UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________________ to _________________

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report:

Commission file number: **001-38294**

TORM plc
(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

England and Wales
(Jurisdiction of incorporation or organization)

Office 105 | 20 St Dunstan's Hill
London, EC3R 8HL, United Kingdom
(Address of principal executive offices)

Jacob Meldgaard, Executive Director and Principal Executive Officer, Tuborg Havnevej 18,
DK-2900 Hellerup, Denmark,
+45 39179200
(Name, Telephone, E-mail and/or Facsimile, and address of Company Contact Person)

Securities registered or to be registered pursuant to section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common shares, par value $0.01 per share	**TRMD**	**Nasdaq Stock Market LLC**

Securities registered or to be registered pursuant to section 12(g) of the Act.

NONE
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of December 31, 2023 there were 86,225,684 of the Registrant's Class A common shares outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes	☒	No	☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes	☒	No	☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth Company. See the definitions of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.S 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☐	U.S. GAAP
☒	International Financial Reporting Standards as issued by the International Accounting Standards Board
☐	Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17	☐	Item 18	☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes	☐	No	☒

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are statements other than statements of historical facts. We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are issuing this cautionary statement in connection therewith. Our disclosure and analysis in this annual report pertaining to our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as, but are not limited to, “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “targets,” “projects,” “forecasts,” “potential,” “continue,” “possible,” “likely,” “may,” “could,” “should” and similar expressions may identify forward-looking statements.

All statements in this annual report that are not statements of either historical or current facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates, assumptions and projections about the business and our future financial results and readers should not place undue reliance on them. Forward-looking statements include, but are not limited to, such matters as:

- our future operating or financial results;
- global and regional economic, political, and military conditions, including piracy;
- our business strategy and expected capital spending or operating expenses, including dry-docking and insurance costs;
- statements about shipping market trends, including charter rates and factors affecting supply and demand;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our ability to enter into time charters after our current charters expire and our ability to earn income in the spot market;
- the future price of our Class A common shares; and
- our expectations of the availability of vessels to purchase, the time it may take to construct new vessels, and vessels’ useful lives.

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully in “Item 3. Key Information—D. Risk Factors.” Any of these factors or a combination of these factors could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. These factors and the other risk factors described in this annual report are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Factors that might cause future results to differ include, but are not limited to, the following:

- our future operating or financial results;
- changes in governmental rules and regulations or actions taken by regulatory authorities;
- inflationary pressure and central bank policies intended to combat overall inflation and rising interest rates and foreign exchange rates;
- increased cost of capital or limited access to funding due to EU Taxonomy or relevant territorial taxonomy regulations;

- the length and severity of epidemics and pandemics and the impact on the demand for seaborne transportation of petroleum products;

- general domestic and international political conditions or events, including “trade wars” and the war between Russia and Ukraine, the developments in the Middle East, including the war in Israel and the Gaza Strip, and the conflict regarding the Houthi's attack in the Red Sea, which remain ongoing as of this annual report;

- international sanctions against Russian oil and oil products;

- changes in economic and competitive conditions affecting our business, including market fluctuations in charter rates and charterers’ abilities to perform under existing time charters;

- changes in the supply and demand for vessels comparable to ours and the number of newbuildings under construction;

- the highly cyclical nature of the industry that we operate in;

- the loss of a large customer or significant business relationship;

- changes in worldwide oil production and consumption and storage;

- risks associated with any future vessel construction;

- our expectations regarding the availability of vessel acquisitions and our ability to complete acquisition transactions planned;

- availability of skilled crew members other employees and the related labor costs;

- work stoppages or other labor disruptions by our employees or the employees of other companies in related industries;

- the impact of increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance, or ESG, policies;

- Foreign Corrupt Practices Act of 1977, or FCPA, or other applicable regulations relating to bribery;

- effects of new products and new technology in our industry, including the potential for technological innovation to reduce the value of our vessels and charter income derived therefrom;

- new environmental regulations and restrictions, whether at a global level stipulated by the International Maritime Organization, and/or imposed by regional or national authorities such as the European Union or individual countries;

- the impact of an interruption in or failure of our information technology and communications systems, including the impact of cyber-attacks, upon our ability to operate;

- potential conflicts of interest involving members of our board of directors and senior management;

- the failure of counterparties to fully perform their contracts with us;

- changes in credit risk with respect to our counterparties on contracts;

- our dependence on key personnel and our ability to attract, retain and motivate key employees;

- adequacy of insurance coverage;

- our ability to obtain indemnities from customers;

- changes in laws, treaties or regulations;

- our incorporation under the laws of England and Wales and the different rights to relief that may be available compared to other countries, including the United States;

- government requisition of our vessels during a period of war or emergency;

- the arrest of our vessels by maritime claimants;

- any further changes in U.S. trade policy that could trigger retaliatory actions by the affected countries;

- potential disruption of shipping routes due to accidents, climate-related incidents, environmental factors, political events, public health threats, acts by terrorists or acts of piracy on ocean-going vessels;

- the impact of adverse weather and natural disasters;

- damage to storage and receiving facilities;

- potential liability from future litigation and potential costs due to environmental damage and vessel collisions;

- the length and number of off-hire periods and dependence on third-party managers; and

- other factors discussed in "Item 3. Key Information - D. Risk Factors" in this annual report.

You should not place undue reliance on forward-looking statements contained in this annual report because they are statements about events that are not certain to occur as described or at all. All forward-looking statements in this annual report are qualified in their entirety by the cautionary statements contained in this annual report. These forward-looking statements are made only as of the date of this report. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

We have based these statements on assumptions and analyses formed by applying our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation, and specifically decline any obligation, except as required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this annual report might not occur.

EXPLANATORY NOTE AND PRESENTATION OF OUR FINANCIAL AND OPERATING DATA

Throughout this annual report on Form 20-F, we incorporate information responsive to the items hereof by reference to our annual report for the year ended December 31, 2023, or the *Annual Report 2023*. Therefore, the information contained in this annual report should be read in conjunction with the *Annual Report 2023*, which was furnished to the U.S. Securities and Exchange Commission, or the SEC, on Form 6-K on March 7, 2024. The content of quotations, websites and other sources contained in the sections of the *Annual Report 2023* referenced herein are not incorporated by reference into this Form 20-F.

Unless otherwise indicated, the term "TORM plc" and "Parent Company" refers solely to TORM plc and the terms "we," "us," "our," the "Company," "TORM" and the "Group" refer to TORM plc and its consolidated subsidiaries, which includes TORM A/S and its consolidated subsidiaries, following the closing of the Exchange Offer (defined below). When used in this annual report to describe events prior to the closing of the Exchange Offer, the terms "TORM A/S," "we," "us," "our," the "Company," "TORM" and the "Group" refer to TORM A/S and its consolidated subsidiaries before such time. References to "Former TORM A/S" refer to TORM A/S and its consolidated subsidiaries prior to the Combination (defined below).

Unless otherwise indicated, all references to "U.S. dollars," "USD," "dollars," "US$" and "$" in this annual report are to the lawful currency of the United States of America, references to "Sterling", "£" and "GBP" are to the lawful currency of the United Kingdom, references to "Danish Kroner," and "DKK" are to the lawful currency of Denmark. We use the term deadweight ton, or dwt, in describing the size of vessels. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry.

In 2016, a new corporate structure was established, whereby TORM plc effectively acquired all of the outstanding securities of TORM A/S in exchange for TORM plc's securities. We refer to these transactions collectively as the "Exchange Offer." On April 19, 2016, upon the closing of the Exchange Offer and the listing of TORM plc's Class A common shares on Nasdaq Copenhagen A/S in Denmark, or Nasdaq Copenhagen, TORM plc became the Group's publicly-held parent company incorporated under the laws of England and Wales. We refer to this as the "Redomiciliation." The Redomiciliation was accounted for as an internal reorganization of entities under common control and, therefore, the assets and liabilities of TORM A/S were accounted for at their historical cost basis and not revalued in the transaction.

Our Class A common shares of TORM plc are issued and traded on Nasdaq Copenhagen under the symbol "TRMD A" and on the Nasdaq Stock Market LLC in New York, or Nasdaq New York, under the symbol "TRMD". All commercial and technical management of our fleet of product tankers is led out of the Denmark office of TORM A/S and our subsidiaries in India, the Philippines, the United States and Singapore. See "Item 4. Information on the Company."

We are therefore subject to the applicable corporate governance rules of Nasdaq New York, the UK Corporate Governance Code, the UKLA's Disclosure and Transparency Rules and the applicable rules and regulations applicable to companies admitted to trading and official listing on Nasdaq Copenhagen.

We report our consolidated financial results in U.S. dollars and in accordance with IFRS Accounting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, which also comply with reporting requirements under English law.

Accordingly, this document includes the audited consolidated financial statements of TORM plc as of December 31, 2023, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021, which have been prepared in accordance with IFRS.

Enforcement of Civil Liabilities

We are a public limited company incorporated under the laws of England and Wales, and substantially all of our directors and officers are non-residents of the United States. A substantial portion of our assets, including the subsidiaries of TORM plc, and our directors and executive officers are located outside the United States. As a result, it may be difficult for shareholders of TORM plc to effect service within the United States upon directors, officers and experts who are not residents of the United States or to enforce judgments in the United States. In addition, there can be no assurance as to the enforceability in the United Kingdom against us or our respective directors, officers and experts who are not residents of the United States, or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

The below bullets summarize the principal risk factors related to an investment in the Company.

- The product tanker sector is cyclical and volatile, and this may lead to reductions and volatility in our charter rates when we re-charter our vessels, in vessel values and in our results of operations.

- Our business is affected by macroeconomic conditions, including rising inflation, interest rates, market volatility, economic uncertainty, and supply chain constraints.

- Our revenues are derived substantially from a single segment, the product tanker segment, which exposes us to adverse developments in the product tanker market and which may adversely affect our future performance, results of operations, cash flows and financial position.

- A shift in consumer demand away from oil and oil products towards other energy sources or changes to trade patterns for refined oil products may have a material adverse effect on our business.

- An economic slowdown or changes in the economic and political environment in the Asia-Pacific region could have a material adverse effect on our business, financial condition, and results of operations.

- We are subject to complex laws and regulations, including environmental laws and regulations that can adversely affect our results of operations, cash flows and financial position.

- We are subject to international safety, environmental and recycling regulations and requirements imposed by classification societies that can adversely affect our results of operations, cash flows and financial position.

- Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

- Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance policies may impose additional costs on us or expose us to additional risks.

- If our vessels suffer damage due to the inherent operational risks of the product tanker industry, we may experience unexpected dry-docking costs and delays or total loss of our vessels.

- If labor interruptions are not resolved in a timely manner, they could have a material adverse effect on our business, results of operations, cash flows and financial position.

- Our operations outside the United States expose us to global risks, such as political instability, terrorist or other attacks, war, international hostilities and global public health concerns, which may affect the seaborne transportation industry and could adversely affect our business.

- If our vessels call at ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government, the European Union, the United Nations or other governmental authorities, it could lead to monetary fines or other penalties and adversely affect our reputation and the market for our Class A common shares and its trading price.

- We are dependent on spot charters and subject to certain risks with respect to entering into time charter-in contracts due to our dependence on spot charters, which could adversely affect our business.

- We are subject to certain risks with respect to entering into new time charter-in contracts due to our dependence on spot charters.

- An inability to effectively time investments in and divestments of vessels could prevent the implementation of our business strategy and negatively impact our results of operations and financial condition.

- A substantial portion of our revenues is derived from a limited number of customers, and the loss of any of these customers could result in a significant loss of revenues and cash flow.

- We may not be able to meet our ongoing operations and working capital needs and may not be able to obtain additional financing in the future on acceptable terms or at all.

- As our product tanker fleet ages, we are exposed to increased operating costs and decreased competitiveness, which could adversely affect our earnings, and the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

- Obligations associated with being a U.S.-listed public company require significant resources and management attention, and we incur increased costs as a result of being a U.S.-listed public company.

- U.S. tax authorities could treat us as a ‘‘passive foreign investment company’’, which could have adverse U.S. federal income tax consequences to U.S. shareholders.

- Insurance may be difficult to obtain, or if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the product tanker industry.

- Breakdowns in our information technology, including as a result of cyberattacks, may negatively impact our business, including our ability to service customers, and may have a material adverse effect on our reputation, future performance, results of operations, cash flows and financial position.

- We have a significant amount of financial debt and servicing our current or future indebtedness may limit liquidity available for other purposes.

- Our financial and operational flexibility is restricted by the covenants contained in our debt facilities, and we may be unable to comply with the restrictions and financial covenants imposed in such facilities.

- Volatility of interest rate benchmarks under our financing agreements could affect our profitability, earnings and cash flow.

- Change of control and mandatory repayment provisions contained in certain of our debt facilities may lead to a foreclosure of our fleet.

- The majority of our Class A shares are held by a limited number of shareholders, which may create conflicts of interest.

- We are subject to the United Kingdom Bribery Act 2010, the U.S. Foreign Corrupt Practices Act and potentially other anti-corruption laws that apply in the countries where we do business as well as export control laws, customs laws, sanctions laws and other laws impacting our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect our business, results of operations and financial condition.

- The United Kingdom has formally withdrawn from the European Union, and the implications for the laws and regulations in the United Kingdom are uncertain.

The following risks relate principally to the industry in which we operate and our business in general. The occurrence of any of the risk factors described herein could have a material adverse effect on our future performance, results of operations, cash flows and our financial position. We may also be subject to other material risks that as of the date of this annual report are not currently known to us or that we currently deem immaterial but which may significantly impair our business.

Risks Related to Our Business and Our Industry

The product tanker sector is cyclical and volatile, and this may lead to reductions and volatility in our charter rates when we re-charter our vessels, in vessel values and in our results of operations.

We are a pure-play product tanker company, meaning that most of our revenues are generated from operating our product tanker fleet. The product tanker market is cyclical in nature, which leads to volatility in freight rates, vessel values and industry profitability. The freight rates among different types of product tankers are highly volatile. For example, product tanker freight rates declined from the cyclical high levels reached in mid-2008 (TORM Medium Range (MR) Time Charter Equivalent, or TCE, rates up to $26,458/day) to a cyclical low period between 2009 and 2014 (TORM observed annual average MR TCE rates of approximately $14,200/day for the period). During 2022, we realized TCE rates of $34,154/day and this increased by 9% during 2023 to TCE rates of $37,124/day. A worsening of current global economic conditions may cause tanker charter rates to decline and thereby adversely affect our ability to charter or re-charter our vessels and any renewal or replacement charters that we enter into, may not be sufficient to allow us to operate our vessels profitably. In addition, the armed conflicts in Ukraine and in Israel and Gaza have continued to disrupt energy production and trade patterns, including shipping in the Black Sea, the Red Sea, and elsewhere, and its impact on energy demand and costs is expected to remain uncertain. The factors affecting the supply and demand for product tankers are beyond our control, and the nature, timing and degree of changes in industry conditions are unpredictable and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

Factors affecting the supply and growth of product tanker capacity include:

- supply and demand for energy resources, including oil and petroleum products, and the supply and demand for seaborne transportation of such energy resources;

- the degree of scrapping or recycling of older vessels, depending, among other things, on scrapping or recycling rates and international scrapping or recycling regulations;

- the number and size of newbuilding orders and deliveries, including slippage in deliveries, as may be impacted by the availability of financing for shipping activity;

- the number of vessels used for floating storage;

- the number of vessels in lay-up;

- the number of vessels recycled for obsolescence or subject to casualties;

- prevailing and expected future freight and charter hire rates;

- the number of product tankers trading with crude or “dirty” oil products;

- costs of bunkers and fuel oil and their impact on vessel speed;

- the efficiency, age and sophistication of the world product tanker fleet;
- the number of shipyards and ability of shipyards to deliver vessels;
- availability of financing including with respect to new vessels and shipping activity;
- available interest rates on financing;
- port and canal congestion;
- technological advances in the design, capacity, propulsion technology, and fuel consumption efficiency of vessels;
- government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations;
- the degree of scrapping or recycling rate of older vessels, depending, amongst other things, on scrapping or recycling rates and international scrapping or recycling regulations;
- price of steel and vessel equipment;
- the number of conversions of tankers to other uses or conversions of other vessels to tankers;
- the number of vessels that are out of service, namely those that are laid up, drydocked, awaiting repairs or otherwise not available for hire;
- product imbalances and hence lack of or surplus supply in certain regions (affecting the level of trading activity);
- speed of vessel operation; and
- crew availability.

Demand for product tankers is primarily determined by the quantity of cargo to be transported and the distance from origin to destination. The demand is affected by a number of external factors including:

- demand for alternative energy resources;
- world and regional economic conditions;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;
- sanctions on harbors, transportation of oil products or parts of the world fleet;
- demand for energy sources and oil and other petroleum products and changes in the consumption of oil and petroleum products due to availability of new, alternative energy sources or changes in the price of oil and petroleum products relative to other energy sources or other factors making consumption of oil and petroleum products less attractive;
- any restrictions on crude oil production imposed by the Organization of the Petroleum Exporting Countries, or OPEC, and non-OPEC oil producing countries;
- the regulatory environment;
- environmental issues and concerns;

- disruptions and developments in international trade, including the increased vessel attacks and piracy in the Red Sea in connection with the war between Israel and Hamas, and refinery additions and closures;

- currency exchange rates;

- the distance over which oil and oil products are to be moved by sea;

- changes in seaborne and other transportation patterns;

- climate, weather and natural disasters;

- global and regional political developments, including "trade wars" and developments in international trade, national oil reserves policies, fluctuations in industrial and agricultural production, armed conflicts, including the wars between Russia and Ukraine and between Israel and Hamas, and other international hostilities, terrorist activities and strikes;

- international sanctions, embargoes, import and export restrictions, nationalizations, piracy, and wars or other conflicts, including the wars in Ukraine and between Israel and Hamas; and

- availability of financing and changes in interest rates.

In 2023, the product tanker market was strongly impacted by geopolitical events. United States and EU/G7 sanctions against Russian oil products officially took effect on February 5, 2023, which reinforced the trade on tonne mile recalibration that had already begun in 2022 in anticipation of the sanctions. In early October 2023, a military conflict in the Middle East and subsequent attacks in the region and against vessels forced several vessels to reroute away from the Red Sea. This added to the ton-mile growth already seen from the sanctions against Russia.

Geopolitical factors and restrictions on Panama Canal transits similarly resulted in longer sailing patterns. The consequent trade recalibration towards longer haul trade led to a change in product tanker freight rates towards a higher average levels and increased rate volatility.

The factors affecting the supply and demand for product tankers have been volatile and are outside of our control, and the nature, timing, and degree of changes in industry conditions are unpredictable. Market conditions have been volatile in recent years and continued volatility may reduce demand for transportation of oil and petroleum products over longer distances and increase the supply of product tankers, which may have a material adverse effect on our business, financial condition, results of operations, cash flows, ability to pay dividends and existing contractual obligations.

Our business is affected by macroeconomic conditions, including rising inflation, interest rates, market volatility, economic uncertainty, and supply chain constraints.

Various macroeconomic factors, including rising inflation, higher interest rates, global supply chain constraints, and the effects of overall economic conditions and uncertainties such as those resulting from the current and future conditions in the global financial markets, could adversely affect our business, results of operations, financial condition and ability to pay dividends. Inflation and rising interest rates may negatively impact us by increasing our operating costs and our cost of borrowing. Interest rates, the liquidity of the credit markets and the volatility of the capital markets could also affect the operation of our business and our ability to raise capital on favorable terms, or at all. Adverse economic conditions also affect demand for goods and oil. Reduced demand for these or other products could result in significant decreases in rates we obtain for chartering our ships. In addition, the cost for crew members, oils and bunkers, and other supplies may increase. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends.

The world economy continues to face a number of actual and potential challenges, including the war between Ukraine and Russia and between Israel and Hamas, current trade tension between the United States and China, political instability in the Middle East and the South China Sea region and other geographic countries and areas, terrorist or other attacks, war (or threatened war) or international hostilities, such as those between the United States and China, North Korea or Iran, and epidemics or pandemics, such as COVID-19, banking crises or failures, such as the recent notable regional bank failures in the United States, and real estate crises, such as the crisis in China. In addition, the continuing war in Ukraine led to increased economic uncertainty amidst fears of a more generalized military conflict or significant inflationary pressures, due to the increases in fuel and grain prices following the sanctions imposed on Russia. Furthermore, the intensity and duration of the war between Israel and Hamas is difficult to predict and its impact on the world economy is uncertain. Whether the present dislocation in the markets and resultant inflationary pressures will transition to a long-term inflationary environment is uncertain, and the effects of such a development on charter rates, vessel demand and operating expenses in the sector in which we operate are uncertain.

Certain banks that have historically been significant lenders to the shipping industry may reduce or cease lending activities in the shipping industry. New banking regulations, including larger capital requirements and the resulting policies adopted by lenders, could reduce lending activities. We may experience difficulties obtaining financing commitments in the future if current or future lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

We cannot be certain that financing or refinancing will be available on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our future obligations as they come due. Our failure to obtain such funds could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows, including cash available for dividends to our shareholders. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

Further, we may not be able to access our existing cash due to market conditions. For example, on March 10, 2023, the Federal Deposit Insurance Corporation (FDIC) took control and was appointed receiver of certain regional banks in the United States. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash may be threatened and could have a material adverse effect on our business and financial condition. In addition, if a bank, or the public, believes that a bank is not stable, the bank may institute procedures or rules to limit withdrawals and access to funds, which, if implemented, would have a material adverse effect on our business and financial condition.

Our revenues are derived substantially from a single segment, the product tanker segment, which exposes us to adverse developments in the product tanker market and which may adversely affect our future performance, results of operations, cash flows and financial position.

Substantially all of our revenues are derived from a single market, the tanker segment, and therefore, our financial results depend on the development and growth in this segment. External factors that affect the product tanker market will have a significant impact on our business. Freight rates and asset prices have been volatile. Any adverse development in the product tanker segment, including in respect of freight rates or the prices of our vessels which increased materially in 2023, would have a material adverse impact on our future performance, results of operations, cash flows and financial position. Further, our lack of diversification makes us increasingly vulnerable to adverse developments in the international product tanker market, and this could have a greater material adverse impact on our future performance, results of operations, cash flows and financial position than it would if we maintained more diverse lines of business.

An oversupply of product tanker capacity may lead to reductions in charter hire rates, vessel values and profitability.

The supply of product tankers is affected by a number of factors such as supply and demand for energy resources, including oil and petroleum products, supply and demand for seaborne transportation of such energy resources and the current and expected purchase orders for newbuildings. If the capacity of new product tankers delivered exceeds the capacity of product tankers being recycled and converted to non-trading tankers, overall industry capacity in the product tanker will increase. If the supply of product tanker capacity increases, and if the demand for product tanker capacity decreases or does not increase correspondingly, charter rates could materially decline, which may also negatively affect freight rates and the value of our vessels. During 2023, the value of our product tanker fleet, based on independent broker quotes, increased by approximately 6% (excluding vessels that we sold and/or acquired during 2023). A reduction in charter rates and the value of our vessels may have a material adverse effect on our future performance, results of operations, cash flows, financial position, ability to pay dividends and compliance with current or future covenants with respect to any of our financing arrangements.

An over-supply of product tankers as well as the uncertainty surrounding the impact of the sanctions on Russian exports of crude oil and petroleum products has already resulted in an increase in product tanker charter hire rate volatility. In addition, product tankers may be “cleaned up” from “dirty/crude” trades and swapped back into the product tanker market, which would increase the available tanker tonnage able to transport refined oil products and which may affect the supply and demand balance for product tankers. This could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our results of operations are subject to seasonal fluctuations, which may adversely affect our results of operations, cash flows and financial position.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, freight rates. This seasonality may result in quarter-to-quarter volatility in operating results. The product tanker segment is typically stronger in the fall and winter months in anticipation of increased consumption of oil and petroleum products in the northern hemisphere. As a result, revenues from product tankers may be weaker during the fiscal quarters ending June 30 and September 30, and, conversely, revenues may be stronger in fiscal quarters ending December 31 and March 31. This seasonality could have a material adverse effect quarter to quarter on our future performance, results of operations, cash flows and financial position.

A shift in consumer demand away from oil and oil products towards other energy sources or changes to trade patterns for refined oil products may have a material adverse effect on our business.

A significant portion of our earnings are related to the oil industry. A shift in or disruption of the consumer demand away from oil and oil products towards other energy resources such as electricity, natural gas, liquified natural gas (“LNG”), renewable energy, hydrogen or ammonia will potentially affect the demand for our product tankers. A shift from the use of internal combustion engine vehicles to electric vehicles may also reduce the demand for oil. These factors could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Seaborne trading and distribution patterns are primarily influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials and seasonality. Changes to the trade patterns of refined oil products may have a significant negative or positive impact on the ton-mile and therefore the demand for our product tankers. This could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

“Peak oil” is the year when the maximum rate of extraction of oil is reached. The International Energy Agency (“IEA”) recently announced a forecast of “peak oil” during the late 2020s. The Organization of the Petroleum Exporting Countries ("OPEC") maintains that “peak oil” will not be reached until at least 2045, despite transition toward other energy sources. Irrespective of “peak oil”, the continuing shift in consumer demand away from oil and oil products towards other energy resources such as wind energy, solar energy, hydrogen energy, nuclear energy or renewable, which shift appears to be accelerating as a result of government commitments and support for energy transition programs, may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Increasing growth of electric vehicles and renewable fuels could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.

The IEA noted in its Global Electric Vehicles (“EV”) Outlook 2023 that a total of 14% of all new cars sold were electric in 2022, up from around 9% in 2021 and less than 5% in 2020. Electric car sales in 2023 were 14.1 million, up 34% from 2022. Under the IEA Stated Policies Scenario (STEPS), the global outlook for the share of electric car sales based on existing policies and firm objectives has increased to 36% in 2030, up from less than 25% in the previous outlook. The IEA has stated that, based on existing policies, oil demand for road transport is projected to peak around 2025 in the STEPS, with the amount of oil displaced by electric vehicles exceeding 5 million barrels per day in 2030. A growth in EVs or a slowdown in imports or exports of crude or petroleum products worldwide may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to make cash distributions.

Acts of piracy on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Arabian Sea, the Red Sea, the Gulf of Aden off the coast of Somalia, Sulu Sea, Celebes Sea, the Indian Ocean, and, in particular, the Gulf of Guinea region off the coast of Nigeria, which has experienced a continuous high number of piracy incidents in recent years. Sporadic incidents of robbery are also reported in many parts of Asia and South America. The political turmoil in the Middle East region may also lead to collateral damages in waters off Yemen as well as in the Gulf of Oman or Arabian Gulf. In December 2023, three commercial vessels were attacked in international waters in the southern Red Sea, according to statements by the U.S. military, and Yemen's Houthi group claiming drone and missile attacks on two Israeli vessels in the area. No TORM vessels were attacked. The current diplomatic crisis between Gulf Co-operation Council (GCC) countries may lead to an uncertain security situation in the Middle East region.

The security arrangements made for ship staff and vessels to counteract the ever-evolving security threat and to comply with Best Management Practices to Deter Piracy and Enhance Maritime Security in the Red Sea, Gulf of Aden, the Gulf of Guinea region, Indian Ocean and Arabian Sea add to the cost of operations of our ships.

The "war risks" areas are established by the Joint War Risks Committee. Our vessels often trade in "war risk" areas due to the nature of our business. Due to the above issues when vessels trade in such areas, the insurance premiums are increased significantly to cover for the additional risks.

In addition, hijacking as a result of an act of piracy against our vessels, or vessels we may acquire, or an increase in cost or unavailability of insurance for our vessels, or vessels we may acquire, could have a material adverse impact on our business, results of operations, cash flows, financial condition, and ability to pay dividends and may result in loss of revenues, increased costs, and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters. The above factors could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Increase in frequency of immigrant salvage operations in the Mediterranean and off North-West Africa could adversely affect our business.

In recent years, the number of immigrants attempting to cross the Mediterranean from North Africa to Europe in unseaworthy vessels has increased significantly. This has also become the case off North-West Africa. Many of the vessels are in such a poor condition that they capsize and sink, incur engine problems or are otherwise incapacitated en route to Europe. As a result, commercial ships may, if witnessing an immigrant vessel in distress, deviate from the task and course and conduct a salvage operation. Such salvage operation may prove costly in terms of time and resources spent and can thus prove a substantial cost for the commercial vessel and may pose risks to the safety of the crew, vessel and cargo. If we are not able to mitigate this potential exposure, and dependent on the number of such salvage operations which must be carried out in the future, this could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Rising fuel, or bunker, prices may adversely affect our profits.

Since we primarily employ our vessels in the spot market, we expect that fuel, or bunkers, will typically be the largest expense in our shipping operations for our vessels. The cost of fuel, including the fuel efficiency or capability to use lower priced fuel, can also be an important factor considered by charterers in negotiating charter rates. While we believe that we can transfer increased cost to the customer and will experience a competitive advantage as a result of increased bunker prices due to the greater fuel efficiency of our vessels compared to the average global fleet, changes in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, such as but not limited to the conflicts between Russia and Ukraine, the armed conflict in Israel and Gaza, supply and demand for oil and gas, actions by OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

An economic slowdown or changes in the economic and political environment in the Asia-Pacific region could have a material adverse effect on our business, financial condition, and results of operations.

We anticipate a significant number of port calls made by our vessels will continue to involve the loading or discharging of cargo in ports in the Asia-Pacific region. As a result, any negative changes in economic conditions in any Asia-Pacific country, particularly in China, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. Over the last 10 years, China's GDP growth has decreased from 7.8% in 2013 to approximately 2.0% in 2020 before rebounding to 8.1% in 2021 and settling at 3.0% in 2022. Although China's GDP growth has been accelerating in 2023, with GDP growth at 5.2% as the economy continued to recover from the COVID-19 health crisis, there is a continuous threat of a Chinese financial crisis resulting from deteriorating real estate property values, excessive personal and corporate indebtedness and "trade wars." In recent years, China and the United States have implemented certain increasingly protective measures with continuing tensions that started as tariffs and now include technology restrictions and additional export controls. Further increased geopolitical tensions in 2024 may intensify and impact trade flows, military conflict and product tanker flows in the future. A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition.

We are subject to complex laws and regulations, including environmental laws and regulations that can adversely affect our results of operations, cash flows and financial position.

Our vessels operate worldwide and are thus subject to numerous international laws, rules, regulations, conventions and treaties. Moreover, our vessels are registered, flagged, and call in ports in multiple countries where the applicable flag and/or port state rules, regulations and laws can differ. This complex web of rules, regulations, conventions, treaties and laws can be dynamic and influence the cost of owning and operating our vessels.

The various requirements we might have to comply with are discussed throughout and include, but are not limited to:

- International requirements such as those from the International Maritime Organization, or IMO, like the International Convention for the Safety of Life at Sea of 1974, or SOLAS, the International Ship and Port Facility Security Code, or the ISPS Code, and the International Convention for the Prevention of Pollution from Ships of 1973, as from time to time amended, or MARPOL, including the designation of Emission Control Areas, or ECAs, the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, the Maritime Labor Convention 2006, or the MLC 2006, adopted by the International Labour Organization, or ILO, the International Convention on Load Lines of 1966, the International Convention on Civil Liability for Oil Pollution Damage of 1969, generally referred to as CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage, or Bunker Convention;

- United States, or U.S., requirements such as the U.S. Oil Pollution Act of 1990, or OPA, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. Clean Water Act, the U.S. Clean Air Act, the U.S. Outer Continental Shelf Lands Act, the U.S. Maritime Transportation Security Act of 2002, or the MTSA, and those enforced by the U.S. Environmental Protection Agency, or the EPA, and the U.S. Coast Guard, or the USCG; and

- European Union, or EU, regulations regarding greenhouse gas emissions.

These numerous and sometimes conflicting laws and regulations include, among others, data privacy requirements (in particular the European General Data Protection Regulation, enforceable as from May 25, 2018 and the EU-US Privacy Shield Framework, as adopted by the European Commission on July 12, 2016), labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, U.S. laws such as the FCPA and other U.S. federal laws and regulations established by the office of Foreign Asset Control, local laws such as the United Kingdom Bribery Act or other local laws which prohibit corrupt payments to governmental officials or certain payments or remunerations to customers.

Compliance with such laws, regulations, and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels, or vessels we acquire, or resale prices or useful lives of our vessels or require reductions in capacity, vessel modifications, or operational changes or restrictions. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures, and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows, and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions, or the suspension or termination of our operations. Failure to comply with these requirements could lead to decreased availability of or more costly insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Furthermore, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management team ("Senior Management Team"). Though we have implemented monitoring procedures and required policies, guidelines, contractual terms and audits, these measures may not prevent or detect failures by our agents or intermediaries regarding compliance.

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators, and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. To avoid liability in those cases, parties may have to show they fall into an exception and took all reasonable precautionary steps to prevent a pollution incident. Thus, for remediation of environmental damage, the liability can include fines, penalties, criminal liability and costs for natural resource damages. In our case, these could harm our reputation with current or potential charterers of our product tankers.

We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we arrange insurance to cover environmental risks, there can be no assurance that such insurance will be sufficient to cover all the risks or that any claims will not have a material adverse effect on our future performance, results of operations, cash flows and financial position.

We are subject to international safety, environmental and recycling regulations and requirements imposed by classification societies that can adversely affect our results of operations, cash flows and financial position.

The operation of our vessels, or vessels we acquire, is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires ship owners, ship managers, and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. We expect that any vessels that we acquire in the future will be ISM Code-certified when delivered to us. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, invalidate existing insurance, or decrease available insurance coverage for the affected vessels (and any available insurance coverage may be a higher cost) and may result in a denial of access to, or detention in, certain ports, including United States and European Union ports.

In addition, the hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the International Convention for Safety of Life at Sea. If a vessel does not maintain its class and/or fails any annual survey, intermediate survey, or special survey, the vessel will be unable to trade between ports and will be unemployable, which will negatively impact our revenues and results from operations and may breach one or more covenants in our loan agreements.

The 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (the "Hong Kong Convention"), aims to ensure ships, being recycled once they reach the end of their operational lives, do not pose any unnecessary risks to the environment, human health and safety. In June 2023, the Hong Kong Convention was ratified by the required number of countries, and thus will enter into force in June 2025. Upon the Hong Kong Convention's entry into force, each ship sent for recycling will have to carry an inventory of its hazardous materials. The hazardous materials, whose use or installation are prohibited in certain circumstances, are listed in an appendix to the Hong Kong Convention. Ships will be required to have surveys to verify their inventory of hazardous materials initially, throughout their lives and prior to the ship being recycled.

On November 20, 2013, the European Parliament and the Council of the EU adopted the EU Ship Recycling Regulation, or ESSR, which retains the requirements of the Hong Kong Convention and requires that certain commercial seagoing vessels flying the flag of an EU member state may be recycled only in facilities included on the European list of permitted ship recycling facilities.

Apart from that, any vessel, including ours, is required to set up and maintain an Inventory of Hazardous Materials from December 31, 2018 for EU flagged new ships and from December 31, 2020 for EU flagged existing ships and Non-EU flagged ships calling at a port or anchorage of an EU member state. Such a system includes Information on the hazardous materials with a quantity above the threshold values specified in relevant EU Resolution and are identified in ship's structure and equipment. This inventory should be properly maintained and updated, especially after repairs, conversions or unscheduled maintenance on board the ship.

Under the ESSR, commercial EU-flagged vessels of 500 gross tonnage and above may be recycled only at shipyards included on the European List of Authorised Ship Recycling Facilities (the "European List"). As of December 31, 2023, all our EU-flagged vessels met this weight specification. The European List presently includes eight facilities in Turkey but no facilities in the major ship recycling countries in Asia. The combined capacity of the European List facilities may prove insufficient to absorb the total recycling volume of EU-flagged vessels. This circumstance, taken in tandem with the possible decrease in cash sales, may result in longer wait times for divestment of recyclable vessels as well as downward pressure on the purchase prices offered by European List shipyards. Furthermore, facilities located in the major ship recycling countries generally offer significantly higher vessel purchase prices, and as such, the requirement that we utilize only European List shipyards may negatively impact revenue from the residual values of our vessels.

In addition, on December 31, 2018, the European Waste Shipment Regulation, or EWSR, requires that non-EU flagged ships departing from EU ports be recycled only in Organization for Economic Cooperation and Development (OECD) member countries. In March 2018, the Rotterdam District Court ruled that the sale of four recyclable vessels by third-party Dutch ship owner Seatrade to cash buyers, who then reflagged and resold the vessels to non-OECD country recycling yards, were effectively indirect sales to non-OECD country yards, in violation of the EWSR. If European Union Member State courts widely adopt this analysis, it may negatively impact revenue from the residual values of our vessels and we may be subject to a heightened risk of non-compliance, due diligence obligations and costs in instances where we sell older ships to cash buyers.

Several countries have announced a ban on using open-loop scrubbers in their ports and inland waters

To comply with IMO 2020 0.5% global sulfur cap, shipowners have different options: switching to low-sulfur fuels, burning distillates, using LNG or installing an exhaust gas cleaning system, commonly known as a scrubber, on board their vessels. Scrubbers are currently an accepted measure in complying with IMO 2020. Scrubbers can be designed either as “closed-loop” or “open-loop”. Open-loop scrubbers discharge the “cleaned” washwater into the ocean. We have opted to install hybrid-prepared open-loop scrubbers on board our vessels, which in the future can be refitted at further costs into a hybrid scrubber that can operate as both open and closed loops. It has been widely discussed whether scrubbers in general, and in particular open-loop scrubbers, represent an environmentally sound option. Some ports and regions, including Singapore, China, Malaysia, Germany, Kenya and certain states within the U.S., have already prohibited the discharge of washwater from open-loop scrubbers. Prior to investing in scrubbers, we evaluated scrubber economics, and the effects of local regulations have already been considered to only have a limited negative impact on the investment at this time. Further material restrictions on the use of open-loop scrubbers would likely result in vessels having to use low-sulfur fuel for longer periods, which in general comes at a higher cost compared to using closed-loop scrubbers.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. Since January 1, 2020, IMO regulations have required vessels to comply with a global cap on the sulfur in fuel oil used on board of 0.5%, down from the previous cap of 3.5%. Additionally, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies levels of ambition to reducing greenhouse gas emissions, including (i) decreasing the carbon intensity from ships through implementation of further phases of the Energy-Efficiency Design Index (" EEDI") for new ships; (ii) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (iii) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely.

In July 2023, MEPC 80 adopted the “Revised Strategy – Reduction of GHG Emissions from Ships”, which includes an enhanced common ambition to reach net-zero greenhouse gas emissions from international shipping around or close to 2050, a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as (i) reducing the total annual greenhouse gas emissions from international shipping by at least 20%, striving for 30%, by 2030, compared to 2008; and (ii) reducing the total annual greenhouse gas emissions from international shipping by at least 70%, striving for 80%, by 2040, compared to 2008. Furthermore, MEPC 80 has agreed on a level of ambitions relating to an alternative fuel target increase of zero or near-zero GHG emission technologies, fuels and/or energy sources to represent at least 5% (striving for 10%) of the aggregate energy used by international shipping by 2030.

The European Commission has proposed adding shipping to the Emission Trading Scheme (ETS) as of 2023 with a phase-in period. It is expected that shipowners will need to purchase and surrender a number of emission allowances that represent their MRV-recorded carbon emission exposure for a specific reporting period. The person or organization responsible for the compliance with the Emissions Trading System ("EU ETS") should be the shipping company, defined as the shipowner or any other organization or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner. On December 18, 2022, the Environmental Council and European Parliament agreed to include maritime shipping emissions within the scope of the EU ETS on a gradual introduction of obligations for shipping companies to surrender allowances: 40% for verified emissions from 2024, 70% for 2025 and 100% for 2026. Most large vessels will be included in the scope of the EU ETS from the start. Big offshore vessels of 5,000 gross tonnage and above will be included in the ‘MRV’ on the monitoring, reporting and verification of CO_2 emissions from maritime transport regulation from 2025 and in the EU ETS from 2027. General cargo vessels and off-shore vessels between 400-5,000 gross tonnage will be included in the MRV regulation from 2025 and their inclusion in EU ETS will be reviewed in 2026. Compliance with the Maritime EU ETS will result in additional compliance and administration costs to properly incorporate the provisions of the Directive into our business routines. Additional EU regulations which are part of the EU's Fit-for-55, could also affect our financial position in terms of compliance and administration costs when they take effect.

Territorial taxonomy regulations in geographies where we are operating and are regulatorily liable, such as EU Taxonomy, might jeopardize the level of access to capital. For example, EU has already introduced a set of criteria for economic activities which should be framed as 'green', called EU Taxonomy. As long as we are an EU-based company meeting the NFRD prerequisites, we will be eligible for reporting our Taxonomy eligibility and alignment. Based on the current version of the Regulation, companies that own assets shipping fossil fuels are considered as not aligned with EU Taxonomy. The outcome of such provision might be either an increase in the cost of capital and/or gradually reduced access to financing as a result of financial institutions' compliance with EU Taxonomy.

MEPC 75 introduced draft amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. These amendments introduce requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. To achieve a 40% reduction in carbon emissions by 2023 compared to 2008, shipping companies are required to include: (i) a technical requirement to reduce carbon intensity based on a new Energy Efficiency Existing Ship Index ("EEXI"), and (ii) operational carbon intensity reduction requirements, based on a new operational carbon intensity indicator ("CII"). The EEXI is required to be calculated for ships of 400 gross tonnage and above. The IMO and MEPC will calculated "required" EEXI levels based on the vessel's technical design, such as vessel type, date of creation, size and baseline. Additionally, an "attained" EEXI will be calculated to determine the actual energy efficiency of the vessel. A vessel's attained EEXI must be less than the vessel's required EEXI. Non-compliant vessels will have to upgrade their engine to continue to travel. With respect to the CII, the draft amendments would require ships of 5,000 gross tonnage to document and verify their actual annual operational CII achieved against a determined required annual operational CII. The vessel's attained CII must be lower than its required CII. Vessels that continually receive subpar CII ratings will be required to submit corrective action plans to ensure compliance. MEPC 79 adopted amendments to MARPOL Annex VI, Appendix IX to include the attained and required CII values, the CII rating and attained EEXI for existing ships in the required information to be submitted to the IMO Ship Fuel Oil Consumption Database. The amendments will enter into force on May 1, 2024. MEPC 80 approved a plan for reviewing the CII and EEXI regulations and guidelines, which must be completed at the latest by January 1, 2026.

Additionally, MEPC 75 proposed draft amendments requiring that, on or before January 1, 2023, all ships above 400 gross tonnage must have an approved Ship Energy Efficiency Management Plan, or SEEMP, on board. For ships above 5,000 gross tonnage, the SEEMP would need to include certain mandatory content. MEPC 75 also approved draft amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil by ships in Arctic waters on and after July 1, 2024. The draft amendments introduced at MEPC 75 were adopted at the MEPC 76 session held on June 2021, entered into force on November 1, 2022 and became effective on January 1, 2023.

MEPC 76 adopted amendments to the International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001, or the AFS Convention, which have been entered into force on January 1, 2023. From this date, all ships shall not apply or re-apply anti-fouling systems containing cybutryne on or after January 1, 2023; all ships bearing an anti-fouling system that contains cybutryne in the external coating layer of their hulls or external parts or surfaced on January 1, 2023 shall either: remove the anti-fouling system or apply a coating that forms a barrier to this substance leaching from the underlying non-compliance anti-fouling system.

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which required adopting countries to implement national programs to reduce emissions of certain gases, or the Paris Agreement, a new treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws, regulations and obligations relating to climate change affects the propulsion options in subsequent vessel designs and could increase our costs related to acquiring new vessels, operating and maintaining our existing vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.If not in compliance with certain key indicators, then we also face the risk of losing the ability to obtaining financing or re-financing with "green" or "sustainability" loans.

Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance policies may impose additional costs on us or expose us to additional risks.

Companies across all industries are facing increasing scrutiny relating to their Environmental, Social and Governance ("ESG") policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices, especially as they relate to the environment health and safety, diversity, labor conditions and human rights in recent years, and have placed increasing importance on the implications and social cost of their investments. Failure to adapt to or comply with evolving investor, lender or other industry shareholder expectations and standards or the perception of not responding appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may damage such a company's reputation or stock price, resulting in direct or indirect material and adverse effects on the company's business and financial condition.

In February 2021, the Acting Chair of the SEC issued a statement directing the Division of Corporation Finance to enhance its focus on climate-related disclosure in public company filings and in March 2021 the SEC announced the creation of a Climate and ESG Task Force in the Division of Enforcement (the "Task Force"). The Task Force's goal is to develop initiatives to proactively identify ESG-related misconduct consistent with increased investor reliance on climate and ESG-related disclosure and investment. To implement the Task Force's purpose, the SEC has taken several enforcement actions, with the first enforcement action taking place in May 2022, and promulgated new rules. On March 21, 2022, the SEC proposed that all public companies are to include extensive climate-related information in their SEC filings. On May 25, 2022, SEC proposed a second set of rules aiming to curb the practice of "greenwashing" (i.e., making unfounded claims about one's ESG efforts) and would add proposed amendments to rules and reporting forms that apply to registered investment companies and advisers, advisers exempt from registration, and business development companies. These proposed sets of rules are not effective as of the date of this annual report.

The increase in shareholder proposals submitted on environmental matters and, in particular, climate-related proposals in recent years indicates that we may face increasing pressures from investors, lenders and other market participants, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors and lenders remain invested in us and make further investments in us. If we do not meet these standards, our business and/or our ability to access capital could be harmed.

Additionally, certain investors and lenders may exclude oil transport companies, such as us, from their investing portfolios altogether due to environmental, social and governance factors. These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. Members of the investment community are also increasing their focus on ESG disclosures, including disclosures related to greenhouse gases and climate change in the energy industry in particular, and diversity and inclusion initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG disclosures. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

Moreover, from time to time, in alignment with our sustainability priorities, we may establish and publicly announce goals and commitments in respect of certain ESG items. While we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. If we fail to achieve or improperly report on our progress toward achieving our environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and/or our access to capital.

Finally, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with fossil fuel-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other, non-fossil fuel markets, which could have a negative impact on our access to and costs of capital.

Declines in charter rates and other market deterioration could cause us to incur impairment charges.

In accordance with IFRS, we review the carrying amounts of assets on a quarterly basis to determine any indication of impairment either due to a significant decline in market value or in the cash flows expected to be generated by the vessels. In case of such indication, the recoverable amounts of the assets are estimated as the higher of the net realizable value and the value in use in accordance with the requirements of applicable accounting standards. The value in use is the present value of the future cash flows expected to derive from an asset. For the purpose of assessing net realizable values, our Senior Management Team estimates the market values of the individual vessels, for which the most important parameters are the vessels' tons deadweight, the shipyard they were built at and age. Our Senior Management Team uses internal as well as external sources of information, including two internationally recognized shipbrokers' valuations.

Accordingly, the carrying values of our vessels may not represent their fair market value at any point in time because the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. In 2023, the value of our product tanker fleet, based on independent broker values, increased by approximately 6% (when excluding vessels sold and/or acquired during 2023). As a result of further declines in charter rates or vessel values, we may in the future need to record impairment losses and loss from sale of vessels, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position. Please see the consolidated financial statements as of and for the year ended December 31, 2023 and the accompanying notes included herewith for details on the impact of changes in charter rates and other key assumptions.

If our vessels suffer damage due to the inherent operational risks of the product tanker industry, we may experience unexpected dry-docking costs and delays or total loss of our vessels.

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather and other acts of God, business interruptions caused by mechanical failures, unexpected tank corrosion, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. Damage to the environment could also result from our operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. These hazards may result in death or injury to persons, loss of revenue or property, environmental damage, higher insurance rates, damage to our customer relationships, delay or rerouting, any of which may subject us to litigation. As a result, we could be exposed to substantial liabilities not recoverable under our insurances. Further, the involvement of our vessels in a serious accident could harm our reputation as a safe and reliable vessel operator and lead to a loss of business.

In addition, international shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures can result in the seizure of the cargo and/or our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us. It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

The protection & indemnity insurance coverage that we have arranged for our vessels covers the vessel owner's liabilities towards the owner of any damaged cargo, subject to standard international conventions limiting such liability. If our vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs are unpredictable and may be substantial. We may have to pay dry-docking costs that our insurance does not cover in full. The loss of earnings while these vessels are being repaired and repositioned as well as the actual cost of these repairs would decrease the Company's earnings. In addition, space at dry-docking facilities is sometimes limited and not all dry-docking facilities are conveniently located. We may be unable to find space at a suitable dry-docking facility or the vessels may be forced to travel to a dry-docking facility that is not conveniently located in relation to the vessels' positions. The loss of earnings while these vessels are forced to wait for space or to sail to more distant dry-docking facilities could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

If labor interruptions are not resolved in a timely manner, they could have a material adverse effect on our business, results of operations, cash flows and financial position.

We employ masters, officers and crews to man our vessels. We have in the past implemented and will potentially continue in the future to implement restructuring measures including divesting or closing down business activities, reducing our workforce and negotiating collective agreements with trade unions. Restructurings and other factors such as disagreements concerning ordinary or extraordinary collective bargaining may damage our reputation and the relationship with our employees and lead to labor disputes, including work stoppages, strikes and/or work disruptions. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our operations outside the United States expose us to global risks, such as political instability, terrorist or other attacks, war, international hostilities, global public health concerns and economic sanctions restrictions, which may affect the seaborne transportation industry and could adversely affect our business.

We are an international company and primarily conduct our operations outside of the United States, and our business, results of operations, cash flows, financial condition and ability to pay dividends, if any, in the future may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political conflicts, including the current political instability in the Middle East, including in Israel and Gaza, Ukraine, the South China Sea region and other geographic countries and areas, geopolitical events, terrorist or other attacks, war (or threatened war) and international hostilities. The response of the United States and others to terrorist attacks, as well as the threat of future terrorist attacks around the world, continues to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. Continuing conflicts and recent developments in the Ukraine, the Middle East, including increased tensions between the U.S. and China, Russia, Iran and certain terrorist organizations, as well as the presence of U.S. or other armed forces in various other regions, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs. Additionally, events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations.

In the past, political instability has also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region and most recently in the Black Sea in connection with the conflicts between Russia and the Ukraine and in the Red Sea in connection with the recent Houthis attacks in the Suez Canal in connection with the recent conflicts between Israel and Hamas. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia.

The war between Russia and Ukraine may lead to further regional and international conflicts or armed action. This war has disrupted supply chains and caused instability in the energy markets and the global economy, with effects on the tanker market, which has experienced volatility. The United States, United Kingdom and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States and the European Union's and G7 countries' price cap regime for seaborne Russian oil and petroleum products. The ongoing war could result in the imposition of further economic sanctions by the United States, the United Kingdom and the European Union against Russia, with uncertain impacts on the tanker market. The ongoing war could result in the imposition of further economic sanctions by the United States, the United Kingdom, and the European Union against Russia, with uncertain impacts on the tanker market. However, even though the likelihood (as well as timing) of reversal of sanctions is very uncertain, a potential removal of these sanctions could lead to a (partial) return of trade flows to the pre-sanction levels and thereby a lower demand for tankers, that could adversely affect our earnings. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, results of operation, and cash flows. Furthermore, it is possible that third parties with whom we have charter contracts or banking relationships may be impacted by events in Russia and Ukraine, which could adversely affect our operations.

Similarly, the escalation of the recent geopolitical conflict in the Middle East and the related drone and missile attacks of commercial vessels in the important trade choke point of the Red Sea have led to a redirection of increasing number of vessels, sailing around the Cape of Good Hope instead of transiting the Suez Canal and Red Sea, increasing vessel sailing times and thereby demand for vessels. A solution to this conflict would remove the additional demand for vessels.

Beginning in February of 2022, President Biden and several European leaders also announced various economic sanctions against Russia in connection with the aforementioned conflicts in the Ukraine region, which have continued to expand over the past year and which may adversely impact our business. The Russian Foreign Harmful Activities Sanctions program includes prohibitions on the import of certain Russian energy products into the United States, including crude oil, petroleum, petroleum fuels, oils, liquefied natural gas and coal, as well as prohibitions on all new investments in Russia by U.S. persons, among other restrictions. Furthermore, the United States, the EU and other countries have also prohibited a variety of specified services related to the maritime transport of Russian Federation origin crude oil and petroleum products, including trading/commodities brokering, financing, shipping, insurance (including reinsurance and protection and indemnity), flagging, and customs brokering. These prohibitions took effect on December 5, 2022 with respect to the maritime transport of crude oil and took effect on February 5, 2023 with respect to the maritime transport of other petroleum products. An exception exists to permit such services when the price of the seaborne Russian oil into non-EU countries does not exceed the relevant price cap; but implementation of this price exception relies on a recordkeeping and attestation process that allows each party in the supply chain of seaborne Russian oil to demonstrate or confirm that oil has been purchased at or below the price cap. Violations of the price cap policy or the risk that information, documentation, or attestations provided by parties in the supply chain are later determined to be false or insufficient may pose additional risks adversely affecting our business.

While Ukraine continued to deploy a number of counter-attacks in 2023 and as of December 2023 held important areas in ground operations, after over two years of fighting Russia still maintains a foothold in a number of key cities and areas. The ongoing conflict could result in the imposition of further economic sanctions or new categories of export restrictions against persons in or connected to Russia. While in general much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect the Company's business, financial condition, results of operation and cash flows. Our business could also be adversely impacted by trade tariffs, trade embargoes or other economic sanctions that limit trading activities by the United States or other countries against countries in the Middle East, Asia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures, including as a result of the current conflict between Israel and Hamas.

Any of these occurrences could have a material adverse impact on our future performance, results of operations, cash flows and financial position.

If our vessels call at ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government, the European Union, the United Nations or other governmental authorities, it could lead to monetary fines or other penalties and adversely affect our reputation and the market for our Class A common shares and its trading price.

While none of our vessels called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions or embargoes imposed by the U.S. government or other applicable governmental authorities ("Sanctioned Jurisdictions") in violation of sanctions and embargo laws during 2023, and we endeavor to take precautions reasonably designed to mitigate such risks, it is possible that, in the future, our vessels may call at ports located in Sanctioned Jurisdictions on charterers' instructions and/or without our consent. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our ordinary shares could be adversely affected.

The applicable sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or expanded over time. The past few years have seen increased implementation of sanctions and embargoes imposed against trading with certain countries by in particular the United States, the European Union and the United Nations. Our operations are currently and may in the future become subject to various economic and trade sanctions.

Further, our lenders may determine that any non-compliance with applicable sanctions and embargoes imposed by the United Kingdom, the European Union, the United Nations or the United States constitute an event of default under current or future debt facility agreements. An event of default may lead to an acceleration of the repayment of debt under the facility in question and, due to the cross-default provisions, under all other facilities as well, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position, and could lead to bankruptcy or other insolvency proceedings.

Further, charterers and other parties that we have previously entered into contracts with regarding our vessels may be affiliated with persons or entities that are now or may soon be the subject of sanctions or embargoes imposed by the United States, EU, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we, or our subsidiaries, are a party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected, or we may suffer reputational harm.

As a result of Russia's war against Ukraine and the war between Israel and Hamas, the U.S., EU and United Kingdom, together with numerous other countries, have imposed significant economic sanctions which may adversely affect our ability to operate in the region and also restrict parties whose cargo we carry.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations in 2023, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business and could result in our reputation and the market for our securities to be adversely affected and/or in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our Class A common shares may adversely affect the price at which our Class A common shares trade. Additionally, some investors may decide to divest their interest, or not to invest, in our company simply because we do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities that are not controlled by the governments of countries or territories that are the subject of certain U.S. sanctions or embargo laws, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our Class A common shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries, which may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Maritime claimants could arrest or attach one or more of our vessels, which would have a negative effect on our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, secured lenders, time charter-in counterparties and other parties may be entitled to a maritime lien against the relevant vessel for unsatisfied debts, claims or damages.

In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. In addition, in some jurisdictions a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one vessel in the fleet for claims relating to another of our vessels. Under some of our present charters, if the vessel is arrested or detained as a result of a claim against us, we may be in default of our charter and the charterer may terminate the charter, which will negatively impact our revenues and cash flows. The arrest or attachment of one or more of our vessels could under certain circumstances constitute an event of default under our financing agreements or interrupt operations and require us to pay a substantial sum of money to have the arrest lifted, which could result in a loss of earnings and have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Governments could requisition our vessels during a period of war or emergency, which may have an adverse effect on our future performance, results of operations, cash flows and financial position.

A government of a vessel's registry could requisition for title or seize one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Such government could also requisition one or more of our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Although none of our vessels have been requisitioned by a government for title or hire, a government requisition of one or more of our vessels in the future may adversely affect our future performance, results of operations, cash flows and financial position.

Technological innovation and quality and efficiency requirements from our customers could reduce our charter hire income and the value of our vessels.

Our customers, in particular those in the oil industry, have a high and increasing focus on quality and compliance standards with their suppliers across the entire supply chain, including the shipping and transportation segment. Our continued compliance with these standards and quality requirements is vital for our operations. Charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. More technologically advanced tankers have been built since our vessels, which have an average age of 11 years as of December 31, 2023, were constructed and tankers with further advancements may be built that are even more efficient or more flexible or have longer physical lives, including new vessels powered by alternative fuels or which are otherwise perceived as more environmentally friendly by charterers. We face competition from companies with more modern vessels with more fuel efficient designs than our vessels, and if new vessels are built that are more efficient or more flexible or have longer physical lives than the current eco vessels, competition from the current eco vessels and any more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels and the resale value of our vessels could significantly decrease. In these circumstances, we may also be forced to charter our vessels to less creditworthy charterers, either because the oil majors and other top tier charters will not charter older and less technologically advanced vessels or will only charter such vessels at lower contracted charter rates than we are able to obtain from these less creditworthy, second tier charterers. Similarly, technologically advanced vessels are needed to comply with environmental laws the investment in which along with the foregoing could have a material adverse effect on our results of operations, charter hire payments, resale value of vessels, cash flows and financial condition.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

Our vessels may call in ports where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims or restrictions which could have an adverse effect on our business, results of operations and financial condition.

Risks Related to Our Company

If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international product tanker market, which would negatively affect our financial condition and our ability to expand our business.

Our ability to achieve positive cash flows is subject to freight rates, financial, regulatory, legal, technical and other factors, many of which are beyond our control. In addition, the operation of product tankers and transportation of petroleum products is extremely competitive, and reduced demand for transportation of oil and oil products could lead to increased competition. Competition arises primarily from other product tanker owners, including major oil companies as well as independent product tanker companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition and the acceptability of the product tanker and its operators to the charterers. We will have to compete with other product tanker owners, including major oil companies as well as independent product tanker companies. Our ability to operate our vessels profitably depends on a variety of factors, including, but not limited to (i) loss or reduction in business from significant customers, (ii) unanticipated changes in demand for transportation of crude oil and petroleum products, (iii) changes in production of or demand for oil and petroleum products, generally or in particular regions, (iv) greater than anticipated levels of tanker newbuilding orders or lower than anticipated levels of tanker recycling, (v) increases in the cost of bunkers, and (vi) changes in rules and regulations applicable to the tanker industry, including legislation adopted by international organizations such as IMO and the EU or by individual countries. If we are unable to operate our vessels profitably, our financial condition and ability to expand our business would be negatively affected.

We are dependent on spot charters and any decrease in spot charter rates in the future may adversely affect our earnings.

We employ the majority of our vessels on spot voyage charters or short-term time charters and generate a significant portion of our revenue from the spot market. The spot charter market may fluctuate significantly based upon product tanker and oil supply and demand. The successful operation of our vessels in the competitive spot charter market depends on, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling ballast to pick up cargo. The spot market is very volatile, and, in the past, there have been periods when spot charter rates have declined below the operating cost of vessels. For example, over the past five years, quarterly MR rates expressed as an average time charter equivalent have ranged from a low of approximately $11,243/day to a high of approximately $45,029/day. During 2023, our product tanker fleet realized average spot TCE earnings of $37,124/day. If future spot charter rates decline, we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or pay dividends in the future. Furthermore, as charter rates for spot charters are fixed for a single voyage, which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases, which may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our ability to renew the charters on our vessels on the expiration or termination of our current charters, or on vessels that we may acquire in the future, or the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the seaborne transportation of energy resources.

We are subject to certain risks with respect to entering into new time charter-in contracts due to our dependence on spot charters.

We have the opportunity to charter-in additional vessels for longer or shorter periods. Because we employ the majority of our vessels on spot voyage charters or short-term time charters, we may be exposed to changes in the freight rates that are significantly below the hire to be agreed in a time charter-in contract. This exposure could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered, and may enter in the future, into various contracts that are material to the operation of our business, including bunker, Interest rate and foreign exchange hedging contracts, employ vessels on Contracts of Affreightment, or COAs, time charters and voyage charters, and enter into newbuilding contracts with shipyards. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime industry, the overall financial condition of the counterparty, charter rates received for specific types of vessels and various expenses. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is currently under charter or contract or may be able to obtain a comparable vessel at lower rates. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts, and it may be difficult for us to secure substitute employment for such vessel. Furthermore, any new charter arrangements we secure in the spot market or on time charters may be at lower rates. Should a counterparty fail to honor its obligations under agreements with us or attempt to renegotiate our agreements, we could sustain significant losses, which could have a material adverse effect on our future performance, results of operations, cash flows, financial position and ability to pay dividends to holders of our common shares in the amounts anticipated or at all and compliance with covenants in our loan agreements. To reduce our counterparty risk, we perform a credit check on the prospective customers, however, we cannot guarantee that this process reveals the embedded default risk.

Charterers are sensitive to the commodity markets and may be impacted by market forces affecting commodities and/or uncertain industry conditions. In addition, in depressed market conditions, charterers may have incentive to renegotiate their charters or default on their obligations under charters. Should a charterer in the future fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure on the spot market or on charters may be at lower rates, depending on the then existing charter rate levels, compared to the rates currently being charged for our vessels. In addition, if the charterer of a vessel in our fleet that is used as collateral under one or more of our loan agreements defaults on its charter obligations to us, such default may constitute an event of default under our loan agreements, which may allow the bank to exercise remedies under our loan agreements.

Although we assess the creditworthiness of our counterparties, a prolonged period of difficult industry conditions could lead to changes in a counterparty’s liquidity and increase our exposure to credit risk and bad debts. In addition, we may offer extended payment terms to our customers in order to secure contracts, which may lead to more frequent collection issues and adversely affect our financial results and liquidity.

We have received cargo claims as a result of a customer’s inability to honor its indemnification obligations, and failure to recover damages for these claims could adversely affect our business with an immaterial effect.

TORM has received two cargo claims, both relating to one of TORM’s customers having issued indemnities to allow TORM for discharge of cargoes, without the customer being able to honor those indemnity obligations. Both cases involved irregular activities by the customer in relation to the handling of bills of lading. Legal action has been initiated by TORM in the United Kingdom and in India against the customer and a number of individual owners and management representatives. During 2022, we settled one of the cargo claims and the proceedings are ongoing for the remaining cargo claim. Failure to recover damages for this claim could adversely affect our business although with an immaterial effect. TORM’s mitigation activities include, but are not limited to, credit assessment of all customers and contract clauses requiring documentation of the receiver stated in the bills of lading. TORM has adopted a policy that in some cases will require the customer to document that a discharge to a party - other than the receiver/consignee stated in the bill of lading - is in agreement with such receiver/consignee.

We are subject to certain risks with respect to our counterparties on our newbuilding construction contracts, and the failure of our counterparties to meet their obligations under our newbuilding contracts could cause us to suffer losses or otherwise adversely affect our business.

Timely delivery of the any newbuildings we may acquire in the future, are subject to our counterparties meeting their obligations. We are therefore exposed to the risk of failure, cost overruns, delayed delivery, technical problems, quality or engineering problems and other counterparty risks. A number of shipping construction companies have reportedly been experiencing financial challenges. Any such financial challenges may affect operations and the timely delivery of newbuildings. Furthermore, a cancellation due to financial difficulties or bankruptcy of the yard could imply that pre-delivery installments are not recovered or are recovered only after long arbitration that can last occasionally several years.

Measures have been taken to supervise the quality of the work completed at the yard where our newbuildings are being constructed. In the past we have obtained refund guarantees for the pre-delivery installments as security for pre-delivery installment payments paid.

We can provide no assurance that these, or any other measures we may take, will fully mitigate these risks, and any failure by a counterparty to meet its obligations in relation to the newbuildings may result in delays or cancellations of the delivery of the newbuildings, renegotiation of terms, delayed renewal of our product tanker fleet and consequent deterioration of our competitive position, any of which may result in significant losses for us which could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

An inability to effectively time investments in and divestments of vessels could prevent the implementation of our business strategy and negatively impact our results of operations and financial condition.

Our strategy is to own and operate a fleet large enough to provide global coverage, but no larger than what the demand for our services can support over a longer period by both contracting newbuildings and through acquisitions and disposals in the second-hand market. Our business is greatly influenced by the timing of investments and/or divestments and contracting of newbuildings. If we are unable to identify the optimal timing of such investments, divestments or contracting of newbuildings in relation to the shipping value cycle due to capital restraints, this could have a material adverse effect on our competitive position, future performance, results of operations, cash flows and financial position.

An increase in operating costs would decrease our earnings and have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our vessel operating expenses include the costs of crew, provisions, deck and engine stores, insurance, security measures and maintenance and repairs. Those expenses depend on a variety of factors, many of which are beyond our control and subject to development in the market of the respective input. Voyage expenses include bunkers (fuel), port and canal charges. If our vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs are unpredictable and can be substantial. Some of these costs, primarily relating to insurance, crewing and enhanced security measures, have been increasing on a relative basis and may increase further in the future.

When purchasing and managing previously second-hand vessels, we are exposed to unforeseen operating costs and vessels off-hire. Second-hand vessels are typically acquired without a warranty period, and inspections prior to purchase may not fully reveal the condition of the vessel. We may therefore be required to perform repair and maintenance resulting in additional operating costs.

A substantial portion of our revenues is derived from a limited number of customers, and the loss of any of these customers could result in a significant loss of revenues and cash flow.

We currently derive substantially all of our revenues from a limited number of customers. During 2023, 20 customers accounted for approximately 73% of our revenue. If these customers cease doing business or do not fulfill their obligations under the charters of our vessels, due to the increasing financial pressure on these customers or otherwise, our results of operations and cash flows could be adversely affected. Further, if we encounter any difficulties in our relationships with these charterers, our results of operations, cash flows and financial condition could be adversely affected.

We may not be able to meet our ongoing operations and working capital needs and may not be able to obtain additional financing in the future on acceptable terms or at all.

As of December 31, 2023, TORM had available liquidity including undrawn committed facilities of $638.1 million, comprising of cash and cash equivalents including restricted cash of $295.6 million and undrawn committed credit facilities amounting to $342.5 million. Restricted cash was $30.1 million.

If we do not generate sufficient cash flows from our operations to finance our ongoing operations and working capital needs, including funding for, among other things, our newbuilding commitments, we may need to procure additional funding in the future in the public or private equity or debt capital markets. Adequate sources of funding may not be available when needed or may not be available on terms acceptable to us. Our ability to obtain such additional capital or financing will in part depend on prevailing market conditions as well as the financial position of our business and our operating results, which may affect our efforts to arrange additional financing on satisfactory terms. If new shares are issued, it may result in a dilution of the existing shareholders. There can be no assurance that we will be able to maintain or obtain required loan or equity financing to meet any additional working capital or capital investment needs.

In line with industry practice, our suppliers provide us with short-term credit, or short-term supply credits, to purchase, among other things, bunkers and other petroleum products. If our short-term supply credits are reduced or withdrawn, this could have a material adverse effect on our business, results of operations, cash flows and financial position.

In addition, if available and satisfactory funding is insufficient at any time in the future, we may be unable to respond to competitive pressures or customers' requirements regarding vessel maintenance and fleet age or take advantage of business opportunities. Failure to obtain additional financing could have a material adverse effect on our business, results of operations, cash flows and financial position and could lead to bankruptcy or other insolvency proceedings.

As our product tanker fleet ages, we are exposed to increased operating costs and decreased competitiveness, which could adversely affect our earnings, and the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

Our owned vessels had an average age of 10 years as of December 31, 2023. The recent introduction of eco-designs for vessels emphasizes that there is a continuous need for us to focus on cost optimizing measures to remain competitive, which may require us to more rapidly upgrade our product tanker fleet in the future. We may not be able to fund or secure additional financing to complete the acquisition of new or second-hand vessels required to renew and upgrade our product tanker fleet, which may lead to deterioration of our product tanker fleet's performance.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel, and the current age of our fleet means that we must spend substantial resources on maintenance. It is also difficult to estimate with certainty the maintenance and operating costs that will be incurred for an older vessel and there is a risk that these costs will exceed expectations. Further, older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology. This difference in fuel-efficiency is likely to be compounded going forward as a result of the IMO's lower sulfur fuel requirements currently in effect. Cargo insurance rates increase with the age of a vessel, as older vessels may be less desirable to charterers and may be restricted in the type of activities in which the vessels can engage. Some oil companies chartering our vessels have stricter compliance and maintenance requirements on vessels of 15 years of age or older and therefore such vessels' tradability may decrease. Governmental regulations, including environmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. As our vessels age, market conditions might not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Our strategy has been to create a balanced portfolio based on return on invested capital of vessel types and age, the increasing average age of our product tanker fleet, the potential for more fuel-efficient vessels to enter the market, uncertainties regarding our maintenance costs going forward and our willingness or ability to renew our product tanker fleet could have a material adverse effect on our competitive position, future performance, results of operations, cash flows and financial position. We have several mitigating activities in place such as early maintenance schedules, Condition Assessment Program (CAP1) etc.

Any failure to pass vessel inspections by classification societies and other private and governmental entities and operate our vessels may have a material adverse effect on our future performance, results of operations, cash flows and financial position. With the implementation of SIRE 2.0 that started in the fourth quarter of 2022, TORM may experience a decline in tradability and lead to additional vessel inspections.

Our vessels are subject to inspections from government and private entities, and we are required to obtain permits, licenses and certificates for the operation of our vessels as well as vetting or other types of commercial and operational approvals. In addition, the hull and machinery of every commercial vessel must be classed by a classification society authorized by the vessel's country of registry. Classification societies are non-governmental, self-regulating organizations and certify that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel. A vessel must undergo various mandatory surveys. A vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. The Company's vessels are on survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is subject to statutory annual, intermediate and special surveys in a five-year cycle, this will include two surveys of the vessel's underwater areas. If any vessel fails any survey, the vessel may be unable to trade between ports and therefore be unemployable, which may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our vessels also undergo inspections with a view towards compliance under the Ship Inspection Report Programme (SIRE) and the United States Coast Guard requirements. During 2022, the Oil Companies International Marine Forum implemented a more comprehensive inspection process by introducing its Ship Inspection Report Program 2.0 (SIRE 2.0). This new program facilitates a risk-based approach assessing the safety and quality of a vessel and its crew on an ongoing basis. TORM allocates resources to implement the new standards and is well prepared for the more comprehensive requirements. However, this may cause TORM to experience a decline in tradability and lead to additional vessel inspections.

If we cannot meet our customers' quality and compliance requirements, we may not be able to operate our vessels profitably.

Customers, and in particular those in the oil industry, have a high and increasing focus on quality and compliance standards with their suppliers across the entire value chain, including the shipping and transportation segment. Our continuous compliance with these standards and quality requirements is vital for the Company's operations. Related risks could materialize in multiple ways, including a sudden and unexpected breach in quality and/or compliance concerning one or more vessels, a continuous decrease in the quality concerning one or more vessels occurring over time. Moreover, continuously increasing requirements from oil industry constituents can further complicate our ability to meet the standards. Any non-compliance by the Company, either suddenly or over a period of time, on one or more vessels, or an increase in requirements by oil operators above and beyond what we deliver, may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Obligations associated with being a U.S.-listed public company require significant resources and management attention, and we incur increased costs as a result of being a U.S.-listed public company.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the other rules and regulations of the SEC, including Sarbanes-Oxley, and the listing and other requirements of Nasdaq New York. The various financial and other reporting obligations place significant demands on our management, administrative, operational and accounting resources and cause us to incur significant legal, accounting and other expenses that we would not otherwise incur. These rules and regulations increase our legal and financial compliance costs and may divert management's attention to ensure compliance and make some activities more time-consuming and costly. We may need to upgrade our systems or create new systems, implement additional financial and management controls, reporting systems and procedures, create or outsource an internal audit function and hire additional accounting and finance staff. If we are unable to accomplish these objectives in a timely and effective fashion, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies could be impaired. We cannot accurately predict the amount of the additional costs we may incur in the future, the timing of such costs or the degree of impact that our management's attention to these matters will have on our business.

Any failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, prospects, liquidity, results of operations and financial condition. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common shares from Nasdaq New York and/or Nasdaq Copenhagen, fines, sanctions and other regulatory action.

Sarbanes-Oxley requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting as well as disclosure controls and procedures. Section 404(a) of the Sarbanes-Oxley Act requires that our management assess and report annually on the effectiveness of our internal controls over financial reporting and identify any material weaknesses in our internal controls over financial reporting. Compliance with Section 404(a) requires substantial accounting expenses and significant management efforts. The costs of compliance with the foregoing requirement may have a material adverse effect on our future performance, results of operations, cash flows and financial condition. Additionally, Section 404(b) of the Sarbanes-Oxley Act requires the external auditor to attest to, and report on, our management's assessment of our internal controls over financial reporting, which will increase the overall cost of compliance.

Failure to obtain or retain highly skilled personnel, including key executives, key employees or key consultants, could adversely affect our operations.

We require highly skilled personnel to operate our business. There can be no assurance that we will be able to attract and retain such employees on reasonable terms in the future. Our ability to attract and retain employees and management in the future may be affected by circumstances beyond our control. Competition for skilled and other labor required for our operations has increased in recent years as the number of ocean-going vessels in the worldwide fleet has increased. If this expansion continues and is coupled with improved demand for seaborne shipping services in general, shortages of qualified personnel could further create and intensify upward pressure on wages and make it more difficult for us to staff and service vessels. In addition, we employ staff and vessel crews in a number of countries, all of which are covered by international rules of employment. Changes are made on an ongoing basis to international rules of employment and this may have a material influence on our flexibility in manning our vessels.

There can be no guarantee that the services of the current directors and Senior Management Team will be retained, or that suitably skilled and qualified individuals can be identified and employed, which may adversely impact our ability to commercial and financial performance. The loss of the services of any of the directors or other members of the Senior Management Team may have a material adverse effect on our commercial and financial performance as well.

Such developments could adversely affect our ability to attract and retain qualified employees and management on reasonable terms in the future and, in turn, could adversely affect our future performance, results of operations, cash flows and financial position.

U.S. tax authorities could treat us as a ''passive foreign investment company'', which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A foreign corporation will be treated as a ''passive foreign investment company,'' or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of ''passive income'' or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of ''passive income''. For purposes of these tests, ''passive income'' includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For the purposes of these tests, income derived from the performance of services does not constitute ''passive income''. U.S. shareholders of a PFIC are subject to certain reporting obligations and a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and proposed method of operation, we do not believe that we are or that we expect to become, a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering and voyage chartering activities as services income rather than rental income. Accordingly, we believe that our income from these activities does not constitute ''passive income'', and the assets that we own and operate in connection with the production of that income do not constitute assets that produce or are held for the production of "passive income".

Although there is no direct legal authority under the PFIC rules addressing our method of operation, there is substantial legal authority supporting our position, consisting of the Code, legislative history, case law and United States Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority that characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations or the composition of our income or assets change. If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders will face adverse U.S. federal income tax consequences and will incur certain information reporting obligations that may be onerous. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse tax consequences for such shareholders), such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of the common shares. Please see "Item 10. Additional Information—E. Taxation –U.S. Federal Income Taxation of U.S. Holders—Passive Foreign Investment Company Status and Significant U.S. Federal Income Tax Consequences" for a more comprehensive discussion.

We may have to pay tax on U.S. source income, which would reduce our earnings.

Under the U.S. Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code or under the terms of a U.S. income tax treaty.

We and/or one or more of our subsidiaries (collectively referred to as “we” for purposes of this paragraph) may qualify for exemption from tax under the terms of the U.S.-U.K. Income Tax Treaty or the U.S.-Denmark Income Tax Treaty. Whether we so qualify depends, among other things, on whether we satisfy the Limitation on Benefits article of the applicable U.S. income tax treaty. In particular, we would generally satisfy the Limitation on Benefits article if we can establish that we are engaged in the active conduct of a trade or business in the U.K. or Denmark, whichever is applicable, our U.S. source shipping income is derived in connection with, or is incidental to, such trade or business, and such trade or business activity in the applicable treaty jurisdiction is substantial in relation to our trade or business activity in the United States. Given the legal and factual uncertainties in making the foregoing determination, there can be no assurance that we will be able to qualify for exemption from tax under a U.S. income tax treaty, or that the IRS or a court of law will agree with our determination in this regard.

If we or our subsidiaries are not entitled to the exemption under Section 883 of the Code or under the terms of a U.S. income tax treaty for any taxable year, we and our subsidiaries would be subject to a 4% U.S. federal income tax on gross U.S. source shipping income for such taxable year. The imposition of this taxation could have a negative effect on our business and result in decreased earnings available for distribution to our shareholders. For example, if the benefits of Section 883 and the applicable U.S. income tax treaties were unavailable for our taxable year ended December 31, 2023, we estimate that our U.S. federal income tax liability for such taxable year would have increased by approximately $8.6 million, although our U.S. federal income tax liability for future taxable years would vary depending upon the amount of U.S. source shipping income that we earn in each such year. See “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation of the Company” for a more comprehensive discussion.

Changes to the tonnage tax or the corporate tax regimes applicable to us, or to the interpretation thereof, may impact our future operating results.

TORM is currently subject to a tonnage tax scheme in Denmark. If our participation in the tonnage tax scheme is abandoned, or if our level of investments and activities is significantly reduced (e.g. from significant or fully disposal of the Danish owned fleet), we may have to pay, in part or in full, a non-current tax liability related to held over gains, which as of December 31, 2023 is $45.2 million.

Additional taxes may be payable as a result of a change in other tax laws of any country in which we operate or a change in complex tax laws that affect our international operations.

In the event that tonnage tax schemes or other tax laws are changed in the future, our overall tax burden could increase, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Moreover, through our acquisition of Marine Exhaust Technology A/S, we are exposed to changes to Danish corporate tax regime.

Insurance may be difficult to obtain, or if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the product tanker industry.

The operation of ocean-going vessels represents a potential risk of significant losses and liabilities caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. In the course of the fleet’s operation, various casualties, accidents and other incidents, including an oil spill or emission of other environmentally hazardous agents from a vessel, may occur that may result in significant financial losses and liabilities for us. An accident involving any of the fleet’s vessels could result in death or injury to persons, loss of property, environmental damage, delays in delivery of cargo, loss of revenue from termination of contracts or unavailability of vessels, fines or penalties, higher insurance rates, litigation and damage to our reputation and customer relationships.

In order to reduce the exposure to these risks, we carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, cyber and crime insurance, protection and indemnity insurance, including pollution risks, crew insurance and war risk insurance. Incidents may occur where we may not have sufficient insurance coverage, and some claims may not be covered. Furthermore, insurance costs may increase as a consequence of unforeseen incidents or other events beyond our control. In addition, in the future particularly in adverse market conditions it may not be possible to procure adequate insurance coverage or only on commercially unacceptable terms.

Any significant loss or liability for which we have not or have not been able to take out adequate insurance, or events causing an increase of insurance costs could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We and our activities are subject to both U.K. and foreign laws and regulations many of which include legal standards, which are subject to interpretation, and we are party to agreements and transactions, involving matters of assessment of interests of various stakeholders and valuation of assets, liabilities and contractual rights and obligations. Furthermore, we may be subject to the jurisdiction of courts or arbitration tribunals in many different jurisdictions.

Our counterparties and other stakeholders or authorities may dispute our compliance with laws and regulations or contractual undertakings or the assessments made by us in connection with our business and the entry into agreements or transactions. The outcome of any such dispute or legal proceedings is inherently uncertain and may include payment of substantial amounts in legal fees and damages or that a transaction or agreement is deemed invalid or voidable. Such proceedings or decisions could have a material adverse effect on our future performance, results of operations, cash flows and financial position. If cases or proceedings in which we may be involved are determined to our disadvantage, it may result in fines, default under our debt facilities, damages or reputational damage and could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Fluctuations in exchange rates and non-convertibility of currencies could result in losses to us.

As a result of our international operations, we are exposed to fluctuations in foreign exchange rates due to parts of our revenues being received and operating expenses paid in currencies other than United States dollars. We use United States dollars as the functional currency because the majority of the Company's transactions are denominated in United States dollars. Thus, the Company's exchange rate risk is related to cash flows not denominated in United States dollars. The primary risk relates to transactions denominated in Danish Krone or DKK, Euro or EUR, Indian Rupee or INR, Singapore Dollar or SGD, or other major currencies, which relate to administrative and operating expenses.

We have historically generated almost all revenues and incurred the majority part of our expenses in United States dollars. The remaining balances were in DKK, EUR, INR, SGD and other major currencies. Accordingly, we may experience currency exchange losses if we have not fully hedged our exposure to a foreign currency. A change in exchange rates could have a material adverse impact on our future performance, results of operations, cash flows and financial position.

Investment in derivative instruments such as freight forward agreements could result in losses to us.

We use the derivative markets and take positions in derivative instruments, such as forward freight agreements ("FFAs"), for the purposes of hedging our exposure to fluctuations in the charter market, interest rates, foreign exchange rates and bunker prices. Our financing agreements set forth limitations on our level of forward freight agreements exposure and prohibit speculation on interest rates, foreign exchange and bunker swaps. From time to time, we may take positions in such derivative instruments, and as a result we may incur derivative exposure that could have a material adverse effect on our future performance, results of operations, cash flows and financial position. If liquidity in these derivative markets decreases or disappears, it could make it difficult or more expensive for us to perform such hedging, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

U.S. and other non-U.K. holders of our Class A common shares may not be able to exercise pre-emptive subscription rights or participate in future offerings.

Holders of our Class A common shares have certain pre-emption rights with respect to certain of our issuances unless those rights are disapplied by virtue of a resolution of the shareholders at a general meeting. Securities laws of certain jurisdictions may restrict the ability for shareholders in such jurisdictions to participate in any future issuances of shares carried out on a pre-emptive basis. Shareholders residing or domiciled in the United States, as well as certain other countries, may not be able to exercise their pre-emption rights or participate in future capital increases or securities issuances, including in connection with an offering below market value, unless we decide to comply with local requirements and, in the case of the United States, unless a registration statement is effective, or an exemption from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, is available with respect to such rights.

In such cases, shareholders resident in such non-U.K. jurisdictions may experience a dilution of their shareholding, possibly without such dilution being offset by any compensation received in exchange for subscription rights. No assurance can be given that local requirements will be complied with or that any registration statement would be filed in the United States or other relevant jurisdictions, or that another exemption from the registration requirements of the Securities Act or laws of other relevant jurisdictions would apply, so as to enable the exercise of such holders' pre-emption rights or participation in any future securities issuances.

Because we are a non-U.S. corporation, you may not have the same rights that a creditor of a U.S. corporation may have, and it may be difficult to serve process on or enforce a U.S. judgment against us and our officers and directors.

We are an English company, and our executive offices are located outside of the United States. Our officers and the majority of our directors reside outside of the United States. In addition, substantially all of our assets and the assets of our officers and directors are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons or enforcing any judgments obtained in U.S. courts to the extent assets located in the United States are insufficient to satisfy the judgments. In addition, original actions or actions for the enforcement of judgments of U.S. courts with respect to civil liabilities solely under the federal securities laws of the United States may not be enforceable in England.

We may be exposed to fraudulent behavior, which may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

The risk of fraud is inherent in all industries and is not specific to the shipping industry. However, historically, the shipping industry has experienced an increased risk of fraud and fraudulent behavior. Potential fraud risks include purposeful manipulation and misrepresentation of financial statements, misappropriation of tangible assets, intangible assets and proprietary business opportunities, corruption including bribery and kickbacks as well as cyberattacks. We have established a system of internal controls to prevent and detect fraud and fraudulent behavior, consisting of segregation of duties, authorizations for trading, purchase and approval, codes of ethics and conduct, close monitoring of our financial position and a whistleblower facility. Moreover, we have implemented a fraud awareness campaign and instituted additional fraud prevention processes in cooperation with leading fraud prevention specialists.

However, there can be no assurance that our fraud prevention measures are sufficient to prevent or mitigate our exposure to fraud or fraudulent behavior in the future, and any such behavior can have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Breakdowns in our information technology, including as a result of cyberattacks, may negatively impact our business, including our ability to service customers, and may have a material adverse effect on our reputation, future performance, results of operations, cash flows and financial position.

Our ability to operate our business and service our customers is dependent on the continued operation of our information technology, or IT, systems, including our IT systems that relate to, among other things, the location, operation, maintenance, and employment of our vessels. Our IT systems may at any time be compromised by a malicious third party, man-made or natural events, or the intentional or inadvertent actions or inactions by our employees or third-party service providers. If our IT systems experience a breakdown, including as a result of cyberattacks, our business information may be lost, destroyed, disclosed, misappropriated, altered or accessed without consent, and our IT systems, or those of our service providers, may be disrupted.

Cybercrime attacks could at any time cause disclosure and destruction of business databases and could expose the Company to extortion by making business data temporarily unreadable or subject to threats of publicizing, selling or in other way exploiting the data. Further, as cyber threats are continually evolving, our controls and procedures may become inadequate, and we may be required to devote additional resources to modify or enhance our systems in the future. Such expenses could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Any breakdown in our IT systems, including breaches or other compromises of information security, whether or not involving a cyberattack, may lead to lost revenues resulting from a loss in competitive advantage due to the unauthorized disclosure, alteration, destruction or use of proprietary information, including intellectual property, the failure to retain or attract customers, the disruption of critical business processes or information technology systems and the diversion of management's attention and resources. In addition, such breakdown could result in significant remediation costs, including repairing system damage, engaging third-party experts, deploying additional personnel, training employees and compensation or incentives offered to third parties whose data has been compromised. We may also be subject to legal claims or legal proceedings, including regulatory investigations and actions, and the attendant legal fees as well as potential settlements, judgments, and fines.

Even without actual breaches of information security, protection against increasingly sophisticated and prevalent cyberattacks may result in significant future prevention, detection, response and management costs, or other costs, including the deployment of additional cybersecurity technologies, engaging third-party experts, deploying additional personnel, and training employees.

Moreover, cyber-attacks against the Ukrainian government and other countries in the region have been reported in connection with the conflicts between Russia and Ukraine. To the extent such attacks have collateral effects on global critical infrastructure or financial institutions, such developments could adversely affect our business, operating results and financial condition. At this time, it is difficult to assess the likelihood of such threat and any potential impact at this time.

For additional information on our cybersecurity policies, please see "Item 16K. Cybersecurity."

Risks Relating to Our Indebtedness

We have a significant amount of financial debt and servicing our current or future indebtedness limits funds available for other corporate purposes.

As of December 31, 2023, we had interest-bearing debt, which includes mortgage debt and bank loans, finance lease liabilities net of loan receivables of $1,069.0 million and cash and cash equivalents including restricted cash of $295.6 million. Net debt totaled $773.4 million.

We may also incur additional debt in the future. This level of debt could adversely affect our ability to obtain additional financing for working capital or other capital expenditures on favorable terms. Future creditors may subject us to certain limitations on our business and future financing activities as well as certain financial and operational covenants. Such restrictions may prevent us from taking actions that otherwise might be deemed to be in the best interest of us and our shareholders.

In January 2024, TORM issued five-year senior unsecured bonds of $200 million (the "Bonds"). The Bonds will carry a fixed coupon of 8.25%, payable semi-annually. The net proceeds from the issuance of the Bonds will be used to partly finance the acquisition of five of the eight LR2 eco vessels announced in November 2023, including full repayment of a bridge facility potentially partly drawn in connection with the acquisition, and for general corporate purposes. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds; (ii) have access to and knowledge of the appropriate analytical tools to evaluate an investment in the Bonds; (iii) have sufficient financial resources and liquidity to bear the risks associated with investment in the Bonds; (iv) understand the terms of the Bonds and the behavior of the relevant financial markets; and (v) be able to evaluate possible scenarios for economic interest rate and other factors that may affect its investment. Our ability to make scheduled payments on or to refinance its obligations under the Bonds will depend upon our financial and operating performance, which in turn, will be subject to prevailing economic and competitive conditions and to financial and business factors, many of which may be beyond the Issuer's control.

Debt service obligations require us and will require us in the future to dedicate a substantial portion of our cash flows from operations to payments on principal and interest on our interest-bearing debt, which could limit our ability to obtain additional financing, make capital expenditures and acquisitions and/or carry out other general corporate activities in the future. Any such obligations may also limit our flexibility in planning for, or reacting to, changes in our business and the industry where we operate or detract from our ability to successfully withstand a downturn in our business or the economy in general.

Our ability to service our debt will, among other things, depend on our future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory, competitive, technical and other factors, some of which are beyond our control. If our cash flow is not sufficient to service our current or future indebtedness, we will be forced to take action such as reducing or delaying business activities, acquisitions or investments, selling assets, restructuring or seeking additional capital, which may not be available to us on acceptable terms or at all. We may not be able to effect any of these remedies on satisfactory terms, without the consent of our existing lenders or at all. Additionally, a default under any indebtedness or other financial agreement by a subsidiary may constitute an event of default under other borrowing arrangements pursuant to cross-default provisions. Our inability to service and repay our debt upon maturity could have a material adverse effect on our future performance, results of operations, cash flows and financial position and could lead to bankruptcy or other insolvency proceedings.

Our financial and operational flexibility is restricted by the covenants contained in our debt facilities, and we may be unable to comply with the restrictions and financial covenants imposed in such facilities.

Our current debt facilities impose restrictions on our financial and operational flexibility. Our debt facilities impose, and any future debt facility may impose, covenants and other operating and financial restrictions on our ability to, among other things, pay dividends, charter-in vessels, incur additional debt, sell vessels or refrain from procuring the timely release of arrested vessels. Our debt facilities require us to maintain various financial ratios, including a specified minimum liquidity requirement, a minimum equity requirement and a collateral maintenance requirement. Our ability to comply with these restrictions and covenants is dependent on our future performance and our ability to operate our fleet and may be affected by events beyond our control, including fluctuating vessel values. We may therefore need to seek permission from our lenders in order to engage in certain corporate actions.

Failure to comply with the covenants and financial and operational restrictions under our debt facilities may lead to an event of default under those agreements. An event of default may lead to an acceleration of the repayment of debt. In addition, any default or acceleration under our existing debt facilities or agreements governing our other existing or future indebtedness is likely to lead to an acceleration of the repayment of debt under any other debt instruments that contain cross-acceleration or cross-default provisions. If all or a part of our indebtedness is accelerated, we may not be able to repay that indebtedness or borrow sufficient funds to refinance that debt, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position and could lead to bankruptcy or other insolvency proceedings.

Such restrictions may prevent us from taking actions that otherwise might be deemed to be in the best interest of the Company and our shareholders, and it may further affect our ability to operate our business moving forward, particularly our ability to incur debt, make capital expenditures or otherwise take advantage of potential business opportunities as they arise.

As of December 31, 2023, we were in compliance with the financial covenants contained in our debt facilities.

Volatility of interest rate benchmarks under our financing agreements could affect our profitability, earnings and cash flow.

As certain of our current financing agreements have, and our future financing arrangements may have, floating interest rates, typically based on the Secured Overnight Financing Rate ("SOFR"), movements in interest rates could negatively affect our financial performance.

In order to manage our exposure to interest rate fluctuations under SOFR or any other variable interest rate, we have and may from time to time use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can however be given that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position.

Volatility in applicable interest rates among our financing agreements presents a number of risks to our business, including potential increased borrowing costs for future financing agreements or unavailability of or difficulty in attaining financing, which could in turn have an adverse effect on our profitability, earnings and cash flow.

Change of control and mandatory repayment provisions contained in certain of our debt facilities may lead to a foreclosure of our fleet.

The terms of certain of our debt facilities require us to repay the outstanding borrowings thereunder in full if there is a change of control, which would occur if: (i) Njord Luxco or any funds solely managed by Oaktree ceases to be able, through its appointees to the board of directors of the Company (the “Board of Directors”), to control our Board of Directors or ceases to own or control at least 33.34% of the maximum number of votes eligible to be cast at a general meeting, or (ii) another person or group of persons acting in concert gains direct or indirect control of more than 50% of the shares or otherwise has the power to cast more than 50% of the votes at a general meeting of the Company, appoint or remove the chairman of our Board of Directors or the majority of the members of our Board of Directors direct our operating and financial policies with which our directors are obliged to comply. Such change of control may occur as a result of either a sale of shares by Njord Luxco or by a share capital increase resulting in a dilution of Njord Luxco's shareholding in the Company.

Njord Luxco is not restricted by us from selling their shares, and there can be no assurance that they will retain their holdings in us. We can give no assurance that Njord Luxco will continue to hold a significant interest in us. Any mandatory prepayment as a result of a change of control under certain of our debt facilities could lead to the foreclosure of all or a portion of our fleet and could have a material adverse effect on our future performance, result of operations, cash flows and financial position and could lead to bankruptcy or other insolvency proceedings.

Risks Relating to an Investment in Our Class A Common Shares

The majority of our Class A common shares are held by a limited number of shareholders, which may create conflicts of interest.

A large portion of our Class A common shares are beneficially held by a limited number of shareholders, including Njord Luxco, a company affiliated with Oaktree and its affiliates. Njord Luxco is our controlling shareholder. As of the date of this annual report and based on public fillings, Oaktree owns approximately 51,006,538 Class A common shares, or approximately 59.15% of our issued and outstanding Class A common shares, excluding treasury shares. One or a limited number of shareholders may have the ability, either acting alone or together as a group, to influence or determine the outcome of specific matters submitted to our shareholders for approval, including the election and removal of directors and amendments to the Articles of Association such as changes to our issued share capital or any merger or acquisition. Our Articles of Association contain certain restrictions on us undertaking certain actions unless the approval by certain of our directors and/or a particular majority of our shareholders is obtained. Such restrictions may hamper or impede our ability to take certain corporate actions in a timely manner or at all. Any changes to the composition of the Board of Directors may lead to material changes to our business going forward.

In its capacity as our controlling shareholder, Njord Luxco may also have interests that differ from those of other shareholders. In addition, Njord Luxco holds the Class C share, which has 350,000,000 votes at the general meetings on specified matters, including the election of members to the Board of Directors (including the Chairman but excluding the Deputy Chairman) and certain amendments to the Articles of Association proposed by the Board of Directors. When the votes carried by the Class C share are combined with the votes carried by the Class A common shares, each held by Njord Luxco, such votes would represent approximately 91.93% of the votes that may be cast on resolutions on which the Class C share may vote.

The Class C share votes may only be cast on resolutions in respect of the appointment or removal of directors (excluding the Deputy Chairman) and certain amendments to the Articles of Association proposed by the Board of Directors. The Class C share votes may not be cast on resolutions in respect of any amendments to reserved matters as specified in our Articles of Association (unless those reserved matters also constitute changes to our Articles of Association on which the Class C share is entitled to vote), pre-emptive rights of shareholders, rights attached to the Class B share and other minority protection rights provisions contained in our Articles of Association. Please see "Item 10. Additional Information—A. Share Capital —Our Shares—Class C Share". The Class C share will be automatically redeemed when Njord Luxco and its affiliates cease to beneficially own at least one third of our issued Class A common shares. The voting rights attached to the Class C share have the practical effect of allowing Njord Luxco to control our Board of Directors and to make amendments to the Articles of Association proposed by the Board of Directors, other than amendments to the minority protections, even when Njord Luxco holds only a third of our issued Class A common shares.

The interests of Njord Luxco may conflict with the interests of the other shareholders. In addition, conflicts of interest may exist or occur among the major shareholders themselves.

Further, Njord Luxco, companies affiliated with Njord Luxco and companies affiliated with Njord Luxco's indirect parent, Oaktree, hold substantial commercial and financial interests in other shipping companies, including companies that are active in the same markets as us, and with whom we might compete from time to time. Any material conflicts of interest between us and Njord

Luxco, Oaktree and/or other shareholders may not be settled in our favor and may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

An active and liquid market for our Class A common shares may not develop or be sustained.

TORM plc's Class A common shares trade on both Nasdaq New York and Nasdaq Copenhagen. Active and liquid trading markets generally result in lower bid ask spreads and more efficient execution of buy and sell orders for market participants. Since the listing of our Class A common shares on Nasdaq New York, a limited number of our Class A common shares have traded on Nasdaq New York. If a more active trading market for our Class A common shares does not develop, the price of the Class A common shares may be more volatile, and it may be more difficult and time-consuming to complete a transaction in the Class A common shares, which could have an adverse effect on the realized price of the Class A common shares, or we could be delisted from Nasdaq New York. We cannot predict the price at which our Class A common shares will trade and cannot guarantee investors can sell their shares at or above the issuance price. There is no assurance that a more active and liquid trading market for our Class A common shares will develop or be sustained in the United States.

We cannot guarantee that our Board of Directors will declare dividends.

Our Board of Directors may, in its sole discretion, from time to time, declare and pay cash dividends in accordance with our Articles of Association, applicable law and in accordance with loan agreements. We can only distribute dividends to shareholders out of funds legally available for such payments. Our Board of Directors makes determinations regarding the payment of dividends in its sole discretion, and there is no guarantee that we will be able to or decide to pay dividends to shareholders in the future. Pursuant to our distribution policy, we intend to distribute on a quarterly basis excess liquidity above a fixed threshold cash level as at the balance sheet day. For each quarter, the threshold cash level will be determined as the product of cash requirement per vessel and the number of owned and leased vessels in our fleet as at the balance sheet day. Excess liquidity is determined as our readily available liquidity less the threshold cash level. The readily available liquidity is defined as i) TORM's cash balance at the last day of the quarter preceding the relevant distribution date excluding restricted cash, plus ii) undrawn amounts on TORM's working capital facilities, minus iii) proceeds received from vessel sales, or additional proceeds from vessel refinancing, or securities offerings in the past 12 months earmarked for share repurchases, debt prepayment, vessel acquisitions, or general corporate purposes. The cash requirement per vessel has been fixed at: $1.8 million since September 30, 2022 ($1.5 million for June 30, 2022). Any changes to our dividend policy could adversely affect the market price of our common shares. For a description of the amended distribution policy approved by the Board of Directors on March 7, 2024, please see "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Distribution Policy".

In addition, the markets in which we operate our vessels are volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. We may also incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described herein. If additional financing is not available to us on acceptable terms, our Board of Directors may determine to finance or refinance acquisitions with cash from operations, which would reduce the amount of any cash available for the payment of dividends. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Distribution Policy".

Additional factors that could affect our ability to pay dividends include statutory and contractual limitations on the ability of our subsidiaries to pay dividends to us, including under current or future debt arrangements, economic conditions, including macroeconomic impacts on our business and financial condition, such as inflationary pressure, and other factors the Board of Directors may deem relevant.

We may issue additional securities without shareholder approval, which may dilute ownership interests of existing shareholders and may depress the market of our securities.

We may issue additional securities of equal or senior rank to existing securities, without shareholder approval, in a number of circumstances. At the Company's 2020 Annual General Meeting of Shareholders, our Board of Directors was granted certain authorizations to increase our issued share capital, both with and without pre-emption rights to the existing shareholders. These share authorities expire on April 14, 2025.

The issuance by us of additional securities of equal or senior rank to existing securities may have the following effects:

- our existing shareholders' proportionate ownership interest in us may decrease;
- the amount of cash available for dividends or interest payments may decrease;
- the relative voting strength of previously issued outstanding securities may be diminished; and
- the market price of our securities may decline.

In accordance with our remuneration policy, our Board of Directors has, as part of the long-term incentive program, granted certain members of our management and employees Restricted Share Units, or RSUs, in the form of restricted stock options. The RSUs aim at incentivizing the employees to seek to improve the performance of the Company and thereby our share price for the mutual benefit of themselves and our shareholders. Subject to vesting, each RSU entitles the holder to acquire one Class A common share. The RSUs will vest over a three to five-year period from the grant date with an original exercise price for each Class A common share of DKK 53.5, 58.0 and 220.6, depending on the year that the RSUs were granted. In 2023, an additional incentive program was granted on similar terms as outlined above with an original strike price of $0.01. The exercise price on the RSUs may be and has been adjusted by the Board of Directors to reflect dividend payments made to shareholders. Assuming full vesting and exercise of RSUs outstanding as of December 31, 2023, this would result in the issuance of 4,417,688 additional Class A common shares representing approximately 5% of our issued and outstanding Class A common shares. Please see "Item 10. Additional Information-A. Share Capital-Restricted Share Units".

Our share price may be highly volatile, and future sales of our Class A common shares could cause the market price of our Class A common shares to decline.

The market price of TORM plc's shares, has historically fluctuated over a wide range and may continue to fluctuate significantly in response to many factors, such as actual or anticipated fluctuations in our operating results, changes in financial estimates by securities analysts, economic and regulatory trends, general market conditions, rumors and other factors, many of which are beyond our control. The stock market experiences extreme price and volume fluctuations. If the volatility in the market continues or worsens, it could have a material adverse effect on the market price of our Class A common shares and impact a potential sale price if holders of our Class A common shares decide to sell their shares.

In addition, a large proportion of our Class A common shares are held by a limited number of shareholders. A potentially limited free float due to shareholder concentration may have a negative impact on the liquidity of our Class A common shares and may result in a low trading volume, which could have an adverse effect on the market price and result in increased volatility.

Further, future sales or availability for sale of our Class A common shares may materially affect the price of our Class A common shares. Sales of substantial amounts of Class A common shares, including sales by Njord Luxco, or the perception that such sales could occur, may adversely affect the market price of our Class A common shares.

In addition, the market price and trading volume of our Class A common shares have very recently and at certain other times in the past exhibited, and may continue to exhibit, extreme volatility, including within a single trading day. A proportion of our common shares may be traded by short sellers which may put pressure on the supply and demand for our Class A common shares, creating further price volatility. In particular, a possible "short squeeze" due to a sudden increase in demand of our common shares that largely exceeds supply may lead to sudden extreme price volatility in our Class A common shares. Investors may purchase our common shares to hedge existing exposure in our common shares or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent aggregate short exposure exceeds the number of common shares available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common shares for delivery to lenders of our common shares. Those repurchases may in turn, dramatically increase the price of our common shares until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a "short squeeze." Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our common shares may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our common shares to incur substantial losses.

In addition, some companies that have experienced volatility in the market price of their common shares have been subject to securities class-action litigation. If instituted against us, such litigation could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, operating results and growth prospects. There can be no guarantee that the price of our common shares will remain at or rise above its post-Distribution level or that future sales of our common shares will not be at prices lower than those initially distributed or sold to investors.

We are thus unable to predict when such instances of trading volatility will occur or how long such dynamics may last. Therefore, we cannot assure you that you will be able to sell any of our Class A common shares you may have purchased at a price greater than or equal to its original purchase price, or that you will be able to sell our common shares at all.

Future issuances and sales of our Class A common shares could cause the market price of our Class A common shares to decline.

As of the date of this annual report, our issued (and fully paid up) share capital is $907,293.41, which is represented by 90,729,339 Class A common shares (which includes 493,371 treasury shares), one Class B share and one Class C share. Issuances and sales of a substantial number of Class A common shares in the public market, or the perception that these issuances or sales could occur, may depress the market price for our Class A common shares. Such sales could also impair our ability to raise additional capital through the sale of our equity securities in the future. Our shareholders may incur dilution from any future equity offering.

Risks Related to Being an English Company Listing Class A Common Shares

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation organized in Delaware.

We are incorporated under the laws of England and Wales. The rights of holders of our Class A common shares are governed by English law, including the provisions of the U.K. Companies Act 2006, or the "U.K. Companies Act", and by our Articles of Association. These rights may differ in certain respects from the rights of shareholders in typical U.S. corporations organized in Delaware. The principal differences are set forth in "Description of Class A Common Shares" contained in Exhibit 2.4 to this report.

We are subject to the United Kingdom Bribery Act, the U.S. Foreign Corrupt Practices Act and potentially other anti-corruption laws that apply in the countries where we do business, as well as export control laws, customs laws, sanctions laws and other laws impacting our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect our business, results of operations and financial condition.

Our operations are subject to anti-corruption laws, including the United Kingdom Bribery Act 2010 ("Bribery Act"), the U.S. Foreign Corrupt Practices Act, as amended (the "FCPA"), and potentially other anti-corruption laws that apply in countries where we do business. We and our commercial partners operate in a number of jurisdictions that may pose a risk of potential Bribery Act or FCPA violations, and we participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under the Bribery Act, FCPA, or other anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our internal operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export controls, economic sanctions, customs requirements, anti-boycott requirements, and currency exchange regulations (collectively, "Trade Control Laws").

While we maintain policies and procedures reasonably designed to ensure compliance with applicable anti-corruption laws and Trade Control Laws, there is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws (including the Bribery Act or the FCPA) or other legal requirements, including Trade Control Laws. If we are not in compliance with the Bribery Act, the FCPA and/or other anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions, remedial measures and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the Bribery

Act, the FCPA, other anti-corruption laws or Trade Control Laws by the United Kingdom, the U.S. or other authorities could also have a material adverse impact on our reputation, our future performance, results of operations, cash flows and financial position.

U.S. investors may have difficulty enforcing civil liabilities against the Company, our directors or members of our Senior Management Team and the experts named in the Company's annual report.

We are incorporated under the laws of England and Wales. Several of our directors reside outside the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may be difficult for you to serve legal process on us or our directors or have any of them appear in a U.S. court. The United States and the United Kingdom do not currently have a treaty providing for the recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The enforceability of any judgment of a U.S. federal or state court in England will depend on the laws and any treaties in effect at the time, including conflicts of laws principles (such as those bearing on the question of whether an English court would recognize the basis on which a U.S. court had purported to exercise jurisdiction over a defendant). In this context, there is doubt as to the enforceability in England of civil liabilities based solely on the federal securities laws of the United States. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the England. An award for monetary damages under the U.S. securities laws would likely be considered punitive if it did not seek to compensate the claimant for loss or damage suffered and was intended to punish the defendant.

Civil liabilities based upon the securities and other laws of the United States may not be enforceable in original actions instituted in England or in actions instituted in England to enforce judgments of U.S. courts.

Civil liabilities based upon the securities and other laws of the United States may not be enforceable in original actions instituted in England or in actions instituted in England to enforce judgments of U.S. courts. Actions for the enforcement of judgments of U.S. courts might be successful only if the English court confirms the jurisdiction of the U.S. court and is satisfied that:

- the effect of the enforcement judgment is not manifestly incompatible with English public policy or natural justice;
- the judgment was not obtained on the basis of fraud;
- the judgment did not violate the human rights of the defendant;
- the judgment is final and conclusive;
- the judgment is not incompatible with a judgment rendered in England or with a subsequent judgment rendered abroad that might be enforced in England;
- a claim was not filed outside England after the same claim was filed in England, while the claim filed in England is still pending;
- the judgment was not obtained on the basis of fraud;
- the English courts did not have jurisdiction to rule on the matter; and
- the judgment submitted to the English court is authentic;

English law and provisions in our Articles of Association may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our shareholders, and may prevent attempts by our shareholders to replace or remove our current management.

Certain provisions of English law and our Articles of Association may have the effect of delaying or preventing a change in control of us or changes in our management. For example, English law and our Articles of Association include provisions that establish an advance notice procedure for shareholder approvals to be brought before a general meeting of our shareholders, including proposed nominations of persons for election to our Board of Directors. Such provisions could delay or prevent hostile takeovers and changes in control or changes in our management. In addition, these provisions may adversely affect the market price of our Class A common shares or inhibit fluctuations in the market price of our Class A common shares that could otherwise result from actual or rumored takeover attempts.

The U.K. City Code on Takeovers and Mergers, (the "Takeover Code"), applies to the Company. If at the time of a takeover offer the Takeover Code still applies, we would be subject to a number of rules and restrictions, including - but not limited to - the following: (i) our ability to enter into deal protection arrangements with a bidder would be extremely limited; (ii) we might not, without the approval of our shareholders, be able to perform certain actions that could have the effect of frustrating an offer, such as issuing shares or carrying out acquisitions or disposals; and (iii) we would be obliged to provide equality of information to all bona fide competing bidders.

Njord Luxco holds over 50% of our voting share capital, and therefore, if the Takeover Panel were to determine that we were subject to the Takeover Code, Njord Luxco would be able to increase its aggregate holding in us without triggering the requirement under Rule 9 of the Takeover Code to make a cash offer for the outstanding shares in the Company.

The United Kingdom has formally withdrawn from the European Union, and the implications for the laws and regulations in the United Kingdom are uncertain.

Following a national referendum and enactment of legislation by the U.K. government, the U.K. formally withdrew from the European Union on January 31, 2020 (“Brexit”), and following a transition period, the U.K. and the European Union (the "EU") entered into a U.K.-EU Trade and Cooperation Agreement (the “Withdrawal Agreement”) on December 30, 2020, to govern their future relationship. Significant political and economic uncertainty remains concerning the implementation of the Withdrawal Agreement, and this may have a significant adverse effect on global economic conditions and the stability of global financial markets. These developments and uncertainties have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business and on our consolidated financial position, results of operations and our ability to pay distributions. The United Kingdom’s exit from the EU could to some extent change the regulatory and tax framework applicable to the Company. The withdrawal of the United Kingdom from the EU may lead to a downturn across the European economies, and there is a risk that other countries in the European Union will look to hold referendums on whether to stay in or leave the EU. While there has been no significant impact on the Company through March 2024, it is too early to anticipate what any future law, regulatory and market developments and impacts might be. Therefore, TORM considers that the potential effects of Brexit could have unpredictable consequences for financial markets and may adversely affect our future performance, results of operations, cash flows and financial position.

Additionally, Brexit or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations. Furthermore, asset valuations and credit ratings may be particularly subject to increased market volatility. Any of these factors could have a significant adverse effect on our business, financial condition, results of operations, and prospects.

Changing laws and evolving reporting requirements could have an adverse effect on our business.

We are subject to data protection laws under United Kingdom legislation, and any breaches of such legislation could adversely affect our business, reputation, results of operations and financial condition. Our ability to obtain, retain and otherwise manage personal data is governed by data protection and privacy requirements and regulatory rules and guidance. In the United Kingdom, we must comply with the Data Protection Act 2018 in relation to processing certain personal data. The application of data privacy laws is often uncertain, and as business practices are challenged by regulators, private litigants and consumer protection agencies, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data protection practices. Additionally, under European data protection laws, distributing personal data into the United States may constitute an offense. Any breaches of such legislation could have a material adverse effect on our business, reputation, results of operations and financial condition.

Pre-emption rights for U.S. and other non-United Kingdom holders of shares may be unavailable.

In the case of certain increases in our issued share capital, under English law, existing holders of shares are entitled to pre-emption rights to subscribe for such shares, unless shareholders disapply such rights by a special resolution at a shareholders’ meeting.

These pre-emption rights have been disapplied by TORM plc's shareholders in respect of certain new issuances, see "Item 10. Additional Information—A. Share Capital", and we shall propose equivalent resolutions in the future once the initial period of disapplication has expired. In any event, U.S. Holders of common shares in U.K. companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. We do not intend to file any such registration statement, and we cannot assure prospective U.S. investors that any exemption from the registration requirements of the Securities Act or applicable non-U.S. securities laws would be available to enable U.S. or other non-U.K. holders to exercise such pre-emption rights or, if available, that we will utilize any such exemption.

Our tax liabilities may change in the future.

While we believe that being incorporated in England and Wales and resident for tax purposes in the United Kingdom should help us maintain a competitive worldwide effective corporate tax rate, we cannot give any assurance as to what our effective tax rate will be. This is, among other things, because of uncertainties regarding the tax policies of all the jurisdictions where we operate our business and uncertainties regarding the application to our structure, which is complex, of the tax laws of various jurisdictions, including, without limitation, Denmark, the United States and the United Kingdom. Because of this uncertainty, our actual effective tax rate may vary from our expectation and that variance could be material. The G20 and the Organization for Economic Co-Operation and Development are currently focused on the taxation of multinational corporations as part of the Base Erosion and Profit Shifting Project, or BEPS. The implementation of BEPS outcomes in the jurisdictions in which we operate may have an impact on our effective tax rate, which, in turn, could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Changes in tax laws and unanticipated tax liabilities could materially and adversely affect the taxes we pay, results of operations and financial results.

We are subject to income and other taxes in the United States and foreign jurisdictions, and our results of operations and financial results may be affected by tax and other initiatives around the world. For instance, there is a high level of uncertainty in today's tax environment stemming from global initiatives put forth by the OECD two-pillar base erosion and profit shifting project. In October 2021, members of the OECD put forth two proposals: (i) Pillar One reallocates profit to the market jurisdictions where sales arise versus physical presence; and (ii) Pillar Two compels multinational corporations with €750 million or more in annual revenue to pay a global minimum tax of 15% on income received in each country in which they operate. The reforms aim to level the playing field between countries by discouraging them from reducing their corporate income taxes to attract foreign business investment. Over 140 countries agreed to enact the two-pillar solution to address the challenges arising from the digitalization of the economy and, in 2024, these guidelines were declared effective and must now be enacted by those OECD member countries. It is possible that these guidelines, including the global minimum corporate tax rate measure of 15%, could increase the burden and costs of our tax compliance, the amount of taxes we incur in those jurisdictions and our global effective tax rate, which could have a material adverse impact on our results of operations and financial results.

TORM plc and certain of its subsidiaries have entered and may in the future enter into internal agreements which must be at market value or on terms no more favorable than would have been agreed if the transaction was not conducted on an intra-group basis.

We have global operations, and the functions related to owning and operating a global scale product tanker fleet are spread across various subsidiaries, including crewing, technical maintenance, chartering and ownership of vessels. Cross-border business within our foreign subsidiaries and TORM plc can be complicated. We will likely enter into further agreements by and among our subsidiaries on the one hand and TORM plc on the other hand in the future. To ensure compliance with transfer pricing regulations, such transactions must in general be conducted on arm's length basis. We believe that these transactions are on arm's length terms, but no assurance can be given that we would not have been able to secure more favorable terms from third parties.

Regarding any cross-border transactions, we may face significant compliance challenges with the regulations and administrative requirements around transfer pricing, as they differ from country to country. Tax authorities are increasingly sophisticated in the way they operate and are focusing more closely on transfer pricing in companies that transact cross-border business.

The Danish Tax Authorities may challenge whether TORM plc is entitled to Danish withholding tax exemption on dividends from TORM A/S.

TORM plc is a tax resident of the United Kingdom and owns 100% of the shares of TORM A/S and should as a starting point be entitled to the benefits under the EU Parent/Subsidiary Directive (2011/96/EU) provided TORM plc is the beneficial owner of the dividends and is not subject to Danish anti-abuse rules. It is, however, not currently clear whether similar provisions would continue to apply following the United Kingdom's departure from the European Union.

However, TORM plc should be entitled to the benefit of the double tax treaty entered into between Denmark and the United Kingdom. The double tax treaty reduces dividend withholding tax to nil for wholly-owned subsidiaries (where the relevant conditions are satisfied), and its protection would, in principle, be available regardless of the United Kingdom's departure from the European Union. In order for the double tax treaty to apply, TORM plc must be considered the beneficial owner of the dividends and must not be subject to Danish anti-abuse rules. We believe that the group structure, the level of business activity carried out in the United Kingdom by TORM plc, the economic risk of TORM plc and TORM plc's right to dispose of dividends received justify that TORM plc is the beneficial owner of dividends received from TORM A/S, that TORM plc is not a conduit entity and that Danish anti-abuse rules should not apply.

Consequently, we believe that dividends distributed from TORM A/S to TORM plc should be exempt from Danish dividend withholding tax according to either the application of the EU Parent/Subsidiary Directive (2011/96/EU) or the double tax treaty entered into between Denmark and the United Kingdom (so long as a claim is made and the treaty relief is granted). If the provisions of the EU Parent/Subsidiary Directive (2011/96/EU) did not apply and not all of the applicable conditions in the double tax treaty between the United Kingdom and Denmark are fulfilled, Danish withholding taxes of 27% (potentially reduced to 22%) will be triggered on such dividend distributions.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The Company was founded as TORM A/S in 1889 by Captain Ditlev E. Torm and Christian Schmiegelow. Within the first ten years, the fleet of TORM A/S consisted of four vessels, and in 1905 TORM A/S became listed on the Copenhagen Stock Exchange. In connection with the Redomiciliation in 2016, TORM A/S became a wholly-owned subsidiary of TORM plc. As of the date of this annual report, we operate a fleet of 86 owned or chartered-in vessels and our Class A common shares are listed on both Nasdaq Copenhagen and Nasdaq New York under the symbols "TRMD A" and "TRMD," respectively.

TORM plc is a public limited company incorporated under the laws of England and Wales on October 12, 2015 under the name Anchor Admiral Limited with company number 09818726. Anchor Admiral Limited was renamed TORM Limited on November 26, 2015, and TORM Limited was renamed TORM plc on January 20, 2016. TORM plc's registered office is at Office 105 | 20 St Dunstan's Hill London, EC3R 8HL, United Kingdom. Our telephone number at this address is +44 203 795 2794. Our main commercial and technical activities are managed out of our office at Tuborg Havnevej 18, DK-DK-2900 Hellerup, Denmark. Our telephone number at that address is +45 39 17 92 00. We also have eight offices located in Mumbai (India), New Delhi (India), Manila (Philippines), Cebu (Philippines), Singapore (Singapore), Houston (Texas, USA), Wilmington (Delaware, USA) and Dubai (United Arab Emirates). Our website is www.torm.com. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is www.sec.gov. None of the information contained on these websites is incorporated into or forms a part of this annual report.

We are one of the world's largest carriers of refined oil products. Our activities are primarily the transportation of clean petroleum products, such as gasoline, jet fuel, kerosene, naphtha and gas oil, and occasionally dirty petroleum products, such as fuel oil. We are active in all larger vessel classes of the product tanker market from Medium Range (MR) to Long Range 2 (LR2) tankers. For an overview of the specifications of our fleet, reference is made to "TORM Fleet development" on page 70 of our *Annual Report 2023*. See "Item 4. Information on the Company-B. Business Overview."

We have an extensive in-house operating and management platform which performs commercial, administrative and technical management for our vessels. Through this integrated platform, we handle the commercial management of all our vessels and the technical management of all our owned vessels, other than three vessels technically managed by an unaffiliated third party. In addition, we conduct all vessel sale and purchase activities in-house, leveraging relationships with shipbrokers, shipyards, financial institutions and other shipowners.

Listing on Nasdaq New York

In December 2017, we effected a direct listing of our Class A common shares on Nasdaq New York. Our Class A common shares commenced trading on Nasdaq New York under the symbol “TRMD” on December 11, 2017. As a result of our listing on Nasdaq New York, our Class A common shares may be traded on both Nasdaq New York and Nasdaq Copenhagen. All of our outstanding Class A common shares are identified by CUSIP G89479 102 and ISIN GB00BZ3CNK81.

Dividends

On March 16, 2023, the Board of Directors approved a dividend of $2.59 per share, with a total dividend payment of approximately $214.0 million in line with our distribution policy. The dividend payment was made on April 5, 2023, to shareholders of record as of March 27, 2023, with the ex-dividend date on March 24, 2023. The dividend payment has not been recognized as a liability and there are no tax consequences.

On May 11, 2023, the Board of Directors approved a dividend of $1.46 per share, with a total dividend payment of approximately $122.5 million in line with our distribution policy. The dividend payment was made on June 6, 2023, to shareholders of record as of May 23, 2023, with the ex-dividend date on May 22, 2023. The dividend payment has not been recognized as a liability and there are no tax consequences.

On August 17, 2023, the Board of Directors approved a dividend of $1.50 per share, with a total dividend payment of approximately $126.6 million in line with our distribution policy. The dividend payment was made on September 12, 2023, to shareholders of record as of August 29, 2023, with the ex-dividend date on August 28, 2023. The dividend payment has not been recognized as a liability and there are no tax consequences.

On November 9, 2023, the Board of Directors approved a dividend of $1.46 per share, with a total dividend payment of approximately $123.2 million in line with our distribution policy. The dividend payment was made on December 5, 2023, to shareholders of record as of November 22, 2023, with the ex-dividend date on November 21, 2023. The dividend payment has not been recognized as a liability and there are no tax consequences.

Please see "Item 8. Financial Information — A. Consolidated Statements and other Financial Information — Distribution Policy" for a description of our distribution policy.

Recent Developments

In January 2024, TORM delivered the two LR1 vessels TORM Signe and TORM Sofia and the MR vessel TORM Loke, all of which were held for sale at 31 December 2023, to the new owners.

In January 2024, TORM took delivery of the remaining two of four purchased 2015 and 2016-built MR eco product tanker vessels in a partly share-based transaction previously disclosed in the quarterly report for the third quarter of 2023.

In January 2024, TORM took delivery of five of the eight 2010 to 2012-built LR2 eco vessels in a partly share-based transaction previously disclosed in the quarterly report for the third quarter of 2023. Two of the remaining three vessels are expected to be delivered during the end of March 2024 and one in the beginning of April 2024.

In January 2024, TORM entered into an agreement to purchase one 2011-built LR2 eco vessel for a total consideration of USD 51.5m, with a cash consideration of USD 30.9m and the issuance of approximately 570,000 shares. The vessel is expected to be delivered mid March 2024. The purchase price is subject to certain adjustments that will be impacted by TORM’s share price development and the vessels’ delivery schedules. For a description of our vessel acquisitions and dispositions after December 31, 2023, please see “Item 4. — B. Business Overview — Fleet Development” and for a description of our share capital increases after December 31, 2023, please see “Item 10. Additional Information –A. Share Capital.”

As announced on January 11, 2024, TORM issued five-year senior unsecured bonds of $200 million. The Bonds will carry a fixed coupon of 8.25%, payable semi-annually. The net proceeds from the bond issue will be used to part finance the acquisition of five of the eight LR2 eco vessels announced in November 2023, including full cancellation of the Syndicated Bridge to Bond Facility. Please see “Item 4. Information of the Company-B. Business Overview-Fleet Development” for more information regarding the acquisition of the eight LR2 product tankers.

In February 2024, TORM signed a facility agreement of USD 93m with Hamburg Commercial Bank to finance three of the eight LR2 eco vessels announced in November 2023.

On March 7, 2024, TORM amended the distribution policy with effect from the first quarter of 2024. For more information, please see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Distribution Policy”.

On March 07, 2024, our Board of Directors decided to recommend to the Annual General Meeting to approve a dividend of USD 1.36 per share, with a total dividend payment of approximately 126.3m. The distribution is in line with TORM’s Distribution Policy for 2023 with a cash position of USD 295.6m, working capital facilities of USD 124.9m, restricted cash of USD 30.1m, earmarked proceeds of USD 111.7m, and a cash position related to Marine Exhaust Technology A/S of USD 4.9m. Cash reservation per vessel is USD 1.8m for 82 vessels, USD 147.6m in total.The dividend payment is expected to be on April 24, 2024, to shareholders on record as of April 16, 2024, with the ex-dividend date on April 15, 2024. The dividend payment will not be recognized as a liability and there are no tax consequences.

B. Business Overview

For further information on environmental, social and governance issues, reference is made to pages 23 - 62 of the Annual Report 2023 and TORM's separate Responsibility Report that can be found on our webpage www.torm.com. None of the information contained on this website is incorporated into or forms a part of this annual report.

Our Fleet

The following table sets forth summary information regarding our fleet of owned product tankers, including the vessels that we charter in as of the date of end of 2023.

Vessel Name	Type	DWT	Year Built	Ownership	Shipyard(1)
TORM HANNAH	LR2	109,999	2016	Leased (7)	GSI Nansha
TORM HELLERUP	LR2	114,000	2018	Leased (3)	GSI Nansha
TORM HELENE	LR2	114,000	2021	Leased (5)	GSI Nansha
TORM HERMIA	LR2	114,000	2018	Owned	GSI Nansha
TORM HERDIS	LR2	114,000	2018	Leased (3)	GSI Nansha
TORM HILDE	LR2	114,000	2018	Owned	GSI Nansha
TORM HOUSTON	LR2	114,000	2022	Leased (6)	GSI Nansha
TORM KIARA	LR2	114,445	2015	Leased (3)	Hyundai
TORM KIRSTEN	LR2	114,445	2015	Owned	Hyundai
TORM KRISTINA	LR2	114,323	2015	Owned	Hyundai
TORM MAREN	LR2	109,672	2008	Owned	Dalian Shipbuilding
TORM MATHILDE	LR2	109,672	2008	Owned	Dalian Shipbuilding
TORM SIGNE	LR1	72,718	2005	Owned	Samsung HI
TORM SOFIA	LR1	72,660	2005	Owned	Samsung HI
TORM VENTURE	LR1	73,700	2007	Owned	New Century SB
TORM ELISE	LR1	75,000	2020	Owned	GSI Nansha
TORM ELIZABETH	LR1	75,000	2020	Owned	GSI Nansha
TORM EVELYN	LR1	74,606	2011	Leased (4)	Hyundai Mipo
TORM EVOLVE	LR1	74,554	2011	Leased (4)	Hyundai Mipo
TORM EVA	LR1	74,552	2011	Leased (4)	Hyundai Mipo
TORM EMMA	LR1	75,000	2012	Leased (5)	STX SB
TORM EMILIE	LR1	75,013	2013	Leased (5)	STX SB
TORM INTEGRITY	LR1	73,800	2013	Leased (5)	New Times SB
TORM INNOVATION	LR1	73,847	2013	Leased (5)	New Times SB
TORM ADVENTURER	MR	46,042	2007	Owned	Brod. Trogir
TORM AGNES	MR	49,999	2011	Leased (3)	GSI Liwan
TORM AGNETE	MR	49,999	2010	Leased (3)	GSI Liwan
TORM ALEXANDRA	MR	49,999	2010	Leased (2)	GSI Liwan
TORM ALICE	MR	49,999	2010	Leased (2)	GSI Liwan
TORM ALLEGRO	MR	46,184	2012	Owned	Brod. Trogir
TORM ALMENA	MR	49,999	2010	Leased (3)	GSI Liwan
TORM AMALIE	MR	49,999	2011	Leased (3)	GSI Liwan
TORM AMORINA	MR	46,184	2012	Owned	Brod. Trogir
TORM ANABEL	MR	49,999	2012	Leased (5)	GSI Liwan
TORM ARAWA	MR	49,999	2012	Leased (5)	GSI Liwan
TORM ASLAUG	MR	49,999	2010	Leased (3)	GSI Liwan
TORM ASTRID	MR	49,999	2012	Leased (6)	GSI Liwan
TORM ATLANTIC	MR	49,999	2010	Leased (3)	GSI Liwan
TORM AUSTRALIA	MR	51,737	2011	Owned	Hyundai Mipo
TORM CAVATINA	MR	46,200	2010	Owned	Brod. Trogir

Vessel Name	Type	DWT	Year Built	Ownership	Shipyard(1)
TORM CORRIDO	MR	46,156	2011	Owned	Brod. Trogir
TORM DISCOVERER	MR	45,012	2008	Owned	Brod. Trogir
TORM ERIC	MR	51,266	2006	Owned	STX SB
TORM HELVIG	MR	46,187	2005	Owned	STX SB (Jinhae)
TORM INDIA	MR	49,999	2010	Owned	Hyundai Mipo
TORM LAURA	MR	49,999	2008	Owned	GSI Liwan
TORM LEADER	MR	46,070	2009	Owned	Brod. Trogir
TORM LENE	MR	49,999	2008	Owned	GSI Liwan
TORM LILLY	MR	49,999	2009	Owned	GSI Liwan
TORM LOKE	MR	51,372	2007	Owned	SLS Shipbuilding
TORM LOTTE	MR	49,999	2009	Owned	GSI Liwan
TORM LOUISE	MR	49,999	2009	Owned	GSI Liwan
TORM MALAYSIA	MR	51,737	2011	Owned	Hyundai Mipo
TORM NEW ZEALAND	MR	51,737	2011	Owned	Hyundai Mipo
TORM BIRGITTE	MR	49,995	2013	Owned	STX SB
TORM BELIS	MR	49,995	2013	Owned	STX SB
TORM BEATRICE	MR	49,995	2013	Owned	STX SB
TORM PHILIPPINES	MR	49,999	2010	Owned	Hyundai Mipo
TORM PLATTE	MR	46,959	2006	Owned	Hyundai Mipo
TORM RAGNHILD	MR	46,187	2005	Owned	STX SB (Jinhae)
TORM REPUBLICAN	MR	46,955	2006	Owned	Hyundai Mipo
TORM RESILIENCE	MR	49,999	2005	Owned	STX SB (Jinhae)
TORM SINGAPORE	MR	51,737	2011	Owned	Hyundai Mipo
TORM SOLUTION	MR	49,999	2019	Owned	GSI Nansha
TORM SOVEREIGN	MR	49,999	2017	Owned	Hyundai Mipo
TORM SPLENDID	MR	49,999	2020	Owned	GSI Nansha
TORM STELLAR	MR	49,999	2020	Owned	GSI Nansha
TORM STRENGTH	MR	49,999	2019	Owned	GSI Nansha
TORM STRONG	MR	49,999	2019	Owned	GSI Nansha
TORM SUBLIME	MR	49,999	2019	Owned	GSI Nansha
TORM SUCCESS	MR	49,999	2019	Owned	GSI Nansha
TORM SUPREME	MR	49,999	2017	Owned	Hyundai Mipo
TORM THAMES	MR	47,036	2005	Owned	Hyundai Mipo
TORM THOR	MR	49,842	2015	Owned	Sungdong SB
TORM THUNDER	MR	49,842	2015	Owned	Sungdong SB
TORM TIMOTHY	MR	49,842	2015	Owned	Sungdong SB
TORM TITAN	MR	49,842	2016	Owned	Sungdong SB
TORM TORINO	MR	49,842	2016	Owned	Sungdong SB
TORM TROILUS	MR	49,842	2016	Owned	Sungdong SB
TORM VOYAGER	MR	45,916	2008	Owned	Brod. Trogir
TORM DAGMAR	MR	49,999	2015	Owned	Hyundai Mipo
TORM DIANA	MR	49,999	2016	Owned	Hyundai Mipo

(1) As used in this annual report, Hyundai refers to Hyundai Heavy Industries Co. Ltd., South Korea; Dalian Shipbuilding refers to Dalian Shipbuilding Industry Co. Ltd., China; New Century SB refers to New Century Shipbuilding Co. Ltd., China; STX SB refers to STX Offshore and Shipbuilding Co. Ltd., South Korea; Hyundai Mipo refers to Hyundai Mipo Dockyard Co. Ltd., South Korea; SLS Shipbuilding refers to SLS Shipbuilding Co. Ltd. Tongyeong, South Korea; GSI refers to Guangzhou Shipyard International Co., Ltd, China (either Nansha or Liwan); Samsung HI refers to Samsung Heavy Industries Co Ltd. South Korea; Brod. Trogir refers to Brodotrogir Shipyard Trogir, Croatia; Sungdong SB refers to Sungdong Shipbuilding & Marine Engineering Co. Ltd., South Korea; STX SB (Jinhae) refers to STX Shipbuilding Co., Ltd., South Korea; and New Times SB refers to New Times Shipbuilding Co., Ltd., China.

(2) Vessels were sold and leased back on bareboat charter with contract expirations in 2026. We have a purchase option for the individual vessels. No sales were recorded under IFRS and hence the vessels have not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

[3] Vessels were sold and leased back on bareboat charter with a contract expiration in 2029. We have a purchase obligation for the individual vessels. No sales were recorded under IFRS and hence the vessels have not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

[4] Vessels was sold and leased back on bareboat charter with a contract expiration in 2030. We have a purchase obligation for the vessels. No sale was recorded under IFRS and hence the vessel has not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

[5] Vessels was sold and leased back on bareboat charter with a contract expiration in 2031. We have a purchase obligation for the vessels. No sale was recorded under IFRS and hence the vessel has not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

[6] Vessel was sold and leased back on bareboat charter with a contract expiration in 2032. We have a purchase option for the individual vessel. No sale was recorded under IFRS and hence the vessel has not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

[7] Vessel was sold and leased back on bareboat charter with a contract expiration in 2033. We have a purchase option for the individual vessel. No sale was recorded under IFRS and hence the vessel has not been derecognized from our balance sheet and we recorded a corresponding financial liability for the cash we received.

Fleet Development

Vessel Acquisitions

On March 16, 2023, we entered into an agreement to purchase three 2013-built MR eco product tanker vessels for a total cash consideration of $48.5 million and the issuance of 1.42 million Class A common shares. The three MR vessels, TORM Beatrice, TORM Birgitte and TORM Belis which were all built at a "tier 1" Korean yard, have fuel-efficient eco vessel specifications and were delivered to us on May 15, 2023, May 16, 2023 and June 5, 2023, respectively. The cash portion of the consideration was financed through traditional bank financing, and in connection with each of the three deliveries, we issued one third of the total share issuance, corresponding to 50% of the total consideration.

During January 2023, we entered into two agreements to acquire seven 2011 - 2013 LR1 vessels a total cash consideration of $233.0 million. All vessels are built at well-known Korean and Chinese shipyards and were financed by sale and leaseback agreements with a Chinese financial institution. During the first quarter of 2023, we took delivery of five LR1 vessels, TORM Emilie (February 22, 2023), TORM Eva (March 3, 2023), TORM Integrity (March 21, 2023), TORM Innovation (March 24, 2023) and TORM Emma (March 28, 2023), and during the second quarter of 2023, we took delivery of TORM Evelyn (April 19, 2023) and TORM Evolve (May 4, 2023).

On November 9, 2023, we announced the acquisition of eight eco LR2 vessels built in 2010-2012 for a total cash consideration of $399 million, consisting of cash consideration of $239 million and the issuance of approximately 5.5 million shares. We took delivery of five of the eight LR2 vessels: TORM Gwendolyn (January 3, 2024), TORM Gabriella (January 8, 2024), TORM Gwyneth (January 11, 2024) and TORM Ganga (January 22, 2024) and TORM Gitte (January 22, 2024). Of the remaining three vessels, two vessels will be delivered in March 2024 and one vessel will be delivered in April 2024.

During the fourth quarter of 2023, we entered into an agreement for four 2015-2016 MR eco product tanker vessels for a total cash consideration of $75.0 million and the issuance of 2.68 million common shares. We took delivery of each of the four MR eco product tanker vessels: TORM Diana (November 27, 2023), TORM Dagmar (December 13, 2023), TORM Denise (January 3, 2024) and TORM Danica (January 5, 2024).

In January 2024, TORM entered into an agreement to purchase one 2011-built LR2 eco vessel for a total cash consideration of $51.5 million consisting of cash consideration of $30.9 million and the issuance of approximately 570,000 shares. The vessel will be delivered in March, 2024. The purchase price is subject to certain adjustments that will be impacted by TORM's share price development and the vessels' delivery schedules.

Previous years

On August 9, 2022, we took delivery of TORM Hannah, a secondhand LR2 vessel, that we purchased during the second quarter ended June 30, 2022. TORM Hannah was financed by a sale and leaseback agreement.

As previously disclosed, in the fourth quarter of 2021, we took delivery of TORM Helene, the first one of two LR2 vessels from our newbuilding program announced during the first quarter of 2021. The last LR2 newbuilding, TORM Houston, was delivered in January 2022.

In 2021, we acquired from Team Tankers Deep Sea Ltd. eight 2007-2012 built MR product tanker vessels, Team Corrido, Team Amorina, Team Cavatina, Team Adventurer, Team Discoverer, Team Voyager, Team Leader and Team Allegro for a total consideration of $138 million. These vessels were delivered in the second quarter and third quarter of 2021. We also acquired three 2015-built scrubber-fitted and fuel efficient LR2 vessels, Nissos Schinoussa, TORM Kiara (previously named Nissos Heraclea) and Nissos Therassia for a total consideration of $120.8 million. These vessels were delivered in the second and third quarters of 2021. In the first quarter of 2020, we agreed to acquire two LR2 newbuildings. In the fourth quarter of 2021, we took delivery of one LR2 newbuilding, and in the first quarter of 2022, we took delivery of the last LR2 newbuilding as well. In the first quarter of 2021, we took delivery of TORM Philippines, a 2010-built deepwell MR vessel, for a total consideration of $16 million, and $14 million of the purchase price was financed through an additional draw down of our existing facility with Danmark Skibskredit A/S ("DSF") and the remaining was financed through working capital.

Vessel Dispositions

During the second quarter of 2023, we sold one MR vessel, TORM Sara, that was delivered to its new owner on May 22, 2023.

During the third quarter of 2023, we sold one MR vessel, TORM Freya, that was delivered to its new owner on August 21, 2023 and two LR1 vessels, TORM Estrid and TORM Ismini, that were delivered to their new owners on November 1, 2023 and November 9, 2023, respectively.

During the fourth quarter of 2023, we sold one LR2 vessel, TORM Marina, that was delivered to its new owner on November 23, 2023, and we sold three MR vessels, TORM Kansas, TORM Thyra, and TORM Hardrada, that were delivered to their new owners on December 4, 2023, December 11, 2023 and December 27, 2023, respectively.

During the fourth quarter of 2023, we sold two LR1 vessels, TORM Signe and TORM Sofia, that were delivered to their new owners on January 8, 2024 and January 9, 2024, respectively, as well as one MR vessel, TORM Loke, which was delivered to its new owner on January 5, 2024.

For a description of recent acquisitions and dispositions, please see "Item 4. — A. History and Development of the Company — Recent Developments."

Previous years

During the fourth quarter of 2021, we completed the sale and leaseback of eight of the planned nine refinancings of existing MR vessels built from 2010 to 2012 with a Chinese financial institution. In the first quarter of 2022, we completed the sale and leaseback transaction of the last of the nine MR vessels.

TORM divested eight of the oldest vessels in our fleet from the fourth quarter of 2021 until the end of the third quarter of 2022. Of these eight, we entered into agreements to sell seven of our vessels with an average age of approximately 18 years for a total consideration of $88 million. As a result of this sale, we have fully exited the Handysize segment. In the second quarter of 2022, TORM delivered four vessels including TORM Emilie, an LR1 vessel sold in December 2021, TORM Tevere (Handysize vessel), TORM Gudrun (LR2 vessel) and TORM Horizon (MR vessel). In the third quarter of 2022, TORM delivered the remaining four previously sold vessels including TORM Gyda (our last Handysize vessel), TORM Valborg (LR2 vessel), TORM Ingeborg (LR2 vessel) and TORM Moselle (MR vessel).

In 2021, we entered into agreements to sell a total of two vessels: the MR vessel TORM Carina (built in 2003) for at total consideration of $10 million and the LR1 TORM Emilie (built in 2004) for $13 million.

Scrubber Investments

As of December 31, 2023, we successfully installed scrubbers on 67 of our vessels before March 7, 2024 we completed one additional installation. Upon completion, 81 vessels are expected to be fitted with scrubbers before the end of 2024, with the remaining vessels continuing to use compliant fuels with 0.5% sulfur content.

Sale and Leaseback Transactions

We took delivery of five LR1 vessels built in 2011-2013 (TORM Emilie, TORM Eva, TORM Integrity, TORM Innovation and TORM Emma) in the first quarter of 2023 and further two LR1 vessels built in 2011, TORM Evelyn and TORM Evolve, in the second quarter of 2023 financed by sale and leaseback financing transactions which included purchase options during the lease period.

Previous years

In the third quarter of 2022, we took delivery of the second-hand LR2 vessel, TORM Hannah, purchased in the second quarter of 2022 and subsequently entered into a sale and leaseback financing transaction which included purchase options during the lease period.

After the first quarter of 2021, we completed the sale and leaseback of two LR2 vessels. In 2021, we also obtained commitment from a new Chinese financial institution for the sale and operational leaseback of nine existing MR vessels built from 2010 to 2012.

In the fourth quarter of 2021, we completed the sale and leaseback of eight of the planned nine refinancings of existing MR vessels built from 2010 to 2012 with a Chinese financial institution. In early January of 2022, we completed the sale and leaseback transaction of the last of the nine MR vessels. In the first quarter of 2020, we entered into sale and leaseback agreements and corresponding bareboat charters with a Chinese counterparty for $76 million of the acquisition price for our two LR2 newbuildings. The contract covers a ten-year sale and leaseback agreement with purchase options during the lease period and at maturity.

Time Charter agreements

During the third quarter of 2023, we entered into two 2-year time charter-out contracts for two LR2 vessels at a rate of $43,000 per day.

For information about our financing agreements, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Financing Agreements".

Employment of Our Product Tanker Fleet

Our current strategy is to employ our vessels worldwide primarily in the spot market. We believe that this will enable us to take advantage of potential increases in product tanker hire rates in the near term. We may seek to employ some of our vessels on longer-term time charter contracts, if customer needs and expected returns make this more attractive. Employing vessels on longer-term contracts may provide us with the benefits of stable cash flows and high utilization rates. In addition, from time to time, we may employ our vessels on shorter-term charters and under COAs and we may enter into forward freight agreements. Reference is made to the Glossary on page 219 of the *Annual Report 2023* for the definitions of Spot Market, Time Charter, COA and Bareboat Charter.

Coverage

For information on the coverage of our Fleet, including the definitions of certain key terms related to the coverage of our Fleet, reference is made to "Market Drivers and Outlook" on page 66 - 67 of the *Annual Report 2023* and to the Glossary on page 219 of the *Annual Report 2023*.

Management of Our Fleet

For information on management of our fleet, reference is made to "Business Model and Strategic Choices" on pages 9 - 21 of the *Annual Report 2023*.

Customers

Tanker

We generate revenue by charging customers for the transportation of primarily refined oil products and occasionally crude oil. Many of our largest customers in the product tanker ("Tanker") segment are companies operating in the oil industry such as major oil companies, state-owned oil companies and international trading houses. The Tanker segment is comprised of TORM's LR1, LR2 and MR vessels, which are operated collectively as a combined internal pool, employed principally in the spot market and actively managed to meet the needs of our customers in that market, particularly regarding the location of vessels meeting required specifications. Since the disposal of the TORM's last two Handysize vessels, in 2022, the Tanker segment excludes Handysize vessels. All vessels in the Tanker segment can handle multiple sizes of refined oil cargos and sail all seas and oceans, over both short and long distances. Given the technical specifications and capacity of the vessels, the Tanker segment is relatively homogenous with a very high degree of interoperability.

Marine Exhaust

On September 1, 2022, TORM purchased 75% of the shares in Marine Exhaust Technology A/S for a cash consideration of $ 2.0 million and thereby obtaining a controlling interest in its joint venture entity Marine Exhaust Technology Ltd in Hong Kong. As such, TORM provides services in the marine exhaust ("Marine Exhaust") segment which consist of developing and producing advanced green marine equipment. Some of TORM's contracts with customers relate to the sale of marine exhaust equipment with installation services. Customers obtain control of the marine exhaust equipment with installation services when the goods are delivered to the customer, they have completed commissioning and delivery has been accepted by the customers. When without installation services, customers obtain control of the marine exhaust equipment when the goods are delivered to and have been accepted by the customers.

Customer Concentration

During 2023, our 20 largest customers accounted for approximately 71% of our total revenue, of which one customer accounted for 8% of the Company's revenue. No customer in the tanker segment accounted for more than 10% of our total revenues.

Our Business Strategy

For information on our business strategy, reference is made to "Business Model and Strategic Choices" on pages 9 - 21 of the *Annual Report 2023*.

The Product Tanker Industry

For information on the product tanker industry, reference is made to "Market Review" on pages 64 - 65 of the *Annual Report 2023*. For information on the risks associated with operating within the product tanker market, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Our Industry."

Environmental and Other Regulations in the Shipping Industry

Government regulation and laws significantly affect the ownership and operation of our fleet. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which our vessels and other vessels we may acquire may operate or are registered relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expenses, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject our vessels (and other vessels we may acquire) to both scheduled and unscheduled inspections. These entities include the local port authorities (applicable national authorities such as the United States Coast Guard ("USCG"), harbor masters or equivalent), classification societies, flag state administrations (countries of registry) and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels and other vessels we may acquire. Failure to maintain necessary permits or approvals could require us to incur substantial costs or result in the temporary suspension of the operation of one or more of the vessels in our product tanker fleet or lead to the invalidation or reduction of our insurance coverage. We believe that the heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the recycling of older vessels throughout the industry. Each of our vessels is inspected by a surveyor of the classification society once every year within the window period for the annual survey, every two to three years for intermediate survey and every four to five years for special surveys. Should any defects be found, the classification surveyor generally issues a notation or recommendation for appropriate repairs, which have to be made by the shipowner within the time limit effected. Vessels may be required, as part of the annual and intermediate survey process, to be dry-docked for inspection of the underwater parts of the vessel and for necessary repair stemming from the inspection. Special surveys frequently require dry-docking.

Increasing environmental concerns have created a demand for product tankers that conform to stricter environmental standards. We are required to maintain operating standards for all of our vessels and other vessels we may acquire that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with applicable local, national, and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations, and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations frequently change and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels and other vessels we may acquire. In addition, a future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

International Maritime Organization

The IMO is a specialized agency of the United Nations responsible for setting global standards for the safety, security and environmental performance of vessels engaged in international shipping. The IMO's primary objective is to create a regulatory framework for the shipping industry that is fair and effective, and universally adopted and implemented. The IMO has adopted several international conventions that regulate the international shipping industry, including, but not limited to, the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocols in 1976, 1984 and 1992, and amended in 2000, or the CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001, or the Bunker Convention, the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as "MARPOL," adopted the International Convention for the Safety of Life at Sea of 1974 ("SOLAS Convention"), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW") and the International Convention on Load Lines of 1966 (the "LL Convention"). MARPOL establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, the handling and disposal of noxious liquids and the handling of harmful substances in packaged forms. MARPOL is applicable to dry bulk and LNG carriers as well as oil tankers, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or in packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997; new emissions standards, titled IMO-2020, took effect on January 1, 2020.

In 2013, the IMO's Marine Environmental Protection Committee, or the "MEPC," adopted a resolution amending MARPOL Annex I Condition Assessment Scheme, or "CAS." These amendments became effective on October 1, 2014, and require compliance with the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or "ESP Code," which provides for enhanced inspection programs. CAS is not applicable to our vessels. In January 2023, amendments to the ESP Code relating to thickness measurements at the first renewal survey of double hull oil tankers became effective. For ships older than 15 years, we carry our voluntary CAP (Condition Assessment program) rating along with ESP. We may need to make certain financial expenditures to maintain CAP Rating.

Air Emissions

In September 1997, the IMO adopted Annex VI to MARPOL to address air pollution from vessels. Effective May 2005, Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from all commercial vessel exhausts and prohibits "deliberate emissions" of ozone depleting substances (such as halons and chlorofluorocarbons), emissions of volatile compounds from cargo tanks and the shipboard incineration of specific substances. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions, as explained below. Emissions of "volatile organic compounds" from certain tankers and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls, or PCBs), are also prohibited. We believe that all our vessels are currently compliant in all material respects with these regulations.

The MEPC adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. Effective January 1, 2020, there has been a global limit of 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention ("IAPP") Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships became effective on March 1, 2020. Fuels with higher sulfur content than required by Reg. 14 of Annex VI can still be delivered to a ship, provided the ship uses equivalent measures, such as scrubbers, pursuant to Regulation 4. Additional amendments to Annex VI revising, among other terms, the definition of "Sulphur content of fuel oil" and "low-flashpoint fuel" and pertaining to the sampling and testing of onboard fuel oil, became effective in April 2022. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur additional costs, which cannot be reasonably estimated.

Sulfur content standards are even stricter within certain "Emission Control Areas," or ("ECAs"). As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.1% m/m. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean Sea area. Ocean-going vessels in these areas will be subject to stringent emission controls and may cause us to incur additional costs. Other certain areas including areas in China that are subject to local regulations also impose stricter emission controls. In December 2021, the member states of the Convention for the Protection of the Mediterranean Sea Against Pollution ("Barcelona Convention") agreed to support the designation of a new ECA in the Mediterranean. On December 15, 2022, MEPC 79 adopted the designation of a new ECA in the Mediterranean, with an effective date of May 1, 2025. In July 2023, MEPC 80 announced three new ECA proposals, including the Canadian Arctic waters and the North-East Atlantic Ocean. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency ("EPA") or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. At the MEPC meeting held from March to April 2014, amendments to Annex VI were adopted which address the date on which Tier III Nitrogen Oxide (Nox) standards in ECAs will go into effect. Under the amendments, Tier III NOx standards apply to ships that operate in the North American and U.S. Caribbean Sea ECAs designed for the control of NOx produced by vessels with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built on or after January 1, 2021. The EPA promulgated equivalent (and in some senses stricter) emissions standards in 2010. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

As determined at the MEPC 70, the new Regulation 22A of MARPOL Annex VI became effective as of March 1, 2018 and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection commencing on January 1, 2019. The IMO intends to use such data as the first step in its roadmap (through 2023) for developing its strategy to reduce greenhouse gas emissions from ships, as discussed further below.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans ("SEEMP"), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the EEDI. Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. MEPC 75 adopted amendments to MARPOL Annex VI which brought forward the effective date of the EEDI's "phase 3" requirements from January 1, 2025 to April 1, 2022 for several ship types, including gas carriers, general cargo ships, and LNG carriers.

Additionally, MEPC 76 adopted amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. These amendments introduce requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new EEXI, and (2) operational carbon intensity reduction requirements, based on a new operational CII. The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII, ships of 5,000 gross tonnage are required to document and verify their actual annual operational CII achieved against a determined required annual operational CII. All ships that fall under the new CII regime will have to have a CII rating of C or above from 2023 in order to be compliant. Ships that have a CII rating of D for three consecutive years or E for one year are required to submit a corrective action plan, to show how the required index (C or above) would be achieved or else they will be deemed non-compliant. The EEXI and CII certification requirements came into effect on January 1, 2023.

Additionally, MEPC 76 adopted amendments requiring ships of 5,000 gross tonnage and above to revise their SEEMP to include methodology for calculating the ship's attained annual operation CII and the required annual operational CII on or before June 1, 2023. MEPC 76 also approved amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil (or HFO) by ships in Arctic waters on and after July 1, 2024. For ships subject to Regulation 12A (oil fuel tank protection), the prohibition becomes effective on or after July 1, 2029. MEPC 77 adopted a non-binding resolution which urges Member States and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of Black Carbon emissions from ships when operating in or near the Arctic. MEPC 79 adopted amendments to MARPOL Annex VI, Appendix IX to include the attained and required CII values, the CII rating and attained EEXI for existing ships in the required information to be submitted to the IMO Ship Fuel Oil Consumption Database. The amendments will enter into force on May 1, 2024. In July 2023, MEPC 80 approved the plan for reviewing CII regulations and guidelines, which must be completed at the latest by January 1, 2026. There will be no immediate changes to the CII framework, including correction factors and voyage adjustments, before the review is completed.

We may incur costs to comply with these revised standards. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows and financial condition.

Safety Management System Requirements

The SOLAS Convention was amended to address the safe manning of vessels and emergency training drills. The Convention of Limitation of Liability for Maritime Claims (the "LLMC") sets limitations of liability for a loss of life or personal injury claim or a property claim against shipowners. We believe that our vessels are in substantial compliance with SOLAS and LLMC standards.

Under Chapter IX of the SOLAS Convention, or the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (the "ISM Code"), our operations are also subject to environmental standards and requirements. The ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that we and our technical management team have developed for compliance with the ISM Code. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with the ISM Code requirements for a safety management system. No vessel can obtain a safety management certificate unless its manager has been awarded a document of compliance, issued by each flag state (or recognized organization on behalf of the flag administration), under the ISM Code. We have obtained applicable documents of compliance for our offices and safety management certificates for all of our vessels as required by the IMO. The document of compliance and safety management certificate are renewed as required.

Regulation II-1/3-10 of the SOLAS Convention governs ship construction and stipulates that ships over 150 meters in length must have adequate strength, integrity and stability to minimize risk of loss or pollution. Goal-based standards amendments in SOLAS regulation II-1/3-10 entered into force in 2012, and from July 1, 2016 with respect to new oil tankers and bulk carriers. The SOLAS Convention regulation II-1/3-10 on goal-based ship construction standards for bulk carriers and oil tankers, which entered into force on January 1, 2012, requires that all oil tankers and bulk carriers of 150 meters in length and above, for which the building contract is placed on or after July 1, 2016, satisfy applicable structural requirements conforming to the functional requirements of the International Goal-based Ship Construction Standards for Bulk Carriers and Oil Tankers (GBS Standards). All our vessels comply with these requirements as applicable.

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels to be in compliance with the International Maritime Dangerous Goods Code ("IMDG Code"). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing and classification requirements for dangerous goods, and (3) new mandatory training requirements. Amendments which took effect on January 1, 2020 also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregating groups, and (3) special provisions for carriage of lithium batteries and of vehicles powered by flammable liquids or gas. Additional amendments, which came into force on June 1, 2022, include (1) addition of a definition of dosage rate, (2) additions to the list of high consequence dangerous goods, (3) new provisions for medical/clinical waste, (4) addition of various ISO standards for gas cylinders, (5) a new handling code, and (6) changes to stowage and segregation provisions.

The IMO has also adopted STCW. As of February 2017, all seafarers are required to meet the STCW standards and to be in possession of a valid STCW certificate. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance, and to conduct ISM audits.

The IMO's Maritime Safety Committee and MEPC, respectively, each adopted relevant parts of the International Code for Ships Operating in Polar Water (the "Polar Code"). The Polar Code, which entered into force on January 1, 2017, covers design, construction, equipment, operational, training, search and rescue as well as environmental protection matters relevant to ships operating in the waters surrounding the two poles. It also includes mandatory measures regarding safety and pollution prevention as well as recommendatory provisions. The Polar Code applies to new ships constructed after January 1, 2017, and after January 1, 2018, ships constructed before January 1, 2017 are required to meet the relevant requirements by the earlier of their first intermediate or renewal survey.

Furthermore, recent actions by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. By IMO resolution, administrations are encouraged to ensure that cyber-risk management systems are incorporated by ship-owners and managers by their first annual Document of Compliance audit after January 1, 2021. In February 2021, the U.S. Coast Guard published guidance on addressing cyber risks in a vessel's safety management system. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of future regulations is hard to predict at this time.

In June 2022, SOLAS also set out new amendments that will take effect January 1, 2024, which include new requirements for: (1) the design for safe mooring operations, (2) the Global Maritime Distress and Safety System ("GMDSS"), (3) watertight integrity, (4) watertight doors on cargo ships, (5) fault-isolation of fire detection systems, (6) life-saving appliances, and (7) safety of ships using LNG as fuel. These new requirements may impact the cost of our operations.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "BWM Convention") in 2004. The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast water management certificate.

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date "existing vessels" and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention (IOPP) renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed, and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open seas and away from coastal waters. The "D-2 standard" specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72's amendments to the BWM

Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Costs of compliance with these regulations may be substantial. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments have entered into force on June 1, 2022. In December 2023, MEPC 79 agreed that it should be permitted to use ballast tanks for temporary storage of treated sewage and grey water. MEPC 79 also established that ships are expected to return to D-2 compliance after experiencing challenging uptake water and bypassing a BWM system should only be used as a last resort. In July 2023, MEPC 80 approved the Convention Review Plan under the experience-building phase associated with the BWM Convention, including the list of priority issues to be considered in the convention review stage. This will guide the comprehensive review of the BWM Convention over the next three years and the corresponding development of a package of amendments to the Convention. MEPC 80 also adopted further amendments relating to Appendix II of the BWM Convention concerning the form of the Ballast Water Record Book, which are expected to enter into force in February 2025. A protocol for ballast water compliance monitoring devices and unified interpretation of the form of the BWM Convention certificate were also adopted.

Once mid-ocean exchange ballast water treatment requirements become mandatory under the BWM Convention, the cost of compliance could increase for ocean-going carriers, which may have a material effect on our operations. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S., for example, requires vessels entering its waters from another country to conduct mid-ocean ballast water exchange, or undertake some alternate measure, and to comply with certain reporting requirements.

The IMO adopted the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocols in 1976, 1984, and 1992, and amended in 2000 (the “CLC”). Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel’s registered owner may be strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability expressed using the International Monetary Fund currency unit, the Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC, where the spill is caused by the shipowner’s actual fault, and under the 1992 Protocol, where the spill is caused by the shipowner’s intentional or reckless act or omission, where the shipowner knew pollution damage would probably result. The CLC requires ships over 2,000 tons covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner’s liability for a single incident. We have protection and indemnity insurance for environmental incidents. P&I Clubs in the International Group issue the required Bunkers Convention “Blue Cards” to enable signatory states to issue certificates. All of our vessels are in possession of a CLC State issued certificate attesting that the required insurance coverage is in force.

The IMO also adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on ship owners (including the registered owner, bareboat charterer, manager, or operator) for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the LLMC). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in a ship’s bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Ships are required to maintain a certificate attesting that they maintain adequate insurance to cover an incident. In jurisdictions, such as the United States, where the CLC or the Bunker Convention has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

In 1996, the IMO created the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious substances by Sea, or the HNS Convention. The HNS Convention aims to ensure adequate, prompt and effective compensation for damage that may result from shipping accidents involving hazardous and noxious substances. The HNS Convention has not yet entered into force, but if it does, compliance with the HNS Convention could entail additional capital expenditures or otherwise increase the costs of our operations. The HNS Convention will enter into effect 18 months after its ratification.

In November 2014 and May 2015, the IMO’s Maritime Safety Committee and MEPC, respectively, each adopted relevant parts of the International Code for Ships Operating in Polar Water, or the Polar Code. The Polar Code entered into force on January 1, 2017. The Polar Code covers design, construction, equipment, operational, training, search and rescue as well as environmental protection matters relevant to ships operating in the waters surrounding the two poles. It also includes mandatory measures regarding safety and pollution prevention as well as recommendatory provisions. Ships intending to operate in the applicable areas must have a Polar Ship Certificate. This requires an assessment of operating in said waters and includes operational limitations, additional safety equipment and plans or procedures, necessary to respond to incidents involving possible safety or environmental consequences. A Polar Water Operational Manual is also needed on board the ship for the owner, operator, master, and crew to have sufficient information regarding the ship to assist in their decision-making process. The Polar Code applies to new ships constructed after January 1, 2017. After January 1, 2018, ships constructed before January 1, 2017 are required to meet the relevant requirements by the earlier of their first intermediate or renewal survey.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the "Anti-fouling Convention," which entered into force on September 17, 2008 and prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages will also be required to undergo an initial survey before the vessel is put into service or before an International Anti-fouling System Certificate is issued for the first time; and subsequent surveys when the anti-fouling systems are altered or replaced. Vessels of 24 meters in length or more but less than 400 gross tonnage engaged in international voyages will have to carry a Declaration on Anti-fouling Systems signed by the owner or authorized agent. We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention.

In June 2021, MEPC 76 adopted amendments to the Anti-fouling Convention to include controls on the biocide cybutryne; ships may not apply cybutryne or re-apply anti-fouling systems containing that substance. In addition, ships are required to remove or apply a coating to anti-fouling systems with cybutryne. Ships which are affected by this ban on cybutryne must receive an updated IAFS Certificate no later than two years after the entry into force of these amendments. Ships which are not affected (i.e., with anti-fouling systems which do not contain cybutryne) must receive an updated IAFS Certificate at the next Anti-fouling application to the vessel. These amendments entered into force on January 1, 2023.

Wreck Removal

The Nairobi Convention on the Removal of Wrecks, or the Wreck Removal Convention, entered into force on April 14, 2015 and contains obligations for shipowners to effectively remove wrecks located in a member state's exclusive economic zone or equivalent 200 nautical miles zone. The Wreck Removal Convention places strict liability, subject to certain exceptions, on a vessel owner for locating, marking and removing the wreck of any owned vessel deemed to be a hazard due to factors such as its proximity to shipping routes, traffic density and frequency, type of traffic and vulnerability of port facilities as well as environmental damage. It also makes government certification of insurance, or other form of financial security for such liability, compulsory for ships of 300 gross tonnage and above.

Member states may intervene in certain situations. They can remove, or have removed, wrecks that pose a danger or impediment to navigation or that may be expected to result in major harmful consequences to the marine environment, or damage to the coastline or related interests, of one or more member states. The same applies for a ship that is about, or may reasonably be expected, to sink or to strand as set forth in the Wreck Removal Convention. The cost of such removal and other measures falls on the vessel owner.

Should one of our vessels become a wreck subject to the Wreck Removal Convention, substantial costs may be incurred in addition to any losses suffered as a result of the loss of the vessel.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

Compliance Enforcement

Non-compliance with the ISM Code or other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities (and other authorities in a number of countries) have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, each of our vessels is ISM Code certified. However, there can be no assurance that such certificates will be maintained in the future. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

United States Regulations

The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990 ("OPA") established an extensive regulatory and liability regime for the protection and clean-up of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade or operate within the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which applies to the discharge of hazardous substances other than oil, except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel). OPA defines these other damages broadly to include:

(i) injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;

(ii) injury to, or economic losses resulting from, the destruction of real and personal property;

(iii) net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property or natural resources;

(iv) loss of subsistence use of natural resources that are injured, destroyed or lost;

(v) lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and

(vi) net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct clean-up costs. Effective November 12, 2019, the USCG adjusted the limits of OPA liability for an oil tanker, other than a single-hull oil tanker, over 3,000 gross tons liability to the greater of $2,300 per gross ton or $19,943,400 (subject to periodic adjustment for inflation). On December 23, 2022, the USCG issued a final rule to adjust the limitation of liability under the OPA. Effective March 23, 2022, the new adjusted limits of OPA liability for an oil tanker, other than a single-hull oil tanker, over 3,000 gross tons liability to the greater of $2,500 per gross ton or $21,521,300 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. Similarly, the limitation on liability does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime related to hazardous substances (which include petroleum products that are contaminated with hazardous substances) whereby owners and operators of vessels are liable for clean-up, removal and remedial costs as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing the same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refuses to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law. OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We comply and plan to comply going forward with the USCG's financial responsibility regulations by providing applicable certificates of financial responsibility.

The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling and a pilot inspection program for offshore facilities. However, several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's ("BSEE") revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, the BSEE released a final Well Control Rule, effective July 15, 2019 which rolled back certain reforms regarding the safety of drilling operations, and former U.S. President Trump had proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling. In January 2021, current U.S. President Biden signed an executive order temporarily blocking new leases for oil and gas drilling in federal waters. However, attorney generals from 13 states filed suit in March 2021 to lift the executive order, and in June 2021, a federal judge in Louisiana granted a preliminary injunction against the Biden administration, stating that the power to pause offshore oil and gas leases "lies solely with Congress." In August 2022, a federal judge in Louisiana sided with Texas Attorney General Ken Paxton, along with the other 12 plaintiff states, by issuing a permanent injunction against the Biden Administration's moratorium on oil and gas leasing on federal public lands and offshore waters. After being blocked by the courts, in September 2023, the Biden administration announced a scaled back offshore oil drilling plan, including just three oil lease sales in the Gulf of Mexico. With these rapid changes, compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels and other vessels we may acquire could negatively impact the cost of our operations and adversely affect our business.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA, and some states have enacted legislation providing for unlimited liability for oil spills. Many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law. Moreover, some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters, although in some cases, states which have enacted this type of legislation have not yet issued implementing regulations defining tanker owners' responsibilities under these laws. The Company intends to comply with all applicable state regulations in the ports that the Company's vessels call.

We currently maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damage from a catastrophic spill were to exceed our insurance coverage, it could have an adverse effect on our business and results of operation.

Other United States Environmental Initiatives

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) ("CAA") requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargos when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. The CAA also requires states to draft State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in each state. Although state-specific SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Our vessels operating in such regulated port areas with restricted cargos are equipped with vapor recovery systems that satisfy these existing requirements.

The U.S. Clean Water Act ("CWA") prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters, unless authorized by a duly issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of "waters of the United States" ("WOTUS"), thereby expanding federal authority under the CWA. In April 2020, the EPA and Department of the Army published the Navigable Waters Protection Rule to finalize a revised WOTUS definition, which rule became effective in June 2020. However, in light of a court order issued by the U.S. District Court for the District of Arizona on August 30, 2021, the EPA and U.S.

Army Corps of Engineers are interpreting WOTUS consistent with the pre-2015 regulatory regime. On December 30, 2022, the EPA and U.S. Army Corps of Engineers announced the final revised WOTUS rule, which was published on January 18, 2023 and became effective on March 20, 2023. The revised WOTUS rule replaces the 2020 Navigable Waters Protection Rule and generally reflects an expansion of the CWA jurisdiction.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels and other vessels we may acquire to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels and other vessels we may acquire from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018 and replaces the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act ("NISA"), such as mid-ocean ballast water exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under Clean Water Act (CWA), requires the EPA to develop performance standards for those discharges within two years of enactment and requires the U.S. Coast Guard to develop implementation, compliance and enforcement regulations within two years of EPA's promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent ("NOI") or retention of a PARI form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels and other vessels we may acquire or the implementation of other port facility disposal procedures at potentially substantial cost or may otherwise restrict our vessels and other vessels we may acquire from entering U.S. waters.

California legislation effective on January 1, 2021, establishes increased fines for oil spills in California State waters. The legislation doubles certain existing fines up to a maximum of $1,000,000 for each violation, with each day or partial day of a violation being considered a separate violation and empower courts to impose a new additional fine of up to $1,000 per gallon of oil spilt in excess of 1,000 gallons. In each case a fine may be imposed if the violator knowingly caused, or reasonably should have known that their actions would lead to, an oil spill into Californian State waters.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. Regulation (EU) 2015/757 of the European Parliament and of the Council of April 29, 2015 (amending EU Directive 2009/16/EC) governs the monitoring, reporting and verification of carbon dioxide emissions from maritime transport and, subject to some exclusions, requires companies with ships over 5,000 gross tonnage to monitor and report carbon dioxide emissions annually, which may cause us to incur additional expenses. As of January 2019, large ships calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. The system entered into force on March 1, 2018. July 2020 saw the European Parliament's Committee on Environment, Public Health and Food Safety vote in favor of the inclusion of vessels of 5,000 gross tons and above in the EU Emissions Trading System (in addition to voting for a revision to the monitoring, reporting, and verification of CO2 emissions). In September 2020, the European Parliament adopted the proposal from the European Commission to amend the regulation on monitoring carbon dioxide emissions from maritime transport.

On July 14, 2021, the European Commission published a package of draft proposals as part of its "Fit-for-55' environmental legislative agenda and as part of the wider EU Green Deal growth strategy. There are two key initiatives relevant to maritime arising from the Proposals: (a) a bespoke emissions trading scheme for the maritime sector (Maritime ETS), which is due to commence in 2024 and which is to apply to all ships above a gross tonnage of 5,000; and (b) a FuelEU regulation, which seeks to require all ships above a gross tonnage of 5,000 to carry on board a 'FuelEU certificate of compliance' from June 30, 2025, as evidence of compliance with the limits on the greenhouse gas intensity of the energy used on-board by a ship and with the requirements on the use of on-shore power supply (OPS) at berth. More specifically, Maritime ETS is to apply gradually over the period from 2024-2026. 40% of allowances would have to be surrendered in 2025 for the year 2024; 70% of allowances would have to be surrendered in 2026 for the year 2025; 100% of allowances would have to be surrendered in 2027 for the year 2026. Compliance is to be on a companywide (rather than per ship) basis and "shipping company" is defined widely to capture both the ship owner and any contractually appointed commercial operator/ship manager/charterer. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from year 2021 and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). The European Commission has also signaled that 100% of non-EU emissions may be caught if the IMO does not introduce a global market-based measure by 2028. In addition, the MRV system is also being revised such that the scope of ships to be monitored will now extend to those that are 400GT and more. The reason for this is because the ETS will apply to ships that are between 400GT and 5000GT from circa 2027. Furthermore, the newly passed EU Emissions Trading Directive 2023/ 959/EC makes clear that all maritime allowances would be auctioned and there will be no free allocation. 78.4 million emissions allowances are to be allocated specifically to maritime. From a risk management perspective, new systems, personnel, data management systems, costs recovery mechanisms, revised service agreement terms and emissions reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of ETS compliance.

Responsible recycling and scrapping of ships is becoming an increasingly important issue for shipowners and charterers alike as the industry strives to replace old ships with cleaner, more energy efficient models. The recognition of the need to impose recycling obligations on the shipping industry is not new. In 2009, the IMO oversaw the creation of the Hong Kong Convention, which sets standards for ship recycling. Concerned at the lack of progress in satisfying the conditions needed to bring the Hong Kong Convention into force, the EU published its own Ship Recycling Regulation 1257/2013 (SRR) in 2013, with a view to facilitating early ratification of the Hong Kong Convention both within the EU and in other countries outside the EU. In June 2023, Bangladesh and Liberia ratified the Hong Kong Convention, which will finally enter into force in June 2025. Parties to the Convention now have two years to implement the requirements of the Convention in their respective jurisdictions and ensure that the highest possible ship recycling standards and in well run and green ship recycling yards are created/maintained. In the meantime, since the Hong Kong Convention will come into force on June 26, 2025, the 2013 regulations are vital to responsible ship recycling in the EU. SRR requires that, from December 31, 2020, all existing ships sailing under the flag of EU member states and non-EU flagged ships calling at an EU port or anchorage must carry on board an Inventory of Hazardous Materials (IHM) with a certificate or statement of compliance, as appropriate. For EU-flagged vessels, a certificate (either an Inventory Certificate or Ready for Recycling Certificate) will be necessary, while non-EU flagged vessels will need a Statement of Compliance.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age and flag as well as the number of times the ship has been detained. The European Union also adopted and extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply. Furthermore, the EU has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/33/EC (amending Directive 1999/32/EC) introduced requirements parallel to those in Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in the Baltic Sea, the North Sea and the English Channel (the so called "Sox-Emission Control Area"). As of January 2020, the EU member states must also ensure that ships in all EU waters, except the Sox-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union's carbon market, the EU ETS as part of its "Fit-for-55" legislation to reduce net greenhouse gas emissions by at least 55% by 2030. On July 14, 2021, the European Parliament formally proposed its plan, which would involve gradually including the maritime sector from 2023 and phasing the sector in over a three-year period. This will require shipowners to buy permits to cover these emissions. The Environment Council adopted a general approach on the proposal in June 2022. On December 18, 2022, the Environmental Council and European Parliament agreed on a gradual introduction of obligations for shipping companies to surrender allowances equivalent to a portion of their carbon emissions: 40% for verified emissions from 2024, 70% for 2025 and 100% for 2026. Most large vessels will be included in the scope of the EU ETS from the start. Big offshore vessels of 5,000 gross tonnage and above will be included in the 'MRV' on the monitoring, reporting and verification of CO2 emissions from maritime transport regulation from 2025 and in the EU ETS from 2027. General cargo vessels and off-shore vessels between 400-5,000 gross tonnage will be included in the MRV regulation from 2025 and their inclusion in EU ETS will be reviewed in 2026. Furthermore, starting from January 1, 2026, the ETS regulations will expand to include emissions of two additional greenhouse gases: nitrous oxide and methane. Compliance with the Marine EU ETS will result in additional compliance and administration costs to properly incorporate the provisions of the Directive into our business routines. Additional EU regulations which are part of the EU's "Fit-for-55," could also affect our financial position in terms of compliance and administration costs when they take effect.

Greenhouse Gas Regulations

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005, and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. International negotiations are continuing with respect to a successor to the Kyoto Protocol, and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and does not directly limit greenhouse gas emissions from ships. The U.S. initially entered into the agreement, but on June 1, 2017, former U.S. President Trump announced that the United States intends to withdraw from the Paris Agreement and the withdrawal became effective on November 4, 2020. On January 20, 2021, U.S. President Biden signed an executive order to rejoin the Paris Agreement, which the U.S. officially rejoined on February 19, 2021.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies "levels of ambition" to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 emission levels while pursuing efforts towards phasing them out entirely. The initial strategy notes that technological innovation, alternative fuels and/or energy sources for international shipping will be integral to achieve the overall ambition. These regulations could cause us to incur additional substantial expenses. At MEPC 77, the Member States agreed to initiate the revision of the Initial IMO Strategy on Reduction of GHG emissions from ships, recognizing the need to strengthen the ambition during the revision process. MEPC 79 revised the EEDI calculation guidelines to include a CO2 conversion factor for ethane, a reference to the updated ITCC guidelines, and a clarification that in case of a ship with multiple load line certificates, the maximum certified summer draft should be used when determining the deadweight.

At the MEPC 80 in July 2023, and pursuant to the new *Revised Strategy — Reduction of GHG Emissions from Ships*, a net zero GHG emissions target has been agreed to be reached by or around 2050. In addition, new interim targets have been agreed to reduce the total annual GHG emissions from international shipping in 2030 (by at least 20%) and 2040 (by at least 70%) compared to 2008. Furthermore, MEPC 80 has agreed on a level of ambitions relating to an alternative fuel target increase of zero or near-zero GHG emission technologies, fuels and/or energy sources to represent at least 5% (striving for 10%) of the aggregate energy used by international shipping by 2030.

As noted above, the 70th MEPC meeting in October 2016 adopted a mandatory data collection system (DCS) that requires ships above 5,000 gross tons to report consumption data for fuel oil, hours under way, and distance traveled. Unlike the EU MRV (see below), the IMO DCS covers any maritime activity carried out by ships, including dredging, pipeline laying, ice-breaking, fish-catching, and off-shore installations. The SEEMPs of all ships covered by the IMO DCS must include a description of the methodology for data collection and reporting. After each calendar year, the aggregated data are reported to the flag state. If the data have been reported in accordance with the requirements, the flag state issues a statement of compliance to the ship. Flag states subsequently transfer this data to an IMO ship fuel oil consumption database, which is part of the Global Integrated Shipping Information System (GISIS) platform. IMO will then produce annual reports, summarizing the data collected. Thus, currently, data related to the GHG emissions of ships above 5,000 gross tons calling at ports in the European Economic Area (EEA) must be reported in two separate, but largely overlapping, systems: the EU MRV, which applies since 2018, and the IMO DCS, which applies since 2019. The proposed revision of Regulation (EU) 2015/757 adopted on February 4, 2019, aims to align and facilitate the simultaneous implementation of the two systems, although it is still not clear when the proposal will be adopted.

IMO's MEPC 76 adopted amendments to MARPOL Annex VI that will require ships to reduce their greenhouse gas emissions. The Revised MARPOL Annex VI entered into force on November 1, 2022. The revised Annex VI includes carbon intensity measures (requirements for ships to calculate their EEXI) following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator and rating. MEPC 76 also adopted guidelines to support implementation of the amendments.

The EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states from 20% of 1990 levels by 2020. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period from 2013 to 2020. Starting in January 2018, large ships over 5,000 gross tonnage calling at EU ports are required to collect and publish data on carbon dioxide emissions and other information. Under the European Climate Law, the EU committed to reduce its net greenhouse gas emissions by at least 55% by 2030 through its "Fit-for-55" legislation package. As part of this initiative, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market, EU ETS, are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, former U.S. President Trump signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions, and in August 2019, the Administration announced plans to weaken regulations for methane emissions. On August 13, 2020, the EPA released rules rolling back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, U.S. President Biden recently directed the EPA to publish a proposed rule suspending, revising, or rescinding certain of these rules. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. The proposed rule would reduce 41 million tons of methane emissions between 2023 and 2035 and cut methane emissions in the oil and gas sector by approximately 74 percent compared to emissions from this sector in 2005. EPA also issued a supplemental proposed rule in November 2022 to include additional methane reduction measures following public input and anticipates issuing a final rule in 2023. On December 2, 2023, the Biden Administration announced the final rule that includes updated and strengthened standards for methane and other air pollutants from new, modified, and reconstructed sources, as well as Emissions Guidelines to assist states in developing plans to limit methane emissions from existing sources. These new regulations could potentially affect our operations.

Any passage of climate control legislation or other regulatory initiatives by the IMO, the EU, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol or Paris Agreement that restricts emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time. Even in the absence of climate control legislation, our business may be indirectly affected to the extent that climate change may result in sea level changes or certain weather events.

Maritime Labor Convention

The ILO is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO adopted the MLC 2006, which entered into force on August 20, 2013. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance are required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. These documents will provide prima facie evidence that the vessels are in compliance with the requirements of the MLC 2006. The Maritime Labor Certificate and Declaration of Maritime Labor Compliance will be subject to inspection by port state control when vessels enter the ports of other countries that have ratified the MLC 2006. In addition, vessels flying the flag of countries that have not ratified the MLC 2006 are also subject to inspection with respect to working and living conditions for seafarers when those vessels enter in port of countries where the MLC 2006 is in force. Amendments to MLC 2006 were adopted in 2014, 2016 and 2018.

There are costs associated with complying with the MLC 2006, and the methods to be used by port state control to check and ensure compliance are currently unclear. Given the uncertain interpretation of the MLC 2006 and the local legislation enacting it in various countries, there are risks associated with ensuring proper compliance.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the U.S. Maritime Transportation Security Act of 2002 ("MTSA"). To implement certain portions of the MTSA, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA.

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facility Security Code ("the ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from or refused entry at port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include for example, on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status; on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore; the development of vessel security plans; ship identification number to be permanently marked on a vessel's hull; a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and compliance with flag state security certification requirements.

The USCG regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with the SOLAS Convention security requirements and the ISPS Code. Future security measures could have a significant negative financial impact on us. We intend to comply with the various security measures addressed by MTSA, the SOLAS Convention and the ISPS Code.

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden,Arabian Sea area and the West Africa area including the Gulf of Guinea. Substantial loss of revenue and other costs may be incurred as a result of detention of a vessel or additional security measures, and the risk of uninsured losses could significantly affect our business. Costs may be incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP5 industry standard.

Inspection by Classification Societies

Every seagoing vessel must be "classed" by a classification society. The classification society certifies that the vessel is "in-class,'' signifying that the vessel has been built and maintained in accordance with the rules of the classification society. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned and will certify that such vessel complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

- *Annual Surveys*. For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

- *Intermediate Surveys*. Extended annual surveys are referred to as intermediate surveys and are to be carried out either at or between the second and third Annual Surveys after Special Periodical Survey No. 1 and subsequent Special Periodical Surveys. Those items which are additional to the requirements of the Annual Surveys may be surveyed either at or between the second and third Annual Surveys. After the completion of the No. 3 Special Periodical Survey, the following Intermediate Surveys are of the same scope as the previous Special Periodical Surveys.

- *Special Periodical Surveys (or Class Renewal Surveys).* Class renewal surveys, also known as Special Periodical Surveys, are carried out for the ship's hull, machinery, including the electrical plant, and for any special equipment classed, and should be completed within five years after the date of build or after the crediting date of the previous Special Periodical Survey. At the special survey, the vessel is thoroughly examined, including ultrasonic-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than the minimum class requirements, the classification society would prescribe steel renewals. A Special Periodical Survey may be commenced at the fourth Annual Survey and be continued with completion by the fifth anniversary date. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear.

As mentioned above, for vessels that are more than 15 years old, the Intermediate Survey may also have a considerable financial impact.

At an owner's application, the surveys required for class renewal (for tankers only the ones in relation to machinery and automation) may be split according to an agreed schedule to extend over the entire five-year period. This process is referred to as continuous survey system. All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are subject also to a minimum of two examinations of the outside of a vessel's bottom and related items during each five-year special survey period. Examinations of the outside of a vessel's bottom and related items are normally to be carried out with the vessel in dry-dock, but an alternative examination while the vessel is afloat by an approved underwater inspection may be considered. Such an examination is to be carried out in conjunction with the Special Periodical Survey, and in this case the vessel must be in dry-dock. For vessels older than 15 years (after the third Special Periodical Survey), the bottom survey must always be in the dry-dock. In all cases, the interval between any two such examinations is not to exceed 36 months.

In general, during the above surveys, if any defects are found, the classification surveyor will require immediate repairs or issue a ''recommendation'' which must be rectified by the shipowner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in-class" by a classification society which is a member of the International Association of Classification Societies, or IACS. All our vessels are certified as being "in-class" by American Bureau of Shipping, Lloyds Register or Bureau Veritas who are all members of IACS. All new and second-hand vessels that we purchase must be certified prior to their delivery under our standard purchase contracts and memoranda of agreement. If the vessel is not certified on the scheduled date of closing, we have no obligation to take delivery of the vessel.

For further information on environmental, social and governance issues, reference is made to pages 24 - 62 of the *Annual Report 2023* and TORM's separate ESG Report that can be found on our webpage www.torm.com. None of the information contained on this website is incorporated into or forms a part of this annual report.

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which in certain circumstances imposes virtually unlimited liability upon shipowners, operators and bareboat charterers of any vessel trading in the exclusive economic zone of the United States for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market. We carry insurance coverage as customary in the shipping industry. However, not all risks can be insured, specific claims may be rejected, and we might not be always able to obtain adequate insurance coverage at reasonable rates.

Marine and War Risks Insurance

We have in force marine hull and machinery, war risks insurance as well as P&I, bunker and cash insurances for all of our vessels.

Our marine hull and machinery insurance covers risks of particular and general average and actual or constructive total loss from collision, fire, grounding, engine breakdown and other insured named perils up to an agreed amount per vessel. Our war risks insurance covers the risks of particular and general average and actual or constructive total loss from acts of war and civil war, terrorism, piracy, confiscation, seizure, capture, vandalism, sabotage and other war-related named perils. We have also arranged coverage for increased value for each vessel. Under this increased value coverage, in the event of total loss of a vessel, we will be able to recover amounts in excess of those recoverable under the hull and machinery policy in order to compensate for additional costs associated with replacement of the loss of the vessel. Each vessel is covered up to at least its fair market value at the time of the insurance attachment and subject to a fixed deductible per each single accident or occurrence but excluding actual or constructive total loss.

Protection and Indemnity Insurance

Protection and indemnity insurance, P&I insurance, is provided by mutual protection and indemnity associations, or P&I Clubs, and covers our third-party liabilities in connection with our shipping activities. This coverage includes third-party liability and other expenses relating to injury or death of crew or passengers, loss or damage to cargo, claims arising from collisions with other vessels, damage to third-party property, pollution arising from oil or other substances, and salvage and towing including wreck removal. P&I insurance is a mutual maritime insurance, where the coverage (for open-end risks) is provided by mutual associations.

Our current P&I insurance coverage for pollution is $1 billion per vessel per incident and approximately $8 billion per vessel for other types of overspill P&I claims, such as wreck removal. The 12 P&I Clubs that comprise the International Group insure approximately 80-85% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each P&I Club's liabilities. The International Group's website states that the pool provides a mechanism for sharing all claims in excess of $10 million up to, currently, approximately $8.2 billion.

As TORM is a member of a P&I Club which in turn is a member of the International Group, we are subject to calls payable to the entered P&I Clubs based on our claim records as well as the claim records of all other members (shipowners) of the individual P&I Clubs and members of the shipping pool of P&I Clubs comprising the International Group.

Permits and Authorizations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our vessels. The permits, licenses and certificates that are required depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of the vessel. We have obtained all permits, licenses and certificates currently required to permit our vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted, which could limit our ability to do business or increase the cost of us doing business.

Competition

We operate in markets that are highly competitive. We compete for charters on the basis of price, vessel location, size, age and condition of the product tankers as well as our reputation as an operator. We compete primarily with owners and operators of product tankers in the MR, LR1 and LR2 fleets. We believe that the ownership of product tankers is fragmented and divided among major oil companies and independent product tanker owners. The fragmented competitive landscape can be illustrated by our market position. Although we have one of the largest owned fleets, according to industry sources, our owned fleet constitutes approximately 3% of the existing global product tanker fleet (in dwt terms).

C. Organizational Structure

TORM plc (formerly Anchor Admiral Limited and TORM Limited) is a public limited company incorporated on October 12, 2015 under the laws of England and Wales under the name Anchor Admiral Limited with company number 09818726. Anchor Admiral Limited was renamed TORM Limited on November 26, 2015 and TORM Limited was renamed TORM plc on January 20, 2016. Following the closing of the Exchange Offer (discussed herein) and the listing of TORM plc's Class A common shares on Nasdaq Copenhagen on April 19, 2016, TORM plc became the publicly listed parent company of TORM A/S, which is now our wholly-owned subsidiary. The Group is engaged in the business of owning and operating product tankers to transport refined petroleum products and is engaged in the marine exhaust industry. As of December 31, 2023, TORM plc, TORM A/S and other subsidiaries, owned 58 of the vessels in our product tanker fleet and bareboat chartered in 24 vessels with an option or obligation to buy back the vessels and expect to apply the same ownership structure for each additional vessel that we acquire in the future, through separate wholly-owned subsidiaries. The management of our fleet, including vessels that we charter in, is performed by our wholly-owned subsidiaries. We have offices in the London (United Kingdom), Copenhagen (Denmark), Mumbai (India), New Delhi (India), Manila (Philippines), Cebu (Philippines), Singapore (Singapore), Houston (Texas, USA) and Dubai (UAE).

A list of our significant subsidiaries is filed herewith as Exhibit 8.1.

D. Property, Plants and Equipment

We own no properties other than our vessels. We lease office space in various jurisdictions and had the following material leases in place as of December 31, 2023:

- London, United Kingdom, located at Office 105, 20 St Dunstan's Hill, EC3R 8HL with one employee at this location;
- Hellerup, Denmark, located at Tuborg Havnevej 18, DK-2900, with approximately 139 employees at this location;
- Singapore, Singapore, located at 6 Battery Road #27-02, with approximately 11 employees at this location;
- Houston, Texas, USA, located at Suite 1625, 2500 City West Boulevard, with approximately eight employees at this location;
- Manila, Philippines, located at 7th Floor Salcedo Towers, 169 HV dela Costa Street, with approximately 37 employees at this location;
- Cebu, Philippines, located at 2nd Floor Causing-Lozada Inc Building, Osmena Blvd. cor Lapu-Lapu St., with two employees at this location;
- Mumbai, India, located at 2nd Floor, Leela Business Park, Andheri-Kurla Road, with approximately 168 employees at this location;
- New Delhi, India, located at Red Fox Hotel, Asset 6, IGI Road, Aerocity, with two employees at this location; and
- Dubai, UAE, located at Unit No: C1, DMCC Business Centre, Level No 13, AG Tower, with two employees at this location.

For a description of our fleet, see "Item 4. Information on the Company B. Business Overview."

Patents, Licenses and Trademarks

We have no material patents and do not use any licenses other than ordinary information technology licenses.

We have trademark registered the rights to our Company's name (TORM) and logo (the TORM flag) in all relevant jurisdictions including Denmark, the European Union, Bahrain, Brazil, Singapore, the United Arab Emirates and the United States.

We have registered our primary domains: www.torm.com, www.torm.dk and www.torm.eu. None of the information contained on our websites is incorporated into or forms a part of this annual report.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following presentation of management's discussion and analysis of results of operations and financial condition should be read in conjunction with our audited consolidated financial statements and related notes. You should also carefully read the following discussion with the sections of this annual report entitled "Cautionary Statement Regarding Forward-Looking Statements", "Explanatory Note and Presentation of Our Financial and Operating Data", "Item 3. Key Information—D. Risk Factors", "Item 4. Information on the Company—B. Business Overview". This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report.

The audited consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 have been prepared in accordance with IFRS as issued by the IASB. The financial statements are presented in U.S. Dollar millions unless otherwise indicated. The discussion included in the following sections covers our operating results in 2023 compared with 2022. For the discussion of our operating results in 2022 compared with 2021, reference is made to "Item 5. Operating and Financial Review and Prospects" included in our 2022 Annual Report on Form 20-F, filed with the SEC on March 16, 2023.

This annual report includes certain financial measures that have not been prepared in accordance with IFRS and are not recognized measures of financial performance or liquidity under IFRS. In addition to the financial information contained in this annual report presented in accordance with IFRS, certain "non-IFRS financial measures" (as defined in Regulation G or Item 10(e) of Regulation S-K under the Securities Act) have been included in this annual report. These non-IFRS measures should not be considered as alternatives to operating income, cash flows from operating activities or any other performance measures derived in accordance with IFRS. These measures have important limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under IFRS.

Non-IFRS measures

Certain non-IFRS measures included in our financial and operating data have been derived from amounts calculated in accordance with IFRS but are not themselves IFRS measures. They should not be viewed in isolation as alternatives to the equivalent IFRS measure, rather they should be read in conjunction with the equivalent IFRS measure. These include Time Charter Equivalent or TCE earnings, Adjusted Gross profit, Adjusted EBITDA, loan-to-value ratio and net interest-bearing debt. The term Adjusted Gross Profit as used in this annual report has the same meaning and corresponds to all references to the term Gross Profit as used in our *Annual Report 2023*.

Management believes that these non-IFRS measures are both useful and necessary to present in our financial and operating data, because they are used by management for internal performance analysis, the presentation of these measures facilitates an element of comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies, and because these measures are useful in connection with discussions with the investment community.

Non-IFRS Measures	**Year ended December 31,**	
(USD million)	**2023**	**2022**
Time charter equivalent (TCE) earnings – Tanker segment	1,083.8	981.5
Adjusted Gross profit	874.1	781.8
Adjusted EBITDA	846.4	743.7
Net interest-bearing debt	773.4	649.6
Loan-to-value (LTV) – Tanker segment	27.6 %	24.8 %

Time Charter Equivalent (TCE) earnings. We define TCE earnings, a performance measure, as revenue after port expenses, bunkers and commissions from the Tanker segment. We report TCE earnings, a non-IFRS measure, because we believe it provides additional meaningful information to investors in conjunction with revenue, the most directly comparable IFRS measure, given it is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e. spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. Below is presented a reconciliation from revenue to TCE earnings.

Reconciliation from revenue - Tanker segment	**Year ended December 31,**	
(USD million)	**2023**	**2022**
Revenue	**1,491.4**	**1,440.4**
Port expenses, bunkers and commissions	(407.6)	(458.9)
Time charter equivalent (TCE) earnings - Tanker segment	**1,083.8**	**981.5**

Adjusted Gross profit. We define Adjusted Gross profit as revenue less port expenses, bunkers and commissions, other cost of goods sold and operating expenses. We report Adjusted Gross profit, a non-IFRS measure, because we believe it provides additional meaningful information to investors to assess our operating performance. Adjusted Gross profit is also provided as an operating performance measure in the internal management reporting.

Reconciliation from revenue	**Year ended December 31,**	
(USD million)	**2023**	**2022**
Revenue – all segments	**1,520.4**	**1,443.4**
Port expenses, bunkers and commissions and other cost of goods sold	(430.3)	(459.5)
Operating expenses	(216.0)	(202.1)
Adjusted Gross profit	**874.1**	**781.8**

EBITDA. We define EBITDA as net profit/(loss) for the period before tax, financial income, financial expenses, depreciation and impairment losses and reversals of impairment on tangible assets.Financial expenses consist of interest on bank loans, losses on foreign exchange transactions and bank charges. Financial income consists of interest income and gains on foreign exchange transactions.

Adjusted EBITDA. We define Adjusted EBITDA as EBITDA net of fair value adjustments on freight and bunker derivatives. EBITDA is used as a supplemental financial measure by Management and external users of financial statements, such as lenders, to assess our operating performance as well as compliance with the financial covenants and restrictions contained in our financing agreements. We believe that EBITDA assists our management and investors by increasing comparability of our performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects of interest, depreciation, impairment, amortization, and taxes. These are items which could be affected by various changing financing methods and capital structures, and which may significantly affect profit/(loss) between periods. Due to temporary fluctuations of the fair value of freight and bunker derivatives, we believe that an adjustment for unrealized gains/losses on freight and bunker derivatives help to increase comparability in EBITDA developments. EBITDA excludes some, but not all, items that affect profit/(loss), and these measures may vary among other companies. Therefore, Adjusted EBITDA as presented below may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is calculated as follows:

Reconciliation from net profit and EBITDA	**Year ended December 31,**	
(USD million)	**2023**	**2022**
Net profit for the year	648.0	562.6
Tax	4.0	(5.9)
Financial expenses	60.9	48.8
Financial income	(14.3)	(4.0)
Depreciation	149.3	139.0
Impairment losses and reversal of impairment on tangible assets	—	2.6
EBITDA	**847.9**	**743.1**
Fair value adjustments on freight and bunker derivatives	(1.5)	0.6
Adjusted EBITDA	**846.4**	**743.7**

Net interest-bearing debt. Net interest-bearing debt is defined as borrowings (current and non-current), less loan receivables and cash and cash equivalents, including restricted cash. Net interest-bearing debt depicts the net capital resources, which cause net interest expenditure and interest rate risk and which, together with equity, are used to finance our investments. As such, we believe that net interest-bearing debt is a relevant measure, which management uses to measure the overall development of our use of financing, other than equity. Such measure may not be comparable to similarly titled measures of other companies. Net interest-bearing debt is calculated as follows:

Net interest-bearing debt	Year ended December 31,	
(USD million)	2023	2022
Borrowings (current and non-current)[1)]	1,073.5	978.0
Loan receivables	(4.5)	(4.6)
Cash and cash equivalents, including restricted cash	(295.6)	(323.8)
Net interest-bearing debt	**773.4**	**649.6**

[1)] Borrowings include long-term and short-term borrowings, excluding capitalized loan costs for the year of USD 13.9m (2022: USD 11.1m, 2021: USD 13.0m)

Loan-to-value (LTV) ratio. Loan-to-value (LTV) ratio is defined as vessel values divided by net borrowings of the vessels. LTV describes the net debt ratio of our vessels and is used by us to describe the financial situation, the liquidity risk as well as to express the future possibilities to raise new capital by new loan facilities.

Loan-to-value (LTV) - Tanker segment	Year ended December 31,	
(USD million)	2023	2022
Vessel values, including newbuildings (broker values)	3,080.9	2,650.3
Vessel values of purchased secondhand vessels not delivered (broker values)	479.9	—
Other committed investment capital expenditure	35.7	18.4
Total vessel values	**3,596.5**	**2,668.7**
Borrowings	1,067.6	971.4
- Debt on Land and buildings and Other plant and operating equipment	(5.4)	(3.2)
Committed liability capital expenditure	226.1	18.4
Loan receivables	(4.5)	(4.6)
Cash and cash equivalents incl. restricted cash	(290.7)	(321.4)
Total (loan)	**993.1**	**660.6**
Loan-to-value (LTV) - Tanker segment	**27.6 %**	**24.8 %**

A. Operating Results

Primary Factors Affecting Results of Operations

Reference is made to “Financial Review 2023-Primary Factors Affecting Results of Operations” on pages 72- 80 of our *Annual Report 2023*.

Other Important Financial and Operational Terms and Concepts of TORM plc

The Company uses a variety of other financial and operational terms and concepts. These include the following:

- *Voyage expenses*. Voyage expenses are all expenses related to a particular voyage, including any bunker fuel expenses, port expenses, cargo loading and unloading expenses, canal tolls and agency fees. These expenses are subtracted from shipping revenues to calculate Time Charter Equivalent Rates.

- *Vessel operating costs*. Vessel operating costs include crewing, repairs and maintenance (excluding capitalized dry-docking), insurance, consumable stores, lube oils, communication expenses and technical management fees. The largest components of our vessel operating costs are generally crewing and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs and maintenance typically occur during periodic dry-dockings. We expect these expenses to increase as our fleet matures and to the extent that it expands.

- *Charter hire*. Charter hire consists of (i) money paid to the vessel owner by a charterer for the use of a vessel under a time charter or bareboat charter and (ii) amortization of the fair value of time charter contracts acquired. Such payments to vessel owners are usually made during the course of the charter every 30 days in advance or in arrears by multiplying the daily charter rate by the number of days and, under a time charter only, subtracting any time the vessel was deemed to be off-hire. Under a bareboat charter such payments are usually made monthly and are calculated on a 360 or 365-day calendar year basis.

- *Dry-docking*. We must periodically dry-dock each of our vessels for inspection and any modifications to comply with industry certification or regulatory requirements. Generally, each vessel is dry-docked every 30 to 60 months.

- *Depreciation*. Depreciation expenses typically consist of charges related to the depreciation of the historical cost of our fleet (less an estimated residual value and any impairment losses recognized) over the estimated useful lives of the vessels and charges related to the depreciation of upgrades to vessels which are depreciated over the shorter of the vessel's remaining useful life or the life of the renewal or upgrade. Dry-docking costs are capitalized and depreciated on a straight-line basis over the estimated period until the next dry-docking.

Factors You Should Consider When Evaluating the Results of TORM plc

The Company faces a number of risks associated with our industry and must overcome a variety of challenges to utilize our competitive strengths in order to profitably implement our business strategy. These risks include, among other things: the highly cyclical tanker industry, dependence on spot market voyage charters, fluctuating charter values, increase in fuel prices, changing economic, political and governmental conditions affecting our industry and business, international sanctions, embargoes, import and export restrictions, nationalizations and wars, material changes in applicable laws and regulations, full performance by counterparties, particularly charterers, maintaining customer relationships, delay in deliveries or non-deliveries from shipyards, piracy attacks, maintaining sufficient liquidity, financing availability and terms and management turnover. See "Item 3. Key Information—D. Risk Factors".

Results of Operations of TORM plc

We operate within two segments: (i) the Tanker segment and (ii) the Marine Exhaust segment. The below tables have been provided at a group level and the analysis has been broken out into segments where the movements are material.

The information below should be read in conjunction with TORM plc's audited consolidated financial statements as of and for the years ended December 31, 2023 and 2022 and the section of this annual report entitled "Explanatory Note and Presentation of Our Financial and Operating Data". Some of the information contained in this section, including information about TORM plc's plans and strategies for our business and our expected sources of financing, contains forward-looking statements that involve risks and uncertainties. Current and potential investors should read "Item 3. Key Information-D. Risk Factors" for information on certain factors that may have a material adverse effect on TORM plc's future performance, results of operations, cash flows and financial position.

TORM plc operates in a global industry where, among other things, freight rates are denominated and settled in United States dollars, and a majority of the cost base of TORM plc is denominated and settled in United States dollars. Consequently, TORM plc's financial reporting is in United States dollars.

Financial highlights for TORM plc

Reference is made to the relevant "Key Figures" on page 3 and "2023 in Review" on pages 7 - 8 of our *Annual Report 2023*.

Consolidated financial information as of and for the years ended December 31, 2023 and 2022

Income statement

The table below presents financial information derived from TORM plc's income statement for the years ended December 31, 2023 and 2022.

Financial information from Income statement for TORM plc for the years ended December 31, 2023 and 2022

(USD million)	Year Ended December 31, 2023	2022
Revenue	1,520.4	1,443.4
Port expenses, bunkers and commissions and other cost of goods sold	(430.3)	(459.5)
TCE earnings – Tanker segment	1,083.8	981.5
Adjusted Gross profit	874.1	781.8
EBITDA	847.9	743.1
Operating profit	698.6	601.4
Profit before tax	652.0	556.7
Net profit for the year	648.0	562.6

Total revenue was $1,520 million for the year ended December 31, 2023, which represents an increase of $77 million compared to the year ended December 31, 2022. The increase in revenue was primarily driven by a strong product tanker market with higher freight rates supported by the trade recalibration caused by the sanctions and our self-sanctioning of Russian product exports.

Total port expenses, bunkers and commissions and other cost of goods sold were $430 million for the year ended December 31, 2023, which represents a decrease of $29 million compared to the year ended December 31, 2022. Bunkers amounted to 63%, port expenses to 31%, and commissions, other voyage expenses and other cost of goods sold to 6% respectively of the total port expenses, bunkers and commissions and other cost of goods sold for the year ended December 31, 2023. Bunkers amounted to 61%, port expenses to 27%, and commissions and other voyage expenses to 12% of the total port expenses, bunkers and commissions for the year ended December 31, 2022. The decrease can primarily be attributed to realized and unrealized gains on derivative financial instruments regarding freight and bunkers, offset by the full year inclusion of cost from the Marine Exhaust segment.

TCE earnings were $1,084 million for the year ended December 31, 2023, representing an increase of $102 million compared to the year ended December 31, 2022. This growth was a result of an increase in revenue along with a decrease in port expenses, bunkers, and commissions for the Tanker segment.

Adjusted Gross profit was $874 million for the year ended December 31, 2023, compared to $782 million for the year ended December 31, 2022. The increase was mainly driven by increase in revenue along with a decrease in port expenses, bunkers, and commissions for the Tanker segment and an increase in the operating expenses was due to 995 additional operating days compared to 2022 and increased operating expenses per day of 3.6% , stemming from general price increases combined with costs related to recently acquired secondhand vessels.

EBITDA was $848 million for the year ended December 31, 2023, compared to $743 million for the year ended December 31, 2022. The increase was mainly driven by the same factors as Adjusted Gross Profit and additionally an increase in the profit from sale of vessels and higher administrative expenses.

Operating profit was $699 million for the year ended December 31, 2023 compared to an operating profit of $601 million for the year ended December 31, 2022.The increase was mainly driven by the same factors as EBITDA and additionally lower depreciation expenses.

TORM plc reported a net profit for the year ended December 31, 2023 of $648 million, compared to a net profit of $563 million for the year ended December 31, 2022, an increase of $85 million.

TCE earnings for TORM plc for the years ended December 31, 2023 and 2022

	LR2	LR1	MR	Handy	Total
Year-end 2022					
Available TCE earning days	4,926	2,690	20,862	278	**28,756**
TCE per earning day, USD	39,612	36,879	32,795	12,995	**34,154**
TCE earnings, USD million Year-end 2022	**195.0**	**99.4**	**683.6**	**3.5**	**981.5**
Year-end 2023					
Available TCE earning days	4,490	4,307	20,355	—	**29,152**
Change	*(9) %*	*60 %*	*(2) %*	*n/a %*	*1 %*
TCE per earning day, USD	47,718	37,326	34,745	—	**37,124**
Change	*20 %*	*1 %*	*6 %*	*n/a %*	*9 %*
Effect on TCE earnings from change in the available TCE earning days, USD million	(17.3)	59.6	(16.6)	(3.6)	**22.1**
Effect on TCE earnings from change in TCE per earning day, USD million	36.4	1.9	39.7	—	**78.0**
Other	0.1	0.3	1.7	0.1	**2.2**
TCE earnings, USD million Year-end 2023	**214.2**	**161.2**	**708.4**	**—**	**1,083.8**

In 2023, the product tanker market was strongly impacted by geopolitical events. United States and EU/G7 sanctions against Russian oil products officially took effect on February 5, 2023, which reinforced the trade on tonne mile recalibration that had already begun in 2022 in anticipation of the sanctions. In early October 2023, a military conflict in the Middle East and subsequent attacks in the region and against vessels forced several vessels to reroute away from the Red Sea. This added to the ton-mile growth already seen from the sanctions against Russia.

Geopolitical factors and restrictions on Panama Canal transits similarly resulted in longer sailing patterns. The consequent trade recalibration towards longer haul trade led to a change in product tanker freight rates towards a higher average levels and increased rate volatility. However, the recalibration also increased rate volatility as the product tanker fleet moved closer to the point of full utilization, where even small changes in underlying demand and supply create high volatility in freight rates.

In 2023, TORM's product tanker fleet realized TCE earnings of $37,124/day, up by 9% compared to 2022, as denoted in the table above.

For details about vessel acquisitions and disposals refer "Item 4. Information of the Company-B. Business Overview-Fleet Development".

Adjusted Gross profit

(USD million)	**Year ended December 31, 2023**	**Year ended December 31, 2022**
Revenue	**1,520.4**	**1,443.4**
Port expenses, bunkers and commissions and other cost of goods sold	(430.3)	(459.5)
Operating expenses	(216.0)	(202.1)
Adjusted Gross profit	**874.1**	**781.8**

TORM plc's Adjusted Gross profit for the year ended December 31, 2023 was $874 million compared to $782 million for the year ended December 31, 2022 corresponding to an increase of $92 million. The increase was mainly due to higher freight rates.

In 2023, operating expenses for vessels increased by $14 million to $216 million. Average operating expenses per day were $7,069 for the year ended December 31, 2023 compared to $6,825 for the year ended December 31, 2022 reflecting an increase of 4%.

EBITDA

(USD million)	Year ended December 31, 2023	Year ended December 31, 2022
Adjusted Gross profit	874.1	781.8
Profit from sale of vessels	50.4	10.2
Administrative expenses	(82.9)	(55.0)
Other operating income and expenses	6.4	6.0
Share of profit/(loss) from joint ventures	—	0.2
EBITDA	**847.9**	**743.1**

TORM plc's EBITDA was $848 million for the year ended December 31, 2023, compared to $743 million for the year ended December 31, 2022, corresponding to an increase of $105 million. The increase was mainly driven by the same factors as Adjusted Gross Profit explained above and additionally an increase in the profit from sale of vessels and higher administrative expenses.

Profit from sale of vessels amounted to $50 million for the year ended December 31, 2023, compared to $10 million for the year ended December 31, 2022. The increase was mainly due to the sale of eight vessels in 2023, compared to the sale of four vessels in 2022.

Administrative expenses increased to $83 million for the year ended December 31, 2023, compared to $55 million for the year ended December 31, 2022. The increase was mainly due to increased salaries, higher bonus and incentive payouts partially offset by movement in currency exchange.

Operating profit

(USD million)	Year ended December 31, 2023	Year ended December 31, 2022
EBITDA	**847.9**	**743.1**
Impairment losses and reversal of impairment on tangible assets	—	(2.6)
Depreciation	(149.3)	(139.0)
Operating profit	**698.6**	**601.4**

TORM plc's operating profit was $699 million for the year ended December 31, 2023, compared to an operating profit of $601 million for the year ended December 31, 2022, corresponding to an increase of $97 million.

The impairment charge on tangible assets amounted to nil for the year ended December 31, 2023, compared to an impairment charge of $2.6 million for the year ended December 31, 2022, which was related to impairments on vessels sold during the year. An impairment test of the recoverable amount of TORM's cash generating units is performed annually, comparing the carrying amount of the cash generating units with the higher of fair value less cost to sell (broker values less commissions) and value in use. Based on this test, no impairment was recognized in 2023.

Depreciation amounted to $149 million for the year ended December 31, 2023, compared to $139 million for the year ended December 31, 2022.

Profit/(loss) before tax

(USD million)	Year ended December 31, 2023	Year ended December 31, 2022
Operating profit	**698.6**	**601.4**
Financial income	14.3	4.0
Financial expenses	(60.9)	(48.8)
Profit before tax	**652.0**	**556.7**

TORM plc's profit before tax was $652 million for the year ended December 31, 2023, compared to a gain of $557 million for the year ended December 31, 2022, corresponding to an increase of $95 million.

Financial expenses increased to $61 million for the year ended December 31, 2023, compared to $49 million for the year ended December 31, 2022, primarily due to higher interest rates, new fixed lease for vessels and increased break costs due to early repayments.

Financial income increased to $14 million for the year ended December 31, 2023, compared to $4 million for the year ended December 31, 2022, due to higher interest rates and higher interest income on deposits and treasury bills.

Balance sheet

TORM's total assets increased by $255.90 million to $2,870 million as of December 31, 2023, mainly driven by an increase of the total assets for the Tanker segment of $256 million to $2,853 million. The growth in the Tanker segment was primarily driven by an increase in number of vessels and capitalized dry-docking, including prepayments on vessels of $304 million as a result of increased vessel acquisition activities during 2023. The development is mainly offset by a decrease in trade receivables of $50 million mainly driven due to lower freight rates. The TCE rate/day reduced from the fourth quarter of 2022 to the fourth quarter of 2023, leading to the decrease in trade receivables as a majority portion of the trade receivables for the fourth quarter balances. The volume and the collection days have stayed more or less similar.

The carrying amounts of vessels, capitalized dry-docking, and prepayments on vessels in the Tanker segment amounted to $2,168 million for the year ended December 31, 2023, compared to $1,863 million for the year ended December 31, 2022. This increase was due to the acquisition of 22 vessels in 2023 and capitalized dry-docking of $521 million and prepayments of $86 million. Of the 22 acquired vessels in 2023, 12 vessels were delivered during the year. The increase was offset by the divestment of 11 older vessels of $159 million and depreciation of $144 million. Eight of the 11 vessels that were sold were delivered to new owners in 2023. The committed installments were $387 million for the remaining purchased and not delivered secondhand vessels.

TORM's total equity increased by $162 million to $1,666 million for the year ended December 31, 2023. The growth was primarily driven by an increase in share premium of $92 million due to the issuance of new shares in connection with several partly share-based financed vessel acquisitions during 2023. Additionally, the increase was impacted by a net increase in retained profit of $84 million which includes dividends paid of $586 million. The development is slightly offset by a decrease in hedging reserves.

TORM's total liabilities increased by $94 million to $1,204 million for the year ended December 31, 2023, mainly driven by an increase of the total liabilities for the Tanker segment of $93 million to $1,192 million. The development is primarily due to an increase in current and non-current borrowings of $93 million to $1,054 million, which stem from increased net vessel acquisitions during 2023.

B. Liquidity and Capital Resources

Overview

Reference is made to Note 2 "Liquidity, Capital Resources and Subsequent Events" on page 155 - 156 and Note 19 "Effective Interest Rate, Outstanding Borrowings" on pages 179 - 180 and Note 22 "Contractual Rights and Obligations" on pages 181 - 182 of our *Annual Report 2023*.

For the discussion of Liquidity and Capital Resources for the year ended December 31, 2022, reference is made to "Item 5. Operating and Financial Review and Prospects" included in our 2022 Annual Report on Form 20-F, filed with the SEC on March 16, 2023.

Our primary application of cash relates to operating expenses, financial expenses (interest payment, debt repayment and leasing payments) and capital expenditures, primarily investments in ships and other assets such as scrubbers. Payment of amounts outstanding under our Financing Agreements (more fully discussed below) along with payment of charter hire for chartered-in vessels and all other commitments that we have entered into are made from the cash available to us. Our primary sources of cash are cash flows from operations, our Financing Agreements (more fully discussed below), new debt or equity financings and sale of vessels.

As of December 31, 2023, TORM had available liquidity including undrawn committed facilities of $638.1 million, comprising of cash and cash equivalents (including restricted cash) of $295.6 million and undrawn committed credit facilities amounting to $342.5 million. Restricted cash was $30.1 million. The undrawn committed credit facilities consist of a revolving credit facilities of $100 million as part of the Syndicate Facility, a revolving credit facility of $25 million with HCOB, an undrawn additional facility of $53 million with DSF, and an undrawn bridge term facility of $165 million with four syndicated banks to finance five of the eight LR2 vessels.

Subsequently, in January 2024, TORM issued a five-year senior unsecured bond in the amount of $200 million which means TORM after year-end has cancelled the $165 million bridge Term Facility (undrawn) term facility with the syndicated banks. The Company uses interest rate swaps to hedge parts of the variable interest rate risk associated with the credit facilities and a part of the leasing agreements have fixed lease payments. At the end of 2023, TORM had fixed 86.9% of the debt then outstanding with interest rate swaps and fixed rate leasing debt corresponding to an amount of $923 million with $550.3 million being hedged at an interest rate of 1.45% plus margin with interest rate swaps with maturity in the period from 2023 to 2028.

As of December 31, 2023, TORM had no short-term loans other than any short-term part of the facilities included in the table entitled below. See “Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources - Our Financing Agreements” for a description of the repayment schedule. As part of our day-to-day operations, we have accounts payables.

We are of the opinion that our working capital is adequate to meet our present requirements for the next twelve months following the date of this annual report.

The table below gives an overview of our long-term bank loans and finance leases.

Financing Agreements, including long-term and short-term mortgage debt, bank loans and finance leases as of December 31, 2023 of TORM plc.

Facility	Lenders	Maturity per facility	Total Outstanding Debt as of December 31, 2023 (USD millions)	Undrawn Amount as of December 31, 2023 (USD millions)
DSF Facility	DSF	November 1, 2029	140.1	-
DSF Facility 2	DSF	November 1, 2029	52.5	52.5
KfW Facility	KfW	January 17, 2032 April 21, 2032	34.8	0
Syndicate Facility (herein RCF)	Danske Bank, Nordea, SEB, DNB, ING, ABN AMRO, Crédit Agricole CIB, Société Générale, BNP Paribas	June 30, 2028	224.0	100
HCOB Facility (herein RCF)	HCOB	March 31, 2029	31.2	24.9
ING	ING	December 31, 2029	57.9	-
BoComm (Lease)	BoComm	July 15, 2029 August 15, 2029 November 15, 2031 January 15, 2032	148.9	-
Springliner Agreement (Lease)	Various	August 31, 2026	27.9	-
CDBL (Lease)		November 1, 2029 December 1, 2029 December 1, 2031 January 1, 2032	149.0	-
CMBFL (Lease)		April 5 and 12, 2030 May 2, 2030 March 21, 23 and 27, 2031 January 31, 2033 February 21, 2033	195.8	-
Syndicate Facility 2	Danske Bank, Nordea, SEB, DNB	August 15, 2025	—	165
Other credit facilities		2026	4.8	
Total debt under the Agreements			**1,066.9**	**342.4**

Our Financing Agreements

As of December 31, 2023, we were in compliance with the financial covenants contained in our debt facilities.

Loan agreements

Syndicate Facility

On June 21, 2023, we entered into a combined secured term loan facility agreement of $344 million and working capital facility agreement of $100 million for aggregate borrowings of $444 million (the “Syndicate Facility”). The Syndicate Facility (both the term loan and the working capital facility) was entered into with Danske Bank, Nordea, DNB, SEB, ING, ABN AMRO, Crédit Agricole CIB, BNP Paribas and Société Générale and refinanced 24 vessels, built from 2009 to 2020, that served as collateral under the facility. TORM plc is the borrower and TORM A/S and vessel-owning-entities owned directly or indirectly by TORM plc are guarantors under the Syndicate Facility. The Syndicate Facility has a tenor of 5 years with a final maturity date of June 30, 2028. TORM can extend maturity by 12 months upon lenders approval. The Syndicate Facility bears an interest rate of SOFR compounded in arrears plus a margin of 1.85% and is payable in quarterly installments with a balloon at maturity. The Syndicate Facility is secured by first priority mortgages over the security vessels, as well as first priority assignments in respect of each of the vessel’s insurances and earnings and irrevocable joint and several guarantees from the guarantors.

The Syndicate Facility contains the following financial covenants:

- *Equity Ratio.* A ratio of equity to total assets of no less than 25%; and
- *Minimum cash requirement*. Minimum cash and cash equivalents, excluding restricted cash greater than or equal to the higher of (i) $45 million and (ii) 5% of our total debt.

The RCF subjects us to a commitment fee on the undrawn amount of 35% of the margin. The lenders have provided funding commitments pro rata between both facilities.

The drawdown was made on June 28, 2023.

During the second half of 2023, TORM has repaid debt on the facility. Moreover, TORM cancelled commitments of $73 million. Therefore, as of December 31, 2023, TORM has undrawn and drawn facilities totaling $324 million.

HCOB Facility Agreement

On June 21, 2023, we entered into a secured term loan facility agreement with Hamburg Commercial Bank AG (the “HCOB Facility”) for borrowings of up to $108 million. The HCOB Facility financed 25 vessels built from 2003 to 2008, which served as collateral under the agreement. TORM plc is the borrower and TORM A/S and vessel-owning-entities owned directly or indirectly by TORM plc are guarantors under the HCOB Facility. The facility has a tenor of five years with a final maturity date of March 31, 2029, bears an interest rate of SOFR compounded in arrears plus a margin of 2.80% and is payable in quarterly installments with no balloon payment at maturity. The HCOB Facility is secured by first priority mortgages over the security vessels, as well as first priority assignments in respect of each of the vessel’s insurances and earnings and irrevocable joint and several guarantees from the guarantors. The HCOB Facility contains the following financial covenants:

- *Equity Ratio*. A ratio of equity to total assets of no less than 25%; and
- *Minimum cash requirement.* Minimum cash and cash equivalents, excluding restricted cash greater than or equal to the higher of (i) $45 million and (ii) 5% of our total debt.

The drawdown was made on June 28, 2023.

During the second half of 2023, TORM repaid debt on the facility and sold 11 vessels. Therefore, as of December 31, 2023, TORM has undrawn and drawn facilities totaling $56.2 million.

On February 6, 2024, TORM entered into a secured term loan facility with HCOB for financing an additional three LR2 vessels through two facilities: (i) an additional revolving credit facility for up to $43,000,000 and (ii) an additional term facility for up to $50,000,000 (the "Additional HCOB facilities") on terms similar to the HCOB facility and on a cross-collateralized basis. The Additional HCOB facilities are expected to be drawn in March 2024.

KfW Facility

On July 29, 2019, we entered into a secured term loan facility with KfW IPEX-Bank GMBH (the “KfW Facility”), which provided us with borrowings of up to $45.5 million to partially finance the purchase of two MR newbuildings, TORM A/S is the borrower and the owner of the vessels under the KfW Facility and TORM plc is the guarantor. China Export & Credit Insurance Corporation is the export credit insurance provider. The KfW Facility has a term of 12 years, bears interest at a rate of SOFR compounded in arrears plus a margin of 1.85% per annum and is repayable in bi-annual installments and two balloon payments 12 years after drawdown on each tranche. The KfW Facility is secured by first priority mortgages over the security vessels, as well as first priority assignments in respect of each of the vessel’s insurances, earnings and account and irrevocable joint and several guarantees from the guarantors. The KfW Facility contained substantially the same financial covenants, default provisions, undertakings and restrictions as contained in the Syndicate Facility, described above.

On January 17, 2020, a drawdown for one MR vessel was made and on May 4, 2020, a drawdown on the other MR vessel was made.

DSF Facilities Agreements

On October 21, 2020, we entered into a secured term loan facility agreement with Danmark Skibskredit A/S (the “Initial DSF Facility”) for borrowings of up to $150.3 million. The Initial DSF Facility financed eight newer vessels, which served as collateral under the agreement. TORM plc was the borrower and TORM A/S and vessel-owning-entities owned directly or indirectly by TORM plc were guarantors under the Initial DSF Facility. The tenor of the facility was seven years with a final maturity date of November 1, 2027, it had an interest rate of London Interbank Offered Rate (“LIBOR”) plus a margin of 2.10% and is payable in quarterly installments with a balloon payment at maturity. The Initial DSF Facility was secured by first priority mortgages over the security vessels, as well as by first priority assignments in respect of each of the vessel’s insurances and earnings and irrevocable joint and several guarantees from the guarantors.

On January 5, 2021, we agreed with DSF to add an additional facility agreement to the Initial DSF Facility (the “First DSF Additional Facility”) for borrowings up to $56.4 million. The First DSF Additional Facility financed two MR vessels which served as collateral under the agreement together with the vessels provided as security under the Initial DSF Facility. The facility had a tenor of six years and ten months with a final maturity date of November 1, 2027, had an interest rate of LIBOR plus a margin of 2.10% and was payable in quarterly installments with a balloon payment at maturity.

On June 3, 2021, we agreed with DSF to add an additional facility agreement to the Initial DSF Facility (the “Second DSF Additional Facility”) for borrowings up to $60.0 million. The Second DSF Additional Facility financed two LR2 vessels, which served as collateral under the agreement together with the vessels provided as security under the Initial DSF Facility and the First DSF Additional Facility. The facility had a tenor of six years and five months with a final maturity date of November 1, 2027, had an interest rate of LIBOR plus a margin of 2.00% and is payable in quarterly installments with a balloon payment at maturity. The Initial DSF Facility, the First DSF Additional Facility and the Second DSF Additional Facility are collectively referred to as the "DSF Facility."

On December 11, 2023, we agreed with DSF to amend and extend the DSF Facility with a total of a $140.1 million term facility. This facility finances nine vessels built from 2010 to 2019 and bears interest rate of SOFR compounded in arrears plus a margin of 1.85% per annum and a balloon payment at final maturity, which is November 1, 2029. The facility will have a margin of 2.00% from November 1, 2027. Moreover, on December 11, 2023, we obtained commitment for $105 million for four vessels built in 2015 and 2016, which was drawn at the end of February 2024 (the "DSF Facility 2", and together with the DSF Facility, the "DSF Facilities"). DSF Facility 2 bears interest rate of SOFR compounded in arrears plus a margin of 1.80% per annum and have quarterly installments and a balloon payment at final maturity, which is November 1, 2029.

The DSF Facilities contain the following financial covenants:

- *Equity Ratio.* A ratio of equity to total assets of no less than 25%; and

- *Minimum cash requirement.* Minimum cash and cash equivalents, excluding restricted cash greater than or equal to the higher of (i) $45 million and (ii) 5% of our total debt.

ING Facility

On December 11, 2023, we entered into a secured term loan facility agreement $57.9 million and financed three vessels, built in 2015, that served as collateral under the facility (the "ING Facility"). The ING Facility refinances vessels previously financed by DSF. TORM plc is the borrower and TORM A/S and TORM Tanker Corporation vessel-owning-entities owned directly or indirectly by TORM plc are guarantors under the facilities agreement. The agreement has a tenor of six years with a final maturity date of December 31, 2029. Facility bears an interest rate of SOFR compounded in arrears plus a margin of 1.90% and is payable in quarterly installments with a balloon at maturity. The agreement is secured by first priority mortgages over the security vessels, as well as first priority assignments in respect of each of the vessel's insurances and earnings and irrevocable joint and several guarantees from the guarantors. ING has a 100% pledge in the issued and outstanding shares of capital stock on the vessel owner TORM Tanker Corporation.

The ING Facility Agreement contains the following financial covenants:

- *Equity Ratio.* A ratio of equity to total assets of no less than 25%; and

- *Minimum cash requirement*. Minimum cash and cash equivalents, excluding restricted cash greater than or equal to the higher of (i) $45 million and (ii) 5% of our total debt.

The drawdown was made on December 28, 2023.

Syndicate Facility 2

On December 22, 2023, we entered into a secured term loan facility agreement $165.0 million with commitment to finance five LR2 vessels, built in 2010 to 2012, that served as collateral under the facility and the facility remains undrawn (the "Syndicate Facility 2") .

TORM plc was the borrower and TORM A/S and vessel-owning-entities owned directly or indirectly by TORM plc are guarantors under the Syndicate Facility 2. The agreement had a tenor of 18 months with a final maturity date of August 15, 2025. Facility had an interest rate of SOFR compounded in arrears plus a margin of 1.65%. The first repayment fell six months after first utilization date and hereafter every three months. The agreement was secured by first priority mortgages over the security vessels, as well as first priority assignments in respect of each of the vessel's insurances and earnings and irrevocable joint and several guarantees from the guarantors.

TORM entered into the facility to obtain certainty of funds for purchase five LR2 vessels. The purpose of the facility was to function as a bridge to bond facility, meaning that in the event of a bond issuance the facility was cancelled. On January 24, 2024, TORM issued $200 million aggregate principal amount of senior secured bonds due in 2029 that bear interest at 8.25% per year in the Norwegian market, and, subsequently, the Syndicate Facility 2 was cancelled.

Leasing Agreements

As of December 31, 2023, we had the following financial lease facilities:

Springliner Agreement

On September 10, 2019, we entered into a financial sale and lease-back agreement with Springliner for $39.3 million (the "Springliner Agreement"). The Springliner Agreement included two vessels built in 2010. TORM A/S is the bareboat charter and Springliner is the owner of vessel. The Springliner Agreement has a tenor of seven years with final maturity on August 31, 2026. The agreement includes a fixed bareboat charter hire of $5,700/day and is payable in monthly installments. TORM A/S holds a purchase option on the vessels. The Springliner Agreement has no financial covenants.

BoComm Agreements

On May 28, 2019, we entered into a financial sale and lease-back agreement with Bank of Communications Financial Leasing Co., LTD ("BoComm") for $66.4 million. The BoComm agreement included four vessels built in 2011. The agreement has a tenor of six years with final maturity on August 31, 2026, includes an interest rate of LIBOR plus a margin of 3.30% and a bareboat charter hire payable in monthly installments. On August 6, 2020, the agreement was amended to include scrubber financing for $10.8 million, which has a tenor of three years with final maturity on February 5, 2024, includes an interest rate of LIBOR plus a margin of 2.40% and includes a bareboat charter. TORM A/S is the bareboat charter and BoComm is the owner of vessels. TORM A/S holds a purchase obligation on the vessels. The BoComm agreement has no financial covenants. The four vessels were repaid and refinanced into the Syndicate Facility as of June 21, 2023.

On December 19, 2019 and May 10, 2021, we entered into financial sale and lease-back agreements with BoComm for $179.8 million. The BoComm agreement included five vessels built in 2015 and in 2018, and newbuildings being delivered in 2021 and in early 2022. TORM A/S is the bareboat charter and BoComm is the owner of vessel. The agreement has a tenor of 8 years and 10 years with final maturity in 2029 and 2031, respectively. The agreement included an interest rate of LIBOR plus a margin of 3.00% and 3.10% and a bareboat charter hire payable in monthly installments. TORM A/S holds a purchase option on the vessels. The BoComm agreement has no financial covenants.

On July 21, 2023, we amended the financial sale and lease-back agreements with BoComm. The amendment changed the interest rate to SOFR plus a margin of 3.00% and 3.10% plus a credit adjustment spread of 0.1% and a bareboat charter hire payable in monthly installments.

CDBL Agreement

On October 12, 2021, we entered into a financial sale and lease-back agreement with China Development Bank Leasing ("CDBL") for $172 million. The CDBL agreement included nine vessels built between 2010 to 2012. TORM A/S is the bareboat charter and CDBL is the owner of vessel. The agreement has a tenor that ranges from 7 to 10 years with final maturity on December 31, 2029 or March 31, 2032. The agreement includes a fixed rate bareboat charter hire ranging from $5,900/day to $6,590/day and is payable in monthly installments. TORM A/S holds a purchase option on the vessels. The CDBL agreement has no financial covenants.

CMBFL Agreements

On April 28, 2022, February 2, 2023 and February 16, 2023, we entered into financial sale and lease-back agreements with China Merchant Bank Financial Leasing ("CMBFL") for $224.5 million. The CMBFL agreement included eight vessels built in 2011 to 2016. TORM A/S is the bareboat charter and CMBFL is the owner of vessel. The agreement has a tenor that ranges from seven to 10.5 years with final maturity between April 12, 2030 to January 8, 2033. For seven vessels the agreement includes an accelerated fixed rate bareboat charter hire of $16,500/day for the first three years and thereafter bareboat charter will be $8,455/day for the remaining period and is payable in monthly installments. The last vessel bareboat charter is $9,690/day and is payable in monthly installments. TORM A/S holds a purchase option on the vessels. The CMBFL agreement has no financial covenants.

Cash flow

Consolidated cash flow for the years ended December 31, 2023 and 2022

For the discussion of cash flows for the year ended December 31, 2023 compared to December 31, 2022, reference is made to "Financial Review 2023 - Liquidity and Cash Flow" on page 77 and to our Consolidated Cash Flow Statement for the Year Ended December 31, 2023 and 2022 on page 148 of our *Annual Report 2023*.

For the discussion of cash flows for the year ended December 31, 2022 compared to December 31, 2021, reference is made to "Item 5. Operating and Financial Review and Prospects" included in our 2022 Annual Report on Form 20-F, filed with the SEC on March 16, 2023.

There are no material restrictions on the ability of subsidiaries with material cash amounts to transfer funds to TORM plc.

Capital Expenditures of TORM plc

The table below presents our capital expenditures for the years ended December 31, 2023, 2022 and 2021.

Capital Expenditures	**2023**	**2022**	**2021**
(USD million)			
Acquisition of vessels and capitalized dry-docking	476.0	77.2	290.3
Prepayments on vessels	126.6	43.1	78.6
Total	**602.6**	**120.3**	**368.9**

Capital expenditures for the years ended December 31, 2023, 2022 and 2021 consisted primarily of investments in vessels and capitalized dry-docking and newbuildings. For the year ended December 31, 2023, TORM's prepayments on purchased not delivered secondhand vessels amounted to $127 million compared to $43 million and $79 million for the years ended December 31, 2022 and 2021, respectively.

For 2023, TORM plc's investments related to the acquisition of vessels and capitalized dry-docking amounted to $476 million compared to $77 and $290 million in 2022 and 2021, respectively. TORM invested a total of $602 million during 2023 compared to $120 and $369 million invested during 2022 and 2021, respectively.

C. Research and Development, Patents and Licenses, etc.

Not applicable.

D. Trend Information

Reference is made to "Market Review" on pages 64 - 65 of the *Annual Report 2023* and to "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Our Industry".

E. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that influence the value of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the value of revenue and expenses during the reporting period. These estimates and assumptions are affected by the accounting policies applied. An accounting estimate is considered critical if the estimate requires the executive management's position on matters that are subject to significant uncertainty, if different estimates could reasonably have been applied, or if changes in the estimate that would have a material impact on the financial position or results of operations are reasonably likely to occur from financial period to financial period. Our management believes that the accounting estimates employed for the historical financial statements for TORM plc are appropriate and the resulting balance sheet items are reasonable. However, future results of TORM plc could differ from original estimates requiring adjustments to balance sheet items in future periods.

Reference is made to "Financial Review 2023-Assessment of Impairment of Assets" on page 76, Note 1- "Accounting Policies, Critical Accounting Estimates and Judgements" on pages 150 - 154 and Note 10-"Impairment Testing" on pages 170 - 172, each in the *Annual Report 2023*.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Set forth below are the names, ages and positions of the directors, board observers and Senior Management Team of TORM plc. Except for the Class B director, who is appointed by the holder of our Class B share and is not subject to annual re-election, and who may be replaced at any time by the trustee acting on the instructions of the holders of our Class A common shares (other than Njord Luxco and its affiliates), each director holds office for a one-year term or until his successor has been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. At the end of the one-year term, a director may seek re-election.

The business address of each of our directors and Senior Management Team is TORM plc, Office 105 | 20 St Dunstan's Hill, London, EC3R 8HL, United Kingdom.

Name	Age	Position	Date of expiry of current term (for Directors)
Christopher Helmut Boehringer	53	Chairman	2024 Annual General Meeting
David Neil Weinstein	64	Deputy Chairman (appointed by the holder of the B Share)	Serves until removed by the B shareholder
Annette Malm Justad	65	Board Member	2024 Annual General Meeting
Pär Göran Trapp	62	Board Member	2024 Annual General Meeting
Rasmus Johannes Skaun Hoffman	46	Board Observer (Employee Representative) (1)	
Christian Gorrissen	59	Board Observer (Employee Representative) (1)	
Jeffrey Scott Stein	54	Minority B Share Board Observer(1)	Resigned March 31, 2023
Jacob Balslev Meldgaard	55	Executive Director and Chief Executive Officer of TORM A/S	
Kim Balle	55	Chief Financial Officer of TORM A/S	
Lars Christensen	57	Senior Vice President and Head of Projects of TORM A/S	
Jesper Søndergaard Jensen	54	Senior Vice President and Head of Technical Division of TORM A/S	

(1) Board Observers are appointed by the Company’s directors and may be removed by the directors at any time for any reason. Board Observers can attend and speak at meetings of the Board of Directors but cannot vote.

Board Diversity

The table below provides certain information regarding the diversity of our Board of Directors as of the date of this annual report.

Board Diversity Matrix				
Country of Principal Executive Offices:	United Kingdom			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	5			
	Female	Male	Non- Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	4	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	None			
LGBTQ+	-			
Did Not Disclose Demographic Background	5			

Biographical information concerning the directors and our Senior Management Team is set forth below.

Christopher Helmut Boehringer serves and has served as Chairman of our Board of Directors since August 2015. In addition, Mr. Boehringer is Chairman of TORM's Nomination Committee and Remuneration Committee. Mr. Boehringer is Managing Director and Head of Europe, Oaktree Capital Management (International) Limited and has held various executive positions within Oaktree since 2006. Mr. Boehringer also serves as a member of the Board of Directors of Utmost Group Limited, Marco Capital Holdings Limited, and Oaktree Capital Management (International) Limited. Mr. Boehringer holds a Bachelor of Arts in Economics from Harvard University and a Master of Business Administration from INSEAD.

David Neil Weinstein serves and has served as a member and Deputy Chairman of our Board of Directors since August 2015. Mr. Weinstein is also a member of TORM's Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee. Mr. Weinstein is a capital markets, governance, and reorganization specialist. Mr. Weinstein has had a number of Board leadership positions in inter alia Seadrill, Ltd., Stone Energy Corporation, Tru Taj LLC, Deep Ocean Group, Axiall Corporation, The Oneida Group, Horizon Lines, Inc., Interstate Bakeries Corporation, Pioneer Companies, Inc. and York Research Corporation and has served as Managing Director of Calyon Securities Inc., BNP Paribas, Bank of Boston and Chase Securities Inc. Mr. Weinstein holds a Bachelor of Arts in Economics from Brandeis University and a Juris Doctor from Columbia University School of Law.

Annette Malm Justad serves and has served as a member of our Board of Directors since April 2020. Ms. Justad is a partner at Recore Norway AS and serves as Chair of the Board of Directors of Store Norske Spitsbergen Kulkompani AS, AMSC ASA, Småkraft AS and Feddie Ocean Distillery AS. She is a member of the Board of Directors of Awilco LNG ASA, and PowerCell Sweden AB. Ms Justad has more than 25 years of executive experience from the shipping industry, including Chief Executive Officer of the Oslo listed Eitzen Maritime Services ASA from 2006-2010. Ms. Justad holds a Master of technology management from the Norwegian University of Science and Technology/Massachusetts Institute of Technology/Norwegian School of Economics and a Master of Chemical Engineering from the Norwegian University of Science and Technology.

Pär Göran Trapp serves and has served as a member of our Board of Directors since August 2015. In addition, Mr. Trapp is Chairman of TORM's Audit Committee and Risk Committee. Mr. Trapp was with Morgan Stanley from 1992 to 2013 where he started as crude oil trader, then became Head of Oil Products Trading Europe & Asia, Global Head of Oil Trading and Head of Commodities EMEA. Prior to joining Morgan Stanley, Göran Trapp was a crude oil trader at Statoil. Göran Trapp is a cofounder of energy advisory boutique Energex Partners. Mr. Trapp holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics.

Rasmus Johannes Skaun Hoffmann is and has been a Board Observer since April 2016 and before that time served as a member of our Board of Directors since April 2011. Mr. Hoffmann has been employed with us since 2003 and serves as a chief engineer. Mr. Hoffmann also serves on the Board of Directors of TORM A/S has served as member of the board in the TORM Foundation since 2013.

Christian Gorrissen serves and has served as Head of Legal of TORM A/S since June 2011. Prior to joining the Company, he served as Head of Legal of Maersk Contractors from 1999 to 2006, Deputy General Counsel of the A.P. Moller-Maersk Group from 2006 to 2008 and as Managing Director of Maersk Drilling Australia Pty. Ltd. From 2008 to 2011. Mr. Gorrissen holds a Master of Laws degree from the University of Copenhagen, is an attorney admitted to the Supreme Court of Denmark and has attended the International Executive Program at INSEAD.

Jacob Meldgaard serves and has served as the Chief Executive Officer of TORM A/S since April 2010. Prior to joining TORM, Mr. Meldgaard served as executive vice president and as a member of the executive management of Dampskibsselskabet NORDEN A/S. Mr. Meldgaard served as Chairman of the Board of Directors of Danish Shipping until May 2023, he is now board member of Danish Shipping, Danish Ship Finance A/S, International Chamber of Shipping, and the TORM Foundation. Mr. Meldgaard holds a Bachelor of Commerce in international trade from the Copenhagen Business School and attended the Advanced Management Program at Wharton Business School and Harvard Business School.

Kim Balle serves and has served as the Chief Financial Officer of TORM A/S since December 2019. Prior to joining TORM, Mr. Balle served as Group Chief Financial Officer of CASA A/S since 2017, Group Chief Financial Officer of DLG a.m.b.a. from 2015-2017, Group Chief Operating Officer of DLG a.m.b.a. from 2016-2017, Group Vice President of DLG a.m.b.a. from 2014-2015, Head of Corporate & Institutional Banking for Danske Bank from 2012-2014 and Head of Domestic Clients for Danske Bank from 2009-2012. Mr. Balle currently serves and has served as a member of the Board of Directors since 2017 for Nordea Invest and Lind Capital. In 2021, Mr. Balle became a member of the Board of Directors and the Chairman of the Audit Committee of Flügger A/S and in 2023 he became a member of the Board of Directors and the Chairman of the Audit Committee in Rosendahl Design Group A/S. He holds a Bachelor of Science in Financing and Credit and a Master of Business Administration from the Copenhagen Business School.

Lars Christensen serves and has served as the Senior Vice President and Head of Projects of TORM A/S since May 2011. Prior to joining TORM, Mr. Christensen served as Managing Director of Navitaship, Vice President of Maersk Broker, Manager at Maersk K.K and Shipbroker at EA Gibson Shipbrokers. Mr. Christensen holds a Certificate in international trade from the Copenhagen Business School, a Master of Business Administration from IMD and attended the Executive Management Program at Columbia Business School. Mr. Christensen is also Chairman of TORM A/S and the TORM Foundation, chairman of the Luise Andresen Foundation and Lindcom A/S. He is also a member of the board of Andresen Invest A/S, member of the board of Ferrum A/S and Speditør Andresens Mindefond.

Jesper Søndergaard Jensen serves and has served as the Senior Vice President and Head of Technical Division of TORM A/S since September 2014. Prior to joining TORM, Mr. Jensen served as Senior Vice President and Technical Manager at Clipper Group and Fleet Group Manager, Manager and Chief Engineer at Maersk Group. Mr. Jensen holds a Bachelor of Technology Management in Marine Engineering from the Maritime and Polytechnic College in Denmark and an Executive Master of Business Administration from Henley Business School and Advanced Management Program at Harvard Business School. Mr. Jensen is Chairman of the Board of ME Production Denmark and China, and is a Director of the Clean Shipping Alliance.

B. Compensation

At the general meeting held on April 13, 2023, our shareholders reapproved the remuneration policy, with effect from the date of the meeting, which includes overall guidelines for incentive pay for the Board of Directors and our Senior Management Team (defined below). During 2023, the Committee wished to undertake a further review of the Remuneration Policy that was approved by the shareholders at the annual general meeting. The Committee reviewed the policy and, in particular, the section related to fees paid to our Non-Executive Directors and the Chief Executive Officer and concluded that it is appropriate to propose some amendments to the Company's Remuneration Policy. The Company is required, under the United Kingdom Companies Act 2006, to prepare a Remuneration Report for each financial year.

For information about compensation to our non-executive directors, reference is made to page 118 of the "Remuneration Committee Report" in the *Annual Report 2023*.

Executive Management Compensation

Our Senior Management Team, which is comprised of Jacob Meldgaard, our Executive Director and principal executive officer of TORM plc, the Chief Executive Officer of TORM A/S, Kim Balle, our principal financial officer and the Chief Financial Officer of TORM A/S, Jesper Jensen, the Head of the Technical Division of TORM A/S and Lars Christensen, the Head of Projects of TORM A/

S, receive compensation consisting of a fixed base salary, cash-based bonus incentives paid out in 2023 under our performance bonus program, discussed below, and customary executive fringe benefits. We have not granted loans, issued guarantees or undertaken similar obligations to or on behalf of members of our Senior Management Team.

In 2023, the aggregate compensation paid by the Group to Jacob Meldgaard for his role as Executive Director and principal executive officer of TORM plc and as the Chief Executive Officer of TORM A/S amounted to $1,776,297, which includes the fee payable to Mr. Meldgaard for his service on the Board of Directors. We have not allocated funds to provide pension, retirement or similar benefits to Mr. Meldgaard.

In 2023, the aggregate compensation paid by the Group to the other members of our Senior Management Team (excluding Mr. Meldgaard) was $1,560,959, which includes an aggregate of $130,126 allocated for pensions for these individuals.

Incentive Schemes

Compensation of our Senior Management Team includes the eligibility to participate in a variable incentive-based pay with a combination of share options, restricted share units and other share-based awards. We have in place a Long-Term Incentive Plan, or the LTIP, pursuant to which our Board of Directors may grant certain employees and executive officers share options, restricted share units, or RSUs, in the form of restricted stock options, or other share-based awards. See "Item 10. Additional Information".

For information on RSUs granted to Mr. Meldgaard pursuant to the LTIP, reference is made to the "Remuneration Committee Report -Long-Term Incentive Program-Restricted Share Units Granted" on pages 116 of the *Annual Report 2023*.

During 2023, the members of our Senior Management Team other than Mr. Meldgaard were granted an aggregate of 382,800 RSUs as part of each executive's annual grant. Each RSU entitles the other members of our Senior Management Team to acquire one Class A common share, subject to a three-year vesting period, with one third of the grant amount vesting at each anniversary date. The RSUs were issued with an original exercise price of DKK 220.6 per Class A common share for a period of twelve months after the vesting date. The exercise price on the RSUs may be adjusted by the Board of Directors to reflect dividend payments made to shareholders. Assuming 100% vesting and based on the Black-Scholes model, the aggregate RSU grant in 2023 to the other members of our Senior Management Team would be approximately $3,705,524. In addition, the members of our Senior Management Team were granted a total of 382,800 RSUs on similar terms as outlined above, with the exceptions that the strike price for these RSUs is set to one U.S. cent and that all the RSUs will vest on March 1, 2026.Vested RSUs may be exercised for a period of 360 days from each vesting date. Assuming 100% vesting and based on the Black-Scholes model, the aggregate additional RSU grant in 2023 to the other members of our Senior Management Team would be approximately $13,649,387.

Performance Bonus Program 2023

For information on the cash performance bonus received by Mr. Meldgaard for the financial year 2023, reference is made to "Remuneration Committee Report -Performance Bonus 2023" on page 115 of the *Annual Report 2023*.

During the financial year 2023, the members of our Senior Management Team other than Mr. Meldgaard received cash performance bonuses in an aggregate amount of $64,101 which is directly linked to the fulfillment of specific performance metrics, which include developments in the price of our shares and our cost base (up to 50% of the base salary of each executive).

C. Board Practices

Our Board of Directors maintains overall responsibility for the Company and its strategy and is entrusted with various tasks including appointment and supervision of our Executive Director, Mr. Jacob Meldgaard, and establishment of strategic, accounting, organizational and financial policies.

Our Board of Directors has delegated the day-to-day management of our business to our Executive Director. This includes our operational development and responsibility for implementing the strategies and overall decisions approved by the Board of Directors. The Executive Director also serves the position as Chief Executive Officer of TORM A/S, our largest subsidiary. Transactions of an unusual nature or of major importance may only be effected by our Executive Director on the basis of a special authorization granted by our Board of Directors. In the event that certain transactions cannot await approval by our Board of Directors, taking into consideration the best interests of the Company, our Executive Director, to the extent possible, shall obtain the approval of the Chairman of our Board of Directors and ensure that the Board of Directors is subsequently given notice of such transactions passed. Transactions of an unusual nature or of major importance are defined in our board guidelines for our Board of Directors and include, among other things, the acquisition and disposal of vessels.

For a description and terms of reference of the committees of our Board of Directors, reference is made to "Corporate Governance-Board Committees" on page 95 and the individual reports of our Audit Committee, Risk Committee, Nomination Committee and Remuneration Committee on pages 100-121 of our *Annual Report 2023*.

Employment Agreements

Mr. Jacob Meldgaard

We may dismiss Mr. Meldgaard with twelve months' notice to the end of a month, and Mr. Meldgaard may terminate his contract with six months' notice to the end of a month. Mr. Meldgaard is not entitled to other kinds of remuneration resulting from a retirement from the Company other than performance bonuses earned, if any.

Mr. Meldgaard is subject to global non-competition and non-solicitation clauses for a period of twelve months. For the effective period of these clauses, Mr. Meldgaard is entitled to a monthly compensation compared to 100% of his base salary. The non-competition clause may be terminated with one month's notice. However, whether one or both of the non-competition and non-solicitation clauses are effective, the compensation only becomes payable once.

In case of a change of control, as further defined in Mr. Meldgaard's service agreement, Mr. Meldgaard may, within three months from the date of the change, terminate his employment with six months' notice, in which case certain non-competition and non-solicitation clauses will be shortened.

Under mandatory Danish law, non-competition clauses cannot be enforced after expiry of the notice period if the termination is effected by the Company without Mr. Meldgaard having given reasonable cause for the dismissal.

Other Members of the Senior Management Team

We may dismiss the other members of the Senior Management Team (excluding Mr. Meldgaard) with nine to twelve months' notice (varying length depending on position and seniority) to the end of a month. Each of these executives may all terminate his contract with four to six months' notice (varying length depending on position) to the end of a month.

Based on the current seniority, these current members of our Senior Management Team are not entitled to other kinds of remuneration upon retirement from the Company, other than performance bonuses earned, if any.

These other members of the Senior Management Team are subject to global non-competition clauses for a period of up to twelve months (depending on position). For the effective period of the clauses, these other members of the Senior Management Team are entitled to a monthly compensation compared to 100% of their respective base salary.

The non-competition clauses may be terminated. Under mandatory Danish law, non-competition clauses cannot be enforced after expiry of the notice period if the termination is effected by the Company without the members of the Senior Management Team having given reasonable cause for their dismissal.

Clawback Policy

In December 2023, TORM adopted a policy regarding the recovery of erroneously awarded compensation ("Clawback Policy") in accordance with the applicable rules of The Nasdaq Stock Market and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended. In the event TORM is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under U.S. securities laws or otherwise erroneous data or if TORM determines there has been a significant misconduct that causes material financial, operational or reputational harm, TORM shall be entitled to recover a portion or all of any incentive-based compensation provided to certain executives who, during a three-year period preceding the date on which an accounting restatement is required, received incentive compensation based on the erroneous financial data that exceeds the amount of incentive-based compensation the executive would have received based on the restatement.

The Remuneration Committee administers the Company's Clawback Policy and has discretion, in accordance with the applicable laws, rules and regulations, to determine how to seek recovery under the Clawback Policy and may forego recovery if it determines that recovery would be impracticable.

Cybersecurity

Our Chief Financial Officer has the overall risk ownership and accountability to control such risk. Our Chief Financial Officer formulates cybersecurity strategies and drives initiatives, and together with the Head of Group IT, set targets, assesses risks, develop policies and procedures, and execute our cybersecurity efforts. Our Chief Financial Officer regularly reports to the Risk Committee and the overall Board of Directors, which ultimately oversees cybersecurity risks and initiatives. The Risk Committee monitors the progress of TORM's cybersecurity efforts and together with the Chief Financial Officer ensures integrity of reporting. The Risk Committee reports to the Board of Directors at each Risk Committee meeting. For more information on our cybersecurity risk management and strategy and governance, please see "Item 16K. Cybersecurity."

D. Employees

As of December 31, 2023, we employed approximately 370 people in our offices in Denmark, India, the Philippines, Singapore, United Kingdom and the United States, excluding seafarers, who work on our vessels. For a breakdown of the geographic locations of our employees, please see "Item 4. Information on the Company D.- Property, Plants and Equipment."

E. Share Ownership

The table below shows, in relation to each of our directors and members of our Senior Management Team, the total number of shares owned and the total number of Restricted Share Units, or RSUs, held as of March 7, 2024. The RSUs granted to our Executive Director, Jacob Meldgaard, were received for his role as Chief Executive Officer of TORM A/S. For any arrangements that involve employees in the capital of the Company, please refer to "Item 10. Additional Information A.- Restricted Share Units" and for Restricted Share Units granted to the Chief Executive Officer, please refer to Note 5 of this annual report on Form 20-F.

Directors and Executive officers	Class A common shares held	Unvested RSUs	Vested RSUs
Christopher H. Boehringer	21,204	-	-
David Weinstein	5,000	-	-
Göran Trapp	12,820	-	-
Annette Malm Justad	2,700	-	-
Jacob Meldgaard	0	555,200	255,200
All other executive officers in the aggregate	*	765,600	382,800

* Our remaining executive officers individually each own less than 1% of our outstanding shares.

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth the beneficial ownership of our Class A common shares, par value $0.01 per share, as of the date of this annual report, by beneficial owners of 5% or more of the common shares. All of our shareholders, including the shareholders listed in the table below, are entitled to one vote for each share held (excluding the B share and the C share).

Name	Class A Common Shares Beneficially Owned	
	Number	Percentage[1]
Njord Luxco(2)(3)	51,006,538	59.15 %

(1) Calculated based on 86,225,684 Class A common shares (excluding treasury shares) outstanding as of December 31, 2023.

(2) According to Schedule 13D filed with the SEC on September 14, 2020 and information provided by Njord Luxco, the business address of Njord Luxco is OCM Njord Holdings S.a r.l, 26A, Boulevard Royal L-2449, Luxembourg, Luxembourg. The majority shareholder of Njord Holdings is OCM Luxembourg OPPS IX Sarl. The majority shareholder of OCM Luxembourg OPPS IX Sarl is Oaktree Opportunities Fund IX, L.P. The general partner of Oaktree Opportunities Fund IX, L.P. is Oaktree Opportunities Fund IX GP, L.P. The sole director of Oaktree Opportunities Fund IX GP, L.P. is Oaktree Opportunities Fund IX GP, Ltd. The sole director of Oaktree Opportunities Fund IX GP, Ltd. is Oaktree Capital Management, L.P. The general partner of Oaktree Capital Management, L.P. is Oaktree Capital Management GP, LLC. The general partner of Oaktree Capital Management GP, LLC is Atlas OCM Holdings, LLC. The names of each of the directors and executive officers of Atlas OCM Holdings, LLC are Howard S. Marks, Bruce A. Karsh, Jay S. Wintrob, John B. Frank and Sheldon M. Stone who, by virtue of their membership interests in Oaktree Capital Group, LLC and Atlas OCM Holdings, LLC may be deemed to share voting and dispositive power with respect to the shares of TORM plc held by Njord Holdings. The address for all of the entities and individuals identified above is c/o Oaktree Capital Management, L.P., 333 S. Grand Avenue, 28th Floor, Los Angeles, California 90071.

(3) Njord Luxco is the holder of the sole outstanding Class C share. The Class C share has 350,000,000 votes at the general meeting in respect of specified matters, including election of members to our Board of Directors (other than the Deputy Chairman) and certain amendments to the Articles of Association. See “Item 10. Additional Information—A. Share Capital —Our Shares—Class C Share”.

As of December 31, 2023, Njord Luxco beneficially owned 51,006,538 Class A common shares, or 59.15% (2022: 53,812,988 Class A common shares, 65.77%; 2021: 53,812,989, or 66.25%).

As of December 31, 2023, we had 4,417,688 RSUs outstanding. Subject to vesting, each RSU entitles the holder to acquire one Class A common share.

The sole outstanding B share is held by a trustee on behalf of non-Oaktree shareholders to provide certain minority protections. The B Share has one vote at the general meeting and the right to elect the Deputy Chairman of our Board of Directors and one Board Observer. As per the date of this report, there is no Board observer. See “Item 10. Additional Information—A. Share Capital —Our Shares—Class B Share”.

As of December 31, 2023, our sole shareholder of record located in the United States was Cede & Co., a nominee of The Depository Trust Company, which held 12,266,640 Class A common shares, representing 14.23% of our issued and outstanding Class A common shares on that date.

As of February 28, 2024, we had 4,274,162 RSUs outstanding. Subject to vesting, each RSU entitles the holder to acquire one Class A common share.

As of February 20, 2024, our sole shareholder of record located in the United States was Cede & Co., a nominee of The Depository Trust Company, which held 44,367,157 Class A common shares, representing 48.90% of our issued and outstanding Class A common shares on that date.

We are not aware of any arrangements, known by the Company, the operation of which may at a subsequent date result in a change in control of the Company.

B. Related Party Transactions

Remuneration of our directors and Senior Management Team is disclosed in "Item 6. Directors, Senior Management and Employees-B. Compensation".

Mr. Boehringer is a partner and a managing director of Oaktree Capital Management (U.K.) LLP. Oaktree affiliates manage (indirectly) the Company's controlling shareholder, Njord Luxco. Oaktree has interests in numerous businesses, including businesses which may compete directly or indirectly with the Group. Mr. Boehringer may from time to time be involved in influencing the business or strategy of such businesses.

On September 1, 2022, TORM purchased 75% of the shares in Marine Exhaust Technology A/S for a cash consideration of $ 2.0 million and thereby obtaining a controlling interest in its joint venture entity Marine Exhaust Technology Ltd in Hong Kong. Until September 1, 2022, TORM's transactions with its joint venture entity producing scrubbers for the TORM fleet covered capital expenditures of $5.6 million in total.

To our knowledge, there have been no other transactions with related parties during the periods required to be presented.

C. Interest of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and other Financial Information

Please see the section of this annual report on Form 20-F entitled "Item 18. Financial Statements".

Legal Proceedings

We are from time to time and currently a party to various legal proceedings arising in the ordinary course of business. We seek to maintain commercial liability insurance for such cases, and to the extent that we find that a specific claim is covered by insurance, our policy is to make no reservations in our accounts except for other related costs such as deductibles payable by us under the insurance policies.

In 2020, TORM was involved in cargo claims relating to a customer having granted indemnities for discharge of cargoes, and not being able to honor those obligations. The cases involved irregular activities by the customer. Legal action was initiated by TORM in the UK and in India against the customer and related individuals. During 2022, TORM settled one claim and reassessed its provisions for the remaining part of the case complex, which led to the reversal of provisions amounting to USD 6.3m. As of December 31, 2023, TORM has reassessed the provision and reversed the remaining provision of USD 6.5m relating to the case complex to reflect the current legal assessment of the outcome. TORM has estimated the potential exposure to be up to USD 16.6m should TORM contrary to current expectations not defeat any part of the claims in the case complex. Legal proceedings are still ongoing and the outcome is therefore subject to uncertainty.

TORM is involved in some other legal proceedings and disputes. It is Senior Management Team's opinion that the outcome of these proceedings and disputes should not have any material impact on TORM's financial position, results of operations and cash flows.

Distribution Policy

Reference is made to "Investor Information-Distribution Policy" on page 133 of our *Annual Report 2023*.

On 07 March 2024, TORM amended the distribution policy with effect from the first quarter of 2024. With this TORM intends to distribute on a quarterly basis excess liquidity above a threshold liquidity level. The threshold liquidity level will be determined as the sum of i) the product of liquidity requirement per vessel and the number of owned and leased vessels in TORM's fleet as at the balance sheet day and ii) a discretionary element determined by the Board taking into consideration TORM's capital structure, strategic opportunities, future obligations and market trends.

Our Board of Directors may, in its sole discretion, from time to time, declare and distribute dividends in accordance with our Articles of Association and applicable law. Any decision to distribute dividends will be at the sole discretion of the Board of Directors. Dividends which are declared as interim dividends do not need to be approved by the shareholders at our annual general meeting.

We can give no assurance that dividends will be declared and paid in the future or the amount of such dividends if declared and paid. For a discussion of certain risk factors that may affect our ability to pay dividends, see “Item 3. Key Information—A. Risk Factors”. For a description of the restrictions on the payment of dividends contained in our financing agreements, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Financing Agreements”. For a discussion of the material tax consequences regarding the receipt of dividends we may declare, see “Item 10. Additional Information— E. Taxation”.

B. Significant Changes

For significant events that occurred after the date of the annual financial statements, reference is made to ‘Note 2 – Liquidity, Capital Resources and Subsequent Events’, pages 155 - 156 in our *Annual Report 2023*. For description of important events and achievements during 2023, reference is made to "2023 in Review", pages 7 - 8 in our *Annual Report 2023*.

ITEM 9. THE OFFER AND LISTING

Our Class A common shares currently trade on Nasdaq Copenhagen A/S under the symbol “TRMD A” and on Nasdaq New York under the symbol “TRMD”. The B share and C share are not listed for trading on any exchange. See “Item 10. Additional Information”.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Issued and Authorized Capitalization

As of March 7, 2024, our share capital consisted of 90,729,339 Class A common shares, par value $0.01 per share, one Class B share, par value $0.01 per share, and one Class C share, par value $0.01 per share. As of March 7, 2024, and the date of this annual report, we have 493,371 treasury shares.

As of December 31, 2023, our share capital consisted of 86,225,684 Class A common shares, par value $0.01 per share, one Class B share, par value $0.01 per share, and one Class C share, par value $0.01 per share. As of December 31, 2023 and the date of this annual report, we have 493,371 treasury shares.

At the Company's 2016 Annual General Meeting of Shareholders, the Board of Directors was granted certain authorizations to increase our issued share capital, both with and without pre-emption rights to the existing shareholders. These share authorities expired on March 14, 2021. The Board of Directors sought renewal of this existing authority at the 2020 Annual General Meeting of Shareholders and this resolution was approved and will apply until the close of business on April 14, 2025. The Board of Directors will seek renewal of the authorities at the 2024 Annual General Meeting of Shareholders, that will apply until the close of business April 10, 2029. For a description of the share authorities granted to our Board of Directors, reference is made to "Director's Report—Share Capital" on page 137 of our Annual Report 2023.

Our Shares

Class A common shares. Each outstanding Class A common share, par value $0.01 per share, has (i) on a poll, one (1) vote on all matters at the general meeting (other than the election or removal of the Deputy Chairman), (ii) pre-emption rights upon any new issue of equity securities (including Class A common shares) for cash (unless otherwise provided by the United Kingdom Companies Act or our Articles of Association or as disapplied by the relevant shareholders' resolution) and (iii) the right to receive dividends, as well as liquidation proceeds and other distributions, that we may declare from time to time. The Class A common shares are not redeemable, either in full or in part.

Class B share. The one outstanding Class B share, par value $0.01, is held by a trustee on behalf of our minority shareholders (the Class A common shareholders other than Njord Luxco or its affiliates) pursuant to the terms of a minority trust deed, which is filed as Exhibit 2.2 to this annual report. The Class B share has (i) one vote at our general meetings, (ii) no pre-emptive subscription rights in relation to any issue of new shares of other classes and (iii) effectively carries no right to receive dividends, liquidation proceeds or other distributions from us. The holder of the Class B share has the right to elect one member to our Board of Directors (the Deputy Chairman) as well as appoint one Board Observer. Currently, David Weinstein serves as the Class B share elected director. The Class B share may not be transferred or pledged, except for a transfer to a replacement trustee or a redemption by us. The Class B share is required to be redeemed when the Class C share is redeemed. The trustee is required to exercise its rights as holder of the Class B share at the direction of such minority shareholders. Such minority shareholders are able to direct the trustee as the holder of the Class B share by responding to a directions request distributed to such minority shareholders in accordance with the terms of the minority trust deed.

Class C share. The one outstanding Class C share, par value $0.01, is held by Njord Luxco. The holder of the Class C share has 350,000,000 votes at our general meetings on specified matters, described below. Based on Njord Luxco's share ownership as of the date of this annual report of 51,006,538 Class A common shares and the C share, Njord Luxco has 401,006,538 votes.

The Class C share votes may only be cast on resolutions in respect of the appointment or removal of directors (excluding the Deputy Chairman) and certain amendments to the Articles of Association, proposed by the Board of Directors. The Class C share votes may not be cast on resolutions in respect of any amendments to certain reserved matters, as specified in our Articles of Association, (unless those reserved matters also constitute changes to our Articles of Association on which the Class C share is entitled to vote), pre-emptive rights of shareholders, rights attached to the Class B share and other minority protection rights provisions contained in our Articles of Association.

The Class C share has no pre-emption rights in relation to any issue of new shares of other classes and effectively carries no right to receive dividends, liquidation proceeds or other distributions from us. The Class C share may not be transferred or pledged, except to an affiliate of Njord Luxco or pursuant to redemption by us. The Class C will be automatically redeemed when Njord Luxco and its affiliates cease to beneficially own at least one third of our issued Class A common shares. The voting rights attached to the Class C share have the practical effect of allowing Njord Luxco to control the Board of Directors of TORM plc and to make amendments to the Articles of Association proposed by the Board of Directors, other than amendments to the minority protections. Even when Njord Luxco holds only a third of the issued Class A common shares, the votes cast by Njord Luxco would represent approximately 87% of the votes that may be cast on resolutions on which the Class C share may vote.

The reserved matters set forth in our Articles of Association require either the approval of a majority of our Board including our Chairman and Deputy Chairman or the approval of a resolution approved by at least 70% or 86% of the votes capable of being cast. Please see “Item. 10. Additional Information— B. Memorandum and Articles of Association”.

Our Share History

As of December 31, 2021, TORM’s total share capital was $812,332.71 consisting of 81,233,269 Class A common shares, par value $0.01 per share, one Class B share and one Class C share both with a par value of $0.01 per share.

As of December 31, 2022, TORM’s total share capital was $823,112.99 consisting of 82,311,299 Class A common shares, par value $0.01 per share, one Class B share and one Class C share both with a par value of $0.01 per share.

As of December 31, 2023, TORM’s total share capital was $862,256.86 consisting of 86,225,684 Class A common shares, par value $0.01 per share, one Class B share and one Class C share both with a par value of $0.01 per share. During 2023, TORM has increased its share capital by 3,914,385 Class A common shares.

Reconciliation of the Number of Class A Common Shares Outstanding as of the Date of this Annual Report

Shares outstanding at December 31, 2021	81,233,269
Number of Class A common shares issued in connection with exercise of RSUs	1,078,030
Shares outstanding at December 31, 2022	82,311,299
Number of Class A common shares issued in connection with exercise of RSUs	1,137,569
Number of Class A common shares issued in connection with acquisition of vessels	2,776,816
Shares outstanding at December 31, 2023	86,225,684
Number of Class A common shares issued in connection with exercise of RSUs	65,548
Number of Class A common shares issued in connection with acquisition of vessels	4,438,107
Shares outstanding at March 7, 2024	90,729,339

Share Capital Increases

On March 8, 2022, we increased our share capital by 47,639 Class A common shares (corresponding to a nominal value of $476.39) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $812,809.10 divided into 81,280,908 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On March 11, 2022, we increased our share capital by 98,821 Class A common shares (corresponding to a nominal value of $988.21) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $813,797.31 divided into 81,379,729 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On March 17, 2022, we increased our share capital by 49,622 Class A common shares (corresponding to a nominal value of $496.22) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $814,293.53 divided into 81,429,351 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On March 28, 2022, we increased our share capital by 12,406 Class A common shares (corresponding to a nominal value of $124.06) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $814,417.59 divided into 81,441,757 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On April 8, 2022, we increased our share capital by 17,512 Class A common shares (corresponding to a nominal value of $175.12) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $814,592.71 divided into 81,459,269 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On April 19, 2022, we increased our share capital by 7,089 Class A common shares (corresponding to a nominal value of $70.89) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $814,663.60 divided into 81,466,358 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On April 26, 2022, we increased our share capital by 34,189 Class A common shares (corresponding to a nominal value of $341.89) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $815,005.49 divided into 81,500,547 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On May 17, 2022, we increased our share capital by 232,011 Class A common shares (corresponding to a nominal value of $2,320.11) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $817,325.60 divided into 81,732,558 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On May 19, 2022, we increased our share capital by 67,135 Class A common shares (corresponding to a nominal value of $671.35) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $817,996.95 divided into 81,799,693 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On May 26, 2022, we increased our share capital by 102,214 Class A common shares (corresponding to a nominal value of $1,022.14) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $819,019.09 divided into 81,901,907 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On June 1, 2022, we increased our share capital by 46,834 Class A common shares (corresponding to a nominal value of $468.34) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $819,487.43 divided into 81,948,741 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On June 9, 2022, we increased our share capital by 14,178 Class A common shares (corresponding to a nominal value of $141.78) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $819,629.21 divided into 81,962,919 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On July 6, 2022, we increased our share capital by 7,089 Class A common shares (corresponding to a nominal value of $70.89) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $819,700.10 divided into 81,970,008 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On August 25, 2022, we increased our share capital by 100,266 Class A common shares (corresponding to a nominal value of $1,002.66) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $820,702.76 divided into 82,070,274 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On September 2, 2022, we increased our share capital by 56,713 Class A common shares (corresponding to a nominal value of $567.13) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $821,269.89 divided into 82,126,987 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On November 15, 2022, we increased our share capital by 170,134 Class A common shares (corresponding to a nominal value of $1,701.34) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $822,971.23 divided into 82,297,121 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On December 20, 2022, we increased our share capital by 14,178 Class A common shares (corresponding to a nominal value of $141.78) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $823,113.01 divided into 82,311,299 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 30, 2023, we increased our share capital by 21,267 Class A common shares (corresponding to a nominal value of $212.67) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $823,325.68 divided into 82,332,566 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On March 21, 2023, we increased our share capital by 802,800 Class A common shares (corresponding to a nominal value of $8,028.00) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $831,353.68 divided into 83,135,366 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On March 28, 2023, we increased our share capital by 132,735 Class A common shares (corresponding to a nominal value of $1,327.35) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $832,681.03 divided into 83,268,101 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On April 4, 2023, we increased our share capital by 10,634 Class A common shares (corresponding to a nominal value of $106.34) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $832,787.37 divided into 83,278,735 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On April 11, 2023, we increased our share capital by 170,133 Class A common shares (corresponding to a nominal value of $1,701.33) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $834,488.70 divided into 83,448,868 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On May 19, 2023, we increased our share capital by 946,449 Class A common shares (corresponding to a nominal value of $9,464.49) as a result of the delivery of two of three eco MR product tanker vessels (TORM Beatrice and TORM Birgitte) acquired in Q1, 2023. After the capital increase, our share capital amounted to $843,953.19 divided into 84,395,317 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On June 7, 2023, we increased our share capital by 473,224 Class A common shares (corresponding to a nominal value of $4,732.24) as a result of the delivery of the final of three eco MR product tanker vessels (TORM Belis) acquired on Q1, 2023. After the capital increase, our share capital amounted to $848,685.43 divided into 84,868,541 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On December 1, 2023, we increased our share capital by 696,429 Class A common shares (corresponding to a nominal value of $6,964.29 as a result of the delivery of first of four eco MR product tanker vessels (TORM Diana) acquired in the fourth quarter of 2023. After the capital increase, our share capital amounted to $855,649.72 divided into 85,564,970 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On December 19, 2023, we increased our share capital by 660,714 Class A common shares (corresponding to a nominal value of $6,607.14) as a result of the delivery of the second of four eco MR product tanker vessels (TORM Dagmar) acquired in he fourth quarter of 2023. After the capital increase, our share capital amounted to $862,256.86 divided into 86,225,684 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 5, 2024, we increased our share capital by 1,313,482 Class A common shares (corresponding to a nominal value of $13,134.82) as a result of the increase in 660,714 Class A common shares (corresponding to a nominal value of $6,607.14) as a result delivery of the third of four eco MR product tanker vessels (TORM Denise) acquired in the fourth quarter of 2023 and the increase in 652,768 Class A common shares (corresponding to a nominal value of $6,527.68) as a result of the first of eight eco LR2 product tanker vessels (TORM Gwendolyn) acquired in the fourth quarter of 2023. After the capital increase, our share capital amounted to $875,391.68 divided into 87,539,166 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 11, 2024, we increased our share capital by 1,284,791 Class A common shares (corresponding to a nominal value of $12,847.91) as a result of the increase in 660,714 Class A common shares (corresponding to a nominal value of $6,607.14) as a result delivery of the final of four eco MR product tanker vessels (TORM Danica) acquired in the fourth quarter of 2023 and the increase in 624,077 Class A common shares (corresponding to a nominal value of $6,240.77) as a result of the second of eight eco LR2 product tanker vessels (TORM Gabriella) acquired in the fourth quarter of 2023. After the capital increase, our share capital amounted to $888,239.59 divided into 88,823,957 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 16, 2024, we increased our share capital by 638,013 Class A common shares (corresponding to a nominal value of $6,380.13) as a result of the increase in 616,746 Class A common shares (corresponding to a nominal value of $6,167.46) as a result of the third of eight eco LR2 product tanker vessels (TORM Gwyneth) acquired in the fourth quarter of 2023 and as a result of the increase in 21,267 Class A common shares (corresponding to a nominal value of $212.67) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $894,619.72 divided into 89,461,970 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 24, 2024, we increased our share capital by 1,237,266 Class A common shares (corresponding to a nominal value of $12,372.66) as a result of the increase in 1,223,088 Class A common shares (corresponding to a nominal value of $12,230.88) as a result of the fourth and fifth of eight eco LR2 product tanker vessels (TORM Ganga and TORM Gitte) acquired in the fourth quarter of 2023 and as a result of the increase in 14,178 Class A common shares (corresponding to a nominal value of $141.78) as a result of the exercise of a corresponding number of RSUs. After the capital increase, our share capital amounted to $906,992.38 divided into 90,699,236 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On January 30, 2024, we increased our share capital by 23,198 Class A common shares (corresponding to a nominal value of $231.98) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $907,224.36 divided into 90,722,434 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

On February 8, 2024, we increased our share capital by 6,905 Class A common shares (corresponding to a nominal value of $69.05) as a result of the exercise of a corresponding number of restricted share units, or RSUs. After the capital increase, our share capital amounted to $907,293.41 divided into 90,729,339 Class A common shares of $0.01 each, one Class B share of $0.01 and one Class C share of $0.01.

Restricted Share Units

In accordance with TORM's Remuneration Policy, the Board of Directors has, as part of the Long-Term Incentive Program (LTIP), granted certain employees Restricted Share Units (RSUs) in the form of restricted stock options. The RSUs aim at retaining and incentivizing the employees to seek to improve the performance of TORM and thereby the TORM share price for the mutual benefit of themselves and the shareholders of TORM. Each RSU granted under the LTIP entitles its holder to acquire one Class A common share, subject to vesting.

In 2021, the Board agreed to grant a total of 1,099,919 to other members of the Senior Management Team (the "2021 RSUs"). The 2021 RSUs were issued. The 2021 RSUs were issued on the same vesting terms as the 2018, 2019 and 2020 RSUs and had an exercise price of DKK 53.5 at time of allocation, corresponding to the daily average closing price on Nasdaq Copenhagen across the 90-calendar day period before March 1, 2021, the date of publication of the Annual Report 2020, plus a premium of 15%. The exercise period for vested RSUs will be 360 days.

In 2022, the Board agreed to grant a total of 1,137,770 to other members of the Senior Management Team (the "2022 RSUs"). The 2022 RSUs were issued. The 2022 RSUs were issued on the same vesting terms as the 2018, 2019, 2020 and 2021 RSUs and had an exercise price of DKK 58.0 at time of allocation, corresponding to the daily average closing price on Nasdaq Copenhagen across the 90-calendar day period before March 2, 2022, the date of publication of the Annual Report 2021, plus a premium of 15%. The exercise period for vested RSUs will be 360 days.

In 2023, the Board agreed to grant a total of 1,248,153 to other members of the Senior Management Team (the "2023 RSUs"). The 2023 RSUs were issued on the same vesting terms as the 2018, 2019, 2020, 2021 and 2022 RSUs and had an exercise price of DKK 220.6 at time of allocation, corresponding to the daily average closing price on Nasdaq Copenhagen across the 90-calendar day period before March 16, 2023, the date of publication of the Annual Report 2022, plus a premium of 15%. The exercise period for vested RSUs will be 360 days.

Also in 2023, the Board agreed to grant a total of 1,333,222 to other members of the Senior Management Team (the “2023 Additional RSUs”). The 2023 Additional RSUs will vest on March 1, 2026 and had an exercise price of $0.01 at the time of allocation.

As of December 31, 2023, 4,417,688 RSUs outstanding. 660,122 of the 2018 RSUs, 695,478 of the 2019 RSUs, 638,039 of the 2020 RSUs, 832,518 of the 2021 RSUs and 435,952 of the 2022 RSUs have been exercised. Based on the Black-Scholes model, the theoretical market value of the RSU allocations in 2018, 2019, 2020, 2021, 2022 and 2023, around the time of issuance, was calculated at $2.3 million, $1.5 million, $1.3 million, $3.0 million, $2.7 million and $64.8 million, respectively. See “Item 6. Directors, Senior Management and Employees-B. Compensation” and “-E. Share Ownership”.

B. Memorandum and Articles of Association

The description of TORM plc’s Memorandum and Articles of Association is incorporated by reference to our Registration Statement on Form 20-F (Registration No. 001-38294), as amended, which was filed with the SEC on November 24, 2017. The Company’s Articles of Association are filed as Exhibit 1.1 hereto and are incorporated by reference into this annual report.

C. Material Contracts

We refer you to “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Financing Agreements” with respect to our credit facilities, and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” with respect to our related party transactions for a discussion of the agreements that we consider to be both material and outside the ordinary course of business during the two-year period immediately preceding the date of this annual report. Other than these contracts, we have no other material contracts, other than contracts entered into in the ordinary course of business, to which we are a party.

D. Exchange Controls

Under United Kingdom law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions, that affect the remittance of dividends, interest or other payments to non-resident holders of our common shares.

E. Taxation

U.S. Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences to us and our U.S. Holders and Non-U.S. Holders, each as defined below, of our activities and the ownership and disposition of our common shares. This discussion does not purport to deal with the tax consequences of owning common shares relevant to all categories of investors, some of which, such as banks, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax-exempt organizations, dealers in securities or currencies, traders in securities that elect the mark-to-market method of accounting for their securities, investors whose functional currency is not the U.S. dollar, investors that are or own our common shares through partnerships or other pass-through entities, investors that own, actually or under applicable constructive ownership rules, 10% or more of our common shares, persons that will hold the common shares as part of a hedging transaction, "straddle" or "conversion transaction," persons who are deemed to sell the common shares under constructive sale rules, persons required to recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is included on an "applicable financial statement," persons subject to the "base erosion and anti-avoidance" tax and persons who are liable for an alternative minimum tax, may be subject to special rules. The following discussion of United States federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, or the Treasury Regulations, all as in effect or in existence on the date of this annual report, and all of which are subject to change, possibly with retroactive effect. This discussion does not address any aspect of state, local or any U.S. federal tax considerations other than income taxation, such as estate or gift taxation or unearned income Medicare contribution taxation. This discussion deals only with holders who purchase common shares in connection with this offering and hold the common shares as a capital asset. The discussion below is based, in part, on the description of our business as described in this annual report and assumes that we conduct our business as described in this annual report. Unless otherwise noted, references in the following discussion to the "Company," "we," "our," and "us" are to TORM plc and its subsidiaries on a consolidated basis.

United States Federal Income Taxation of the Company

Taxation of Operating Income: In General

We anticipate that substantially all of our gross income will be derived from the use and operation of vessels in international commerce, and that this income will principally consist of freights from the transportation of cargos, hire or lease income from voyage or time charters and the performance of services directly related thereto, which we refer to as "shipping income". Unless exempt from U.S. federal income taxation under Section 883 of the Code, under Article 8 of the U.S.-United Kingdom Income Tax Treaty or under Article 8 of the U.S.-Denmark Income Tax Treaty, we will be subject to U.S. federal income taxation, in the manner discussed below, to the extent our shipping income is considered for U.S. federal income tax purposes to be derived from sources within the United States.

Shipping income that is attributable to transportation that begins or ends, but that does not both begin and end in the United States, will be considered for U.S. federal income tax purposes to be 50% derived from sources within the United States. Shipping income attributable to transportation that both begins and ends in the United States will be considered to be 100% derived from sources within the United States. We are not permitted by law to engage in transportation that gives rise to 100% U.S. source shipping income.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any U.S. federal income tax.

We do not expect that we or our subsidiaries to qualify for exemption from tax under Section 883 of the Code, although we and our subsidiaries may qualify in the future if there is a change in our capital structure. See below for a discussion of the requirements for qualification under Section 883.

We and/or one or more of our subsidiaries (collectively referred to as "we" for purposes of this paragraph) may qualify for exemption from tax under the terms of the U.S.-United Kingdom Income Tax Treaty or U.S.-Denmark Income Tax Treaty. Whether we so qualify depends, among other things, on whether we satisfy the Limitation on Benefits article of the applicable U.S. income tax treaty. In particular, we would generally satisfy the Limitation on Benefits article if we can establish that we are engaged in the active conduct of a trade or business in the United Kingdom or Denmark, whichever is applicable, our U.S. source shipping income is derived in connection with, or is incidental to, such trade or business, and such trade or business activity in the applicable treaty jurisdiction is substantial in relation to our trade or business activity in the United States. Additionally, we may also be able to satisfy the Limitation on Benefits article of the U.S.-Denmark Income Tax Treaty if we can establish that our principal class of shares is regularly traded on a recognized stock exchange, such as Nasdaq Copenhagen, and either (i) primarily traded on a recognized stock exchange located in Denmark, or (ii) our primary place of management and control is in Denmark, our country of residence. For this purpose, our Class A common shares would generally be considered our primary class of shares if the Class A common shares represent more than 50% of the voting power and value of the Company. Additionally for this purpose, our Class A common shares would be treated as regularly traded if the Class A common shares are traded in more than de minimis quantities each quarter, and if the aggregate number of Class A common shares traded during the prior taxable year is at least 6% of the average number of Class A common shares during such prior taxable year. Given the legal and factual uncertainties in making the foregoing determination, there can be no assurance that we will qualify for exemption from tax under a U.S. federal income tax treaty, or that the IRS or a court of law will agree with our determination in this regard.

Exemption Under Section 883 of the Code

Under Section 883 of the Code and the Treasury Regulations promulgated thereunder, or "Section 883," we and each of our subsidiaries that derives U.S. source shipping income will qualify for exemption from U.S. federal income tax under Section 883 in respect of such shipping income if, in relevant part:

- we and each such subsidiary is organized in a "qualified foreign country" which, as defined, is a foreign country that grants an equivalent exemption from tax to corporations organized in the United States in respect of the shipping income for which exemption is being claimed under Section 883, which we refer to as the "country of organization requirement"; and either

- more than 50% of the value of our stock is owned actually or constructively under specified attribution rules by "qualified shareholders" (which as defined includes, among other things, individuals who are "residents" of qualified foreign countries and corporations that are organized in qualified foreign countries and meet the Publicly-Traded Test discussed immediately below), which we refer to as the "50% Ownership Test," or

- our stock is "primarily" and "regularly" traded on an "established securities market" in our country of organization, in another country that grants an "equivalent exemption" to U.S. corporations or in the United States, which we refer to as the "Publicly-Traded Test".

As the IRS has recognized the United Kingdom, our country of incorporation, and each of the countries of incorporation of our subsidiaries, including Denmark, as a qualified foreign country in respect of the shipping income for which exemption is being claimed under Section 883, we and each of our subsidiaries satisfy the country of organization requirement. Therefore, each of our subsidiaries will be exempt from U.S. federal income tax with respect to our U.S. source shipping income if we satisfy either the "50% Ownership Test" or the "Publicly-Traded Test" and certain substantiation and reporting requirements are met, thereby allowing each of our subsidiaries to satisfy the 50% Ownership Test. We do not anticipate to satisfy the 50% Ownership Test. Our ability to satisfy the Publicly-Traded Test is discussed below, and if we satisfy the Publicly-Traded Test, each of our subsidiaries can satisfy the 50% Ownership Test since each would be owned by a qualified shareholder for such purposes.

The Treasury Regulations provide, in pertinent part, that a class of stock of a foreign corporation will be considered to be "primarily traded" on an established securities market in a country (such as Nasdaq Copenhagen) if the exchange is designated under a Limitations on Benefits article in a United States income tax treaty, and if the number of shares of such class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares of such class that are traded during that taxable year on established securities markets in any other single country. Currently, our shares are primarily traded on Nasdaq Copenhagen for purposes of the "primarily traded" test, although this may change in future years.

The Treasury Regulations provide further that stock of a foreign corporation will be considered to be "regularly traded" on an established securities market only if: (i) one or more classes of stock of the corporation that, in the aggregate, represents more than 50% of the stock of the corporation, by voting power and value, is listed on such established securities market, (ii) each such class of stock is traded on such established securities market, other than in de minimis quantities, on at least 60 days during the taxable year, and (iii) the aggregate number of shares of such stock traded on such established securities market is at least 10% of the average number of shares of such stock outstanding during such taxable year. Even if this were not the case, the Treasury Regulations provide that the trading frequency and trading volume tests will be deemed satisfied with respect to a class of stock that is traded on an established securities market in the United States if such stock is regularly quoted by dealers making a market in such stock. Although we have a class of stock that is listed on the Nasdaq New York, an established securities market in the United States, we do not anticipate satisfying the requirement that our stock be "regularly traded" on an established securities market under the quantitative testing rules.

Even if our common stock was considered to be "regularly traded" on an established securities market, the Treasury Regulations provide, in pertinent part, that a class of stock of a foreign corporation will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class of stock are owned, within the meaning of the Treasury Regulations, on more than half the days during such taxable year by persons who each own 5% or more of the vote and value of the outstanding shares of such class of stock, which persons we refer to as "5% shareholders" and the rule as the "5% override rule".

For purposes of identifying our 5% shareholders, we are permitted to rely on Schedule 13G and Schedule 13D filings with the SEC. Even if our stock was considered "regularly traded" on an established securities market, we believe the 5% override rule would have been triggered and that we would not be able to rely on Section 883 for exemption from United States federal income taxation on our U.S. source shipping income.

Therefore, if we cannot qualify for benefits under an applicable U.S. income tax treaty, we would be subject to United States taxation on our U.S. source shipping income. We intend to take the position that we qualify for benefits of the U.S.-U.K. income tax treaty for purposes of Section 883. Therefore, we expect to be exempt from U.S. federal income taxation on U.S. source shipping income.

U.S. Federal Income Taxation in the Absence of Section 883 or Treaty Exemption

4% Gross Basis Tax Regime. To the extent the benefits of Section 883 or an applicable U.S. income tax treaty are unavailable, our U.S. source shipping income which is not considered to be "effectively connected" with the conduct of a U.S. trade or business, as discussed below, would be subject to a 4% U.S. federal income tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, which we refer to as the "4% gross basis tax regime". As under the sourcing rules described above, no more than 50% of our shipping income would be treated as derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income should never exceed 2% under the 4% gross basis tax regime.

Net Basis and Branch Tax Regimes. To the extent the benefits of Section 883 or an applicable U.S. income tax treaty are unavailable and the U.S. source shipping income of a subsidiary is considered to be "effectively connected" with the conduct of a U.S. trade or business, as discussed below, any such "effectively connected" U.S. source shipping income, net of applicable deductions, would be subject to the U.S. federal income tax currently imposed at the corporate rate of 21%. In addition, such subsidiary may be subject to the U.S. branch profits tax, at a rate of 30% or such lower rate as may be provided by an applicable U.S. income tax treaty, on earnings "effectively connected" with the conduct of such U.S. trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of a relevant subsidiary's U.S. trade or business

U.S. source shipping income will be considered "effectively connected" with the conduct of a U.S. trade or business only if:

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and

- substantially all of our U.S. source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not intend to have, or permit circumstances that would result in having, substantially all of our U.S. source shipping income be attributable to regularly scheduled transportation. Based on the foregoing and on the expected mode of our shipping operations, we expect that none of our U.S. source shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

U.S. Taxation of Gain on Sale of Vessels.

Regardless of whether we qualify for exemption under Section 883 of the Code or the applicable U.S. income tax treaty, we do not expect to be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

US Tonnage Tax Regime

TORM Tanker Corporation has elected to be treated under the tonnage tax regime in the U.S. with respect to its income derived from qualifying shipping activities based on the net tonnage of the corporation's qualifying U.S. flagged vessels.

Pursuant to this regime, TORM's vessel-owning corporation in the U.S. will be subject to U.S. tax based predominantly upon the net tonnage of the vessels rather than income generated from operating the vessels (i.e., operating income). Based upon the net tonnage of our current U.S. vessels and the applicable rate of taxation, our U.S. subsidiary is liable for approximately $2,131 of U.S. tonnage tax for the year ended December 31, 2023.

In the event that tonnage tax schemes or other tax laws are changed in the future, our overall tax burden could increase, which could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of our common shares that is a U.S. citizen or resident for U.S. federal income tax purposes, a U.S. corporation or other U.S. entity taxable as a corporation, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a U.S. person.

If a partnership holds our common shares, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your own tax advisor.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by us with respect to our common shares to a U.S. Holder will generally constitute dividends to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Dividends paid with respect to our common shares to a U.S. Holder that is an individual, trust or estate, which we refer to as a "U.S. Individual Holder", may be eligible for preferential U.S. federal income tax rates provided that (1) we are a "qualified foreign corporation", (2) the U.S. Individual Holder has owned our common shares for more than 60 days during the 121-day period beginning 60 days before the date on which our common shares become ex-dividend, (3) we are not a passive foreign investment company for the taxable year of the dividend or the immediately preceding taxable year (which we do not believe we are, have been or will be) and (4) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

We will be treated as a "qualified foreign corporation" if we qualify for benefits of a comprehensive income tax treaty to which the United States is a party, such as the U.S.-U.K. Income Tax Treaty or the U.S.-Denmark Income Tax Treaty, or if our common shares are readily tradable on an established securities market in the United States. We believe we qualify for the benefits of the U.S.-U.K. Income Tax Treaty or the U.S.-Denmark Income Tax Treaty, both of which are comprehensive income tax treaties, and our common shares are readily tradable on an established securities market in the United States because they are listed on Nasdaq New York. Therefore, we believe that any dividends paid by us to a U.S. Individual Holder on our common shares are eligible for these preferential rates. Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Holder.

Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in its common shares on a dollar-for-dollar basis and thereafter as capital gain. U.S. Holders that are corporations will generally not be entitled to claim a dividend received deduction with respect to any distributions they receive from us. Dividends paid on our common shares will generally be treated as "passive category income" or, in the case of certain types of U.S. Holders, "general category income", for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Special rules may apply to any "extraordinary dividend" — generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder's adjusted basis (or fair market value in certain circumstances) or dividends received within a one-year period that, in the aggregate, equal or exceed 20% of a shareholder's adjusted tax basis (or fair market value upon the shareholder's election) in a share of our common stock — paid by us. If we pay an "extraordinary dividend" on our common shares that is treated as "qualified dividend income", then any loss derived by a non-corporate U.S. holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Dividends will be generally included in the income of U.S. Holders at the U.S. dollar amount of the dividend (including any non-U.S. taxes withheld therefrom), based upon the exchange rate in effect on the date of the distribution. In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, an individual whose realized foreign exchange gain does not exceed U.S. $200 will not recognize that gain, to the extent that there are not expenses associated with the transaction that meet the requirement for deductibility as a trade or business expense (other than travel expenses in connection with a business trip or as an expense for the production of income).

Sale, Exchange or other Disposition of Our Common Shares

Subject to the discussion of passive foreign investment company status below, a U.S. Holder will generally recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in the common shares. A U.S. Holder's adjusted tax basis in its common shares generally will be the U.S. Holder's purchase price for the common shares, reduced (but not below zero) by the amount of any distribution on such common shares that was treated as a nontaxable return of capital to such U.S. Holder. Such gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the common shares is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

If the sale of our common shares is subject to withholding or other foreign taxes, such as a non-resident capital withholding tax, it is possible that the foreign taxes may not be creditable, but instead be deductible if the taxpayer itemizes his or her deductions. Investors should consult their tax advisors in this regard.

Passive Foreign Investment Company Status and Significant U.S. Federal Income Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company, or "PFIC", for U.S. federal income tax purposes. In general, a foreign corporation will be treated as a PFIC with respect to a U.S. shareholder in such foreign corporation if, for any taxable year in which such shareholder holds stock in such foreign corporation, either:

- at least 75% of the corporation's gross income for such taxable year consists of passive income (for example dividends, interest, capital gains and rents derived from other than in the active conduct of a rental business), or

- at least 50% of the average value of the assets held by the corporation during such taxable year produces, or is held for the production of, passive income, which we refer to as "passive assets".

For purposes of determining whether we are a PFIC, cash will generally be treated as an asset held for the production of passive income. Income earned or deemed earned by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute passive income unless we are treated under specific rules as deriving the rental income in the active conduct of a rental business. Also, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the assets and as receiving directly our proportionate share of the income of any corporation in which we own at least 25% by value of the stock of such corporation.

Based on our current operations and future projections, we do not believe that we are, nor do we expect to become, a PFIC with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of us and our subsidiaries should constitute active income from the performance of services rather than passive, rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our subsidiaries own and operate in connection with the production of such income, in particular the vessels, should not constitute passive assets for purposes of determining whether we are a PFIC. We anticipate that substantially all of our gross income will be derived from time and voyage charters and the performance of services directly related thereto, and that substantially all of the vessels in our fleet will be engaged in such activities.

We believe there is substantial legal authority supporting our position consisting of the Code, legislative history, case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is no direct legal authority under the PFIC rules addressing our specific method of operation, and there is authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure that the nature or extent of our operations, or the composition of our income or assets, will not change and that we will not become a PFIC in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different U.S. federal income taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund", which election we refer to as a "QEF election". As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common shares, as discussed below.

If we were to be treated as a PFIC for any taxable year, a U.S. Holder would also be subject to special U.S. federal income tax rules in respect of such U.S. Holder's indirect interest in any of our subsidiaries that are also treated as PFICs. Such a U.S. Holder would be permitted to make a QEF election in respect of any such subsidiary, as long as we timely provide the information necessary for such election, which we currently intend to do in such circumstances, but such a U.S. Holder would not be permitted to make a mark-to-market election in respect of such U.S. Holder's indirect interest in any such subsidiary. In addition, if we were to be treated as a PFIC for any taxable year, and a U.S. Holder actually or constructively own common shares that exceed certain thresholds, a U.S. Holder would be required to file a Form 8621 with its U.S. federal income tax return for that year with respect to such Holder's common shares. Substantial penalties apply to any failure to timely file a Form 8621, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Also, in the event that a U.S. Holder is required to file a Form 8621 and does not do so, the statute of limitations on the assessment and collection of U.S. federal income taxes for such person for the related tax year may not close until three years after the date that the Form 8621 is filed. The application of the PFIC rules is complicated, and U.S. Holders are encouraged to consult with their tax advisors regarding the application of such rules in their circumstances.

U.S. Federal Income Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder", the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received by the Electing Holder with respect to its commons shares. No portion of such inclusions of ordinary earnings will be entitled to the preferential U.S. federal income tax rates applicable to certain dividends discussed above. Net capital gain inclusions of certain non-corporate U.S. holders may be eligible for preferential capital gains rates. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that we incur with respect to any taxable year. An Electing Holder can generally recognize capital gain or loss on the sale, exchange or other disposition of our common shares. A U.S. Holder would make a QEF election with respect to any taxable year that our company is a PFIC by filing an IRS Form 8621 with his U.S. federal income tax return. If we became aware that we were to be treated as a PFIC for any taxable year, we would provide each U.S. Holder with all necessary information in order to make the QEF election described above. A U.S. Holder who is treated as constructively owning shares in any of our subsidiaries which are treated as PFICs would be required to make a separate QEF election with respect to each such subsidiary when we are a PFIC.

U.S. Federal Income Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a PFIC for any taxable year and our common shares are treated as "marketable stock", as we believe will be the case, a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common shares, provided the U.S. Holder completes and files an IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder would generally include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such Holder's adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common shares over its fair value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in its common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder. A mark-to-market election would likely not be available for any of our subsidiaries that are treated as PFICs.

U.S. Federal Income Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e. the portion of any distributions received by the Non-Electing Holder on our common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common shares) and (2) any gain realized on the sale, exchange or other disposition of our common shares. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common shares;
- the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income and would not be entitled to the preferential U.S. federal income tax rates applicable to certain dividends discussed above; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These adverse U.S. federal income tax consequences would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of our common shares. If a Non-Electing Holder who is an individual dies while owning our common shares, such Holder's successor would generally not receive a step-up in tax basis with respect to such common shares.

U.S. Federal Income Taxation of "Non-U.S. Holders"

A beneficial owner of our common shares that is not a U.S. Holder (and not an entity treated as a partnership) is referred to herein as a "Non-U.S. Holder".

Distributions

Non-U.S. Holders will generally not be subject to U.S. federal income tax or withholding tax on dividends received with respect to our common shares, unless the dividends are "effectively connected" with the Non-U.S. Holder's conduct of a trade or business in the United States or, if the Non-U.S. Holder is entitled to the benefits of an applicable U.S. income tax treaty with respect to those dividends, those dividends are attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Common Shares

Non-U.S. Holders will generally not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common shares unless: (i) the gain is "effectively connected" with the Non-U.S. Holder's conduct of a trade or business in the United States or, if the Non-U.S. Holder is entitled to the benefits of an applicable U.S. income tax treaty with respect to that gain, that gain is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States or (ii) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from the common shares, including dividends on the underlying common shares and the gain from the sale, exchange or other disposition of the common shares that is "effectively connected" with the conduct of that U.S. trade or business, will generally be subject to U.S. federal income tax in the same manner as discussed in the previous section relating to the U.S. federal income taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, such Non-U.S. Holder's earnings and profits that are attributable to the "effectively connected" income, subject to certain adjustments, may be subject to an additional U.S. federal branch profits tax at a rate of 30% or at a lower rate as may be specified by an applicable U.S. income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, and payment of the gross proceeds on a sale or other disposition of our common shares, made within the United States to you will be subject to information reporting requirements. In addition, such payments will be subject to "backup withholding" if you are a non-corporate U.S. Holder and you:

- fail to provide an accurate taxpayer identification number;
- are notified by the IRS that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or
- in certain circumstances, fail to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate IRS Form W-8.

If you sell your common shares to or through a U.S. office of a broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless you certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding will generally not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, including a payment made to you outside the United States, if you sell your common shares through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States.

Backup withholding is not an additional tax. Rather, you may generally obtain a refund of any amounts withheld under backup withholding rules that exceed your U.S. federal income tax liability by filing a refund claim with the IRS.

Individuals who are U.S. Holders (and to the extent specified in the applicable Treasury Regulations, certain individuals who are Non-U.S. Holders and certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code and the applicable Treasury Regulations) are required to file an IRS Form 8938 (Statement of Specified Foreign Financial Assets) with information relating to each such asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year. Substantial penalties apply to any failure to timely file an IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, the statute of limitations on the assessment and collection of U.S. federal income tax with respect to a taxable year for which the filing of an IRS Form 8938 is required may not close until three years after the date on which the IRS Form 8938 is filed. Specified foreign financial assets would generally include our common shares, unless the common shares are held in an account maintained by a U.S. “financial institution” (as defined in Section 6038D of the Code). U.S. Holders (including U.S. entities) and Non-U.S. Holders are encouraged to consult their own tax advisors regarding their reporting obligations under Section 6038D of the Code.

Danish Tax Considerations

The following is a summary of certain Danish tax considerations relating to an investment in TORM plc. The summary describes the Danish tax implications pertaining to dividends paid from TORM A/S to TORM plc, and a sale of Class A common shares by TORM plc.

The summary does not purport to constitute exhaustive tax or legal advice. It is specifically to be noted that the summary does not address all possible tax consequences relating to an investment in the shares of TORM plc. The summary is based solely upon the tax laws of Denmark in effect on the date of this annual report. Danish tax laws may be subject to changes, possibly with retroactive effect.

Thus, in the case an entity transfers shares in a group-related entity to another group-related entity and the proceeds consist wholly or partly of anything other than shares in the purchasing entity or group-related entities, the non-share based part of the proceeds (i.e. cash) is considered a dividend payment. However, if TORM plc receives tax-exempt dividends from TORM A/S as described in the section below, the Danish anti-avoidance rules should not apply.

Changes in Global Tax Laws

Long-standing international tax initiatives that determine each country’s jurisdiction to tax cross-border international trade and profits are evolving as a result of, among other things, initiatives such as the Anti-Tax Avoidance Directives, as well as the Base Erosion and Profit Shifting reporting requirements, mandated and/or recommended by the EU, G8, G20 and Organization for Economic Cooperation and Development, including the imposition of a minimum global effective tax rate for multinational businesses regardless of the jurisdiction of operation and where profits are generated (Pillar Two). As these and other tax laws and related regulations change (including changes in the interpretation, approach and guidance of tax authorities), our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely affect our financial results.

On December 12, 2022, the European Union member states agreed to implement the OECD’s Pillar Two global corporate minimum tax rate of 15% on companies with revenues of at least €750 million effective from 2024. Various countries, including the United Kingdom, have either adopted implementing legislation or are in the process of drafting such legislation. Any new tax law in a jurisdiction where we conduct business or pay tax could have a negative effect on our company.

Sale of Class A common shares by TORM plc

Shareholders not resident in Denmark will normally not be subject to Danish tax on gains realized on the sale of shares, irrespective of the ownership period and equity interest. However, Danish anti-avoidance rules should be observed as these rules may, if certain conditions are met, result in a requalification of tax-exempt capital gains into dividends, which could trigger Danish withholding taxes. These rules could apply in a number of situations, such as in connection with a related party sale of shares against cash and in unrelated third party transactions in connection with the transfer of shares to a new holding company (controlled by a third party) against shares and cash. For example, this could be the case, if dividends from TORM A/S cannot be received tax exempt by TORM plc. The rules should only apply to intra-group transactions as well as situations where TORM plc receives an ownership share in the group acquiring the shares in TORM A/S.

Dividends distributed to the holders of Class A common shares of TORM A/S to TORM plc

Under Danish tax law, dividends paid on shares in a Danish company to a foreign company are normally subject to dividend withholding tax of 27%. However, the foreign company receiving the dividends will as a main rule be subject to a final Danish withholding tax of 22% provided the recipient files certain documentation and reclaims the excess tax from the Danish tax authorities.

Dividends paid on shares in a Danish company are as a starting point exempt from Danish withholding tax when the foreign receiving company owns at least 10% of the Danish distributing company, the foreign receiving company is tax resident in a state which has a tax treaty with Denmark, and the Danish taxation should be reduced or eliminated in accordance with a tax treaty between Denmark and the state in which the receiving company is domiciled.

When considering whether a tax treaty can be applied (thereby enabling exemption from Danish withholding taxes on dividend distributions), the Danish tax authorities do consider a number of other criteria, including whether the foreign receiving company is the beneficial owner, and whether the structure can be challenged based on general anti-avoidance rules introduced in 2015.

If these conditions for exemption are not fulfilled, Danish withholding tax of 27% (potentially reduced to 22%) will be triggered on such dividend distributions from TORM A/S.

Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on direct or indirect transfer of the shares of TORM A/S.

United Kingdom Tax Considerations

The following statements do not constitute tax advice and are intended only as a general guide to current United Kingdom law and HM Revenue and Customs ("HMRC") published practice, which may not be binding on HMRC, as of the date of this document (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom tax treatment of the beneficial owners of the Class A common shares. They are intended to apply only to shareholders who are resident only in the United Kingdom for United Kingdom tax purposes (unless the context requires otherwise) and, if individuals, who are domiciled in the United Kingdom and to whom split-year treatment does not apply. The statements below only relate to persons who are and will be the absolute beneficial owners of the Class A common shares and who hold, and will hold, the Class A common shares through the Depository Trust Company as investments (and not as securities to be realized in the course of a trade). The statements below are not exhaustive and may not apply to certain shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, shareholders who are exempt from taxation, shareholders who hold their shares through an Individual Savings Account or a Self-Invested Personal Pension and shareholders who have (or are deemed to have) acquired the Class A common shares by virtue of an office or employment. Such persons may be subject to special rules. This summary does not address any inheritance tax considerations.

Prospective purchasers of the Class A common shares who are in any doubt as to their tax position should consult an appropriate professional adviser.

Taxation of Dividends

General

TORM plc is not required to make any withholding or deduction for or on account of United Kingdom tax in respect of dividends on the Class A common shares, irrespective of whether the shareholder receiving the dividend is resident in or outside the United Kingdom.

Individual Shareholders

United Kingdom resident individual Shareholders may be subject to income tax on dividends they receive from the Company. The first £2,000 of dividend income that the United Kingdom resident individuals receive in each tax year is taxed at a rate of 0% (the "Nil Rate Amount").

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the taxation of other income received and any capital gains realized by the individual in the tax year. It may also affect the level of savings allowance to which they are entitled (as this is different for basic and higher rate taxpayers). In calculating into which tax band any dividend income over the Nil Rate Amount falls, dividend income is treated as the "top slice" of an individual's income.

Any dividend income received by a United Kingdom resident individual Shareholder in excess of the Nil Rate Amount will be subject to income tax at a rate of 7.5%, to the extent that it is within the basic rate band, 32.5%, to the extent that it is within the higher rate band and 38.1%, to the extent that it is within the additional rate band.

Corporate Shareholders

Shareholders within the charge to United Kingdom corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) will generally not expect to be subject to tax on dividends from the Company. A "small company" for the purposes of United Kingdom taxation of dividends means broadly a company that is a micro or small enterprise as defined in the Annex to Commission Recommendation 2003/361/EC of May 6, 2003 subject to certain exceptions.

Other shareholders within the charge to United Kingdom corporation tax will not be subject to tax on dividends from the Company as long as the dividends fall within an exempt class and certain conditions are met. For example: dividends paid to companies holding less than 10% of the issued share capital of the payer (or any class of that share capital, which here refers to the Class A common shares) are generally dividends that fall within an exemption in respect of "portfolio holdings" (subject to the application of relevant anti-avoidance rules). Other exemptions may also apply (subject to the applications of relevant anti-avoidance rules).

Shareholders Resident outside the United Kingdom

Where a shareholder resident for tax purposes outside the United Kingdom carries on a trade, profession or vocation in the United Kingdom and the dividends are a receipt of that trade or, in the case of corporation tax, the Class A common shares are held by or for a United Kingdom permanent establishment through which a trade is carried on, the shareholder may be liable to United Kingdom tax on dividends paid by the Company.

Taxation of Chargeable Gains

Individual Shareholders

A disposal of the Class A common shares may give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom capital gains tax, depending on the circumstances and subject to any available exemption or relief. The rate of capital gains tax in respect of shareholdings is 10% for individuals who are subject to income tax at the basic rate and 20% to the extent that an individual's chargeable gains, when aggregated with his or her income chargeable to income tax, exceed the basic rate band for income tax purposes. An individual shareholder is entitled to realize an exempt amount of gains (£12,300 in the 2021/22 tax year) in each tax year without being liable to tax.

A shareholder who is an individual and who has ceased to be resident in the United Kingdom for taxation purposes (or has become treated as resident outside the United Kingdom for the purposes of a double tax treaty (''Treaty non-resident'')) for a period of five years or less, and who disposes of the Class A common shares during that period may in some circumstances also be liable, on his or her return to the United Kingdom, to United Kingdom capital gains tax on that gain, subject to any available exemptions or reliefs.

Corporate Shareholders

Where a shareholder is within the charge to United Kingdom corporation tax, including cases where it is not resident (for tax purposes) in the United Kingdom, a disposal of the Class A common shares may give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom corporation tax at a rate of 19% (though only in respect of charges shown by the retail prices index to December 2017), depending on the circumstances and subject to any available exemption or relief. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax, but may not create or increase any allowable loss. Special rules may apply to match disposals with multiple acquisitions of the Class A common shares.

Shareholders Resident outside the United Kingdom

A shareholder that is not resident in the United Kingdom (and, in the case of an individual, is not temporarily non-resident) for United Kingdom tax purposes, and whose Class A common shares are not held in connection with carrying on a trade, profession or vocation in the United Kingdom will generally not be subject to United Kingdom tax on chargeable gains on the disposal of the Class A common shares.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The comments in this section relating to stamp duty and SDRT apply whether or not a shareholder is resident or domiciled in the United Kingdom. Special rules may apply to shareholders such as market makers, brokers, dealers and intermediaries.

Following the European Court of Justice decision in HSBC Holdings Plc and Vidacos Nominees Ltd v The Commissioners for Her Majesty's Revenue & Customs (C-569/07) and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v The Commissioners for Her Majesty's Revenue & Customs (TC/2009/16584), HMRC has confirmed that 1.5% SDRT is no longer payable on new shares issued into a clearance service or depositary receipt system, nor on transfers to a clearance service or depositary receipt system where such transfers are integral to the raising of new capital. Following the United Kingdom's exit from the European Union on January 31, 2020, the agreement for the withdrawal of the United Kingdom from the European Union provided for a transition period which ended on December 31, 2020. HMRC has confirmed that the 1.5% charge will remain disapplied, as described above, under the terms of the European Union (Withdrawal) Act 2018 following the end of the transition period. That this will remain the position until such time that the United Kingdom's stamp taxes on shares legislation is amended. We recommend that advice is sought before any payment of the 1.5% charge is made.

No stamp duty should be payable on the acquisition or transfer of the beneficial ownership of the Class A common shares held by a nominee for a person whose business is or includes the provision of clearance services where that acquisition or transfer is settled within the clearance service and there is no physical instrument of transfer. An agreement for the transfer of such Class A common shares should also not give rise to a SDRT liability, provided that no election has been made under section 97A of the United Kingdom Finance Act 1986 which is applicable to such Class A common shares. We understand that no such election has been made by the Depository Trust Company as with respect to the Class A common shares.

Any instrument of transfer of the Class A common shares that are not held by a nominee for a person whose business is or includes the provision of clearance services will generally attract stamp duty at a rate of 0.5% of the amount or value of the consideration for the transfer (rounded up, if necessary, to the next multiple of £5). No stamp duty is chargeable on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An unconditional agreement for such transfer, or a conditional agreement which subsequently becomes unconditional, will also generally be liable to SDRT at the rate of 0.5% of the amount or value of the consideration for the transfer, but such liability will be cancelled if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement, or if the agreement was conditional, the date the agreement became unconditional. Where stamp duty is paid, any SDRT previously paid should be repaid on the making of an appropriate claim generally with interest.

Therefore, a transfer of title in the Class A common shares or an agreement to transfer such shares from within the Depository Trust Company system out of the Depository Trust Company system, and any subsequent transfers or agreements to transfer outside the Depository Trust Company system, will generally attract a charge to United Kingdom stamp duty and/or United Kingdom SDRT at a rate of 0.5% of any consideration. Shareholders should note in particular that a redeposit of the Class A common shares into the Depository Trust Company system, including by means of a transfer into a depositary receipt system, will generally attract United Kingdom stamp duty and/or United Kingdom SDRT at the higher rate of 1.5%.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits are available from http://www.sec.gov. In addition, shareholders may visit the Investors section of our website at www.torm.com or request a copy of our filings at no cost by writing or telephoning us at the following address:

TORM plc
Tuborg Havnevej 18
DK-DK-2900 Hellerup, Denmark
Tel: +45 39 17 92 00

None of the information contained on our website is incorporated into or forms a part of this annual report.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

We intend to submit any annual report provided to shareholders in electronic format as an exhibit to a current report on Form 6-K. Please see "Item 19. Exhibits- Annual Report" for the sections of our Annual Report 2023 that are incorporated by reference into this annual report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to Note 24—"Risks Associated with TORM's Activities" on pages 186-189 of our *Annual Report 2023.*

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Senior Management Team, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

We carried out an evaluation under the supervision, and with the participation of the Senior Management Team, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e) under the Securities Act of 1934) as of December 31, 2023. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023 to provide reasonable assurance that (1) information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (2) that such information is accumulated and communicated to the Senior Management Team, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

B. Management’s Annual Report on Internal Control Over Financial Reporting

In accordance with Rule 13a-15(f) of the Exchange Act, the Senior Management Team of the Company is responsible for the establishment and maintenance of adequate internal controls over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company’s system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Senior Management Team and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposal of the Company’s assets that could have a material effect on the financial statements. The Senior Management Team has performed an assessment of the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2023 based on the provisions of Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in 2013. Based on our assessment, the Senior Management Team determined that the Company’s internal controls over financial reporting were effective as of December 31, 2023.

C. Attestation Report of the Registered Public Accounting Firm

The independent registered public accounting firm that audited the consolidated financial statements, EY Godkendt Revisionspartnerselskab, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, appearing on page F-79 of the financial statements filed as part of this annual report.

D. Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting during the year that ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. Göran Trapp, who serves as the Chairman of our Audit Committee, qualifies as an "audit committee financial expert" and that he is "independent" in accordance with SEC rules.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics, which we refer to as our Business Principles, which applies to all entities in the TORM Group and its employees (both shore-based and at sea), directors and officers. A copy of the Business Principles is filed herewith as Exhibit 11.1. We have also posted a copy of our Business Principles on our website at www.torm.com/responsibility/reports-and-policies. None of the information contained on this website is incorporated into or forms a part of this annual report. We will provide any person, free of charge with a copy of our Business Principles upon written request to our offices at: Tuborg Havnevej 18, DK-2900 Hellerup, Denmark.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's principal accountant for 2023 was EY Godkendt Revisionspartnerselskab (PCAOB ID: 1757).

Reference is made to Note 6—"Remuneration to Auditors Appointed at the Parent Company's Annual General Meeting" on page 164 of our *Annual Report 2023*.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During the year ended December 31, 2023, no issuer or affiliate purchases of our equity securities were made.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Pursuant to an exception under Nasdaq New York listing standards available to foreign private issuers, we are not required to comply with many of the corporate governance practices followed by U.S. companies under the Nasdaq New York listing standards. Accordingly, we are exempt from many of Nasdaq New York's corporate governance practices other than the requirements regarding the disclosure of a going concern audit opinion, submission of a listing agreement, notification of material non-compliance with Nasdaq New York corporate governance practices and the establishment and composition of an audit committee and a formal written audit committee charter. In connection with the listing of our Class A common shares on Nasdaq New York, we have certified to Nasdaq New York that our corporate governance practices are in compliance with, and are not prohibited by, English Law. Set forth below is a list of the significant differences between our current or potential corporate governance practices and Nasdaq New York standards applicable to listed U.S. companies.

Independence of Directors. Nasdaq New York requires that a U.S.-listed company maintain a majority of independent directors. Our Board of Directors consists of five directors, three of which are considered “independent” under Rule 10A-3 promulgated under the Exchange Act and under the rules of Nasdaq New York. Under English law and our Articles of Association, our Board of Directors is not required to consist of a majority of independent directors. Under the United Kingdom Corporate Governance Code, to which we are subject, a majority of our Board is required to be independent. However, the determination of independence is different from Nasdaq New York standards, and we may choose to deviate from this requirement in the future as long as we explain why we have done so in our annual report.

Remuneration Committee. Nasdaq New York requires that a listed U.S. company have a remuneration committee consisting only of independent directors. Under English law and our Articles of Association, our Remuneration Committee is not required to consist entirely of independent directors. The United Kingdom Corporate Governance Code requires this committee to be comprised of independent directors and that the chairman of the Board of Directors not chair the Remuneration Committee, but we currently deviate from these requirements in that our Chairman of the Board, Christopher H. Boehringer, is also chair of our Remuneration Committee. For more information, see “Corporate Governance – Statement of Compliance with the United Kingdom Corporate Governance Code” on page 139 of our Annual Report 2023.

Audit Committee. Nasdaq New York requires, among other things, that a listed U.S. company have an audit committee comprised of three entirely independent directors under Rule 10A-3 promulgated under the Exchange Act. The United Kingdom Corporate Governance Code requires an audit committee to be comprised of three, or in the case of smaller companies, two, independent directors, but we may choose to deviate from this requirement in the future as long as we explain why in our annual report. Currently, our Audit Committee is comprised of our three independent directors.

Executive Sessions. Nasdaq New York requires that the independent directors of a U.S.-listed company have regularly scheduled meetings at which only independent directors are present, or executive sessions. The United Kingdom Corporate Governance Code requires that our Chairman hold meetings with non-executive directors without the executives present and that, led by the senior independent director, the non-executive directors meet without the Chairman present at least annually to appraise the Chairman’s performance and on such other occasions as necessary.

Shareholder Approval of Securities Issuances. Nasdaq New York requires that a listed U.S. company obtain the approval of its shareholders prior to issuances of securities under certain circumstances. In lieu of this requirement, we have elected to follow applicable practices of England and Wales for authorizing issuances of securities, which generally require (i) shareholder approval (a) by ordinary resolution to grant the directors authority to allot shares and (b) by special resolution to grant the directors authority to allot shares free of pre-emption rights (which approvals have already been granted by shareholders pursuant to the Company’s shareholders resolutions dated March 15, 2016 and renewed pursuant to the Company’s shareholders resolutions dated April 15, 2020), that will apply until the close of business on April 14, 2025; (ii) board approval and, in addition, (iii) particular board approval in certain circumstances specific to the Company including pursuant to articles 8 and 137 of the Company’s articles of association, but these practices do not follow additional corporate governance guidelines that would apply to companies listed on the Main Board of the London Stock Exchange.

Shareholder Approval of Equity Compensation Plans. Nasdaq New York requires that shareholders be given the opportunity to vote on all equity-compensation plans and material amendments thereto, with limited exceptions for inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and specific types of plans. In lieu of this requirement, we have elected to follow the applicable practices of England and Wales for authorizing such plans, which do not generally require shareholder approval (except (i) in certain circumstances not applicable to the Company or (ii) where the issue of shares, or right to subscribe for or agreement to issue shares, requires further shareholder approval pursuant to applicable law beyond the shareholder approvals currently existing pursuant to the Company’s shareholder resolutions dated March 15, 2016 and subsequently renewed on April 15, 2020). Certain plans also require certain special director approval requirements to be met pursuant to articles 137.3 and 137.4.4 of the Company’s articles of association.

Corporate Governance Guidelines. Nasdaq New York requires U.S. companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. The UK Corporate Governance Code requires the Company to report on its compliance with the UK Corporate Governance Code in accordance with the “comply or explain” principle. The Company’s position with respect to compliance (or non-compliance) with the individual recommendations of the UK Corporate Governance Code is required to be disclosed in the Company's Annual Report and Accounts. In addition, the Company includes on its website a detailed analysis of its compliance (or non-compliance) with the UK Corporate Governance Code in its corporate governance statement.

Directors' Remuneration Reports. Under Section 420(1) of the UK Companies Act, we are required to produce a directors' remuneration report for each fiscal year. The Directors' remuneration reports must include (i) a directors' remuneration policy, which is subject to a binding shareholder vote at least once every three years and (ii) an annual report on remuneration in the financial year being reported on, and on how the current policy will be implemented in the next financial year, which is subject to an annual advisory shareholder vote. The UK Companies Act requires that remuneration payments to directors of the Company and payments to them for loss of office must be consistent with the approved directors' remuneration policy or, if not, must be specifically approved by the shareholders at a general meeting.

Disclosure of Third-Party Director and Nominee Compensation. Nasdaq New York requires U.S. companies to disclose the material terms of all agreements and arrangements between any director or nominee for director, and any person or entity other than the Company (a "Third Party"), relating to compensation or other payment in connection with such person's candidacy or service as a director of the Company, except for such agreements and arrangements that (i) relate only to reimbursement of expenses in connection with candidacy as a director; (ii) existed prior to the nominee's candidacy and the nominee's relationship with the Third Party has been publicly disclosed in certain filings under the Exchange Act; or (iii) have been disclosed in certain other filings applicable to domestic issuers. Under the UK Companies Act, directors have a statutory duty not to accept benefits from third parties conferred by reason of (a) his or her being a director or (b) his or her doing (or not doing) anything as a director. However, as this is a general statutory duty of the directors, the Company may give authority for the receipt of benefits from third parties which would otherwise be a breach of duty. Such benefits would have to be consistent with the approved directors' remuneration policy or, if not, would need to be specifically approved by the shareholders at a general meeting. Directors additionally have a statutory duty to avoid conflicts of interest under the UK Companies Act and should declare any interests in agreements or arrangements which could give rise to such conflict so that non-conflicted directors can make judgment as to whether a conflict has arisen and/or authorize such conflict.

Director Nominations. Nasdaq New York requires that director nominees to U.S. companies' boards of directors be selected or recommended either by the vote of the board's independent directors or by a nomination committee comprised solely of independent directors. In accordance with UK law and our Articles of Association, our Nomination Committee, which is required to be composed of a majority of independent non-executive directors, identifies individuals qualified to become members of the Board of Directors and recommends nominees for election as members of the Board of Directors at the Company's Annual General Meeting of Shareholders or to fill vacancies, as needed.

Proxy Solicitation. Nasdaq New York requires U.S. companies to solicit proxies from and provide proxy statements to shareholders for all shareholder meetings and to provide copies of proxy solicitation materials to Nasdaq New York. As a foreign private issuer, we are not required to follow Nasdaq New York's proxy solicitation rules, and consistent with UK law and our Articles of Association, we will notify our shareholders of meetings between 14 and 28 days prior to the meeting date. The notification will contain, among other things, information regarding business to be transacted at the meeting.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Our Board of Directors has adopted an insider trading policy governing the purchase, sale and other dispositions of our securities by our directors, Senior Management Team and employees. A copy of our insider trading policy is included as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

Risk management and strategy

The Company has established cybersecurity policies to process cybersecurity threats from the crisis management phase whereby the Company conducts severity and materiality assessments to the disclosure phase. The purpose of these procedures is to ensure that TORM complies with statutory and regulatory requirements such as the: (i) Commission's cybersecurity policy requiring registrants to disclose material cybersecurity incidents on Form 6-K and to disclose on an annual basis material information regarding its cybersecurity risk management, strategy and governance on Form 20-F; and (ii) Network and Information Security Directive 2 (NIS2 Directive) from the EU which aims to achieve a high common level of cybersecurity across Member States.

These policies are intended to apply to all cybersecurity incidents with material or critical risk impact to the Company's employees, assets and third parties, including customers, external consultants, vendors, and suppliers. An incident (or collection of related incidents) is considered material if there is a substantial likelihood that a reasonable shareholder would consider it important in making an investment decision, or if it would have significantly altered the 'total mix' of information made available.

<u>IT Security Policies</u>

The Company's IT Security Policy is based on ISO27001:2022. The purpose of the IT Security Policy is to preserve the confidentiality, integrity, and availability of systems and data used by TORM, to reduce the risk of information security incidents, and to ensure compliance with relevant legislation.

The Company has also implemented a cybersecurity incident response policy based on the SANS (Sysadmin Audit, Network and Security) incident response framework. The purpose of the incident response policy is to ensure that TORM detects, responds to and reports security incidents to minimize impact, prevent foreseen future incidents and to comply with regulatory requirements.

To proactively manage cybersecurity risks, the Company has defined an IT risk management policy based on ISO27005 and integrated the following procedures: (i) Crisis Management Procedure; (ii) Business Continuity Procedure; (iii) Disaster Recovery Procedure; (iv) Disclosure Procedure, and (v) Data Breach Response.

To ensure that the Company can comprehensively respond to cybersecurity incidents, the Company has developed and maintained certain procedures including, but not limited to, identifying, and maintaining inventory of critical IT systems, securing defined lines of communication, providing employees with cybersecurity awareness training and testing incident response procedures annually. The Company has also established an identification, containment, eradication and recovery, and post-incident evaluation procedures.

The Company has established a detection procedure whereby it deploys a monitoring system and threat detection and prevention system, notifies Group IT and Vessel IT of incidents that should be investigated and assessed and analyzes events from correlated data from multiple systems. Additionally, the Company shall attempt to contain the incident's impact and intend to remediate or remove any malware or other artifacts introduced by the attacks. In case a significant cybersecurity incident occurs, the Company shall compile a detailed examination and discussion of the events, no later than two weeks after the incident.

In addition to the Company's cybersecurity incident response policy described above, TORM has implemented a third-party management policy which is based on COBIT V4 (*Control Objectives for Information and Related Technologies*) control objectives (the "IT Operations Policy"). The IT Operations Policy applies to any third-party person, independent consultant, organization, or legal entity, including supplier, vendors, or business partners with whom TORM contracts for IT products and services. The Company performs due diligence on its third-party management to ensure that the performance of the supplier, IT security measures and third-party risks are regularly reviewed and assessed.

Governance

The head of Group IT is responsible for keeping the IT security policy and the IT Risk Management Policy updated and communicated to relevant stakeholders in the TORM Group. Furthermore, it is the head of Group IT's responsibility to ensure that these policies are reviewed at least once a year and reapproved by the Risk Committee of the Board of Directors.

Under the IT Risk Management Policy, cybersecurity risks are identified and evaluated based on an evaluation of threat scenarios, critical assets, vulnerabilities, threats and existing controls. Based on the risk assessment, risks are prioritized for risk treatment to comply with the defined risk appetite and exceptions are escalated to the risk owner (the Chief Financial Officer) for approval. Cybersecurity risks are being continuously monitored and the risk registers for vessels and office are being reviewed on an annual basis. Head of Group IT annually reports on risks and approved exceptions to the Senior Management Team and the Risk Committee.

Our Chief Financial Officer has the overall risk ownership and accountability to control such risk. Our Chief Financial Officer formulates cybersecurity strategies and drives initiatives, and together with the Head of Group IT, set targets, assesses risks, develop policies and procedures, and execute our cybersecurity efforts. Our Chief Financial Officer regularly reports to the Risk Committee and the overall Board of Directors, which ultimately oversees cybersecurity risks and initiatives. The Risk Committee monitors the progress of TORM's cybersecurity efforts and together with the Chief Financial Officer ensures integrity of reporting. The Risk Committee reports to the Board of Directors at each Risk Committee meeting.

Management's cyber security experience

The Head of Group IT has more than 10 years of experience in IT management hereof five in roles as chief information officer and Head of IT with enterprise responsibility for information security. Apart from this, the Head of Group IT is Certified in Cybersecurity (CC) from ISC2), is part of different chief information security officer (CISO) forums and is attending the NIS2 Executive Program by Bech-Bruun.

The Chief Financial Officer has extensive experience from senior positions in banking and from heading up the Company's IT and Risk Management Division for more than five years. The Chief Financial Officer is responsible for IT, as well as Risk Management, and has focused intensively on information security, including cyber security, and is following a designated NIS2 Executive Program.

The Chief Executive Officer has extensive experience from senior management positions in the shipping industry for over 25 years. As Chief Executive Officer and a member of the Board of Directors, he has had the overall managerial responsibility for the Company's information security, and he has been closely involved in designing the Company' Risk Management set-up and procedures. The Chief Executive Officer has been closely involved in designing cybersecurity training for the Company's Board of Directors.

The ongoing increase in the cyber security risk has and will add to the competence requirements of the management and the Board of Directors of TORM. To cater for the increased focus on cyber security the Company has hired a Chief Information Security Officer (CISO) to head the IT risk and security team in Group IT.

Cybersecurity Threats

For the year ended December 31, 2023 through the date of this annual report, the Company is not aware of any material risks from cybersecurity threats, that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations or financial condition. Please also see "Item 3. Key Information—D. Risk Factors —'Breakdowns in our information technology, including as a result of cyberattacks, may negatively impact our business, including our ability to service customers, and may have a material adverse effect on our reputation, future performance, results of operations, cash flows and financial position.'"

PART III.

ITEM 17. FINANCIAL STATEMENTS

See "Item 18. Financial Statements."

ITEM 18. FINANCIAL STATEMENTS

The financial statements required by this item accompany this annual report in the form of our *Annual Report 2023* (see Item 19).

ITEM 19. EXHIBITS

Annual Report

The following pages from our *Annual Report 2023*, furnished to the SEC on Form 6-K, dated March 07, 2024, are incorporated by reference into this annual report on Form 20-F. The content of quotations, websites and other sources referenced on these pages of the *Annual Report 2023* are not incorporated by reference into this Form 20-F.

Section	**Page(s) in the *Annual Report 2023***
Key Figures	3
2023 in Review	7-8
Business Model and Strategic Choices	9-21
Environmental, social and governance issues	23-62
Market Review	64-65
Market Drivers and Outlook	66-67
TORM Fleet Development	70
Financial Review 2023—Liquidity and Cash Flow; Assessment of Impairment of Assets; Primary Factors Affecting Results of Operations	72-80
Corporate Governance—Board of Directors; Board and Committee Meeting Attendance	96-97
Board of Director Committee Reports	100-121
Investor Information—Distribution Policy	133
Directors' Report—Share Capital	137
Glossary	219-225

List of Exhibits

1.1	Memorandum and Articles of Association(1)
2.1	Form of Class A Common Share Certificate(1)
2.2	B Share Minority Trust Deed, dated May 30, 2016(1)
2.3	Equity Warrant Instrument, dated March 15, 2016(1)
2.4	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934(4)
4.1	TORM plc 2018 Management Long-Term Incentive Plan(3)
4.2	TORM plc 2019 Management Long-Term Incentive Plan(4)
4.3	TORM plc 2020 Management Long-Term Incentive Plan(5)
4.4	TORM plc 2021 Management Long-Term Incentive Plan(6)
4.5	TORM plc 2022 Management Long-Term Incentive Plan(7)
4.6	TORM plc 2023 Management Long-Term Incentive Plan
8.1	List of Subsidiaries
11.1	TORM's Business Principles(2)
11.2	TORM's Insider Trading Policy
12.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
13.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of EY Godkendt Revisionspartnerselskab
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE	XBRL Taxonomy Extension Schema Presentation Linkbase
104.Cover	Interactive data file (formatted as inline XBRL and contained in Exhibit 101)

(1) Filed as an exhibit to the Company's Registration Statement on Form 20-F (Registration No. 001-38294) on November 24, 2017, as amended, and incorporated by reference herein.

(2) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 8, 2018, and incorporated by reference herein.

(3) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 12, 2019, and incorporated by reference herein.

(4) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 11, 2020, and incorporated by reference herein.

(5) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 1, 2021, and incorporated by reference herein

(6) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 23, 2022, and incorporated by reference herein

(7) Filed as an exhibit to the Company's Annual Report filed on Form 20-F on March 16, 2023, and incorporated by reference herein

Financial Statements

Consolidated Financial Statements

Consolidated Income Statement
January 01 - December 31

USD '000	Note	2023	2022	2021
Revenue	3,4	1,520,393	1,443,351	619,532
Port expenses, bunkers, commissions, and other cost of goods and services sold		(430,313)	(459,468)	(240,937)
Operating expenses	5	(215,968)	(202,098)	(190,471)
Profit from sale of vessels	27	50,377	10,165	—
Administrative expenses	5,6	(82,932)	(55,005)	(51,542)
Other operating income and expenses		6,355	5,992	414
Share of profit/(loss) from joint ventures		—	152	(104)
Impairment losses on tangible assets	8,10,27	—	(2,647)	(4,645)
Depreciation and amortization	7,8,9	(149,311)	(139,023)	(130,851)
Operating profit (EBIT)		698,601	601,419	1,396
Financial income	12	14,259	4,037	241
Financial expenses	12	(60,858)	(48,793)	(42,382)
Profit/(loss) before tax		652,002	556,663	(40,745)
Tax	16	(4,035)	5,911	(1,344)
Net profit/(loss) for the year		647,967	562,574	(42,089)
Net profit/(loss) for the year attributable to:				
TORM plc shareholders		648,265	562,754	(42,089)
Non-controlling interest		(298)	(180)	—
Net profit/(loss) for the year		647,967	562,574	(42,089)
Earnings per share for TORM plc shareholders				
Basic earnings/(loss) per share (USD)	31	7.75	6.92	(0.54)
Diluted earnings/(loss) per share (USD)	31	7.48	6.80	(0.54)

Consolidated Statement of Comprehensive Income
January 01 - December 31

USD '000	**2023**	**2022**	**2021**
Net profit/(loss) for the year	647,967	562,574	(42,089)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange rate adjustment arising from translation of entities using a functional currency different from USD	(89)	(531)	(209)
Reclassification of exchange rate adjustments on disposal of joint venture	—	51	—
Fair value adjustment on hedging instruments	3,076	54,851	8,455
Fair value adjustment on hedging instruments transferred to income statement	(21,975)	1,739	8,667
Tax on other comprehensive income	4,640	(13,162)	—
Items that may not be reclassified to profit or loss:			
Remeasurements of net pension and other post-retirement benefit liability or asset	19	—	(8)
Other comprehensive income/(loss) after tax	(14,329)	42,948	16,905
Total comprehensive income/(loss) for the year	633,638	605,522	(25,184)
Total comprehensive income/(loss) for the year attributable to:			
TORM plc shareholders	633,989	605,607	(25,184)
Non-controlling interest	(351)	(85)	—
Total comprehensive income/(loss) for the year	633,638	605,522	(25,184)

Consolidated Balance Sheet
As of December 31

USD '000	Note	2023	2022	2021
ASSETS				
Intangible assets				
Goodwill	7,10,33	1,795	1,835	—
Other intangible assets	7	1,852	1,941	—
Total intangible assets		3,647	3,776	—
Tangible fixed assets				
Land and buildings	8,9	5,500	3,814	4,824
Vessels and capitalized dry-docking	8,9,10,20	2,070,189	1,855,903	1,937,791
Prepayments on vessels	8	85,975	—	11,996
Other non-current assets under construction		4,161	—	—
Other plant and operating equipment	8	4,353	5,573	6,327
Total tangible fixed assets		2,170,178	1,865,290	1,960,938
Financial assets				
Investments in joint ventures		76	76	1,473
Loan receivables	11	4,523	4,570	4,617
Deferred tax asset	16	432	555	651
Other investments		1	197	1
Total financial assets		5,032	5,398	6,742
Total non-current assets	3	2,178,857	1,874,464	1,967,680
Current assets				
Inventories		61,744	72,033	48,812
Trade receivables	13	211,015	259,479	83,968
Other receivables	14	60,502	74,026	39,966
Prepayments	15	15,186	10,371	5,624
Cash and cash equivalents incl. restricted cash	32	295,628	323,803	171,733
Current assets excluding assets held for sale		644,075	739,712	350,103
Assets held for sale	27	47,215	—	13,216
Total current assets		691,290	739,712	363,319
TOTAL ASSETS		2,870,147	2,614,176	2,330,999

USD '000	Note	2023	2022	2021
EQUITY AND LIABILITIES				
Equity				
Common shares	17	862	823	812
Share premium		260,000	167,531	159,558
Treasury shares	17	(4,235)	(4,235)	(4,235)
Hedging reserves		25,611	39,870	(3,559)
Translation reserves		(474)	(439)	137
Retained profit		1,382,221	1,297,774	899,467
Equity attributable to TORM plc shareholders		1,663,985	1,501,324	1,052,180
Non-controlling interest	33	1,998	2,350	—
Total equity		1,665,983	1,503,674	1,052,180
Liabilities				
Non-current liabilities				
Non-current tax liability related to held-over gains	16	45,176	45,176	45,176
Deferred tax liability	16	3,580	6,082	—
Borrowings	9,19,20,22	886,897	849,818	926,450
Other non-current liabilities	18	3,015	3,038	—
Total non-current liabilities		938,668	904,114	971,626
Current liabilities				
Borrowings	9,19,20,22	172,665	117,107	208,951
Trade payables	22	43,053	48,502	35,332
Current tax liabilities		650	1,953	929
Other liabilities	18,22	45,197	31,141	43,681
Provisions	30	564	6,800	18,300
Prepayments from customers		3,367	885	—
Total current liabilities		265,496	206,388	307,193
Total liabilities		1,204,164	1,110,502	1,278,819
TOTAL EQUITY AND LIABILITIES		2,870,147	2,614,176	2,330,999

Consolidated Statement of Changes in Equity
January 01 - December 31

USD '000	Common shares	Share premium	Treasury shares [1)]	Hedging reserves	Translation reserves	Retained profit	Equity attributable to shareholders of TORM plc	Non-controlling interest	Total
Equity as of January 01, 2021	748	102,044	(4,235)	(20,681)	346	939,247	1,017,469	—	1,017,469
Comprehensive income/loss for the year:									
Net profit/(loss) for the year	—	—	—	—	—	(42,089)	(42,089)	—	(42,089)
Other comprehensive income/(loss) for the year[2)]	—	—	—	17,122	(209)	(8)	16,905	—	16,905
Tax on other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income/(loss) for the year	—	—	—	17,122	(209)	(42,097)	(25,184)	—	(25,184)
Capital increase [3)]	64	57,799	—	—	—	—	57,863	—	57,863
Transaction costs of capital increase	—	(285)	—	—	—	—	(285)	—	(285)
Share-based compensation	—	—	—	—	—	2,317	2,317	—	2,317
Dividend paid	—	—	—	—	—	—	—	—	—
Total changes in equity 2021	64	57,514	—	17,122	(209)	(39,780)	34,711	—	34,711
Non-controlling interest arising on acquisition	—	—	—	—	—	—	—	—	—
Equity as of December 31, 2021	812	159,558	(4,235)	(3,559)	137	899,467	1,052,180	—	1,052,180
Comprehensive income/loss for the year:									
Net profit/(loss) for the year	—	—	—	—	—	562,754	562,754	(180)	562,574
Other comprehensive income/(loss) for the year [2)]	—	—	—	56,591	(576)	—	56,015	95	56,110
Tax on other comprehensive income	—	—	—	(13,162)	—	—	(13,162)	—	(13,162)
Total comprehensive income/(loss) for the year	—	—	—	43,429	(576)	562,754	605,607	(85)	605,522
Capital increase [3)]	11	8,004	—	—	—	—	8,015	—	8,015
Transaction costs of capital increase	—	(31)	—	—	—	—	(31)	—	(31)
Share-based compensation	—	—	—	—	—	2,211	2,211	—	2,211
Dividend paid	—	—	—	—	—	(166,658)	(166,658)	—	(166,658)
Total changes in equity 2022	11	7,973	—	43,429	(576)	398,307	449,144	(85)	449,059
Non-controlling interest arising on acquisition	—	—	—	—	—	—	—	2,435	2,435
Equity as of December 31, 2022	823	167,531	(4,235)	39,870	(439)	1,297,774	1,501,324	2,350	1,503,674

Consolidated Statement of Changes in Equity
January 01 - December 31

USD '000	Common shares	Share premium	Treasury shares [1]	Hedging reserves	Translation reserves	Retained profit	Equity attributable to shareholders of TORM plc	Non-controlling interest	Total
Equity as of January 01, 2023	823	167,531	(4,235)	39,870	(439)	1,297,774	1,501,324	2,350	1,503,674
Comprehensive income/(loss) for the year:									
Net profit/(loss) for the year	—	—	—	—	—	648,265	648,265	(298)	647,967
Other comprehensive income/(loss) for the year [2]	—	—	—	(18,899)	(35)	19	(18,915)	(54)	(18,969)
Tax on other comprehensive income	—	—	—	4,640	—	—	4,640	—	4,640
Total comprehensive income/(loss) for the year	—	—	—	(14,259)	(35)	648,284	633,990	(352)	633,638
Capital increase [3]	39	92,635	—	—	—	—	92,674	—	92,674
Transaction costs of capital increase	—	(166)	—	—	—	—	(166)	—	(166)
Share-based compensation	—	—	—	—	—	22,547	22,547	—	22,547
Dividend paid	—	—	—	—	—	(586,384)	(586,384)	—	(586,384)
Total changes in equity 2023	39	92,469	—	(14,259)	(35)	84,447	162,661	(352)	162,309
Non-controlling interest arising on acquisition	—	—	—	—	—	—	—	—	—
Equity as of December 31, 2023	862	260,000	(4,235)	25,611	(474)	1,382,221	1,663,985	1,998	1,665,983

[1] Please refer to Note 17 for further information on treasury shares.
[2] Please refer to "Consolidated Statement of Comprehensive Income".
[3] Please refer to Note 17 for further information on capital increases during the year.

Consolidated cash flow statement
January 01 - December 31

USD '000	Note	2023	2022	2021
Cash flow from operating activities				
Net profit/(loss) for the year		647,967	562,574	(42,089)
Adjustments:				
Profit from sale of vessels		(50,377)	(10,165)	—
Depreciation and amortization	7,8	149,311	139,023	130,851
Impairment losses on tangible assets	7,10,27	—	2,647	4,645
Share of profit/(loss) from joint ventures		—	(152)	104
Financial income	12	(14,259)	(4,037)	(241)
Financial expenses	12	60,858	48,793	42,382
Tax expenses/(income)	16	4,035	(5,911)	1,344
Other non-cash movements	28	14,557	(3,691)	1,350
Dividends received from joint ventures		—	—	275
Interest received and realized exchange gains		14,259	4,037	241
Interest paid and realized exchange losses		(65,995)	(49,631)	(41,046)
Income taxes paid		(3,123)	(658)	(1,379)
Change in inventories, receivables and payables, etc.	28	47,817	(180,915)	(48,489)
Net cash flow from operating activities		805,050	501,914	47,948

USD '000	Note	2023	2022	2021
Cash flow from investing activities				
Investment in tangible fixed assets [1)]		(509,630)	(119,344)	(319,787)
Investment in intangible fixed assets		(563)	(618)	—
Acquisition of subsidiaries, net of cash acquired	33	—	1,070	—
Sale of tangible fixed assets	27	166,362	106,623	10,033
Change in restricted cash		(26,738)	23,542	19,161
Net cash flow from investing activities		(370,569)	11,273	(290,593)
Cash flow from financing activities				
Proceeds, borrowings	11,19	676,374	96,254	548,817
Repayment, borrowings	19	(585,404)	(275,155)	(253,420)
Dividend paid		(586,384)	(166,658)	—
Capital increase [1)]	17	6,187	8,015	2,863
Transaction costs share issue		(167)	(31)	(285)
Net cash flow from financing activities		(489,394)	(337,575)	297,975
Net cash flow from operating, investing, and financing activities		(54,913)	175,612	55,330
Cash and cash equivalents as of January 01		320,456	144,844	89,514
Cash and cash equivalents as of December 31		265,543	320,456	144,844
Restricted cash as of December 31	32	30,085	3,347	26,889
Cash and cash equivalents, including restricted cash as of December 31		295,628	323,803	171,733

[1)] In 2023, the share capital was increased by USD 92.7m (2022: USD 8.0m, 2021: USD 57.9m) including a USD 86.5m (2022: USD 0.0m, 2021:USD 55.0m) non-cash share issue in relation to the acquisition of five (2022: zero, 2021:eight) vessels. Please refer to Note 17 for further reference.

Notes to the consolidated financial statements

NOTE 1 – ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Overview of Business
TORM plc is a shipping company that primarily owns and operates a fleet of product tankers and is engaged in the marine exhaust industry. TORM plc is a public company limited by shares and is incorporated in England and Wales. Its registered number is 09818726, and its registered address is Office 105, 20 St Dunstan's Hill, London, EC3R 8HL, United Kingdom. Unless otherwise indicated, the terms "TORM plc"and "Parent Company" refers solely to TORM plc and the terms "we", "us", "our", the "Company", and the "Group" refer to TORM plc and its consolidated subsidiaries, which include TORM A/S.

TORM plc is listed on the stock exchanges Nasdaq in Copenhagen, Denmark, and on Nasdaq in New York, the United States.

Basis of Preparation
The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS"). The consolidated financial statements are also prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as adopted by the European Union ("EU"), as applied to financial periods beginning on or after January 01, 2023 and additional disclosure requirements for listed companies in accordance with the Danish Financial Statements Act.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except where fair value accounting is specifically required by IFRS.

The functional currency of the Company is USD, and the Company applies USD as the presentation currency in the preparation of the consolidated financial statements.

Going Concern
As of December 31, 2023, TORM's available liquidity including undrawn and committed facilities was USD 638m, including a total cash position of USD 296m (including cash held for dividend payment). TORM's net interest-bearing debt was USD 773m, and the net debt loan-to-value ratio was 27.6% (Tanker segment only and before dividend payment related to Q4 2023). Further information on TORM's objectives and policies for managing our capital, our financial risk management objectives, and our exposure to credit and liquidity risk can be found in note 24 to the financial statements. The principal risks and uncertainties facing TORM are set out on pages 82-86.

TORM monitors our funding position throughout the year to ensure that we have access to sufficient funds to meet the forecasted cash requirements, including newbuilding and loan commitments, and to monitor compliance with the financial covenants in our loan facilities, details of which are available in note 2 to the financial statements.

A key element for TORM's financial performance in the going concern period relates to the increased geopolitical risk following Russia's invasion of Ukraine in February 2022 and the associated effects on the product tanker market. The changed geopolitical situation has so far been positive for the product tanker market, and TORM's base case assumes that this positive sentiment related to freight rates and vessel values will continue throughout 2024. TORM monitors the general development in the geopolitical situation with current focus on the development of the conflict between Hamas and Israel, the Red Sea conflict, and potential effects on the product tanker market from those conflicts. In the base case, TORM has sufficient liquidity and headroom for all the covenant limits.

TORM performs sensitivity calculations to reflect downside scenarios including, but not limited to, future freight rates and vessel valuations, in order to identify risks to future liquidity and covenant compliance and to enable the Management to take corrective actions, if required. The downside scenarios cover the principal risks and uncertainties facing TORM as set out on pages 82-86 and include different distressed outlooks for the product tanker market. In a low case scenario, The Management has stressed freight rates to the lowest rolling four-quarter average since 2000 on a per vessel class basis and a decline in vessel values. In such a scenario, TORM maintains sufficient headroom for liquidity and covenants.

NOTE 1 – continued

The Board of Directors has considered TORM's cash flow forecasts and the expected compliance with TORM's financial covenants for the period until March 31, 2025. TORM's cash flow forecast and expected covenant compliance are based on the Business Plan approved by the Board of Directors. Based on this review, the Board of Directors has a reasonable expectation that taking reasonably possible changes in trading performance and vessel valuations into account, TORM will be able to continue the operational existence and comply with our financial covenants for the period until March 31, 2025. Accordingly, TORM continues to adopt the going concern basis in preparing our financial statements.

Adoption of New or Amended IFRS Standards
TORM has implemented the following standards and amendments issued by the IASB and adopted by the UK in the consolidated financial statements for 2023:

- IFRS 17 Insurance Contracts
- IAS 12 amendments Deferred Tax related to Assets and liabilities arising from a Single Transaction
- IAS 12 amendments International Tax Reform – Pillar Two Model Rules
- IAS 8 amendments Definition of Accounting Estimates
- IAS 1 and IFRS Practice Statement 2 amendments Disclosure of Accounting Policies

The amendments on International Tax Reform Pillar Two Model Rules introduce a mandatory exception in IAS 12 'Income Taxes' to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

For the remaining new standards and amendments, it is assessed that application of these effective on January 01, 2023 has not had any material impact on the consolidated financial statements in 2023.

Accounting Standards and Interpretations Not Yet Adopted
IASB has issued a number of new or amended accounting standards (IFRS) and interpretations (IFRIC) which have not yet come into effect:

- Amendments to IAS 1 Presentation of Financial Statements (January 2024)
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback (January 2024)
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (January 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (January 2025)
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued in September 2014 (deferred indefinitely)

TORM has assessed the accounting standards and interpretations not yet adopted, and TORM does not expect the new standards to have any material impact on neither TORM's figures nor the disclosures.

NOTE 1 – continued

Accounting Policies

The Group's material accounting policy information is provided below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements as outlined in the following notes:

- Segment reporting
- Revenue from contracts with customers
- Staff costs
- Intangible assets
- Tangible fixed assets
- Leasing
- Impairment
- Loan receivables
- Financial items
- Trade receivables
- Tax
- Other liabilities
- Borrowings
- Derivative financial instruments
- Provisions
- Earnings per share
- Business combinations

Consolidation Principles

The consolidated financial statements comprise the financial statements of the parent company, TORM plc and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has all the following:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amounts of the investor's returns

TORM reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities unilaterally. The Company considers all facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders, or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances which indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting pattern at previous shareholders' meetings

Entities in which the Group exercises significant but not controlling influence are regarded as associated companies and are accounted for using the equity method.

Companies which are managed jointly by agreement with one or more companies and therefore are subject to joint control (joint ventures) are accounted for using the equity method.

NOTE 1 – continued

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and other comprehensive income from the date on which the Company obtains control until the date when the Company loses control over the subsidiary.

The consolidated financial statements are prepared using consistent accounting policies and eliminating intercompany transactions, balances, and shareholdings as well as gains and losses on transactions between the consolidated entities.

Foreign Currencies
The functional currency of all significant entities, including subsidiaries and associated companies, is United States Dollars (USD) because the Company's vessels operate in international shipping markets, in which income and expenses are settled in USD, and because the Company's most significant assets and liabilities in the form of vessels and related liabilities are denominated in USD. Transactions in currencies other than the functional currency are translated into the functional currency at the transaction date. Cash, receivables and payables and other monetary items denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate at the balance sheet date. Gains or losses due to differences between the exchange rate at the transaction date and the exchange rate at the settlement date or the balance sheet date are recognized in the income statement under "Financial income" and "Financial expenses".

The reporting currency of the Company is USD. Upon recognition of entities with functional currencies other than USD, the financial statements are translated into USD. Income statement items are translated into USD at the exchange rate for each transaction, whereas balance sheet items are translated at the exchange rate as of the balance sheet date. Exchange differences arising from the translation of financial statements into USD are recognized as a separate component in "Other comprehensive income". On the disposal of an entity, the cumulative amount of the exchange differences recognized in the separate component of equity relating to that entity is transferred to the income statement as part of the gain or loss on disposal.

Income Statement

Port expenses, bunkers, and commissions and other costs of goods and services sold
Port expenses, bunker fuel consumption, commissions, and other costs of goods sold are recognized as incurred. To the extent that the costs are recoverable, costs directly attributable to relocate the vessel to the load port are capitalized and amortized over the course of the transportation period.

Gains and losses on forward bunker contracts, forward freight agreements (FFA) as well as write-down for losses on trade receivables are included in this line.

Operating expenses
Operating expenses, which comprise crew expenses, repair and maintenance expenses, and tonnage duty, are expensed as incurred.

Profit from sale of vessels
Profit from sale of vessels is recognized at the time of delivery to the buyer, representing the difference between the sales price less costs to sell and the carrying value of the vessel.

Administrative expenses
Administrative expenses, which comprise administrative staff costs, management costs, office expenses, and other expenses relating to administration, are expensed as incurred.

Other operating expenses and income
Other operating expenses primarily comprise management fees paid to commercial and technical managers for managing the fleet, profits and losses deriving from the disposal of fixed assets other than vessels as well as claims and disputes provisions.

NOTE 1 – continued

Depreciation and impairment losses and reversals of impairment losses
Depreciation and impairment losses comprise depreciation of tangible fixed assets for the year as well as the write-down of the value of assets by the amount by which the carrying amount of the asset exceeds its recoverable amount. In the event of indication of impairment, the carrying amount is assessed, and the value of the asset is written down to its recoverable amount equal to the higher of value in use based on net present value of future earnings from the assets and its fair value less costs to sell.

Subsequent reversal of impairment losses is recognized if the recoverable amount exceeds the carrying amount to the extent that the carrying amount does not exceed the carrying amount without any historical impairment losses.

Balance Sheet

Financial assets
Financial assets are initially recognized on the settlement date at fair value plus transaction costs, except for financial assets at fair value through profit or loss, which are recognized at fair value. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred.

Investments in joint ventures
Investments in joint ventures comprise investments in companies which by agreement are managed jointly with one or more companies and therefore are subject to joint control and in which the parties have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognized at cost and thereafter adjusted to recognize TORM's share of the profit or loss in the joint venture. When TORM's share of losses in a joint venture exceeds the investment in the joint venture, TORM discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that TORM has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Inventories
Inventories consist of bunkers, lube oil and other inventories and are stated at the lower of cost in accordance with the FIFO-principle and net realizable value. Cost of bunkers and lube oil includes expenditure incurred in acquiring bunkers and lube oil including delivery costs less discounts. The cost of other inventories consists of raw materials and components based on direct costs, direct payroll costs and a proportionate share of indirect production costs. Indirect production costs include the proportionate share of capacity costs directly relating hereto, which are allocated on the basis of the normal capacity of the production facility.

Treasury shares
Treasury shares are recognized as a separate component of equity at cost. Upon subsequent disposal of treasury shares, any consideration is also recognized directly in equity.

Dividend
Interim dividends are recognized when paid. Any year-end dividend is recognized as a liability at the date of approval at the AGM.

Other non-current liabilities
Other non-current liabilities consist of long-term employee-related liabilities related to the frozen Danish holiday funds in connection with the transition to the new Danish Holiday Act. TORM has elected to keep the holiday funds until the employees, covered at the transition date, reach the age of retirement. The liability is remeasured annually based on an index rate published by the Holiday Allowance fund.

Trade payables
Trade payables are recognized at the fair value of the item purchased and are subsequently measured at amortized cost.

Deferred income
Deferred income relates to amounts received from customers in advance of the related performance obligations being satisfied.

NOTE 1 – continued

Cash flow statement

The cash flow statement shows how income and changes in the balance sheet items affect cash and cash equivalent, i.e. how cash is generated or used in the period. The cash flow statement is presented in accordance with the indirect method commencing with "Net profit/(loss) for the year".

Cash flow from operating activities converts income statement items from the accrual basis of accounting to cash basis. Starting with "Net profit/(loss) for the year", non-cash items are reversed, and actual payments are included. Further, the change in working capital is taken into account.

Cash flow from investing activities comprises the cash used or received in the purchase and sale of tangible fixed assets and financial assets as well as cash from business combinations.

Cash flow from financing activities comprises changes in the cash used or received in borrowings (amount of new borrowings and repayments), purchases or sales of treasury shares, dividend paid to shareholders.

Cash and cash equivalents including restricted cash comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents including restricted cash at the end of the reporting period are shown in the consolidated cash flow statement and can be reconciled to the related items in the consolidated balance sheet.

The restricted cash balance relates to cash provided as security for initial margin calls and negative market values on derivatives as well as a sale and leaseback transaction prepayment to be released upon delivery of the vessel.

Critical Accounting Estimates and Judgements
The preparation of financial statements in accordance with IFRS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are affected by the way TORM applies its accounting policies. An accounting estimate is considered critical if the estimate requires the Management to make assumptions about matters subject to significant uncertainty, if different estimates could reasonably have been used, or ifchanges in the estimate that would have a material impact on the Company's financial position or results of operations are reasonably likely to occur from period to period. The Management believes that the accounting estimates applied are appropriate and the resulting balances are reasonable. However, actual results could differ from the original estimates requiring adjustments to these balances in future periods.

The Management also makes various accounting judgements in the preparation of the consolidated financial statements which can affect the amounts recognized.

Judgements
The Management has assessed that TORM has two cash-generating units (CGUs), being the Main Fleet and the Marine Exhaust cash-generating units. The Main Fleet is comprised of TORM's LR1, LR2 and MR vessels, which are largely interchangeable, and the cash flows generated by them are interdependent. These vessels are operated collectively as a combined internal pool, employed principally in the spot market, and actively managed to meet the needs of our customers in that market, particularly regarding the location of vessels meeting required specifications and the price of transport rather than vessel class. Given the technical specifications and capacity of vessels, the Main Fleet is relatively homogenous with a very high degree of interoperability. All vessels in the Main Fleet can handle multiple sizes of cargo and sail all seas and oceans, over both shorter and long distances. The Main Fleet is monitored and managed on an aggregated level as one pool, i.e. each vessel or vessel class does not generate cash inflows which are largely independent of those from other vessels or vessel classes. The MR vessels acquired in prior years with chemical trading capability are operated as all other product tanker vessels and thus included in the Main Fleet CGU.

NOTE 1 – continued

In addition, the activities within the Marine Exhaust segment represent a single CGU because cash inflows are generated independent of the cash inflows from the Main Fleet from serving the existing external customer base of the Marine Exhaust segment.

Estimates

Carrying amounts of vessels
The Company evaluates the carrying amounts of the vessels (including newbuildings) to determine if events have occurred which would require a modification of their carrying amounts. The recoverable amount of vessels is reviewed based on events or changes in circumstances which would indicate that the carrying amount of its vessels might not be recoverable. In assessing the recoverability of the vessels, the Company reviews certain indicators of potential impairment or indication of any past impairment losses that should be reversed such as reported sale and purchase prices, market demand and general market conditions.

Further, market valuations from leading, independent, and internationally recognized shipbrokers are obtained on the reporting date as part of the review for potential impairment indicators. If an indication of impairment or reversal of past impairment is identified, the need for recognizing an impairment loss or a recognition of a reversal of a past impairment loss is assessed by comparing the carrying amount of the vessels to the higher of the fair value less costs of disposal and the value in use.

The review for potential impairment indicators and projection of future discounted cash flows related to the vessels is complex and requires the Company to make various estimates including future freight rates, utilization, earnings from the vessels, future operating expenses and capital expenditure including dry-docking costs and discount rates. For more information on key assumptions and related sensitivities, please refer to Note 10.

All these factors have been historically volatile, especially the freight rates. The carrying amounts of TORM's vessels may not represent their fair market value at any point in time, as market prices of second-hand vessels to a certain degree tend to fluctuate with changes in freight rates and the cost of newbuildings. However, if the estimated future cash flow or related assumptions in the future experience change, an impairment write-down or reversal of impairment may be required.

NOTE 2 – LIQUIDITY, CAPITAL RESOURCES AND SUBSEQUENT EVENTS

Liquidity and Capital Resources

As of December 31, 2023, TORM's cash and cash equivalents including restricted cash totaled USD 296m (2022: USD 324m , 2021: USD 172m), and undrawn and committed credit facilities as listed below amounted to USD 343m (2022: USD 93m, 2021: USD 38m). Subsequently, in January 2024 TORM issued a five-year senior unsecured bond in the amount of USD 200m from which USD 165.0m will be used to cancel the undrawn term facility with the syndicated banks. TORM had no newbuildings on order as of 31 December 2023 (2022: None, 2021: One).

TORM has the following debt facilities as of December 31, 2023.

Debt Facility	Maturity	Outstanding amount 2023 (mUSD)	Outstanding amount 2022 (mUSD)	Outstanding amount 2021 (mUSD)
Syndicated Facilities 2023	2028	224.0	—	—
Syndicated Facilities 2020	Repaid	—	143.8	279.4
Danish Ship Finance Facility 2020	2029	192.6	201.8	221.9
ING Facility 2023	2029	57.9	—	—
HCOB Facility 2023	2029	31.2	—	—
HCOB Facilities 2020-2021	Repaid	—	63.5	110.7
KfW Facility 2019	2032	34.8	37.9	40.9
CEXIM 2016	Repaid	—	41.1	44.9
Other credit facilities	2026	4.8	4.9	—
Sale and leaseback transaction prepayment	2022	—	—	21.0
Total		**545.3**	**493.0**	**718.8**

During 2023 TORM refinanced a number of debt facilities. Further to that, TORM repaid three vessels to Danish Ship Finance and obtained financing from ING for the same vessels. TORM extended the maturity of the facility with Danish Ship Finance from 2027 to 2029. TORM also signed an Additional Facility with Danish Ship Finance to finance four second-hand MR vessels. This facility is partially utilized as TORM took delivery of two out of the four vessels in 2023. As of December 31, 2023, the scheduled minimum payments on mortgage debt and bank loans in 2024 were USD 107m.

TORM has the following undrawn facilities as of December 31, 2023.

Undrawn Facility	Maturity	Outstanding amount 2023 (mUSD)	Outstanding amount 2022 (mUSD)	Outstanding amount 2021 (mUSD)
Syndicated Facilities 2023 - RCF	2028	100.0	—	—
Syndicated Facilities 2020 - RCF	Cancelled	—	92.6	—
HCOB Facility 2023 - RCF	2029	24.9	—	—
DSF Additional Facility	2029	52.6	—	—
Syndicated Bridge to Bond Facility	2025	165.0	—	—
Bocomm Leasing Facility	2031	—	—	38.2
Total		**342.5**	**92.6**	**38.2**

TORM has Revolving Credit Facilities as part of the Syndicated Facilities and with Hamburg Commercial Bank. The Additional Facility with Danish Ship Finance to finance four second-hand MR vessels has an undrawn amount, as two out of the four vessels were delivered in January 2024. The Bridge to Bond Facility with four syndicated banks was signed in December 2023 to finance five of the eight purchased LR2 vessels announced on 22 November 2023. Subsequently, TORM cancelled this facility in February 2024.

Lease Facility	Maturity	Outstanding amount 2023 (mUSD)	Outstanding amount 2022 (mUSD)	Outstanding amount 2021 (mUSD)
Bocomm Leasing Facilities 2019-2021	2031	148.9	162.2	137.3
Bocomm Leasing Facilities 2019	Repaid	—	49.4	59.2
Springliner Leases	2026	27.9	30.7	33.4
China Development Bank Financial Leasing	2032	149.0	160.8	150.8
China Merchant Bank Financial Leasing	2033	195.8	37.3	—
Showa Leasing	Repaid	—	18.7	20.9
Eifuku Leasing	Repaid	—	20.9	22.4
Total		**521.6**	**480.0**	**424.0**

During 2023, TORM repaid a number of lease facilities and took ownership of the previously leased vessels, which are currently financed by the Syndicated Facilities. In 2023 TORM also signed a new lease facility with China Merchant Bank Financial Leasing to finance seven second-hand LR1 vessels. As of December 31, 2023, the scheduled minimum payments on lease agreements in 2023 were USD 65m.

TORM manages its capital structure for the Group as a whole in order to support our spot-based vessel employment profile. This is done through a conservative leverage, a strong liquidity position and limited off-balance sheet commitments. TORM ongoingly stress tests the capital structure and liquidity position as well as prepares cash forecasts to make sure the capital structure remains robust to potential risks. Besides the liquidity position, the main considerations are loan-to-value ratio, distribution policy, CAPEX commitments, off-balance sheet liabilities, terms and sources of funding vessel investments, hedging of financial market risks and fleet employment strategy, hereunder entering into FFA contracts.

On March 07, 2024, TORM amended the distribution policy with effect from the first quarter of 2024. With this TORM intends to distribute on a quarterly basis excess liquidity above a threshold liquidity level. The threshold liquidity level will be determined as the sum of i) the product of liquidity requirement per vessel and the number of owned and leased vessels in TORM's fleet as at the balance sheet day and ii) a discretionary element determined by the Board taking into consideration TORM's capital structure, strategic opportunities, future obligations and market trends.

TORM's debt facilities include financial covenants related to:

- Minimum liquidity (cash and cash equivalents minimum amount requirement at all times)
- Minimum security value (loan-to-value for individual borrowings)
- Equity ratio (minimum level)

During 2023, 2022 and 2021, TORM did not have any covenant breaches, and the Management has assessed that a covenant breach in the near future is remote.

NOTE 2 – continued

Subsequent Events

In January 2024, TORM delivered the two LR1 vessels TORM Signe and TORM Sofia and the MR vessel TORM Loke, all of which were held for sale at December 31, 2023, to the new owners.

In January 2024, TORM took delivery of the remaining two of four purchased 2015 and 2016-built MR eco product tanker vessels in a partly share-based transaction previously disclosed in the quarterly report for the third quarter of 2023.

In January 2024, TORM took delivery of five of the eight 2010 to 2012-built LR2 eco vessels in a partly share-based transaction previously disclosed in the quarterly report for the third quarter of 2023. Two of the remaining three vessels are expected to be delivered during the end of March 2024 and one in the beginning of April 2024.

In January 2024, TORM entered into an agreement to purchase one 2011-built LR2 eco vessel for a total consideration of USD 51.5m, with a cash consideration of USD 30.9m and the issuance of approximately 570,000 shares. The vessel is expected to be delivered mid March 2024. The purchase price is subject to certain adjustments that will be impacted by TORM's share price development and the vessels' delivery schedules.

As announced on January 11, 2024, TORM issued five-year senior unsecured bonds of USD 200m. The Bonds will carry a fixed coupon of 8.25%, payable semi-annually. The net proceeds from the bond issue will be used to part finance the acquisition of five of the eight LR2 eco vessels announced in November 2023, including full cancellation of the Syndicated Bridge to Bond Facility.

In February 2024, TORM signed a facility agreement of USD 93m with Hamburg Commercial Bank to finance three of the eight LR2 eco vessels announced in November 2023.

On March 07, 2024, TORM amended the distribution policy with effect from the first quarter of 2024. Please refer to section 'Liquidity and Capital Resources' under Note 2 for further explanation.

On March 07, 2024, our Board of Directors decided to recommend to the Annual General Meeting to approve a dividend of USD 1.36 per share, with a total dividend payment of approximately 126.3m. The distribution is in line with TORM's Distribution Policy for 2023 with a cash position of USD 295.6m, working capital facilities of USD 124.9m, restricted cash of USD 30.1m, earmarked proceeds of USD 111.7m, and a cash position related to Marine Exhaust Technology A/S of USD 4.9m. Cash reservation per vessel is USD 1.8m for 82 vessels, USD 147.6m in total.The dividend payment is expected to be on April 24, 2024, to shareholders on record as of April 16, 2024, with the ex-dividend date on April 15, 2024. The dividend payment will not be recognized as a liability and there are no tax consequences.

NOTE 3 – SEGMENT

Segment Reporting - Consolidated Income Statement

USDm	2023				2022			
	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total
Revenue	1,491.4	48.0	(19.0)	1,520.4	1,440.4	5.9	(2.9)	1,443.4
Port expenses, bunkers, and commissions	(407.6)	—	—	(407.6)	(458.9)	—	—	(458.9)
Other cost of goods and services sold	—	(36.6)	13.9	(22.7)	—	(3.0)	2.4	(0.6)
Operating expenses	(216.4)	—	0.4	(216.0)	(202.1)	—	—	(202.1)
Profit from sale of vessels	50.4	—	—	50.4	10.2	—	—	10.2
Administrative expenses	(76.5)	(6.4)	—	(82.9)	(52.4)	(2.6)	—	(55.0)
Other operating income and expenses	6.0	0.3	—	6.3	5.8	—	—	5.8
Share of profit/(loss) from joint ventures	—	—	—	—	0.2	—	—	0.2
Impairment losses and reversal of impairment on tangible assets	—	—	—	—	(2.6)	—	—	(2.6)
Depreciation and amortization	(148.2)	(1.1)	—	(149.3)	(138.7)	(0.3)	—	(139.0)
Operating profit (EBIT)	699.1	4.2	(4.7)	698.6	601.9	—	(0.5)	601.4
Financial income	14.3	—	—	14.3	4.0	0.1	—	4.1
Financial expenses	(60.5)	(0.4)	—	(60.9)	(48.7)	(0.1)	—	(48.8)
Profit before tax	652.9	3.8	(4.7)	652.0	557.2	—	(0.5)	556.7
Tax	(4.0)	—	—	(4.0)	5.9	—	—	5.9
Net profit for the year	648.9	3.8	(4.7)	648.0	563.1	—	(0.5)	562.6

Prior to the acquisition of Marine Exhaust Technology A/S (MET) on September 01, 2022, TORM had only one reportable segment, the Tanker segment. Accordingly, comparative segmental information is not provided.

The eliminations above represent revenue and other costs of goods and services sold from the installation of scrubbers performed by the Marine Exhaust entities on tanker vessels within the Tanker segment. All revenue from the Tanker segment is derived from external customers.

In all material aspects, TORM's customers are domiciled outside the UK and are spread all over the world with only a few countries contributing significantly to TORM's revenue. In 2023, Switzerland and United States contributed with 16.0% (USD 242.5m) and 12.0% (USD 182.7m) respectively of TORM's revenue. In 2022, Switzerland and Mexico contributed with 15.3% (USD 220.9m) and 12.8% (USD 178.2m) respectively of TORM's revenue. In 2021, Switzerland and Mexico contributed with 23.2% (USD 143.5m),and 15.6% (USD 96.6m) respectively of TORM's revenue. Revenue is allocated to countries based on the customer's ultimate parent domicile.

A major part of TORM's revenues stems from a small group of customers. In 2023, No customers accounted for more than 10% of TORM's revenue in the Tanker segment (2022: One accounted for 12% in the Tanker segment; 2021: One customer accounted for more than 15% in the Tanker segment).

NOTE 3 – continued

Segment Reporting - Consolidated Balance Sheet

USDm	2023				2022			
	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total
ASSETS								
Intangible assets								
Goodwill	—	1.8	—	1.8	—	1.8	—	1.8
Other intangible assets	0.9	0.9	—	1.8	0.7	1.3	—	2.0
Total intangible assets	0.9	2.7	—	3.6	0.7	3.1	—	3.8
Tangible fixed assets								
Land and buildings	4.9	0.6	—	5.5	2.8	1.0	—	3.8
Vessels and capitalized dry-docking	2,081.7	—	(11.5)	2,070.2	1,863.4	—	(7.5)	1,855.9
Prepayments on vessels	86.0	—	—	86.0	—	—	—	—
Other non-current assets under construction	—	4.5	(0.3)	4.2	—	—	—	—
Other plant and operating equipment	3.3	1.1	—	4.4	4.1	1.5	—	5.6
Total tangible fixed assets	2,175.9	6.2	(11.8)	2,170.3	1,870.3	2.5	(7.5)	1,865.3
Financial assets								
Investments in joint ventures	0.1	—	—	0.1	0.1	—	—	0.1
Loan receivables	4.5	—	—	4.5	4.6	—	—	4.6
Deferred tax asset	0.4	—	—	0.4	0.5	—	—	0.5
Other investments	—	—	—	—	0.2	—	—	0.2
Total financial assets	5.0	—	—	5.0	5.4	—	—	5.4
Total non-current assets	2,181.8	8.9	(11.8)	2,178.9	1,876.4	5.6	(7.5)	1,874.5
Inventories	58.0	3.7	—	61.7	61.1	11.0	(0.1)	72.0
Trade receivables	206.2	5.0	(0.2)	211.0	255.7	4.2	(0.4)	259.5
Other receivables	58.8	1.7	—	60.5	72.7	1.3	—	74.0
Prepayments	10.7	4.5	—	15.2	9.7	0.7	—	10.4
Cash and cash equivalents incl. restricted cash	290.7	4.9	—	295.6	321.4	2.4	—	323.8
Current assets excluding assets held for sale	624.4	19.8	(0.2)	644.0	720.6	19.6	(0.5)	739.7
Assets held for sale	47.2	—	—	47.2	—	—	—	—
Total current assets	671.6	19.8	(0.2)	691.2	720.6	19.6	(0.5)	739.7
TOTAL ASSETS	2,853.4	28.7	(12.0)	2,870.1	2,597.0	25.2	(8.0)	2,614.2

NOTE 3 – continued

Segment Reporting - Consolidated Balance Sheet

USDm	2023				2022			
	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total	Tanker segment	Marine Exhaust segment	Intersegment elimination	Total
EQUITY AND LIABILITIES								
Total equity	1,661.3	9.9	(5.2)	1,666.0	1,498.0	6.2	(0.5)	1,503.7
Liabilities								
NON-CURRENT LIABILITIES								
Non-current tax liability related to held-over gains	45.2	—	—	45.2	45.2	—	—	45.2
Deferred tax liability	3.3	0.3	—	3.6	5.8	0.3	—	6.1
Borrowings	884.0	2.9	—	886.9	844.6	5.2	—	849.8
Other non-current liabilities	2.2	0.8	—	3.0	2.2	0.8	—	3.0
Total non-current liabilities	934.7	4.0	—	938.7	897.8	6.3	—	904.1
CURRENT LIABILITIES								
Borrowings	169.7	3.0	—	172.7	115.7	1.4	—	117.1
Trade payables	39.6	3.4	—	43.0	46.4	3.5	(1.4)	48.5
Current tax liabilities	0.6	—	—	0.6	1.6	0.4	—	2.0
Other liabilities	44.8	0.5	(0.1)	45.2	31.0	0.3	(0.2)	31.1
Provisions	—	0.6	—	0.6	6.5	0.3	—	6.8
Prepayments from customers	2.7	7.3	(6.7)	3.3	—	6.8	(5.9)	0.9
Total current liabilities	257.4	14.8	(6.8)	265.4	201.2	12.7	(7.5)	206.4
Total liabilities	1,192.1	18.8	(6.8)	1,204.1	1,099.0	19.0	(7.5)	1,110.5
TOTAL EQUITY AND LIABILITIES	2,853.4	28.7	(12.0)	2,870.1	2,597.0	25.2	(8.0)	2,614.2
Non-current asset additions during the year:								
Goodwill	—	—	—	—	—	1.8	—	1.8
Other intangible assets	0.6	—	—	0.6	0.6	1.2	—	1.8
Land and buildings	4.4	—	—	4.4	0.3	1.1	—	1.4
Vessels and capitalized dry-docking	520.4	—	(4.0)	516.4	84.7	—	(7.5)	77.2
Prepayments on vessels	86.0	—	—	86.0	43.1	—	—	43.1
Other non-current assets under construction	—	4.5	(0.3)	4.2	—	—	—	—
Other plant and operating equipment	1.1	0.2	—	1.3	0.8	1.6	—	2.4
Total non-current asset additions	612.5	4.7	(4.3)	612.9	129.5	5.7	(7.5)	127.7

The Company's non-current assets are based on domicile of the legal entity ownership in the following countries:

USDm	2023	2022	2021
UK	0.2	0.1	—
Denmark	1,746.6	1,607.7	1,651.5
Singapore	336.7	257.1	308.0
USA	79.8	—	—
Other countries	10.6	4.5	2.9
Non-current assets	2,173.9	1,869.3	1,962.4

NOTE 3 – continued

Accounting Policies
The segmentation is based on the Group's internal management and reporting structure. The Group has two operating segments, the Tanker segment, for which the services provided primarily comprise transportation of refined oil products such as gasoline, jet fuel, and naphtha, and the Marine Exhaust segment for which the services provided primarily comprise developing and producing advanced and green marine equipment.

Transactions between the segments are based on market-related prices and are eliminated at Group level.

TORM considers the global product tanker market as a whole, and as the individual vessels are not limited to specific parts of the world, the Group has only one geographical segment for the Tanker segment. Further, the internal management reporting does not provide geographical information for either the Tanker segment or the Marine Exhaust segment. Consequently, geographical segment information on revenue from external customers or non-current segment assets for the Tanker segment or the Marine Exhaust segment are not provided.

NOTE 4 – REVENUE FROM CONTRACTS WITH CUSTOMERS

USDm	2023	2022	2021
Disaggregation of revenue			
Transportation of refined oil products	1,491.4	1,440.4	619.5
Scrubbers and related services	21.7	1.2	—
Welding and mounting	5.3	1.1	—
Others	2.0	0.7	—
Total revenue	1,520.4	1,443.4	619.5
Tanker segment	1,491.4	1,440.4	619.5
Marine Exhaust segment	48.0	5.9	—
Intersegment elimination	(19.0)	(2.9)	—
Total revenue	1,520.4	1,443.4	619.5

USDm	2023	2022	2021
Customer contract balances			
Trade receivables	211.0	259.5	84.0
Customer contract assets[1)]	2.5	3.0	2.0
Customer contract liabilities[2)]	(3.4)	(0.9)	—
Total	210.1	261.6	86.0

[1)] Recognized in prepayments.
[2)] Recognized in prepayments from customers.

Refer to Note 13 for further information on trade receivables. Customer contract assets primarily relate to prepaid voyage expenses until the cargo load date. During the year, USD 3.0m was recognized relating to customer contracts entered in 2022 (2022: USD 2.0m relating to 2021, 2021: USD 1.4m relating to 2020). Customer contract liabilities primarily relate to prepaid charter hire and prepayments received by customers in connection with scrubber installations. The change in customer contract liabilities during the year is primarily caused by change in prepaid charter hire of USD 2.7m.

Accounting policies

Revenue
Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company

Revenue comprises freight, charter hire, and demurrage revenue from the vessels as well as Marine Exhaust revenue. Revenue is recognized when or as performance obligations are satisfied by transferring services to the customer, i.e. over time, provided that the stage of completion can be measured reliably. Revenue is measured as the consideration that the Group expects to be entitled to. Freight revenue including charter hire and demurrage (and related voyage costs) are recognized in the income statement according to the entered charter parties from the date of load to the date of delivery of the cargo (discharge). The completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date because the customer receives the benefit during the voyage as it is provided.

Cross-over voyages
For cross-over voyages (voyages in progress at the end of a reporting period), the uncertainty and the dependence on estimates are greater than for finalized voyages. The Company recognizes a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the balance sheet date. The estimate of revenue is based on the expected duration and destination of the voyage.

NOTE 4 – continued

When recognizing revenue, there is a risk that the actual number of days it takes to complete the voyage will differ from the estimate. The contract for a single voyage may state several alternative destination ports. The destination port may change during the voyage, and the rate may vary depending on the destination port. Changes to the estimated duration of the voyage as well as changing destinations and weather conditions will affect the voyage expenses.

Demurrage revenue
Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. If these conditions are breached, TORM is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognized in accordance with the terms and conditions of the charter parties. Upon completion of the voyage, the Company assesses the time spent in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers. The claim will often be met by counterclaims due to differences in the interpretation of the agreement compared to the actual circumstances of the additional time used. Based on previous experience, 95% of the demurrage claim submitted is recognized as demurrage revenue upon initial recognition. For cross-over voyages, an estimate of incurred demurrage is recognized at the balance sheet date.

The Company receives the demurrage payment upon reaching final agreement on the amount, which could be up to approximately 100 days after the original demurrage claim was submitted. Any adjustments to the final agreement are recognized as demurrage revenue.

Marine Exhaust revenue
Some of the Group's contracts with customers relate to the sale of marine exhaust equipment with installation services. Customers obtain control of the marine exhaust equipment with installation services when the goods are delivered to the customer, they have completed commissioning and delivery has been accepted by the customers. When without installation services, customers obtain control of the marine exhaust equipment when the goods are delivered to and have been accepted by the customers.

Revenue is thus recognized upon the customers obtaining control. There is generally only one performance obligation related hereto.

A warranty provision is recognized for expected repair costs related to warranty claims for sold marine exhaust equipment within the standard warranty period of one year. These provisions are recognized when the equipment is sold and are based on historical experience. The warranty provision estimates are updated annually.

NOTE 5 – STAFF COSTS

Employee Information
Staff costs included in operating expenses relate to the 105 seafarers employed under Danish contracts (2022: 100, 2021:106).

The average number of employees is calculated as a full-time equivalent (FTE).

The Executive Director is, in the event of termination by the Company, entitled to a severance payment of up to 12 months' salary.

USDm	2023	2022	2021
Total staff costs			
Staff costs included in operating expenses	8.6	7.7	9.7
Staff costs included in administrative expenses	69.3	42.0	42.4
Total	77.9	49.7	52.1
Staff costs comprise the following			
Wages and salaries	46.9	38.8	42.1
Share-based compensation	23.0	2.9	2.3
Pension costs	3.8	3.3	3.6
Other social security costs	1.4	1.5	1.3
Other staff costs	2.8	3.2	2.8
Total	77.9	49.7	52.1
Average number of permanent employees			
Seafarers	105	100	106
Land-based	468	386	341
Total	573	486	447

At the end of 2023 TORM has a pool of 3,271 (2022: 3,218, 2021: 3,420) seafarers.

The majority of seafarers on vessels are on short-term contracts. The average number of seafarers on board vessels on short-term contracts in 2023 was 1,625 (2022: 1,565, 2021: 1,449).

Total seafarers’ costs in 2023 were USD 127.1m (2022: USD 124.9m, 2021: USD 121.2m), which is included in “Operating expenses” of which USD 118.5m (2022: USD 117.2m, 2021: USD 111.5m) pertains to cost for seafarers on board vessels on short term contracts and USD 8.6m (2022: USD 7.7m, 2021: USD 9.7m) pertains to cost for seafarers employed under the Danish contract as indicated in the staff costs table above.

USD '000	2023	2022	2021
Non-Executive Board and Committee remuneration, short term			
Christopher H. Boehringer	214	210	235
David N. Weinstein	219	207	234
Göran Trapp	164	155	176
Annette Malm Justad	164	155	176
Total	761	727	821

NOTE 5 – continued

Executive Management

USD '000	Salary	Taxable benefits	Annual performance bonus	Total
Executive Management remuneration				
Jacob Meldgaard				
2021, TORM A/S[1)]	1,161	44	1,161	2,366
2021, TORM plc[1)]	82	—	—	82
2022, TORM A/S[1)]	1,040	39	593	1,672
2022, TORM plc[1)]	72	—	—	72
2023, TORM A/S[1)]	1,119	40	1,277	2,436
2023, TORM plc[1)]	77	—	—	77

[1)] Paid by legal entity as noted.

Key management personnel consist of the Board of Directors and the Executive Director. Total compensation to key management personnel expensed during the year as detailed in this note amounts to USD 3.3m (2022: USD 2.5m, 2021: USD 3.3m) excluding share-based compensation.

Senior Management Team

The aggregated compensation paid by the Group to the three (2022: three, 2021: three) other members of the Senior Management Team in 2023 (excluding CEO Jacob Meldgaard) was USD 1.6m (2022: USD 2.1m, 2021: USD 2.2m), which includes an aggregate of USD 0.1m (2022: USD 0.1m, 2021: USD 0.1m) allocated for pensions (defined contribution plans) for these individuals, but excludes share-based compensation.

LTIP element of CEO Jacob Meldgaard's remuneration package 2023:

	Ordinary	Ordinary	Ordinary	Retention
Grant Date	18-Mar-21	23-Mar-22	29-Mar-23	29-Mar-23
RSU LTIP grant[1)]	255,200	255,200	255,200	300,000
Exercise price per share	DKK 53.50	DKK 58.00	DKK 220.60	USD 0.01
RSU grant value assuming 100% vesting	USD 0.6m	USD 0.5m	USD 2.5m	USD 10.7m

[1)] LTIP award is fixed by the Board of Directors and was communicated via company announcement no. 7 dated18 March 2021, announcement no. 9 dated 23 March 2022 and announcement no.9 dated 29 March 2023, therefore there is no minimum or maximum for 2021, 2022 and 2023.

TORM operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of shares is recognized as an expense and allocated over the vesting period. Employment in TORM throughout the period is in most cases a prerequisite for upholding the full vesting rights in the RSU program. For voluntary leavers subject to the Danish Stock Options Act, the RSUs will vest in accordance with the vesting schedule, but for all other leavers, all unvested RSUs shall be immediately forfeited for no consideration. Options are granted under the plan for no consideration and carry no dividend or voting rights.

In accordance with its Remuneration Policy, TORM has granted the CEO a number of Restricted Share Units (RSUs). There are no performance conditions associated with this grant of RSUs.

Refer to Long-Term Incentive Program – restricted share units granted to the executive director on page 115 for further information. The original RSUs granted to the CEO in 2016 vested in equal installments over a five years period. Subsequent awards vest in equal installments over three years.

NOTE 5 – continued

Vested RSUs may be exercised for a period of 360 days from each vesting date. Details of the CEO's awards and interests in Restricted Share Units are set out on page 116.

The single figure remuneration table for the CEO does not include any amounts in relation to the RSU awards as there are no performance conditions associated with this grant of RSUs.

As detailed in announcement no. 7 dated March 18, 2021, the CEO was granted a total of 255,200 RSUs which will vest in equal amounts over the next 3 years. The first amount can be exercised from January 01, 2022. The exercise price for each RSU is DKK 53.5, corresponding to the average price of TORM shares in the 90 calendar days preceding the publication of TORM plc's 2020 Annual Report plus a 15% premium. Vested RSUs may be exercised for a period of 360 days from each vesting date.

As detailed in announcement no. 9 issued on March 23, 2022, the CEO was granted a total of 255,200 RSUs which will vest in equal amounts over the next 3 years. . The first amount can be exercised from January 01, 2023 . The exercise price for each RSU is DKK 58.0, corresponding to the average price of TORM shares in the 90 calendar days preceding the publication of TORM plc's 20222021 Annual Report plus a 15% premium. Vested RSUs may be exercised for a period of 360 days from each vesting date.

As detailed in announcement no. 9 issued on March 29, 2023, the CEO was granted a total of 255,200 RSUs which will vest in equal amounts over the next 3 years. The first amount can be exercised from January 01, 2024. The exercise price for each RSU is DKK 220.6, corresponding to the average price of TORM shares in the 90 calendar days preceding the publication of TORM plc's 2022 Annual Report plus a 15% premium adjusted for the dividend payment related to TORM's fourth quarter 2022 results. Vested RSUs may be exercised for a period of 360 days from each vesting date. In addition to the RSUs granted above, the CEO is granted a total of 300,000 RSUs in the Additional Retention Program on similar terms as outlined above, with the exception that the strike price for these RSUs is set to one US cent and that all RSUs will vest on March 01, 2026.

Long-term employee benefit obligations
The obligation comprises an obligation under the incentive programs to deliver Restricted Share Units in TORM plc at a determinable price to the entity's key personnel, including the CEO. The RSUs granted entitle the holder to acquire one TORM A-share.

The program comprises the following number of shares in TORM plc:

Number of shares (1,000)	2023	2022	2021
Outstanding as of January 01	2,424.0	2,372.9	2,187.5
Granted during the period	3,136.6	1,393.0	1,355.1
Exercised during the period	(1,137.6)	(1,078.0)	(409.4)
Expired/forfeited during the period	(5.3)	(263.9)	(760.3)
Outstanding as of December 31	4,417.7	2,424.0	2,372.9
Exercisable as of December 31	—	—	—

In 2021, the Board of Directors agreed to grant a total of 1,355,121 RSUs to other management. The vesting period of the program is three years for key employees. The exercise price is set at DKK 53.5. The exercise period is 360 days from each vesting date. The fair value of the options granted in 2021 was determined using the Black-Scholes model and is not material. The average remaining contractual life for the restricted shares as of December 31, 2021 was 1.5 years, and as of December 31, 2023 was 0.0 years.

In 2022, the Board of Directors agreed to grant a total of 1,137,770 RSUs to other management. The vesting period of the program is three years for key employees. The exercise price is set at DKK 58.0. The exercise period is 360 days from each vesting date. The fair value of the options granted in 2022 was determined using the Black-Scholes model and is not material. The average remaining contractual life for the restricted shares as of December 31, 2022 was 1.5 years, and as of December 31, 2023 was one year.

NOTE 5 – continued

In 2023, the Board of Directors agreed to grant a total of 1,248,153 RSUs to other management. The vesting period of the program is three years for key employees. The exercise price is set at DKK 220.6. The exercise period is 360 days from each vesting date. The fair value of the options granted in 2023 was determined using the Black-Scholes model and amounts to USD 10.8m. The average remaining contractual life for the restricted shares as of December 31, 2023 is 1.5 years. In addition to the RSUs granted above, the other management is granted a total of 1,333,222 RSUs in the Additional Retention Program on similar terms as outlined above, with the exception that the strike price for these RSUs is set to one US cent and that all RSUs will vest on March 01, 2026. The fair value of the options in the Additional Retention Program granted in 2023 was determined using the Black-Scholes model and amounts to USD 40.4m.

Accounting Policies

Employee benefits
Wages, salaries, social security contributions, holiday and sick leave, bonuses, and other monetary and non-monetary benefits are recognized in the year in which the employees render the associated services. Please also refer to the accounting policy for share-based payment.

Pension plans
The Group has entered into defined contribution plans only. Pension costs related to defined contribution plans are recorded in the income statement in the year to which they relate.

Share-based payments
The Group makes equity-settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares which will eventually vest. The fair value of the share schemes is calculated using the Black-Scholes model at the grant date.

NOTE 6 – REMUNERATION TO AUDITORS APPOINTED AT THE PARENT COMPANY'S ANNUAL GENERAL MEETING

The remuneration of the auditor is required to be presented as follows:

USDm	2023	2022	2021
Audit fees			
Fees payable to the Company's auditor for the audit of the Company's annual accounts	1.2	0.9	0.5
Audit of the Company's subsidiaries pursuant to legislation	0.1	0.1	0.3
Total audit fees	1.3	1.0	0.8
Non-audit fees			
Audit-related services	0.1	0.2	0.1
Tax services	—	—	0.1
Others	0.1	0.2	—
Total non-audit fees	0.2	0.4	0.2
Total	1.5	1.4	1.0

Under SEC regulations, the remuneration of the auditor of USD 1.5m (2022: USD 1.4m, 2021: USD 1.0m) is required to be presented as follows: Audit fees USD 1.4m (2022: USD 1.4m, 2021: USD 0.8m), audit-related fees USD 0.1m (2022: USD 0.0m, 2021: USD 0.1m), tax fees USD 0.0m (2022: USD 0.0m, 2021: USD 0.1m), and all other fees USD 0.0m (2022: USD 0.0m, 2021: USD 0.0m.).

TORM's Audit Committee pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees prior to the engagement of the independent auditor with respect to such services.

NOTE 7 – INTANGIBLE ASSETS

USDm	2023	2022	2021
GOODWILL			
Cost:			
Balance as of January 01	13.2	11.4	11.4
Additions from business combinations	—	1.8	—
Balance as of December 31	13.2	13.2	11.4
Impairment:			
Balance as of January 01	11.4	11.4	11.4
Impairment losses	—	—	—
Balance as of December 31	11.4	11.4	11.4
Carrying amount	1.8	1.8	—

The opening balance in 2021 on goodwill cost and impairment relates to the reverse acquisition of TORM A/S in 2015, which was impaired in 2016. The goodwill addition in 2022 of USD 1.8m relates to the acquisition of Marine Exhaust Technology A/S, which is allocated to the Marine Exhaust cash-generating unit. Please refer to note 33 for further reference on acquisition and note 10 for further reference on impairment testing.

USDm	2023	2022	2021
OTHER INTANGIBLE ASSETS			
Cost:			
Balance as of January 01	2.3	—	—
Exchange rate adjustments	—	0.2	—
Additions	0.6	0.6	—
Additions from business combinations	—	1.2	—
Transfer from other items	—	0.3	—
Balance as of December 31	2.9	2.3	—
Amortization:			
Balance as of January 01	0.4	—	—
Amortization for the year	0.6	0.3	—
Transfer from other items	—	0.1	—
Balance as of December 31	1.0	0.4	—
Carrying amount	1.9	1.9	—

Accounting Policies

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the fair value of the acquired assets, liabilities, and contingent liabilities and is recognized as an asset under intangible assets. For each business combination, TORM elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Goodwill is not amortized as it is considered to have an indefinite useful life, but the recoverable amount of goodwill is assessed annually. For impairment testing purposes, goodwill is on initial recognition allocated to the cash generating unit expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

NOTE 7 – continued

Other Intangible Assets
Other intangible assets consist of software as well as scrubber test facility development costs and customer list acquired in connection with the Marine Exhaust Technology A/S acquisition. Other intangible assets are measured at cost less accumulated amortization and impairment losses. Other intangible assets are considered as having finite useful lives and are amortized on a straight-line basis over:

- Software: 3 years
- Scrubber test facility: 2 years
- Customer list: 7 years

NOTE 8 – TANGIBLE FIXED ASSETS

USDm	2023	2022	2021
LAND AND BUILDINGS			
Cost:			
Balance as of January 01	12.0	10.9	11.7
Exchange rate adjustment	(0.2)	(0.3)	(0.1)
Additions	4.4	0.3	0.1
Additions from business combinations	—	1.1	—
Disposals	(1.6)	—	(0.8)
Balance as of December 31	14.6	12.0	10.9
Depreciation:			
Balance as of January 01	8.2	6.1	4.6
Exchange rate adjustment	—	(0.2)	—
Disposals	(1.6)	—	(0.8)
Depreciation for the year	2.5	2.3	2.3
Balance as of December 31	9.1	8.2	6.1
Carrying amount as of December 31	5.5	3.8	4.8

USDm	2023	2022	2021
VESSELS AND CAPITALIZED DRY-DOCKING			
Cost:			
Balance as of January 01	2,421.2	2,443.3	2,160.1
Additions	476.0	77.2	290.3
Disposals	(31.9)	(14.2)	(40.9)
Transferred from prepayments	40.6	55.1	78.6
Transferred to assets held for sale	(283.8)	(140.2)	(44.8)
Balance as of December 31	2,622.0	2,421.2	2,443.3
Depreciation:			
Balance as of January 01	543.8	475.0	406.2
Disposals	(31.9)	(14.2)	(40.9)
Depreciation for the year	143.7	133.7	126.2
Transferred to assets held for sale	(119.3)	(50.7)	(16.5)
Balance as of December 31	536.3	543.8	475.0
Impairment:			
Balance as of January 01	21.5	30.5	31.4
Impairment losses on tangible fixed assets[1)]	—	2.7	4.6
Transferred to assets held for sale	(5.9)	(11.7)	(5.5)
Balance as of December 31	15.5	21.5	30.5
Carrying amount as of December 31	2,070.2	1,855.9	1,937.8

[1)] For additional information regarding impairment considerations, please refer to Note 10

NOTE 8 – continued

Included in the carrying amount for “Vessels and capitalized dry-docking” are capitalized dry-docking costs in the amount of USD 75.1m (2022: USD 50.1m, 2021: USD 65.9m).

Included in the carrying amount for “Vessels and capitalized dry-docking” are vessels on time charter leases (as lessor) in the amount of USD 65.9m (2022: 13.7m, 2021: 398.8m). Please refer to Note 22 for expected redelivery of the vessels.

USDm	**2023**	**2022**	**2021**
PREPAYMENTS ON VESSELS			
Cost:			
Balance as of January 01	—	12.0	12.0
Additions	126.6	43.1	78.6
Transferred to vessels	(40.6)	(55.1)	(78.6)
Balance as of December 31	86.0	—	12.0
Carrying amount as of December 31	86.0	—	12.0

During the year, borrowing costs of USD 0.0m (2022: 0.0m, 2021: 0.6m) have been capitalized. The capitalization rate in 2021 was 3.7%.

USDm	**2023**	**2022**	**2021**
OTHER PLANT AND OPERATING EQUIPMENT			
Cost:			
Balance as of January 01	10.5	9.3	7.6
Exchange rate adjustment	—	(0.2)	(0.1)
Additions	1.3	0.8	1.9
Additions from business combinations	—	1.6	—
Disposals	(0.6)	(0.7)	(0.1)
Transfers	—	(0.3)	—
Balance as of December 31	11.2	10.5	9.3
Depreciation:			
Balance as of January 01	4.9	3.0	0.8
Exchange rate adjustment	—	(0.2)	(0.1)
Disposals	(0.6)	(0.6)	(0.1)
Depreciation for the year	2.5	2.8	2.4
Transfers	—	(0.1)	—
Balance as of December 31	6.8	4.9	3.0
Carrying amount as of December 31	4.4	5.6	6.3

For information on assets provided as collateral security, please refer to Note 20. Please refer to Note 10 for information on impairment testing.

The depreciation expense related to “Other plant and operating equipment” of USD 2.5m relates to “Administrative expense” (2022: USD 2.8m, 2021: USD 2.4m). Depreciation and impairment losses on tangible fixed assets on “Vessels and capitalized dry-docking” relate to operating expenses.

NOTE 8 – continued

Accounting Policies

Vessels
Vessels consist of owned vessels and leased vessels. The accounting policy for leased vessels is specified under "Leases". Owned vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Costs comprise acquisition costs and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expenses incurred during the period of construction. All major components of vessels (scrubbers, etc.) except for dry-docking costs are depreciated on a straight-line basis to the estimated residual value over their estimated useful life. Different drivers such as TORM's short and long-term climate targets, the revised IMO's Green House Gas Strategy, and other new regulation and policies with increased focus on carbon reduction on both short and long-term impact the determination of the estimated useful life. Considering the different drivers, TORM estimates the useful life to be 25 years for newbuildings - in line with previous years and with what is used by other shipowners with comparable tonnage. Depreciation is based on costs less the estimated residual value. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the recycling prices per ton. TORM is gradually phasing in green recycling prices in the calculation of residual values by applying a weighted average of green recycling and conventional recycling prices, while using a 3-year average to limit volatility. Currently the weight on green recycling prices are 70% compared to 30% on conventional recycling prices. The useful life and the residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements, and TORM's business plans.

TORM also evaluates the carrying amounts to determine if events have occurred which indicate impairment and would require a modification of the carrying amounts at the reporting date. Prepayment on vessels is measured at costs incurred.

Dry-docking
Approximately every 24 and 60 months, depending on the nature of work and external requirements, the vessels are required to undergo planned dry-dockings for replacement of certain components, major repairs, and major maintenance of other components, which cannot be carried out while the vessels are operating. These dry-docking costs are capitalized and depreciated on a straight-line basis over the estimated period until the next dry-docking. The residual value of such components is estimated at nil. The useful life of the dry-docking costs is reviewed at least at each financial year-end based on market conditions, regulatory requirements, and TORM's business plans. A portion of the cost of acquiring a new vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. Depreciation thereof is carried over the period until the next dry-docking. For newbuildings, the initial dry-docking asset is estimated based on the expected costs related to the first-coming dry-docking, which again is based on experience and history of similar vessels. For second-hand vessels, a dry-docking asset is also segregated and capitalized separately, taking into account the normal docking intervals of the vessels.

At subsequent dry-dockings, the costs comprise the actual costs incurred at the dry-docking yard. Dry-docking costs may include the cost of hiring crews to carry out replacements and repairs, the cost of parts and materials used, the cost of travel, lodging and supervision of Company personnel as well as the cost of hiring third-party personnel to oversee a dry-docking. Dry-docking activities include, but are not limited to, the inspection, service on turbocharger, replacement of shaft seals, service on boiler, replacement of hull anodes, applying of anti-fouling and hull paint, steel repairs as well as refurbishment and replacement of other parts of the vessel.

Prepayments on vessels
Prepayments consist of prepayments related to the purchase of second-hand vessels not yet delivered and to newbuilding contracts for vessels not yet delivered which also include the share of borrowing costs directly attributable to the acquisition of the underlying vessel. When a vessel is delivered, the prepaid amount is reallocated to the financial statement line "Vessels and capitalized dry-docking".

NOTE 8 – continued

Land and buildings and other plant and operating equipment
Land and buildings and other plant and operating equipment consist of leaseholds regarding office buildings, leasehold improvements, company cars, IT equipment, and software and is measured at historical cost less accumulated depreciation and any impairment loss. Any subsequent cost is included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits are associated with the item and the cost of the item can be measured reliably. Depreciation is based on the straight-line method over the estimated useful life of the assets. The current estimates are:

- **Land and buildings**
  - Office buildings: Over the shorter of the remaining leasing term and the estimated useful life
  - Leasehold improvements: Over the shorter of the remaining leasing term and the estimated useful life

- **Other plant and operating equipment**
  - Company cars: Over the lease term, typically 3 years
  - IT equipment: 3–5 years
  - Software: 3–5 years
  - Other equipment 3–15 years

The depreciation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. For a right-of-use asset, depreciation commences at the commencement date of the lease.

Assets held for sale
Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject to terms which are usual and customary for sales of such assets, and when its sale is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held for sale mainly refer to vessels being sold and are measured at the lower of their previous carrying amount and fair value less costs to sell. Gains are recognized on delivery to the new owners in the income statement in the item "Profit from sale of vessels". Anticipated losses are recognized at the time when the asset is classified as held-for-sale in the item "Impairment losses on tangible and intangible assets".

NOTE 9 – LEASING

TORM leases office buildings, some vehicles, and other administrative equipment. Except for short-term leases and leases of low-value assets, each lease is reflected on the balance sheet as a right-of-use asset with a corresponding lease liability. The right-of-use assets are included in the financial statement line item in which the corresponding underlying assets would be presented if they were owned. Please refer to Note 8.

As of December 31, 2023, TORM had recognized the following right-of-use assets:

USDm	**Land and buildings**	**Other plant and operating equipment**
Cost:		
Balance as of January 01, 2023	12.0	1.3
Exchange rate adjustments	(0.2)	0.1
Additions	4.4	0.1
Disposals	(1.6)	—
Balance as of December 31, 2023	14.6	1.5
Depreciation:		
Balance as of January 01, 2023	8.2	0.4
Exchange rate adjustment	—	(0.1)
Disposals	(1.6)	—
Depreciation for the year	2.5	0.4
Balance as of December 31, 2023	9.1	0.7
Carrying amount as of December 31, 2023	5.5	0.8

USDm	**Land and buildings**	**Other plant and operating equipment**
Cost:		
Balance as of January 01, 2022	10.9	0.7
Exchange rate adjustments	(0.3)	—
Additions	0.3	0.1
Additions from business combinations	1.1	0.9
Disposals	—	(0.4)
Balance as of December 31, 2022	12.0	1.3
Depreciation:		
Balance as of January 01, 2022	6.1	0.5
Exchange rate adjustments	(0.2)	—
Disposals	—	(0.3)
Depreciation for the year	2.3	0.2
Balance as of December 31, 2022	8.2	0.4
Carrying amount as of December 31, 2022	3.8	0.9

NOTE 9 – continued

USDm	Land and buildings	Other plant and operating equipment
Cost:		
Balance as of January 01, 2021	11.7	0.6
Exchange rate adjustments	(0.1)	—
Additions	0.1	0.2
Disposals	(0.8)	(0.1)
Balance as of December 31, 2021	10.9	0.7
Depreciation:		
Balance as of January 01, 2021	4.6	0.4
Disposals	(0.8)	(0.1)
Depreciation for the year	2.3	0.2
Balance as of December 31, 2021	6.1	0.5
Carrying amount as of December 31, 2021	4.8	0.2

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognized on the balance sheet as of December 31, 2023:

	Land and buildings	Other plant and operating equipment
No. of right-of-use assets leased	15	17
Range of remaining term	0 - 5 years	0 - 3 years
Average remaining lease term	2.8 years	1.3 years
No. of leases with extension options	13	8
No. of leases with options to purchase	0	1
No. of leases with termination options	12	12

Lease liabilities regarding right-of-use assets are included on the balance sheet under "Borrowings".

USDm	2023	2022	2021
Maturity analysis - contractual undiscounted cash flow			
Less than one year	2.9	2.7	2.8
One to five years	4.7	2.6	3.0
More than five years	—	—	0.1
Total undiscounted lease liabilities as of December 31	7.6	5.3	5.9
Lease liabilities included under "Borrowings" as of December 31	6.6	5.0	5.6
Non-current	4.1	2.5	3.7
Current	2.5	2.5	1.9

Extension and termination options are included in several leases in order to optimize operational flexibility in terms of managing contracts. The lease term determined by TORM is the non-cancellable period of a lease, together with any extension/termination options if these are/are not reasonably certain to be exercised.

Lease payments not recognized as a liability
TORM has elected not to recognize a lease liability for short-term leases (leases of an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating to payments not recognized as a lease liability are insignificant.

Cash outflow for leases
The total cash outflow for leases amounts to USD 3.2m (2022: USD 2.7m, 2021: USD 2.8m).

Accounting policies
TORM assesses whether a contract is or contains a lease at inception of the contract and recognizes right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, TORM recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Agreements to charter in vessels and to lease land and buildings and other plant and operating equipment for which TORM substantially has the control are recognized on the balance sheet as right-of-use assets and initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date. Subsequently the right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and written down under the same accounting policy as the assets owned by the Company or over the lease period depending on the lease terms.

The corresponding lease obligation is recognized as a liability in the balance sheet under "Borrowings" and initially measured at the present value of the lease payments that are not paid at the commencement date. The Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Subsequently lease liabilities are measured at amortized cost using the effective interest method, where the lease liabilities are remeasured when there is a change in future lease payments.

Leases to charter out vessels are classified as operating leases as the leases are short-term in nature and usually less than one year. Chartered-out vessels are presented as part of Vessels and capitalized dry-docking. Please refer to Note 6. The lease income is recognized in the income statement on a straight-line basis over the lease term.

Following a sale transaction, for agreements to immediately charter in the related vessels (sale and leaseback) but for which TORM maintains substantially all the risks and rewards incidental to economic ownership including repurchase options at lower value that the initial sales price, the proceeds received are presented as a financial liability in "Borrowings". No gain or loss is recorded, and the asset remains recognized on the balance sheet under Vessels and capitalized dry-docking.

NOTE 10 – IMPAIRMENT TESTING

The Management of TORM has assessed that TORM has two CGUs being the Main Fleet and the Marine Exhaust cash-generating unit, following the acquisition of ME in 2022 and the disposal of the two remaining Handysize vessel in 2022.

As of December 31, 2023, the Management tested the carrying amount of the Main Fleet and the Marine Exhaust investment for impairment as further set out below.

Tanker Segment
As of December 31, 2023 and December 31, 2022, the assessment of the recoverable amount of the Main Fleet was based on the fair value less cost of disposal. As of December 31, 2021, the assessment of the recoverable amount was based on the value in use for the Main Fleet and Handysize CGUs. The results of impairment testing were summarized as follows:

	Recoverable amount			**Excess values (recoverable amount less carrying amount) [3)]**		
	2023	2022	2021	2023	2022	2021
CGU	USDm	USDm	USDm	USDm	USDm	USDm
Main Fleet [2)]	3,495.0	2,647.0	2,276.0	952.1	784.0	269.0
Handysize [1)] [2)]	—	—	26.0	—	—	—
Total	3,495.0	2,647.0	2,302.0	952.1	784.0	269.0

[1)] Comprising two product tankers with a cargo carrying capacity of 35000-37000 dwt, these smaller vessels are typically used in shorter and coastal trade routes, including for transportation of various clean petroleum products within Europe and in the Mediterranean.
[2)] No impairment losses and reversals was incurred in 2023, 2022 and 2021.
[3)] Included in the excess value is the outstanding installments for purchased not delivered vessels.

December 31, 2023
As of December 31, 2023, the assessment of the recoverable amount of the Main Fleet is based on the fair value less cost of disposal of the vessels. The Main Fleet is comprised of TORM's LR1, LR2 and MR vessels, which are operated collectively as a combined internal pool, employed principally in the spot market and actively managed to meet the needs of our customers in that market, particularly regarding the location of vessels meeting required specifications. All vessels in the Main Fleet can handle multiple sizes of refined oil cargos and sail all seas and oceans, over both short and long distances. Given the technical specifications and capacity of the vessels, the Main Fleet is relatively homogenous with a very high degree of interoperability. The Main Fleet includes the 2021acquired MR vessels with chemical trading capability, which are operated as all other product tanker vessels.

The recoverable amount of the Main Fleet as of December 31, 2023 amounts to USD 3,495m, and is based on the market approach which considers the valuations from two internationally acknowledged shipbrokers with appropriate qualifications and recent experience in the valuation of vessels. The shipbrokers' primary input is deadweight tonnage, yard, and age of the vessel. The fair value assumes that the vessels are in good and seaworthy condition and with prompt, charter-free delivery. The fair value less costs of disposal of the vessels is determined to be within Level 3 of the fair value hierarchy.

We have assessed the impact from climate changes and the potential adverse impact on vessel values, however, no specific adjustments in this respect have been reflected in the impairment testing of the Main Fleet given the recoverable amount has been based on the fair value less costs of disposal, assuming these effects are included in the shipbrokers' valuations. Further discussion can be found in the Audit Committee Report, page 102 and TCFD pages 87-89 in the Annual Report for 2023. We continue to monitor the development closely, and we continuously work on more specific plans for our ambition to have zero CO2 emissions from operating our fleet by 2050, which may impact our impairment testing in the future.

Based on this review,the Management concluded that as of December 31, 2023 assets within the Main Fleet were not impaired as the fair value less costs of disposal exceeded the carrying amount by USD 952m.

No Impairment was recognized during 2023 in connection with disposal of individual vessels as set out in Note 8.

NOTE 10 – continued

December 31, 2022
As of December 31, 2022, the assessment of the recoverable amount of the Main Fleet is based on the fair value less cost of disposal of the vessels. The Main Fleet is comprised of TORM's LR1, LR2 and MR vessels, which are operated collectively as a combined internal pool, employed principally in the spot market and actively managed to meet the needs of our customers in that market, particularly regarding the location of vessels meeting required specifications. All vessels in the Main Fleet can handle multiple sizes of refined oil cargos and sail all seas and oceans, over both short and long distances. Given the technical specifications and capacity of the vessels, the Main Fleet is relatively homogenous with a very high degree of interoperability. The Main Fleet includes the 2021 acquired MR vessels with chemical trading capability, which are operated as all other product tanker vessels.

The recoverable amount of the Main Fleet as of December 31, 2022 amounts to USD 2,647m, and is based on the market approach which considers the valuations from two internationally acknowledged shipbrokers with appropriate qualifications and recent experience in the valuation of vessels. The shipbrokers' primary input is deadweight tonnage, yard, and age of the vessel. The fair value assumes that the vessels are in good and seaworthy condition and with prompt, charter-free delivery. The fair value less costs of disposal of the vessels is determined to be within Level 3 of the fair value hierarchy.

We have assessed the impact from climate changes and the potential adverse impact on vessel values, however, no specific adjustments in this respect have been reflected in the impairment testing of the Main Fleet given the recoverable amount has been based on the fair value less costs of disposal. Further discussion can be found in the Audit Committee Report, page 102 and TCFD pages 87-89 in the Annual Report for 2022. We continue to monitor the development closely, and we continuously work on more specific plans for our ambition to have zero CO_2 emissions from operating our fleet by 2050, which may impact our impairment testing in the future.

Based on this review, the Management concluded that as of December 31, 2022 assets within the Main Fleet were not impaired as fair value less costs of disposal exceeded the carrying amount by USD 784m.

Impairments recognized during 2022 of USD 2.7m 2021: USD 4.6m) as set out in Note 8 of the 2022 Annual Report relate to the disposal of individual vessels during the year. The recoverable amount of the vessels was based on fair value less costs of disposal, which amounted to USD 31.8m. The fair value was based on sales price less transaction costs (fair value hierarchy Level 2).

December 31, 2021
The assessment of the recoverable amount was based on the value in use for the Main Fleet. The impairment test was sensitive to reasonably possible changes in key assumptions.

Key assumptions used in the determination of value in use
The assessment of the value in use of each CGU was based on the net present value of the expected future cash flows. The freight rate estimates in the period 2022 - 2024 was based on TORM's business plans. Beyond 2024, the freight rates were based on TORM's 10-year historical average rates, adjusted for expected inflation of 2% in line with U.S. Federal Reserve and ECB target over the medium term. TORM believed that the approach used for long-term rates appropriately reflected the cyclical nature of the shipping industry and was the most reliable estimate for periods beyond those included in its three-year business plan.

TORM's business plans for 2022 - 2024 and beyond also included the anticipated benefit arising from the installation of scrubbers on certain of the Group's vessels (the "scrubber premium"). This is based on current market differentials between the cost of heavy and low-sulphur fuel oil.

As part of determining fair value, the impact of climate changes and the climate agenda on the global oil demand, emission regulations, and operating expenses, etc. was considered with focus on the short to medium term implications and our commitment to reduce CO_2 emissions by 40% by 2025 and 45% by 2030. However, no adverse impact of climate changes was anticipated in impairment testing our current fleet. We continue to monitor the development closely and are working on more specific plans for our ambition to have zero CO_2 emissions from operating our fleet by 2050, which may impact our impairment testing in the future.

NOTE 10 – continued

The discount rate used in the value in use calculation was based on a Weighted Average Cost of Capital (WACC) of 6.7% as of December 31, 2021. WACC was calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure were the key parameters.

As of December 31, 2021, the 10-year historical average spot freight rates used in the value in use calculation were as follows:

- LR2: USD/day 19,111
- LR1: USD/day 17,856
- MR: USD/day 16,044
- Handysize: USD/day 13,208

Operating expenses and administrative expenses were estimated based on TORM's business plans for the period 2022 - 2024. Beyond 2024, operating expenses were adjusted for 2% inflation, and administrative expenses were adjusted for 2% inflation in line with U.S. Federal Reserve and ECB target over the medium term.

The product tankers were expected to generate normal income for 25 years from delivery from the shipyard. Given the current age profile of the Tanker Fleet, the average remaining life would be approximately 14 years. The estimated residual value of the vessels was based on TORM's green recycling policy.

The impairment test was sensitive to reasonably possible changes in the key assumptions, which may result in future impairments. These were related to the future development in freight rates, the WACC applied as discounting factor in the calculations, and the development in operating expenses. All other things being equal, the sensitivities to the value in use have been assessed as follows:

- An increase/decrease in the tanker freight rates of USD/day 1,000 would result in an increase/decrease in the value in use of USD 285m and USD 6m for the Main Fleet and the two Handysize vessels, respectively
- An increase/decrease in WACC of 1% would result in an increase/decrease in the value in use of approx. USD 148-167m and USD 2m for the Main Fleet and the two Handysize vessels, respectively.
- An increase/decrease in operating expenses of 10.0% would result in a decrease/increase in the value in use of USD 201m and USD 4m for the Main Fleet and the two Handysize vessels, respectively

As outlined above, the impairment test has been prepared on the basis that the Company will continue to operate its vessels as a fleet in the current setup.

The fair value based on broker values for vessels in the Main Fleet including the order book and leased vessels was USD 1,892m, which is USD 72m below the carrying amount. The fair value based on broker values for the Handysize vessels was 21m, which is USD 3m below the carrying amount.

Marine Exhaust Segment
Marine Exhaust Technology A/S was acquired in 2022 which was also the first year the impairment testing was performed.

December 31, 2023
As of December 31, 2023, the assessment of the recoverable amount of the Marine Exhaust cash-generating unit is based on value in use. The result of the impairment test showed an excess value of USD 9.8m compared to the carrying amount. No impairment of goodwill was recognized as of December 31, 2023.

Key assumptions used in the determination of value in use
The value in use is calculated based on future cash flows using a five-year budget period from 2024-2028. The future cash flows are based on the budget for 2024, assuming no growth in sales. Cost of goods sold is calculated using the gross margins from the 2024 budget. The gross margins are assumed to be constant in the budget period. Operating costs are based on the 2024 budget and are being inflated in the forecast period with the assumed inflation rates of 2-3% p.a. Cash levels are assumed constant in the forecast period, investments in non-current assets are USD 0.1m in 2024 and zero afterwards, and lastly, leasing liabilities are assumed constant. The terminal value extending beyond 2028 are based on a continuation of before mentioned parameters.

The discount rate used in the value in use calculation was based on a Weighted Average Cost of Capital (WACC) of 8.8% as of December 31, 2023. The WACC was calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure were the key parameters.

The impairment test was sensitive to reasonably possible changes in the key assumptions, which may result in future impairments. These were related to the future development in sales across all revenue segments. All other things being equal, the sensitivities to the value in use have been assessed as follows:

- An increase/decrease in the total sales of 10.0% from 2024 and onwards would result in an increase/decrease in the value in use of USD 12.1m.

December 31, 2022
As of December 31, 2022, the assessment of the recoverable amount of the Marine Exhaust cash-generating unit is based on value in use. The result of the impairment test showed an excess value of USD3.2m compared to the carrying amount. No impairment of goodwill was recognized as of December 31, 2022.

Key assumptions used in the determination of value in use
The value in use is calculated based on future cash flows using a five-year budget period from 2023-2027. The future cash flows are based on the budget for 2023, assuming no growth in sales. Cost of goods sold is calculated using the gross margins from the 2023 budget. The gross margins are assumed to be constant in the budget period. Operating costs are based on the 2023 budget and are being inflated in the forecast period with the assumed inflation rates of 2-3% p.a. Cash levels are assumed constant in the forecast period, investments in non-current assets are USD 0.3m in 2023 and zero afterwards, and lastly, leasing liabilities are assumed constant. The terminal value extending beyond 2027 are based on a continuation of before mentioned parameters.

The discount rate used in the value in use calculation was based on a Weighted Average Cost of Capital (WACC) of 10.8% as of 31 December 2022. The WACC was calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure were the key parameters.

The impairment test was sensitive to reasonably possible changes in the key assumptions, which may result in future impairments. These were related to the future development in sales across all revenue segments. All other things being equal, the sensitivities to the value in use have been assessed as follows:

The impairment test was sensitive to reasonably possible changes in the key assumptions, which may result in future impairments. These were related to the future development in sales across all revenue segments. All other things being equal, the sensitivities to the value in use have been assessed as follows:

- An increase/decrease in the total sales of 10.0% from 2023 and onwards would result in an increase/decrease in the value in use of USD 3.8m.

Accounting Policies

Impairment of assets
Non-current assets are reviewed at the reporting date to determine any indication of impairment including a significant decline in either the assets' market value, increase in market rates of return, or in the cash flows expected to be generated by the fleet. At least annually, or if impairment indicator(s) exists, an impairment test on a CGU level will be performed. A CGU is determined as the smallest group of assets that generates independent cash inflows. An asset/CGU is impaired if the recoverable amount is below the carrying amount.

The recoverable amount of the CGU is estimated as the higher of fair value less costs of disposal and value in use. The value in use is the present value of the future cash flows expected to be derived from a CGU, utilizing a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the unit for which the estimates of future cash flows have not been adjusted. If the recoverable amount is less than the carrying amount of the cash generating unit, the carrying amount is reduced to the recoverable amount.

The impairment loss is recognized immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

For the purpose of assessing impairment, assets, time charter and bareboat contracts are grouped at the lowest levels at which impairment is monitored for internal management purposes.

NOTE 11 – LOAN RECEIVABLES

USDm	2023	2022	2021
Loan receivables			
Cost:			
Balance as of January 01	4.7	4.7	4.7
Balance as of December 31	4.7	4.7	4.7
Expected credit loss:			
Balance as of January 01	0.1	0.1	0.1
Additions during the year	0.1	—	—
Balance as of December 31	0.2	0.1	0.1
Carrying amount as of December 31	4.5	4.6	4.6

The loans were issued as part of sale and lease back transactions in 2019 for two MR vessels. The loans will mature in 2026 and have an interest rate applicable fixed at 1% per annum.

Expected credit loss is recognized based on the 12 months expected credit losses.

Accounting Policies

Loan receivables
Loan receivables are initially recognized on the balance sheet as fair value less transaction costs. After initial recognition, loan receivables are measured at amortized cost. Amortized cost is defined as the amount initially recognized reduced by principal repayments and allowances for the expected credit loss (ECL).

NOTE 12 – FINANCIAL ITEMS

USDm	2023	2022	2021
Financial income			
Interest income from cash and cash equivalents, including restricted cash [1]	14.2	4.0	0.2
Other financial income	0.1	—	—
Total	14.3	4.0	0.2
Financial expenses			
Interest expenses on borrowings [1]	55.6	48.5	40.0
Financial expenses arising from lease liabilities regarding right-of-use assets	0.5	0.2	0.3
Exchange rate adjustments, including loss from forward exchange rate contracts	0.4	0.5	0.5
Commitment fee	1.3	0.6	1.1
Amortization of interest rate swaps	2.2	2.4	1.4
Ineffectiveness on interest rate swaps	(2.4)	(3.6)	(1.2)
Other financial expenses	3.3	0.2	0.3
Total	60.9	48.8	42.4
Total financial items	(46.6)	(44.8)	(42.2)

[1] Interest for financial assets and liabilities not at fair value through profit and loss.

Accounting Policies

Financial income

Financial income comprises interest income, realized and unrealized exchange rate gains relating to transactions in currencies other than the functional currency, realized gains from other equity investments and securities, unrealized gains from securities, dividends received, and other financial income. Interest is recognized in accordance with the accrual basis of accounting considering the effective interest rate. Dividends from other investments are recognized when the right to receive payment has been decided, which is typically when the dividend has been declared and can be received without conditions.

Financial expenses

Financial expenses comprise interest expenses, financing costs of leases liabilities, realized and unrealized exchange rate losses relating to transactions in currencies other than the functional currency, realized losses from other equity investments and securities, unrealized losses from securities, and other financial expenses including payments under interest rate hedge instruments. Interest is recognized in accordance with the accrual basis of accounting considering the effective interest rate.

NOTE 13 – TRADE RECEIVABLES

USDm	2023	2022	2021
Analysis as of December 31 of trade receivables:			
Gross trade receivables:			
Not due	97.4	122.3	43.4
Due < 30 days	42.6	52.1	17.9
Due between 30 and 180 days	62.4	76.8	23.2
Due > 180 days	15.3	14.2	2.6
Total gross	**217.7**	**265.4**	**87.1**
Allowance for expected credit loss	6.7	5.9	3.1
Total net	**211.0**	**259.5**	**84.0**

The Management makes allowance for expected credit loss based on "the simplified approach" according to IFRS 9 to provide for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. Expected credit loss for receivables overdue more than 180 days is 25%-100%, depending on the category of the receivable. Expected credit loss for receivables overdue more than one year is 100%.

Movements in provisions for impairment of freight receivables during the year are as follows:

USDm	2023	2022	2021
Allowance for expected credit loss			
Balance as of January 01	5.9	3.1	5.8
Provisions for the year	4.0	3.4	0.7
Provisions reversed during the year	(3.2)	(0.6)	(3.4)
Balance as of December 31	6.7	5.9	3.1

Allowance for expected credit loss of trade receivables has been recognized in the income statement under "Port expenses, bunkers, commissions, and other costs of goods sold".

Allowance for expected credit loss of trade receivables is calculated using an aging factor as well as specific customer knowledge and is based on a provision matrix on days past due.

All allowance for expected credit loss relates to receivables due > 180 days.

Accounting Policies

Receivables
Outstanding trade receivables and other receivables which are expected to be realized within 12 months from the balance sheet date are classified as "Trade receivables" or "Other receivables" and presented as current assets.

Receivables are, at initial recognition, measured at their transaction price less allowance for expected credit losses over the lifetime of the receivable and are subsequently measured at amortized cost adjusted for changes in expected credit losses. Derivative financial instruments included in other receivables are measured at fair value.

Expected credit losses
Expected credit losses are, at initial recognition, determined using an ageing factor as well as a specific customer knowledge such as customers' ability to pay, considering historical information about payment patterns, credit risks, customer concentrations, customer creditworthiness as well as prevailing economic conditions. The estimates are updated subsequently, and if the debtor's ability to pay is becoming doubtful, expected credit losses are calculated on an individual basis. When there are no reasonable expectations of recovering the carrying amount, the receivable is written off in part or entirely.

NOTE 14 – OTHER RECEIVABLES

USDm	2023	2022	2021
Derivative financial instruments	37.6	55.3	8.3
Escrow accounts	14.9	14.9	27.4
Other	8.0	3.8	4.3
Balance as of December 31	60.5	74.0	40.0

No significant other receivables are past due or credit impaired.

The carrying amount is a reasonable approximation of fair value due to the short-term nature of the receivables. Please refer to Note 25 for further information on fair value hierarchies.

NOTE 15 – PREPAYMENTS

USDm	2023	2022	2021
Prepaid insurance payments	—	—	0.8
Prepaid operating expenses	1.2	—	—
Prepaid bareboat hire	0.8	3.0	0.4
Prepaid customer contract assets	2.5	3.0	2.0
Other prepayments	10.7	4.4	2.4
Balance as of December 31	15.2	10.4	5.6

NOTE 16 – TAX

USDm	2023	2022	2021
Tax on profit for the year			
Current tax for the year	0.6	0.5	0.6
Adjustments related to previous years	—	(0.1)	(0.1)
Adjustment of deferred tax	2.2	(7.3)	(0.1)
Income tax charge for the year	2.8	(6.9)	0.4
Tonnage tax charge for the year	1.2	1.0	0.9
Total	**4.0**	**(5.9)**	**1.3**

Adjustment of deferred tax of USD2.2m for the year ended December 31, 2023 primarily consists of the recognition of deferred tax assets for unused tax credits for charges subject to the corporate interest restriction and for carried forward losses.

The majority of the Group's taxable income is located in Denmark, and therefore the majority of the tax base is subject to Danish tax legislation. As such, the Group has elected to participate in the Danish tonnage tax scheme; the participation is binding until December 31, 2024.

The Group expects to participate in the tonnage tax scheme after the binding period and, as a minimum, to maintain an investment and activity level equivalent to that at the time of entering the tonnage tax scheme.

Under the Danish tonnage tax scheme, income and expenses from shipping activities are not subject to direct taxation, and accordingly, an effective rate reconciliation has not been provided, as it would not provide any meaningful information. Instead, the taxable income is calculated from:

- The net tonnage of the vessels used to generate the income from shipping activities
- A rate applicable to the specific net tonnage of the vessels based on a sliding scale

Corporate income tax is primarily levied on the Group’s non-vessel-related activities. The effective tax rate of the Group is 1.0% (2022: -1.0%, 2021 3.3%). Net deferred tax liability in relation to entities outside the tonnage tax regime amounts to USD 3.2m.

USDm	2023	2022	2021
Deferred tax assets			
Deferred tax assets related to CIR	0.5	3.4	—
Deferred tax assets related to trading losses	5.1	4.7	0.7
Deferred tax assets before offset	5.6	8.0	0.7
Offset against deferred tax liabilities from CIR	(0.5)	(3.4)	—
Offset against deferred tax liabilities from trading losses	(4.7)	(4.0)	—
Deferred tax assets, net as of December 31	0.4	0.6	0.7
Deferred tax liabilities			
Deferred tax liabilities arising from changes in equity	8.5	13.2	—
Other temporary differences	0.3	0.3	—
Deferred tax liabilities before offset	8.8	13.5	—
Offset from tax assets	(5.2)	(7.4)	—
Deferred tax liabilities in the balance sheet	**3.6**	**6.1**	**—**

NOTE 16 – continued

Deferred tax assets and liabilities are offset and reported net where appropriate within territories.

Deferred tax at the balance sheet date have been measured using the appropriate enacted tax rates and are reflected in these financial statements and all deferred tax movements arise from the origination and reversal of temporary differences.

Deferred tax assets are recognized to the extent that the realization of the relaxed tax benefit through future taxable profits is probable.

As per December 31, 2023, there are unused tax credits of USD2.2m (2022: USD 2.2m, 2021 13.5m) relating to prior year losses, as the utilization of these losses may not be used to offset taxable profit due to a high degree of uncertainty of future taxable profits.

The deferred tax liability is derived from temporary differences between the accounting and tax values of derivative financial instruments of USD 8.5m (2022: USD 13.2m, 2021: USD 0.0m) and intangible assets of USD 0.0m (2022: USD 0.3m, 2021: 0.0m).

USDm	2023	2022	2021
Non-current tax liability related to held-over gains			
Balance as of December 31	(45.2)	(45.2)	(45.2)

The non-current tax liability related to held-over gains is the undiscounted income tax payable calculated on the realized gain on sale of vessels which came from corporate income taxation into the Danish tonnage tax scheme upon initial application in 2001 (the held-over gain reflected in the transition account under the Danish tonnage tax scheme). This tax liability will become payable, in part or in full, if the Danish owned fleet of vessels is significantly or fully disposed of, or if operated to end of useful life and sold for scrap.

If TORM discontinues its participation in the Danish tonnage tax scheme, a deferred tax liability would arise in relation to the vessels held by the Group and taken out of the tonnage tax scheme. The Management considers this to be a remote scenario.

The Group operates in a wide variety of jurisdictions, in some of which the tax law is subject to varying interpretations and potentially inconsistent enforcement. As a result, there can be practical uncertainties in applying tax legislation to the Group's activities. Whilst the Group considers that it operates in accordance with applicable tax law, there are potential tax exposures in respect of its operations, the impact of which cannot be reliably estimated but could be material.

Accounting Policies

Pillar Two Tax Effects
On June 20, 2023, the government of UK, where the parent company is incorporated, enacted the Pillar Two income taxes legislation effective from January 01, 2024. Under the legislation, the parent company will be required to pay, in UK, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. The main jurisdictions in which exposures to this tax may exist include Denmark, Singapore and the US.

As the majority of these companies' revenue consist of shipping income, it is assessed that this income will be excluded from the GloBE income with reference to the shipping carveout described in Article 3.3.

TORM has applied the exception in IAS 12 'Income Taxes' to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has also prepared a preliminary Transitional Country-by-Country Reporting (CbCR) Safe Harbour assessment concluding on fiscal year 2023, based on which it expects to be eligible for the Transitional CbCR Safe Harbour in the majority of jurisdictions in which the Group is present during fiscal year 2024. The top-up tax would not have had a material impact to the Group if it had been applicable in 2023. At December 31, 2023, there are no indications that the top-up tax will have material impact to the Group in 2024.

NOTE 16 – continued

Tax

Tax expenses comprise the expected income tax charge for the year in accordance with IAS 12 as well as tonnage tax related to the Group's vessels for the year. The income tax charge for the year includes adjustments relating to previous years and the change in deferred tax for the year. However, income tax relating to items in other comprehensive income is recognized directly in the statement of other comprehensive income.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated at the income tax rates which are expected to apply in the period when the liability is settled or the asset is realized, based on the laws which have been enacted or substantially enacted at the balance sheet date. The deferred tax is charged through the income statement except when it relates to other comprehensive income items. No deferred tax is recognized related to assets and liabilities, including vessels which are subject to tonnage tax.

Income tax balances

The expected income tax payable on the taxable profits for the year is classified as current tax in the balance sheet. Income taxes expected to fall due after more than one year are classified as non-current liabilities or assets in the balance sheet. Income tax is measured using tax rates enacted or substantially enacted at the balance sheet date and includes any adjustment to tax payable in respect of previous years. Current and non-current income tax balances are not discounted.

NOTE 17 – COMMON SHARES AND TREASURY SHARES

Common shares		**2023**	**2022**	**2021**
	Nominal value per share (USD)	**Number of shares**	**Number of shares**	**Number of shares**
A-shares	0.01	86,225,684	82,311,299	81,233,269
B-shares	0.01	1	1	1
C-shares	0.01	1	1	1
Total		86,225,686	82,311,301	81,233,271

During the year, the share capital was increased by 3,914,385 A-shares with a nominal value of USD 39,143.85. The total amount including share premium amounted to USD 92.7m. USD 86.5m was a non-cash increase in conjunction with the acquisition of the five vessels, and USD 6.2m was contributed in cash in connection with exercises of Restricted Share Units.

During 2022, the share capital was increased by 1,078,030 A-shares with a nominal value of USD 10,780.30 in connection with exercises of Restricted Share Units leading to a total cash contribution of USD 8.0m.

During 2021, the share capital was increased by 6,377,340 A-shares with a nominal value of USD 63,733.40. The total amount including share premium amount to USD 57.9m. USD 55.0m was a non-cash increase in conjunction with the acquisition of the eight Team Tanker vessels, and USD 2.9m was contributed in cash in connection with exercises of Restricted Share Units.

The A-shares are listed on Nasdaq in Copenhagen and Nasdaq in New York and are publicly available for trading. Each A-share carries one vote at the General Meetings and gives the shareholders the right to dividends, liquidation proceeds, or other distributions. The A-shares carry no other rights or obligations. The B-share has one vote at the General Meetings, has no pre-emption rights in relation to any issue of new shares of other classes, and carries no right to receive dividends, liquidation proceeds, or other distributions from TORM.

The holder of the B-share has the right to elect one member to the Board of Directors (being the Deputy Chairman), up to three alternates as well as one Board Observer. The B-share cannot be transferred or pledged, except for a transfer to a replacement trustee.

The C-share represents 350,000,000 votes at the General Meetings in respect of certain Specified Matters, including election of members to the Board of Directors (including the Chairman, but excluding the Deputy Chairman) and certain amendments to the Articles of Association proposed by the Board of Directors. The C-share has no pre-emption rights in relation to any issue of new shares of other classes and carries no right to receive dividends, liquidation proceeds, or other distributions from TORM. The C-share cannot be transferred or pledged, except to an affiliate of Njord Luxco.

The B-share and the C-share are redeemable by TORM in the event that (i) TORM has received written notification from Njord Luxco (or its affiliates) that Njord Luxco and its affiliates (as defined in the Articles of Association) hold less than 1/3 in aggregate of TORM's issued and outstanding shares, (ii) 5 business days have elapsed from the Board of Directors' receipt of such written notice either without any Board member disputing such notice or with at least 2/3 of the Board members confirming such notice, and (iii) both of the B-share and the C-share are redeemed at the same time.

Treasury shares	**2023**	**2022**	**2021**
Number of shares ('000)			
Balance as of January 01	493.4	493.4	493.4
Additions	—	—	0.0
Balance as of December 31	493.4	493.4	493.4

NOTE 17 – continued

	2023	2022	2021
Nominal value USD '000			
Balance as of January 01	4.9	4.9	4.9
Additions	—	—	—
Balance as of December 31	4.9	4.9	4.9
Treasury shares - continued	**2023**	**2022**	**2021**
Percentage of share capital			
Balance as of January 01	0.6 %	0.6 %	0.7 %
Additions	—	—	—
Dilution due to capital increases	—	— %	(0.1) %
Balance as of December 31	0.6 %	0.6 %	0.6 %

As of December 31, 2023, the Company's holding of treasury shares represented 493,371 shares (2022: 493,371 shares, 2021: 493,371 shares) of USD 0.01 each at a total nominal value of USD 0.0m (2022: USD 0.0m, 2021: USD 0.0m) and a market value of USD 14.9m (2022: USD 14.0m, 2021: USD 3.9m).

Restricted Share Units

Key management participates in an LTIP program, which gives the right to buy TORM shares at a predefined share price. Please refer to Note 3.

NOTE 18 – OTHER LIABILITIES

USDm	2023	2022	2021
Accrued operating expenses	20.2	12.0	11.8
Accrued interest	2.1	3.6	2.3
Wages and social expenses	21.8	15.0	15.1
Derivative financial instruments	2.8	1.9	11.3
Other	1.3	1.6	3.2
Balance as of December 31	48.2	34.1	43.7
Hereof non-current	3.0	3.0	—
Hereof current	45.2	31.1	43.7

The carrying amount is a reasonable approximation of fair value due to the short-term nature of the payable. Please refer to Note 25 for further information on fair value hierarchies.

Accounting Policies

Other liabilities are generally measured at amortized cost. Derivative financial instruments included in other liabilities are measured at fair value.

NOTE 19 – EFFECTIVE INTEREST RATE, OUTSTANDING BORROWINGS

		2023			2022			2021		
USDm	**Fixed/ floating**	**Maturity**	**Effective interest[1)]**	**Carrying value[2)]**	**Maturity**	**Effective interest[1)]**	**Carrying value[2)]**	**Maturity**	**Effective interest[1)]**	**Carrying value[2)]**
Borrowings										
Syndicate Facility	Floating	2028	6.6 %	224.0	2026	7.6 %	143.8	2026	3.8 %	279.4
DSF Facility	Floating	2029	5.9 %	140.1	2027	6.7 %	201.8	2027	3.6 %	221.9
DSF Facility 2	Floating	2029	5.8 %	52.5	—	—	—	—	—	—
HCOB Facility	Floating	2029	7.8 %	31.2	2025	9.9 %	42.4	2025	5.1 %	85.3
ING	Floating	2029	5.9 %	57.9	—	—	—	—	—	—
KFW Facility	Floating	2032	6.4 %	34.8	2032	7.1 %	37.9	2032	4.1 %	40.9
BoComm 2 (USD)[3)]	Floating	2032	7.0 %	66.7	2031	7.4 %	71.3	2031	4.9 %	37.8
BoComm 3 (USD)[3)]	Floating	2029	7.3 %	82.2	2029	7.8 %	90.9	2029	4.9 %	99.5
CDBL[3)]	Fixed	2032	5.7 %	149.0	2029	5.8 %	160.8	2029	5.8 %	150.8
Springliner (USD)[3)]	Fixed	2026	4.8 %	27.9	2026	4.8 %	30.7	2026	4.8 %	33.4
CMBFL[3)]	Fixed	2033	5.7 %	195.8	2033	4.9 %	37.3	—	—	—
Other credit facilities	Floating	2026	4.7 %	4.8	2026	3.1 %	4.9	—	—	—
CEXIM (USD)	Floating	—	— %	—	2030	7.0 %	41.1	2030	4.0 %	44.9
HCOB Facility 2	Floating	—	— %	—	2026	8.3 %	21.1	2026	4.5 %	25.4
BoComm 1 (USD)[3)]	Floating	—	— %	—	2025	8.7 %	49.4	2025	4.9 %	59.2
Eifuku (USD)[3)]	Floating	—	— %	—	2026	7.9 %	20.9	2026	4.3 %	22.4
Showa (USD)[3)]	Floating	—	— %	—	2024	8.6 %	18.7	2024	4.1 %	20.9
Sale and leaseback transaction prepayment	N/A	—	—	—	—	—	—	2022	—	21.0
Weighted average effective interest rate[4)]			6.2 %			7.1 %			4.4 %	
Total borrowings				1,066.9			973.0			1,142.8
Borrowing costs included (amortised costs)				(13.9)			-11.1			-13.0
Right-of-use lease liabilities				6.6			5.0			5.6
Total				1,059.6			966.9			1,135.4
Hereof non-current				886.9			849.8			926.5
Hereof current				172.7			117.1			209.0

1) Effective interest rate includes deferred and amortized bank fees.
2) Because of the floating interest rate, the carrying value of the Group's borrowings is approximately equal to the fair value except for fixed rate borrowings, where the fair value amounts to USD 402.8m (compared to a total carrying value as of December 31, 2023 of USD 372.7m).
3) Lease debt recognized under sale and leaseback arrangement with repurchase options (accounted for as finance transactions).
4) Please refer to Note 23 for average interest rate including hedges.

In addition to the facilities above, TORM had undrawn credit facilities of USD 342.5m as of December 31, 2023. Please refer to Note 2 for further information on the Company's liquidity and capital resources as well as to Note 2 Subsequent events for commitment obtained for refinancing existing facilities and Notes 23 and 24 for further information on interest rate swaps and financial risks.

NOTE 19 – continued

The following table summarizes the reconciliation of liabilities arising from financing activities:

USDm	Opening balance as of January 01, 2023	Cash movements: Borrowings	Cash movements: Repayments	Non-cash movements: Business combin-ations	Non-cash movements: Other changes	End balance as of December 31, 2023
Borrowings	966.9	676.4	(585.4)	—	1.7	1,059.6
Total	966.9	676.4	(585.4)	—	1.7	1,059.6

USDm	Opening balance as of January 01, 2022	Cash movements: Borrowings	Cash movements: Repayments	Non-cash movements: Business combin-ations	Non-cash movements: Other changes	End balance as of December 31, 2022
Borrowings	1,135.4	96.3	(275.2)	7.9	2.5	966.9
Total	1,135.4	96.3	(275.2)	7.9	2.5	966.9

Repayments

USDm	Opening balance as of January 01, 2021	Cash movements: Borrowings	Cash movements: Repayments	Non-cash movements: Business combin-ations	Non-cash movements: Other changes	End balance as of December 31, 2021
Borrowings	842.4	548.8	(253.4)	—	(2.4)	1,135.4
Total	842.4	548.8	(253.4)	—	(2.4)	1,135.4

Accounting Policies

Borrowings consist of mortgage debt, bank loans, and lease liabilities.

Borrowings are initially measured at fair value less transaction costs. Mortgage debt and bank loans are subsequently measured at amortized cost. This means that the difference between the net proceeds at the time of borrowing and the nominal amount of the loan is recognized in the income statement as a financial expense over the term of the loan applying the effective interest method.

When terms of existing financial liabilities are renegotiated, or other changes regarding the effective interest rate occur, TORM performs a test to evaluate whether the new terms are substantially different from the original terms. If the new terms are substantially different from the original terms, TORM accounts for the change as an extinguishment of the original financial liability and the recognition of a new financial liability.

NOTE 20 – COLLATERAL SECURITY FOR BORROWINGS

The total carrying amount for vessels which have been provided as security for borrowings amounts to USD 2,070m as of December 31, 2023 (2022: USD 1,856m, 2021: USD 1,928m), including transferred ownership under sale and leaseback arrangements accounted for as financing transactions, where the vessels are not derecognized and where vessels are provided as security for lease debt.

USD 0.7m (2022: USD 0.7m) in floating charge in Marine Exhaust Technology A/S have been provided as security for loans to other lenders.

USD 0.4m (2022: USD 0.4m) in floating charge in Marine Exhaust Technology A/S have been provided as security for loans to banks.

10,500 shares (2022: 10,500 shares) in ME Production A/S with a book value of 2.1m (2022: USD 2.1m) have been provided as security for loans to the lenders of Marine Exhaust Technology A/S.

USD 6.6m (2022: USD 6.4m) in floating charge in ME Production A/S with a book value of 10.5m (2022: USD 10.2m) have been provided as security for loans to banks.

Please refer to Note 1 for further information.

NOTE 21 – GUARANTEE COMMITMENTS AND CONTINGENT LIABILITIES

The guarantee commitments of the Group are less than USD 0.1m (2022: USD 0.1m, 2021: USD 0.1m) and relate to guarantee commitments to Danish Shipping.

The Group is involved in certain other legal proceedings and disputes (refer to Note 30). It is the Management's opinion that the outcome of these proceedings and disputes will not have any material impact on the Group's financial position, results of operations, and cash flows.

NOTE 22 – CONTRACTUAL RIGHTS AND OBLIGATIONS

The following table summarizes the Group's contractual obligations as of December 31, 2023.

USDm	2024	2025	2026	2027	2028	Thereafter	Total
Borrowings [1]	174.9	148.0	148.4	112.0	120.0	370.2	1,073.5
Interest payments related to scheduled interest fixing	41.0	32.5	26.7	24.5	19.5	18.4	162.6
Estimated variable interest payments [2]	6.3	5.3	6.1	6.2	7.5	8.9	40.3
Newbuilding installments [3]	—	—	—	—	—	—	—
Secondhand vessel commitments	190.4	0.0	—	—	—	—	190.4
Committed scrubber installations [4]	23.6	—	2.0	8.1	2.0	—	35.7
Trade payables and other obligations	85.0	—	—	—	—	2.7	87.7
Total	521.2	185.8	183.2	150.8	149.1	400.1	1,590.2

The following table summarizes the Group's contractual obligations as of December 31, 2022.

USDm	2023	2024	2025	2026	2027	Thereafter	Total
Borrowings [1]	119.8	130.0	127.2	185.9	161.7	253.4	978.0
Interest payments related to scheduled interest fixing	34.8	30.6	24.7	18.0	14.1	22.1	144.3
Estimated variable interest payments [2]	3.3	1.6	2.5	2.2	5.5	11.1	26.2
Newbuilding installments [3]	—	—	—	—	—	—	—
Committed scrubber installations [4]	17.3	1.1	—	—	—	—	18.4
Trade payables and other obligations	81.6	—	—	—	—	2.5	84.1
Total	256.8	163.3	154.4	206.1	181.3	289.1	1,251.0

The following table summarizes the Group's contractual obligations as of December 31, 2021

USDm	2022	2023	2024	2025	2026	Thereafter	Total
Borrowings [1]	211.7	129.9	139.3	134.2	181.4	351.9	1,148.4
Interest payments related to scheduled interest fixing	43.4	38.6	33.0	25.4	17.8	35.3	193.5
Estimated variable interest payments [2]	(0.3)	(0.8)	(0.7)	(0.1)	0.2	2.8	1.1
Newbuilding installments [3]	39.9	—	—	—	—	—	39.9
Committed scrubber installations [4]	8.1	0.5	—	—	—	—	8.6
Trade payables and other obligations	62.5	—	—	—	—	—	62.5
Total	365.3	168.2	171.6	159.5	199.4	390.0	1,454.0

[1] The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 13.9m (2022: USD 11.1m. 2021: USD 13.0m), which are amortized over the term of the loans. Borrowing costs capitalized during the year amount to USD 9.0m (2022: USD 0.7m, 2021: USD 5.8m).
[2] Variable interest payments are estimated based on the forward rates for each interest period including hedging instruments.
[3] As of December 31, 2023, TORM had zero contracted newbuildings (2022: Zero, 2021: One). Commitments regarding newbuilding installments are in excess of the prepayments included in Note 8.
[4] Commitments for pollution reduction installations

TORM has contractual rights to receive future payments as lessor of vessels on time charter and bareboat charter to customers.

The following table summarizes the Group's contractual rights as of December 31, 2023

USDm	2024	2025	2026	2027	2028	Thereafter	Total
Contractual rights - as lessor:							
Charter hire income for vessels 5)	37.8	24.1	—	—	—	—	61.9
Total	37.8	24.1	—	—	—	—	61.9

The following table summarizes the Group's contractual rights as of December 31, 2022

USDm	2023	2024	2025	2026	2027	Thereafter	Total
Contractual rights - as lessor:							
Charter hire income for vessels 5)	2.1	—	—	—	—	—	2.1
Total	2.1	—	—	—	—	—	2.1

The following table summarizes the Group's contractual rights as of December 31, 2021

USDm	2022	2023	2024	2025	2026	Thereafter	Total
Contractual rights - as lessor:							
Charter hire income for vessels 5)	21.6	—	—	—	—	—	21.6
Total	21.6	—	—	—	—	—	21.6

5) Charter hire income for vessels on time charter is recognized under "Revenue". During the years revenue from time charter amounted to 43.8 (2022: 64.7, 2021: 90.7).

The average period until redelivery of the vessels for the period ended December 31, 2023 was 1.6 years (2022: 0.4 years, 2021: 0.3 years).

NOTE 23 – DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note 25 for further information on fair value hierarchies.

USDm	2023	2022	2021
Fair value of derivatives:			
Derivative financial instruments regarding freight and bunkers:			
Forward freight agreements — fair value through profit and loss	1.7	—	0.4
Bunker swaps — fair value through profit and loss	(0.2)	—	0.2
Bunker swaps — hedge accounting	(0.5)	—	0.1
Derivative financial instruments regarding interest and currency exchange rate:			
Forward exchange contracts — hedge accounting	0.5	0.4	(1.6)
Interest rate swaps — hedge accounting	35.3	53.7	(2.2)
Fair value of derivatives as of December 31	**36.8**	**54.1**	**(3.1)**

Derivative financial instruments are presented as below on the balance sheet:

USDm	Financial assets	Financial liabilities
2023		
Offsetting financial assets and financial liabilities:		
Gross amount	37.7	(0.9)
Offsetting amount	(0.1)	0.1
Net amount presented in the statement of financial position	37.6	(0.8)

USDm	Financial assets	Financial liabilities
2022		
Offsetting financial assets and financial liabilities:		
Gross amount	54.5	(0.4)
Offsetting amount	—	—
Net amount presented in the statement of financial position	54.5	(0.4)

USDm	Financial assets	Financial liabilities
2021		
Offsetting financial assets and financial liabilities:		
Gross amount	7.7	(10.8)
Offsetting amount	—	—
Net amount presented in the statement of financial position	7.7	(10.8)

Derivative financial instruments assets are offset against derivative financial instruments liabilities where the counterparty is identical.

Hedging of risks with derivative financial instruments is made with a ratio of 1:1. Sources of ineffectiveness are mainly derived from differences in timing and credit risk adjustments. Any ineffective portions of the cash flow hedges are recognized in the income statement as financial items. Value adjustments of the effective part of cash flow hedges are recognized directly in comprehensive income. Gains and losses on cash flow hedges are transferred upon realization from the equity hedging reserve into the income statement.

NOTE 23 - continued

At year-end 2023, 2022, and 2021, TORM held the following derivative financial instruments designated as hedge accounting:

2023	Notional value	Unit	2024	2025	After 2025
Forward exchange contracts (USD/DKK) [1]	325.5	DKKm	325.5	—	
Interest rate swaps [2]	923.0	USDm	103.3	172.0	647.7
Bunker swaps [3]	—	MT	—	—	—

[1] The average hedge of USD/DKK currency was 6.8
[2] The average interest rate was 1.45% p.a. plus margin.
[3] The average price of the hedging instruments was USD 539.2

Hedge accounting			Expected maturity		
2022	Notional value	Unit	2023	2024	After 2024
Forward exchange contracts (USD/DKK) [1]	280.3	DKKm	280.3	—	—
Interest rate swaps [2]	687.2	USDm	136.9	51.6	498.7

[1] The average hedge of USD/DKK currency was 6.9
[2] The average interest rate was 1.37 p.a. plus margin.

Hedge accounting			Expected maturity		
2021	Notional value	Unit	2022	2023	After 2023
Forward exchange contracts (USD/DKK) [1]	274.0	DKKm	274.0	—	—
Interest rate swaps [2]	768.7	USDm	130.9	136.9	500.9
Bunker swaps [3]	9,920.0	MT	9,920.0	—	—

[1] The average hedge of USD/DKK currency was 6.3
[2] The average interest rate was 1.38 p.a. plus margin.
[3] The average price of the hedging instruments was USD 642.4

Interest rate swaps with a fair value of USD 35.3m (net gain) applying the USD Secured Overnight Financing Rate ("SOFR") compounded in arrears settings are designated as hedge accounting relationships to fix a part of TORM's interest payments during the period 2024-2032 with a notional value of USD 923.0m (2022: USD 687.2m, 2021: USD 768.7m).

The derivatives are not under central clearing but are settled on a bilateral basis with the counterparties. All contracts are settled in a net amount per counterparty, and therefore the net value per counterparty is presented in the financial statement.

Cash collateral of USD 27.9m (2022: USD 1.4m, 2021: USD 3.7m) has been provided as security for the agreements relating to derivative financial instruments, which does not meet the offsetting criteria in IAS 32, but which can be offset against the net amount of the derivative asset and derivative liability in case of default, and insolvency, or bankruptcy in accordance with associated collateral arrangements.

TORM did not enter into any enforceable netting arrangements.

Further details on derivative financial instruments are provided in Notes 24 and 25.

NOTE 23 - continued

Forward freight agreements (FFAs) of USD 23.0m (net gain) have been recognized in the income statement in 2023 (2022: USD -33.3m, 2021: USD 0.4m). FFAs are used to mitigate fluctuations in the freight rates of vessels with a duration of 0-24 months.The FFAs are not designated for hedge accounting.

Bunker swap agreements of USD 1.0m (net gain) have been recognized in the income statement in 2023 (2022: USD 13.8m, 2021: USD 12.0m). Bunker swaps with a duration similar to the period hedged are used to reduce the exposure to fluctuations in bunker prices for fixed voyages. Bunker swap agreements are designated as hedge accounting when appropriate.

Forward exchange contracts with a fair value of USD 0.5m (net gain) are designated as hedge accounting relationships to hedge a part of TORM payments in 2024 regarding administrative and operating expenses denominated in DKK with a notional value of DKK 325.5m (2022: DKK 280.3m, 2021: DKK 274.0m).

The table below shows realized amounts as well as fair value adjustments regarding derivative financial instruments recognized in the income statements and equity in 2023, 2022 and 2021.

	Income statement				Other comprehensive income		Equity
USDm	**Port expenses, bunkers, and commissions**	**Financial items**	**Operating expenses**	**Admini-strative expenses**	**Transfer to income statement**	**Fair value adjustment**	**Hedging reserves as of December 31**
2023							
Forward freight agreements	23.0	—	—	—	—	—	—
Bunker swaps	1.0	—	—	—	0.3	(0.8)	(0.5)
Forward exchange contracts	—	—	—	(0.1)	0.1	0.1	0.5
Interest rate swaps	—	24.7	—	—	(22.3)	3.7	34.1
Total	24.0	24.7	—	(0.1)	(21.9)	3.0	34.1
2022							
Forward freight agreements	(33.3)	—	—	—	—	—	—
Bunker swaps	13.8	—	—	—	(3.3)	3.3	—
Forward exchange contracts	—	—	(2.4)	(2.3)	4.6	(2.7)	0.4
Interest rate swaps	—	3.2	—	—	0.4	54.3	52.6
Total	(19.5)	3.2	(2.4)	(2.3)	1.7	54.9	53.0
2021							
Forward freight agreements	0.4	—	—	—	—	—	—
Bunker swaps	12.0	—	—	—	(2.8)	2.1	0.1
Forward exchange contracts	—	—	0.1	0.1	(0.2)	(3.4)	(1.6)
Interest rate swaps	—	(10.8)	—	—	11.7	9.8	(2.1)
Total	12.4	(10.8)	0.1	0.1	8.7	8.5	(3.6)

The hedging reserves as of December 31 relates to derivatives used for cash flow hedge for open hedge instruments, only. Certain interest rate swaps include portions of ineffectiveness. The ineffectiveness is recognized in "Financial expenses" in the income statement. Please refer to page F-59 for a full overview of the fair value of hedge instruments.

Please refer to Note 21 for further information on commercial and financial risks.

NOTE 23 - continued

Accounting Policies

Derivative financial instruments and hedge accounting
Derivative financial instruments, primarily forward currency exchange contracts, forward freight agreements, interest rate hedges, and forward contracts regarding bunker purchases are entered into to eliminate risks relating to future fluctuations in prices and interest rates, etc. on future committed or anticipated transactions. TORM applies hedge accounting under the specific rules on cash flow hedges, when appropriate, as described below for each type of derivative.

Changes in the fair value of derivative financial instruments designated as cash flow hedges and deemed to be effective are recognized directly in "Other comprehensive income". When the hedged transaction is recognized in the income statement, the cumulative value adjustment recognized in "Other comprehensive income" is transferred to the income statement and included in the same line as the hedged transaction. However, when the hedged transaction results in the recognition of a fixed asset, the gains and losses previously accumulated in "Other comprehensive income" are transferred from "Other comprehensive income" and included in the initial measurement of the cost of the fixed asset. Changes in the fair value of a portion of a hedge deemed to be ineffective are recognized in the income statement.

Changes in the fair value of derivative financial instruments not designated as hedges are recognized in the income statement. While effectively reducing cash flow risk in accordance with the Company's risk management policy, certain forward freight agreements and forward contracts regarding bunker purchases do not qualify for hedge accounting. Changes in fair value of these derivative financial instruments are therefore recognized in the income statement under "Financial income" or "Financial expenses" for interest rate swaps with cap features and under "Port expenses, bunkers and commissions" for forward freight agreements and forward bunker contracts.

NOTE 24 – RISKS ASSOCIATED WITH TORM'S ACTIVITIES

TORM's overall risk tolerance and inherited exposure to risks is divided into five main categories:

- Emerging risks
- Industry and market risks
- Operational risks
- Compliance and IT risks
- Financial risks

The risks described below under each of the five categories are considered to be among the most significant and quantifiable risks for TORM.

Emerging Risks
Industry-changing risks, such as the substitution of oil for other energy sources and radical changes in transportation patterns, are considered to have a relatively high potential impact but are long-term risks.The Management continues to monitor long-term strategic risks to ensure the earliest possible mitigation of potential risks and develop the necessary capabilities to exploit opportunities created by the same risks.

Please refer to the Risk Management section under Climate-related risk analysis and TCFD on pages 87-89 in the *Annual Report 2023* for a detailed description of emerging risks.

Industry and Market Risks
Industry and market-related risk factors relate to changes in the markets and in the political, economic, and physical environment which the Management cannot control, such as freight rates and vessel and bunker prices.

Freight rate fluctuations
TORM's income is primarily generated from voyages carried out using the Company's fleet of vessels. As such, TORM is exposed to the considerable volatility which characterizes freight rates for such voyages.

It is TORM's strategy to seek a certain exposure to this risk, as volatility also represents an opportunity because earnings have historically been higher in the day-to-day market compared to time charters. The fluctuations in freight rates for different routes may vary substantially. However, TORM aims to reduce the sensitivity to the volatility of such specific freight rates by actively seeking the optimal geographical positioning of the fleet and by optimizing the services offered to customers. Please refer to Note 10 for details on impairment testing.

Tanker freight income is to a certain extent covered against general fluctuations through the use of physical contracts such as cargo contracts and time charter agreements with durations of 6-36 months . In addition, TORM uses derivative financial instruments such as forward freight agreements (FFAs) with coverage of typically 0-24 months ahead, based on market expectations and in accordance with TORM's risk management policies.

During 2023, 12.6% (2022: 12.8%, 2021: 31.5%) of the 29,152 earning days deriving from operating the Company's product tankers were hedged in this way. Physical time charter contracts accounted for 8.5% (2022: 46.1%, 2021: 35.7%) of overall hedging. In 2023, the Company sold FFAs with a notional contract value of USD 213.9m (2022: USD58.3m, 2021: USD 44.2m) and bought FFAs with a notional contract value of USD 0m (2022: USD 92.3m, 2021: USD 110.3m). The total notional contract volume sold in 2023 was 5,400,000 metric tons (2022: 2,310,000 metric tons; 2021: 2,410,000 metric tons), and the total notional volume bought was 0 metric tons (2022: 2,592,000 metric tons, 2021: 5,962,000 metric tons). At the end of 2023, the coverage of available earning days for 2024 was 11.3% through time charters, current spot voyages and cargo contracts (2022: 3.7%, 2021: 9.9%

FFA trade and other freight-related derivatives are subject to specific policies and guidelines approved by the Risk Committee, including trading limits, stop-loss policies, segregation of duties, and other internal control procedures.

NOTE 24 – continued

All things being equal and to the extent the Company's vessels have not already been chartered out at fixed rates, a freight rate change of USD/day 1,000 would lead to the following changes in profit before tax based on the expected number of earning days for the coming financial year:

Sensitivity to changes in freight rates

USDm	2024	2023	2022
Decrease in freight rates of USD/day 1,000:			
Changes in profit/loss before tax for the following year	(27.8)	(26.5)	(27.2)
Changes in equity for the following year	(27.8)	(26.5)	(27.2)

Sales and purchase price fluctuations
As an owner of vessels, TORM is exposed to risks associated with changes in the value of the vessels, which can vary considerably during their useful lives. As of December 31, 2023, the carrying value of the fleet was USD 2,070m (2022: USD 1,856.0m, 2021: USD 1,937.8m). Based on broker valuations, TORM's fleet had a market value of USD 3,080.9m as of December 31, 2023 (2022: USD 2,650.3m, 2021: USD 1,869.5m).

Bunker price fluctuations
The cost of fuel oil consumed by the vessels, known in the industry as bunkers, accounted for 66.6% (2022: 61.3%, 2021: 56.4%) of the total voyage costs in 2023 and is by far the biggest single cost related to a voyage.

TORM is exposed to fluctuations in bunker prices which are not reflected in the freight rates achieved by TORM. To reduce this exposure, TORM hedges the bunker exposure with oil product instruments to the extent bunker element in the freight rates achieved is considered fixed.

Bunker trade is subject to specific risk policies and guidelines approved by the Risk Committee including trading limits, stop-loss, stop-gain and stop-at-zero policies, segregation of duties and other internal control procedures.

TORM only hedges bunker exposure whenever the freight is fixed beyond one month. In 2023, 17.7% (2022: 15.2%, 2021: 42.1%) of TORM's total bunker purchase was hedged through bunker hedging contracts. At the end of 2023, TORM had covered 5% (2022: 0%, 2021: 4.1%) of its bunker requirements for 2024. The total bunker exposure is estimated to be approximately 415,436 metric tons.

All things being equal, a price change of 10% per ton of bunker oil (without subsequent changes in freight rates) would lead to the following changes in expenditure based on the expected bunker consumption in the spot market:

Sensitivity to changes in the bunker price

USDm	2024	2023	2022
Increase in the bunker prices of 10% per ton:			
Changes in profit/loss before tax for the following year	(25.9)	(22.1)	(22.6)
Changes in equity for the following year	(25.9)	(22.1)	(22.6)

Operational Risks
Operational risks are risks associated with the ongoing operations of the business and include risks such as the safe operation of vessels, the availability of experienced seafarers and staff, terrorism, piracy as well as insurance and counterparty risk.

NOTE 24 – continued

Insurance Coverage
During the fleet's operation, various casualties, accidents, and other incidents may occur which may result in financial losses for TORM. For example national and international rules, regulations, and conventions could mean that TORM may incur substantial liabilities if a vessel is involved in an oil spill or emission of other environmentally hazardous agents.

To reduce the exposure to these risks, the fleet is insured against such risks to the extent possible. The total insurance program comprises a broad cover of risks in relation to the operation of vessels and transportation of cargo, including personal injury, environmental damage and pollution, cargo damage, third-party casualty and liability, hull and machinery damage, total loss, and war. All TORM's owned vessels are insured for an amount corresponding to their market value plus a margin to cover any fluctuations. Liability risks are covered in line with international standards. It is TORM's policy to cooperate with financially sound international insurance companies with a credit rating of BBB or better, presently some 14-16 companies along with two P&I clubs, to diversify risk. The P&I clubs are members of the internationally recognized collaboration, International Group of P&I clubs, and TORM's vessels are each insured for the maximum amount available in the P&I system. At the end of 2023, the aggregate insured value of hull and machinery and interest for TORM's owned vessels amounted to USD 2.34bn (2022: USD 2.8bn, 2021: USD 2.1bn).

Counterparty Risk
Counterparty risk is an ever-present challenge demanding close monitoring to manage and decide on actions to minimize possible losses. The maximum counterparty risk associated is equal to the values recognized in the balance sheet. A consequential effect of the counterparty risk is loss of income in future periods, e.g. counterparties not being able to fulfill their responsibilities under a time charter, a contract of affreightment, or an option. The main risk is the difference between the fixed rates under a time charter or a contract of affreightment and the market rates prevailing upon default. This characterizes the method for identifying the market value of a derivative instrument.

TORM has a close focus on its risk policies and procedures to ensure that risks managed in the day-to-day business are kept at agreed levels, and that changes in the risk situation are brought to the Management's attention.

TORM's counterparty risks are primarily associated with:

- Receivables, cash and cash equivalents, including restricted cash
- Contracts of affreightment with a positive fair value
- Derivative financial instruments and commodity instruments with a positive fair value

Receivables, cash, and cash equivalents, including restricted cash
The majority of TORM's customers are companies operating in the oil industry. It has been assessed that these companies are, to a great extent, subject to the same risk factors as those identified for TORM.

A major part of TORM's freight revenues stem from a small group of customers. In 2023, one customer accounted for 8% of TORM's freight revenues (2022: one accounted for 12%, 2021: 1 accounted for 15%). The concentration of earnings on a few customers requires extra attention to credit risk. TORM has a credit policy under which continued credit evaluations of new and existing customers take place. For long-standing customers, payment of freight normally takes place after a vessel's cargo has been discharged. For new and smaller customers, TORM's credit risk is limited as freight is usually paid prior to the cargo's discharge, or, alternatively, a suitable bank guarantee is placed in lieu thereof.

Because of the payment patterns mentioned above, TORM's receivables primarily consist of receivables from voyages in progress at year-end and outstanding demurrage. For the past five years, TORM has not experienced any significant losses in respect of charter payments or any other freight agreements. With regard to the collection of original demurrage claims, TORM's average stands at 98.6% (2022: 98.6%, 2021: 97.0%), which is considered to be satisfactory given the differences in interpretation of events. In 2023, demurrage represented 16% (2022: 14.0%, 2021: 18.0%) of the total freight revenues. Please refer to Note 1 for more details on recognition of demurrage claims into revenue.

NOTE 24 – continued

Excess liquidity is placed on deposit accounts with major banks with strong and acceptable credit ratings or invested in secure papers such as American or Danish government bonds. Cash is invested with the aim of getting the highest possible yield, while maintaining a low counterparty risk, and having adequate liquidity reserves for possible investment opportunities or to withstand a sudden drop in freight rates.

Derivative Financial Instruments and Commodity Instruments
In 2023, 100% (2022: 100%, 2021: 100%) of TORM's forward freight agreements (FFAs) were traded via clearing houses or over-the-counter (OTC). Trade via clearing houses effectively reduces counterparty credit risk by daily clearing of balance and OTC trades are only done with investment grade counterparties. Over-the-counter fuel swaps have restrictively been entered into with major oil companies, banks, or highly reputed partners with a satisfactory credit rating. TORM also trades FX and interest derivatives. All such derivatives were entered into with investment grade counterparties.

Financial risks
Financial risks relate to TORM's financial position, financing, and cash flows generated by the business, including foreign exchange risk and interest rate risk. TORM's liquidity and capital resources are described in Note 2.

Foreign Exchange Risk
TORM uses USD as its functional currency because most of the Company's transactions are denominated in USD. The foreign exchange risk is thereby limited to cash flows not denominated in USD. The primary risk relates to transactions denominated in DKK, EUR, and SGD and relates to administrative and operating expenses.

The part of TORM's expenses denominated in currencies other than USD accounts for approximately 60.2% (2022: 81.4%, 2021: 86.0%) for administrative expenses and approximately 21.6% (2022: 19.8%, 2021: 21.3%) for operating expenses. TORM's expected administrative and operating expenses in DKK and EUR for 2024 are approximately DKK 476.1m, whereof 68.3% (2022: 68.9%, 2021: 70.3%) are hedged through FX forward contracts. All FX forward contracts have maturity within 2024, and TORM's average hedge USD/DKK currency rate is 6.77. FX exposure is hedged in its entirety for all risks.

TORM assumes identical currency risks arising from exposures in DKK and EUR.

Sensitivity to Changes in the USD/DKK and USD/EUR Exchange Rate
All things being equal, a change in the USD/DKK and the USD/EUR exchange rates of 10% would result in a change in profit/loss before tax and equity as follows:

USDm	2024	2023	2022
Effect of a 10% increase of DKK and EUR:			
Changes in profit/loss before tax for the following year	(2.2)	(1.8)	(1.8)
Changes in equity for the following year	(2.2)	(1.8)	(1.8)

Interest rate risk
TORM's interest rate risk generally relates to interest-bearing borrowings. All TORM's loans for financing vessels are denominated in USD. Please refer to Note 19 for additional information on borrowings. At the end of 2023, TORM had fixed 86.9% (2022: 94.6%, 2021: 84.9%) of the debt then outstanding with interest rate swaps and fixed rate leasing debt corresponding to an amount of USD 923.0m. USD 550.3m of this amount is hedged at an interest rate of 1.45% plus margin with interest rate swaps with maturity in the period 2023-2028.

TORM's debt and interest hedging was based on USD London Interbank Offered Rate ("LIBOR") until June 30, 2023, when the USD LIBOR ceased to exist. As of that date SOFR is used as best practice for USD derivatives and financial contracts. During 2023 TORM implemented amendments on all legacy financing and hedging contracts. TORM implemented compound SOFR on the majority of the agreements.

NOTE 24 – continued

A total of USD 95.3m as per September 2023 of TORM's borrowing did not qualify the IBOR reform exemption of IFRS 9 and therefore applied modification accounting which resulted to immaterial effect.The rest applies the exemption, and no modification accounting was applied. TORM has performed a hedge effectiveness testing in relation to the transition to SOFR and concluded that hedging relationships remain effective. TORM identified one ineffective relationship due to basis risk component of a loan agreement. Financial impact is measured quarterly and currently deemed immaterial.

Sensitivity to Changes in Interest Rates

All things being equal, a change in the interest rate level of 1%-point would result in a change in the interest rate expenses as follows:

USDm	2024	2023	2022
Effect of a 1%-point increase in interest rates:			
Changes in profit/loss before tax for the following year	(2.7)	(0.7)	(2.1)
Changes in equity for the following year	10.4	16.3	19.9

Liquidity risk

TORM's strategy is to ensure continuous access to funding sources by maintaining a robust capital structure and a close relationship with several financial partners. As of December 31, 2023, TORM's loan portfolio was spread across 13 different banks.

As of December 31, 2023, TORM maintains a liquidity reserve of USD 295.6m in cash and cash equivalents, including restricted cash, combined with USD 342.5m in undrawn and committed credit facilities. Cash is only placed in banks with an investment grade rating. For further information on contractual obligations, including a maturity analysis, please refer to Note 22.

NOTE 25 – FINANCIAL INSTRUMENTS

	Observable input (Level 2)	Financial instruments measured at fair value	Financial instruments measured at amortized cost	Total carrying value
2023				
Financial assets				
Loan receivables[1]	—	—	4.5	4.5
Trade receivables[1]	—	—	211.0	211.0
Other receivables	37.6	37.6	22.9	60.5
Cash and cash equivalents, including restricted cash[1]	—	—	295.6	295.6
Total	37.6	37.6	534.0	571.6
Financial liabilities				
Borrowings[1][2]	—	—	1,059.6	1,059.6
Other non-current liabilities	—	—	3.0	3.0
Trade payables[1]	—	—	43.1	43.1
Other liabilities[1]	2.8	2.8	42.4	45.2
Total	2.8	2.8	1,148.1	1,150.9
2022				
Financial assets				
Loan receivables[1]	—	—	4.6	4.6
Trade receivables[1]	—	—	259.5	259.5
Other receivables	55.3	55.3	18.7	74.0
Cash and cash equivalents, including restricted cash[1]	—	—	323.8	323.8
Total	55.3	55.3	606.6	661.9
Financial liabilities				
Borrowings[1][2]	—	—	966.9	966.9
Other non-current liabilities	—	—	3.0	3.0
Trade payables[1]	—	—	48.5	48.5
Other liabilities[1]	1.9	1.9	29.2	31.1
Total	1.9	1.9	1,047.6	1,049.5
2021				
Financial assets				
Loan receivables[1]	—	—	4.6	4.6
Trade receivables[1]	—	—	84.0	84.0
Other receivables	8.3	8.3	31.7	40.0
Cash and cash equivalents, including restricted cash[1]	—	—	171.7	171.7
Total	8.3	8.3	292.0	300.3
Financial liabilities				
Borrowings[1][2]	—	—	1,135.3	1,135.3
Trade payables[1]	—	—	35.3	35.3
Other liabilities[1]	11.2	11.2	32.5	43.7
Total	11.2	11.2	1,203.1	1,214.3

[1] Due to the short maturity, the carrying value is considered to be an appropriate expression of the fair value.
[2] See Note 20.
[3] Derivative financial instruments are presented in the balance sheet line "Other receivables" and "Other liabilities".

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Below, please find the fair value hierarchy for financial instruments measured at fair value in the balance sheet. The financial instruments in question are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 2 fair value measurements are those derived from input other than quoted prices included in Level 1 which are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

NOTE 25 - Continued

Methods and assumptions in determining fair value of financial instruments

Derivative part of other receivables and other liabilities

The fair value of derivatives in other receivables and other liabilities is measured using accepted valuation methods with input variables such as yield curves, forward curves, spreads, etc. and compared to financial counterparties to ensure acceptable valuations. The valuation methods discount the future fixed and estimated cash flows and valuation of any option elements.

NOTE 26 – RELATED PARTY TRANSACTIONS

TORM's ultimate controlling party is Oaktree Capital Group, LLC, a limited liability company incorporated in the USA. The immediate controlling shareholder is OCM Njord Holdings S.á.r.l. (Njord Luxco).

Shareholders' contribution and dividends paid are disclosed in the consolidated statement of changes in equity. Dividends to related parties are paid out based on the related parties' ownership of shares.

The remuneration of key management personnel, which consists of the Board of Directors and the Executive Director, is disclosed in Note 5.

On September 01, 2022, TORM purchased 75% of the shares in Marine Exhaust Technology A/S, thereby obtaining a controlling interest in its joint venture entity Marine Exhaust Technology (Hong Kong) Ltd. Until September 01, 2022, TORM's transactions with its joint venture entity producing scrubbers for the TORM fleet covered CAPEX of USD 5.6m in total.

During 2021, TORM effected transactions with its joint venture producing scrubbers for the TORM fleet amounting to USD 1.4m in total.

NOTE 27 – ASSETS HELD FOR SALE AND NON-CURRENT ASSETS SOLD DURING THE YEAR

During 2023, TORM sold and delivered eight vessels for a total consideration of USD 166.4m. The vessels sold and delivered to new owners during 2023 had a carrying value of USD 111.4m. After deducting related bunker cost, the sales resulted in a profit of USD 50.4m which are recognized in the income statement for 2023. Additionally, TORM sold three vessels with a carrying value of USD 47.2m classified as assets held for sale at the end of 2023 as the vessels were not yet delivered to new owners.

During 2022, TORM sold seven vessels. All the vessels sold in 2022 and one vessel sold in 2021 were delivered to the new owners to a total consideration of USD 106.6m. The vessels sold and delivered to the new owners during 2022 had a carrying value of USD 93.8m. The sales resulted in an impairment loss of USD 2.6m and a profit of USD 10.2m which are recognized in the income statement for 2022.

During 2021, TORM sold and delivered one vessel for a total consideration of USD 10.0m. The vessels sold and delivered to the new owners during 2021 had a carrying value of USD 10.3m. Additionally, TORM sold one vessel with a carrying value of USD 13.2m classified as assets held for sale at the end of 2021 as the vessel was not yet delivered to new owners. The vessel was subsequently delivered during 2022. The sales resulted in an impairment loss on tangible assets of USD 4.6m

NOTE 28 – CASH FLOWS

USDm	**2023**	**2022**	**2021**
Reversal of other non-cash movements:			
Exchange rate adjustments	0.1	(0.3)	(0.7)
Share-based payments	22.5	2.2	2.3
Fair value adjustments on derivative financial instruments	(1.5)	0.6	(0.2)
Reversal of provisions adjustments	(6.5)	(6.3)	—
Other adjustments	(0.1)	0.1	—
Total	14.6	(3.7)	1.4

USDm	**2023**	**2022**	**2021**
Change in inventories, receivables, and payables:			
Change in inventories	1.2	(21.8)	(26.9)
Change in receivables	45.2	(158.1)	(37.5)
Change in prepayments	(1.8)	(5.7)	(3.5)
Change in trade payables and other liabilities	3.2	4.7	19.4
Total	47.8	(180.9)	(48.5)

NOTE 29 – ENTITIES IN THE GROUP

Entity	Country	
TORM plc	**United Kingdom**	

Investments in subsidiaries [6]**:**

Entity	Country	Ownership [5]
TORM A/S	Denmark	100 %
DK Vessel HoldCo GP ApS [1]	Denmark	100 %
DK Vessel HoldCo K/S [1]	Denmark	100 %
OCM Singapore Njord Holdings Alice, Pte. Ltd [1]	Singapore	100 %
OCM Singapore Njord Holdings Almena, Pte. Ltd [2]	Singapore	100 %
OCM Singapore Njord Holdings Hardrada, Pte. Ltd	Singapore	100 %
OCM Singapore Njord Holdings St.Michaelis Pte. Ltd [2]	Singapore	100 %
OCM Singapore Njord Holdings St. Gabriel Pte. Ltd [2]	Singapore	100 %
OCM Singapore Njord Holdings Agnete, Pte. Ltd [2]	Singapore	100 %
OCM Singapore Njord Holdings Alexandra, Pte. Ltd [1]	Singapore	100 %
OMI Holding Ltd.[2]	Mauritius	100 %
TORM Crewing Service Ltd.[2]	Bermuda	100 %
TORM Middle East DMCC	United Arab Emirates	100 %
TORM Shipping India Private Limited [4]	India	100 %
TORM Singapore Pte. Ltd.	Singapore	100 %
TORM Tanker Corporation[7]	USA	100 %
TORM USA LLC[7]	USA	100 %
VesselCo 6 Pte. Ltd. [1]	Singapore	100 %
VesselCo 8 Pte. Ltd. [2]	Singapore	100 %
VesselCo 9 Pte. Ltd.	Singapore	100 %
VesselCo 10 Pte. Ltd. [3]	Singapore	100 %
VesselCo 11 Pte. Ltd. [2]	Singapore	100 %
VesselCo 12 Pte. Ltd.	Singapore	100 %
TORM SHIPPING (PHILS.), INC.	Philippines	25 %
Marine Exhaust Technology A/S	Denmark	75 %
ME Production A/S	Denmark	75 %
Marine Exhaust Technology (Hong Kong) Ltd.	China	59 %
ME Production (Zhejiang) Co, Ltd.	China	59 %
Suzhou ME Production Technology Co, Ltd.[7]	China	75 %

[1] Entities dissolved in the financial year ended December 31, 2021

[2] Entities dissolved in the financial year ended December 31, 2022

[3] Entities dissolved in the financial year ended December 31, 2023

[4] Entities with different reporting periods: TORM Shipping India has a financial reporting period that runs from 01 April to 31 March as required by the Indian government's laws and legislations.

[5]For all subsidiaries, ownership and voting rights are the same except for TORM SHIPPING (PHILS.), INC where voting rights are 100%

[6] All subsidiaries are consolidated in full.

[7] Entities not audited

NOTE 29-continued

Interest in legal entities included as joint ventures:
There has been no activity in the two Danish joint ventures, Long Range 2 A/S and LR2 Management K/S, for which TORM controls 50%.
TORM obtained control over Marine Exhaust Technology Ltd. on September 01, 2022 following the acquisition of Marine Exhaust Technology A/S, where it affected the profit and loss from continuing operations in 2022 with -0.1m. Before the acquisition, TORM controlled 28% of Marine Exhaust Technology A/S.

The table below shows the registered addresses for the companies mentioned above:

Denmark	India	Philippines
Tuborg Havnevej 18	2nd Floor	7th Floor
DK-2900 Hellerup	Leela Business Park	Salcedo Towers, 169
Denmark	Andheri-Kurla Road	HV dela Costa Street
	Andheri (E)	Salcedo Village,
	Mumbai 400059	Makati City
	India	Philippines 1227

Singapore	United Kingdom	USA
6 Battery Road #27-02	Office 105	Suite 1625
Six Battery Road	20 St Dunstan's Hill	2500 City West
Singapore 049909	London, EC3R 8HL	Boulevard
Singapore	United Kingdom	77042, Houston , Texas
		USA

Denmark	China	Hong Kong
Sandholm 7	208 Longward Road	Room 12, 10/F
9900 Frederikshavn	Zhapu Town Ping Hu	Kwai Cheong Centre
Denmark	Jiaxing City	No. 50 Kwai Cheong Road
	Zhejiang Provice	Kwai Chung, New Territories
	China	Hong Kong

United Arab Emirates
Unit No: C1
DMCC Business Centre
Level No 13
AG Tower
Dubai, UAE
United Arab Emirates

NOTE 30 – PROVISIONS

USDm	2023	2022	2021
Cargo claim provisions	—	6.5	18.3
Warranty provisions	0.6	0.3	—
Balance as of December 31	0.6	6.8	18.3

In 2020, TORM was involved in cargo claims relating to a customer having granted indemnities for discharge of cargoes, and not being able to honor those obligations. The cases involved irregular activities by the customer. Legal action was initiated by TORM in the UK and in India against the customer and related individuals. During 2022, TORM settled one claim and reassessed its provisions for the remaining part of the case complex, which led to the reversal of provisions amounting to USD 6.3m. As of December 31, 2023, TORM has reassessed the provision and reversed the remaining provision of USD 6.5m relating to the case complex to reflect the current legal assessment of the outcome. TORM has estimated the potential exposure to be up to USD 16.6m should TORM contrary to current expectations not defeat any part of the claims in the case complex. Legal proceedings are still ongoing and the outcome is therefore subject to uncertainty.

Warranty provisions relate to sold marine exhaust equipment.

Accounting Policies

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, and when it is probable that this will lead to an outflow of resources which can be reliably estimated. Provisions are measured at the estimated liability expected to arise, considering the time value of money.

NOTE 31 – EARNINGS PER SHARE AND DIVIDEND PER SHARE

	2023	2022	2021
Earnings per share			
Net profit/(loss) for the year attributable to TORM plc shareholders (USDm)	648.3	562.8	(42.1)
Million shares			
Weighted average number of shares	84.1	81.8	78.6
Weighted average number of treasury shares	(0.5)	(0.5)	(0.5)
Weighted average number of shares outstanding	83.6	81.3	78.1
Dilutive effect of outstanding share options	3.1	1.5	0.3
Weighted average number of shares outstanding incl. dilutive effect of share options	86.7	82.8	78.4
Basic earnings/(loss) per share (USD)	7.75	6.92	(0.54)
Diluted earnings/(loss) per share (USD)	7.48	6.80	(0.54)

When calculating diluted earnings per share for 2021, RSUs have been omitted as they are out-of-the-money and thus not anti-dilutive, but the RSUs may potentially dilute earnings per share in the future. Please refer to Note 5 for information on the RSUs.

	2023	2022	2021
Dividend per share			
Declared dividend per share (USD)	4.42	4.63	—
Declared dividend for the year (USDm)	370.9	378.7	—
Proposed dividend per share for approval at Annual General Meeting (USD)	1.36	—	—
Proposed dividend for approval at Annual General Meeting (USDm)	126.3	—	—
Dividend paid per share (USD)	7.01	2.04	—
Dividend paid during the year (USDm)	586.4	166.7	—
Number of shares			
Number of shares, end of period (million)	86.2	82.3	81.2
Number of treasury shares, end of period (million)	(0.5)	(0.5)	(0.5)
Number of shares outstanding, end of period (million)	85.7	81.8	80.7

Accounting Policies

Basic earnings per share are calculated by dividing the consolidated net profit/(loss) for the year available to common shareholders by the weighted average number of common shares outstanding during the period. Treasury shares are not included in the calculation. Purchases of treasury shares during the period are weighted based on the remaining period.

Diluted earnings per share are calculated by adjusting the consolidated profit or loss available to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect of including them would be to increase earnings per share or reduce a loss per share.

NOTE 32 – CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

	2023	2022	2021
Cash at banks and on hand	265.5	320.5	144.8
Cash and cash equivalents	265.5	320.5	144.8
Cash provided as security for initial margin calls and negative market values on derivatives, etc.[1]	30.1	3.3	5.9
Sale and leaseback transaction prepayment to be released upon delivery of the vessel[2]	—	—	21.0
Restricted cash	30.1	3.3	26.9
Cash and cash equivalents, including restricted cash	295.6	323.8	171.7

[1] The counterparties have an obligation to return any excess cash provided as security to the Group upon settlement or early termination of the contracts.
[2] Prepayment released on 06 January 2022.

NOTE 33 – BUSINESS COMBINATIONS

There were no business combinations in 2023.

On September 01, 2022, TORM acquired an ownership stake of 75% of Marine Exhaust Technology A/S (MET), a Danish industrial company specialized in developing and producing advanced and green marine equipment for a cash consideration of USD 2.0m. TORM acquired MET because the entity has gained strong expertise in developing and producing components for the maritime industry, including scrubbers for the shipping industry. As part of the transaction, TORM also obtained control over the joint venture entity Marine Exhaust Technology (Hong Kong) Ltd in which TORM previously held a 27.5% interest.

TORM has elected to measure the non-controlling interest in the acquiree at fair value.

The fair value of the non-controlling interest in MET has been assessed based on the EBITDA multiples method using estimated 2023 financials based on expected scrubber orders. The value includes an adjustment based on development costs to account for potential future income from the sales of Flettner rotors. Based on the enterprise value estimate, the equity value is calculated through a standard adjustment for net interest-bearing debt.

The previously held interest in Marine Exhaust Technology (Hong Kong) Ltd was remeasured at fair value as part of the transaction leading to a gain of USD 0.3m recognized in the share of profit/loss from joint ventures in the consolidated income statement.

The acquired assets include contractual receivables of USD 5.7m of which USD 0.3m were considered to be uncollectible at the day of the acquisition.

Transaction costs in connection with the acquisition amounted to less than USD 0.1m and are recognized as administration expenses.

The goodwill of USD 1.8m represents the value of expected synergies arising from the acquisition and is allocated entirely to the Marine Exhaust segment. The goodwill recognized is not expected to be deductible for tax purposes.

Revenue and profit for the period generated by the acquired entity amounted to USD 5.9m and 0.0m, respectively, and have been recognized in the consolidated income statement since the acquisition. Had the acquisition taken place on January 01, 2022, the revenue and profit for the Group for 2022 would have been USD 1,455.9m and USD 561.9m, respectively.

NOTE 33 –continued

The following table summarizes the fair values of the assets acquired and the liabilities assumed on September 01, 2022:

USDm	01 September 2022
Intangible assets	1.2
Tangible fixed assets	2.5
Inventories	6.4
Trade receivables	1.6
Other receivables	3.8
Prepayments	1.5
Cash and cash equivalents	3.0
Borrowings	(7.9)
Deferred tax liabilities	(0.3)
Provisions	(0.4)
Other non-current liabilities	(0.8)
Trade payables	(1.5)
Other liabilities	(0.3)
Deferred income	(4.3)
Current tax liabilities	(0.3)
Net identifiable assets acquired	4.2
Goodwill	1.8
Total net assets acquired	6.0
Of which fair value of non-controlling interest	(2.4)
Total purchase consideration	3.6
Cash consideration	2.0
Fair value of previously held interests	1.6
Total purchase consideration	3.6
Cash acquired	3.0
Cash consideration	(2.0)
Acquisition of subsidiaries, net of cash acquired	1.0

Accounting Policies

Newly acquired or formed entities are recognized in the consolidated financial statements from the date of acquisition or formation. The date of acquisition is the date on which control over the entity is effectively transferred.

Newly acquired or formed entities are recognized in the consolidated financial statements from the date of acquisition or formation. The date of acquisition is the date on which control over the entity is effectively transferred.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the event is probable and the adjustment can be measured reliably. Costs of issuing debt or equity instruments in connection with a business combination are accounted for together with the debt or equity issuance. All other costs associated with the acquisition are expensed in the income statement.

The excess of the cost of the business combination over the fair value of the acquired assets, liabilities, and contingent liabilities is recognized as goodwill under intangible assets and is tested for impairment at least once a year. Upon acquisition, goodwill is allocated to the cash generating units that subsequently form the basis for the impairment test. If the fair value of the acquired assets, liabilities, and contingent liabilities exceeds the cost of the business combination, the identification of assets and liabilities and the processes of measuring the fair value of the assets and liabilities and the cost of the business combination are reassessed. If the fair value of the business combination continues to exceed the cost, the resulting gain is recognized in the income statement.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of TORM plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TORM plc (the Company) as of December 31, 2023, 2022 and 2021, the related consolidated income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 07, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment assessment of vessels

Description of the Matter	At December 31, 2023, the carrying value of the Company’s vessels was USD 2,070 million. As discussed in Notes 1 and 10 to the consolidated financial statements, the Company assesses impairment at each reporting date or whenever events or changes in circumstances would indicate that the carrying amounts of its vessels might not be recoverable in accordance with IAS 36 Impairment of Assets. If any indications of impairment exist, or at least annually, the Company prepares an impairment assessment at the cash generating unit (CGU) level, which has been determined as the LR1, LR2 and MR vessels (the Main Fleet) as they are operated collectively, are largely interchangeable and the cash flows generated by them are interdependent from other vessels. Impairment is recognized if the recoverable amount, determined as the higher of value in use and the fair value less cost of disposal, is less than the carrying value of the corresponding CGU. The Company determined the recoverable amount to be the fair value less cost of disposal, which was calculated as the average of two valuations prepared by independent shipbrokers. Based on the assessment, the Company concluded that the carrying value was recoverable as of December 31, 2023. Auditing the Company’s vessel impairment assessment was complex due to the significant judgment required by Management in determining the CGU and the degree of subjectivity involved in determining the fair value of the vessels using independent shipbroker valuations, which use a combination of vessel specific inputs such as size, yard and age of the vessels and assumptions based on market data, including recent comparable vessel transactions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls over the Company’s impairment assessment process, including controls over the identification of CGUs and review of the vessels’ fair value. We performed audit procedures on the impairment assessment that included, among others, assessing management’s CGU determination by evaluating their analysis in respect of the smallest group of assets that generate largely independent cash flows. We inspected evidence used in Management's determination of the collective operation and homogenous nature of the Main Fleet. We evaluated the recoverability of the carrying value of the vessels by comparing them to the average fair value of two valuations prepared by independent shipbrokers. We performed inquiries with the independent shipbrokers regarding the valuation methodology applied and input data used and evaluated their competence, capabilities and objectivity. We tested the input data used for the valuation of the vessels in the Main Fleet by comparing vessel specific inputs with vessel records and supporting documentation as well as evidence obtained in other areas of the audit. We further performed a retrospective comparison of historical sales prices of vessels with the independent broker valuations near the time of disposal and compared the valuations to recent market data for comparable vessels. We assessed the adequacy of the Company’s disclosures in Notes 1 and 10 to the consolidated financial statements.

/s/ EY Godkendt Revisionspartnerselskab

We have served as the Company’s auditor since 2020.

Copenhagen, Denmark

March 07, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of TORM plc

Opinion on Internal Control Over Financial Reporting

We have audited TORM plc's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, TORM plc (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 consolidated financial statements of the Company and our report dated March 07, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ EY Godkendt Revisionspartnerselskab

Copenhagen, Denmark

March 07, 2024

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

TORM PLC

By: /s/ Jacob Meldgaard

Name: Jacob Meldgaard

Title: Executive Director and Principal Executive Officer

Date: March 7, 2024