



2023 Annual Report

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

Anette Ryde, Chairman of the meeting:

Copenhagen, 25 March 2024

Maersk Tankers

Holmbladsgade 133, DK-2300 Copenhagen S/Registration no. 28 67 35 90



MAERSK
TANKERS

List of content

Company information	2
Maersk Tankers	3
Financial highlights	4
Management's review	5
Statement of the Board of Directors and the Executive Management	9
Independent auditors' report	10
Income statement	12
Assets	13
Equity & liabilities	14
Statement of changes in Equity	15
Notes & accounting policies	16

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 Mærsk Uggla (Chair)
Kristin Helene Holth
Martin Nørkjær Larsen
Maria Aagaard Pejter
Michael David Brennan
Emma Johansson Mahzari

Executive Management

Tina Revsbech
Morten Mosegaard Christensen
Claus Grønborg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Maersk Tankers

Maersk Tankers and affiliated companies operate one of the largest tanker fleets in the world through direct ownership and commercial management solutions for shipowners. Our purpose is to pioneer shipping solutions for our customers, partners and the planet. Founded in 1928, we have a century of expertise in management of tankers, which we use to develop and deploy solutions that help shipowners boost the economic and environmental performance of their vessels. Maersk Tankers employs approximately 250 people and is headquartered in Copenhagen, Denmark. Maersk Tankers is owned by A.P. Moller Holding.

Amounts in USD million

Financial highlights

	2023	2022	2021	2020	2019
<i>Revenue</i>	453	573	466	530	419
<i>Profit/loss before depreciation and impairment losses</i>	43	64	61	76	34
<i>Financial items, net</i>	3	1	0	(5)	0
<i>Profit/loss for the year</i>	33	39	34	24	17
<i>Total assets</i>	257	391	316	382	254
<i>Equity</i>	61	74	43	38	49
<i>Investments in tangible fixed assets</i>	4	19	38	52	37
<i>Profit margin</i>	9.5%	11.1%	13.1%	14.3%	8.1%
<i>Equity ratio</i>	23.8%	19.0%	13.7%	10.0%	19.4%
<i>Return on equity</i>	48.8%	66.7%	82.6%	54.4%	41.3%

Management review

Activities during the year

2023 was an exceptional year for product tankers. Average earnings in 2023 exceeded 2022's already historic levels and asset prices continued to climb. The start of 2023 was marked by the Russian oil sanctions deadlines that added to ton-mile demand – re-routing Russian crude to China and India and clean products to South America. The lift in ton-miles was significant and finally enough to get tanker demand to hold meaningfully above pre-COVID levels. The outsized earnings in 2023, much like in 2022, were primarily caused by strong arbs (regional oil price differentials) caused by massive disruptions to an oil market with limited slack (inventory cushion). Earnings moved down during the year with growing US oil production taking pressure off the need for wide arbs to redistribute the marginal barrel. The end of 2023 was marked by added disruptions – first, the Panama Canal restrictions, and, subsequently, conflicts in the Red Sea. These disruptions provide additional support to tanker earnings.

Many tanker owners have responded to the markets by either selling vessels in the second-hand market to take advantage of the extraordinary high prices or to place vessels on time-charter to secure higher earnings for longer. However, we have seen a stabilisation of the number of vessels in our fleet during the year as the S&P activity has reduced somewhat and due to a steady number of new vessels joining our pool. We entered 2023 with 152 vessels and ended it with 160 vessels in our fleet.

We also continued to advise shipowners on new environmental regulations and finding and installing energy-efficient solutions to reduce emissions and boost earnings. This service is offered under the Njord brand, which continued to grow during the year. By combining energy-saving technologies, tailor-made for each vessel, it aims to cut vessels' greenhouse gas emissions by between 7 and 16 per cent per vessel. In 2023, Njord worked with more than 50 shipowners on more than 150 vessels to assess their savings potential, while having been out installing technology packages on more than 40 vessels. In 2023 we also introduced a new service for ship owners, Voyage Management, whereby we offer to operate ships on behalf of the owners. As part of this service, we work to reduce the operating costs, fuel consumption and CO2 emissions on the vessels.

Central to our work this year has also been the implementation of the European Union Emission Trading Scheme (ETS) regulations. We've engaged proactively with our pool partners to manage the costs related to EU Allowances (EUAs) effectively. This approach combines compliance with strategic planning, aiming to balance financial considerations with our steadfast environmental obligations.

Our freight solutions business offers shipowners different risk options, including the opportunity to explore time-charter contracts and supports cargo customers with different transportation solutions. In 2023, the business generated strong returns. We will strive to grow this business further, while balancing the activities' inherent risks.

The board of directors appointed Tina Revsbech as new chief executive officer of Maersk Tankers. She took over the reins from Christian M. Ingerslev on 1 September 2023.

In January 2024, Maersk Tankers acquired Penfield Marine to create a large-scale crude and product tanker company offering pool partners and cargo customers a wider range of services. The combined company will manage around 240 vessels, including 44 vessels owned by affiliated companies. It will operate the following pools: Suezmax, Aframax/LR2, Panamax/LR1, MR, Handy, Intermediate and City. Tim Brennan, CEO of Penfield Marine, joined Maersk Tankers' Executive Management team as Chief Commercial Officer.

In 2024, we expect market volatility, risks and complexity to remain high. Besides continuing to support our pool partners and customers in navigating this, we will focus on the integration of Maersk Tankers and Penfield Marine in 2024. We expect the result of Maersk Tankers in 2024 to be between USD 0 to USD 40 million.

Risks

Freight rates

Maersk Tankers is exposed to fluctuations in global freight rates and bunker prices which impacts the commercial pool and trading business. These fluctuations impact pool commission revenue through a variable revenue component. Furthermore, Maersk Tankers' trading of freight rate risks through arbitrage between the physical and financial markets, known as Freight Solutions, 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, which are largely covered by freight and bunker price hedges or fixed price Contracts of Affreightment.

Vessels under management

Maersk Tankers is exposed to the risk of vessels being withdrawn from the pool, for instance due to a sale, the expiry of a TC or other circumstances triggering a withdrawal.

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 2023, Maersk Tankers had 74% (2022: 72%) of its exchange rate risks on expected costs for the next 12 months hedged using FX forwards.

Sustainability

The shipping industry plays a critical role in providing the world with a reliable supply of energy. It is an efficient and dependable mode of transportation that enables people and economies to thrive.

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

Maersk Tankers' business model is focused on the commercial management of tanker vessels on behalf of shipowners. As a values-led company that is guided by its purpose, we are committed to the United Nations Global Compact (UNGC) principles on human rights, labour, anti-corruption and the environment. We use our voice to urge stakeholders to focus on important issues like climate change, the fair treatment of workers, and diversity, equity and inclusion. The health and safety of employees, as well as the safety of the vessels and cargoes, continue to be of the highest priority.

Climate

Tackling climate change is a pressing issue. Shipping transports about 90% of world trade and accounts for nearly 3% of the world's CO₂ emissions. While there is substantial work ahead of the industry to decarbonise, it is encouraging to see the industry increasingly mobilising and taking action to reduce its environmental impact.

As the manager of a sizeable fleet, we are committed to the United Nations Sustainable Development Goal 13 that seeks to combat climate change and its impact. In action, this means we are investing, developing and deploying solutions that help shipowners cut vessel emissions.

In 2023, Maersk Tankers has taken a number of steps towards this goal. Central to our strategy this year has been the implementation of the European Union Emission Trading Scheme (ETS) regulations. We engaged proactively with our pool partners to manage the introduction of EU Allowances (EUAs) effectively. This includes commercial, reporting and compliance related aspects of the regulation.

In addition, in the area of fuel optimisation, we have achieved significant results cutting 9,197 MT of fuel in 2023 and total accumulated fuel savings of 95,519 MT with 2017 baseline, furthering our record of environmental stewardship. Our pursuit of innovative solutions has led us to utilize Robotic UWS technology equipped with brushless (waterjet) systems, enabling better cleaning and no paint degradation, demonstrating our commitment to pioneering new methods for reducing emissions and improving operational efficiency.

Overall, our initiatives in 2023 have been focused on not just adhering to existing regulations but also proactively preparing for future challenges. Our concerted efforts reflect a blend of operational efficiency, regulatory adherence, and environmental responsibility. As we continue to embrace technology and innovation, we remain committed to driving positive, sustainable change within the shipping industry.

Responsible business

Conducting business in a responsible manner is imperative for Maersk Tankers. We remain steadfast in our commitment to eliminating corruption and ensuring compliance to sanctions, and laws and regulations, as well as safeguarding human rights. Without human rights, an individual possesses neither freedom nor dignity.

We employ legal experts to monitor geopolitical developments, so we can respond quickly when sanctions are introduced or changed. The industry has seen 12 new sanctions packages introduced by the EU (the latest in January 2024) in the wake of Russia's invasion of Ukraine. We work to ensure compliance in our operations by following procedures and using screening tools. In 2023, as a result of our work, we ensured that the fleet traded in compliance with these complex sanctions landscape.

We are committed to providing a safe, healthy, and supportive work environment that promotes the physical, mental, and emotional wellbeing of our employees.

We believe that employee wellbeing is essential to the success of our business, and we are dedicated to fostering a culture of wellbeing that supports our employees in achieving their full potential.

That is why we, among other things, offer flexible working opportunities allowing employees to better balance the commitments of work and private life, a balanced set of social activities focused on physical and mental health driven by local employee committees, and a holistic development approach for employees to proactively voice and work on how they contribute, grow, and thrive.

We will continue to take measures and support our employees in addition to the policies and systems already in place as outlined in the employee handbooks.

We manage health and safety related risk for external personnel through compliance of our policies in the Third-Party Code of Conduct. Maersk Tanker's Third-Party Code of Conduct states the material risks and requires our counterparties to provide a safe, secure, and healthy working environment for their workforce.

From the procurement side, Responsible Procurement (RP) is about mitigating the inherent risk of doing business. Visibility into complex supply chains can be limited, meaning that illegal or ethically questionable practices may result in negative consequences for our business. By placing a focus on ethical, social, and environmental considerations in our supply chain, we expect our suppliers to make continuous improvements towards sustainable business conduct.

The RP programme objective is to continuously improve social and environmental impacts in our supply chain by:

- integrating sustainability into the purchasing processes
- managing risks and opportunities related to sustainability in our supply chain, and
- measuring and increasing compliance with MT social and environmental standards
- We continuously work to improve our supply chain sustainability by creating awareness, transparency, and commitment of our stakeholders across locations where we procure.

We are committed to continue to work on the above-mentioned RP programmes initiatives in 2024.

Our commitment to RP is set out in Maersk Tankers' Third-Party Code of Conduct and in our Sustainability Policy (Governance Framework). The programme and the Code reflect our commitment to the United Nations Global Compact (UNGC) principles for business sustainability and international standards, such the core labour conventions of the International Labour Organisation and the UN Declaration of Human Rights and our own principles of Conduct. It addresses anti-corruption, respect for human rights, safe and decent labour practices, and environmental protection.

As part of the Responsible procurement programme, we screen all contracted suppliers and categorize them into low and high-risk categories on an ongoing basis. All supplier contracts should include the Code of Conduct and an RP clause. Additionally, in 2023 we also conducted compliance audits on high-risk suppliers with the help of third-party auditors.

We have strict policies to ensure that 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 Policy. Our stance and expectations on anti-corruption and bribery are also stressed in our Third-Party Code of Conduct. We will proceed with our work in this important area, taking our part in driving positive change in shipping.

There have been zero bribery cases in 2023 in line with our ambitions.

We will continue our work on eliminating corruption as a member of MACN and following our Zero Facilitation Payment Policy in 2024 as it enables to achieve our anti-corruption objectives.

We have an unwavering commitment to sustainability and will continue to work to create a positive impact for society and the planet.

You can read about our sustainability work at:

<https://maersktankers.com/strategy/sustainability>

Diversity, equity, and inclusion

We are committed to creating a diverse, equitable, and inclusive workplace where everyone regardless of their gender, ethnicity, experience, religion, sexual orientation, disability, and age feels valued, respected, and can thrive.

At Maersk Tankers, we employ a workforce of various nationalities, ages, cultures, and experiences in an effort to mirror the diverse and global world we operate in.

In 2023, we continued building on the strong foundation from previous years, focusing primarily on strengthening inclusive leadership capabilities and broadening perceptions of allyship.

In accordance with the guidelines from the Danish Business Authority, there is equal representation in the Board of Directors and other management levels of Maersk Tankers.

Management Level	Number of members	Share of underrepresented gender
Board of directors	6 (50/50 gender representation)	50%
Other management levels	11 (share of underrepresented gender is 5 out of 11)	45%

We will continue to take measures to further strengthen diversity, equity, and inclusion across all levels of the company.

Data Ethics

Data ethics is an area that has been developed through introducing processes, raising awareness and training throughout the organisation. One example is the IT awareness programme rolled out to Maersk Tankers' all employees.

Our data ethics principles aim to ensure that data is handled in a correct and responsible way. We continually monitor and update our data ethics policy and guidelines to protect individual's privacy, and to safeguard the company from legal, business, and reputational risk.

Events after balance sheet date

In January 2024, one of the Company's subsidiaries (Maersk Tankers US Inc.) entered into an agreement to acquire 100% shares in Penfield LLC ("Penfield"). Penfield is a boutique commercial management company operating tankers around the world in Penfield's Panamax/LR1 pool, Aframax/LR2 pool and Suezmax pool.

No other 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 2023 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 on 31 December 2023, as well as the result of the Company's operations for financial year 1 January to 31 December 2023.

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, 11 March 2024

Executive Management

Tina Revsbech
CEO

Morten Mosegaard Christensen
CFO

Claus Grønborg
CIO

Board of Directors

Robert Mærsk Uggla
Chair

Kristin Helene Holth

Martin Nørkjær Larsen

Maria Aagaard Pejter

Emma Johansson Mazhari

Michael David Brennan

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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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, 11 March 2024

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>	Income statement 1 January – 31 December	2023	2022
1	Revenue	453,128	572,789
	External costs	(382,054)	(482,670)
2	Staff costs	(28,121)	(29,661)
	Other income	-	3,210
	Profit/loss before depreciation and impairment losses	42,953	63,668
7, 8	Depreciation and impairment losses	(12,525)	(23,707)
	Profit/loss before financial items	30,428	39,961
3	Financial income	6,754	6,145
4	Financial expenses	(3,632)	(5,397)
	Profit for the year before tax	33,550	40,709
5	Tax on profit for the year	(527)	(1,514)
	Profit for the year	33,023	39,195

<i>Note</i>	Balance sheet 31 December	2023	2022
7	Intangible assets	-	-
	Total intangible assets	-	-
8	Right-of-use assets	4,398	18,993
	Right-of-use assets	4,398	18,993
9	Investment in affiliates	1,347	1,143
9	Investment in associated companies	10	10
10	Deferred tax assets	127	127
	Lease receivables non-current	46,509	-
	Total fixed asset investments	47,993	1,280
	Total non-current assets	52,391	20,273
	Inventories	4,672	6,198
	Total inventories	4,672	6,198
	Trade receivables	50,946	77,270
	Receivables from affiliates	8,982	7,292
16	Derivatives	437	571
11	Other receivables	31,139	154,342
	Lease receivables, current	39,290	11,238
	Prepayments	10,843	10,336
	Total receivables	141,637	261,049
12	Cash and bank balances	58,062	103,128
	Total current assets	204,371	370,375
	TOTAL ASSETS	256,762	390,648

Amounts in USD '000

<i>Note</i>	Balance sheet 31 December	<u>2023</u>	<u>2022</u>
13	Share capital	17,249	17,249
6	Dividends proposed	-	45,800
	Reserve for hedges	545	906
	Retained earnings	43,248	10,225
	Total equity	<u>61,042</u>	<u>74,180</u>
15	Borrowings	46,751	4,309
	Total non-current liabilities	<u>46,751</u>	<u>4,309</u>
15	Borrowings	40,503	80,912
	Trade payables	52,896	94,060
	Payables to affiliates	1,188	38,192
14	Provisions	2,820	11,704
	Deferred income	19,927	10,187
	Tax payables	9	1,118
16	Derivatives	195	-
	Other payables	31,431	75,986
	Total current liabilities	<u>148,969</u>	<u>312,159</u>
	Total liabilities	<u>195,720</u>	<u>316,468</u>
	TOTAL EQUITY & LIABILITIES	<u>256,762</u>	<u>390,648</u>
17	Contingent liabilities		
18	Commitments		
19	Related parties		
20	Events after the balance sheet date		
21	Accounting policies		

Amounts in USD '000

Statement of changes in Equity

	Share capital	Reserve for hedges	Retained earnings etc.	Dividend Proposed	Total equity
Equity 1 January 2022	17,249	(761)	16,830	10,000	43,318
Profit/loss for the year			(6,605)	45,800	39,195
Cash flow hedge, net of tax		1,667			1,667
Dividend distributed				(10,000)	(10,000)
Equity 31 December 2022	17,249	906	10,225	45,800	74,180
Profit/loss for the year			33,023	-	33,023
Cash flow hedge, net of tax		(361)			(361)
Dividend distributed				(45,800)	(45,800)
Equity 31 December 2023	17,249	545	43,248	0	61,042

The reserve for hedges is the only reserve presented in the statement of changes in equity.

Note

1 Revenue – Geographical segments

Distribution of revenue is based on the destination, split into five principal regions:

	2023	2022
Europe	210,864	223,320
Asia and Pacific	50,851	232,750
Middle East	18,792	15,912
North and South America	123,342	35,051
Africa	49,279	65,756
	453,128	572,789

2 Staff costs

In the accounting year an average of 111 persons (2022: 121 persons) were employed by Maersk Tankers A/S. The total staff cost is split as:

	2023	2022
Salaries	26,025	27,929
Pensions	1,487	1,503
Other social security costs	609	229
	28,121	29,661

In 2023 the Executive Management has received remuneration amounting to USD 3.4 million. For 2022 the remuneration for Executive Management amounted to USD 3.3 million. The board of Directors has for 2023 received fees amounting to USD 0.1 million (2022: USD 0.2 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 incentive plan for Executive Management was changed in 2022 and no performance shares were granted.

3 Financial income

	2023	2022
Interest income from others	3,719	4,474
Interest income related to leases	3,035	1,671
	6,754	6,145

4 Financial expenses

Interest expenses related to leases	(2,967)	(2,613)
Other financial expenses	(665)	(2,784)
	(3,632)	(5,397)

Note

5 Tax on profit for the year	2023	2022	
Current income tax	(156)	(994)	
Prior years adjustments	(366)	(55)	
Withholding taxes	(5)	(12)	
Changes in deferred tax asset	(0)	(453)	
Total	(527)	(1,514)	
6 Proposed distribution of the profit of the year	2023	2022	
Proposed dividend for the year	-	45,800	
Retained earnings	33,023	(6,605)	
Total	33,023	39,195	
7 Intangible assets	2023	2022	
	IT software	IT software	
Cost as of 1 January	8,988	8,988	
Addition during the year	-	-	
Cost as of 31 December	8,988	8,988	
Amortisation and impairment losses as of January 1	(8,988)	(8,738)	
Amortisation and impairment for the year	-	(250)	
Total amortisation and impairment losses as of December 31	(8,988)	(8,988)	
Carrying amount as of 31 December	-	-	
8 Right-of-use assets			
	Land and Buildings	Vessels	Total
Cost as of 31 December 2022	3,758	87,523	91,281
Additions during the year	-	4,834	4,834
Disposals during the year	(39)	(8,893)	(8,932)
Total cost as of 31 December 2023	3,719	83,464	87,181
Depreciation and impairment losses as of 31 December 2022	(2,462)	(69,826)	(72,288)
Depreciation during the year	(739)	(11,786)	(12,525)
Disposals during the year	-	2,030	2,030
Total depreciation and impairment as of 31 December 2023	(3,201)	(79,582)	(82,783)
Carrying amount as of 31 December 2023	518	3,882	4,398

Note

9 Investments in subsidiaries and associated companies

Investments in subsidiaries

	2023	2022
Cost as of January 1	17,332	17,332
Additions during the year	204	-
Disposals during the year	-	-
Cost as of December 31	17,536	17,332
Impairments as of January 1	16,189	16,189
Impairment of the year	-	-
Reversal of impairment of the year	-	-
Impairments as of December 31	16,189	16,189
Carrying amount as of December 31	1,347	1,143

Name	Country	Capital	Equity	Profit/ loss	Ownership interest
Maersk Tankers Intermediate General Partner A/S	Denmark	90	121	3	100%
Maersk Tankers MR General Partner A/S	Denmark	90	123	3	100%
O.P.S.A. Operadora Portuaria S.A.	Venezuela	12	3	0	100%
Handytankers General Partner A/S	Denmark	92	65	2	100%
Handytankers K/S	Denmark	13	11	0	100%
Broström AB	Sweden	6	380	0	100%
Maersk Tankers LR2 General Partners A/S	Denmark	75	68	2	100%
Maersk Tankers Intermediate K/S	Denmark	12	6	35	100%
Maersk Tankers MR K/S	Denmark	12	6	0	100%
Maersk Tankers LR2 K/S	Denmark	12	7	0	100%
Maersk Tankers Romania SRL	Romania	5	111	0	100%
Maersk Tankers Afra K/S	Denmark	12	9	0	100%
Maersk Tankers Afra General Partner A/S	Denmark	72	72	2	100%
Maersk Tankers India Private Ltd.	India	15	6,000	851	100%
Maersk Tankers US Inc.	US	7,230	(3,643)	0	100%
Maersk Tankers US Personell LLC	US	0	(715)	0	100%
Maersk Tankers LR1 K/S	Denmark	12	12	0	100%
Maersk Tankers LR1 General Partner A/S	Denmark	58	58	0	100%
Njord Solution ApS	Denmark	486	607	(8)	100%
Total		8,304	3,301	890	

Investments in associated companies

	2023	2022
Cost as of January 1	10	10
Cost as of December 31	10	10

Associated companies

Name	Domicile	Capital	Equity	Profit	Ownership interest
Long Range2 A/S	Denmark	57	41	1	50%
LR2 Management K/S	Denmark	18	35	(0)	50%
Total		75	76	1	

Note

10 Deferred tax asset	2023	2022
Deferred tax as of 1 January	127	580
Adjustment of deferred tax asset recognised in the income statement	-	(453)
Deferred tax as of 31 December	127	127
Deferred tax is related to:	2023	2022
Intangible assets	-	-
Current assets	127	127
	127	127

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.

11 Other receivables

In 2023, Maersk Tankers provided USD 7.5m (2022: USD 118m) in working capital support to pools to ensure timely payments to pool partners, which is reported under other receivables.

12 Cash and bank balances

USD 14.9 million of the total liquid funds are classified as restricted funds (2022: USD 78.6 million).

13 Share capital

Share capital of nominally DKK 100 million (2022: 100 million) is divided into 100,010 shares (2022: 100,010 shares) of a nominal value of DKK 1,000 each.

14 Provisions

	2023	2022
Provisions as of January 1	11,704	5,699
Provisions for the year	2,890	10,604
Provisions used/reversed during the year	(11,774)	(4,599)
Other provisions as of December 31	2,820	11,704
Maturities for provisions are expected to be:		
Within a year	2,820	11,704
Between one and five years	-	-
	2,820	11,704

Provisions mainly relate to restructuring, unsettled claims and legal disputes.

15 Borrowings

	Land and Buildings	Vessels	Total
Lease liabilities, non-current	0	46,751	46,751
Lease liabilities, current	483	40,020	40,503
Borrowings as of December 31	483	86,771	87,254

Note

16 Derivatives

The company is exposed to currency risk mainly from changes in DKK, SGD and INR. The company has entered derivatives to hedge fluctuations in administration costs in those currencies. As per 31 December 2023, the currency derivatives have a positive fair value of USD 0.4 million (2022: USD 0.6 million) and hedge a nominal value of USD 25.1 million (2022: USD 54.3 million).

The derivatives have a duration of 0-12 months and the coverage on the 31 December 2023 was 74% (2022: 72%) of the expected cost incurred within 12 months from the balance sheet date. 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 2023 the derivatives on forward freight agreements had a negative fair value of USD 0.2 million (2022: USD 0 million).

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

17 Contingent liabilities

Maersk Tankers A/S is involved in commercial claims and disputes, which are subject to considerable uncertainty. Maersk Tankers A/S does not expect that the commercial claims and disputes will result in a liability.

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

18 Commitments

Maersk Tankers A/S has entered leasing contracts with a duration less than one year totalling USD 8.7 million (December 31, 2022: USD 20.6 million). Following IFRS 16, lease obligations with longer contractual dates than one year are recognised as lease liabilities.

19 Related parties

Maersk Tankers A/S' related parties include:

Controlling interest

Maersk Tankers A/S is controlled by A.P Møller Maritime ApS, Esplanen 50, 1263, Copenhagen K, Registration no, 41 88 28 24, 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.

Other related parties include A.P. Møller Holding A/S, Agata ApS and all their subsidiaries and affiliates.

Note

19 Related parties – continued

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.

20 Events after the balance sheet date

In January 2024, one of the Company's subsidiaries (Maersk Tankers US Inc.) entered into an agreement to acquire 100% shares in Penfield LLC ("Penfield"). Penfield is a boutique commercial management company operating tankers around the world in Penfield's Panamax/LR1 pool, Aframax/LR2 pool and Suezmax pool.

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

21 Accounting policies

The Annual Report for 2023 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 2023 the exchange rate DKK/USD was 6,7547 (2022: 6,9672).

21 Accounting policies – continued

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.

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. Commercial management fee is recognised upon receipt of the services in accordance with the agreements concluded.

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

Staff costs

Staff costs comprise wages and salaries as well as payroll services.

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

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.

21 Accounting policies – continued

Balance Sheet

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.

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.

21 Accounting policies – continued

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

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