
Terntank Rederi A/S

Vestre Strandvej 10, DK-9990 Skagen

Annual Report for
1 September 2023 - 31 August 2024

CVR No. 34 58 43 62

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/11 2024

Thomas Wilkens
Andersen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Terntank Rederi A/S for the financial year 1 September 2023 - 31 August 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 August 2024 of the Company and of the results of the Company operations for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Skagen, 22 November 2024

Executive Board

Jens Pedersen Buchhave

Board of Directors

Thomas Wilkens Andersen
Chairman

Arne Tryggve Möller
Vice chairman

Sigurd Peder Viseth

Rigmor Yvonne Möller

Annika Marita Kristensson

John Albin Sten

Independent Auditor's report

To the shareholder of Terntank Rederi A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2024 and of the results of the Company's operations for the financial year 1 September 2023 - 31 August 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Terntank Rederi A/S for the financial year 1 September 2023 - 31 August 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 22 November 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	<p>Terntank Rederi A/S Vestre Strandvej 10 DK-9990 Skagen</p> <p>CVR No: 34 58 43 62 Financial period: 1 September 2023 - 31 August 2024 Financial year: 13th financial year Municipality of reg. office: Frederikshavn</p>
Board of Directors	<p>Thomas Wilkens Andersen, chairman Arne Tryggve Möller, vice chairman Sigurd Peder Viseth Rigmor Yvonne Möller Annika Marita Kristensson John Albin Sten</p>
Executive Board	<p>Jens Pedersen Buchhave</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup</p>
Lawyers	<p>Mazanti-Andersen Klosterbakken 12 5000 Odense</p>
Bankers	<p>Nordea AB Ostra Hamngatan 16 SE-405 09 Göteborg, Sweden</p> <p>Swedbank AB Södra Hamngatan 27 SE-404 22 Göteborg, Sweden</p>

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	58,164	66,834	59,513	51,276	56,785
Gross profit	28,594	32,586	22,927	20,589	24,966
Profit/loss of primary operations	15,500	18,455	9,277	3,305	13,729
Profit/loss of financial income and expenses	-5,899	-5,218	941	-4,567	-3,255
Net profit/loss for the year	9,490	13,371	9,853	-1,358	10,467
Balance sheet					
Balance sheet total	238,849	245,513	241,861	211,097	217,182
Investment in property, plant and equipment	11,996	-17,137	49,203	10,885	104,295
Equity	142,876	134,086	121,115	112,762	115,120
Number of employees	8	9	11	11	11
Ratios					
Gross margin	49.2%	48.8%	38.5%	40.2%	44.0%
Profit margin	26.6%	27.6%	15.6%	6.4%	24.2%
Return on assets	6.5%	7.5%	3.8%	1.6%	6.3%
Solvency ratio	59.8%	54.6%	50.1%	53.4%	53.0%
Return on equity	6.9%	10.5%	8.4%	-1.2%	18.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

The object of the Company is to carry on shipping operations, ship management, crewing and other related shipping activities as determined by the Board of Directors as well as purchase, sale and holding of securities and related activities.

Market overview

The Company operates within the Oil and Chemical tanker segment performing transportation services for the North European oil refineries/oil trading companies primarily in the Scandinavian and Baltic region. The world product tanker fleet is scheduled to expand by 1.6% in 2024 (to 187,7 million dwt), compared to 184,7 million dwt in 2023. The product tanker fleet is expected to increase by 4.8% in 2025 and the order book stands at 14% of the fleet. The product tanker fleet order book may result in a rapid fleet expansion however nearly 20% of the fleet will be over 20 years old by 2025 which is expected to limit the future net expansion of the fleet. Sanctions on Russian oil product exports and change in trade flows has resulted in longer travel distances and a reduction in the fleets cargo-carrying capacity. Market dynamics seems to support a positive product tanker market in the years to come. Market dynamics seems to support a positive product tanker market in the years to come.

Development in the year

The income statement of the Company for 2023/24 shows a profit of USD 9,490,138, and at 31 August 2024 the balance sheet of the Company shows equity of USD 142,876,317. Result for the year are above the expectations in the Annual Report for 2023/24 primarily due to an increase in demand for transport of refined oil and renewable oil products in the road transport and aviation sector. All vessels were employed either in Time Charter or in Contract of Affreightment (COA) during the year and similar coverage is expected for the coming year.

Operating risks

The Company focus on eliminating any operational risks by way of regular training of all employees through online tests/training and through seminars. The Company is part of Shell's Maritime Partners in Safety programme and have also arranged training course via third parties, e.g., Seably and GARD. The Company works with financial risk management. The financial risk management policy ensures that:

- Management considers all aspects of the financial and bunker risks.
- The staff responsible for the management of financial risks understanding our objectives and risk appetite in managing financial risks as well as the limits of their authority, and
- That the financial risk management activities are undertaken in a controlled manner.

Market risks

Freight rates and tonnage value are normally a function of supply and demand fluctuations and Management continuously evaluate whether to take measures against such fluctuations, e.g., through long term contracts, COA's or similar. The Company has taken out insurance coverage covering environmental and pollution coverage, hull and machinery coverage, cargo coverage, liability coverage towards third parties, war risk insurance and cyber risk.

Management's review

Foreign exchange risks

The Company denominates substantially all of its charter and other revenue generating contractual arrangements in USD. Furthermore, the bank financing arrangements are primarily denominated in USD and the principal assets are typically valued and traded in USD on world markets.

However, the Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Swedish Krona (SEK); Danish Krona (DKK), Norwegian Krona (NOK) and Euro (EUR).

The vessels are primarily operating in Scandinavian seas and thus the Company's main exposure to fluctuations in foreign exchange rates relate to operation expenses and staff costs incurred in currencies other than USD as well as from cash and bank balances denominated in foreign currencies (non-USD accounts).

If management decides to hedge FX risks, it is required to hedge the FX exposure with one of the bank fulfilling the minimum credit requirement stated in paragraph "Credit risks".

Interest rate risks

The Company's interest rate risk relates to long-term borrowings.

The Company has financed its vessels with bank borrowings. In addition, the Company has entered into bank overdraft facilities. Both borrowings and overdraft facilities are arranged at floating rates with reset rates of less than 6 months. Management may decide to hedge the floating rate risk using interest rate swaps.

Management may decide to hedge the floating rate risk using interest rate swaps.

Credit risks

Credit risk relates to deposits with banks and financial institutions as well as credit exposure to the chartering activity of the Company, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The credit risk (for lacking of payment) is assumed by the Company.

Strategy

The Company's main focus is to own and operate tanker vessels and to provide safe and environmentally friendly tanker transport service in the Baltic and North-Western European market.

Targets and expectations for the year ahead

Management expects stable earnings from the owned fleet and continuously being able to manage the exposure to market risks. The Company expects a result for the 2024/25 fiscal year in the range of USD 8-12 million.

Research and development

The Company is not involved in research and development activities.

Management's review

Intellectual capital resources

Through retention and recruitment of new competences, as well as through cooperation, alliances and education, the intellectual capital resources, which are major parameters in the development and optimization of new services, increase.

The Company has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Company's innovative skills, just as it is important to the future success of the Company to attract and retain well-educated employees who identify with the stated core values. Investments have been made to continuously improve the qualifications of both the land-based and offshore staff of the Company.

Annual performance reviews are held with all employees. During the reviews, the employees' goals, plans for the future and career opportunities are discussed and planned.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

The Company is under the Danish Financial Statements Act required to report on Corporate Social Responsibility (CSR). The Company's values and approach to do business is based on responsibility and accountability and the Company is compliant with all legal requirements within the areas of climate change, environment, human rights, employee conditions and anti-corruption

Business model The mission statement of the Company is:

- To operate and manage ships with zero spills, zero incidents and minimize pollution to air. Fully protect; our shipboard personnel; the environment; the cargo; and the company's own assets.
- To provide a highly efficient and competitive oil and chemical transportation service of quality, cost reliability, delivery and security.

The main activities of the Company consist of shipping and includes 10 owned and operated oil and chemical tanker vessels. The Company's operation is carried out from offices in Denmark, Sweden and the Philippines with a total shore based staff of 23 and offshore staff of 153. All technical management (crewing, maintenance, control of costs) is done in-house in cooperation with crewing agencies and strategic partnerships with technical service providers and suppliers.

Contracting with shipbuilders of vessels follows the standard contractual terms provided by the international shipping organization BIMCO or similar. To the extent incorporated into the standard terms, this includes clauses on CSR. The Company selects suppliers based on experience and informal expectations and requirements related to energy efficiency and legal compliance.

Assessment of risks

The Company acknowledges the importance of being alert to challenges within climate change, environment, human rights, employee conditions and anti-corruption. This is in part done through a management approach, which is very agile and allows for all within the organization to address top management directly with questions and when in need of approval. In addition, the Company continuously tracks CSR-risks that may have a negative impact on the Company as well as its surroundings. The main risks are briefly highlighted below and are further addressed through the Company's CSR-policies.

Climate change and the environment

As the majority of the Company's vessels are time chartered out and thereby operated by charterers, the Company has limited influence on managing environmental risks. It is, however, our ambition to continuously improve energy efficiency with all vessels by way of trying to reduce fuel consumption, and resulting air emissions, via optimization of vessel operation and technical upgrades. We are also committed to operate and manage all ships with zero spills and zero incidents.

Management's review

Human rights

The Company respects and recognizes human rights, the rights of the child and all International Labour (ILO) charters. The risk of violating human rights is considered low because all employment of crew and technical management of the vessels is handled by the Company and the Company ensures that responsibility of work and employment conditions is taken care of and that the ITF is granted access to check and review compliance in accordance with international agreements.

Anti-corruption

The Company has zero tolerance towards corruption and bribery practices. Contracts with customers and suppliers follow the standards provided by BIMCO or similar. Port costs that are to be paid by the Company undergo quality assurance and are approved internally. Further, all costs related to voyages are approved directly by management applying a four-eye principle, so the risks related to corruption and bribery are considered very low.

Employee conditions

The Company is committed to attract and retain a competent and engaged workforce. Because of the relatively small size of the staff pool, the Company does not see significant risks in relation to negatively impacting its employees but to further reduce the risks of overburdening the staff, the Company has implemented a policy that, amongst other things, provides health care and the option to work from home.

Management's review

Policies on CSR

Referencing the above assessment and evaluation of risks related to CSR, the Company has decided to develop policies on climate change and environmental issues, human rights, anti-corruption and employee conditions. The formal CSR-policy is published on the Company's homepage (www.terntank.com), however below is an extract on how the Company has worked with CSR during 2023/24.

Policy regarding environment and climate

The Company fully subscribes to the goal of minimizing environmental damage and will strive to comply with not only all relevant legislation, but also exceeding statutory requirements wherever possible. The Company aims to continuously reduce fuel consumption and resulting air emissions. The target is to achieve a continuous reduction of fuel consumption on comparable operation measured related to cargo transported.

Activities and results in 2023/24

The above ambition shall be reached by structured energy efficiency management using the SEEMP as main tool for operation improvement resulting in reduced fuel consumption and air emissions.

The SEEMP is part of the Company's energy efficiency regime corresponding to OCIMF document "Energy Efficiency and Fuel Management" built on the standard TMSA set up, according to OCIMF. The Company's quality policy in this respect is to operate the vessels with as little impact upon the environment around us as possible.

We work for a better, safer and cleaner environment and each individual has an important part to play in achieving this.

The Company is committed to environmental training and awareness including energy conservation.

By having clearly defined procedures and guidance, along with good quality crews, we can do our best to eliminate, at source, some of the causes of marine pollution such as collisions, groundings and operational spills.

The Company is looking for ways to reduce the total amount of chemicals used onboard and also find replacements for some of the chemicals to more friendly types both for humans and for the environment.

The Company follows the IMO rules and the Hong Kong Convention for the safe and environmentally sound recycling of ships.

In 2023/24, the Company continued its environmental focus on JIT (Just In Time) in order to save emissions and bunker consumption. In addition, the Company successfully managed all operations without any spills.

Management's review

Policy regarding human rights

Terntank supports and respects the protection of human rights as defined in the United Nation's Universal Declaration on Human Rights. Employees are not allowed to violate human rights principles, either directly or indirectly.

There are many aspects of Terntank's business and operation, both directly and indirectly, that touch on human rights. For example, safety issues are crucial for the right to life and the right to standard of health, employee relations to principles and standards related to labour, employee relations to freedom from discrimination and the right to family life and air emissions to the right to adequate health.

Activities and results in 2023/24

As a minimum, all suppliers are expected to acknowledge the UN Global Compact Principles and core ILO (International Labour Organization) conventions and Terntank's commitment to conduct business in an ethical, legal and socially responsible manner. Terntank is committed to make sure that its subcontractors throughout the supply chain respect human rights, labour standards, environment and Terntank's anti-corruption policy. Moreover, Terntank is committed to ensure that none of its business partners are listed as sanctioned countries. In 2023/24, there has been no cases of human rights violations.

In 2024/25 the Company will continue to support and respect the United Nation's Universal Declaration on Human Rights.

Policy regarding anti-corruption

Corruption means the action of offering, promising or giving a person or organization entrusted with a position of authority an advantage which is not due to him, in order to cause that person or organization to carry out an act contrary to one's duty. Corruption is a systemic issue which is deeply integrated in some societies and communities. It undermines social and economic development, destabilizes the business environment and has negative impact on the markets. A shipping industry free of corruption would enable fair trade and benefit the society at larger scale.

Risk of corruption is associated in e.g., interactions with authorities over controls and approvals in ports and border controls as well as in subcontracting and in the whole supply chain. Anti-corruption is therefore linked to responsible procurement. Terntank is committed to full compliance with regulatory demands. Terntank works against all forms of corruption.

Activities and results in 2023/24

Terntank has a strict policy against facilitation payments, e.g., payments intended to speed up the handling of a matter, or bribes of any kind. Terntank also works together with its customers and stakeholders to get everyone in-line with anti-corruption policy.

As a member of Danish Shipping, Terntank strives to follow the guidelines of the Maritime Anti Corruption Network (MACN). MACN is a global business network working towards the vision of a maritime industry free of corruption. In 2023/24, there has been no recorded cases of attempts of corruption or bribery in Terntank's operations.

In 2024/25 the Company will continue to follow the anti-corruption procedures described above.

Management's review

Policy regarding employees

It is the policy to enable the Company to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments.

Activities and results in 2023/24

The Company believes that personal development is key to the success and well-being of the company's employees. In 2023/24, annual meetings have been held with all employees where the performance of the individual was assessed and evaluated and where targets for 2023/24 were decided in agreement with the employee. The Company has continued to offer opportunities for further training and education, and the company fulfill its responsibility for educating the next generation by taking in trainees on an annual basis.

The Company has ensured paid health insurance for all employees and has in 2023/24 continued its offer for shore-based employees to be able to work from home, should it be necessary as a mean to provide grounds for a healthy work life balance.

As a result, the employee turnover has been at a satisfactory level also in 2023/24.

In 2024/25 the Company will continue to hold meetings with all employees to assess and evaluate individual performance and to offer its shore-based employees to work from home, within certain restrictions, to provide grounds for a healthy work life balance.

Statement on gender composition, cf. section 99b of the Financial Statements Act

Target for the Board of the Company

The Company's Board of Directors consists of 40% women and 60% men, which is considered as equal gender representation according to the Danish Business Authority.

2023/24

Top management

Total number of members	6
Underrepresented gender %	40%
Target figure %	0%
Year for meeting target	N/A

Other management levels

Total number of members	1
Underrepresented gender %	0%
Target figure %	0%
Year for meeting target	N/A

Policy to increase gender diversity on other management levels

Terntank Rederi A/S employs less than 50 employees and therefore there is no requirement to develop a policy for the underrepresented gender. Also, the Company does not consist of any subsidiaries that are required to report on section 99 (b) of the Danish Financial Statements Act.

Statement on data ethics, cf. section 99d of the Financial Statements Act

Management's review

Terntank Rederi A/S comply with the Danish legislation of GDPR with regards to employee and personal data. Given our business model and activities all data are considered business critical and will as such never be shared with or in any way be made available to third parties. Consequently, Management at Terntank Rederi A/S has seen no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of potentially setting such a policy in the near future.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 September 2023 - 31 August 2024

	Note	2023/24	2022/23
		USD	USD
Revenue	1	58,164,207	66,834,407
Other operating income		1,822,190	460,470
Expenses for raw materials and consumables		-30,324,422	-33,531,587
Other external expenses		-1,067,937	-1,177,362
Gross profit		28,594,038	32,585,928
Staff expenses	2	-1,302,927	-1,354,954
Depreciation and impairment losses of property, plant and equipment	3	-11,791,423	-12,776,141
Profit/loss before financial income and expenses		15,499,688	18,454,833
Financial income	4	1,164,500	846,196
Financial expenses	5	-7,063,994	-6,063,966
Profit/loss before tax		9,600,194	13,237,063
Tax on profit/loss for the year	6	-110,056	133,932
Net profit/loss for the year	7	9,490,138	13,370,995

Balance sheet 31 August 2024

Assets

	Note	2023/24	2022/23
		USD	USD
Other fixtures and fittings, tools and equipment		51,702	0
Vessels		178,641,581	197,037,407
Vessels under construction		27,900,683	15,966,570
Property, plant and equipment	8	206,593,966	213,003,977
Investments in subsidiaries	9	966,695	966,695
Fixed asset investments		966,695	966,695
Fixed assets		207,560,661	213,970,672
Bunker		1,017,726	1,217,973
Inventories		1,017,726	1,217,973
Trade receivables		318,673	1,819,727
Receivables from group enterprises		3,808,366	595,063
Other receivables	10	2,220,670	4,838,223
Deferred tax asset	11	1,170,882	1,254,586
Corporation tax		7,016	0
Prepayments	12	674,647	540,856
Receivables		8,200,254	9,048,455
Cash at bank and in hand		22,070,358	21,275,765
Current assets		31,288,338	31,542,193
Assets		238,848,999	245,512,865

Balance sheet 31 August 2024

Liabilities and equity

	Note	2023/24	2022/23
		USD	USD
Share capital	13	676,061	676,061
Retained earnings		142,200,256	132,710,118
Proposed dividend for the year		0	700,000
Equity		142,876,317	134,086,179
Credit institutions		73,316,027	86,841,444
Deferred income		4,941,723	5,307,968
Long-term debt	14	78,257,750	92,149,412
Credit institutions	14	11,796,001	11,979,415
Trade payables		587,253	1,259,543
Payables to group enterprises		208,638	689,973
Corporation tax		0	137,059
Other payables	10	1,360,520	1,663,702
Deferred income	14,15	3,762,520	3,547,582
Short-term debt		17,714,932	19,277,274
Debt		95,972,682	111,426,686
Liabilities and equity		238,848,999	245,512,865
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Subsequent events	18		
Accounting Policies	19		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD
Equity at 1 September	676,061	132,710,118	700,000	134,086,179
Ordinary dividend paid	0	0	-700,000	-700,000
Net profit/loss for the year	0	9,490,138	0	9,490,138
Equity at 31 August	676,061	142,200,256	0	142,876,317

Notes to the Financial Statements

	2023/24	2022/23
	USD	USD
1. Revenue		
Geographical segments		
Revenue North-Western Europe	58,164,207	66,834,407
	<u>58,164,207</u>	<u>66,834,407</u>
Business segments		
Shipping	58,164,207	66,834,407
	<u>58,164,207</u>	<u>66,834,407</u>
	2023/24	2022/23
	USD	USD
2. Staff Expenses		
Wages and salaries	920,378	1,061,826
Pensions	61,267	86,140
Other social security expenses	321,282	206,988
	<u>1,302,927</u>	<u>1,354,954</u>
Including remuneration to the Executive Board and Board of Directors	<u>325,057</u>	<u>308,643</u>
Average number of employees	<u>8</u>	<u>9</u>
	2023/24	2022/23
	USD	USD
3. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	11,791,423	12,776,141
	<u>11,791,423</u>	<u>12,776,141</u>

Notes to the Financial Statements

	2023/24	2022/23
	USD	USD
4. Financial income		
Other financial income	1,164,500	846,196
	1,164,500	846,196
	2023/24	2022/23
	USD	USD
5. Financial expenses		
Other financial expenses	4,648,215	4,954,325
Exchange loss	2,415,779	1,109,641
	7,063,994	6,063,966
	2023/24	2022/23
	USD	USD
6. Income tax expense		
Current tax for the year	43,454	260,124
Deferred tax for the year	83,703	-127,365
Adjustment of tax concerning previous years	-17,101	-266,691
	110,056	-133,932
	2023/24	2022/23
	USD	USD
7. Profit allocation		
Proposed dividend for the year	0	700,000
Retained earnings	9,490,138	12,670,995
	9,490,138	13,370,995

Notes to the Financial Statements

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Vessels	Vessels under construction
	USD	USD	USD
Cost at 1 September	9,176	278,436,732	15,966,570
Additions for the year	62,042	0	11,934,113
Disposals for the year	0	-22,667,407	0
Cost at 31 August	71,218	255,769,325	27,900,683
Impairment losses and depreciation at 1 September	9,176	81,399,325	0
Depreciation for the year	10,340	11,781,083	0
Reversal of impairment and depreciation of sold assets	0	-16,052,664	0
Impairment losses and depreciation at 31 August	19,516	77,127,744	0
Carrying amount at 31 August	51,702	178,641,581	27,900,683

	2023/24	2022/23
	USD	USD
Cost at 1 September	966,695	966,695
Cost at 31 August	966,695	966,695
Carrying amount at 31 August	966,695	966,695

9. Investments in subsidiaries

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner- ship	Equity	Net profit/loss for the year
Tärntank Ship Management AB	Donsö, Sweden	SEK 1.000.000	100%	907,574	1,679
Tarn Energy AB	Donsö, Sweden	SEK 1.000.000	100%	376,046	4,433
Tern Skagen Management A/S	Skagen, Denmark	DKK 500.000	100%	483,391	28,315
				1,767,011	34,427

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	USD	USD
10. Derivative financial instruments		
Derivative financial instruments contracts in the form of forward exchange contracts and interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Hedge Accounting not Applied:		
- Interest rate swaps, with a nominal value of tUSD 71,153 and a duration of 1-2 years.		
- Currency: USD/SEK, with a nominal value of tUSD 9,000 and a duration of 0-12 months		
Hedge Accounting Applied		
-No contracts.		
Assets	2,074,851	5,050,085
Liabilities	257,288	482,507
	Value adjustment, income statement	Fair value at 31. August
	USD	USD
Interest rate Swaps (Hedge accounting not applied)	2,975,234	2,074,851
Currency: USD/DKK (Hedge accounting not applied)	739,795	257,288
	<u>2023/24</u>	<u>2022/23</u>
	USD	USD
11. Deferred tax asset		
Deferred tax asset at 1 September	1,254,586	0
Amounts recognised in the income statement for the year	-83,704	127,365
Amounts recognised in equity for the year	0	1,127,221
Deferred tax asset at 31 August	<u>1,170,882</u>	<u>1,254,586</u>

The recognized tax asset comprises tax of received grants which is paid upon received. The grants is recognized over time. The tax asset is therefore deemed recoverable over time.

12. Prepayments

Prepayments consist of prepaid expenses and insurance premiums.

Notes to the Financial Statements

13. Share capital

The share capital consists of 3,500,000 shares of a nominal value of USD 1. No shares carry any special rights.

The share capital consists of 3,500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

<u>2023/24</u>	<u>2022/23</u>
USD	USD

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Credit institutions

After 5 years	2,380,000	0
Between 1 and 5 years	<u>70,936,027</u>	<u>86,841,444</u>
Long-term part	73,316,027	86,841,444
Within 1 year	<u>11,796,001</u>	<u>11,979,415</u>
	<u>85,112,028</u>	<u>98,820,859</u>

Deferred income

After 5 years	3,039,372	3,729,190
Between 1 and 5 years	<u>1,902,351</u>	<u>1,578,778</u>
Long-term part	4,941,723	5,307,968
Within 1 year	<u>3,762,520</u>	<u>3,547,582</u>
	<u>8,704,243</u>	<u>8,855,550</u>

In December 2024 the company has refinanced part of the debt to credit institutions.

15. Deferred income

Deferred income consists of payments received in respect of income in subsequent years and received grants in respect to the vessels.

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	USD	USD
16. Contingent assets, liabilities and other financial obligations		
Other contingent liabilities		
Within 1 year	681,319	678,829
Between 1 and 5 Years	864,319	1,325,308

The Company has entered into leasing contracts, with a remaining liability of USD 1,545,638.

The group companies are jointly and severally liable for tax on the jointly taxed incomes with Tern Skagen Management A/S. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

Notes to the Financial Statements

17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Tärntank AB	Owner
Other related parties	
Thomas Wilkens Andersen	Board of Directors, Chairman
Arne Tryggve Möller	Board of Directors
Rigmor Yvonne Möller	Board of Directors
Annika Marita Kristensson	Board of Directors
Sigurd Peder Viseth	Board of Directors
John Albin Sten	Board of Directors

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Tärntank AB

Consolidated Financial Statements

The Company is included in the Group Annual Report of Tärntank AB, The Group Annual Report of Tärntank AB may be obtained at the following address:

<u>Name</u>	<u>Place of registered office</u>
Tärntank AB	Donsö, Sverige

18. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Terntank Rederi A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in USD with exchange rate as 31 August 2024 6,7276. (2022/23: 6,8571)

With reference to section 96(3) of the Danish Financial Statements Act the fee to the auditors appointed at the general meeting has not been disclosed.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023/24 of Tärntank AB, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Tärntank AB, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue comprises timecharter and freight income, that is recognised in the income statement when the income is recognised as earned.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses as well as realised and unrealised exchange adjustments.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

The Company is jointly taxed with Tern Skagen Management A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5 years
Vessels	20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Bunker

Bunker are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years and received grants in respect to the vessels.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$