



2022 Annual Report

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

Anette Ryde, Chairman of the meeting:
Copenhagen, 3 April 2023

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 (Chairman)
Michael David Brennan
Martin Nørkjær Larsen
Maria Aagaard Pejter
Ibrahim Gokcen
Kristin Helene Holth

Executive Management

Christian Michael Ingerslev
Morten Mosegaard Christensen
Eva Birgitte Bisgaard
Claus Grønborg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Maersk Tankers

Maersk Tankers is a service company that provides commercial management solutions for shipowners in the tanker industry, operating one of the largest tanker fleets in the world.

Founded in 1928, the company has a century of expertise in management of vessels. It is guided by its purpose to pioneer shipping solutions for its partners and the planet.

Maersk Tankers manages vessels that are transporting energy products in global markets and across six segments – Intermediate, Flexi, Handy, MR, LR2 and Aframax - to meet customers' needs. This includes 50 vessels owned by Maersk Product Tankers.

The company employs approximately 300 employees in Denmark, Singapore, India and the U.S. and is headquartered in Copenhagen, Denmark.



Amounts in USD million

Financial highlights

	2022	2021	2020	2019	2018
<i>Revenue</i>	573	466	530	419	300
<i>Profit/loss before depreciation and impairment losses</i>	64	61	76	34	(16)
<i>Financial items, net</i>	1	0	(5)	0	2
<i>Profit/loss for the year</i>	39	34	24	17	(14)
<i>Total assets</i>	391	316	382	254	175
<i>Equity</i>	74	43	38	49	31
<i>Investments in tangible fixed assets</i>	19	38	52	37	0
<i>Profit margin</i>	11.1%	13.1%	14.3%	8.1%	(5.5%)
<i>Equity ratio</i>	19.0%	13.7%	10.0%	19.4%	17.9%
<i>Return on equity</i>	66.7%	82.6%	54.4%	41.3%	(5.0%)

Management review

Activities during the year

2022 was a year that defied all predictions. The world witnessed war break out in Europe, new Covid outbreaks in China that led to comprehensive lockdowns, rising inflation and turmoil in the energy market. The latter happened against the tragic background of Russia invading Ukraine on 24 February.

The energy market has been disrupted since the invasion. Oil maps were redrawn as Europe and the US imposed sanctions on Russia, which is leading Europe and the US to seek oil supplies from further afield, such as the Middle East, Latin America and China, and Russia to sell more oil to destinations outside Europe, namely India and China. Freight rates have surged to extraordinarily high levels and vessel prices have increased significantly.

With the disruption to the energy market, shipowners have made and continue to make changes to their fleet. During 2022, asset prices rose significantly, leading more shipowners to sell their vessels. The number of vessels sold across the world fleet increased for both the MR, Handy and Intermediate segments compared to the two previous years. The strong spot markets attracted new players to the industry, while some shipowners chose to place vessels on time-charter contracts to secure higher earnings for longer.

The changes shipowners made to their fleets led to a drop in the number of vessels under our management. We entered 2022 with 217 vessels; by the end of the year, that number had fallen to approximately 152, which had a negative impact on our financial results. The reduction in vessels was primarily caused by owners selling their vessels. Our flexible pool model with quick entry and exit terms supported them in this very active sale and purchase market.

During the year, the industry was preparing for new environmental regulations from the International Maritime Organization (IMO) to come into force on 1 January 2023. The Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) require shipowners to improve their vessels' energy efficiency. To meet the requirements and cut greenhouse gas emissions from vessels, shipowners had to assess their vessels' performance and, when needed, install energy-saving technologies onboard.

Our response to the market situation was to work tirelessly to support shipowners. This included advising on market developments, sanctions and new environmental regulations; and finding and installing energy-efficient solutions to reduce emissions and boost earnings. An example of the latter is our new solution, Njord. By combining energy-saving technologies in new ways, tailor-made for each vessel, it aims to cut vessels' greenhouse gas emissions by between 7 and 16 per cent. During 2022 alone, we signed contracts with 31 owners from container, tanker, bulk and gas shipping.

During the year, we continued to invest in the use of data and digital solutions. They help our charterers make decisions on how to position vessels optimally in the highly volatile tanker market; they support our fuel optimisation experts who operate vessels from port to port in a way that cuts vessels' bunker consumption and emissions; and they provide our partners with insight into their vessels' environmental and financial performance, while making it easy to do business with us.

Our freight solutions business gives shipowners different risk options, including the opportunity to explore time-charter contracts, and a steady in-flow of cargoes for their vessels, and it supports cargo customers with different transportation solutions. In 2022, we generated satisfactory returns from this activity, and we will strive to grow this business further, while balancing the activities' inherent risks.

To boost partner services and accelerate growth, we reorganised the business in the fourth quarter of the year. The frontline of our business was divided into three strategic areas: Chartering and Freight Solutions, Commercial and Operations. The leadership team was strengthened by welcoming two new senior people, adding diverse but complementary skills within chartering,

commercial partnerships and operations. Furthermore, we strengthened the chartering organisation to enhance shipowners' time-charter equivalent earnings and, with that, support them in benefitting from the highly volatile markets and its earnings spikes.

In 2023, we expect market volatility, risks and complexity to remain at a high level, driven by the continuing war in Ukraine, as well as the need to adapt to the new environmental regulations. Throughout the year, we will support shipowners in our pools with solutions that boost their vessels' environmental and economic performance while growing the number of vessels under commercial management in Maersk Tankers.

Risks

Freight rates

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.

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 2022, Maersk Tankers had 72% (2021: 70%) 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. 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. 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, and EU legislators agreeing to include shipping within the EU's emission trading scheme (ETS).

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.

During 2022, we cut vessel emissions through a variety of solutions. Our fuel optimisation team assesses vessels' current and optimal performance when they enter the pool and helps shipowners optimise their use of fuel, which includes power management, propeller polishing and propeller cleaning. From such fuel optimisation activities, we achieved accumulated savings of 84739 MT fuel, relative to a 2017 baseline.

We have also taken other measures to cut emissions. These include helping shipowners install energy-saving devices onboard vessels through Njord; the use of the ZeroNorth digital platform across the entire fleet to sail vessels at the optimal speed, which cuts fuel consumption; and ensuring transparency on vessels' emissions by reporting these under the terms of the Sea Cargo Charter of which we are a signatory.

In 2022, we continued to raise awareness in the industry of the urgent need to decarbonise. This will require regulators, businesses and suppliers to contribute with solutions such as a carbon tax, helpful policies and new technology. We are active members of the Global Maritime Forum and the Getting to Zero Coalition, calling for a carbon tax to close the competitiveness gap between zero-emission and conventional fuels. We will continue to use our market position to push for change.

We are also taking action to reduce scope 2 and 3 emissions onshore, which in 2022 included the implementation of certified green electricity in our offices in both Denmark and India, and cloud migration of the company's IT systems to reduce electricity use.

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 saw nine new sanctions packages introduced by the EU 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 2022, as a result of our work, we ensured that the fleet traded in compliance with these complex sanctions landscape.

Our employees' wellbeing is of the utmost importance to us. In 2022, we initiated a new framework to support employees in their professional and personal development; carried out leadership training of leaders both on the frontline and in support functions; conducted sessions on psychological safety; and we introduced a new reward system designed to provide a sense of communal achievement. Such actions have supported a culture where employees can grow and thrive. We will continue to take measures and to support our employees, which will be backed by policies and systems. Examples of the latter are the employee handbook and our whistleblower system, which ensures that employees can voice grievances anonymously and that these are investigated in a fair and timely manner.

Maersk Tankers is working to ensure its suppliers conduct business responsibly in accordance with international and our own company standards, as detailed in the [Third Party Code of Conduct](#), which we have developed and published. It sets out minimum requirements for the company and its direct counterparties on important areas such as human rights. This means doing business in accordance with responsible business principles and in full compliance with laws and regulations. In 2022, we increased our efforts to ensure that new contracts with strategic suppliers include a reference to the Third Party Code of Conduct or to the suppliers' own equivalent if this is, as a minimum, on a par with our standards. We will continue our work to make our supply chain more sustainable, which includes asking suppliers to meet social and environmental requirements and ensuring our procurement contracts reflect environmental concerns.

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. In 2022, Maersk Tankers adopted the use of MACN's new screening tool and helped to refine the tool by providing feedback to MACN. Moreover, we carried out company-wide training on gifts and hospitality, which have raised awareness and increased knowledge among employees. We will proceed with our work in this important area, taking our part in driving positive change in shipping.

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 building a diverse organisation where employees, regardless of their gender, ethnicity, experience, religion, sexual orientation, and age, can thrive, develop and feel a sense of belonging. We believe this is the right thing to do. It also mirrors the diverse and global world we operate in, and it is a catalyst for the innovation shipping needs to find new solutions to complex problems such as climate change.

At Maersk Tankers we employ a diverse workforce of various nationalities, ages, cultures and experience. We are unstinting in our efforts to go further in creating a diverse, equal and inclusive organisation. During the year, we have, for example, worked on diverse hiring; building a diverse talent pipeline, which includes a trainee programme to hire and train undergraduates for roles in the frontline; creating an inclusive environment through employee initiatives; and creating awareness internally and externally on allyship.

We made progress during the year. At the end of 2022, women made up 37% (25% in 2021) of the workforce; 51% of new hires were women (55% in 2021); and 27.5% of leaders were female (25% in 2021), with a target of 35% by the end of 2023.

At the date of signing the Annual Report, the following gender balances apply and are in accordance with guidelines issued by The Danish Business Authority in December 2022.

The leadership team consists of two women (29% of the total) and five men, which is in line with the company's 2023 targets. The Maersk Tankers' Board of Directors has two female directors (33% of the total) among its six members, which is also in line with the company's 2023 targets.

We will continue to take measures to improve diversity 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' 300 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.

Expectations for 2023

In 2023, we expect the number of vessels under management to stabilise and increase. The financial results are expected to be positive, but lower than in 2022 due to reduced freight rates and, on average, fewer vessels under management.

Events after balance sheet date

No events of importance to the Annual Report 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 2022 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 2022, as well as the result of the Company's operations for financial year 1 January to 31 December 2022.

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, 8 March 2023

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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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, 8 March 2023

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	2022	2021
1	Revenue	572,789	465,874
	External costs	(482,670)	(376,389)
2	Staff costs	(29,661)	(30,907)
	Other income	3,210	2,471
	Profit/loss before depreciation and impairment losses	63,668	61,049
8, 9	Depreciation and impairment losses	(23,707)	(36,043)
	Profit/loss before financial items	39,961	25,006
6	Income and impairment/reversal of affiliated and associated companies	-	21,138
3	Financial income	6,145	5,039
4	Financial expenses	(5,397)	(5,212)
	Profit/loss before tax	40,709	45,971
5	Tax on profit for the year	(1,514)	(12,415)
	Profit/loss for the year	39,195	33,554

Note	Balance sheet 31 December	2022	2021
8	Intangible assets	-	250
	Total intangible assets	-	250
9	Right-of-use assets	18,993	38,329
	Right-of-use assets	18,993	38,329
10	Investment in affiliates	1,143	1,143
10	Investment in associated companies	10	10
11	Deferred tax assets	127	580
	Lease receivables non-current	-	14,303
	Total fixed asset investments	1,280	16,036
	Total non-current assets	20,273	54,615
	Inventories	6,198	6,272
	Trade receivables	77,270	48,366
	Receivables from affiliates	7,292	9,457
17	Derivatives	571	1,439
12	Other receivables	154,342	26,136
	Lease receivables, current	11,238	57,100
	Prepayments	10,336	16,182
	Total receivables	261,049	158,680
13	Cash and bank balances	103,128	96,037
	Total current assets	370,376	260,989
	TOTAL ASSETS	390,648	315,604

Note	Balance sheet 31 December	2022	2021
14	Share capital	17,249	17,249
7	Dividends proposed	45,800	10,000
	Reserve for hedges	906	(761)
	Retained earnings	10,225	16,830
	Total equity	74,180	43,318
16	Borrowings	4,309	31,207
	Total non-current liabilities	4,309	31,207
16	Borrowings	80,912	74,993
	Trade payables	94,060	72,324
	Payables to affiliates	38,192	8,814
15	Provisions	11,704	5,699
	Deferred income	10,187	13,364
	Tax payables	1,118	11,145
17	Derivatives	-	1,334
	Other payables	75,986	53,406
	Total current liabilities	312,159	241,079
	Total liabilities	316,469	272,286
	TOTAL EQUITY & LIABILITIES	390,648	315,604
18	Contingent liabilities		
19	Commitments		
20	Related parties		
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 2021	17,247	1,598	9,123	10,000	37,968
Profit/loss for the year			23,554	10,000	33,554
Capital increase by contribution	2		24,968		24,970
Demerger			(24,970)		(24,970)
Cash flow hedge, net of tax		(2,359)			(2,359)
Dividend distributed				(10,000)	(10,000)
Extraordinary dividend distributed			(15,846)		(15,846)
Equity 31 December 2021	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

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

Note

1 Revenue

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

	2022	2021
Europe	223,320	263,532
Asia and Pacific	232,750	106,611
Middle East	15,912	15,210
North and South America	35,051	25,523
Africa	65,756	54,998
	572,789	465,874

2 Staff costs

In the accounting year an average of 121 persons (2021: 129 persons) were employed by Maersk Tankers A/S. The total staff cost is split as:

	2022	2021
Salaries	27,929	28,598
Pensions	1,503	2,045
Other social security costs	229	264
	29,661	30,907

In 2022 the Executive Management has received remuneration amounting to USD 3.3 million. For 2021 the remuneration for Executive Management amounted to USD 2.6 million. The board of Directors has for 2022 received fees amounting to USD 0.2 million (2021: 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. The fair value of awards granted to Executive Management in 2021 was USD 0.8 million at the time of grant.

3 Financial income

	2022	2021
Interest income from others	4,474	3,506
Interest income related to leases	1,671	1,532
	6,145	5,039

4 Financial expenses

Interest expenses from affiliated companies	0	0
Interest expenses from others ¹⁾	(3,370)	(4,972)
Other financial expenses	(2,027)	(240)
	(5,397)	(5,212)

¹⁾ Consists of interest expenses mainly relating to leases

Note

5 Tax on profit for the year	2022	2021
Current income tax	(994)	(11,114)
Prior years adjustments	(55)	379
Withholding taxes	(12)	30
Changes in deferred tax asset	(453)	(1,654)
Total	(1,514)	(12,415)

6 Income and impairment/reversal of affiliated and associated companies	2022	2021
Gain from sale of affiliated companies	-	21,157
Loss from sale of affiliated companies	-	(19)
Impairment/reversal of affiliated and associated companies	-	-
Total	-	21,138

Sale of Technical management business in 2021

In November 2021, Maersk Tankers sold the entire technical management business to Synergy Group. This included customer and supplier contracts, as well as the technical management. At the takeover date in November 2021, the profit and loss as well as net assets were:

	2021
Income statement	
Revenue	17,981
Costs	(17,586)
EBITDA	395
Total assets	2,916
Total liabilities	32,713
Net Assets	(29,797)

Note

7 Proposed distribution of the profit of the year	2022	2021
Proposed dividend for the year	45,800	10,000
Extraordinary dividend distributed	-	15,846
Retained earnings	(6,605)	7,708
Total	39,195	33,554

8 Intangible assets	2022	2021
	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	(8,738)	(8,445)
Amortisation and impairment for the year	(250)	(293)
Total amortisation and impairment losses as of December 31	(8,988)	(8,738)
Carrying amount as of 31 December	-	250

9 Right-of-use assets	Land and Buildings	Vessels	Total
Cost as of 31 December 2021	3,758	102,534	106,292
Additions during the year	-	4,120	4,120
Disposals during the year	-	(19,131)	(19,131)
Total cost as of 31 December 2022	3,758	87,523	91,281
Depreciation and impairment losses as of 31 December 2021	(1,718)	(66,246)	(67,964)
Depreciation during the year	(744)	(22,711)	(23,455)
Disposals during the year	-	19,131	19,131
Total depreciation and impairment as of 31 December 2022	(2,462)	(69,826)	(72,288)
Total as of 31 December 2022	1,296	17,697	18,993

10 Investments in subsidiaries and associated companies

Investments in subsidiaries

	2022	2021
Cost as of January 1	17,332	30,707
Additions during the year	-	62
Disposals during the year	-	(13,437)
Cost as of December 31	17,332	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	1,143	1,143

Name	Country	Capital	Equity	Profit-loss	Ownership interest
Maersk Tankers Intermediate General Partner A/S	Denmark	90	118	(7)	100%
Maersk Tankers MR General Partner A/S	Denmark	90	120	(7)	100%
O.P.S.A. Operadora Portuaria S.A.	Venezuela	12	3	0	100%
Handytankers General Partner A/S	Denmark	92	63	(4)	100%
Handytankers K/S	Denmark	13	12	(1)	100%
Broström AB	Sweden	6	380	0	100%
Maersk Tankers LR2 General Partners A/S	Denmark	75	66	(4)	100%
Maersk Tankers Intermediate K/S	Denmark	12	(29)	(36)	100%
Maersk Tankers MR K/S	Denmark	12	6	0	100%
Maersk Tankers LR2 K/S	Denmark	12	6	0	100%
Maersk Tankers Romania SRL	Romania	5	111	0	100%
Maersk Tankers Afra K/S	Denmark	12	8	(1)	100%
Maersk Tankers Afra General Partner A/S	Denmark	72	70	(4)	100%
Maersk Tankers India Private Ltd.	India	15	5,147	903	100%
Maersk Tankers US Inc.	US	7,230	(3,643)	(159)	100%
Maersk Tankers US Personell LLC	US	0	(715)	0	100%
Total		7,748	1,723	680	

Investments in associated companies

	2022	2021
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	

11	Deferred tax asset	2022	2021
	Deferred tax as of 1 January	580	2,234
	Adjustment of deferred tax asset recognised in the income statement	(453)	(1,654)
	Deferred tax as of 31 December	127	580
	Deferred tax is related to:	2022	2021
	Intangible assets	-	453
	Current assets	127	127
		127	580

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.

12 Other Receivables

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

13 Cash and bank balances

USD 78.6 million of the total liquid funds are classified as restricted funds (2021: USD 52.6 million).

14 Share capital

Share capital of nominally DKK 100 million (2021: 100 million) is divided into 100,010 shares (2021: 100,010 shares) of a nominal value of DKK 1,000 each.

15 Provisions

	2022	2021
Provisions as of January 1	5,699	11,440
Provisions for the year	10,604	120
Provisions used/reversed during the year	(4,599)	(5,861)
Other provisions as of December 31	11,704	5,699
Maturities for provisions are expected to be:		
Within a year	11,704	5,699
Between one and five years	-	-
	11,704	5,699

Provisions relate to onerous contracts, unsettled claims and legal disputes.

16 Borrowings

	Land and Buildings	Vessels	Others	Total
Lease liabilities, non-current	282	4,027	-	4,309
Lease liabilities, current	602	25,310	-	25,912
Bank and other credit institutions, current	-	-	55,000	55,000
Borrowings as of December 31	884	29,337	55,000	85,221

17 **Derivatives**

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

The derivatives have a duration of 0-12 months and the coverage on the 31 December 2022 was 72% of the expected cost incurred within 12 months from the balance sheet date (70% in 2021). 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 2022 the derivatives on forward freight agreements had a fair value of USD 0 million (USD 1.4 million in 2021).

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

18 **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.

19 **Commitments**

Maersk Tankers A/S has entered leasing contracts with a duration less than one year totalling USD 20.6 million (December 31, 2021: USD 21.5 million). Following IFRS 16, lease obligations with longer contractual dates than one year are recognised as lease liabilities.

20 **Related parties**

Maersk Tankers A/S' related parties include:

Controlling interest

Maersk Tankers A/S is controlled by Maersk Tankers Holding ApS, Holmbladsgade 133, 2300, Copenhagen S, 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.

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.

20 Related parties - continued

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.

21 Accounting policies

The Annual Report for 2022 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 2022 the exchange rate DKK/USD was 6,9672 (2021: 6,566).

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.

21 Accounting policies - continued

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.

Spin-off and demerger

On a spin-off transaction in which 'the company' creates an independent company for one of its existing activity/businesses through the sale or distribution of new shares, the parent company of the newly created company can sell the shares, keep a non-controlling investment, or maintain control (demerger transaction). If no new shares are issued, on a Group perspective, the transaction is considered to be an internal acquisition and sale of an activity.

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.

21 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.

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

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