



MAERSK TANKERS A/S

(Central Business Registration no: 28 67 35 90)

**Annual Report 2021
(15th Accounting Year)**

Holmbladsgade 133, 2300, Copenhagen S

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Company information

Maersk Tankers A/S
Holmbladsgade 133
2300 Copenhagen S
Denmark

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

Board of directors

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

Executive Management

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

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Amounts in USD million

Financial highlights

	2021	2020	2019	2018	2017
<i>Revenue</i>	466	530	419	300	275
<i>Profit/loss before depreciation and impairment losses</i>	61	76	34	(16)	(79)
<i>Financial items, net</i>	0	(5)	0	2	7
<i>Profit/loss for the year - continuing operations</i>	34	24	17	(14)	(72)
<i>Profit/loss for the year</i>	34	24	17	(14)	(479)
<i>Total assets</i>	316	382	254	175	726
<i>Equity</i>	43	38	49	31	546
<i>Investments in tangible fixed assets</i>	38	52	37	0	3
<i>Profit margin</i>	13.1%	14.3%	8.1%	(5.5%)	(29.4%)
<i>Equity ratio</i>	13.7%	10.0%	19.4%	17.9%	75.5%
<i>Return on equity</i>	82.6%	54.4%	41.3%	(5.0%)	(10.3%)

Management's review

Maersk Tankers is a service company that provides commercial management solutions for shipowners in the Tanker industry, operating more than 220 vessels for 49 owners. The vessels are operating in global and niche markets across seven segments to meet the varied needs of cargo customers. The segments include: City, Intermediate, Flexi, Handy, MR, LR2 and Aframax.

Our purpose is to pioneer shipping solutions for our partners and the planet. This puts decarbonisation and partners at the core of our strategy, and we want to develop solutions that move the industry forward.

In the fall of 2021, we launched a new strategy, '*Better together*', aimed at delivering on our ambitious purpose. To do so, we aim to create further scale to be able to develop initiatives for the industry that would otherwise be less feasible. Vessel owners face increasing demands to cut emissions and deliver attractive returns. By bringing vessel owners together in a large-scale set-up, we can help them meet these demands.

Our priorities are:

- 1) *Pioneer together*: together create a culture that allows us to unleash the potential of our purpose by encouraging collaboration and innovative thinking;
- 2) *Grow to impact*: target growth within existing markets, enter the fixed-earnings segment and develop new solutions;
- 3) *Service to differentiate* utilise our capabilities and passion for shipping to deliver a unique product and experience that addresses the current and future needs of partners;
- 4) *Simplify to adapt* simplify our operating model and create a scalable company geared for growth.

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

The company is sole responsible for management of the considerable fleet in Maersk Product Tankers which until 10 November 2021 also entailed the technical management of the vessels. On 10 November 2021, this business was taken over by Synergy Group.

Activities for the year

We achieved a satisfactory result in 2021 with a profit of USD 33.6 million (2020: USD 23.7 million) above last year's expectations mainly due to the sale of technical management business.

The year was characterised by historically low spot markets, which had a negative impact on our revenue. We welcomed 90 new vessels to our pools during 2021 yet had a lower net growth due to sales activities in Maersk Product Tankers and some partners seeking coverage through time-charter contracts in a very challenging market. This also impacted our Freight Solutions activities negatively and timing effects pressured profits especially in the early part of the year. Activity was high throughout the year as Maersk Product Tankers was very active in the S&P market, which also affected our fee income positively.

On 30 June 2021, the ownership of ZeroNorth was transferred to Maersk Tankers Holding to simplify and focus the scope of activities in Maersk Tankers.

On 10 November 2021, Synergy Marine Pte. Ltd., a subsidiary of Synergy Group, completed its takeover of Maersk Tankers' technical management business. With the completion of the takeover, Synergy Group took ownership of the technical management of 81 vessels, as well as customer and supplier contracts. Furthermore, close to 3,300 people, of which 140 work onshore, became part of Synergy Group. The carveout and subsequent takeover affected the results positively.

Management's review, continued

Risks

Freight rates

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

Currency rates

Maersk Tankers' income is mainly in USD, whereas spending is spread across several currencies, including USD. It is Maersk Tankers policy to partly hedge fluctuations in exchange rates. As of 31 December 2021, Maersk Tankers had 70% (2020: 60%) 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 shipping industry, by its very nature, is global with multiple stakeholders in its supply chain. Its impact on people and planet comes with a responsibility to consider and promote the integration of economic, social and environmental activities into core business practices.

As a values-led company with a clear purpose, we are committed to the United Nations Global Compact (UNGC) and its 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. While the International Maritime Organization (IMO) has set industry-wide goals to cut emissions, these are not ambitious enough. To develop and put zero-emission vessels on the oceans, private companies and governments must act now.

We are working strategically with the United Nations Sustainable Development Goal 13 that seeks to combat climate change and its impacts.

As a partner in Global Maritime Forum and an active member of the Getting to Zero Coalition we joined forces with more than 230 industry leaders and organisations to back the Call to Action for Shipping Decarbonization, urging world leaders to align shipping with the Paris Agreement temperature goal and deliver the policies to support shipping's green transition. We have been at the forefront of demands for an immediate implementation of regulations, including a carbon tax that will close the competitiveness gap between zero-emission and conventional fuels.

As the manager of 220 ships on behalf of 49 owners, we will continue to advocate for change, while developing and deploying solutions that help shipowners cut the emissions of vessels in its pools.

We advise shipowners on how their vessels can perform at an optimal level, using ZeroNorth's digital solution Optimise across the entire fleet and by tracking emission data and turning it into actionable insight. As a signatory of the Sea Cargo Charter, the company actively supports the industry's drive towards more transparency by working on emission reporting.

Management's review, continued

During the year, we further matured the green technology service Njord where we together with Cargill and Mitsui & Co. assess vessels' fuel optimisation potential and retrofit the necessary energy-saving devices on-board along with offering attractive financing to shipowners.

We also tested the use of biofuel-blended marine fuel in product tankers in partnership with BP this year. The trial demonstrated that sustainable biofuels can be used as a marine 'drop-in fuel' to reduce carbon emissions, and we are now exploring a potential further use of biofuels on more voyages.

In January 2022, we launched a decarbonisation hub that will bring experts, shipowners, cargo customers and other stakeholders together to develop a suite of solutions that will reduce emissions from cargo customers' supply chains and shipowners' operations. It will gather and share external and internal intelligence on regulations and developments in tanker shipping's decarbonisation, and provide emission transparency on the transportation of cargoes.

Anti-corruption

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

In 2021, we have continued our collaboration with international anti-corruption organisations. When calling certain ports, we have ensured that local agent representatives are on board the vessels when inspections take place to reinforce our zero-tolerance stance against facilitation payments; we have made it clear to local authorities that the company does not accept bribery and corruption in any form; and we have conducted internal training on our stance and measures against corruption. Our commitment to upholding these measures will continue. During the year, we saw a historic low number of attempted requests for facilitation payments, which is an indication that the proactive measures put in place are successful.

In collaboration with the MACN, we worked to identify high risk jurisdictions and supported them with input to build a third-party due diligence platform.

Gifts, hospitality and expenses are vulnerable to being used for bribery. With parts of the world opening up again following the pandemic and employees increasing business travel, we have had specific focus on ensuring gifts and hospitality – received and given – are in line with our Gifts and Hospitality Guidelines.

Global shipping companies' purchasing decisions have an environmental, social and economic impact around the world. The safe, reliable and flexible operation of vessels is dependent on a large and complex network of suppliers worldwide.

We have a Responsible Procurement Programme, which aims at ensuring suppliers conduct business responsibly in accordance with international and company standards. During 2021, we introduced a new Sustainable Procurement Programme as a step towards making our supply chain more sustainable. The programme requires suppliers to live up to certain social and environmental requirements. As part of this, our procurement contracts increasingly reflect environmental principles to ensure a reduction in the supply chain's carbon footprint.

Responsible and sustainable procurement

We conducted regular due diligence audits with high-risk suppliers and put in place an improvement plan when needed.

Management's review, continued

Labour and human rights

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

In 2021, we reviewed and updated our Third Party Code of Conduct, which outlines the responsible business principles which our suppliers must act in accordance with. You can read about our sustainability work at:

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

Diversity, equity and inclusion

The shipping industry has complex problems to solve. At the core of this is the green transition. As an industry, we need to develop and deploy solutions that reduce the environmental impact of shipping. We need to be innovative – and diversity is an important catalyst for innovation.

Diversity thrives in many forms in the shipping industry – be it in nationality, education, background or in other areas. This is the same in Maersk Tankers, where we employ 300 employees from 28 different nationalities.

We recognise there is more work to do and we are taking strategic action to improve gender diversity in an industry where the workforce remains predominantly male.

We are working strategically with this, which entails involving leaders in creating the necessary cultural change. Some of the initiatives include training them in inclusive leadership and recognising bias, as well as creating greater awareness of and preventing sexist behaviour.

In moving the needle on gender diversity, we executed several strategic initiatives during 2021: the launch of a new Diversity, Equity and Inclusion (DEI) strategy, a continued focus on hiring for gender diversity with a target of 50% female hires; building a diverse talent pipeline specifically for charterers and operators; and continuing to make the need for gender diversity visible externally.

As a result of these initiatives, we increased the proportion of women employed in the offices from 30.5% in 2020 to 35% in 2021, thereby achieving our 2023-target two years ahead of time. Our targeted and strategic effort led to 55% of all hires in 2021 being women. This included progress on all levels of the organisation. The executive management team now consists of two women and three men and the number of female leaders rose from 18% in 2020 to 25% in 2021, with a target of 35% by the end of 2023. Maersk Tankers' Board of Directors has two female directors among its six members. We will continue to take measures to improve gender diversity across all levels.

Data Ethics

Data ethics is a key focus area that has seen further development through processes, awareness, and trainings throughout the organisation.

Our data ethics principles support that data is handled in a correct and responsible way used across the company's activities.

We continuously monitor and update our data ethics approach for society and regulatory development to protect individuals' privacy and to safeguard the Group from legal, business, and reputational risk.

Expectations for 2022

In 2022, we expect markets to improve and growth in vessels under management. Due to the positive impact of the transfer of the ownership of ZeroNorth and the takeover of the technical management business by Synergy Group in 2021, we expect a lower result in 2022.

Events after balance sheet date

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

Statement of the Board of Directors and the Executive Management

The Board of Directors and Executive Management have today considered and adopted the Annual Report for the financial year 1 January - 31 December 2021 for Maersk Tankers A/S.

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

In our opinion, the Company's financial statements give a true and fair view of the financial position at 31 December 2021 as well as the result of the Company's operations for financial year 1 January to 31 December 2021.

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, 3 March 2022

Executive Management

Christian Michael Ingerslev
CEO

Morten Mosegaard Christensen
CFO

Claus Grønberg
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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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, 3 March 2022

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	2021	2020
1	Revenue	465,874	530,291
	External costs	(376,389)	(429,415)
2	Staff costs	(30,907)	(30,837)
	Other income	2,471	5,750
	Profit/loss before depreciation and impairment losses	61,049	75,789
8, 9	Depreciation and impairment losses	(36,043)	(31,784)
	Profit/loss before financial items	25,006	44,005
6	Income and impairment/reversal of affiliated and associated companies	21,138	(6,394)
3	Financial income	5,039	5,016
4	Financial expenses	(5,212)	(9,957)
	Profit/loss before tax	45,971	32,670
5	Tax on profit for the year	(12,415)	(9,010)
	Profit/loss for the year	33,554	23,660

Amounts in USD '000

<i>Note</i>	Balance sheet 31 December	2021	2020
8	Intangible assets	250	543
	Total intangible assets	250	543
9	Right-of-use assets	38,329	51,548
	Right-of-use assets	38,329	51,548
10	Investment in affiliates	1,143	14,518
10	Investment in associated companies	10	10
11	Deferred tax assets	580	2,234
	Lease receivables non-current	14,303	67,756
	Total fixed asset investments	16,036	84,518
	Total non-current assets	54,615	136,609
	Inventories	6,272	3,153
	Trade receivables	48,366	39,615
	Receivables from affiliates	9,457	13,817
16	Derivatives	1,439	2,909
	Other receivables	26,136	8,023
	Lease receivables, current	57,100	54,603
	Prepayments	16,182	6,292
	Total receivables	158,680	125,259
12	Cash and bank balances	96,037	116,541
	Total current assets	260,989	244,953
	TOTAL ASSETS	315,604	381,562

Amounts in USD '000

<i>Note</i>	Balance sheet 31 December	2021	2020
13	Share capital	17,249	17,247
7	Dividends proposed	10,000	10,000
	Reserve for hedges	(761)	1,598
	Retained earnings	16,830	9,123
	Total equity	43,318	37,968
14	Provisions	0	5,700
15	Borrowings	31,207	80,865
	Total non-current liabilities	31,207	86,565
15	Borrowings	74,993	85,809
	Trade payables	72,324	73,384
	Payables to affiliates	8,814	14,067
	Provisions	5,699	5,740
	Deferred income	13,364	16,845
	Tax payables	11,145	8,438
16	Derivatives	1,334	-
	Other payables	53,406	52,746
	Total current liabilities	241,079	257,029
	Total liabilities	272,286	343,594
	TOTAL EQUITY & LIABILITIES	315,604	381,562
17	Contingent liabilities		
18	Related parties		
19	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 2020	17,247	-	14,463	17,299	49,009
Profit/loss for the year	-	-	13,660	10,000	23,660
Cash flow hedge, net of tax	-	1,598	-	-	1,598
Dividend distributed	-	-	-	(17,299)	(17,299)
Extraordinary dividend distributed	-	-	(19,000)	-	(19,000)
Equity 31 December 2020	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

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

Amounts in USD '000

Note

1 Revenue

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

	2021	2020
Europe	263,532	204,120
Asia and Pacific	106,611	50,509
Middle East	15,210	21,878
North and South America	25,523	117,282
Africa	54,998	136,503
	465,874	530,292

2 Staff costs

In the accounting year an average of 129 persons (2020: 150 persons) were employed by the 'Company'. The total staff cost is split as:

	2021	2020
Salaries	28,598	28,740
Pensions	2,045	1,971
Other	264	126
	30,907	30,837

In 2021 the Executive Management has received remuneration amounting to USD 2.6 million. For 2020 the remuneration for Executive Management amounted to USD 2.3 million. The board of Directors has for 2021 received fees amounting to USD 0.2 million (2020: USD 0.1 million).

Executive Management is participating in a performance shares plan where the actual cash settlement is dependent on the development of a synthetic share price for the sister company, Maersk Product Tankers A/S. The fair value of awards granted to Executive Management was USD 0.8 million (USD 0.6 million) at the time of grant.

3 Financial income

Interest income related to leases, etc.

	2021	2020
	5,039	5,016
	5,039	5,016

4 Financial expenses

Interest expenses from affiliated companies

Interest expenses from others¹⁾

Other financial expenses

	0	(65)
	(4,972)	(4,873)
	(240)	(5,019)
	(5,212)	(9,957)

¹⁾ Consists of interest expenses mainly relating to leases

Amounts in USD '000

Note

5 Tax on profit for the year	2021	2020
Current income tax	(11,114)	(7,930)
Prior years adjustments	379	(764)
Withholding taxes	30	(192)
Changes in deferred tax asset	(1,654)	(124)
Total	(12,415)	(9,010)

6 Income and impairment/reversal of affiliated and associated companies	2021	2020
Gain from sale of affiliated companies	21,157	-
Loss from sale of affiliated companies	(19)	-
Impairment/reversal of affiliated and associated companies	-	(6,394)
Total	21,138	(6,394)

Sale of Technical management business

On 23rd of September 2021, it was announced that Synergy Marine Pte. Ltd., a subsidiary of Synergy Group, has signed an agreement to take over Maersk Tankers' technical management business. Under the agreement, Synergy Group took over the entire technical management business of Maersk Tankers. This includes customer and supplier contracts, as well as the technical management of 82 vessels, including the vessels in Maersk Product Tankers.

The take-over was structured through a sale of MT technical management business in India and Singapore to two newly established subsidiaries of Synergy Denmark A/S which is owned by Maersk Tankers Holding ApS and Agate ApS. In Denmark the technical management business was separated through a Danish demerger from Maersk Tankers A/S to Synergy Denmark A/S. Following the demerger, the shares in Synergy Denmark A/S were contributed from the shareholders to Maersk Tankers A/S as a contribution in kind.

The takeover of the technical management business was completed on the 10th of November 2021, while profit and loss as well as net assets were:

	2021	2020
Income statement		
Revenue	17,981	21,774
Costs	(17,586)	(18,693)
EBITDA	395	3,081
Total assets	2,916	1,185
Total liabilities	32,713	39,407
Net Assets	(29,797)	(38,222)

Amounts in USD '000

Note

7 Proposed distribution of the profit of the year	2021	2020
Proposed dividend for the year	10,000	10,000
Extraordinary dividend distributed	15,846	19,000
Retained earnings	7,708	(5,340)
Total	33,554	23,660

8 Intangible assets	2021	2020
	IT software	IT software
Cost as of 1 January	8,988	8,782
Addition during the year	-	206
Cost as of 31 December	8,988	8,988
Amortisation and impairment losses as of January 1	(8,445)	(6,410)
Amortisation and impairment for the year	(293)	(2,035)
Total amortisation and impairment losses as of December 31	(8,738)	(8,445)
Carrying amount as of 31 December	250	543

9 Right-of-use assets	Land and Buildings	Vessels	Total
Cost as of 31 December 2020	3,758	88,741	92,499
Additions during the year	-	23,660	23,660
Disposals during the year	-	(9,867)	(9,867)
Total cost as of 31 December 2021	3,758	102,534	106,292
Depreciation and impairment losses as of 31 December 2020	(961)	(39,990)	(40,951)
Depreciation during the year	(757)	(34,992)	(35,749)
Disposals during the year	-	8,736	(8,736)
Total depreciation and impairment as of 31 December 2021	(1,718)	(66,246)	(67,963)
Total as of 31 December 2021	2,040	36,289	38,329

10 Investments in subsidiaries and associated companies
Investments in subsidiaries

	2021	2020
Cost as of January 1	30,707	127,500
Additions during the year	62	13,375
Disposals during the year	(13,437)	(110,168)
Cost as of December 31	17,332	30,707
Impairments as of January 1	16,189	109,142
Impairment of the year	-	7,327
Reversal of impairment of the year	-	(100,280)
Impairments as of December 31	16,189	16,189
Carrying amount as of December 31	1,143	14,518

Name	Country	Capital	Equity	Profit-loss	Ownership interest
Broström General Partner A/S	Denmark	90	125	(12)	100%
Maersk Tankers MR General Partner A/S	Denmark	90	126	(12)	100%
O.P.S.A. Operadora Portuaria S.A.	Venezuela	12	3	0	100%
Maersk Tankers Holland B.V.	Holland	1,263	0	0	100%
Handytankers General Partner A/S	Denmark	92	67	(6)	100%
Handytankers K/S 1)	Denmark	13	12	(1)	100%
Broström AB 1)	Sweden	6	380	(96)	100%
Maersk Tankers LR2 General Partners A/S	Denmark	75	69	(6)	100%
Broström K/S	Denmark	12	6	(1)	100%
Maersk Tankers MR K/S	Denmark	12	6	(1)	100%
Maersk Tankers LR2 K/S	Denmark	12	7	(1)	100%
Maersk Tankers Romania SRL	Romania	5	111	(64)	100%
Maersk Tankers Afra KS	Denmark	12	9	(1)	100%
Maersk Tankers Afra General Partner AS	Denmark	72	74	(7)	100%
Maersk Tankers India Private Ltd.	India	15	4,248	1,809	100%
Maersk Tankers US Inc.	US	7,230	(3,484)	(1,797)	100%
Maersk Tankers US Personell LLC	US	0	(715)	(0)	100%
Total		9,011	1,044	(196)	

Investments in associated companies

	2021	2020
Cost as of January 1	10	10
Cost as of July 31	10	10

Associated companies

Name	Domicile	Capital	Equity	Profit	Ownership interest
Long Range 2 A/S	Denmark	57	41	1	50%
LR2 Management K/S	Denmark	18	35	(0)	50%
Total		75	76	1	

11 Deferred tax asset	2021	2020
Deferred tax as of 1 January	2,234	2,357
Adjustment of deferred tax asset recognised in the income statement	(1,654)	(123)
Deferred tax as of 31 December	580	2,234

Deferred tax is related to:	2021	2020
Intangible assets	453	1,613
Current assets	127	541
Provisions	0	80
	580	2,234

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 Cash and bank balances

USD 52.6 million of the total liquid funds are classified as restricted funds (2020: USD 46.4 million).

13 Share capital

Share capital of nominally DKK 100 million (2020: 100 million) is divided into 100,010 shares (2020: 100,000 shares) of a nominal value of DKK 1,000 each. In 2021, an increase of DKK 10,000 was made.

14 Provisions	2021	2020
Provisions as of January 1	11,440	828
Provisions for the year	120	10,722
Provisions used/reversed during the year	(5,861)	(110)
Other provisions as of December 31	(5,699)	11,440
Maturities for provisions are expected to be:		
Within a year	5,699	5,740
Between one and five years	0	5,700
	5,699	11,440

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

15 Borrowings

	Land and Buildings	Vessels	Total
Non-current liabilities, presented in "Borrowings, non-current"	1,136	30,071	31,207
Current liabilities, presented in "Borrowings, current"	666	74,327	74,993
Borrowings as of December 31	1,802	104,398	106,200

16 Derivatives

The company is exposed to currency risk mainly from changes in DKK and SGD. As per 31 December 2021 the company has entered derivatives to hedge fluctuations in administration costs in those currencies.

The derivatives have a duration of 0-12 months and the coverage on the 31 December 2021 was 70% of the expected cost incurred within 12 months from the balance sheet date (60% in 2020). 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 2021 the derivatives on bunker and forward freight agreements had a positive fair value of USD 0 million (USD 0.2 million in 2020) and a fair value of USD 1.4 million (negative USD 0.8 million in 2020) respectively.

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

17 Contingent liabilities

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

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

Maersk Tankers A/S has entered leasing contracts with a duration less than one year totalling USD 21.5 million (December 31, 2020: USD 6.3 million). Following IFRS 16, lease obligations with longer contractual dates than one year are recognised as lease liabilities.

18 Related parties

Maersk Tankers A/S' related parties include:

Controlling interest

Maersk Tankers A/S is owned 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.

18 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.

19 Accounting policies

The Annual Report for 2021 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.

Maersk Tankers A/S has demerged the Technical management business to Synergy Denmark A/S as at 1 November 2021. The demerger has been recognised to fair value.

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 2021, the exchange rate DKK/USD was 6,566 (2020: 6,057).

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.

19 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/business 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.

19 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.

19 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

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