

### Right-of-use assets

Lease contracts are capitalised using an incremental borrowing rate and recognised in the balance sheet as right-of-use assets and corresponding lease liabilities. The right-of-use assets are depreciated over the lease term. Lease payments made are split into an interest element presented under financial expenses and amortisation of the lease liability. Lease contracts with a term shorter than 12 months or for which the underlying asset are of low value are not capitalised but expensed straight-line over the lease term.

### Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recognized and measured at cost or at a lower fair value.

### Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

### Inventories

Inventories are measured at cost according to the FIFO method. Write-down is made to a possibly lower net realisable value.

### Receivables

Receivables are generally recognised at nominal value. Provisions for bad debts are made based on specific assessment, either individually or in groups.

### Prepayments

Prepayments, listed as assets, are recognised on the basis of prepaid costs.

### Derivatives

Derivatives are measured at fair value and included under the item "Value of derivatives" (assets and liabilities).

Realised changes to the value of derivatives, used to hedge the value of recognised assets or liabilities, are included in the income statement together with the changes in the value of these assets and liabilities.

Unrealized changes to the value of derivatives, used to hedge future transactions, are recognised directly in equity as a separate reserve until the hedged transactions are realised, at which time value adjustments are recognised in the income statement.

Changes to the value of derivatives that do not meet the requirements for being considered as hedging instruments are included in the income statement.

### Provisions

Provisions are recognised when the Company has a current legal or constructive obligation. Provisions are recognised on the basis of specific estimates.

### Deferred income

Deferred income is recognised as a liability on the Company's balance sheet that represents prepayments by its customers for services that have yet to be delivered.

Note

## 18 Accounting policies, continued

### Other payables

Other payables are recognised when the Company accounts for accrued expenses that are not directly attributable to the ordinary course of business, dividends payable as well as salaries related payables.

### Financial liabilities

Financial liabilities are initially recognised at the proceeds received and considering discounting when the time element is significant. Any premium or discount is amortised over the term of the liabilities.

### Financial highlights

The ratios and figures shown in the statement of financial highlights are computed as follows:

#### *Profit margin*

$$\frac{\text{Profit before depreciation and impairment losses}}{\text{Revenue}}$$

#### *Equity ratio*

$$\frac{\text{Equity, closing}}{\text{Total assets, closing}}$$

#### *Return on equity*

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