ALL THE WAY

Annual Report 2023

A.P. Møller - Mærsk A/S
Esplanaden 50, DK-1263 Copenhagen K / Registration no. 22756214

MAERSK

Purpose

Improving life for all
by integrating the world.

Strategy

Transforming A.P. Moller - Maersk from a diversified conglomerate to be the global integrator of container logistics, connecting and simplifying customers' supply chains.

Ambitions

As an integrated container logistics company, A.P. Moller - Maersk strives to go all the way, every day, to deliver a more connected, flexible and sustainable future for global logistics.

Sustainability

An integral part of, and prerequisite for, the success of A.P. Moller - Maersk's global integrator strategy.

Our core ESG commitments are:
Environment: We will take leadership in the decarbonisation of logistics.
Social: We will ensure that our people thrive at work by providing a safe and inspiring workplace.
Governance: We operate based on responsible business practices.

South China Sea, China

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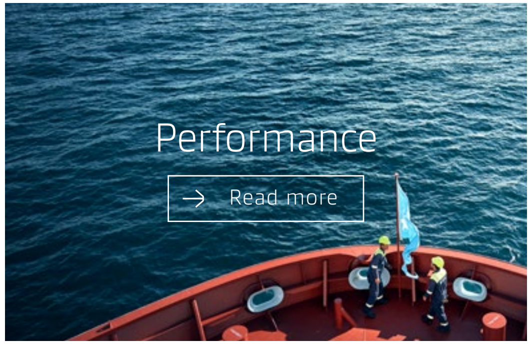
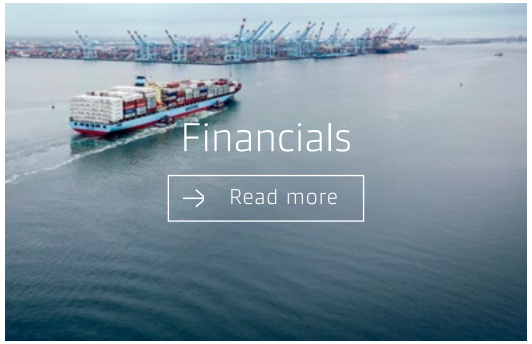




Reporting universe

To provide a comprehensive and transparent information to all stakeholders, A.P. Moller - Maersk publishes a suite of additional reports and supplementary information.

→ See page 126

Executive Summary

Santa Fe Springs, California, United States

Highlights 2023

22 June
First container vessel conversion to methanol dual-fuel engine

A.P. Moller - Maersk to pioneer first container vessel conversion to methanol dual-fuel engine. As the first in the shipping industry, A.P. Moller - Maersk will retrofit an existing vessel to a dual-fuel methanol powered vessel and thereby able to sail on green methanol. The first engine retrofit in the industry is scheduled to be conducted mid-2024.

13 September
Ground-breaking of Rijeka Gateway

The USD 380m Rijeka Gateway will be a state-of-the-art remote-controlled container terminal, and once it starts operations in 2025 it will significantly reduce transit time to the Adriatic and Central European markets. The terminal will mainly utilise electrical equipment and help minimise the carbon emissions footprint.

22 November
A.P. Moller - Maersk signs landmark green methanol offtake agreement

Green fuel scarcity remains one of the key issues to solve to complete the green transition in shipping. The offtake agreement between A.P. Moller - Maersk and Chinese developer Goldwind, a global leader in clean energy, reaches into the next decade and marks the first large scale green methanol offtake agreement for the global shipping industry.

January | February | March | April | May | June | July | August | September | October | November | December

20 March
Europe-China air freight

A.P. Moller - Maersk launches Europe-China air freight service to add further agility to customer supply chains.

14 September
Laura Mærsk

Following a name-giving event in Copenhagen, Denmark, the world's first methanol-enabled container vessel, Laura Mærsk, enters service.

22 October
A.P. Moller - Maersk signs deal with Starlink for its Ocean fleet

A.P. Moller - Maersk's more than 330 own operated container vessels will have Starlink installed, enabling high-speed internet with speeds over 200 Mbps. The service is a leap forward in terms of internet speed and latency which will bring significant benefits in terms of both crew welfare and business impact.

4 December
A.P. Moller - Maersk to invest more than USD 500m in integrated supply chain capabilities in Southeast Asia

A.P. Moller - Maersk announced the plan to invest USD 500m in expanding its supply chain infrastructure to support Southeast Asia's emergence as a global production hub and a consumption powerhouse. Investments, which will spread over the coming three years, will mainly target Logistics & Services arm and reflects the commitment to being the global logistics integrator.

Copenhagen, Denmark

LETTER FROM THE CHAIR AND THE CEO

Dedicated to fulfilling our customers' supply chain needs

In 2023, our purpose of 'Improving life for all by integrating the world' was prominently reflected in our role as leaders in the decarbonisation of the maritime industry and our consistent investments into advanced and robust logistic solutions, aimed at equipping our customers for various type of disruption and ensuring the resilience of global supply chains.

Together with our customers, we navigated a year of profound change in the global logistics industry, marked by a rapidly evolving market environment. We are pleased to report that A.P. Moller - Maersk delivered financial performance in line with our guidance for the year, demonstrating resilience and adaptability throughout these highly transformative times.

Markets normalised after the years of lock-down and subsequent boom in consumer demand. The market correction began in the fourth quarter of 2022 as supply chain bottlenecks gradually eased. In the first six months of the year, we saw a trend of reducing stock, leading to a decrease in demand. The second half revealed a new industry standard, marked by robust volumes but constrained by pricing pressures due to oversupply in shipping, with no immediate signs of more ships being idled or recycled.

Measures for a changed reality

During the year, we actively responded to the shifting environment. Early cost containment measures were initiated, deployed capacity was adjusted, and efficient management of Ocean unit costs, cost per move in terminals, and SG&A cost level in Logistics & Services helped safeguard our financial performance. Our workforce was realigned with our evolving book of business, reducing our global staff from 110,000 to around 100,000. Moreover, we prudently reduced our capital expenditure plans for 2023 and 2024.

Post-pandemic resilient supply chains

Despite the absence of significant congestions, the vulnerabilities that triggered disruptions during the pandemic years still linger in global supply chains, and new challenges keep emerging. Supply chains have become increasingly complex and fragmented, and customers are dealing with uncertainty from geopolitical tensions and changing consumer behaviour causing fluctuating demand. Consequently, steps are taken to diversify sourcing and nearshore production to enhance resilience and flexibility in logistics.

Throughout the year, we have further deepened our understanding of our customers' diverse supply chain needs to help them develop resilient solutions. We remain committed to manage any complexities our customers may experience by continuously improving and innovating our services and offerings.

Additionally, Terminals is further enhancing supply chain efficiency by expanding current terminals and establishing new ones. Key projects include the USD 1 billion expansion in Rotterdam, the Netherlands, advancements in automation at Pier400 in Los Angeles, USA and plans for new terminal developments, like the announced strategic partnership in Hai Phong, Vietnam. Terminals consistently demonstrates robust business performance, maintaining a strong focus on cost management, safety and operational excellence.

Digitising to deliver on customer needs

We have advanced further on enhancing the operational reliability of our digital infrastructure, enabling very stable execution of business and significantly improved system availability. Furthermore, we have hit some fundamental milestones in our efforts to develop modern platforms across the supply chain. Aiming to unlock truly integrated logistics for our customers, we have moved from basic visibility to multi-carrier, multi-modal visibility.

Beyond this, we have made progress on standardising and rolling out our inland platform and our warehousing solution across regions. Focus is now on unlocking productivity gains through further platform integration and work-flow automation.

Decarbonising logistics

In 2023, we marked a noteworthy achievement in our efforts to decarbonise the logistics industry by introducing the world's first green fuel-enabled vessel – Laura Mærsk. As a pioneering force in decarbonising the industry, we are acutely aware that we heavily rely on the partnership and support from the industry, from regulations and, fundamentally, from our customers.

To transition away from fossil fuels, collaboration across sectors is crucial. By 2030, A.P. Moller - Maersk alone will need up to 5 million tonnes of green fuels to deliver on our green pledges, while current global production of green methanol is under 100,000 tonnes. The need for green fuels in shipping is immense and the challenge to provide it is too big a task for any one company or investor to manage alone.

Our industry's progress depends on robust regulatory frameworks. At UN's annual COP meeting in November 2023, we stood united with leading players in our industry calling for lawmakers to introduce measures that – if implemented – will accelerate the decarbonisation of global maritime transport. Together with CEOs from four of the largest container carriers, we proposed in a joint declaration a carbon tax scheme to help close the price gap between fossil and green fuels recognising that not all customers are ready to pay the higher prices currently associated with sustainable transport.

Reconfirming our transformational journey

While we continue to streamline our organisation and operations, we remain dedicated to our strategy of fulfilling our customers' diversified supply chain needs while pursuing growth opportunities across our Terminals and Logistics & Services businesses. We are pleased to note great commercial wins, which reflect the value our customers place on our integrated logistics solutions and close partnerships.

In our Ocean business, focus is steadfast on maintaining best-in-class margins and building an even more efficient and reliable future Ocean network. In Logistics & Services, we are looking to expand our offering while optimising performance and driving growth. Meanwhile, in Terminals focus is on continued optimisation and ongoing growth initiatives.

The market dynamics of 2023 underscored the critical importance of diversifying our revenue streams beyond the Ocean business and forging stronger, more collaborative relationships with our customers. These efforts are key to our ongoing success and adaptation in a rapidly evolving market and to our strategy of being the global integrator of logistics.

Thank you for your support

2023 ended with multiple distressing attacks on cargo ships in the Red Sea and the Gulf of Aden, including two A.P. Moller - Maersk vessels. We are horrified by the escalation of this unfortunate conflict. Ensuring the safety of our people and customers' supply chains is our priority. We are encouraged by the strong international support to restore this essential shipping lane. Our sincere wish is for rapid control of the situation, to allow for the resumption of safe transportation in 2024.

In closing, we would like to express our sincere gratitude to all A.P. Moller - Maersk colleagues around the world for their relentless efforts and unwavering dedication. We would also like to express our appreciation to the Executive Leadership Team and the Board of Directors. In particular, we welcome Kasper Rørsted, who joined the Board in 2023.

Last but not least, we are extending a profound thanks to our customers. The support and partnership from our customers are the driving force behind our commitment to delivering excellence in global logistics.

Robert Mærsk Uggla
Chair of A.P. Møller - Mærsk A/S

Vincent Clerc
CEO of A.P. Møller - Mærsk A/S

FINANCIALS IN BRIEF

A year of normalisation

In 2023, the logistics markets experienced a normalisation from the disruptions of the logistics industry in 2020-2022, due to COVID-19, accelerating already existing issues in the global supply chains and with a significant impact on world trade.

In previous years, the demand for logistics services significantly increased, and, in turn, freight rates saw all-time highs due to capacity shortages, where container availability and air capacity remained tight, and wait times for vessels outside of ports remained lengthy given the bottlenecks in landside transportation and warehousing.

In this exceptional market, freight rates peaked in Q3 2022, which for A.P. Moller - Maersk was the 16th quarter in a row with year-on-year earnings growth. After that, the high demand eventually started to normalise as congestions eased, and consumer demand declined leading to an inventory overhang, the correction of which resulted in rapid and steep declines in shipped volumes and rates starting in late Q3 2022.

Revenue

USDbn

51.1bn

(USD 81.5bn)

Q1

Solid results in line with expectations, while continued destocking in Europe and especially North America together with easing of congestions implied lower volumes across all segments, while a maintained focus on proactively managing costs was key in adjusting to a radically changed business environment.

Q2

A strong first half of the year, with A.P. Moller - Maersk responding to ongoing market normalisation prompted by destocking and a subdued growth environment, following the pandemic-fuelled years, leading to lower volumes and lower rates. Decisive actions on cost containment together with the contract portfolio cushioned some of the effects of this market normalisation.

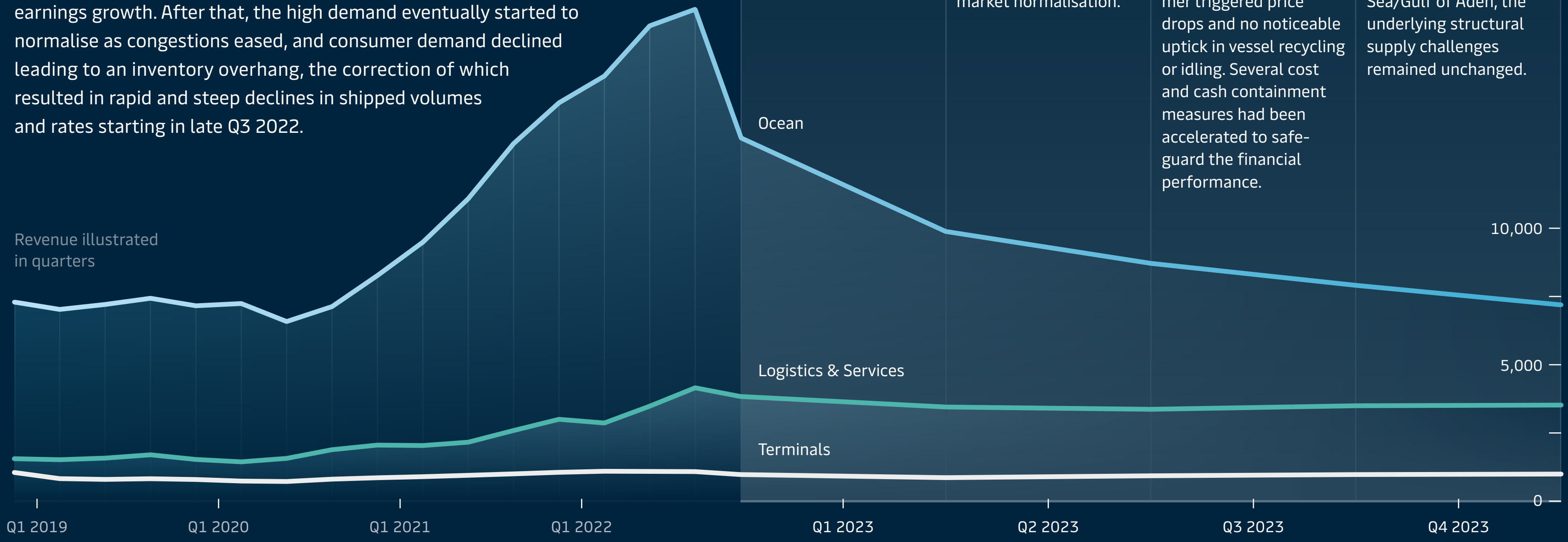
Q3

Deterioration of rates regained momentum now as a result of increased supply in Ocean with rates well off their 2022 peak and continued lower volumes. The business was facing a new normal with subdued demand, prices back in line with historical levels and inflationary pressure on the cost base. Overcapacity across most regions had since summer triggered price drops and no noticeable uptick in vessel recycling or idling. Several cost and cash containment measures had been accelerated to safeguard the financial performance.

Q4

Volumes were up but rates continued to erode. Market conditions remained volatile, and the impact of high levels of additional supply increased with subdued idling and ship recycling initiatives across the business. Despite a temporary change in market conditions towards the end of the quarter amid the concerning disruptions in the Red Sea/Gulf of Aden, the underlying structural supply challenges remained unchanged.

Revenue illustrated in quarters



EBIT

USDbn

3.9bn

(USD 30.9bn)

EBIT decreased by USD 26.9bn, negatively impacted by the declining freight rates and with an impact from Ocean of USD 26.9bn.

2023	3.9
2022	30.9
2021	19.7
2020	4.2
2019	1.7

Free cash flow

USDbn

4.0bn

(USD 27.1bn)

The decrease in free cash flow was negatively impacted by lower cash flow from operating activities, partly offset by lower CAPEX and higher financial income and sales proceeds.

2023	4.0
2022	27.1
2021	16.5
2020	4.6
2019	2.3

For specifics on the financial performance
→ See page 32
Guidance for 2024 with the roadmap to 2025 and the ESG targets all the way to 2040
→ See pages 34-35

ESG IN BRIEF

Progress on ESG commitments

In 2023, A.P. Moller - Maersk continued maturing the roadmaps and processes identified in previous years to fully integrate ESG into the company's business, delivering many examples of its environmental and social commitments. This included a milestone for A.P. Moller - Maersk and the entire industry – the arrival of the world's first vessel capable of running on green methanol.

Decarbonising Ocean

EEOI

96%

(107%)

A.P. Moller - Maersk increased the energy efficiency of its fleet through more energy-efficient operations and new technologies. This lowered Ocean's emissions intensity, EEOI, from 13.0 in 2022 to a record low of 11.7 in 2023. The graph shows progress relative to the 2020 baseline.

Validated science-based targets

1.5°C aligned

A.P. Moller - Maersk is the shipping industry's first to secure validation from the Science Based Targets Initiative for 1.5°C-aligned 2030 targets and Net Zero 2040 targets, to be reported on from 2024 replacing previous targets.

Investing in green solutions

Laura Mærsk, the world's first green methanol capable container vessel, completed her first voyage from South Korea to Copenhagen, Denmark, entirely on green methanol. 24 more methanol-capable vessels are on order, as well as a pilot for the world's first methanol vessel retrofit.

In 2023, A.P. Moller - Maersk further continued investing in end-to-end logistics decarbonisation solutions, including electric trucks in Germany, Norway, Sweden, the UK and China. Low emissions dry storage warehouses were opened in the UK, Malaysia and Colombia, as well as a state-of-the-art cold storage space in New Zealand.

In Terminals, the equipment electrification continued, and 10 terminals are now running on 100% renewable energy.

Engagement

Percentile

60th

(67th percentile)

The challenging business climate of 2023, combined with uncertainty from A.P. Moller - Maersk's large structural reorganisation in the beginning of the year and a workforce reduction had a dampening effect on employee engagement, which fell from the 67th percentile in 2022 to 60th percentile in 2023, measured in the biannual engagement survey relative to the global benchmark.

Safety

Lost-time injury frequency (LTIf)

1.11

(0.93 LTIF)

In 2023, the lost-time injury frequency rate increased from 0.93 to 1.11, partly driven by a focus on improving the reporting culture, which has led to more reported cases.

2023	1.11
2022	0.93
2021	0.93
2020	1.22
2019	1.16

Diversity

% in headcount

27%

(26%)

The share of women in leadership roles, including leaders, senior leaders and executives, increased to 27% (26%), requiring continued attention.

Executive summary
The global integrator
Performance
Governance
Financials

Five-year summary

Income statement	2023	2022	2021	2020	2019
Revenue	51,065	81,529	61,787	39,740	38,890
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	9,591	36,813	24,036	8,226	5,712
Depreciation, amortisation and impairment losses, net	6,615	6,186	4,944	4,541	4,287
Gain on sale of non-current assets, etc., net	523	101	96	202	71
Share of profit/loss in joint ventures and associated companies	435	132	486	299	229
Profit before financial items (EBIT)	3,934	30,860	19,674	4,186	1,725
Financial items, net	428	-629	-944	-879	-758
Profit before tax	4,362	30,231	18,730	3,307	967
Tax	454	910	697	407	458
Profit for the year – continuing operations	3,908	29,321	18,033	2,900	509
Profit/loss for the year – discontinued operations[1]	-	-	-	-	-553
Profit/loss for the year	3,908	29,321	18,033	2,900	-44
A.P. Møller - Mærsk A/S' share	3,822	29,198	17,942	2,850	-84
Underlying profit – continuing operations	3,954	29,703	18,170	2,960	546
Balance sheet					
Total assets	82,100	93,680	72,271	56,117	55,399
Total equity	55,090	65,032	45,588	30,854	28,837
Invested capital	50,430	52,410	44,043	40,121	40,555
Net interest-bearing debt	-4,658	-12,632	-1,530	9,232	11,662
Cash flow statement					
Cash flow from operating activities	9,643	34,476	22,022	7,828	5,919
Repayments of lease liabilities	3,226	3,080	2,279	1,710	1,291
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	3,646	4,163	2,976	1,322	2,035
Cash flow from financing activities	16,805	14,135	7,900	5,618	4,800
Free cash flow	3,967	27,107	16,537	4,648	2,340

Amounts in USD million

Financial ratios	2023	2022	2021	2020	2019
Revenue growth	-37.4%	32.0%	55.5%	2.2%	-0.9%
EBITDA margin	18.8%	45.2%	38.9%	20.7%	14.7%
EBIT margin	7.7%	37.9%	31.8%	10.5%	4.4%
Cash conversion	101%	94%	92%	95%	104%
Return on invested capital after tax – continuing operations (ROIC)	7.4%	60.4%	45.3%	9.4%	3.1%
Equity ratio	67.1%	69.4%	63.1%	55.0%	52.1%
Underlying ROIC	7.5%	61.2%	45.7%	9.6%	3.2%
Underlying EBITDA	9,771	36,843	24,036	8,324	5,790
Underlying EBITDA margin	19.1%	45.2%	38.9%	20.9%	14.9%
Underlying EBIT	3,962	31,244	19,808	4,231	1,761
Underlying EBIT margin	7.8%	38.3%	32.1%	10.6%	4.5%
Stock market ratios					
Earnings per share – continuing operations, USD	227	1,600	941	145	23
Diluted earnings per share – continuing operations, USD	227	1,595	938	145	23
Cash flow, operating activities per share, USD	572	1,889	1,155	399	288
Dividend per share, DKK	515	4,300	2,500	330	150
Dividend per share, USD	74	623	381	55	22
Share price (B share), end of year, DKK	12,140	15,620	23,450	13,595	9,608
Share price (B share), end of year, USD	1,800	2,242	3,576	2,246	1,439
Total market capitalisation, end of year, USDm	28,541	39,135	64,259	41,957	28,000
Environmental and social data					
Ocean: Reduction in carbon intensity (EEOI) by 2030 (2020 baseline)	4%	-7%	-6%	0%	-
Fatalities	4	9	4	1	5
Lost-time injury frequency (LTIf)	1.11	0.93[2]	0.93	1.22	1.16
Women in leadership (% based on headcount)	27%	26%	22%	21%	20%

1 Maersk Drilling was demerged in April 2019 and following the classification of the businesses as discontinued operations, it was presented separately on an aggregated level in the income statement, balance sheet and cash flow statement.
2 The 2022 lost-time injury frequency (LTIf) was restated from 0.90 to 0.93.

Definition of terms → See page 125.

The global integrator

Santa Fe Springs, California, United States

OUR PURPOSE

Improving life for all by integrating the world

The integration illustrated by five years of Automatic Identification System (AIS) transponder data from A.P. Moller - Maersk vessels registered in the company's scheduling system GSIS

Gateway terminals and hubs

A.P. Moller - Maersk is an integrated logistics company working to connect and simplify its customers' supply chains. As a global leader in logistics services, the company has 100,000+ customers, operates in more than 130 countries and employs around 100,000 people. A.P. Moller - Maersk is aiming to reach net zero emissions by 2040 across the entire supply chain with new technologies, new vessels and green energy solutions.

Ocean

Green methanol-enabled vessels on order	24
Containers per annum (m FFE), serving over 475 ports worldwide	11.9
Container vessels deployed	670+

Logistics & Services

7,800k+ sqm warehousing capacity worldwide across	460+ sites
Electric vehicles in operation; 200+ more on order	100+
Intermodal volumes managed (m FFE)	4.0

Terminals*

Moves in 2023	21.7m
Vessel calls	27,000+
Operating facilities across 35 countries; 3 new port projects	62

* Gateway terminals and hubs

BUSINESS MODEL

Our business and how we create value

A.P. Moller - Maersk is a purpose-driven company and always has been. Increasing complexity in global supply chains drives the need for integrated logistics. We aim to fulfil that need by sustainably and responsibly delivering better, simpler and more reliable outcomes for our customers.

Improving life for all by integrating the world.

What we depend on

Purpose-driven people and our culture
Our talented, diverse team of around 100,000 employees with 181 nationalities.

Our brand
For over a century, we have built partnerships with customers, enabling them to prosper by facilitating global trade.

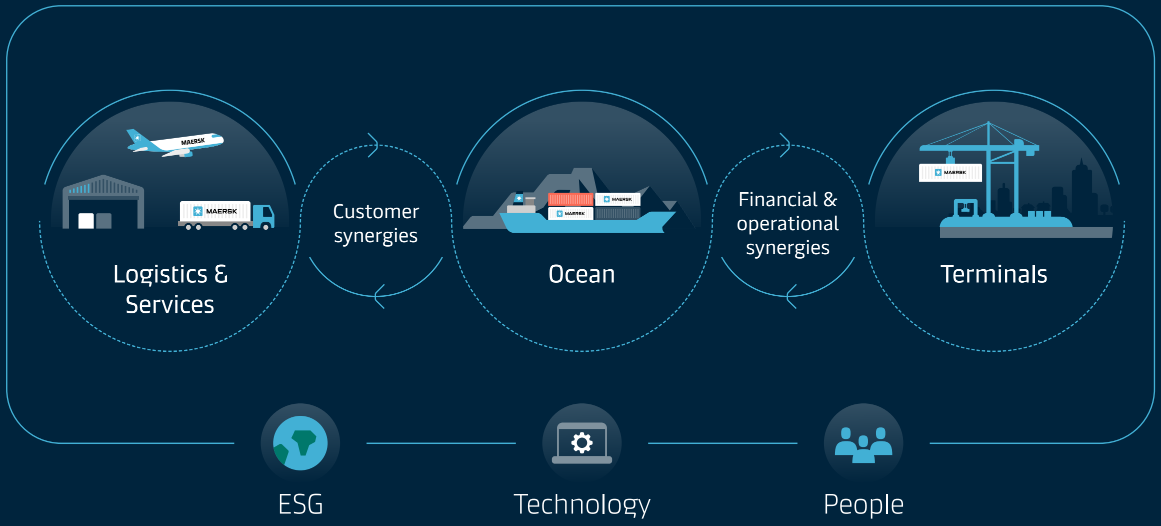
Natural resources
Our business relies on natural resources such as steel for vessels and oil, biomass and water for conventional and green fuels.

Stakeholder relationships and partnerships
We rely on constructive relationships with customers, suppliers, peers and authorities.

Assets and end-to-end delivery network
Our assets, supplier relationships and logistics expertise ensure resilient supply chains.

Financial capital
We have a strong balance sheet and are committed to remaining investment grade-rated.

Technology and data
Technology and data are key to connecting and simplifying supply chains.



Through the enablers of ESG, Technology and People, customer, financial and operational synergies are unleashed from the integrated businesses of Ocean, Logistics & Services and Terminals. → See page 18

Value created for

Our customers
We aspire to provide truly integrated logistics for 100,000+ customers' supply chains, while helping them meet their decarbonisation commitments.

Our people
We keep our people safe and engaged while offering equitable and interesting career paths.

Society
By integrating global logistics, we improve the flow of goods and materials that sustain people, businesses and economies the world over and contribute to improved quality of life and prosperity.

The planet
Our industry is a significant contributor to global greenhouse gas (GHG) emissions, and we are committed to realising net zero emissions by 2040.

Shareholders
In our transformation to become the global integrator of container logistics, we continue to innovate and grow shareholder value.

A resilient global economy

In the first half of 2023, container trade demand growth was in negative territory. In the same period, the contract logistics business continued to remain resilient. The inventories that retailers were trying to reduce had to be stored and processed, making the weakness of one segment the strength of the other. The tide turned in the second half of the year, bringing demand growth back on Ocean, while contract logistics entered a period of realignment.

A more resilient global economy than expected in 2023

The global economy has demonstrated resilience in the face of rapid increases in interest rates. Consequently, the growth rate for 2023 stands at 2.7% according to Oxford Economics, surpassing the initially projected 2% at the year's outset. Strength was concentrated in the service sector that completed its recovery from the pandemic shock. Conversely, global manufacturing remained in contraction. Throughout 2023, the Manufacturing Purchasing Managers Index (PMI) consistently registered values below 50 – the threshold indicating contraction – and concluded the year at 49.

The stalwart of this unexpected resilience has been the US consumer, bolstered by accumulated savings and a robust labour market. Consumer goods spending experienced a notable uptick of 2.1% in 2023. Despite a robust demand for goods, inflation followed a downward trajectory, decreasing from an initial 6.4% at the start of the year to 3.4% by December. The impact of high interest rates on economic activity has proven more lagged than market expectations.

Unlike in the US, the European economy has evolved broadly as expected, and it is in fact following the central bank playbook: the impact of increased interest rates has slowed economic activity, evidenced by a negative sequential growth in Q3 and flat growth in Q4. Overall, economic activity has remained stagnant throughout the year.

Retail sales in the Euro area experienced a decline of 1.7% in 2023. However, it is important to highlight that this decline is partly driven by the fuel and food sectors. Excluding these groups, retail sales only saw a 0.5% decrease. With inflation gradually receding to 2.9% in December and nominal wage growth picking up, growth in real compensation of employees turned positive in the second half of the year. The drag on consumption from declining real earnings started to ease. Working in the opposite direction is slower employment growth, which is unlikely to bring the unemployment rate down from the 6.4% in December.

Meanwhile, the Chinese economy grappled with persistent structural imbalances, characterised by high household savings, low consumption, unproductive investment and ongoing deleveraging in the housing market. After the initial disappointments stemming from the end of the zero-COVID-19 policy, the short-term outlook failed to improve in the second half of the year.

The inventory correction continued its course

The inventory correction has been a significant issue affecting trade in 2023. The combination of weak imports and strong consumer demand brought US inventories into a better balance. Bureau of Economic Analysis statistics show that, in November, retailers' (excl. auto) inventories-to-sales ratio was 1.14, comparable to pre-pandemic levels in the US. However, despite progress, there are still pockets of inventory risk within specific retail segments, particularly in categories such as food and beverages, building materials, garden equipment and furniture. In contrast, the inventores-to-sales-ratio for cars and parts is very low. Wholesalers' inventories-to-sales ratio also continued to trend down. Unlike in the US, the inventory picture remains mixed in Europe. At the aggregate level, inventories have continued to accumulate at a relatively fast pace in Europe during 2023, also because of the slowdown in consumer goods spending growth. Underneath the Europe headline, there are large cross-country differences. The inventory situation looks more challenging in countries like Germany and France and a bit less so in Italy, Spain and the Netherlands. In the UK, there has been outright destocking for several quarters, such that the inventory-to-demand ratio has declined slightly despite weak final demand growth, and it is currently fairly close to historical averages.

Demand for logistics services pivoted from contract logistics to container trade

In the first half of 2023, global container trade demand growth was in negative territory by 6.4% y/y. In the same quarters, contract logistics demand continued to remain resilient with 3% growth y/y. The inventories that retailers were trying to bring down had to be stored and processed, making the weakness of one segment the strength of the other.

As the year progressed, the tide turned on Ocean. Demand growth was 2% in Q3 and 6% to 8% in Q4, driven by technology and automotive. On the other hand, as inventories were brought in line with expected sales, demand for contract logistics started to contract in Q3.

Regionally, the full-year container trade import growth in 2023 was notably negative in North America by -10% and in Oceania by -5%, remained flat in Far-East Asia, and was strong in Africa by 12% and in West Central Asia by 7%. Imports into Europe and Latin America were robust, each recording a year-over-year growth of 5%, see figure 1.

Demand for air freight forwarding has been exceptionally weak in 2023. Demand declined, bringing volumes below pre-pandemic levels. The combination of slow demand and low rates on Ocean points to a possible modal shift. Weakness is broad-based with all verticals showing negative growth, except reefer.

Figure 1 Container volume growth in 2023 (%)

Source: Maersk Strategic Insights
1) Data displayed on geographical regions excl. Intra Regional
2) Actuals available up to November 2023; December is based on estimates
3) Mexico is part of the Latin America region in order to be consistent with the North America trade cluster
4) Colours embed information on the current dynamics relative to the 2011-19 average.

Road freight contracted in 2023 both in the US and in Europe, however, with different magnitude. In the US, it declined by 6% y/y, following the exceptional growth of 2021 and the first half of 2022. Despite negative growth, demand held up in the second half of the year for Less-Than-Load (LTL) services compared to full truckload freight (FTL), as shippers traded down to smaller consignment formats. Demand for road freight has been negative in Europe as well, but the contraction has been more modest. This is consistent with growth during the pandemic recovery, which has been positive but more modest. Among the large Europe markets, Germany has been the weakest due to the importance of manufacturing, while in the UK a reset is in place following Brexit and pandemic shock.

Supply has been a problem for container trade and US road freight

The improvement in container trade demand throughout the year failed to support rates due to the increase in capacity available in the market. Nominal capacity expanded by 8% in 2023. The supply-demand balance deteriorated in the first half of the year, and marginally improved in the second half thanks to stronger demand. The accumulation of overcapacity brought utilisation down throughout the year.

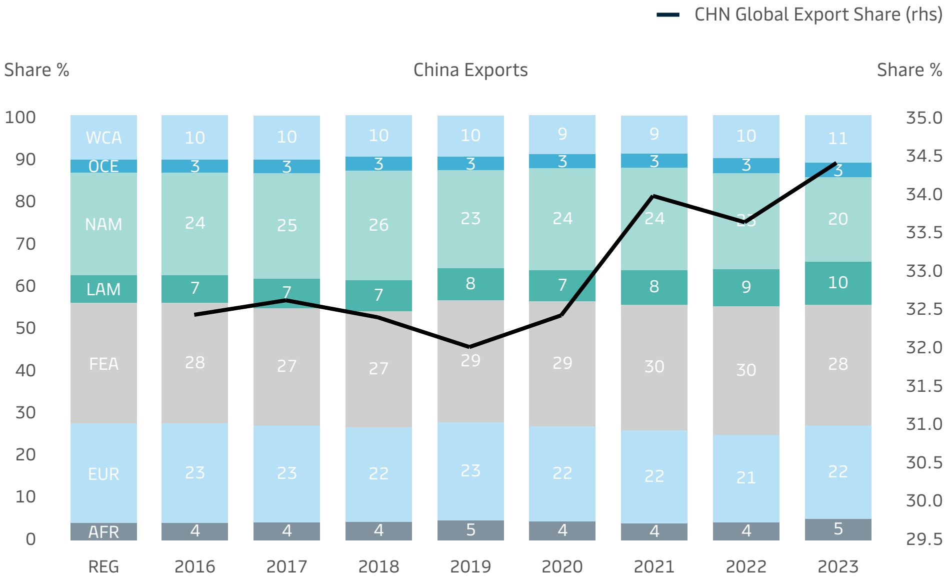
This is in stark contrast with contract logistics. Vacancy rates for warehouses remained on the low end of historical data due to the slow intake of newbuilds. In Europe, the vacancy rate ended in Q3 2023 at 5.2% according to Savills, while the Q4 2023 rate was 5.2% in the US (Cushman & Wakefield).

The US road freight demand has seen elevated capacity since carrier numbers expanded rapidly during 2021. Record high rates saw large numbers of small, independent carriers enter the market, significantly increasing total supply. Throughout much of 2023, despite falling rates, carriers proved resilient and remained in the market despite higher costs. There were a couple of exits, particularly in the LTL and brokerage segments, but for much of 2023 carriers were able to weather higher costs and lower rates better than expected.

Geopolitics is reshaping trade flows

The concerted efforts in both Europe and the US to reduce dependency on imports from China have altered trade dynamics in container trade and air freight. Historically, North America relied on China for approximately half of its total container imports until 2019. However, by 2023, the share of China in total North America decreased to 42%. Concurrently, there has been a notable surge in imports from Southeast Asia, compensating for most, though not entirely, of the decline in imports from China. Additionally, there is a growing trend in North American imports originating from the Indian sub-continent.

Figure 2 China has maintained export market share despite US trade diversion



Source: FBR (M202312)

Despite this trade diversion, China's share of global exports has remained steadfast at around one-third, showing minimal change over the past decade, see figure 2. What stands out is China's success in expanding its exports into regions like Latin America, the Middle East, Africa and the Eastern Mediterranean, despite a challenging macroeconomic and market outlook in these areas.

Change is visible also on air freight forwarding, where exports from China has softened to the US and strengthened to Mexico, and more so differently than from other countries. Mexican import volumes from China are small compared to the US, but their share increased recently. Notably, tech products have been the driver of the decline in US imports from China and the rise of Mexican imports.

The risks map thickened

Towards the end of 2023, the resilience of the economy faded away. Slower economic growth is likely to characterise 2024. The consensus forecast for global GDP growth is in the range of 2%. Despite a weak economy, air freight forwarding demand is expected to grow positively again in 2024, between 2% and 5% y/y. Container trade as well, between 2.5% and 4.5%. Contract logistics in the US is expected to be flat. In Europe, road freight and contract logistics are expected to grow modestly around 1%, while the US road freight demand will continue to adjust, with growth expected to remain negative.

Considerable uncertainty looms over the macroeconomic and market outlook, owing to several key risks:

- Geopolitical tensions persist as the most visible risks, with the situation around the Houthi attacks in the Red Sea being a very current example. To date, a resolution to conflicts in Gaza and Ukraine remains elusive. Geopolitical tensions can impact energy prices and disrupt supply chains, subsequently affecting global growth and business costs, in addition to the significant human toll.
- As climate patterns shift, the frequency of extreme events is increasing. Prolonged disruptions caused by low rainfall in Panama are expected to persist into the first half of 2024, affecting schedule reliability for container trade and logistics.
- Inflation might prove challenging to curb further, potentially prompting central banks to delay interest rate cuts. Prolonged high interest rates could trigger a financial event in the coming months.
- The convergence of slowing economic growth and elevated interest rates raises concerns about the sustainability of debt, posing risks for both corporate entities and sovereigns. A potential debt crisis could escalate a soft economic landing into a severe downturn, impacting global markets across the board.
- Conversely, Europe might surprise with positive momentum stemming from an improving consumer outlook. Restored purchasing power, fuelled by decreasing inflation and consistent wage growth, could enhance sentiment and positively impact demand for logistics.

STRATEGY

The global integrator

2023 was another year where A.P. Moller - Maersk's transformation from diversified conglomerate to be the integrator of container logistics made progress, with the objective to connect and simplify customer's supply chains while providing increased transparency, tighter control and drive higher efficiencies.

The vision includes the combination of a broad product and service offering of Logistics & Services with a highly dependable and more differentiated Ocean transportation offering. Significant financial and operational synergies are realised between Terminals and Ocean, including leveraging the company's own Ocean volumes to optimise and de-risk terminal operations.

Despite the highly dynamic market situation observed in 2023, rich in disruptions on the back of the COVID-19-fuelled boom and the supply chain disruptions, A.P. Moller - Maersk's strategy remains 'in season'. Although the business in Logistics & Services did not grow in 2023, significant new wins were registered during the year. This is a strong testament that despite, and partly also because of the changing reality and radically different environment, the company's customers' buy-in to the integrator strategy, across verticals, size and geographies is unwavering. A.P. Moller - Maersk's strategy continues to generate tremendous interest among customers and across the industry, including competitors. They see tangible value and the value proposition is as relevant as ever for them, addressing their main pain points.

Performing while transforming

The strategy is underpinned by innovative technology, the Group's industry leading commitment to ESG, not least the Group's commitment to reach net zero carbon emissions by 2040 across A.P. Moller - Maersk's businesses, and the Group's highly capable people.

The ability to put the customer first, help them navigate disruptions and absorb the inherent complexity of global logistics is a true differentiator which A.P. Moller - Maersk aspires will spearhead the Group's strategy and efforts in making A.P. Moller - Maersk a global integrator.

The key business segments continue to perform while transforming amidst some unprecedented market circumstances experienced in 2023 on the back of the COVID-19 period. As much as the company continues to optimise each business segment's operational and financial performance, the customers value the unmatched full A.P. Moller - Maersk network with its scale, connectivity and accessibility.

The road from a conglomerate to the global integrator

2017

The vision
A.P. Moller - Maersk's vision to become the global integrator of container logistics was introduced and the Hamburg Süd acquisition was closed

2018

Demerger of entities
Maersk Tankers, Maersk Oil and Maersk Drilling to focus the company towards container logistics

2019

Simplified customer experience
The commercial frontlines of Ocean and Logistics & Services were merged to improve customer interaction and accelerate organic growth

Acquisitions to bridge identified capability gaps
Vandergrift, Performance Team and KGH Customs Services

2020

Reorganisation
The reorganisation of Ocean and Logistics & Services completed and the integration of the Safmarine brand, Damco air freight and LCL to improve customer experience and end-to-end service delivery

2021

e-commerce and Air capabilities acquired
Acquisitions to bridge capability gaps within the e-commerce and Air space with Pilot, Visible, B2C Europe, HUUB and Senator International

First methanol vessels ordered
First vessels capable of operating on green methanol ordered to enable the company's decarbonisation journey

2022

Project logistics solutions and contract logistics
Acquisitions of Martin Bencher to complement A.P. Moller - Maersk's project logistics solutions portfolio and LF Logistics to complement for contract logistics

2023

2M break-up
The 2M alliance termination in 2025 announced with the goal to enable the Integrator strategy and unlock higher value for A.P. Moller - Maersk's customers

Reorganisation
New organisation introduced to pivot on the transformation strategy

First methanol-fuelled vessel in the world
Delivery of Laura Mærsk

2024

Ocean network
A.P. Moller - Maersk has entered a long-term operational collaboration with Hapag-Lloyd from February 2025 named Gemini Corporation

Bringing the global integrator to life

Logistics & Services

For A.P. Moller - Maersk, following the years of strong business growth, 2023 marked a year of transition in Logistics & Services on the back of COVID-19.

Over the course of 2023, consumers reverted back to normal spending patterns, increasing spending on experience economy and reducing on goods. Volumes going through the supply chain slowed down drastically as excess inventory had to be worked down and as a consequence, prices rapidly adjusted back to pre-pandemic levels, and in some cases below. This is expected to continue for most of 2024, where the market will gradually start recovering as inventory levels normalise and volumes start to pick up again.

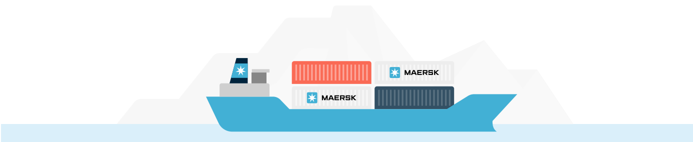
Similarly to the market, 2023 was a year of adjustment also for the Group, where focus has shifted to operational excellence in order to deliver to the customers, which remain at the centre of the activities, with the product depth, breadth and service quality required.

Reliability, cost and speed remain the hygiene factors customers expect, while resilience is also a critical customer requirement. In the face of economic headwinds, geopolitical instability and accelerating paradigm shifts in the logistics industry, these requirements will become ever more important, and A.P. Moller - Maersk is continuing its focus on providing better solutions to meet those needs.

Acquisitions have played a critical role in filling gaps in the company's ability to provide end-to-end solutions, securing critical knowledge, assets and geographic coverage. While the past years have been dominated by acquisitions, the focus in 2023 has been on integrating those acquisitions with the goal to deliver on the financial and operational synergies.

Reference to the business model
→ See page 13

Ocean



In Ocean, normalisation on the back of COVID-19 was felt in the industry and in A.P. Moller - Maersk already in the second half of 2022, which continued throughout 2023 until the emergence of another supply chain crisis centred around the Red Sea.

Customers' business needs are evolving, and the need for supply chain resilience and stability has never been greater. The Red Sea crisis is another proof point, following the supply chain disruptions experienced during COVID-19.

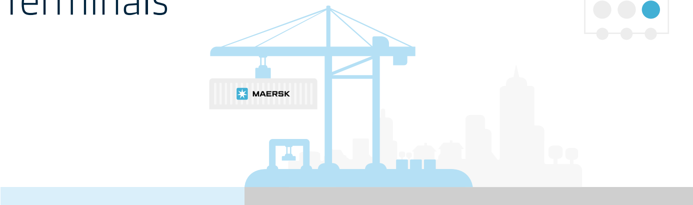
In 2023, as the Ocean industry entered into a new chapter characterised by a deteriorating supply-demand balance, managing operations and improving EBIT margins became a sharp focus for the company. This required frequent and active adjustments of deployed capacity, while ensuring adequate and flexible access for customers to high-quality and reliable Ocean products.

That is why the company is designing a best-in-class ocean network that will offer an industry-leading combination of reliability, speed to market and geographical reach, all while continuing to support decarbonisation and the company's goal of being net-zero in the future.

To deliver this network, A.P. Moller - Maersk has entered a long-term operational collaboration with Hapag-Lloyd, the 'Gemini Cooperation', to be implemented from February 2025, immediately after the conclusion of the current 2M Alliance.

The new network design in combination with the launch of Gemini Coorporation represents an innovation that allow A.P. Moller - Maersk to continuously evolve to meet customer needs, while maintaining a disciplined approach to CAPEX and keeping the company's fleet around 4.3 million TEU.

Terminals



Terminals is an integral part of the end-to-end container shipping supply chain and remain critical for A.P. Moller - Maersk's integrator strategy, enabling network stability while lowering costs to serve its customers and deliver stable and resilient earnings.

2023 was another year of profitable earnings in Terminals, despite the onset of normalisation in ocean shipping enabled by cost management actions, strong focus on operational excellence and cooperation with local authorities to adjust tariffs in line with inflation.

Terminals continues to be a global leader among terminal operators, aiming to delivering operational quality and efficiency, pursuing an ambitious ESG agenda and driving local economic engagement, growth and development. Through these differentiated and continuously evolving capabilities, Terminals is creating value for host governments and customers across the value chain.

Terminals plays a key role to the integrator strategy, through the hub terminals which have been preparing for the launch of the new Ocean network in February 2025. Substantial investments in physical and digital infrastructure at the hubs, in addition to close operational collaboration with Ocean, are essential to unlocking target standard for Ocean reliability.

ESG

A.P. Moller - Maersk's ambitious commitments on ESG are core to the purpose of the group, an integral part of its business strategy and a prerequisite for success as the global integrator.

In 2023, A.P. Moller - Maersk became the first in the shipping industry to have its 2030 and 2040 targets validated by the Science Based Targets initiative (SBTi) in alignment with a 1.5°C and net zero pathway, and the company made progress on its roadmap to decarbonise logistics across all business areas.

A hallmark moment was the arrival of Laura Mærsk in 2023, the world's first container vessel capable of sailing on green methanol. In 2024, A.P. Moller - Maersk will see the arrival of more new methanol-capable vessels out of the 24 vessels currently on order. Securing access to green energy solutions at scale remains a key strategic priority.

In 2023, A.P. Moller - Maersk signed the first large-scale green methanol offtake agreement with Chinese developer Goldwind.

2023 saw continued demand growth for the company's low emissions ECO Delivery Ocean product. Around 3% of Ocean volumes are now transported with ECO Delivery versus 2% in 2022.

Reflecting the Group's dedication and progress on decarbonisation and the broader ESG agenda, A.P. Moller - Maersk was for the first time awarded the highest scores in its top two prioritised ESG ratings in 2023, receiving a Platinum rating from EcoVadis and an A score in CDP Climate Change. These two ratings are significant because they are valued by the company's customers and the financial sector. The EcoVadis Platinum rating is reserved for top 1% of companies within the industry based on their ESG score, and in 2023, only 346 companies out of over 21,000 across all sectors made the CDP A list. For further details on the A.P. Moller - Maersk ESG priorities and progress, see the Sustainability highlights page 20.

Technology

A.P. Moller - Maersk embarked on a process and tech transformation journey in 2020 to enable growth through scalable platforms, deliver better quality and customer outcomes, and unlock user productivity.

The technology landscape in the broader logistics industry remains heavily fragmented, plagued by a lack of standards and data compatibility. This drives costs, operational friction, poor reliability, and limited visibility and control for A.P. Moller - Maersk's customers.

As part of A.P. Moller - Maersk's strategy, the company is on a journey to transform its process and technology landscape by:

- Stabilising and modernising core applications and infrastructure
- Accelerating the move to standardised processes and automated workflows by leveraging digital platforms
- Integrating modern platforms to automate end-to-end workflows and enable seamless data flow.

Considerable progress has been made over the past year, including:

- System availability and decreasing lost business hours
- Simplifying the technology stack by decommissioning about half of the legacy applications that have been earmarked as redundant
- Progressing the roll-out of modern platforms, including A.P. Moller - Maersk's landside platform (TMS), Warehouse Management System (WMS), and new Supply Chain Platform
- Kick-starting the automation of processes through integrations, with Ocean Delivery now being one of the most integrated processes.

The company continues its efforts to digitise customer and operator workflows, including providing comprehensive visibility across supply chains along with greater control.

AI represents a significant opportunity to unlock productivity, enhance employee experience, increase profitability and accelerate the transformation of A.P. Moller - Maersk. To capitalise on this opportunity and turn it into a competitive advantage, A.P. Moller - Maersk continues to invest both in established AI initiatives such as Digital Twin simulations and demand forecasts as well as early-stage pilots with generative AI based tools to automate otherwise manual, repetitive tasks and boost employee productivity.

People

People working at A.P. Moller - Maersk are essential drivers in delivering customer value by addressing customer needs, developing deep content expertise and spearheading the transformation journey into an integrated logistics company.

Delivering on the strategy requires building and rebalancing of skills and capabilities across the organisation, especially within logistics and technology, and of the company's DNA, while embedding a culture of customer centricity among thousands of colleagues, current and new.

Maintaining strong capabilities in the focus areas, attracting and retaining talent as well as talent development are top priorities for A.P. Moller - Maersk. In 2023, the company continued investing in the People Strategy, making progress on initiatives for performance management, leadership capabilities, career building and upskilling its teams while ensuring the talent pipeline needed to bring the business strategy to life. Progress continued despite 2023's sharp market downturn, which necessitated a reduction of the workforce in 2023. In line with its values, A.P. Moller - Maersk worked to reduce the impact to its people as much as possible through natural attrition, local savings and organisational adjustments.

To secure and retain the needed talent, A.P. Moller - Maersk strives to remain an employer of choice, offering employees exciting development opportunities and a company environment that values diversity of thought. The company continued to build on the performance management approach and culture launched in 2022, moving away from traditional ratings to continuous performance conversations, with the goal of improving performance, alignment, and career growth.

A.P. Moller - Maersk's strong commitment to create an engaging environment for all colleagues remains at the centre of the efforts, also covering Diversity, Equity and Inclusion (DE&I) principles as the company aspire to create a safe and inclusive workplace for all where colleagues can develop and have thriving careers. For further details, see the 2023 Sustainability Report.

SUSTAINABILITY HIGHLIGHTS

Progress on ESG strategy

2023 was the hottest year in recorded history, highlighting the urgency of addressing climate change and the imperative for a green transition in global supply chains. A.P. Moller - Maersk took delivery of the world's first container vessel capable of running on green methanol. This is only the beginning of the journey, however, and transitioning the industry is not something one company can do alone – it is dependent on the right regulatory framework, among others, and the willingness of customers to support decarbonisation.

Sustainable and responsible supply chains are a baseline requirement from customers, investors, employees, regulators and broader society today. In 2023, A.P. Moller - Maersk worked actively and strategically with all aspects of sustainability risks and impacts, as part of its comprehensive ESG strategy. A.P. Moller - Maersk's focus since the launch of this strategy in early 2022 has been on defining the roadmaps and ensuring strong governance to drive meaningful progress on the ESG commitments and to aim for fully integrating those activities across the business and into decision-making.

The ESG strategy is linked to the company's Purpose and Core Values. It is also an integral part of, and prerequisite for, the success of A.P. Moller - Maersk's global integrator strategy, including ambitious and science-based targets to reach net zero emissions by 2040. This is essential to supporting many of A.P. Moller - Maersk's customers' own ambitious decarbonisation targets. In 2023, the company achieved validation of an updated set of climate targets aligned with the Science Based Targets initiative's 1.5-degree pathway and net-zero standard. These will lead to a review and alignment of some of A.P. Moller - Maersk's current targets on decarbonisation. In other ESG areas, targets set for 2023 including for safety and security, business ethics and data ethics, will carry over into 2024 as annual training targets.

Looking ahead, external expectations, regulation and reporting requirements continue evolving, and new ESG regulatory landscapes are taking shape regionally and globally – these will spark increased transparency and enhanced reporting practices which will unfold over the coming years. From 2024 and onwards, the Corporate Sustainability Reporting Directive (CSRD) will require A.P. Moller - Maersk to fully integrate reporting according to European Sustainability Reporting Standards (ESRS) directly in the Annual Report. In 2023, in preparation for these requirements, A.P. Moller - Maersk conducted a double materiality assessment which will guide the 2024 integration of the company's annual and sustainability reports.

A.P. Moller - Maersk ESG strategy

	Strategic targets	Performance 2023	Updates to targets
Environment	We will take leadership in the decarbonisation of logistics		
We will deliver on our customer commitment to decarbonise their supply chains in time and our societal commitment to act and have impact in this decade	**2030:** Aligned with the Science Based Targets initiative's 1.5-degree pathway Industry-leading green customer offerings across the supply chain **2040:** Net zero across the business 100% green solutions to customers	Carbon intensity (Ocean) decreased by 4% compared to 2020 baseline Reduction of emissions (scope 1 and 2) of 13% in Terminals since 2020 Share of Ocean freight transported with green fuels increased to 3%	**2030:** 35% absolute reduction in total scope 1 emissions 100% renewable electricity sourcing 22% absolute reduction in total scope 3 emissions **2040:** 96% absolute reduction in total scope 1 and 2 emissions 90% absolute reduction in total scope 3 emissions
Social	We will ensure that our people thrive at work by providing a safe and inspiring workplace		
We ensure everyone gets home safe by preventing fatal and life-altering incidents	**2023:** 100% of Learning Teams completed following High Potential Incidents Global Leadership (Top 1,200) upskilled in A.P. Moller - Maersk safety and security principles	99% Learning Teams completed following High Potential Incidents 98% leadership trained in A.P. Moller - Maersk safety and security principles	Only the target on Learning Teams will continue in 2024
We create an engaging environment for all colleagues	**2025:** Employee Engagement Survey score in the 75th percentile of global norm	60th percentile	No change to target
We facilitate diversity of thought	**2025:** >40% women in management and leadership >30% diverse nationality (non-OECD) of executives	35 % women in management and leadership 20% diverse nationality (non-OECD) of executives	No change to targets
Governance	We operate based on responsible business practices		
We live our Code of Conduct	**2023:** 100% of employees (in scope) trained in Maersk Code of Conduct	92% of employees (in scope) trained	Target continues for 2024
We protect and treat data with respect	**2023:** 100% of employees (in scope) trained on data ethics	91% of employees (in scope) trained	Target continues for 2024
We procure sustainably	**2024:** 100% of suppliers (in scope) committed to the Supplier Code of Conduct	95% of suppliers (in scope) committed	No change to target

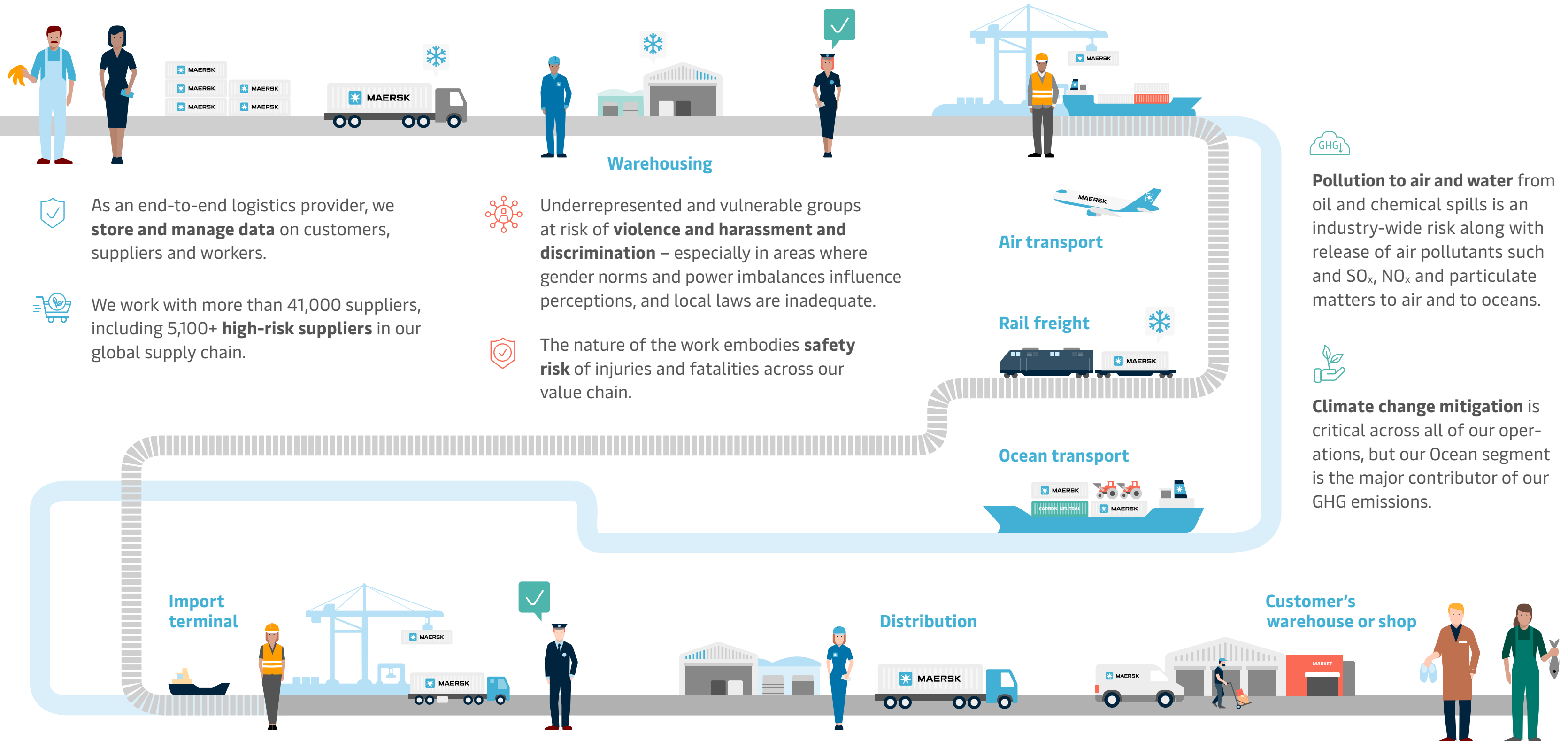
Negative impact
$ Financially material impact
Positive impact

ESG strategy category	Material issues
Environment	
Climate change	$ Climate change mitigation
	$ Climate change adaptation
Environment and Ecosystems	$ Resource inflows
	$ Pollution to air, water and soil
	Water use
	Biodiversity and state of species
	Degradation of ecosystems
	Waste and ship recycling
Social	
Safety and security	$ Safety and security
DE&I	$ Violence and harassment
	Diversity and diverse abilities
	Work-life balance
Human capital	$ Talent development
Employee relations and labour rights	$ Working conditions
	Work related rights
Human rights	Salient human right issues
Governance	
Business ethics	$ Corruption and bribery
	Protection of whistleblowers
	Corporate culture and transparency
Data ethics	Data privacy and ethics
Sustainable procurement	$ Supplier relations
Responsible tax	Responsible tax
Citizenship	Citizenship
Across categories	Climate advocacy
	Political engagement

Material ESG impacts and risks

As part of A.P. Moller - Maersk's double materiality assessment, the company has assessed material impacts and risks across its operations and value chain as shown below. These are not exhaustive but highlight the variety of the material impacts and risks from the activities that the company manags as an integrator of global supply chains. For information on how these are managed to minimise harm and mitigate risk, see the relevant ESG category chapters.

For more information on the double materiality assessment → see the 2023 Sustainability Report.



As an end-to-end logistics provider, we **store and manage data** on customers, suppliers and workers.

We work with more than 41,000 suppliers, including 5,100+ **high-risk suppliers** in our global supply chain.

Underrepresented and vulnerable groups at risk of **violence and harassment and discrimination** – especially in areas where gender norms and power imbalances influence perceptions, and local laws are inadequate.

The nature of the work embodies **safety risk** of injuries and fatalities across our value chain.

Pollution to air and water from oil and chemical spills is an industry-wide risk along with release of air pollutants such and SO_x, NO_x and particulate matters to air and to oceans.

Climate change mitigation is critical across all of our operations, but our Ocean segment is the major contributor of our GHG emissions.

Our assets are exposed to climate-related hazards. **Climate change adaptation** is material to the resilience of our business and to our customers, supply chains.

Corruption & bribery is an industry-wide risk for the transport and logistics industry.

Long stretches on the road and inadequate access to housing and sanitation can impact truck drivers' well-being and **conditions of work.** In logistics, the workforce is typically more fragmented and less unionised, increasing the risk of violating **workers' rights.**

A large part of our water consumption in landside operations occurs in **areas of high water stress.**

A.P. Moller - Maersk has defined 14 ESG categories covering all material impacts and risks. Each category is owned by an executive sponsor and anchored in relevant functions that drive implementation and performance. The company reports on the strategy, governance and performance across all the 14 categories in the Annual Sustainability Report, supplemented by further details, TCFD and SASB indexes in an online ESG Factbook. From 2023, executive remuneration (Long-Term Incentive) has been linked to selected ESG KPI targets.

Environment

Global logistics is responsible for 11% of all greenhouse gas emissions. As a key industry player, A.P. Moller - Maersk is obligated to be part of the solution and play a leading role in the decarbonisation of logistics, with a commitment to support a green and just transition, based on respect for human rights, social dialogue and stakeholder engagement.

The results of the double materiality assessment confirm that climate change is a highly material topic to A.P. Moller - Maersk, both from an impact and financial risk perspective, see page 21. Wider environmental risks, addressed in the Environment & Ecosystems section of the 2023 Sustainability Report, are an area of growing focus from regulation and key stakeholders, in particular impacts on nature and biodiversity.

Climate change: delivering concrete progress towards net zero by 2040

In 2023, A.P. Moller - Maersk took delivery of Laura Mærsk, the world's first container vessel with an engine capable of running on green methanol. This important step sent a clear demand signal to the industry, and today there are some 180 methanol-capable vessels on order across the industry. Ocean activities are A.P. Moller - Maersk's primary source of GHG emissions, but not the only source, and 2023 also saw progress in decarbonising Terminals and Logistics & Services businesses, as detailed in this report's specific sections.

In early 2022, A.P. Moller - Maersk introduced an accelerated net zero 2040 target, including key milestones needed by 2030 from a 2020 baseline, and committed to aligning targets with the SBTi 1.5-degree pathway to 2030 and the 2040 net-zero standard. Following the publication of the long-awaited SBTi sectoral framework for maritime shipping in late 2022, A.P. Moller - Maersk has during 2023 worked to prepare and submit 2030 and 2040 targets. With a successful validation of the targets by the SBTi, A.P. Moller - Maersk is the first in the industry to have its 2030 and 2040 targets validated by the Science Based Targets initiative, in alignment with a 1.5°C pathway and the Net Zero standard.

One of the key drivers behind A.P. Moller - Maersk's approach to decarbonising supply chains is providing customers with green solutions to help them reach their own targets. Today almost 60% of the company's top 200 customers have committed to, or set science-based targets to decarbonise their supply chains. Many of these are on equally ambitious timelines as A.P. Moller - Maersk to reach their targets by 2040 or even sooner.

In 2023, A.P. Moller - Maersk had a total GHG footprint of 79.5 million tonnes, a decrease of 4.1% compared to 2022. The decrease was mainly driven by reduced purchases of capital goods (scope 3) and reduced fuel consumption (scope 1 and 3). Moreover, to align with the SBTi-validated targets, the 2022 baseline has been recalculated, which led to a 6% increase of previously stated emissions.

In 2023, A.P. Moller - Maersk continued increasing the energy efficiency of its fleet through a focus on more energy-efficient operations and the ongoing roll-out of efficiency technologies on owned and time-chartered vessels such as new and improved propellers, bulbous bows, and shore power enablement. Combined with the continued use of second-generation biodiesel in the fleet, the company was able to lower relative emissions intensity, measured by the Energy Efficiency Operating Indicator (EEOI), from 13.0 in 2022 to a record low of 11.68. In 2023, A.P. Moller - Maersk implemented better governance and forecasting processes for EEOI and leading indicators to be able to better track and act on progress during 2024.

Commitments to science-based targets validated by the Science Based Targets initiative[1]

	2030		2040	
Scope 1 Own operation	35%	Absolute reduction in total scope 1 emissions	96%	Absolute reduction in total Scope 1 and scope 2 emissions
Scope 2 Purchased electricity	100%	Renewable electricity sourcing		
Scope 3 Value chain	22%	Absolute reduction in total scope 3 emissions	90%	Absolute reduction in total scope 3 emissions
	Aligned with 1.5-degree pathway by 2030		Net zero by 2040	

1 Main KPI's and targets: baseline year 2022. See A.P. Moller - Maersk's Sustainability website for specific details on the science-based targets shown in this overview. Residual emissions will be neutralised in accordance with the SBTi's Net Zero criteria.

Regulatory impact changing the playing field

A strong supportive regulatory framework will be critical to deliver the green transition of the shipping and logistics industries. 2023 saw promising developments: Regionally, the US Inflation Reduction Act and the European Union's Green Deal are driving significant investments and action across industries. Globally, the International Maritime Organization (IMO) agreed on a framework at the 80th session of the IMO's Marine Environmental Protection Committee (MEPC 80) for member states that sets enhanced ambition levels for reducing GHG emissions over the mid and long-term, and for the uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources.

For A.P. Moller - Maersk, the most important elements in the revised strategy are the IMO's mandate to develop two pivotal and complementary measures by 2025 – a global fuel standard and a maritime GHG emissions pricing mechanism. While the GHG price will address energy efficiency, a global fuel standard of 5-10% green fuels by 2030 will ramp up the use of green fuels in shipping. A variety of GHG pricing mechanisms are currently on the table. A.P. Moller - Maersk, along with other World Shipping Council members, have put forward a proposal for a Green Balance Mechanism that places a relatively modest fee on fossil fuel emissions, which would be used to subsidise the use of green fuels without leading to global inflation.

Ensuring the right fuels for a sustainable green transition

Although there is promising momentum, securing sustainable, green fuels at scale remains a significant challenge for the years ahead. It requires a massive ramp-up of renewable energy to produce low emissions fuels which follow A.P. Moller - Maersk's life cycle assessment approach. This in turn requires supportive policy, for example new permitting processes and safety standards for methanol bunkering in more ports.

To help catalyse this ramp-up, A.P. Møller Holding, together with A.P. Moller - Maersk as a minority owner, created a seed investment in C2X – an independent company aiming to build, own and operate assets to produce green methanol at scale. C2X plans to bring 3 million tonnes of green fuels to market annually starting in 2030, and large projects are underway in Egypt and Spain.

Social

Under the social dimension, the results of the 2023 double materiality assessment confirm that the social topics included in A.P. Moller - Maersk's ESG strategy are also those that come out as most material, including the health and safety of all people within A.P. Moller - Maersk's duty of care, and – from a Diversity, Equity & Inclusion point of view – the risk of violence and harassment. Wider aspects of DE&I, as well as human capital (talent development) and labour practices and human rights, are equally assessed as material topics.

The right safety culture for safe workplaces

In the area of safety and security, A.P. Moller - Maersk's commitment is to ensure that everyone gets home safe by preventing fatal and life-altering incidents. In 2023, the company failed to live up to that commitment and, with deepest regret, four people lost their lives while on active duty for A.P. Moller - Maersk, including two employees and two contractors. A.P. Moller - Maersk's duty of care extends to its entire value chain, and the company is actively working on better understanding the risks associated with partners and how to best ensure they understand and comply with company safety standards.

This also extends to the company's Logistics & Services business, where rapid growth of 460+ warehouses since 2018 has increased the risk profile in new locations with diverse practices and safety cultures. A.P. Moller - Maersk is proactively addressing this challenge with a comprehensive Safety & Security Transformation Programme across its global transportation and fulfilment portfolios. See the 2023 Sustainability Report for more details.

A critical focus in A.P. Moller - Maersk's core safety approach is building a culture of trust, enabling all to contribute to safety reporting, raising concerns, and challenging how things are done to find safer ways of working. The goal is to create a physically and psychologically safe workplace with a strong reporting culture where all colleagues feel safe to speak up. In support, a training and upskilling programme was launched in 2023 to sharpen company risk and incident reporting processes and systems across the regions.

Diversity, Equity & Inclusion

In 2023, A.P. Moller - Maersk updated its Diversity, Equity & Inclusion strategy to put DE&I at the core of its People strategy and drive real, long-term results with enhanced metrics and leader accountability. A fundamental part of this commitment is the protection of underrepresented and vulnerable groups at greater risk of harassment and discrimination. Moreover, diversity of thought is part of improving and developing the business providing access to a larger, more diverse talent pool.

In 2023, A.P. Moller - Maersk strengthened its DE&I performance management and datadriven decision-making with the launch of a new DE&I dashboard to support leaders. The DE&I strategy also changed from emphasising diversity targets to a greater focus on inclusion as a driver of behaviour change. This includes developing leadership inclusion capabilities to create advocates and drive accountability. 2023's roll-out focused on A.P. Moller - Maersk's top 160+ leaders. In 2024, inclusion training will be required for all people leaders.

2023 saw progress on many fronts, including improvement in both representation for gender diversity (women in management and leadership) and diverse nationality even as market conditions significantly toughened. A.P. Moller - Maersk expects 2024 will continue to present market challenges that could impact the company's growth journey and hence the opportunity to attract new and diverse talent. Current metrics indicate that progress towards 2025 targets is impacted. This was in part due to 2023's sharp market slowdown, which necessitated a freeze on external hires and advancement across many parts of the organisation.

Statutory report on gender diversity, cf. section 99b of the Danish Financial Statements Act
This statement reports on gender diversity with respect to the Board of Directors of A.P. Møller - Mærsk A/S, the parent company of A.P. Moller - Maersk, and other management levels, as required by Section 99b of the Danish Financial Statements Act.

In accordance with the guidelines from the Danish Business Authority, equal representation has been achieved in the Board of Directors of A.P. Møller - Mærsk A/S.

During 2023, A.P. Møller - Mærsk A/S has employed fewer than 50 employees in 'Other management', and hence in accordance with the guidelines from the Danish Business Authority, no policy for increasing the gender diversity in other management levels has been implemented.

Management level	Number of members	Share of females
Board of Directors	9 (of which 6 males and 3 females)	33%
Other management levels	2 (of which 2 males)	0%

For more information on A.P. Moller - Maersk's commitment to Diversity, Equity & Inclusion, see the 2023 Sustainability Report and the company's DE&I policy.

For information about gender distribution in other companies within the Group required to report upon the underrepresented gender, cf. section 99b of the Danish Financial Statements Act, refer to the Management Review of the subsidiary in question.

Human capital

People are the foundation of A.P. Moller - Maersk's success. Whether they work on a vessel, in a terminal or warehouse or sit in an office, the company's ability to attract, retain and develop talented colleagues at all levels is critical to delivering on the company's Purpose and Global Integrator vision. In 2023, the company continued to make progress on initiatives for performance management, leadership capabilities, high performance teams, career building and upskilling while ensuring the talent pipeline needed to bring its business strategy to life.

Activities in these areas continued despite the market downturn, which necessitated a reduction of the workforce at the end of 2023. In line with its core values, the company worked to reduce the impact to employees as much as possible through natural attrition, local savings and organisational adjustments, and ensured that all people changes were done in a responsible manner and in full compliance with local laws and all applicable labour agreements.

The challenging business climate of 2023, combined with uncertainty from A.P. Moller - Maersk's large structural reorganisation, had a dampening effect on the key human capital performance indicator, the biannual global Employee Engagement Survey (EES). 90,568 colleagues shared their views in the second half-year EES, a participation rate of 85% – significantly above the global benchmark average. The EES results indicate a reversal of the positive trend seen in previous years, with the grand mean declining to the 60th percentile. The company is taking several follow-up actions to return to a positive trend, including listening sessions, refining processes and policies as necessary, and continuous investment in leadership capabilities and team management.

Governance

A.P. Moller - Maersk's commitment to responsible business practices is strongly linked to its Purpose and how the company promotes sustainable, responsible trade and a more equal society. 2023 was a year of heightened risks with ongoing geopolitical tensions and inflationary economies.

Geopolitical instability has made trade more complex, as sanctions and export controls restrict or ban the movement of goods and services or business with certain countries, individuals or companies. As a Danish-headquartered company and global leader in ocean transport and logistics services, A.P. Moller - Maersk complies with all applicable sanctions and export controls laws.

In the 2023 double materiality assessment, topics part of A.P. Moller - Maersk's ESG strategy were confirmed to be the most material topics under governance, including business ethics, data ethics and supplier relations. Positive impacts were identified within the topics of responsible tax and citizenship. Political engagement/lobbying, a topic cuts across categories of the ESG strategy, was also identified as a material issue comprising of both potential positive and negative impacts.

Business ethics

A.P. Moller - Maersk is committed to operating responsibly and have in place a robust compliance framework. By 2025, the aim is to have a best-in-class compliance programme that helps the company promote sustainable trade and a more equal society by preventing, detecting and correcting behaviour that is not aligned with A.P. Moller - Maersk's core values and Commit Rules on business ethics. See the 2023 Sustainability Report for details.

In 2023, a third Global Risk Assessment of all active entities was rolled out to monitor compliance risks, as well as a company-wide functional risk assessment. A new A.P. Moller - Maersk Code of Conduct introduction course was also rolled out along with an updated annual e-learning refresher course, with 92% of the employees completing the mandatory training against a target of 100%. Challenges in reaching all employee groups remain, particularly in years with large organisational changes, but the company is working to close this gap with a goal of 100% completion in 2024.

Data ethics

The rapid pace of global supply chain digitalisation is raising the importance of data ethics as a strategic imperative for A.P. Moller - Maersk and its customers who entrust the company with their data.

A.P. Moller - Maersk's global integrator strategy revolves around the ability to offer customers digitally enabled products and services. A.P. Moller - Maersk is therefore committed to demonstrating leadership in technical innovation with the highest data ethics standards.

By end of 2023, over 91% of A.P. Moller - Maersk employees have completed the mandatory data ethics e-learning against a target of 100%. While challenges in reaching all employee groups are likely to persist, the company keeps the rigour of a 100% target for 2024, with a particular focus on ensuring all new employees are trained.

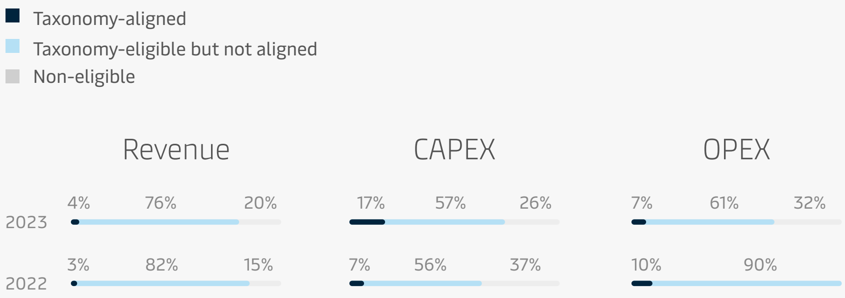
The rapid development of Artificial Intelligence (AI) applications is a significant change and requires A.P. Moller - Maersk to balance opportunities and risks as the company creates a new generation of AI-powered solutions. Implementation of AI data management procedures continues to be based on the four cornerstones of the company's data ethics policy; transparency, respect, security and innovation, to ensure the early identification and mitigation of risks in the technology pipeline. This governance is already applied in Generative AI tools supporting sales, software engineering and the people function.

Sustainable procurement

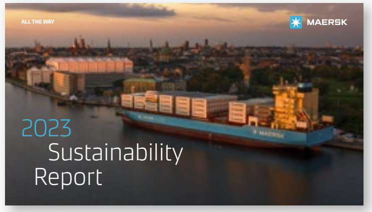
A.P. Moller - Maersk relies on more than 41,000 suppliers, including 5,100+ in high-risk categories in the company's global supply chain. Addressing sustainability risks in the supply chain is critical in strengthening stakeholder trust in the A.P. Moller - Maersk brand and to live up to coming regulations on due diligence in supply chains.

A.P. Moller - Maersk is committed to procuring sustainably, with an ambition to integrate ESG as a strategic topic across supplier life cycle stages and establish end-to-end visibility on supplier performance through collaboration and engagement. In 2023, the company continued building on the sustainable procurement foundation built in 2022, with a focus on driving execution and integrating ESG deeper into A.P. Moller - Maersk's procurement activities. This included scaling up supplier engagement, embedding ESG requirements into source-to-pay processes and preparing for increased regulatory due diligence requirements. In 2023, 95% of suppliers in scope committed to the Supplier Code of Conduct against a 2024 target of 100%.

EU Taxonomy reporting 2023



In 2023, A.P. Moller - Maersk continued its reporting of the share of its activities that are EU Taxonomy-aligned as well as eligible. Aligned activities are the share of the company's eligible activities that meet both the 'substantial contribution' and 'do no significant harm' criteria outlined in the EU Taxonomy Regulation – a classification system identifying environmentally sustainable economic activities. The results of the 2023 screening confirm that A.P. Moller - Maersk has a significant opportunity to make a substantial contribution towards climate change mitigation, and that it is in its early stages of the journey to decarbonise its end-to-end value chain. In 2023, 4% of revenue, 17% of CAPEX and 7% of OPEX are reported as taxonomy-aligned, and 76% of revenue, 57% of CAPEX and 61% of OPEX are taxonomy-eligible but not aligned. For complete details, see the 2023 Sustainability Report.



For full reporting on ESG strategy and performance, see the 2023 Sustainability Report and 2023 ESG Factbook.

Read more

RISK MANAGEMENT

Navigating risks

Risk management at A.P. Moller - Maersk is focused to support the strategic and operational objectives in the medium term and ensure the longevity of the company in the longer term. A.P. Moller - Maersk's Enterprise Risk Management framework enables a consistent approach to identification, assessment, mitigation and monitoring of key risks.

Identifying A.P. Moller - Maersk's key risks

The enterprise risk management (ERM) framework ensures that all A.P. Moller - Maersk businesses and functions identify risks that could affect their business objectives and operations. Risk identification is based on a combination of facilitated risk reporting from business areas and functions along with interviews with individual executives to gather their holistic view of the risks to the company's business objectives.

Figure 1 Overview of governance structure

The risks identified are then consolidated into an enterprise-wide risk landscape and validated for relevance and significance by the Risk & Compliance Committee. After final consolidation, the risk landscape is reviewed by the Executive Leadership Team, which determines the key risks for the company. These risks are then discussed and validated by the Audit Committee and the Board of Directors.

Managing A.P. Moller - Maersk's key risks

The key risks are assigned to an executive owner who is accountable for the management of the risk, including confirmation that adequate controls are in place and that the necessary action plans are implemented to bring or keep the key risk within risk appetite. To provide adequate oversight, key risk developments and mitigation progress are monitored and reported on throughout the year based on agreed metrics. Quarterly in-depth reviews of the status of the key risks and their mitigation are conducted in various oversight fora such as the Risk & Compliance Committee. In addition, the Audit Committee conducts deep dive sessions with executive risk owners throughout the year on selected key risks. Figure 1 presents an overview of A.P. Moller - Maersk's ERM governance structure.

Changes to the key risks

Figure 2 shows the 2024 key risks to A.P. Moller - Maersk's business objectives. In 2024, some of the 2023 risks have changed slightly in terms of emphasis. This applies to the Ocean price level where last year's risk of a drop in freight rates has largely materialised, and the risk is now that current (or lower) rate levels extend for a period longer than expected.

The 2023 risk called Technology roadmap and Process standardisation has been split into two separate risks in 2024, Technology roadmap and Process excellence, to create stronger focus on and ownership of the mitigating action.

Given the easing of the supply chain constraints and the lowering of inflation related to COVID-19 a few 2023 key risks, including Customer service level and Rising costs have moved out of the key risks list in 2024.

One new risk has entered the key risks list, Lack of growth pace in logistics, emphasising further the risks associated with the ongoing transformation.

ERM roadmap

A.P. Moller - Maersk continues to develop and improve the ERM process. The areas in focus include further operationalisation of the ERM framework to ensure consistent and uniform performance of the ERM process across the company, implementation of a shared risk appetite framework, launch of a framework for management of project risks and implementation of a digital ERM system to support collation of comprehensive risk data and real-time monitoring of key risk metrics.

Figure 2

- Risk continuing from 2023
- New risk

Key risks to the 2024-2028 business plan

A.P. Moller - Maersk categorises risks into four different areas to provide the appropriate level of governance and oversight to effectively manage these risks.

Strategic

Risks associated with current and future business plans and strategies

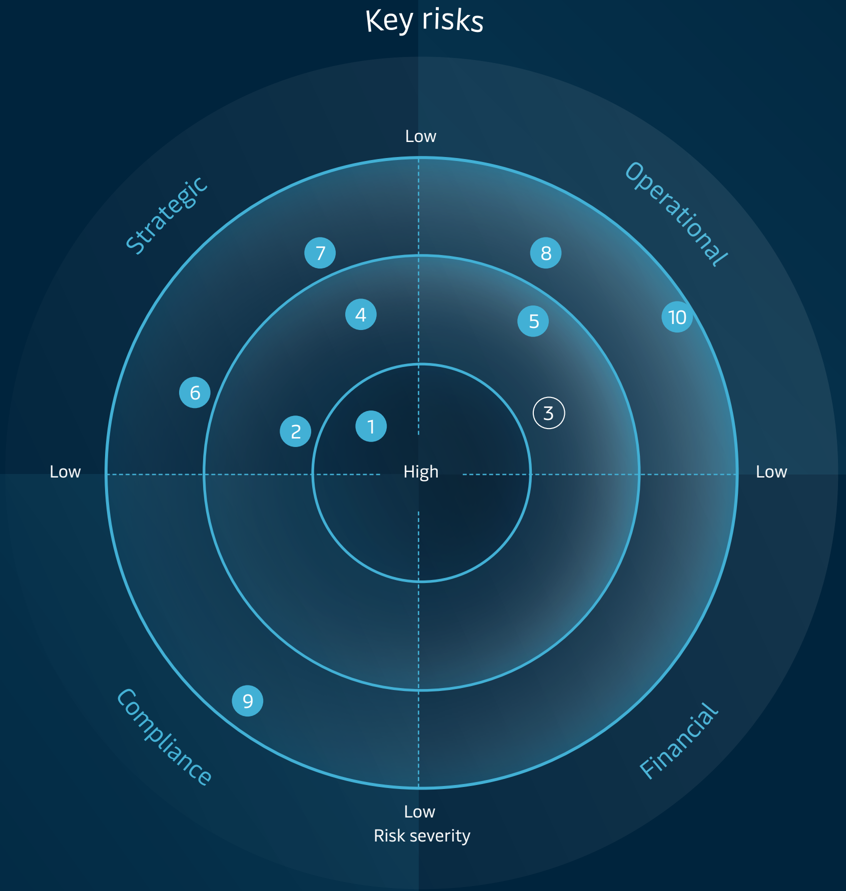
1 **Ocean price level**
Financial loss from lower freight rates

2 **Geopolitical tension**
Escalation of geopolitical tensions and political uncertainty impacting future supply chain.

4 **Technology roadmap**
Failure or serious delay in execution of technology roadmap

6 **Process excellence**
Failure or serious delay in the standardisation of core end-to-end processes

7 **Decarbonisation**
Failure to generate business value from decarbonisation



Operational

Risks associated with business activities and operations, procedures, people and systems

3 **Lack of growth pace**
Failure or serious delay in achieving the targeted growth in Logistics

5 **Cyberattack**
External or internal attack resulting in service unavailability or data breach

8 **Mergers and acquisitions integration**
Failure to integrate a major acquisition

10 **Organisational capabilities**
Inability to retain and attract the right workforce for key critical capabilities

Compliance

Risks associated with non-compliance with rules and/or policies

9 **Legal and regulatory compliance**
Being hit by a large compliance case

Financial

Risks associated with potential financial losses and/or insolvency

	1 Ocean price level	2 Geopolitical tension	3 NEW RISK Lack of growth pace	4 Technology roadmap	5 Cyberattack
	Risk owner . . . . Chief Product Officer – Ocean Year-on-year risk movement . . . . . . Increasing Risk category . . . . Strategic	Risk owner . . . . Chief Corporate Affairs Officer Year-on-year risk movement . . . . . . Increasing Risk category . . . . Strategic	Risk owner . . . . . . Chief Product Officer – L&S Year-on-year risk movement . . . . New risk Risk category . . . . Operational	Risk owner . . . Chief Technology and IS Officer Year-on-year risk movement . . . . Stable Risk category . . . . Strategic	Risk owner . . . Chief Technology and IS Officer Year-on-year risk movement . . . . Stable Risk category . . . . Operational
What is this risk	Due to a major increase in effective capacity, rates and profitability are expected to drop further in the coming years until they eventually rebound. From the market side, the risk is that industry EBIT margins remain negative for longer than expected.	Escalation of geopolitical tension may have a strong and immediate impact on the future supply chain, through disruptions in supply, demand and logistics infrastructure and, eventually, fragmentation of supply chains. This is particularly the case where tension mounts to military conflict and/or trade sanctions being applied.	To fully deliver the objectives of the integrator strategy in a timely manner, including achievement of financial targets and stable results, A.P. Moller - Maersk must secure profitable growth in the logistics business according to plan.	A serious delay or failure to execute the technology roadmap will have a material negative impact on A.P. Moller - Maersk's growth vision as an end-to-end integrator of global container logistics.	As A.P. Moller - Maersk becomes increasingly digitalised, more devices and control systems are connected online resulting in a wider technology surface. This, compounded with ever-increasing external threat capabilities, puts more pressure on systems to be cyber threat resilient. A cyberattack could lead to severe operational disruption and/or data breaches.
How we manage it	A.P. Moller - Maersk has limited levers to impact the overall demand for container shipping and the level of rates. With the continuing development of differentiated value propositions, agile adaption of network, rigorous focus on volume performance management and cost discipline and a long-term contracts portfolio, the company will all else equal continue to reduce the exposure.	A.P. Moller - Maersk monitors geopolitical developments and takes adaptive steps as required, including reducing exposure to critical suppliers, evaluating alternative procurement options, implementing tail heavy payment profiles, creating external communication plans and advancing business continuity planning.	A.P. Moller - Maersk focuses mitigation efforts on the growth side on strengthening the customer value proposition of the integrator strategy and lowering the customer churn-rate. On the profitability side, the focus is on review and optimisation of the asset utilisation within the Air and Warehousing segments together with timely implementation of planned process standardisation and automation.	A.P. Moller - Maersk focuses on maturing and strengthening a multi-location talent sourcing and retention strategy within the technology organisation to ensure having the right skilled people to modernise and integrate the platforms. The company monitors progress and ensures adequate governance and prioritisation and cross-functional collaboration.	A.P. Moller - Maersk continues to execute its cyber security programme, strengthen business continuity plans and enhance its cyber threat resilience. Over the recent years, the company has enhanced capabilities to control impact through appropriate preparedness and response procedures.
Target tolerance	A.P. Moller - Maersk assumes margins will continue to be under pressure in the short to medium term. In addition, the geopolitical environment and the development in the economic situation in Europe and the US makes the industry very volatile, emphasising the necessity for a strong balance sheet.	A.P. Moller - Maersk aims to have alternative procurement supply-options in place and to be able to adjust network and capacity in the ocean, terminals and logistics space to accommodate potential disruptions and changes in customer needs.	A.P. Moller - Maersk targets large and profitable growth in volumes across its warehousing, inland and air segments through acquisitions as well as through organic growth and stable financial performance across the business portfolio.	In 2024, A.P. Moller - Maersk targets significant progress in the implementation of best-in-class technology platforms to support end-to-end supply chain solutions and underpin customer convenience and satisfaction.	A.P. Moller - Maersk aims to avoid a material cyberattack through increased threat intelligence and response capabilities, and builds digital resilience with business segments, third parties and wider supply chains.
Potential scenario	The current situation of low freight rates due to increased capacity combined with low demand continues for a longer period than expected.	Military conflicts or comprehensive and long-lasting naval blockades leading to obstruction of major network routes and potential wide sanctions inhibiting trade in major markets affected.	The implementation of the integrator strategy lags due to delays in achieving profitable growth in logistics as planned, and the company remains exposed to the financial volatility of the Ocean segment.	Unsuccessful implementation of digitised supply chain solutions causes loss of digital competitive advantage and customer dissatisfaction and impacts the company's reputation and financial performance.	Direct or indirect attack(s) on A.P. Moller - Maersk's or its business partners' network due to digitisation, threat sophistication or inherent vulnerabilities from, e.g. new M&A environments cause severe business disruption and/or data breaches leading to financial losses and loss of customer trust.

	6 Process excellence	7 Decarbonisation	8 Mergers and acquisitions integration	9 Legal and regulatory compliance	10 Organisational capabilities
	Risk owner: Chief Strategy Officer Year-on-year risk movement: Stable Risk category: Strategic	Risk owner: Chief Operating Officer Year-on-year risk movement: Stable Risk category: Strategic	Risk owner: Chief Strategy Officer Year-on-year risk movement: Decreased Risk category: Operational	Risk owner: Chief Corporate Affairs Officer Year-on-year risk movement: Stable Risk category: Compliance	Risk owner: Chief People Officer Year-on-year risk movement: Stable Risk category: Operational
What is this risk	Serious delay or failure to standardise core end-to-end business processes will severely impact the scalability of A.P. Moller - Maersk's integrated solutions and its growth vision as an end-to-end integrator of global logistics.	Decarbonisation is a business necessity and a mission-critical factor. It is imperative for A.P. Moller - Maersk to decarbonise its end-to-end supply chain at a speed that meets the expectations of customers, investors and society, and in a way that generates business value for A.P. Moller - Maersk and its customers.	A key driver to Logistics & Services growth is the expansion of product and people capabilities through M&As. Some of the acquisitions are substantial, and if A.P. Moller - Maersk fails to integrate those, it may derail the execution of the integrator strategy.	The legal and regulatory landscape in which A.P. Moller - Maersk operates is complex, and the company could be subject to compliance cases in connection with violations of anti-corruption laws, anti-trust regulations, international sanctions and/or data privacy.	A.P. Moller - Maersk's strategy to become a global integrator of container logistics requires the right capabilities. Inability to retain and attract for key critical capabilities could impact the ambition to deliver a logistics-based, digitally transformed business model to support the integrator strategy.
How we manage it	A.P. Moller - Maersk continues to drive standardisation of processes with focus on process design and quality, assessing process maturity levels across the organisation and establishing the visibility of end-to-end process design progress. Process performance metrics are also being rolled out to measure the efficiencies achieved.	A.P. Moller - Maersk continues to progress its strategy by offering eco-delivery products to customers. The supply of green fuel is secured through partnerships with green methanol suppliers as well as the investment in the new methanol company C2X. A.P. Moller - Maersk is also fully supporting the GHG IMO regulation.	A.P. Moller - Maersk has a dedicated post-merger integration office equipped with experienced capabilities to assist the business in effectively managing M&A integrations. A project risk management framework is also being rolled out to ensure risks are identified and managed along the integration.	A.P. Moller - Maersk has global and regional subject-matter experts in each compliance area and a robust compliance programme designed to fulfil the global requirements. The company has implemented many initiatives to improve focus and emphasis on compliance training, awareness, processes and controls.	A.P. Moller - Maersk continues to strengthen global processes and people solutions for talent development, retention and attraction aligned to business and workforce requirements for key critical roles. Mitigation efforts will be focused on enhancing visibility of business and workforce requirements as well as on employee engagement through creation and implementation of specific actions based on biannual survey results.
Target tolerance	A.P. Moller - Maersk is constantly working to document, streamline and automate its core processes in terms of design and consistent implementation across the company.	A.P. Moller - Maersk targets achievement of a value-generating decarbonisation vision by innovating supply chain solutions and accelerating its decarbonisation initiatives to drive credibility towards the customers, investors and society.	A.P. Moller - Maersk aims to have adequate and experienced capabilities and effective processes to warrant that substantial M&As are integrated successfully both during and after the 'hyper care' period to realise the anticipated benefits as planned.	A.P. Moller - Maersk is committed to ensuring compliance with all applicable laws and regulations in all the countries where it operates.	A.P. Moller - Maersk targets to be an employer of choice, able to attract and retain qualified talent who are highly engaged and committed to the company's values, goals and objectives.
Potential scenario	Unsuccessful standardisation of the processes will not bring the required level of quality and conformance, thereby making A.P. Moller - Maersk's product delivery unreliable and difficult to scale and forfeiting associated productivity gains and cost savings.	A.P. Moller - Maersk fails to generate business value from decarbonisation by being too aggressive or linear in its efforts, as customers are unwilling to pay a premium for green products until there is greater cost parity between 'green' and 'black' solutions which is expected over time.	A failure to successfully integrate a major acquisition due to inadequate integration approach, lack of internal processes or capabilities, or cultural differences cause value destruction in the form of unrealised synergies.	A violation of compliance regulation causes severe reputational damage and substantial legal fines, damages and costs.	A.P. Moller - Maersk's strategy execution is hampered by lack of adequate organisational capabilities essential to match business needs and rapid shifts in external business, technology and regulatory environments.

ESG risks

In preparation for the EU Corporate Sustainability Reporting Directive (CSRD) reporting requirements, which will be mandatory from 2024, A.P. Moller - Maersk has in 2023 conducted a double materiality assessment. As part of this assessment, A.P. Moller - Maersk established the financial impact arising from the CSRD topics. The topics covered by the financial impact assessment for 2023 are climate change, pollution, working conditions, equal treatment, other work-related rights (forced labour, data privacy) and corruption and bribery. The quantified impact of each of the topics is established through scenario-based modelling. For the results of the double materiality assessment and specifically on climate related risks, Task Force on Climate-related Financial Disclosures (TCFD) → See Sustainability Report 2023.

Emerging risks

Emerging risks to the company's longer-term value drivers are identified through an externally facilitated workshop considering prevailing megatrends through the four lenses shown in Figure 3.

In 2024, the focus for emerging risks continues to be on understanding the impact of climate change on the business model and assets and on how the rapid advancements made in technology could affect the integrator value proposition.

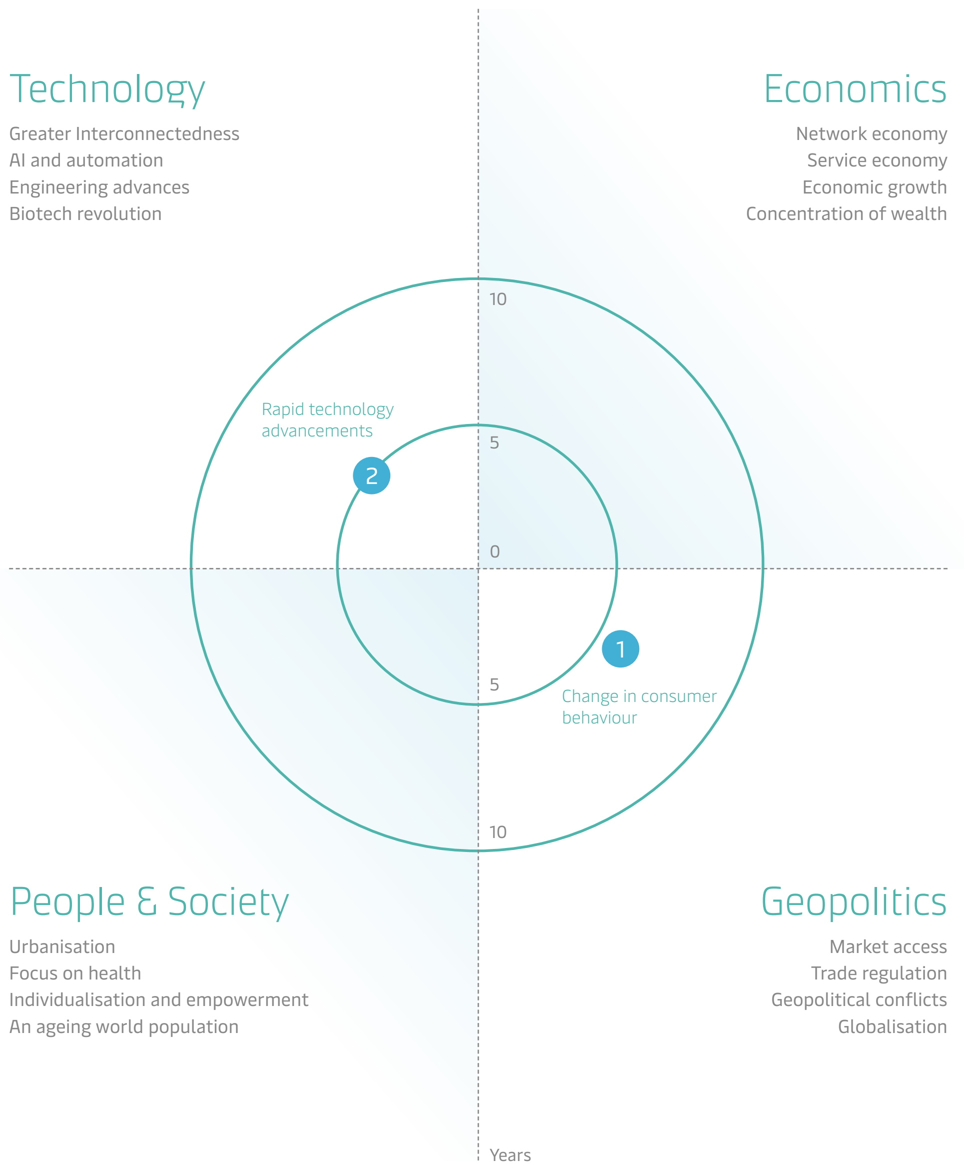
1 Change in consumer behaviour

Growing environmental consciousness and regulatory intervention to achieve climate goals could lead to reduced consumption and lower economic activity in developed countries. Also, it could change consumer behaviour and impact the demand for goods in the lifestyle, retail and reefer segments. A.P. Moller - Maersk is exposed to changes in demand for long haul transportation of consumer goods, especially in the retail and lifestyle segments.

2 Rapid technology advancements

Given the rapid rise in engineering interconnectedness of data and technology, and mass AI availability (e.g. ChatGPT), customers may see an opportunity to replace their need for integrated logistics solutions by using readily available technology solutions that replicate through technology the benefits of an integrated offering.

Figure 3 Emerging risks in focus



Performance

South China Sea, China

Financial review

A.P. Moller - Maersk delivered solid financial results for 2023 in line with guidance in a difficult market environment, with a strong performance in Terminals while Ocean and Logistics & Services faced strong headwinds coming off the pandemic peak. While volumes were up across most products and cost reductions improved results, rates continued to erode, in particular in Ocean.

The financials for 2023 declined significantly versus 2022, which was a year of all-time high results due to an exceptional market situation, which was not expected to continue. Revenue, EBITDA and EBIT saw substantial declines, predominantly due to the financial results in Ocean.

Ocean results were solid on a cumulative basis but declined in the second half of the year reaching break-even levels in Q3, and entering negative territory by Q4 as the result of the continuous pressure on rates. The impact of lower rates was partially offset by a strong cost containment focus.

Logistics & Services performance continued to be impacted by lower rates, particularly in the air and haulage business and by lower volumes for lead logistics and e-commerce. Profitability declined versus previous year with an increased emphasis on cost management to resize the organisation and tackle a lower-rate environment.

Terminals revenue declined given the normalisation of storage revenue and lower volumes, mostly due to ongoing construction work and exits of terminals. However, tariff increases in line with local inflation as well as strong cost control secured a continued solid financial performance.

Highlights for the year

USD million

	Revenue		EBITDA		EBIT		CAPEX	
	2023	2022	2023	2022	2023	2022	2023	2022
Ocean	33,653	64,299	6,940	33,770	2,227	29,149	1,987	2,620
Logistics & Services	13,916	14,423	1,251	1,378	446	814	771	657
Terminals	3,844	4,371	1,278	1,535	980	832	541	516
Towage & Maritime Services	2,160	2,293	320	369	457	307	318	350
Unallocated activities, eliminations, etc.	-2,508	-3,857	-198	-239	-176	-242	29	20
A.P. Moller - Maersk consolidated	**51,065**	**81,529**	**9,591**	**36,813**	**3,934**	**30,860**	**3,646**	**4,163**

Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

Financial and operational performance

Revenue decreased by USD 30.5bn to USD 51.1bn (USD 81.5bn), with decreases across segments, in Ocean by USD 30.6bn, in Logistics & Services by USD 507m and in Terminals by USD 527m.

Revenue in Ocean reflects the inventory corrections seen in Western economies in 2023 with lower volumes and significantly lower freight rates. In Logistics & Services, total revenue decreased, due to destocking in the USA in lifestyle and retail volumes, lower growth in Europe and China, as well as lower air freight rates, only partially compensated by increased revenue from the integration of LF Logistics and Martin Bencher. Revenue decreased in Terminals due to lower volumes and significantly lower storage revenue, particularly in North America.

EBITDA decreased to USD 9.6bn (USD 36.8bn) with a decrease in Ocean of USD 26.8bn due to lower rates, and smaller decreases in Logistics & Services of USD 127m and in Terminals of USD 257m.

Ocean, USDbn (2022: 33.8)	6.9	Logistics & Services, USDbn (2022: 1.4)	1.3	Terminals, USDbn (2022: 1.5)	1.3

EBIT decreased by USD 26.9bn to USD 3.9bn (USD 30.9bn) impacted by the declining EBITDA. The EBIT margin decreased to 7.7% (37.9%).

Ocean, USDbn (2022: 29.1)	2.2	Logistics & Services, USDm (2022: 814)	446	Terminals, USDm (2022: 832)	980

Return on invested capital (ROIC), last twelve months, decreased to 7.4% (60.4%), as earnings declined significantly.

Financial items, net, amounted to a gain of USD 428m (loss of USD 629m), as the increase in interest income and impact of capitalised interest gains was only partly offset by interest expenses.

Tax expense decreased to USD 454m (USD 910m), primarily due to a lower profit before tax and the impact from utilisation of tax losses carried forward within the joint taxation group.

Net profit was USD 3.9bn (USD 29.3bn), with a significant decline in operating earnings.

The underlying net profit after financial items and tax of USD 4.0bn (USD 29.7bn), was adjusted for net gains of USD 523m, primarily due to vessel and container sales in Ocean of USD 316m and net gains from the divestments of US Marine Management of USD 92m, Höegh Autoliners of USD 57m and Maersk Supply Service of USD 15m. This was offset by restructuring charges and the impairment of brands of USD 485m and other net impairment losses.

Cash flow from operating activities of USD 9.6bn (USD 34.5bn) was driven by EBITDA of USD 9.6bn and lower net working capital of USD 417m due to improved trade receivables, translating into a strong cash conversion of 101% (94%).

Gross capital expenditure (CAPEX) was USD 3.6bn (USD 4.2bn), driven by lower investments in Ocean.

Ocean, USDm (2022: 2,620)	1,987	Logistics & Services, USDm (2022: 657)	771	Terminals, USDm (2022: 516)	541

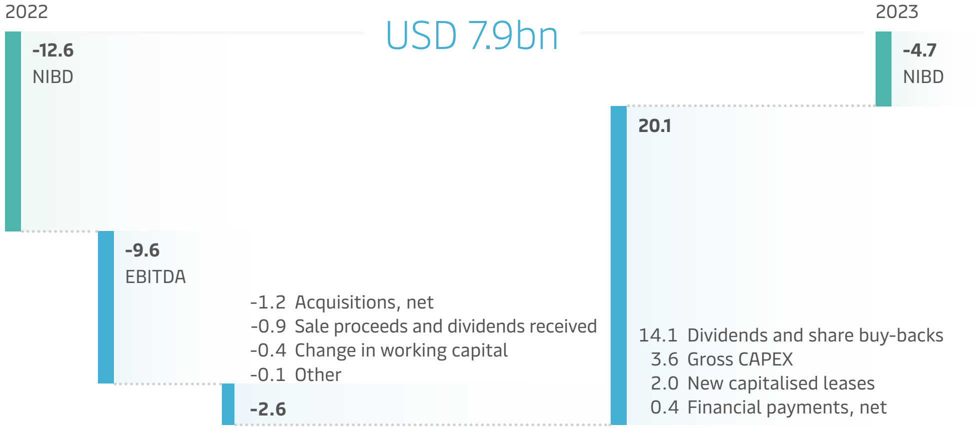
Free cash flow decreased to USD 4.0bn (USD 27.1bn), negatively impacted by lower cash flow from operating activities, partly offset by lower CAPEX, higher financial income and sales proceeds and dividends received.

Capital structure and credit rating

Net interest-bearing debt decreased to a net cash position of USD 4.7bn (a net cash position of USD 12.6bn at year-end 2022), as cash used for share buy-backs of USD 3.1bn and dividends of USD 11.0bn was partly offset by free cash flow of USD 4.0bn. Further, new net lease liabilities amounted to USD 2.0bn, and excluding lease liabilities, the Group had a net cash position of USD 15.1bn (USD 24.2bn at year-end 2022).

Development in net interest bearing debt (NIBD)

USDbn



A.P. Moller - Maersk remains investment grade-rated and holds a Baa2 (positive) from Moody's and a BBB+ (stable) rating from Standard & Poor's.

Total **equity** decreased to USD 55.1bn (USD 65.0bn at year-end 2022), due to higher dividend payments and share buy-backs partly offset by net profit of USD 3.9bn, resulting in an equity ratio of 67.1% (69.4% at year-end 2022).

The **liquidity reserve** decreased to USD 24.4bn (USD 33.3bn at year-end 2022) and was composed of cash and bank balances (excluding restricted cash), term deposits and securities of USD 18.4bn (USD 27.3bn at year-end 2022) and undrawn revolving credit facilities of USD 6.0bn (USD 6.0bn at year-end 2022).

Dividend

The dividend for 2022 of USD 10.9bn declared at the Annual General Meeting on 28 March 2023 was paid on 31 March 2023. Withholding tax of USD 1.5bn was paid in Q2 2023.

The Board of Directors proposes a dividend to the shareholders for 2023 of DKK 515 per share of DKK 1,000 (DKK 4,300 per share of DKK 1,000) corresponding to 30% (37.5%) of underlying net result as per the company's dividend policy of distributing between 30-50% of the underlying net result to shareholders in dividends.

The proposed dividend payment represents a dividend yield of 4.2% (27.5%), based on the Maersk B share's closing price of DKK 12,140 on 29 December 2023. Payment is expected to take place on 19 March 2024.

Proposed dividend 2024, DKK Per share of DKK 1,000	515	Ordinary dividend 2023, DKK Per share of DKK 1,000	4,300

Share buy-back

During 2023, A.P. Moller - Maersk bought back 332,309 A shares and 1,327,842 B shares, worth DKK 21.1bn (approximately USD 3.1bn), including shares bought back for the long-term incentive plan. At 31 December 2023, A.P. Moller - Maersk owns a total of 306,636 A shares and 1,279,120 B shares as treasury shares, corresponding to 9.03% of the share capital.

Given the heightened uncertainty, the Board of Directors has decided to immediately suspend the share buy-back programme, with a re-initiation to be reviewed once market conditions in Ocean have settled.

The Annual General Meeting has authorised the Board of Directors to allow the company to acquire treasury shares to the extent that the nominal value of the company's total holding of treasury shares at no time exceeds 15% of the company's share capital.

Financial guidance and ESG targets

Financial guidance for 2024

Guidance is based on the expectation that global container volume growth in 2024 will be in the range of 2.5% to 4.5% and that A.P. Moller - Maersk will grow in line with the market. It is further expected that the significant oversupply challenges in the Ocean industry will materialise fully over the course of 2024. High uncertainty remains around the duration and degree of the Red Sea disruption with the duration from one quarter to full year reflected in the guidance range. Front-loading is expected towards the start of 2024.

USDbn

EBITDA Underlying	1.0-6.0	EBIT Underlying	-5.0-0.0	Free cash flow (FCF) or higher	-5.0
CAPEX guidance, maintained 2023-2024	8.0-9.0	CAPEX guidance 2024-2025	9.0-10.0		

Sensitivity guidance

Financial performance for A.P. Moller - Maersk for 2024 depends on several factors subject to uncertainties related to the given uncertain macroeconomic conditions, bunker fuel prices and freight rates. All else being equal, the sensitivities for 2024 for four key assumptions are listed below:

Factors	Change	Effect on EBIT (full year 2024)
Container freight rate	+/- 100 USD/FFE	+/- USD 1.2bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.3bn
Foreign exchange rate (net of hedges)	+/- 10% change in USD	+/- USD 0.3bn

Forward-looking statements
The Annual Report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond A.P. Moller - Maersk's control, may cause the actual development and results to differ materially from expectations contained in the Annual Report.

ESG commitments

A.P. Moller - Maersk's ESG strategy highlights three core commitments:

Environment	Social	Governance
Take leadership in the decarbonisation of logistics	Ensure that people thrive at work by providing a safe and inspiring workplace	Operate based on responsible business practices

Each of the core ESG commitments is supported by a set of short, mid and long-term strategic targets and as of 2023, the executive remuneration is linked to A.P. Moller - Maersk's ESG performance.

Performance against the 2023 targets is reported in the 2023 Sustainability Report and ESG Factbook and the targets will continue for 2024.

In 2023, A.P. Moller - Maersk became the first in the shipping industry to have its decarbonisation targets validated under the maritime guidance published by the Science Based Targets initiative (SBTi) in December 2022. The new validated targets include near-term 2030 targets aligned to a 1.5-degree pathway and a 2040 net zero target, from an updated baseline year of 2022. The number of companies with SBTi commitments has nearly doubled every year over the past eight years, showing the importance and wide adoption of the SBTi framework. The introduction of these new absolute emissions reduction targets covering all greenhouse gas emissions scopes makes this a transitional year, where A.P. Moller - Maersk continues reporting towards its existing targets, while reporting towards the new SBTi-aligned targets will commence from 2024. For more information on the new science-based targets, see the 2023 Sustainability Report.

ESG targets for 2024 (actual performance 2023)

Safety & security	Business ethics	Data ethics	Sustainable procurement
100%	100%	100%	100%
(99%)	(92%)	(91%)	(95%)
Learning Teams completed following a high potential incident	Employees (in scope) trained in the Maersk Code of Conduct	Employees (in scope) trained on data ethics	Suppliers (in scope) committed to the Supplier Code of Conduct

Roadmap towards 2025

The mid-term financial targets introduced at the Capital Markets Day in May 2021 relate to the transformation towards becoming the integrator of container logistics.

Consolidated

The return on invested capital (ROIC) (last twelve months) was 7.4%, slightly below the target of above 7.5% every year under normalised conditions due to the declining profits in 2023. The average return on invested capital for 2021-2023 was 37.7%, above the 12% target for the period 2021-2025.

ROIC (LTM) Target: >7.5%	7.4%

A.P. Moller - Maersk will prioritise the capital allocation to investments in the business, including acquisitions in Logistics & Services, repaying debt, paying dividends based on a pay-out ratio of 30-50% of underlying net profit and distributing excess cash to shareholders through share buy-backs and special dividends in that order.

The proposed dividend payment for 2023 of DKK 515 per share represents a dividend yield of 4.2% and 30% of the net underlying profit.

Of the total planned share buy-back programme of USD 12.0bn over 2022-2025 or USD 3.0bn annually, A.P. Moller - Maersk has bought back USD 6.3bn as of 31 December 2023.

Given the heightened uncertainty, the Board of Directors has decided to immediately suspend the share buy-back programme, with a re-initiation to be reviewed once market conditions in Ocean have settled.

Ocean

Ocean delivered an EBIT margin of 6.6% over the last twelve months, above the target of 6% under normalised conditions. Total average operated fleet capacity is within the range of 4.1-4.3m TEU.

EBIT margin Target: >6%	6.6%	Execute with the existing fleet size Target: 4.1-4.3 TEUm	4.2 TEUm

Logistics and Services

For Logistics & Services, organic growth of negative 15% over the last twelve months was below the target of positive 10%. The EBIT margin for the last twelve months was 3.2% versus the target of above 6% due to a combination of lower rates, lower utilisation and costs relating to cost management initiatives, e.g. restructuring charges.

Organic growth Target: >10%	-15%	EBIT Target: >6%	3.2%

Terminals

The return on invested capital (ROIC) (LTM) was 10.5% for Terminals, exceeding the expectation of above 9% towards 2025.

ROIC Target: >9%	10.5%

ESG targets towards 2025 (actual performance 2023)			ESG targets towards 2030			ESG targets towards 2040	
Diversity, Equity & Inclusion	Diversity, Equity & Inclusion	Human capital	Climate change	Climate change	Climate change	Climate change	Climate change
> 40%	> 30%	> 75%	35%	100%	22%	96%	90%
(35%)	(20%)	(60th percentile)					
Women in management and leadership	Diverse nationality of executives	Employee Engagement Survey (EES) percentile rank on global norms	Absolute reduction in total scope 1 emissions	Renewable electricity sourcing	Absolute reduction in total scope 3 emissions	Absolute reduction in total scope 1 and 2 emissions	Absolute reduction in total scope 3 emissions

Executive summary

The global integrator

Performance

Governance

Financials

Ocean

Revenue USDm 33,653 | EBIT USDm 2,227

Profitability declined significantly for Ocean in 2023 from exceptionally high levels in the prior year, with freight rates decreasing on average by 50% and with volumes on par following the market normalisation. The global congestion decreased considerably, leading to improved schedule reliability and operating conditions.

Read more

Logistics & Services

Revenue USDm 13,916 | EBIT USDm 446

Logistics & Services faced a transition year with rates progressively coming off their pandemic peak across all products, leading to reduced profitability. Active cost management and productivity measures have been put in place.

Read more

Terminals

Revenue USDm 3,844 | EBIT USDm 980

Terminals delivered a solid ROIC of 10.5% during a year where congestion-related storage revenue declined significantly. A diversified portfolio and a margin protection plan helped shield returns from the sharp drop in US volumes and inflationary pressures, keeping margins significantly above the pre-pandemic levels of 2019.

Read more

Ocean

Profitability declined significantly in 2023 from exceptionally high levels in the prior year, driven by a steep decline in freight rates following market normalisation. Additionally, the global congestion decreased considerably, leading to improved schedule reliability and operating conditions, which resulted in a reduction of expenses.

Revenue reflected weak volume demand in the first half of the year and although picking up in the second half, revenue was severely impacted by a continued decline in the freight rates driven by higher supply availability. The freight rates decreased by 50% on average from 2022 levels, with volumes on par with 2022.

Unit cost at fixed bunker decreased due to lower container handling unit costs and lower bunker consumption after the congestion bottlenecks eased.

Utilisation at 91.6% was 2.3 percentage points better than in 2022, due to several structural capacity initiatives.

Line of business

At the heart of the integrator strategy, Ocean ensures that goods keep moving across the world, providing customers with a unique offering, combining flexibility and stability to manage and simplify their end-to-end supply chains.

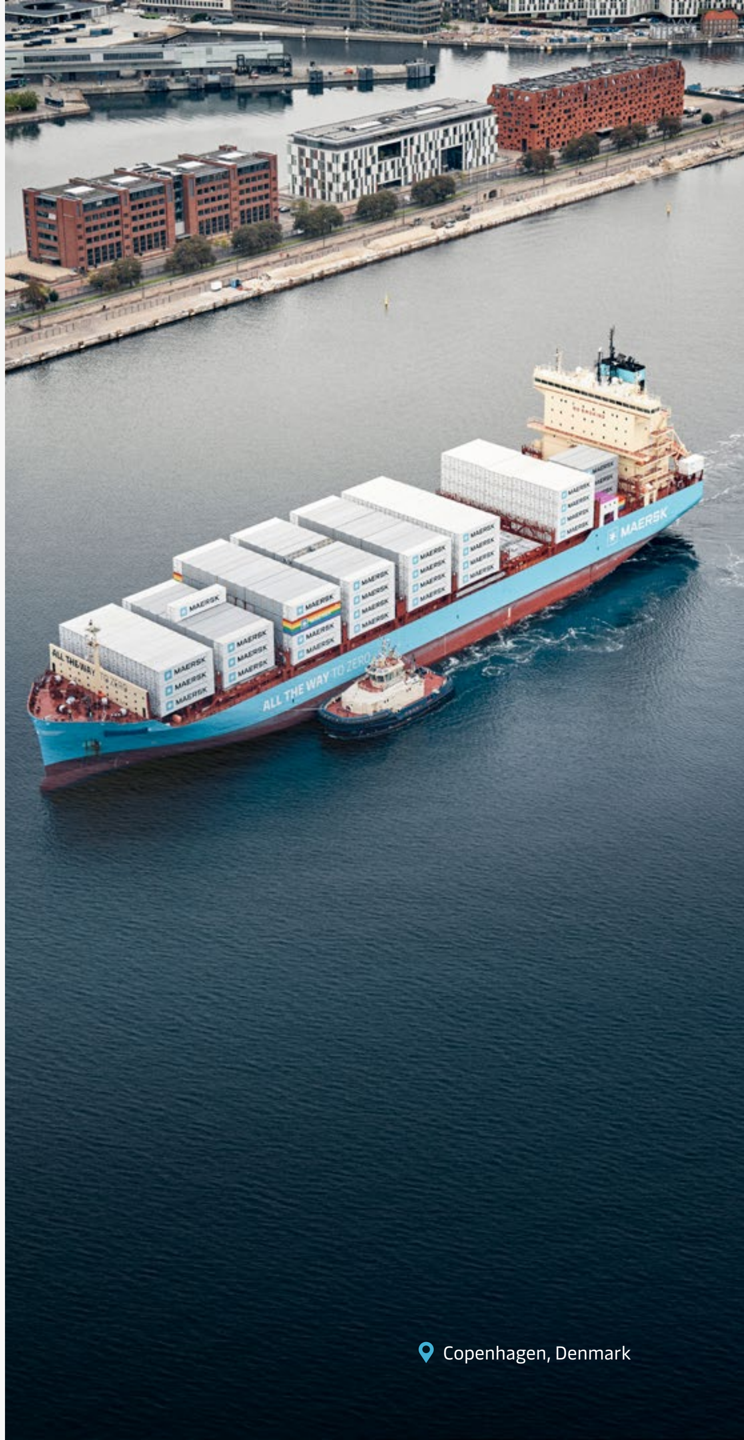
While providing access to a competitive global network, Ocean offers resilient solutions and differentiated value propositions through its global network and digital products to fit the diverging customer needs and enhance long-term partnerships. Operating one of the largest container vessel fleets in the world, Ocean carries close to 12m FFE per annum serving over 475 ports worldwide.

Ocean highlights

USD million

	2023	2022
Freight revenue	28,421	56,499
Other revenue, including hubs	5,232	7,800
Revenue	**33,653**	**64,299**
Container handling costs	9,233	10,214
Bunker costs	6,064	8,077
Network costs, excluding bunker costs	6,917	7,516
Selling, General & Administration (SG&A) costs	2,921	2,947
Cost of goods sold and other operational costs	1,646	1,835
Total operating costs	**26,781**	**30,589**
Other income/costs, net	68	60
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**6,940**	**33,770**
EBITDA margin	20.6%	52.5%
Profit before financial items (EBIT)	**2,227**	**29,149**
EBIT margin	6.6%	45.3%
Invested capital	29,851	32,368
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	1,987	2,620
Operational and financial metrics		
Loaded volumes (FFE in '000)	11,904	11,924
Loaded freight rate (USD per FFE)	2,313	4,628
Unit cost, fixed bunker[1] (USD per FFE incl. VSA income)	2,371	2,533
Bunker price, average (USD per tonne)	616	763
Bunker consumption (tonne in '000)	9,838	10,579
Average operated fleet capacity (TEU in '000)	4,162	4,285
Fleet owned (end of year)	310	318
Fleet chartered (end of year)	362	389

1 Unit cost, fixed bunker has been restated as a result of the fixed bunker price being changed to 550 USD/tonne from 450 USD/tonne.



Copenhagen, Denmark

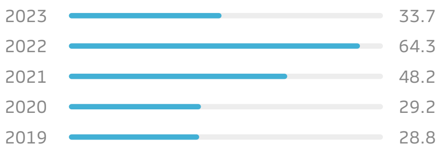
Revenue

USDbn

33.7bn

(USD 64.3bn)

The decrease in revenue was driven by the decline in freight rates of 50% to 2,313 USD/FFE (4,628 USD/FFE), whereas volumes were on par at 11,904k FFE (11,924k FFE).



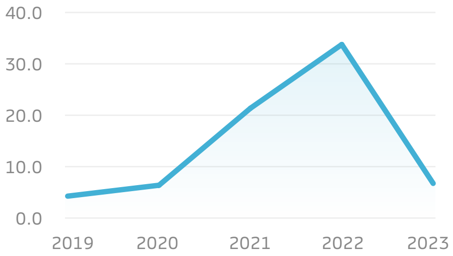
EBITDA

USDbn

6.9bn

(USD 33.8bn)

Due to significantly lower revenue, partly offset by lower bunker costs from both lower bunker prices and consumption, and lower other operating costs, EBITDA decreased by USD 26.9bn. The EBITDA margin was 20.6% (52.5%).



EBIT

USDbn

2.2bn

(USD 29.1bn)

EBIT decreased by USD 26.9bn in line with the lower revenue due to the decline in freight rates. EBIT margin was 6.6% (45.3%).

Loaded volumes

FFE

11.9k

(11.9k FFE)

Volumes picked up in the second half of the year and remained on par with 2022. The lower volumes in North America and Intra Asia were offset by higher volumes in Asia-Europe and Latin America.

FFE ('000)	2023	2022	Change	Change %
East-West	5,510	5,483	27	0.5
North-South	3,900	3,763	137	3.6
Intra-regional	2,494	2,678	-184	-6.9
Total	**11,904**	**11,924**	**-20**	**-0.2**

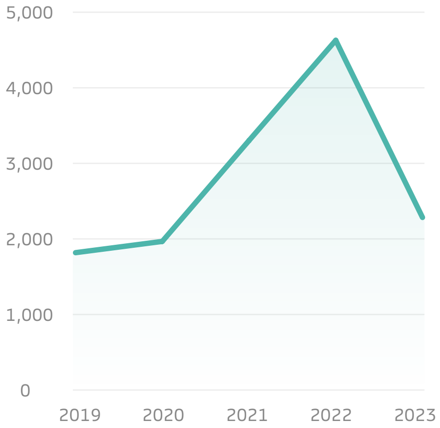
Average loaded freight rate

USD/FFE

2,313

(4,628 USD/FFE)

Both contract and shipment rates decreased versus 2022. Freight rates decreased by 50% due to the release of operational bottlenecks across the supply chain and new capacity in the market, which resulted in additional availability of vessels and equipment. The largest decreases were observed on the Asia-Europe, North and Latin America and Africa trade clusters, mainly on headhaul trades. The average freight rate at fixed bunker decreased by 49%.



USD/FFE	2023	2022	Change	Change %
East-West	2,221	5,081	-2,860	-56.3
North-South	3,064	5,424	-2,360	-43.5
Intra-regional	1,626	2,771	-1,145	-41.3
Total	**2,313**	**4,628**	**-2,315**	**-50.0**

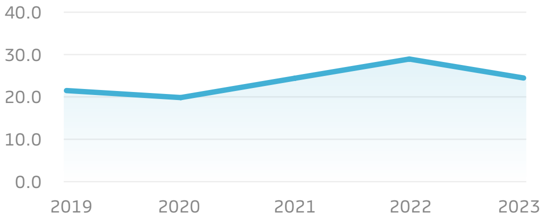
Operating costs

USDbn

26.8bn

(USD 30.6bn)

Lower bunker price and container handling costs due to the normalisation of operational congestion and bottlenecks had a positive impact on operating costs. Container handling costs decreased by 9.6%, because of lower terminal costs. Network costs excluding bunker costs decreased by 8.0%, due to lower slot charter costs and time charter equivalent costs, partially offset by higher port and canal costs. Adjusting for the positive impact from the development in foreign exchange rates, operating costs decreased by 14.1%.



Unit cost at fixed bunker

USD/FFE

2,371

(2,533 USD/FFE)

The decrease of 6.4% was driven by lower terminal costs, lower bunker consumption from slow steaming and lower slot charter costs.

2023	2022	2021	2020	2019
2,371	2,533	2,186	2,055	2,037

Bunker costs

USDbn

6.1bn

(USD 8.1bn)

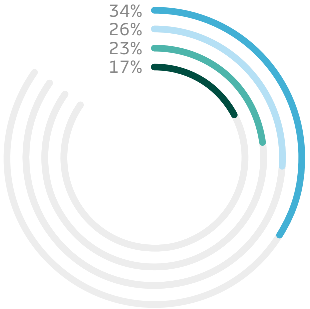
Bunker costs decreased by 25% with a decrease in average bunker prices of 19% to 616 USD/tonne (763 USD/tonne) and a 7.0% decrease in bunker consumption. Bunker efficiency increased by 5.7% to 39.5 g/ TEU*NM (41.9 g/ TEU*NM).

Cost split

Per cent

Operating costs are split across four reporting categories.

- Container handling and equipment costs
- Network cost excl. bunker
- Bunker
- Other costs



Average operated capacity

672 Vessels (year-end)

4,162k TEU

The average operated capacity of 4,162k TEU decreased by 2.9%. The newbuilding programme had replacements of 24 vessels capable of running on green fuels at the end of 2023. At the end of the year, the fleet consisted of 310 owned and 362 chartered vessels, of which 149k TEU or 3.6% of the fleet were idle (20 vessels), mainly due to repairs.

Fleet capacity, year-end

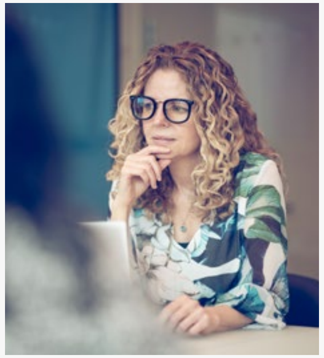
	2023	2022	2023	2022
	TEU	TEU	Vessels	Vessels
Own container vessels				
0-4,699	476	478	141	144
4,700-7,999	277	289	45	47
8,000-14,999	707	723	74	77
> 15,000	903	903	50	50
Total	**2,363**	**2,393**	**310**	**318**
Chartered container vessels				
0-4,699	644	719	237	260
4,700-7,999	332	375	55	61
8,000-14,999	654	657	62	63
> 15,000	124	77	8	5
Total	**1,754**	**1,828**	**362**	**389**

Ocean highlights

The business environment was vastly different from 2022 as global congestion has nearly returned to normal levels and US inventories have rebalanced. Steps were taken to remain agile with deploying the capacity in the most meaningful way, increase the quality of Ocean's products and preparing for a greener future of shipping.

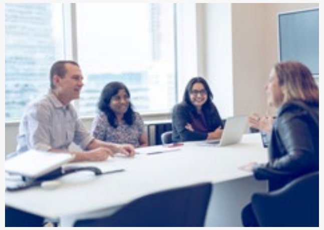
Focus on network optimisation

Global congestions have reduced significantly in 2023, which has allowed for an extensive network review with the objective to reduce emissions and improve reliability across services. The 2M alliance with MSC will terminate from January 2025 and a new operational cooperation with Hapag Lloyd will start from February 2025. Ocean will keep the focus on the Integrator strategy to meet the evolving needs of the customers, including reliability, flexibility and sustainability. The ambition is to provide customers with adequate volumes while limiting the deployed capacity and keeping a high utilisation.



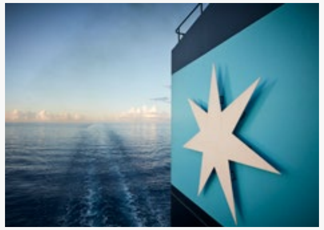
Ongoing focus on cost discipline

Many cost-saving initiatives have been implemented across the organisation to reduce costs, while maintaining focus on the quality and reliability of the Ocean products. In some instances, A.P. Moller - Maersk has been able to reduce its variable costs by partnering with the right suppliers and applying a more robust cost discipline within the company.



Value-adding products to customers

Based on strong collaboration with customers from different industries, the product team is exploring innovative and integrated transport solutions that can meet customers' diverse and evolving needs and requirements, with a focus on reliability and flexibility.



Elsinore, Denmark

DECARBONISATION

A landmark port call in Ocean decarbonisation

The two key levers to decarbonising the Ocean business are transitioning to green fuels and improving fuel efficiency. The most notable milestone in 2023 was the September arrival of the Laura Mærsk – the world's first container vessel capable of sailing on green methanol. The 2,100 TEU feeder vessel completed her entire 21,500 km first voyage from Hyundai Mipo Dockyard, South Korea to Copenhagen, Denmark, while sailing on green methanol. Laura Mærsk is now in service as a feeder vessel on the Baltic Sea and operating on green fuels.

A.P. Moller - Maersk further expanded its green methanol shipping capacity in 2023, ordering six additional vessels of 9,000 TEU each to be delivered in 2026 and 2027 and bringing its total order book to 24 vessels. In 2024, the company will start taking delivery of the first eight of 12 larger container vessels of 16,000-17,000 TEU capacity. As an alternative path to newbuilds, A.P. Moller - Maersk also announced an industry-first pilot with MAN Energy Solutions to convert an existing 14,000 TEU vessel from a traditional fossil diesel engine to a dual-fuel methanol engine. The pilot vessel conversion will take place in 2024, with the intention of replicating the retrofit on additional vessels.

One of the main challenges in accelerating the transition to net zero shipping is the limited supply of green fuels. A.P. Moller - Maersk continuously works on green sourcing solutions with a broad range of global partners, and in 2023 signed a landmark offtake agreement with China's Goldwind, a leader in clean energy, to secure 500 kilotonnes of green methanol annually starting in 2026. This agreement will cover the fuel needs of half of the 24 methanol vessels currently on order. To further support the ramp-up of green fuels, A.P. Møller Holding, together with A.P. Moller - Maersk as a minority owner, created a seed investment in C2X – an independent company that will build, own and operate assets to produce green methanol at scale. C2X plans to bring three million tonnes of green fuels to market annually starting in 2030, and large projects are underway in Egypt and Spain.

The second key lever for decarbonising shipping is improving fuel efficiency. Through more energy-efficient operations and the continuous roll-out of efficiency technologies on owned and time charter vessels, A.P. Moller - Maersk lowered its emissions intensity measure for Ocean, EEOI, to a record low of 11.68 (13.0) in 2023.

Logistics & Services

Despite consistent volume growth across most products year-over-year, revenue decreased in 2023. The challenges were intensified by the aftermath of an abnormal year in 2022, marked by the global impacts of COVID-19. The logistics industry witnessed exceptionally high freight rates in 2022 due to increased consumer demand caused by the pandemic.

As 2023 unfolded, the industry entered a normalised phase causing lower freight rates compared to the abnormal levels of 2022.

During 2023, Logistics & Services proactively implemented a series of strategic measures to address the challenging operational landscape. The company prioritised driving technological advancements, aiming to enhance efficiency and to stay at the forefront of industry innovations. Furthermore, efforts were directed towards securing new customers and acquiring new capabilities to broaden the company's market reach. Operational improvements were a key focus, with initiatives aimed at improving processes and optimising resource allocation. Logistics & Services remains dedicated to strong cost management by enhancing operational efficiencies and optimising asset utilisation, with tangible impacts expected to manifest gradually in 2024.

Truly integrating logistics solutions

Logistics & Services is a core growth element of A.P. Moller - Maersk's integrator strategy. Logistics & Services seeks to fulfil more of the customers' needs at every step of their supply chain through the integrated logistics offerings enabled by digital platforms.

Managed by Maersk offers customs brokerage services, supply chain management and 4PL services, cold chain logistics and Maersk Project Logistics. **Fulfilled by Maersk** offers consolidation, deconsolidation and fulfilment warehousing, cold storage as well as distribution services, inland transportation, depot operations and e-commerce logistics. **Transported by Maersk** offers landside transportation, air freight, less than container loads and cargo risk management products.

Logistics & Services highlights

USD million

	2023	2022
Revenue	**13,916**	**14,423**
Direct costs (third party cost)	9,694	10,717
Gross profit	**4,222**	**3,706**
Direct operating expenses	1,895	1,482
Selling, General & Administration (SG&A) costs	1,076	846
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,251**	**1,378**
EBITDA margin	9.0%	9.6%
Profit after depreciation and impairment losses, before amortisations (EBITA)	**619**	**944**
EBITA margin	4.4%	6.5%
Profit before financial items (EBIT)	**446**	**814**
EBIT margin	3.2%	5.6%
Invested capital	10,779	9,858
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	771	657
Operational and financial metrics		
EBIT conversion (EBIT/gross profit - %)	10.6%	22.0%
Managed by Maersk revenue[1]	2,168	2,491
Fulfilled by Maersk revenue[1]	5,452	4,916
Transported by Maersk revenue[1]	6,296	7,016
Supply chain management volumes (cbm in '000)	102,252	110,264
Intermodal volumes (FFE in '000)	4,031	4,526
Air freight volumes (tonne in '000)	295	211

1 The 2022 by Maersk revenue figures have been restated in order to reflect changes within the Logistics & Services model definition.

Singapore, Singapore

Revenue

USDbn

13.9bn

(USD 14.4bn)

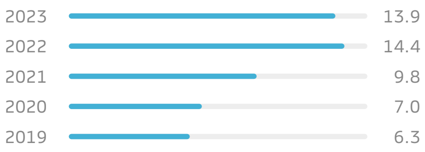
Revenue decreased by 3.5% to USD 13.9bn (USD 14.4bn) due to lower freight rates, however, volumes increased across all products except for inland services and supply chain management. Organic revenue decreased by 15%, driven by air due to lower rates and warehouse and distribution, mainly in North America, due to lower consolidation and deconsolidation volumes primarily in the retail and lifestyle segment. In 2023, more than 50% of the decline in organic revenue was driven by the top 200 customers.

Inorganic revenue of USD 1.7bn increased by 12% with the biggest contribution from LF Logistics, Pilot and Senator. EBITA was USD 619m (USD 944m), of which USD 55m was inorganic. Pilot and Senator became organic during Q2 2023. LF Logistics has been organic since the start of September 2023, and Martin Bencher and Grindrod Logistics are considered inorganic all of 2023.

Managed by Maersk's revenue decreased by 13% to USD 2.2bn (USD 2.5bn), driven by 7.3% lower volumes in supply chain management volumes to 102,252k cbm (110,264k cbm). Customs services volumes increased by 2.2% to 5,684k declarations (5,559k declarations).

Fulfilled by Maersk's revenue was up by 11% to USD 5.5bn (USD 4.9bn) driven by the establishment of 17 new warehouses equivalent to 725k sqm, of which 259k sqm was from LF Logistics in 2023.

Transported by Maersk's revenue was down by 10% to USD 6.3bn (USD 7.0bn), driven by lower freight rates and partly offset by increasing volumes in air and LCL. Organic intermodal volumes decreased by 11% to 4,031k FFE, (4,526k FFE) excl. Grindrod Logistic. Inorganic volumes from Grindrod Logistic increased by 5.5% or 249k FFE to 4,280k FFE. Lower organic volume from intermodal was due to lower ocean volumes given market normalisation, partly offset by higher non-carrier haulage volumes. Air volumes increased by 40%, or 8.2% in organic growth. The inorganic contribution from Senator increased volumes by 32%. Revenue was offset by demand slowdown and a decrease in rates due to post-COVID-19 normalisation.



Organic/inorganic

USD million

	2022	Organic	Inorganic	2023
Revenue	14,423	-2,220	1,713	13,916
Growth		-15%	12%	
EBITA	944	-380	55	619

Gross profit

USDbn

4.2bn

(USD 3.7bn)

Increased by USD 516m to a margin of 30.3% (25.7%). The increase was primarily driven by warehouse and distribution increasing its gross profit margin from 39% to 46%, affected positively by improving its deconsolidation, fulfilment and consolidation profitability. Furthermore, gross profit was positively affected by inorganic gross profit contribution from acquisitions.

EBITDA

USDbn

1.3bn

(USD 1.4bn)

EBITDA decreased by USD 127m due to lower freight rates with an EBITDA margin of 9.0% (9.6%).

EBIT

USDm

446m

(USD 814m)

EBIT decreased by USD 368m with the EBIT margin at 3.2% (5.6%) and an EBIT conversion of 10.6% (22.0%).

Logistics & Services highlights

By expanding in capacity and capabilities while becoming more digitalised, Logistics & Services continues to improve its end-to-end logistics solutions providing greater flexibility for the customers at every stage of their supply chain.

Transported by Maersk

The Less than Container Load (LCL) value proposition was strengthened by expanding the LCL network, with over 600 own direct consolidation lanes now open versus 400 lanes in 2022 and enhanced digital capability on Maersk.com for public track and trace, instant price and booking journey. This own-controlled and operated consolidation model with fixed sailing schedules and loading priority will help safeguard the highest-level reliability for customers.

Fulfilled by Maersk

With the acquisition of LF Logistics and with organic growth, the global warehousing footprint reached 7,829k sqm and 469 sites in 2023 from 7,104K sqm and 452 sites at the end of 2022. Fulfilled by Maersk is rolling out a modernised transport management system globally and are leveraging LF Logistics technology to develop and implement one global warehouse management system. These are key milestones in being able to provide customers with digitally enabled end-to-end logistics solutions.

Managed by Maersk

Maersk Project Logistics (MPL) was launched as a global product family in January 2023. The product is an amalgamation of Maersk SPL and Martin Bencher, which was acquired to add additional project logistics competences and global coverage, with 350 dedicated project logistics professionals. The purpose of MPL is to meet customers' needs for end-to-end transportation and mobilisation of special cargo (out of gauge cargo) and integrated project logistics solutions that remove complexity and provide outcome certainty in a safe manner.

Delhi, India

DECARBONISATION

Connecting end-to-end logistics decarbonisation solutions

A.P. Moller - Maersk increased delivery of decarbonisation solutions based on its 2022 groundwork on understanding customers' needs and the most promising and commercially viable technologies. For many customers, the GHG emissions from land-based logistics including contract logistics, cold chain and omnichannel fulfilment, are the most carbon-intense parts of their logistics supply chains, and there is significant appetite for end-to-end decarbonisation solutions. At the same time, scaling Logistics & Services decarbonisation offerings relies on regional solutions as well as local policy, capacity and infrastructure, such as sufficient electric vehicle charging.

A.P. Moller - Maersk launched an ECO Delivery Inland product in select US locations using owned/leased electric vehicles in 2023. The company also began deploying heavy duty electric trucks, together with partners, in Germany, Norway, Sweden, the UK and China, with pilots in Brazil. The first ECO Delivery Air pilots were also run for customers requiring air shipments in their supply chains.

Sustainable warehouse and distribution centre facilities are another key lever in decarbonising logistics. In 2023, A.P. Moller - Maersk launched low and very low emissions dry storage warehouses in the United Kingdom, Malaysia and Columbia. 'Low emission' facilities are defined as being fully compliant with a target based on facility size, use of renewable energy and no equipment running on fossil fuels.

Cold store warehouses are further required to use natural refrigerants in the main cooling system to be compliant. In 2023, A.P. Moller - Maersk inaugurated a state-of-the-art cold storage facility in Hamilton, New Zealand, built with a low-carbon construction policy and including advanced energy management, solar energy and rainwater harvesting.

Terminals

Terminals delivered a strong 2023 with an EBIT of USD 980m and a ROIC of 10.5%. In the first half of the year, global demand dropped significantly, decongesting global supply chains and reducing terminal utilisation. Consequently, Terminals revenue decreased significantly with dwell time and hence storage revenue returning close to the pre-pandemic levels of 2019.

Margins were actively protected through cost-saving initiatives and tariff increases resulting in an EBITDA margin of 33.2%, 5.4 percentage points above 2019 levels, with only a 1.9-percentage point drop from 2022. Volume adjusted for exits decreased by 0.8% in a contracting global market driven by a weak US market and construction closures in India (GTI), partially offset by growth in Poti, Georgia, and Callao, Peru. Revenue per move decreased by 8.2% due to lower storage revenue and exits, which outweighed the achieved tariff increases in many locations. Cost per move decreased by 4.5% on the back of exits and inflation offsetting cost-saving initiatives.

Expansion projects were initiated in Lazaro Cardenas, Mexico, and Pipavav, India, while the terminal modernisation project in Onne, Nigeria, was completed. The significant modernisation projects in Los Angeles, USA, and Mumbai, India, are nearing completion as well.

55 gateway terminals across 30 countries

The terminals are operated either exclusively by Terminals under the APM Terminals brand or together with a joint venture partner. The performance of seven hub terminals also operated by Terminals is reported under the Ocean segment.

Terminals is uniquely positioned to help both shipping line and landside customers, with 75%/25% of revenue, respectively, to grow their business and achieve better supply chain efficiency, flexibility and dependability.

Terminals highlights

USD million

	2023	2022
Revenue	**3,844**	**4,371**
Concession fees	308	362
Labour cost (blue collar)	1,121	1,270
Other operational costs	618	638
Selling, General & Administration (SG&A) and other costs, etc.	519	566
Total operating costs	**2,566**	**2,836**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,278**	**1,535**
EBITDA margin	33.2%	35.1%
Profit before financial items (EBIT)	**980**	**832**
EBIT margin	25.5%	19.0%
Invested capital	7,813	7,593
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	541	516
Operational and financial metrics		
Terminal volumes – financially consolidated (moves in ‘000)	12,204	12,752
Ocean segment	4,245	4,558
External customers	7,959	8,194
Terminal revenue per move – financially consolidated (USD)	313	341
Terminal cost per move – financially consolidated (USD)	252	263
Result from joint ventures and associated companies (USDm)	282	-46

Moin, Costa Rica

Revenue

USDbn

3.8bn

(USD 4.4bn)

Revenue decreased by USD 527m, driven by a normalisation of storage revenue due to easing global congestion and exits.

Overall volumes were 4.3% below 2022 with a 3.5 percentage point impact from exits (Luanda, Itajai, Cartagena and Mauritania), and a 1.8-percentage point impact from construction closures in Mumbai, India.

Volumes in the remaining portfolio grew 1.5% with strong volumes in Poti, Georgia, Callao, Peru, and Pipavav, India, offsetting weak volumes in the USA. Volumes from Ocean decreased by 6.9% (3.3% like-for-like) and volumes from external customers decreased by 2.9% (increased by 1.8% like-for-like). Despite the increase in volumes in the continuing portfolio, utilisation decreased to 73% (78%), mainly driven by a capacity increase from a terminal modernisation programme in North America.

Lower congestion-related storage revenue and exits resulted in an 8.2% reduction in revenue per move, even as underlying tariffs were increased in line with local inflation. Cost per move improved by 4.5% to USD 252 (USD 263), driven by mix impact, exits and an ability to limit the impact of inflation on the cost base.

Adjusted for foreign exchange rates, volume mix and portfolio changes, revenue per move decreased by 4.3% and cost per move increased by 3.2%.

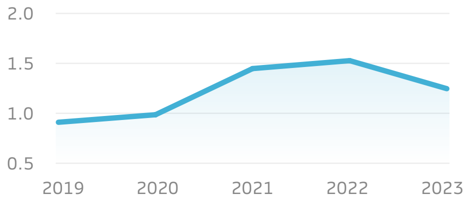
EBITDA

USDbn

1.3bn

(USD 1.5bn)

EBITDA decreased by USD 257m driven by the normalisation of storage revenue, partly offset by higher tariffs. The EBITDA margin decreased to 33.2% (35.1%), but compared to the pre-congestion year in 2019, the EBITDA margin improved by 5.4 percentage points.



EBIT

USDm

980m

(USD 832m)

EBIT increased by USD 148m, driven by the impact of divesting GPI in 2022. Adjusted for the divestment EBIT decreased by USD 255m, driven by the normalisation of storage revenue, partly offset by increasing tariffs and cost-saving initiatives keeping increases below inflation. Compared to the pre-congestion year in 2019, EBIT improved by USD 335m.

2023	2022	2021	2020	2019
980	832	1,173	687	645

CAPEX

USDm

541m

(USD 516m)

CAPEX increased by USD 25m as investments into the existing portfolio was largely unchanged with key projects being the ongoing modernisation of terminals in Los Angeles, USA, Port Elizabeth, USA, and Barcelona, Spain, and the completion of construction work in Mumbai, India, and Poti, Georgia.

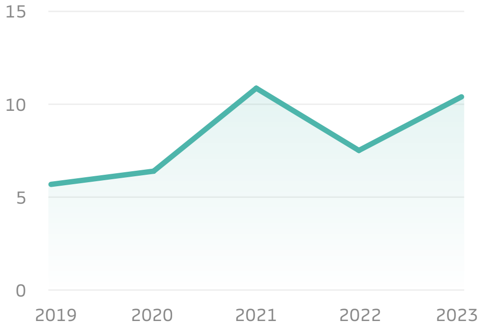
ROIC

Per cent

10.5%

(7.6%)

ROIC (LTM) increased by 2.9 percentage points, driven by the impact of the Global Port Investments (GPI) divestment in 2022. Adjusted for the GPI divestment, ROIC decreased by 1.8 percentage points, down from 12.3% in 2022, due to the normalisation of storage revenue.

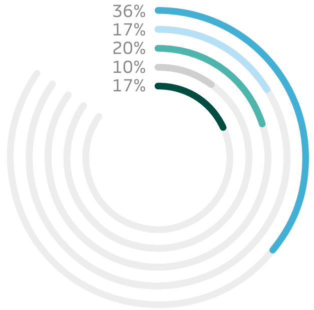


Cost split

Per cent

Frontline and office-based people costs make up almost half of Terminals cost base.

- Labour costs (blue collar)
- Selling, general and administration (SG&A) and other costs, etc.
- Other operational costs
- Concession fees
- Depreciation and amortisation



Results from joint ventures and associated companies

USDm

282m

(negative USD 46m)

The share of profit in joint ventures and associated companies improved to positive USD 282m (negative USD 46m), driven by the divestment of GPI and Wilhelmshaven, Germany, in 2022. Adjusted for the divestments results decreased by USD 22m driven by the go-live of a second terminal in Abidjan, Côte d'Ivoire.

Volumes

In **Europe**, volumes increased by 3.6% due to strong demand in Poti, Georgia, and Vado, Italy, partly offset by a weaker performance in Aarhus, Denmark, while utilisation decreased to 72% (75%).

In **Latin America**, volumes decreased by 1.7%, purely driven by the exit in Itajai, Brazil. Volumes in the rest of the portfolio increased by 6.9%, driven by strong volume in Callao, Peru, while utilisation reduced to 74% (75%) due to increased capacity.

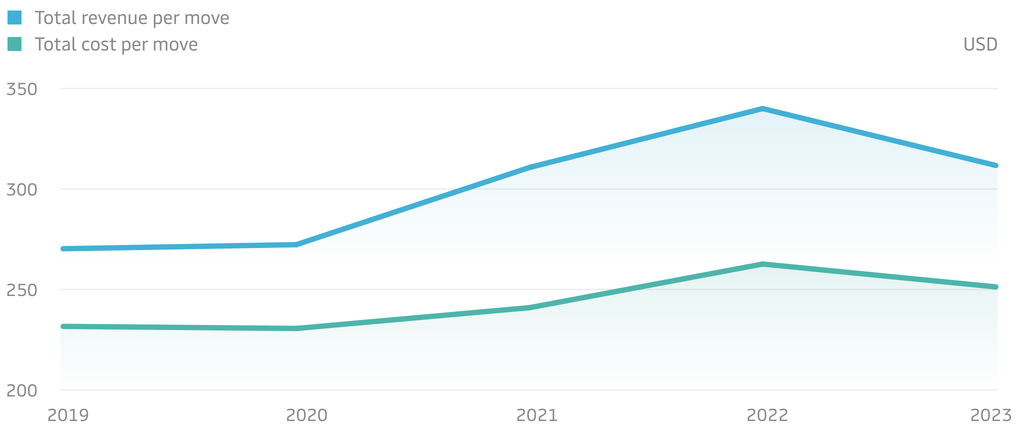
In **Asia and Middle East**, volumes decreased by 3.2%, purely driven by construction work in Mumbai, India, where one berth was unavailable. Excluding Mumbai, volume grew 7.1% with all terminals increasing volumes year on year. Utilisation remained unchanged at 79% (79%).

In **North America**, volumes decreased by 8.4% due to a significantly weaker performance in Los Angeles, USA, and Port Elizabeth, USA. Additionally, capacity increased due to the ongoing modernisation programme, leading to a significant decrease in utilisation to 70% (86%).

Regional volumes

Moves ('000)	2023	2022	Growth (%)
Europe	2,722	2,626	3.6
Latin America	2,346	2,386	-1.7
Asia and Middle East	3,321	3,431	-3.2
North America	3,019	3,295	-8.4
Africa	796	1,014	-21.5
Total	**12,204**	**12,752**	**-4.3**

In **Africa**, volumes decreased by 21% purely due to the divestment of Luanda, Angola. Adjusted for the exit, volume increased by 5.0%, mainly driven by San Pedro, Côte d'Ivoire, and Onne, Nigeria. Utilisation remained on par at 61% despite increasing capacity from the completed expansion in Onne.

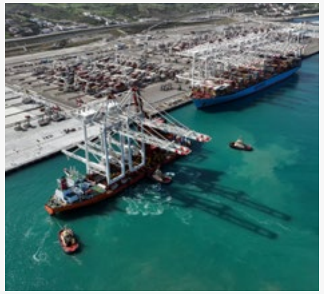


Terminals highlights

Terminals participates in the development of three new terminals, while also modernising and adding capacity in existing terminals. Combined with further portfolio optimisation, the company is well positioned for future growth.

Growth

The focus on growing the portfolio continues after Terminals entered into a strategic partnership with Vietnamese HATECO group to develop a new terminal at Haiphong City, Vietnam. Further, the acquisition of a facility in Suape, Brazil, is on track, paving the way for building what will be Brazil's first 100% electrified terminal. In Lazaro Cardenas, Mexico, the Phase II expansion has started, which will increase the capacity by one million TEUs and position it as a hub for the Americas region.

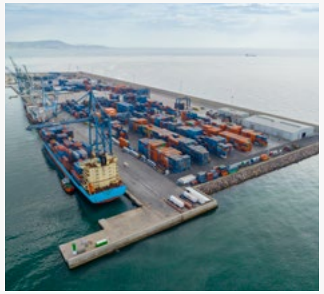


Modernisation

The modernisation project in Los Angeles, USA, is concluding with 100% of the volumes now being managed through the new automated yard. In Mumbai, India, both berths are operational again after a planned temporary closure due to a modernisation programme and volumes are returning. In Onne, Nigeria, the terminal modernisation programme has also been completed, positioning the terminal well for future growth.

Portfolio optimisation

Terminals divested the terminal facility in Castellón, Spain, (APM Terminals Castellón) upon reaching an agreement with Noatum Terminals, which is part of Noatum, an AD Ports Group company. Further APM Terminals Mauritanie S.A, operating terminals in Nouakchott and Nouadhibou, has been divested to local container operator Terminal à Conteneurs de Nouakchott (TCN).



Executive summary
The global integrator
Performance
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Financials

Moin, Costa Rica

DECARBONISATION

Terminals make the case for electrified container handling

A.P. Moller - Maersk's commitment to decarbonisation also applies to Terminals' network of owned and operated terminals that connect ocean and landside operations. The challenge in addressing terminal emissions is the fragmented footprint across almost 4,000 pieces of equipment and nearly 40 different locations with unique infrastructure, regulatory and concession context.

The key levers in decarbonising terminals are switching to renewable electricity, direct electrification, battery electric mobile equipment, energy optimisation and green fuels when needed and possible.

In 2023, Terminals published a white paper with multinational logistics company DP World outlining the case for electrified container handling. The current global fleet of container handling equipment is estimated to account for 10-15 million tonnes of scope 1 and scope 2 annual carbon emissions from ports. The whitepaper offers a roadmap for container terminal electrification by engaging with stakeholders across the value chain, including terminal operators, equipment manufacturers, port authorities, affiliated government entities and shipping line operators.

Following the launch of the whitepaper, Terminals and DP World announced the formation of the Zero Emission Port Alliance (ZEPA) during COP28 in December 2023. ZEPA is an industry-wide strategic coalition with the goal of accelerating the journey to zero emissions for container handling equipment on ports.

In 2023, Terminals completed energy optimisation assessments at 12 terminals to identify solutions that will reduce and optimise fuel and electricity use. The first of five electric equipment pilot projects at the Aqaba Container Terminal in Jordan, was also kicked off as a pilot project including electric reach stackers and empty container handlers as well as 10 electric terminal trucks.

To reduce scope 2 (purchased electricity) emissions, Terminals switched to 100% renewable electricity in Callao, Peru, and 40% renewable electricity in Pipavav, India. For the year, procured renewable electricity accounted for nearly 40% of Terminals' total electricity demand.

GHG emissions from diesel generators from vessels at ports are Terminals' largest scope 3 category emissions. In 2023, a number of alternative maritime power systems, which provide vessels with power from shore to reduce fuel use as well as pollution and noise, were evaluated for future consideration.

Towage & Maritime Services

Revenue was USD 2.1bn (USD 2.3bn) with an EBITDA of USD 320m (USD 369m). EBIT increased by USD 150m to USD 457m (USD 307m), mainly due to the gain from the sale of shares in Höegh Autoliners AS and net gain on sale of U.S. Marine Management.

Revenue

USDbn

2.1bn

(USD 2.3bn)

Financial and operational performance
Revenue in Svitzer increased by USD 66m to USD 839m (USD 774m), and adjusted for foreign exchange rate effects, the increase was 9.5% or USD 74m. Harbour Towage revenue increased by USD 52m, driven by increased volumes of 3.4% across all regions and tariffs in Europe, Australia and Americas, supported by a new port entry in Brazil. Terminal towage revenue increased by USD 10m, driven by tariff adjustments and new contracts commenced in most regions.

Towage EBITDA increased to USD 246m (USD 229m), due to increased revenue, partly offset by increased fuel and other operating costs. EBIT increased to USD 145m (USD 116m), driven by the higher EBITDA, slightly offset by higher depreciations and lower result from joint ventures and associated companies, while EBIT in 2022 was negatively impacted by impairment of tugs, driven by the withdrawal from operations in Russia.

For **Maersk Container Industry**, revenue was USD 496m (USD 499m) with 63% related to third-party customers. EBIT increased to USD 30m (USD 22m).

Gain on divestments

USDm

169m

EBIT in **Other Maritime Services** includes USD 156m (USD 127m) from Höegh Autoliners AS of which USD 57m is a net gain from sale of shares for the full year. Höegh Autoliners AS was fully divested in Q4 2023.

The divestment of **Maersk Supply Service** was completed in May 2023 with a net gain on sale of USD 15m.

The divestment of U.S. Marine Management Inc. was completed in Q3 2023 with a net gain on sale before taxes of USD 92m.

Copenhagen, Denmark

Quarterly summary

	2023				2022			
Income statement	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	11,741	12,129	12,988	14,207	17,820	22,767	21,650	19,292
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	839	1,878	2,905	3,969	6,540	10,862	10,327	9,084
Depreciation, amortisation and impairment losses, net	1,580	1,584	1,571	1,880	1,612	1,649	1,418	1,507
Gain on sale of non-current assets, etc., net	84	136	163	140	33	4	37	27
Share of profit/loss in joint ventures and associated companies	120	108	110	97	161	260	42	-331
Profit/loss before financial items (EBIT)	-537	538	1,607	2,326	5,122	9,477	8,988	7,273
Financial items, net	101	153	-16	190	171	-303	-203	-294
Profit/loss before tax	-436	691	1,591	2,516	5,293	9,174	8,785	6,979
Tax	20	137	104	193	312	263	164	171
Profit/loss for the period	-456	554	1,487	2,323	4,981	8,911	8,621	6,808
A.P. Møller - Mærsk A/S' share	-436	521	1,453	2,284	4,950	8,879	8,593	6,776
Underlying profit/loss[1]	-442	489	1,346	2,561	4,863	8,818	8,553	7,469
Balance sheet								
Total assets	82,100	83,459	83,500	85,490	93,680	89,058	80,426	73,031
Total equity	55,090	55,973	56,427	55,833	65,032	60,231	52,586	44,940
Invested capital	50,430	49,080	49,343	50,322	52,410	53,386	49,195	45,167
Net interest-bearing debt	-4,658	-6,844	-7,090	-7,002	-12,632	-6,855	-3,356	-689
Cash flow statement								
Cash flow from operating activities	166	1,385	2,758	5,334	8,200	9,444	8,611	8,221
Repayments of lease liabilities	763	816	822	825	861	811	762	646
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	1,251	819	738	838	895	906	1,008	1,354
Cash flow from financing activities	-1,545	-1,200	-3,334	-10,726	-1,601	-1,968	-3,046	-7,520
Free cash flow	-1,714	-124	1,581	4,224	6,462	7,787	6,844	6,014

Amounts in USD million

	2023				2022			
Financial ratios	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue growth	-34.1%	-46.7%	-40.0%	-26.4%	-3.7%	37.1%	52.1%	55.1%
EBITDA margin	7.1%	15.5%	22.4%	27.9%	36.7%	47.7%	47.7%	47.1%
EBIT margin	-4.6%	4.4%	12.4%	16.4%	28.7%	41.6%	41.5%	37.7%
Cash conversion	20%	74%	95%	134%	125%	87%	83%	90%
Return on invested capital after tax (ROIC) (last twelve months)	7.4%	17.7%	34.3%	49.1%	60.4%	66.6%	62.5%	53.6%
Equity ratio	67.1%	67.1%	67.6%	65.3%	69.4%	67.6%	65.4%	61.5%
Underlying ROIC[1] (last twelve months)	7.5%	17.5%	34.1%	49.0%	61.2%	68.1%	64.2%	55.4%
Underlying EBITDA[1]	911	1,907	2,916	4,037	6,517	10,851	10,289	9,186
Underlying EBITDA margin[1]	7.8%	15.7%	22.5%	28.4%	36.6%	47.7%	47.5%	47.6%
Underlying EBIT[1]	-520	450	1,469	2,563	5,002	9,381	8,924	7,937
Underlying EBIT margin[1]	-4.4%	3.7%	11.3%	18.0%	28.1%	41.2%	41.2%	41.1%
Stock market ratios								
Earnings per share, USD	-27	31	85	131	278	488	466	364
Diluted earnings per share, USD	-27	31	85	131	277	487	464	363
Cash flow from operating activities per share, USD	16	87	163	306	461	519	467	442
Share price (B share), end of period, DKK	12,140	12,735	11,975	12,445	15,620	13,865	16,555	20,370
Share price (B share), end of period, USD	1,800	1,809	1,745	1,816	2,242	1,817	2,313	3,040
Total market capitalisation, end of period, USD	28,541	29,490	29,273	30,957	39,135	32,099	42,108	55,662

1 Underlying is computed as the relevant performance measure adjusted for the net gains/losses from the sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to major transactions. The adjustments include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies and, when applicable, the adjustments are net of tax.

Governance

Delhi, India

Shareholder information

The share price declined over the course of 2023 as the market outlook for the Ocean business progressively deteriorated in light of the increasingly challenging supply-demand situation in the container shipping industry following the pandemic-fuelled years of 2021 and 2022. The share price development also reflected the DKK 74.4bn (USD 10.9bn) returned to shareholders – the highest dividend ever paid in the history of A.P. Moller - Maersk. Share price performance was broadly aligned with global peers.

The Maersk B share closed 2022 at DKK 15,620. Following the return of DKK 74.4bn to shareholders through the full-year dividend paid in March 2023, the share price declined to reflect the post-dividend balance sheet. The share price remained relatively stable over the following seven months, performing in line with the transportation industry peers. In the third quarter results published in November 2023, the company readjusted guidance expectations towards the lower end of the financial guidance ranges previously communicated and highlighted the impact of the rapidly increasing oversupply in container shipping, resulting in a share price decline of 17% on the day. From mid-December, Maersk shares rallied strongly in response to a spike in freight rates, resulting from the concerning disruptions in the Red Sea/Gulf of Aden. Maersk B shares closed 2023 at DKK 12,140, representing a decline of 22% on the year. Assuming reinvestment of the dividend paid in March 2023, the total shareholder return over the year was 6%.

The Board of Directors in A.P. Møller - Mærsk A/S proposes a dividend of DKK 515 per share based on a pay-out ratio of 30%, corresponding to a dividend yield of 4.2%

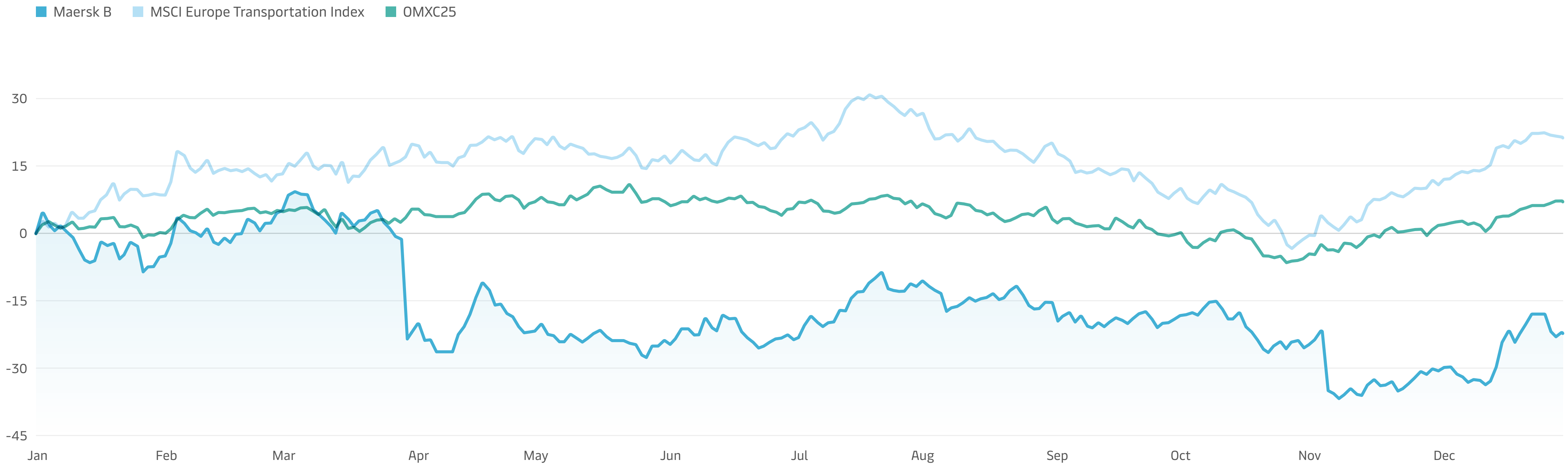
Total shareholder return

2023	2022	2021	2020	2019
6%	-26%	77%	45%	36%

The Maersk B share price decreased by 22% to DKK 12,140 from its closing price at the end of 2022 of DKK 15,620. By comparison, the benchmark indices MSCI Europe Transportation and OMXC25 decreased by 21% and 7%, respectively. The Maersk B share price reached its highest price of DKK 17,050 on 2 March 2023, and its lowest price of DKK 9,826 on 7 November 2023. The total market value of A.P. Møller - Mærsk A/S was USD 28.5bn or DKK 192.5bn at the end of 2023.

Share price development

Price change, %



Source: S&P Cap IQ; data rebased from the Maersk B share price at the end of December 2022.

Executive summary

The global integrator

Performance

Governance

Financials

Share capital

A.P. Møller - Mærsk A/S' shares are listed on Nasdaq Copenhagen and are divided into two classes: A shares with voting rights and B shares without voting rights. Each DKK 1,000 A share entitles the holder to two votes.

On 7 June 2023, the cancellation of 227,390 A shares and 910,056 B shares was completed, corresponding to 6.08% of the total share capital in A.P. Møller - Mærsk A/S before the cancellation of shares.

The A.P. Møller - Mærsk A/S share capital amounts to nominally DKK 17,569,715 divided between 10,107,046 A shares of nominally DKK 1,000 and 7,462,669 B shares of nominally DKK 1,000.

Ownership

The total number of registered shareholders increased by 18,000 to around 107,000 during 2023. Shareholders with more than 5% of share capital or votes held 59.6% of the share capital, while the 20 largest institutional shareholders together owned around 13.3% of the total share capital and around 32.9% adjusted for the free-float. Danish retail investor holdings were around 11.8% of the total share capital.

Treasury shares

The A.P. Møller - Mærsk A/S holding of treasury shares comprised 9.03% of the share capital at the end of 2023, cf. note 4.1 in the consolidated financial statements, a total of 306,636 A shares and 1,279,120 B shares.

Dividend

A.P. Møller - Mærsk A/S' dividend policy is an annual pay-out ratio of 30-50% of underlying net result adjusted for gains, impairments and restructurings.

> The Board of Directors proposes a dividend to the shareholders of DKK 515 per share of DKK 1,000 (DKK 4,300 per share of DKK 1,000).

Distribution to shareholders of excess cash will take place through dividends and the annual pay-out ratio and distribution will be decided from an evaluation of the outlook, cash flow, capital expenditures for organic CAPEX and merger & acquisition transactions, and the target of having an investment grade rating.

The Board of Directors proposes a dividend to the shareholders of DKK 515 per share of DKK 1,000 (DKK 4,300 per share of DKK 1,000). The proposed dividend payment represents a dividend yield of 4.2% (27.5%) and 30% (37.5%) of the net underlying profit, based on the Maersk B share's closing price of DKK 12,140 as of 29 December 2023. Payment is expected to take place on 19 March 2024.

The A.P. Møller - Mærsk A/S share

Key figures	2023	2022	2021	2020	2019
Year-end share price (DKK, B share)	12,140	15,620	23,450	13,595	9,608
Share price range (DKK, B share)	7,465	11,550	11,330	9,081	3,410
Market capitalisation at year-end (USDbn, A and B share)	28.5	39.1	64.3	42.0	28.0
Earnings per share – continuing operations (USD)	227	1,600	941	145	-4
Dividend per share (DKK, A and B share)[1]	515	4,300	2,500	330	150
Dividend yield (B share)	4.2%	27.5%	10.7%	2.4%	1.6%
Total dividends (USDm)	1,169	10,888	7,117	1,092	468
Share buy-back programme (DKKbn)[2,3]	21.1	19.8	12.3	5.4	5.3
Share buy-back programme (USDm)[3]	3,070	2,785	1,956	806	791

1 Proposed dividend for the year.
2 Actual payments on a cash basis.
3 Includes the shares bought back for the long-term incentive programmes.

Shareholders with more than 5% of share capital or votes

Shareholders according to section 55 of the Danish Companies Act	Share capital	Votes
A.P. Møller Holding A/S, Copenhagen, Denmark[1]	41.5%	51.5%
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, Copenhagen, Denmark[2]	9.8%	14.0%
Den A.P. Møllerske Støttefond, Copenhagen, Denmark	3.7%	6.4%
A.P. Møller - Mærsk A/S (treasury shares)	9.0%	1.5%

1 A.P. Møller Holding A/S has committed to participate in the company's share buy-back programme by selling both A and B shares relative to their total ownership and voting rights in the company. Before cancellation of the company's treasury shares (which is subject to approval at the Annual General Meeting and intended to take place in May 2024), A.P. Møller Holding A/S holds 37.9% of the share capital and 49.9% of the votes of the company.
2 A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond has committed to participate in the company's share buy-back programme by selling B shares relative to their total ownership in the company. Before cancellation of the company's treasury shares (which is subject to approval at the Annual General Meeting and intended to take place in May 2024), A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond holds 9.0% of the share capital of the company.

Capital allocation

The capital allocation strategy ensures that A.P. Moller - Maersk has sufficient financial flexibility to meet the strategic growth objectives while maximising return to A.P. Moller - Maersk's shareholders.

For 2023-2024, the expectation for the accumulated CAPEX is unchanged at USD 8.0-9.0bn, driven by continued investment in the integrator strategy, with a focus on growth, automation and decarbonisation. A.P. Moller - Maersk is committed to shareholder returns starting with its dividend policy, see above.

Funding strategy

A.P. Moller - Maersk's focus is on long-term debt in order to minimise the ongoing refinancing risk and secure a solid capital structure over the business cycle. A.P. Moller - Maersk aims at having a diversified debt portfolio, based on funding from debt capital markets, commercial bank debt, export credit agencies and from multilateral agencies.

The target is to have an average maturity of the debt portfolio (excluding the impact of leases) between four to five years, and that the total amount of debt maturing (excluding the impact of leases) in a single 12-month rolling period should not exceed USD 3bn within the next three years.

Share buy-back

A.P. Moller - Maersk's share buy-back programme, originally planned for USD 5.0bn over 2022-2023, has been progressively extended to USD 12.0bn over 2022-2025 or USD 3.0bn annually.

Of the planned share buy-back of around USD 12.0bn for the years 2022-2025, A.P. Moller - Maersk has bought back USD 6.3bn as of 31 December 2023.

The share buy-back is carried out with the purpose to adjust the capital structure of A.P. Moller - Maersk. At the Annual General Meeting in 2024, it will be proposed that shares which are not used for hedging purposes for the long-term incentive programmes are to be cancelled.

No shares may be bought back at a price exceeding the higher of i) share price of latest independent trade and ii) the highest current independent bid at NASDAQ Copenhagen at the time of trading. The maximum number of A and B shares that may be purchased on each trading day may not exceed 25% of the average daily trading volume of A and B shares, respectively, on NASDAQ Copenhagen or other regulated markets, on which the purchase is carried out, over the last 20 trading days prior to the date of purchase. A and B shares will be acquired in a 20/80 split reflecting the current trading volumes of the two share classes.

The company will fulfil its reporting obligations by announcing no later than every seventh trading day the purchases made under the share buy-back programme.

Given the heightened uncertainty, the Board of Directors has decided to immediately suspend the share buy-back programme, with a re-initiation to be reviewed once market conditions in Ocean have settled.

Financial calendar 2024

Date	Event
Thursday, 14 March 2024	Annual General Meeting Virtual event
Thursday, 2 May 2024	Interim Report Q1
Wednesday, 7 August 2024	Interim Report Q2
Thursday, 31 October 2024	Interim Report Q3

Annual General Meeting

The Annual General Meeting will be held on 14 March 2024 as a virtual event.

Investor Relations

Investor Relations worked to ensure that the global investment community were kept updated on the latest financial performance and corporate developments. Together with the Executive Leadership Team, Investor Relations engaged with institutional investors, financial analysts and individual investors, discussing our strategy and business transformation. In 2023, the Investor Relations team had around 1,000 interactions, including phone calls, video conferences and road shows. Maintaining a global presence, the Executive Board and IR team met with investors in Copenhagen, Stockholm, London, Paris, Frankfurt, New York, Los Angeles, Singapore and more. A dedicated event was hosted for Denmark-based financial analysts upon the arrival of our first methanol-enabled vessel in Copenhagen in September 2023. An important communications channel for IR is the investor website → investor.maersk.com, where investors can find the latest financial reports, investor presentations as well as share and bond information.

Corporate governance

A.P. Møller - Mærsk A/S must comply with or explain deviations from the 'Recommendations for Corporate Governance' implemented by Nasdaq Copenhagen in the Rules for issuers of shares and section 107b of the Danish Financial Statements Act. The Board of Directors has prepared a statement on corporate governance for the financial year 2023, which can be found on → investor.maersk.com/governance/corporate-governance

Out of the 40 Recommendations for Corporate Governance, the company complies with 32, complies partly with seven and does not comply with one of the recommendations.

Governance structure

The shareholders exercise their rights at the Annual General Meeting which is the supreme governing body of the company. The Annual General Meeting, inter alia, elects the Board of Directors and the auditors, approves the annual report and adopts the company's Articles of Association.

The company has two share classes: A shares carrying voting rights and B shares without voting rights. A and B shares carry equal economic rights and are traded publicly at NASDAQ Copenhagen.

A.P. Møller - Mærsk A/S has a management structure consisting of the Board of Directors and the Executive Board. The governance structure and rules are further described in the Articles of Association, the Corporate Governance Statement and the Rules of Procedure for the Board, all of which are available at → investor.maersk.com.

The Board of Directors appoints the Executive Board to conduct the day-to-day management of the company. As of 1 January 2023, the Executive Board of A.P. Møller - Mærsk A/S consisted of Vincent Clerc (CEO), Patrick Jany (CFO) and Henriette Thygesen.

On 1 April 2023, Henriette Thygesen stepped down from the Executive Board and became part of the Executive Leadership Team which consists of 12 members (in addition to the CEO and CFO) who are responsible for a specific part of the business.

The governance structure supports close coordination between the Board of Directors, the Executive Board and leaders across the organisation. The structure promotes the objectives of:

- Early identification of opportunities, challenges and risks.
- Efficient processes for informed decision-making.
- Continuous learning.
- Proactive planning and agile execution.
- Sound controls, checks and balances and compliance.
- Clear allocation of authorities and responsibilities.
- Safe operations and consideration for ESG-related matters.

Board competences and diversity

The Board has identified several key competences needed within the Board to fulfil its responsibilities: shipping, transport, logistics, IT and digital/business transformation, innovation, asset heavy industries, ESG and climate changes, finance and accounting, risk management, global leadership and board service in stock listed companies.

Currently, the Board consists of three women and six men. In accordance with section 139c of the Danish Companies Act, this is considered equal gender representation in the Board, and no policy or further reporting is thus required.

The Rules of Procedure for the Board are available on the company's webpage.

Board evaluation

In 2023, a Board evaluation was conducted, covering topics such as diversity in the Board, content of the work in the Committees and the capabilities needed for best supporting the company's strategy. All Board members participated in the evaluation. The results were discussed in a plenary Board session, and agreed actions for improvement will be implemented.

The Board evaluation 2023 confirmed the composition of the Board with regards to diversity, capabilities and alignment within the Board on the strategic priorities.

Board Committees

The Rules of Procedure for the Board Committees are available on the company's webpage.

Audit Committee

The Audit Committee consists of four Board members. The majority of the members are independent. In 2023, the Audit Committee has, among others, managed the following matters:

- Monitoring the financial and non-financial reporting process, including financial reporting risks, accounting estimates and judgments, accounting policies and reporting process integrity.
- Monitoring the ESG reporting.
- Review of annual and interim financial reports.
- Monitoring the effectiveness of internal control systems, fraud risks and fraud prevention.
- Discussion of key audit matters, monitoring the services, audit plans, reports, independence of external auditors and recommending statutory auditor for election.
- Monitoring the Group Internal Audit function, its independence, scope and performance, resources and reporting, and the resolution of audit findings.
- Overseeing the company's enterprise risk management framework and reviewing key enterprise risks and related mitigation plans.

Nomination Committee

The Nomination Committee consists of three Board members. One member (of the Nomination Committee) is independent. In 2023 the Nomination Committee has, among others, managed the following matters:

- Review and assessment of the composition, succession planning, competences and diversity of the Board of Directors as a part of the Board evaluation.
- Identifying candidates for membership of the Board of Directors.
- Assessment of independence criteria of the Board members.

Remuneration Committee
The Remuneration Committee consists of three Board members. One member (of the Remuneration Committee) is independent. In 2023, the Remuneration Committee has, among others, managed the following matters:

- Review and definition of benchmarks for executive remuneration.
- Review, monitoring and proposal to the Board of the scorecards and remuneration packages of the Executive Board for 2023 and 2024.
- Review and proposal of a new Remuneration Policy.
- Preparation of the Remuneration Report.
- Preparation for the appointment and remuneration of a new Executive Leadership Team including contract terms.
- Proposal of fees for the members of the Board of Directors.

ESG Committee
The ESG Committee was formed in March 2023 and consists of four Board members. Two of the members are independent. The chair of the ESG Committee is also member of the Audit Committee to ensure alignment between the two committees' roles and responsibilities, especially on ESG reporting.

In 2023, the ESG Committee has, among others, managed the following matters:

- Review of the company's commitments and scope of reporting within ESG, including future legislation and reporting requirements.
- Review of ESG Scorecard for 2023 and 2024 targets.
- Review of the company's DEI policy.
- Review of the cultural transformation programme for the fleet.

ESG governance
The company has adopted policies and strategies for responsible business practices and sustainability to support its business strategy and deliver value for customers, investors and broader society in line with the recommendations of the UN Global Compact. The company publishes an annual Sustainability Report, which can be found on the company's website.

The Board of Directors monitors sustainability and ESG in the company and approves the ESG strategy and annual reporting. In 2023, the Board further decided to establish an ESG Committee with specific focus on ESG-related topics. The Audit Committee monitors the ESG reporting.

Internal control and risk management systems
The company's risk management and internal controls in connection with its financial reporting are planned to reduce the risk of errors and omissions in the financial reporting.

Control environment
The Board of Directors, the Audit Committee and the Executive Board regularly assess material risks and internal controls in connection with the company's financial reporting process. The Audit Committee has a supervisory responsibility and reports to the Board of Directors. The responsibility for the maintenance of an efficient control environment in connection with the financial reporting rests with the Executive Board.

The Board of Directors and the Executive Board prepare and approve policies, procedures and controls in significant areas in connection with the company's financial reporting.

Risk assessment and management
At least once a year, the Board of Directors, the Audit Committee and the Executive Board undertake a general identification and assessment of risks, including the risk of fraud, and consider measures to be implemented to reduce or eliminate such risks, based on an assessment of materiality and probability of errors and omissions.

Control activities
Specific control activities related to financial reporting risks have been defined and implemented for each business segment.

Monitoring
The monitoring of risk management and control systems in connection with financial reporting takes the form of ongoing assessments and control at different levels within the company. Material weaknesses, omissions and violations are reported to the Executive Board. The Board of Directors and Audit Committee receive reports from the Executive Board and from Group Internal Audit on the compliance with the guidelines.

Group Internal Audit
Group Internal Audit provides assurance to the Board of Directors and the Audit Committee and acts independently of the Executive Board. Group Internal Audit's focus is to review the effectiveness of internal controls, procedures and systems to prevent and detect irregularities. The Head of Group Internal Audit reports to the Chair of the Board of Directors and to the Audit Committee.

Overview of committee members and attendance rate for 2023

	Board meeting	Audit Committee	Nomination Committee	Remuneration Committee	ESG Committee[1]	Transformation & Innovation Committee[2]
Robert Mærsk Uggla	9/9 (Chair)		6/6 (Chair)	7/7	4/4	1/1
Marc Engel	8/9		6/6	7/7 (Chair)	4/4	1/1 (Chair)
Arne Karlsson	9/9	8/8 (Chair)				
Bernard L. Bot	9/9	8/8				
Amparo Moraleda[3]	8/9	8/8		3/7	4/4 (Chair)	1/1
Marika Fredriksson[4]	8/9	7/8		3/7		
Kasper Rørsted[5]	7/9[5]		6/6		3/4	
Thomas Lindegaard Madsen	9/9					
Julija Voitiekute	9/9					
Overall attendance rate	96.2%	96.9%	100%	95.2%	93.8%	100%

1 In March 2023, the ESG Committee was established.
2 In March 2023, the Transformation & Innovation Committee was dissolved.
3 Amparo Moraleda stepped down from the Remuneration Committee in March 2023.
4 Marika Fredriksson joined the Remuneration Committee in March 2023.
5 Kasper Rørsted joined the Board in March 2023.

Remuneration

The remuneration of the Executive Board members for the financial year 2023 reflects a year in which A.P. Moller - Maersk was operating in a market environment that was significantly different from the most recent years, impacting key performance criteria and the remuneration outcome for 2023.

In conjunction with the change of leadership of A.P. Moller - Maersk early 2023, the remuneration structure of the members of the Executive Board was changed to further align remuneration with business results and shareholder interests both short and long term. This has resulted in an increase of the variable pay relative to base salary for the Executive Board members.

Additionally, the focus has been on the implementation of the new Performance Share Plan that incorporates not only financial performance goals, but also ESG goals as outlined in the 2023 Remuneration Policy.

Remuneration policy at a glance

The Policy supports the business needs by enabling an appropriate total remuneration package that has a clear link to the business strategy and aligns with shareholder interests.

The objectives of the Policy are to:

- *Ensure appropriate total remuneration*: The remuneration design and decisions are guided by market practice, reflected in the remuneration components offered and the total remuneration value provided.
- *Link to business strategy*: The Policy supports the business plan and the need for executive leaders to focus on delivering an on-going progress to achieve the company's strategic goals, reflected in a combination of short and long term incentive components.
- *Align with shareholder interest*: The Policy is designed to support the delivery of strong financial and operational results over time, which ultimately grow shareholder value.

The current Policy applies to members of the Executive Board and the Board of Directors and was adopted at the company's Annual General Meeting in 2022.

Board of Directors

The members of the Board of Directors receive a fixed annual fee which is differentiated based on the role:

- Ordinary Board members receive a fixed amount, and the Chair and Vice Chair receive fixed multiples thereof.

Board of Directors members serving on the Board committees or performing ad hoc work beyond the normal responsibilities receive an additional fee. This does not apply to the Chair where the fixed annual fee is all inclusive.

Executive Board

The remuneration of the Executive Board members consists of a fixed base salary, a benefit allowance, short-term incentive as well as long-term incentive components.

The remuneration structure is intended to drive a 'reward for performance' culture by aligning individual reward to company performance and shareholder value creation. The individual remuneration level is set and reviewed based on peer companies of similar size and complexity to ensure they remain comparable and fit for the business.

Total remuneration 2023

The table shows the total remuneration awarded to members of the Board of Directors and the Executive Board in aggregate from 2019 to 2023, as set out in note 2.2 of the consolidated financial statements.

Further information regarding the share-based incentives is detailed in note 5.2 of the consolidated financial statements as calculated according to IFRS 2.

Long-term share-based incentives are different in both reporting and methodology in the company's Remuneration Report 2023, which is available at the company's website on:

→ investor.maersk.com/financials/financial-reports

2019–2023 Remuneration

USD million

Remuneration awarded	2023	2022	2021	2020	2019
Board of Directors					
Fixed annual fee	2	2	3	3	3
Total	**2**	**2**	**3**	**3**	**3**
Executive Board					
Fixed pay	3	8	9	8	10
Short-term cash incentive	2	6	8	6	5
Long-term share-based incentives[1]	2	8	3	2	1
Remuneration in connection with redundancy, resignations and release from duty to work	-1	8	-	-	6
Total	**6**[2]	**30**	**20**	**16**	**22**

1 During 2022, it was announced that Morten Engelstoft would leave A.P. Moller - Maersk effective end June 2022 and Søren Skou effective end December 2022. In accordance with the terms and conditions of the restricted share plan and the stock option plan, any remaining expenses related to previous years' plans were accelerated and recognised in 2022 for plans that were kept, and previously recognised expenses are reversed for cancelled plans. This resulted in an increase in the long-term share-based incentives remuneration in 2022.
2 In 2023, the Executive Board was reduced from five to two members.

Board of Directors

Robert Mærsk Uggla

Chair, chair of the Nomination Committee, member of the ESG Committee and the Remuneration Committee.
CEO, A.P. Moller Holding A/S.

Not considered independent due to the position as CEO of A.P. Møller Holding A/S.

- Swedish nationality
- Male, born 1978
- Joined the Board in 2014
- Current election period: 2022-2024

Other management duties, etc.
- A.P. Moller Capital P/S (Chair)
- Maersk Tankers A/S (Chair)
- Agata ApS (CEO)
- Estemco XII ApS (CEO)
- IMD (Director of the foundation Board)
- International Business Leaders' Advisory Council, IBLAC (member)
- Board positions in a number of controlled subsidiaries of A.P. Møller Holding A/S

Education
- MSc in Business Administration (2003), Stockholm School of Economics, including studies at Università Commerciale Luigi Bocconi
- Executive education at The Wharton School of the University of Pennsylvania, Stanford Business School, Harvard Business School, and IMD.

Qualifications
Leadership experience within transportation and infrastructure-related activities.

Marc Engel

Vice chair, chair of the Remuneration Committee, and member of the Nomination Committee and the ESG Committee.
CEO, Unilabs.

Not considered independent due to his position in Unilabs, an A.P. Møller Holding company.

- Dutch nationality
- Male, born 1966
- Joined the Board in 2019
- Current election period: 2023-2025

Other management duties, etc.
- ACT commodities (Supervisory Board Member)

Education
- MSc, Applied Physics, University of Groningen, Groningen, Netherlands

Qualifications
International experience in general management, sustainability, procurement and supply chain. Insight from a customer's perspective in both shipping and broader logistics space.

Bernard L. Bot

Member of the Audit Committee.
CFO, Kingfisher Plc.[1]

Considered independent.

- Dutch nationality
- Male, born 1966
- Joined the Board in 2019
- Current election period: 2023-2025

Other management duties, etc.
- None

Education
- MSc in Economics, Erasmus University, Rotterdam, the Netherlands
- MBA, University of Chicago Booth School of Business, Chicago, USA

Qualifications
Experience within the transport and logistics sector and listed companies. Technical financial skills, knowledge of global business-to-business technology and customer markets.

Marika Fredriksson

Member of the Audit Committee and the Remuneration Committee.

Considered independent.

- Swedish nationality
- Female, born 1963
- Joined the Board in 2022
- Current election period: 2022-2024

Other management duties, etc.
- AB Industrivärden[1] (Board member)
- Sandvik AB[1] (Board member)
- Emagine Consulting (Chair)
- Axcel (Advisory Board member)
- Ecolean AB (Board member)
- Kone Oy (Board member)

Education
- Master's degree from the Swedish School of Economics, Helsinki, Finland

Qualifications
International experience as CFO and member of the Board of directors of listed companies within construction.

Arne Karlsson

Chair of the Audit Committee.

Not considered independent due to being member of the Board for minimum 12 years.

- Swedish nationality
- Male, born 1958
- Joined the Board in 2010
- Current election period: 2023-2025

Other management duties, etc.
- Einar Mattsson (Chair)
- FAPM Fastighets AB (Chair)
- Fastighets AB Stadshus (Chair)
- KANA I Ramundberget AB (Chair)
- Ramisverket AB (Deputy Board member)
- Swedish Securities Council (Board member)
- Advisory Board for The ESS (European Spallation Source) (member)
- Origover AB (Board member)

Education
- Bachelor's degree in Business and Economics, Stockholm School of Economics, 1982

Qualifications
Experience as CEO and Board member of private equity and industrial companies and with managing and developing a diverse portfolio of businesses operating in different markets.

1 Listed company

Board of Directors

Thomas Lindegaard Madsen

Captain, Maersk Line.

Not considered independent due to employment in A.P. Moller - Maersk.

- Danish nationality
- Male, born 1972
- Joined the Board in 2018
- Current election period: 2022-2024

Other management duties, etc.
- None

Education
- Graduated Master, 1996, Svendborg Navigations Skole

Qualifications
Captain in Maersk Line since 2011 and Chief Officer in Maersk Line from 2004-2011. Technical, maritime and operational knowledge.

Amparo Moraleda

Member of the Audit Committee and chair of the ESG Committee.

Considered independent.

- Spanish nationality
- Female, born 1964
- Joined the Board in 2021
- Current election period: 2023-2025

Other management duties, etc.
- Caixabank[1] (Board member)
- Airbus SE[1] (Board member)
- Vodafone Group[1] (Board member)

Education
- Industrial Engineer by ICAI, Universidad Pontificia de Comillas, 1988
- Advance Management programme (PDG) by IESE Business School, Universidad de Navarra 1995

Qualifications
Board experience from international listed technology, chemical, aerospace, transportation, automotive, and innovation companies and from the financial sector. Management experience from global, listed IT and electric utility companies. Digital transformation and strategy experience.

Kasper Rørsted

Member of the Nomination Committee and the ESG Committee.

Considered independent.

- Danish nationality
- Male, born 1962
- Joined the Board in 2023
- Current election period: 2023-2025

Other management duties, etc.
- Siemens AG, Germany (Board member and member of the Innovation Committee)
- Woom, Austria (Chair)
- Accell Group N.V., Netherlands (Chair)
- IISS, Think Tank, Board of Trustees (member)

Education
- International Business Studies, Copenhagen Business College, Denmark
- Executive Program, Harvard Business School, USA

Qualifications
Experience as global CEO and Board member in listed international companies in IT, consumer goods, and chemicals. Strong competencies in digital transformation, leadership development, sustainability and global business trends.

Julija Voitiekute

Energy transformation academy lead, A.P. Møller - Mærsk A/S.

Not considered independent due to employment in A.P. Moller - Maersk.

- Lithuanian nationality
- Female, born 1981
- Joined the Board in 2022
- Current election period: 2022-2024

Other management duties, etc.
- Innovation Committee of Danish Shipping (member)

Education
- Master's degree in International Strategy, Copenhagen Business School
- Bachelor in Finance and Banking from St. Petersburg University of Economics and Finance

Qualifications
Knowledge in ship operation, technical management, future trends and innovation.

1 Listed company

Executive Board

Vincent Clerc

Registered as CEO, A.P. Møller - Mærsk A/S
Chief Executive Officer (CEO)
since January 2023.

- Swiss nationality
- Male, born 1972
- Joined the Executive Leadership Team in 2017
- Joined A.P. Moller - Maersk in 1998

Other management duties, etc.
- European Round Table of Industrialists

Education
- Bachelor in Political Science, Lausanne, Switzerland
- MBA, Columbia Business School, New York, and London Business School

Qualifications
Vincent has held various roles in North America and Copenhagen. In December 2015, Vincent was appointed Chief Commercial Officer in Maersk Line before being appointed as member of the Executive Board as Chief Commercial Officer of A.P. Moller - Maersk in 2017. In December 2019, Vincent Clerc was appointed CEO of Ocean & Logistics at A.P. Moller - Maersk.

Patrick Jany

Registered as CFO, A.P. Møller - Mærsk A/S
Chief Financial Officer (CFO)
since May 2020.

- German and Swiss nationality
- Male, born 1968
- Joined the Executive Leadership Team in 2020
- Joined A.P. Moller - Maersk in 2020

Other management duties, etc.
- Comet AG, Switzerland (Board member)

Education
- Master in Business Administration, Finance, ESCP (École Supérieure de Commerce de Paris)

Qualifications
Before joining A.P. Moller - Maersk, Patrick was CFO and member of the Executive Committee in Clariant AG, Switzerland. Prior to his role as CFO, Patrick held several leadership positions within finance, general management and corporate development in Clariant in Germany, Mexico, Singapore, Indonesia and Spain.

Executive Leadership Team

A.P. Moller - Maersk's Executive Leadership Team includes leaders with a long tenure within A.P. Moller - Maersk, and leaders with experience from outside the company, bringing increased diversity of thought, age, gender and nationality.

The organisational structure is shaped around 13 roles and areas of responsibility. The Executive Leadership Team jointly owns the execution of A.P. Moller - Maersk's Integrator strategy and is composed to create strong alignment across the enterprise as well as clear ownership and accountability for key aspects of the next phase of A.P. Moller - Maersk's strategy.

The Executive Leadership Team's responsibilities

Vincent Clerc[1], Chief Executive Officer

Corporate functions

Patrick Jany[1], Chief Financial Officer

Katharina Poehlmann, Head of Strategy

Susana Elvira, Chief People Officer

Caroline Pontoppidan, Chief Corporate Affairs Officer

Navneet Kapoor, Chief Technology & IS Officer

Running the business

Karsten Kildahl, CCO & LAM & IMEA

Aymeric Chandavoine, President Europe

Charles van der Steene, President North America

Ditlev Blicher, President Asia Pacific

Johan Sigsgaard, Chief Product Officer – Ocean

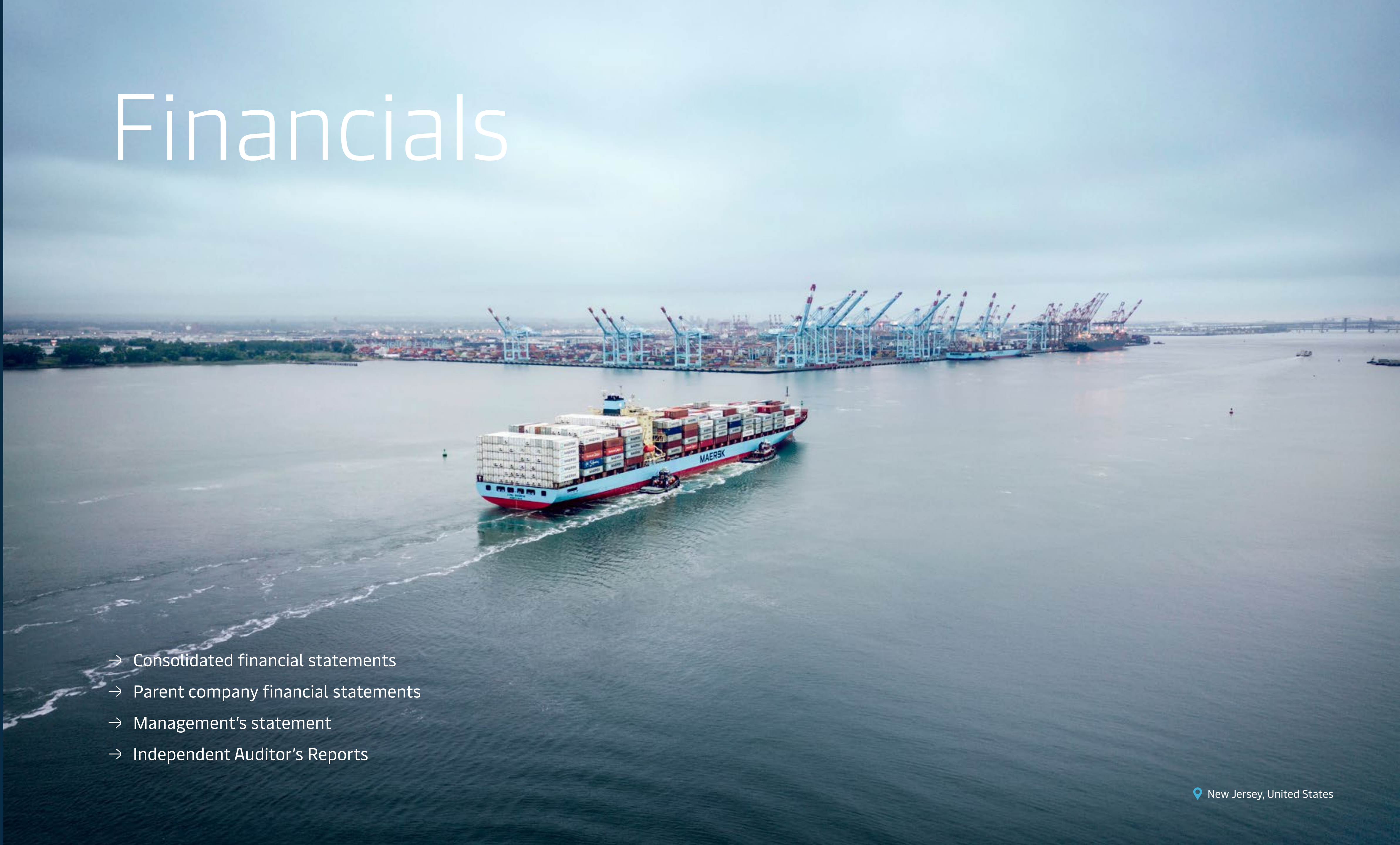
Narin Phol, Chief Product Officer – Logistics & Services

Rabab Boulos, Chief Operating Officer

Keith Svendsen, CEO APM Terminals

1 Executive Board

Financials



New Jersey, United States

Consolidated financial statements

Amounts in USD million

Consolidated income statement

Note		2023	2022
2.1	Revenue	51,065	81,529
2.2	Operating costs	41,574	44,882
	Other income	117	319
	Other costs	17	153
2.1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**9,591**	**36,813**
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	6,615	6,186
2.4	Gains on sale of non-current assets, etc., net	523	101
	Share of profit/loss in joint ventures and associated companies	435	132
	Profit/loss before financial items (EBIT)	**3,934**	**30,860**
4.4	Financial income	1,804	1,088
4.4	Financial expenses	1,376	1,717
	Profit before tax	**4,362**	**30,231**
5.1	Tax	454	910
	Profit for the year	**3,908**	**29,321**
	Of which:		
	Non-controlling interests	86	123
	A.P. Møller - Mærsk A/S' share	**3,822**	**29,198**
4.1	**Earnings per share, USD**	**227**	**1,600**
4.1	**Diluted earnings per share, USD**	**227**	**1,595**

Consolidated statement of comprehensive income

Note		2023	2022
	Profit for the year	**3,908**	**29,321**
	Translation from functional currency to presentation currency:		
	Translation impact arising during the year	-16	-551
	Reclassified to income statement, gain on sale of non-current assets, etc., net	44	53
4.4	Cash flow hedges:		
	Value adjustment of hedges for the year	27	-36
	Reclassified to income statement		
	– revenue	8	7
	– operating costs	-41	127
	– financial expenses	22	17
5.1	Tax on other comprehensive income	-6	-10
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-1	6
	Total items that have been or may be reclassified subsequently to the income statement	**37**	**-387**
4.6	Other equity investments (FVOCI), fair value adjustments for the year	17	54
4.3	Actuarial gains/losses on defined benefit plans, etc.	9	36
5.1	Tax on other comprehensive income	3	30
	Total items that will not be reclassified to the income statement	**29**	**120**
	Other comprehensive income, net of tax	**66**	**-267**
	Total comprehensive income for the year	**3,974**	**29,054**
	Of which:		
	Non-controlling interests	71	92
	A.P. Møller - Mærsk A/S' share	**3,903**	**28,962**

Amounts in USD million

Consolidated balance sheet at 31 December

Assets

Note		2023	2022
3.1	**Intangible assets**	**10,124**	**10,785**
3.2	**Property, plant and equipment**	**27,059**	**28,194**
3.3	**Right-of-use assets**	**9,670**	**10,967**
	Investments in joint ventures	751	772
	Investments in associated companies	999	1,246
4.6	Other equity investments	398	377
4.5	Derivatives	11	10
4.3	Pensions, net assets	120	134
	Loan receivables	112	25
3.5	Other receivables	1,491	708
	Financial non-current assets, etc.	**3,882**	**3,272**
5.1	**Deferred tax**	**343**	**399**
	Total non-current assets	**51,078**	**53,617**
	Inventories	**1,658**	**1,604**
4.5	Trade receivables	4,881	6,971
	Tax receivables	355	231
4.5	Derivatives	137	198
3.5	Loan receivables	12,844	17,652
	Other receivables	1,387	1,094
	Prepayments	1,269	1,245
	Receivables, etc.	**20,873**	**27,391**
	Securities, etc.	**-**	**942**
	Cash and bank balances	**6,701**	**10,057**
3.6	**Assets held for sale or distribution**	**1,790**	**69**
	Total current assets	**31,022**	**40,063**
	Total assets	**82,100**	**93,680**

Equity and liabilities

Note		2023	2022
4.1	Share capital	3,186	3,392
	Reserves	50,844	60,599
	Equity attributable to A.P. Møller - Mærsk A/S	**54,030**	**63,991**
	Non-controlling interests	1,060	1,041
	Total equity	**55,090**	**65,032**
4.2	**Lease liabilities, non-current**	**7,798**	**8,582**
4.2	**Borrowings, non-current**	**4,169**	**3,774**
4.3	Pensions and similar obligations	191	191
3.7	Provisions	897	842
4.5	Derivatives	323	495
5.1	Deferred tax	766	883
	Tax payables	438	410
	Other payables	37	150
	Other non-current liabilities	**2,652**	**2,971**
	Total non-current liabilities	**14,619**	**15,327**
4.2	**Lease liabilities, current**	**2,650**	**3,032**
4.2	**Borrowings, current**	**197**	**255**
3.7	Provisions	812	777
	Trade payables	6,401	6,804
	Tax payables	442	569
4.5	Derivatives	72	77
	Other payables	1,479	1,696
	Deferred income	90	102
	Other current liabilities	**9,296**	**10,025**
3.6	**Liabilities associated with assets held for sale or distribution**	**248**	**9**
	Total current liabilities	**12,391**	**13,321**
	Total liabilities	**27,010**	**28,648**
	Total equity and liabilities	**82,100**	**93,680**

Amounts in USD million

Consolidated cash flow statement

Note		2023	2022
	Profit before financial items	3,934	30,860
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	6,615	6,186
2.4	Gain on sale of non-current assets, etc., net	-523	-101
	Share of profit/loss in joint ventures and associated companies	-435	-132
5.5	Change in working capital	417	-1,808
	Change in provisions and pension obligations, etc.	150	162
	Other non-cash items	166	110
	Cash flow from operating activities before tax	10,324	35,277
	Taxes paid	-681	-801
	Cash flow from operating activities	**9,643**	**34,476**
5.5	Purchase of intangible assets and property, plant and equipment	-3,646	-4,163
	Sale of intangible assets and property, plant and equipment	601	303
3.4	Acquisition of subsidiaries and activities	-140	-4,774
	Sale of subsidiaries and activities	953	2
	Acquisition of joint ventures and associated companies	-18	-46
	Sale of joint ventures and associated companies	356	219
	Dividends received	305	327
	Sale of other equity investments	22	31
3.5	Other financial investments, net	4,687	-12,580
	Purchase/sale of securities, trading portfolio	957	-938
	Cash flow from investing activities	**4,077**	**-21,619**
4.2	Repayment of borrowings	-660	-800
4.2	Repayments of lease liabilities	-3,226	-3,080
4.2, 4.4	Proceeds from borrowings	845	83
	Purchase of treasury shares	-3,120	-2,738
	Financial income received	1,086	233
	Financial expenses paid	-233	-471
4.2, 4.4	Financial expenses paid on lease liabilities	-563	-518
	Sale of treasury shares	24	31
	Dividends distributed	-10,876	-6,847
	Dividends distributed to non-controlling interests	-92	-78
	Sale of non-controlling interests	-	1
	Acquisition of non-controlling interest	-16	-
	Other equity transactions	26	49
	Cash flow from financing activities	**-16,805**	**-14,135**
	Net cash flow for the year	**-3,085**	**-1,278**

Note		2023	2022
	Cash and cash equivalents 1 January	10,038	11,565
	Currency translation effect on cash and cash equivalents	-223	-249
	Cash and cash equivalents 31 December	6,730	10,038
	Of which classified as assets held for sale	-47	-1
	Cash and cash equivalents 31 December	**6,683**	**10,037**
	Cash and cash equivalents		
	Cash and bank balances	6,701	10,057
	Overdrafts	18	20
	Cash and cash equivalents 31 December	**6,683**	**10,037**

Cash and bank balances include USD 1.0bn (USD 1.4bn) relating to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

Amounts in USD million

Consolidated statement of changes in equity

Note		A.P. Møller - Mærsk A/S							
		Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total	Non-controlling interests	Total equity
	Equity 1 January 2022	3,513	-767	135	-160	41,787	44,508	1,080	45,588
	Other comprehensive income, net of tax	-	-465	90	103	36	-236	-31	-267
	Profit for the year	-	-	-	-	29,198	29,198	123	29,321
	Total comprehensive income for the year	**-**	**-465**	**90**	**103**	**29,234**	**28,962**	**92**	**29,054**
	Dividends to shareholders	-	-	-	-	-6,845	-6,845	-80	-6,925
5.2	Value of share-based payments	-	-	-	-	26	26	-	26
	Sale of non-controlling interests	-	-	-	-	1	1	-1	-
	Sale of subsidiaries	-	-	-	-	-	-	-67	-67
4.1	Purchase of treasury shares	-	-	-	-	-2,785	-2,785	-	-2,785
4.1	Sale of treasury shares	-	-	-	-	31	31	-	31
4.1	Capital increases and decreases	-121	-	-	-	121	-	17	17
4.6	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-13	-	13	-	-	-
	Transfer of cash flow hedge reserve to non-current assets	-	-	-	30	-	30	-	30
	Other equity movements	-	-	-	-	63	63	-	63
	Total transactions with shareholders	**-121**	**-**	**-13**	**30**	**-9,375**	**-9,479**	**-131**	**-9,610**
	Equity 31 December 2022	**3,392**	**-1,232**	**212**	**-27**	**61,646**	**63,991**	**1,041**	**65,032**
	2023								
	Other comprehensive income, net of tax	-	84	-25	12	10	81	-15	66
	Profit for the year	-	-	-	-	3,822	3,822	86	3,908
	Total comprehensive income for the year	**-**	**84**	**-25**	**12**	**3,832**	**3,903**	**71**	**3,974**
	Dividends to shareholders	-	-	-	-	-10,824	-10,824	-94	-10,918
5.2	Value of share-based payments	-	-	-	-	28	28	-	28
	Acquisition of non-controlling interests	-	-	-	-	-16	-16	15	-1
	Sale of non-controlling interests	-	-	-	-	-	-	1	1
4.1	Purchase of treasury shares	-	-	-	-	-3,072	-3,072	-	-3,072
4.1	Sale of treasury shares	-	-	-	-	24	24	-	24
4.1	Capital increases and decreases	-206	-	-	-	206	-	26	26
4.6	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	2	-	-2	-	-	-
	Transfer of cash flow hedge reserve to non-current assets	-	-	-	-4	-	-4	-	-4
	Total transactions with shareholders	**-206**	**-**	**2**	**-4**	**-13,656**	**-13,864**	**-52**	**-13,916**
	Equity 31 December 2023	**3,186**	**-1,148**	**189**	**-19**	**51,822**	**54,030**	**1,060**	**55,090**

Notes

1. Basis of preparation

This section sets out general accounting policies for the Group that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within that note. In addition, this section describes the significant accounting estimates and judgements that Management has identified as having a potentially material impact on the Group's consolidated financial statements. Reference is made to the specific note in the financial statements which is impacted by the significant accounting estimates and judgements.

Further, details are provided on the new accounting pronouncements that the Group will adopt in the coming years and on the Group's current view of the impact such pronouncements will have on the financial reporting.

Note 1.1 § General accounting policies

Basis of preparation

The consolidated financial statements for 2023 for A.P. Moller - Maersk have been prepared on a going concern basis and in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. The consolidated financial statements of A.P. Moller - Maersk are included in the consolidated financial statements of A.P. Møller Holding A/S. The accounting policies are consistent with those applied in the consolidated financial statements for 2022, except for the changes to accounting standards that were effective from 1 January 2023 and were endorsed by the EU. The changes have not had a material impact on the financial statements.

ESEF/iXBRL reporting

A.P. Møller - Mærsk A/S is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the annual report for 2023 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements and the notes to the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item or note is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The Annual Report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named APMM-2023-12-31-en.zip.

Consolidation

The consolidated financial statements comprise the parent company A.P. Møller - Mærsk A/S, its subsidiaries and proportionate shares in joint arrangements classified as joint operations.

Subsidiaries are entities controlled by A.P. Møller - Mærsk A/S. Control is based on the power to direct the relevant activities of an entity and the exposure, or right, to variable returns arising from it. In that connection, relevant activities are those that significantly affect the investee's returns. Control is usually achieved by directly or indirectly owning or in other ways controlling more than 50% of the voting rights or by other rights, such as agreements on management control.

Joint arrangements are entities in which A.P. Moller - Maersk, according to contractual agreements with one or more other parties, has joint control. The arrangements are classified as joint ventures, if the contracting parties' rights are limited to net assets in the separate legal entities, and as joint operations, if the parties have direct and unlimited rights to the assets and obligations for the liabilities of the arrangement.

Entities in which A.P. Moller - Maersk exercises a significant but non-controlling influence are considered associated companies. A significant influence is usually achieved by directly or indirectly owning or controlling 20-50% of the voting rights. Agreements and other circumstances are considered when assessing the degree of influence.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries in accordance with A.P. Moller - Maersk's accounting policies. Intra-group income and expenses, shareholdings, dividends, intra-group balances and gains on intra-group transactions are eliminated. Unrealised gains on transactions with associated companies and joint arrangements are eliminated in proportion to A.P. Moller - Maersk's ownership share. Unrealised losses are eliminated in the same way unless they indicate impairment.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of A.P. Moller - Maersk's profit and equity respectively but shown as separate items.

Foreign currency translation

The consolidated financial statements are presented in USD, the functional currency of the parent company. In the translation to the presentation currency for subsidiaries, associates or joint arrangements with functional currencies other than USD, the total comprehensive income is translated into USD at average exchange rates, and the balance sheet is translated at the exchange rates as at the balance sheet date. Exchange rate differences arising from such translations are recognised

Note 1.1 § General accounting policies – continued

directly in other comprehensive income and in a separate reserve of equity.

The functional currency varies from business area to business area. For A.P. Moller - Maersk's principal shipping activities, the functional currency is typically USD. This means, among other things, that the carrying amounts of property, plant and equipment and intangible assets and, hence, depreciation and amortisation, are maintained in USD from the date of acquisition. For other activities, including container terminal activities and land-based logistics activities, the functional currency is generally the local currency of the country in which such activities are performed, unless circumstances suggest a different currency is appropriate.

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing at the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as at the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

Share of profit/loss in associated companies and joint ventures is recognised net of tax and corrected for the share of unrealised intra-group gains and losses. The item also comprises any impairment losses for such investments and their reversal.

Statement of comprehensive income

Other comprehensive income consists of gains and losses not recognised in the income statement, including exchange rate adjustments arising from the translation from functional currency to presentation currency, fair value adjustments of other equity investments (at FVOCI), cash flow hedges, forward points and currency basis spread as well as actuarial gains/losses on defined benefit plans, etc. A.P. Moller - Maersk's share of other comprehensive income in associated companies and joint ventures is also included.

On disposal or discontinuation of an entity, A.P. Moller - Maersk's share of the accumulated exchange rate adjustments relating to the relevant entity with a functional currency other than USD, is reclassified to the income statement. Accumulated value adjustments of equity instruments classified as equity instruments at fair value through other comprehensive income will remain in equity upon disposal.

Other comprehensive income includes current and deferred income tax to the extent that the items recognised in other comprehensive income are taxable or deductible.

Balance sheet

Investments in associated companies and joint ventures are recognised as A.P. Moller - Maersk's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of associated companies and joint ventures and is therefore subject to an impairment test together with the investment. Impairment losses are reversed to the extent the original value is considered recoverable.

Equity instruments etc., including shares, bonds and similar securities, are recognised on the trading date at fair value, and subsequently measured at the quoted market price for listed securities and at estimated fair value for non-listed securities. Fair value adjustments from equity investments at fair value through other comprehensive income (FVOCI) remain in equity upon disposal. Dividends are recognised in the income statement.

Inventories mainly consist of bunker, spare parts not qualifying for property, plant and equipment, and other consumables. Inventories are measured at the lower of cost and net realisable value, primarily according to the FIFO method. The cost of finished goods and work in progress includes direct and indirect production costs.

Loans and receivables are initially recognised at fair value, plus any direct transaction costs, and subsequently measured at amortised cost using the effective interest method. For loans and other receivables, write-downs are made for expected losses based on specific individual or group assessments. For trade receivables, the loss allowance is measured by the simplified approach according to IFRS 9, applying a provision matrix to calculate the expected lifetime losses. The provision matrix includes an impairment for non-due receivables.

Climate-related risks

When preparing the consolidated financial statements, Management considers climate-related risks, where these could potentially impact reported amounts materially. The areas in which A.P. Moller - Maersk has assessed climate-related risks at the end of 2023 are included in the individual notes outlined below:

Note 3.2 – Property, plant and equipment

New financial reporting requirements

A.P. Moller - Maersk has not yet adopted new or amended accounting standards and requirements that have not yet become effective. The changes to IFRS Accounting Standards are not expected to have any significant impact on recognition and measurement.

Amendments to IAS 12 Income Taxes

In May 2023, the IASB issued amendments to IAS 12 Income Taxes, which provides temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. The amendments have been adopted by the EU and the company has applied this relief.

Deferred tax related to assets and liabilities arising from a single transaction: The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments have no material impact on the Group's consolidated financial statements.

Note 1.2 ⓘ Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires Management to make estimates and judgements on an ongoing basis, and to form assumptions that affect the reported amounts. Management forms its estimates and judgements based on historical experience, independent advice, external data points as well as on in-house specialists and other factors believed to be reasonable under the circumstances.

In its assumption setting, Management deals with various aspects of uncertainty. One aspect of uncertainty is the assessment of control over investments classified as associates, joint ventures and subsidiaries, where the assessment forms the basis for classification. Another aspect is measurement uncertainty, where Management makes assumptions that derive the value of recognised assets and liabilities. These assumptions concern the timing and amount of future cash flows as well as the risks inherent in these.

In certain areas, the outcome of business plans, including ongoing negotiations with external parties to execute those plans or the outcome of negotiations to settle claims that are raised against A.P. Moller - Maersk, is highly uncertain. Therefore, assumptions may change, or the outcome may differ in the coming years, which could require a material upward or downward adjustment to the carrying amounts of assets and liabilities.

The areas – and their related impact – in which A.P. Moller - Maersk is particularly exposed to material uncertainty over the carrying amounts as at the end of 2023 are included in the individual notes as outlined below:

Note	Key accounting estimates and judgements	Estimate / Judgement	Impact
Note 2.2	Vessel sharing agreements (cost-sharing arrangements) estimates	Estimate	● ○ ○
Note 3.1	Cash-generating unit determination	Judgement	● ● ○
Note 3.1	Impairment testing key assumptions	Estimate	● ● ●
Note 3.2	Useful life and residual value estimates	Estimate	● ○ ○
Note 3.7	Provisions for legal disputes assumptions	Estimate	● ● ○
Note 5.1	Recognition and measurement of deferred tax assets and uncertain tax positions	Estimate	● ● ○
Note 5.5	Operations in countries with limited access to repatriating surplus cash assumptions	Judgement	● ○ ○

Level of potential impact to the consolidated financial statements:

● ○ ○ Low
● ● ○ Medium
● ● ● High

2. Operating profit

The Group's businesses are managed from the perspective of the operating segments, and selected financial data is presented in this section on this basis.

Further, detailed below are the key amounts recognised when arriving at the Group's operating profit.

Amounts in USD million

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Note 2.1 Segment information

	Ocean	Logistics & Services	Terminals	Towage & Maritime Services	Unallo-cated items	Elimina-tions	Consol-idated total
2023							
External revenue	32,149	14,075	2,859	1,865	117	-	51,065
Inter-segment revenue	1,504	-159	985	295	39	-2,664	-
Total revenue	**33,653**	**13,916**	**3,844**	**2,160**	**156**	**-2,664**	**51,065**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**6,940**	**1,251**	**1,278**	**320**	**-192**	**-6**	**9,591**
Depreciation and amortisation	4,746	817	520	162	10	-17	6,238
Profit before financial items (EBIT)	**2,227**	**446**	**980**	**457**	**-187**	**11**	**3,934**
Key metrics:							
Invested capital	29,851	10,779	7,813	2,037	-12	-38	50,430
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	1,987	771	541	318	42	-13	3,646

Reference is made to the income statement for a reconciliation from EBIT to profit before tax. The segment assets, segment liabilities and the sum of invested capital per segment can be reconciled to the assets and liabilities as per the balance sheet.

	Assets	Liabilities	Invested capital
2023			
Segment invested capital	**62,477**	**11,997**	**50,480**
Unallocated items	1,048	1,060	
Eliminations	-1,307	-1,269	
Consolidated invested capital	**62,218**	**11,788**	**50,430**
Add back:			
Cash and bank balances	6,701	-	
Interest-bearing receivables (current and non-current)	13,005	-	
Equity investments, etc.	-	-	
Lease liabilities and borrowings (current and non-current)	-	14,814	
Fair value of derivatives[1]	-	351	
Other	176	57	
Consolidated balance sheet at 31 December	**82,100**	**27,010**	

1 Relates to the fair value of derivatives that hedge net interest-bearing debt, including interest rate and cross currency swaps.

	Ocean	Logistics & Services	Terminals	Towage & Maritime Services	Unallo-cated items	Elimina-tions	Consol-idated total
2022							
External revenue	61,497	14,710	3,323	1,894	105	-	81,529
Inter-segment revenue	2,802	-287	1,048	399	26	-3,988	-
Total revenue	**64,299**	**14,423**	**4,371**	**2,293**	**131**	**-3,988**	**81,529**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**33,770**	**1,378**	**1,535**	**369**	**-207**	**-32**	**36,813**
Depreciation and amortisation	4,762	517	515	179	6	-19	5,960
Profit before financial items (EBIT)	**29,149**	**814**	**832**	**307**	**-229**	**-13**	**30,860**
Key metrics:							
Invested capital	32,368	9,858	7,593	2,794	-145	-58	52,410
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	2,620	657	516	350	35	-15	4,163

	Assets	Liabilities	Invested capital
2022			
Segment invested capital	**65,406**	**12,793**	**52,613**
Unallocated items	883	1,028	
Eliminations	-1,408	-1,350	
Consolidated invested capital	**64,881**	**12,471**	**52,410**
Add back:			
Cash and bank balances	10,057	-	
Interest-bearing receivables (current and non-current)	17,690	-	
Equity investments, etc.	942	-	
Lease liabilities and borrowings (current and non-current)	-	15,643	
Fair value of derivatives[1]	-	520	
Other	110	14	
Consolidated balance sheet at 31 December	**93,680**	**28,648**	

1 Relates to the fair value of derivatives that hedge net interest-bearing debt, including interest rate and cross currency swaps.

The segment disclosures provided above reflect the information which the Executive Board receives monthly in its capacity as 'chief operating decision maker' as defined in IFRS 8. The allocation of resources and the segment performance are evaluated based on revenue and profitability measured on earnings before interest and taxes (EBIT).

Amounts in USD million

Note 2.1 Segment information – continued

A.P. Moller - Maersk has organised segments in 'Ocean', 'Logistics & Services', 'Terminals' and 'Towage & Maritime Services'. The Ocean segment with the activities of Maersk Liner Business includes Maersk Line and Aliança and business from the retired brands Sealand – A Maersk Company and Hamburg Süd as well as strategic transhipment hubs under the APM Terminals brand. Inland activities related to Maersk Liner Business are included in the Logistics & Services segment. The Logistics & Services segment includes the activities from Managed by Maersk, Fulfilled by Maersk and Transported by Maersk. The Terminals segment includes gateway terminals, involving landside activities such as port activities where the customers are mainly the carriers. The Towage & Maritime Services segment includes towage services under the Svitzer brand, Maersk Container Industry and others.

	Types of revenue	2023	2022
Ocean	Freight revenue	28,421	56,499
	Other revenue, including hubs	5,232	7,800
Logistics & Services	Managed by Maersk[1]	2,168	2,491
	Fulfilled by Maersk[1]	5,452	4,916
	Transported by Maersk[1]	6,296	7,016
Terminals	Terminal services	3,844	4,371
Towage & Maritime Services	Towage services	839	774
	Sale of containers and spare parts	496	499
	Offshore supply services[2]	111	390
	Other shipping activities[2]	263	282
	Other services	451	348
Unallocated activities and eliminations		**-2,508**	**-3,857**
Total revenue		**51,065**	**81,529**
Of which recognised over time		**47,569**	**78,722**
Of which recognised at a point in time		**6,004**	**6,664**

1 The 2022 by Maersk revenue figures have been restated in order to reflect changes within the Logistics & Services model definition.
2 Revenue from US Marine Management and Maersk Supply Service are included in Other shipping activities and Offshore supply services, respectively, for the period 1 January 2023 until divestment.

	2023	2022
Revenue from contracts with customers	49,997	80,179
Revenue from other sources		
Vessel-sharing and slot charter income	938	1,229
Lease income	16	14
Others	114	107
Total revenue	**51,065**	**81,529**

Set out above is the reconciliation of the revenue from contracts with customers to the amounts disclosed as total revenue.

Contract balances	2023	2022
Trade receivables from revenue from contracts with customers	4,533	6,508
Accrued income – contract asset	192	263
Deferred income – contract liability	47	45

Accrued income included in trade receivables in the balance sheet constitutes contract assets comprising unbilled amounts to customers representing the Group's right to consideration for the services transferred to date. Any amount previously recognised as accrued income is reclassified to trade receivables at the time the service is completed. Deferred income is recognised in the income statement within 12 months.

Under the payment terms generally applicable to the Group's revenue-generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of the services.

Part of the deferred income presented in the balance sheet constitutes contract liabilities which represent advance payments and billings in excess of revenue recognised.

There were no significant changes in accrued income and deferred income during the reporting period.

Impairment losses disclosed in note 4.5 relate to receivables arising from contracts with customers.

	External revenue		Non-current assets[1]	
Geographical split	2023	2022	2023	2022
Denmark	869	1,002	23,592	22,031
Australia	1,284	1,984	68	400
Brazil	1,431	2,574	207	240
China and Hong Kong	2,796	3,564	1,643	5,429
Costa Rica	384	429	795	832
Germany	1,668	2,607	1,345	618
India	1,397	1,827	629	618
Mexico	1,364	2,301	613	491
Morocco	300	492	1,605	1,439
Netherlands	1,603	2,944	1,165	1,219
Singapore	992	794	3,853	5,070
Spain	1,337	1,981	1,068	1,040
UK	1,823	3,247	320	449
USA	11,457	19,885	6,210	6,254
Other	22,360	35,898	3,740	3,816
Total	**51,065**	**81,529**	**46,853**	**49,946**

1 Comprise intangible assets, property, plant and equipment and right-of-use assets, excluding financial non-current assets relating to continuing operations.

Geographical information

Revenue on shipping activities is based on the port of discharge for all vessels operated by the Group, including leased vessels on time charter agreements. Revenue for leasing out the vessels on time charter agreement, where the Group acts as a lessor, is based on the customer location. For non-current assets (e.g. terminals), which cannot be easily moved, geographical location is where the assets are located. For all other assets, geographical location is based on the legal ownership. These assets consist mainly of vessels and containers registered in China, Denmark, Singapore and the USA.

Note 2.1 Segment information – continued

ACCOUNTING POLICIES

Segment information
The allocation of business activities into segments reflects A.P. Moller - Maersk's character as an integrated container logistics business and is in line with the internal management reporting. The reportable segments are as follows:

Ocean	Global container shipping activities, including strategic transhipment hubs
Logistics & Services	Integrated transportation, fulfilment and management solutions, including landside and air transportation as well as warehousing and supply chain management offerings
Terminals	Gateway terminal activities
Towage & Maritime Services	Towage and related marine activities, production of reefer containers, providing offshore supply service and trading and other businesses

Operating segments have not been aggregated. The reportable segments comprise:

Ocean
Ocean activities
Activities under Maersk Line and Aliança and the retired brands Hamburg Süd and Sealand – A Maersk company, with ocean container freight being the main revenue stream. Ocean container freight is defined as the cost-per-weight measure of transporting goods on board a container vessel across the ocean, including demurrage and detention, terminal handling, documentation services, container services as well as container storage.

Hub activities
Activities under the APM Terminals brand-generating revenue by providing port services only in major transhipment ports such as Maasvlakte-II, Algeciras, Tangier, Tangier-Med II, Port Said, and joint ventures in Salalah and Tanjung Pelepas. The respective terminals are included under the Ocean segment, as the primary purpose of those ports is to provide transhipment services to A.P. Moller - Maersk's Ocean business, whereas third-party volumes sold in those locations are considered secondary.

Maersk Energy Markets
Sourcing marine fuels for A.P. Moller - Maersk's fleet and third-party customers, in addition to operating a fuel infrastructure in key bunker ports.

Logistics & Services
Managed by Maersk
Service the supply chain with Lead Logistics (Supply Chain Management and 4PL), Cold Chain logistics and Custom Services, enabling customers to control or outsource part of or all their supply chain.

Fulfilled by Maersk
Activities such as Contract Logistics (Warehousing, Distribution and Depot) and e-commerce supporting integrated fulfilment solutions, to improve customer consolidation.

Transported by Maersk
Integrated transportation solutions supported by Landside Transportation (Intermodal and Intercontinental Rail), Value Protect, Air & Less Than Container Load (LCL), Full Container Load (FCL) and Maersk Air Cargo, to facilitate supply chain control across A.P. Moller - Maersk.

Terminals
Terminals activities
Activities in ports fully or partially controlled by the APM Terminals brand, with the main revenue stream being port activities not considered a hub activity as described above.

Towage & Maritime Services
Towage activities
Activities under the Svitzer brand, a provider of offshore towage and marine services.

Maersk Container Industry
Manufacturer that produces reefer containers.

Maersk Supply Service
Provides marine services and integrated solutions to the energy sector worldwide with a large fleet of anchor handling tug supply vessels and subsea support vessels. The company was divested in May 2023.

Other businesses
Consists of Maersk Growth, Maersk Training and other services to the maritime industry.

Unallocated items and inter-segment revenue
Most Group-related costs in A.P. Moller - Maersk's corporate functions are not included in the reportable segments. These functions are reported as unallocated items. Revenue between segments is limited, except for the Terminals segment, where a large part of the services is delivered to the Ocean segment as well as the sale of containers from Maersk Container Industry to the Ocean segment.

Income statement
Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon transfer of control to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services.

Revenue from shipping activities is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date. Invoiced revenue related to an estimated proportion of remaining voyage time and activities at the destination port is deferred. Percentage of completion is calculated as the number of days of a voyage as a percentage of the total number of days a voyage is estimated to last. Detention and demurrage fees are recognised over time up until the time of the customer's late return or pick-up of containers.

Revenue from terminal operations and towing activities is recognised upon completion of the service. In container terminals operated under certain restrictive terms of pricing and service, etc., the value of tangible assets constructed on behalf of the concession grantor is recognised as revenue during the construction.

Revenue from most freight forwarding activities is recognised over time.

Revenue from the sale of goods is recognised upon the transfer of control to the buyer.

No significant element of financing is deemed present as sales are made with a credit term of 20-45 days, which is consistent with market practice. Revenue from sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Amounts in USD million

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Note 2.2 Operating costs

	2023	2022
Costs of goods sold	1,999	1,849
Bunker costs	6,037	8,041
Terminal costs	6,381	6,958
Intermodal costs	4,094	4,532
Port costs	2,261	2,188
Rent and lease costs	1,380	1,539
Staff costs	7,361	7,087
Other	12,061	12,688
Total operating costs	**41,574**	**44,882**
Remuneration of employees		
Wages and salaries	6,370	6,237
Severance payments	206	97
Pension costs, defined benefit plans	63	35
Pension costs, defined contribution plans	290	256
Other social security costs	587	513
Total remuneration	**7,516**	**7,138**
Of which:		
Recognised in the cost of assets	7	8
Included in restructuring costs	148	43
Expensed as staff costs	**7,361**	**7,087**
Average number of employees	105,909	104,260

Customary agreements have been entered into with employees regarding compensation in connection with resignation with consideration for local legislation and collective agreements.

For information about share-based payments, reference is made to note 5.2.

Fees and remuneration to Executive Board and other key management personnel	2023	2022
Fixed pay	3	8
Short-term cash incentive	2	6
Long-term share-based incentives[1]	2	8
Remuneration in connection with redundancy, resignation and release from duty to work	-1	8
Total remuneration to Executive Board and other key management personnel	**6**[2]	**30**

1 During 2022, it was announced that Morten Engelstoft would leave A.P. Moller - Maersk effective end June 2022 and Søren Skou effective end December 2022. In accordance with the terms and conditions of the restricted share plan and the stock option plan, any remaining expenses related to previous years' plans were accelerated and recognised in 2022 for plans that were kept, and previously recognised expenses were reversed for cancelled plans. This resulted in an increase in long-term share-based incentives remuneration in 2022.

2 In 2023, the Executive Board and other key management personnel was reduced from six to two members.

The contract of employment for the Executive Board contains terms customary in Danish listed companies, including termination notice and non-competition clauses. In connection with a possible takeover offer, neither the Executive Board nor the Board of Directors will receive special remuneration. Fees and remuneration do not include pension. Key management comprises of the Executive Board, Board of Directors, and other key management personnel.

Total fees paid to other key management personnel in 2022 was USD 1.9m, comprising short-term employee benefits of USD 1.8m and long-term share-based incentives of USD 0.1. There were no key management personnel in 2023. The Board of Directors has received fees of USD 2m (USD 2m).

For disclosure of remuneration to the Executive Board of the parent company, refer to note 2.2 of the parent company financial statements.

Fees to the statutory auditors	2023	2022
Statutory audit	16	15
Other assurance services	2	-
Tax, VAT and advisory services	1	1
Other services	1	3
Total fees	**20**	**19**

Fees for other services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to A.P. Moller - Maersk mainly consist of transaction advice, accounting and tax-related services.

SIGNIFICANT ACCOUNTING ESTIMATES

Vessel-sharing agreements (cost-sharing arrangements)
Vessel-sharing agreements in shipping require that some vessels are committed towards specific service routes. The committed vessel's capacity is then shared with one or more container shipping providers in proportion to each party's contribution to the joint service. In practice, it is not always possible to provide tonnage precisely as agreed in the sharing arrangements, therefore financial settlement often takes place on the basis of relative capacity over/under-utilised on a monthly basis or other mutually agreed cycle. At A.P. Moller - Maersk, these capacity adjustments are settled as close to actual costs incurred as possible based on market rates applicable at that time.

Amounts in USD million

Note 2.3 Depreciation, amortisation and impairment losses, net

	2023	2022
Total depreciation	5,856	5,595
Total amortisation	382	365
Total impairment, net	377	226
Depreciation, amortisation and impairment losses, net	**6,615**	**6,186**

Depreciation is related to property, plant and equipment of USD 2.6bn (USD 2.5bn) and to right-of-use assets of USD 3.3bn (USD 3.1bn).

Total net impairments are primarily due to property, plant and equipment of USD 55m (USD 139m) and intangible assets of USD 322m (USD 68m), of which USD 299m is from the impairment of brands. Refer to note 3.1 Intangible assets and note 3.2 Property, plant and equipment.

Note 2.4 Gains on sale of non-current assets, etc., net

	2023	2022
Gains	565	204
Losses	42	103
Gains on sale of non-current assets, etc., net	**523**	**101**

Gains in 2023 are primarily related to the sale of US Marine Management Inc. of USD 92m, the sale of shares in Höegh Autoliners AS of USD 57m, the sale of Maersk Supply Service of USD 15m, the sale of containers of USD 127m (USD 127m) and the sale of vessels of USD 181m (USD 56m).

Losses in 2023 are primarily related to the sale of containers of USD 22m (USD 25m). In 2022, losses also consisted of the wind-down of operations in Russia of USD 53m.

3. Invested capital

Invested capital is primarily made up of intangible assets, property, plant and equipment and right-of-use assets. The intangible assets mainly consist of goodwill, terminal and concession rights and customer relationships. Goodwill arises when the Group acquires a business and pays a higher amount than the fair value of its net assets, primarily due to the synergies the Group expects to create. Goodwill is not amortised, but is subject to annual impairment reviews.

For further details refer to 'Significant accounting estimates and judgements' within note 3.1 to the consolidated financial statements.

Amounts in USD million

Note 3.1 Intangible assets

	Goodwill	Terminal and service concession rights	Customer relationships and brands	Other incl. IT software	Total
Cost					
1 January 2023	5,554	2,985	3,043	1,371	12,953
Additions	-	21	-	183	204
Additions from acquired companies[1]	-	-	14	-	14
Disposals	6	-	402	234	642
Transfers, assets held for sale	-332	-	-11	-13	-356
Exchange rate adjustments	14	25	15	16	70
31 December 2023	**5,230**	**3,031**	**2,659**	**1,323**	**12,243**
Amortisation and impairment losses					
1 January 2023	349	824	491	504	2,168
Amortisation	-	103	158	121	382
Impairment losses	-	-	299	23	322
Disposals	-	-	402	79	481
Transfers, assets held for sale	-279	-	-9	-9	-297
Exchange rate adjustments	-1	10	5	11	25
31 December 2023	**69**	**937**	**542**	**571**	**2,119**
Carrying amount:					
31 December 2023	**5,161**	**2,094**[2]	**2,117**	**752**[3]	**10,124**

1 Acquisition of Martin Bencher and Grindrod.
2 Of which USD 49m is under development. USD 34m is related to terminal rights with indefinite useful lives in Poti Sea Port Corp. Service concession rights with a carrying amount of USD 70m have restricted title.
3 Of which USD 162m is related to ongoing development of software.

	Goodwill	Terminal and service concession rights	Customer relationships and brands	Other incl. IT software	Total
Cost					
1 January 2022	1,928	3,132	1,579	1,205	7,844
Additions	-	25	-	324	349
Additions from acquired companies[1]	3,667	-	1,474	213	5,354
Disposals	-	-	-	352	352
Transfers	-	-4	-	4	-
Transfers, assets held for sale	-	-104	-	1	-103
Exchange rate adjustments	-41	-64	-10	-24	-139
31 December 2022	**5,554**	**2,985**	**3,043**	**1,371**	**12,953**
Amortisation and impairment losses					
1 January 2022	367	794	324	590	2,075
Amortisation	-	110	147	108	365
Impairment losses	-	15	21	32	68
Disposals	-	-	-	221	221
Transfers	-	-3	-	3	-
Transfers, assets held for sale	-	-79	-	1	-78
Exchange rate adjustments	-18	-13	-1	-9	-41
31 December 2022	**349**	**824**	**491**	**504**	**2,168**
Carrying amount:					
31 December 2022	**5,205**	**2,161**[2]	**2,552**	**867**[3]	**10,785**

1 Acquisition of LF Logistics, Pilot, Senator International and ResQ.
2 Of which USD 38m is under development. USD 34m is related to terminal rights with indefinite useful lives in Poti Sea Port Corp. Service concession rights with a carrying amount of USD 70m have restricted title.
3 Of which USD 141m is related to ongoing development of software.

		Goodwill carrying amount	
Operating segment	**Cash-generating unit**	2023	2022
Ocean	Ocean	316	316
Logistics & Services	Logistics & Services	4,599	4,582
Terminals	Multiple terminals	241	248
Towage & Maritime Services	Towage – Port Towage Amsterdam and Others	5	58
Other		-	1
Total		**5,161**	**5,205**

Amounts in USD million

Note 3.1 Intangible assets – continued

		Impairment losses	
Operating segment	**Cash-generating unit**	2023	2022
Ocean	Ocean	319[1]	28
Logistics & Services	Logistics & Services	2[1]	21
Terminals	Various terminals	-	17
Towage & Maritime Services	Maersk Container Industry	1	2
Total		**322**	**68**

1 On 27 January 2023, it was announced that the Group would move towards a singular and unified brand by integrating the A.P. Moller - Maersk brands. Existing brands were retired during Q1 2023, resulting in the recognition of impairment losses of the full carrying amount of each respective retired brand on the balance sheet. Total impairment losses related to the retirement of brands in 2023 recognised in the income statement is USD 299m, of which USD 297m is within Ocean and USD 2m is within Logistics & Services.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant accounting judgements

Determination of cash-generating units
Judgement is applied in the determination of cash-generating units to which goodwill is allocated for impairment testing and in the selection of methodologies and assumptions applied in impairment tests.

The determination of cash-generating units differs based on the business area. Ocean operates its fleet of container vessels and hub terminals in an integrated network. Consequently, the Ocean activities are tested for impairment as a single cash-generating unit.

Logistics & Services, including intermodal activities, is considered a single cash-generating unit. Management views the Logistics & Services products as an integrated network, with the activities tested for impairment as a single cash-generating unit.
In Terminals, each terminal is considered an individual cash-generating unit for impairment tests, except when the capacity is managed as a portfolio.

Towage & Maritime Services includes towage activities made up of two separate cash-generating units as well as several individual businesses, including Maersk Container Industry, which are each considered one cash-generating unit.

Significant accounting estimates

Impairment – assessment inputs
The recoverable amount of each cash-generating unit is determined based on the higher of its value in use and fair value less costs to sell. The estimated value in use is calculated using certain key assumptions for the expected future cash flows and applied discount factor.

Current market values for vessels, etc., are estimated using acknowledged brokers.

The cash flow projections are based on financial budgets and business plans. In nature, these projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. Centralised processes and involvement of corporate functions ensure that indices and data sources are selected consistently while observing differences in risks and other circumstances.

The discount rates applied reflect the time value of money as well as the specific risks related to the underlying cash flows, i.e., project and/or country-specific risk premium. Further, any uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates.

Impairment – key assumptions applied
The outcome of impairment tests is subject to estimates of the future development of freight rates and volumes, oil prices and the discount rates applied. Management determines these key assumptions by considering past experience as well as market analysis and future expectations based on supply and demand trends.

Further, the value in use calculation is highly sensitive to the terminal growth rate, which is determined based on the future expected economic growth rate, and replacement CAPEX during the terminal period, which is determined based on Management's plans and expectations for the future.

The future development in freight rates is a significant factor impacting the Ocean segment in particular and is influenced by regional and global economic environments, trade patterns, and by industry-specific trends in respect of capacity supply and demand. Freight rates have deteriorated throughout 2023 as a result of the pronounced market normalisation and are expected to face continued pressure for the next 1-2 years.

The future development of oil prices is also uncertain and is a significant factor impacting accounting estimates across A.P. Moller - Maersk, either directly or indirectly. Ocean is directly impacted by the bunker oil price, where the competitive landscape determines the extent to which the development is reflected in the freight rates charged to the customer. Bunker consumption is expected to continue to decline compared to 2023, driven by fleet outsourcing and efficiency improvements.

Logistics & Services is impacted by rates and volumes across the Logistics & Services product lines, particularly in the air and haulage business. The future growth and productivity of the Fulfilled by Maersk product range is also considered a key assumption as volumes are sensitive to the development of the global economy. Management considers both the future economic outlook in key regions, namely North America and Europe, as well as expected synergies from completed acquisitions when determining the growth and productivity of Fulfilled by Maersk.

Terminals located in oil-producing countries, e.g., Nigeria and Brazil, are indirectly impacted by the development in oil prices and the consequences for the respective countries' economies, which not only affects volumes handled in the terminals, but also foreign exchange rates. Continued economic deterioration and a lack of cash repatriation opportunities in certain oil-producing countries could also put pressure on the carrying amounts of individual terminals. The other key sensitivities impacting Terminals include container moves, revenue and cost per move, and local port rates, all of which are impacted by the local economic outlook and competition, as well as concession right extensions and the discount rate applied.

Inflation is also expected to continue to have a high impact across A.P. Moller - Maersk in 2024, impacting both the discount rate and terminal growth rates.

Impairment – results of impairment assessments
The Ocean cash flow projection is based on the forecast as per Q3 2023, covering the five-year business plan for 2024-28. Management applied an assumption of growth in volumes based on a calculated terminal value with growth equal to 2.7% (2.5%) p.a. In the annual impairment test carried out in November 2023, a pre-tax discount rate of 9.8% (9.2%) p.a. was applied. The impairment test showed headroom between the value in use and the carrying amount. The major part of the carrying amount is comprised of vessels. Management is of the opinion that the assumptions applied are sustainable.

The Group's most significant goodwill component relates to the Logistics & Services segment. The annual impairment test is based on the estimated value in use from the five-year business plan for 2024-28, where the volume and improved margin growth assumptions, which are region-specific, reflect the current expectations for the relevant period. The applied terminal growth is 2.7% (2.0%). A discount rate of 9.0% (8.4%) p.a. before tax or 8.8% (8.2%) p.a. after tax was applied. The impairment test showed headroom from the value in use to the carrying amount. Management is of the opinion that the assumptions applied are sustainable.

In Terminals, Management assesses indicators of impairment including decreasing volumes and based on these indicators, estimates the recoverable amounts of the individual terminals whereby impairment indicators exist. Management also tests for impairment of the CGUs to which goodwill or indefinite life intangible assets are allocated. The cash flow projections for each terminal cover the concession period and extension options deemed likely to be exercised. The growth rates assumed reflect current market expectations for the relevant period, and the discount rates applied are between

Amounts in USD million

Note 3.1 Intangible assets – continued

7.4% and 12.1% (7.2% and 13.0%) p.a. after tax. The impairment tests considered fair value less cost of disposal compared to the carrying amount and resulted in impairment losses of USD 134m across multiple terminals in 2023, of which USD 94m relates to a CGU in the Mediterranean, caused by lower-than-expected volumes, and is primarily related to equipment. Impairment losses of an immaterial amount across two terminals was recognised in 2022 as well as USD 350m on Terminals' minority stake in Global Ports Investments (GPI), which was sold in 2022. For more information on fair value determination, refer to Note 4.6 Financial instruments by category.

Impairment – key assumptions sensitivity

Using the discount rate as of 31 December 2023 and keeping all other assumptions constant, the Ocean CGU showed headroom of USD 3.9bn between the value in use and the carrying amount. The following changes in assumptions reflect the related impact on the value in use and thus the headroom for the Ocean CGU. The sensitivities are prepared with all other assumptions kept constant.

Key Ocean CGU assumption	Assumption	Change	Effect on value in use
Growth in terminal period	2.7%	+/- 0.5 ppts	USD 2.9bn
Discount rate p.a. before tax as of 31 December 2023	9.2%	+/- 0.5 ppts	USD 3.4bn

ACCOUNTING POLICY

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the assets. For container terminals operated under certain restrictive price and service conditions, etc., concessional rights to collect usage charges are included under intangible assets. The cost includes the present value of minimum payments under concession agreements and the cost of property, plant and equipment constructed on behalf of the grantor of a concession. The rights are amortised from the commencement of operations over the concession period. The concession period ranges from 10 to 34 years, with an average of 17 years.

Goodwill and terminal rights have indefinite useful lives while all other classes have definite lives. Intangible assets regarding acquired customer relationships and technology are amortised over a useful life of 10-24 years and 5-10 years, respectively. Internally developed IT software is amortised over a useful life of 5 years.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposal. Goodwill is attributed to cash-generating units on acquisition and impaired before other assets.

Intangible assets and property, plant and equipment are tested for impairment if there is an indication of impairment. However, annual impairment tests are carried out for goodwill and other intangible assets with indefinite useful lives as well as intangible assets that are not yet in use. Impairment losses are included in depreciation, amortisation and impairment, net, in the income statement.

Note 3.2 Property, plant and equipment

	Vessels, aircraft, containers, etc.	Production facilities and equipment, etc.	Construction work in progress and payments on account	Total
Cost				
1 January 2023	48,699	8,209	2,296	59,204
Additions	698	124	2,834	3,656
Additions from acquired companies	-	15	-	15
Disposals	1,785	162	6	1,953
Disposals from companies sold	3,197	62	164	3,423
Transfers	401	855	-1,256	-
Transfers, assets held for sale	-1,939	-67	-83	-2,089
Reclassification from/to right-of-use assets	35	4	-3	36
Exchange rate adjustments	49	32	13	94
31 December 2023	**42,961**	**8,948**	**3,631**	**55,540**
Depreciation and impairment losses				
1 January 2023	26,966	4,039	5	31,010
Depreciation	2,100	506	-	2,606
Impairment losses	6	134	-	140
Reversal of impairment losses	12	73	-	85
Disposals	1,542	163	4	1,709
Disposals from companies sold	2,650	62	1	2,713
Transfers, assets held for sale	-781	-37	-	-818
Reclassification from/to right-of-use assets	9	2	-	11
Exchange rate adjustments	21	18	-	39
31 December 2023	**24,117**	**4,364**	**-**	**28,481**
Carrying amount:				
31 December 2023	**18,844**	**4,584**	**3,631**	**27,059**

Vessels, buildings etc. with a carrying amount of USD 0.8bn (USD 0.8bn) have been pledged as security for loans of USD 0.4bn (USD 0.5bn).

Amounts in USD million

Note 3.2 Property, plant and equipment – continued

	Vessels, aircraft, containers, etc.	Production facilities and equipment, etc.	Construction work in progress and payments on account	Total
Cost				
1 January 2022	47,804	7,946	1,177	56,927
Additions	1,507	169	1,965	3,641
Additions from acquired companies	1	200	9	210
Disposals	1,075	124	-	1,199
Transfers	531	322	-853	-
Transfers, assets held for sale	-51	-54	16	-89
Reclassification from/to right-of-use assets	84	-8	-3	73
Exchange rate adjustments	-102	-242	-15	-359
31 December 2022	**48,699**	**8,209**	**2,296**	**59,204**
Depreciation and impairment losses				
1 January 2022	25,890	3,734	-	29,624
Depreciation	2,064	453	-	2,517
Impairment losses	17	112	10	139
Disposals	950	102	1	1,053
Transfers, assets held for sale	-33	-63	-1	-97
Reclassification from/to right-of-use assets	35	-7	-	28
Exchange rate adjustments	-57	-88	-3	-148
31 December 2022	**26,966**	**4,039**	**5**	**31,010**
Carrying amount:				
31 December 2022	**21,733**	**4,170**	**2,291**	**28,194**

Net impairment losses recognised on property, plant and equipment are specified as follows:

		Impairment losses		Reversal of impairment losses	
Operating segment	**Cash-generating unit**	2023	2022	2023	2022
Ocean	Ocean	-	14	12	-
Logistics & Services	Logistics & Services	6	46	-	-
Terminals	Various terminals	134	58	73	-
Towage & Maritime Services	Towage	-	1	-	-
	Maersk Container Industry	-	17	-	-
	Others	-	3	-	-
Total		**140**	**139**	**85**	**-**

Impairment analysis
For more information on impairment tests, reference is made to note 3.1 Intangible assets.

SIGNIFICANT ACCOUNTING ESTIMATES

Useful life and residual values
Useful lives are estimated based on experience. When an asset's useful life changes, Management revises the estimates for individual assets or groups of assets with similar characteristics due to factors such as quality of maintenance and repair, technical development, or environmental requirements. Management has also considered the impact of decarbonisation and climate-related risks on the useful lives of existing assets. Such risks include new climate-related legislation restricting the use of certain assets, new technology demanded by climate-related legislation and the increase in restoration costs for terminal sites due to new and/or more comprehensive policies. The useful lives of vessels and related assets that operate on bunker fuel have been considered in conjunction with the net zero by 2040 target.

Residual values of vessels are difficult to estimate given their long useful lives, the uncertainty of future economic conditions, the market for conventional fuel vessels and the uncertainty of future steel prices, which is considered the main determinant of the residual value. Additionally, the acceleration of development of vessels with a lower carbon footprint may generate downward pressure on the market for second-hand conventional fuel vessels. Generally, the residual values of vessels are initially estimated at 10% of the purchase price excluding dry-docking costs.

ACCOUNTING POLICY

Property, plant and equipment are valued at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful life at an estimated residual value. The useful lives of new assets are typically as follows:

Vessels, etc.	20-25 years
Containers, etc.	15 years
Buildings	10-50 years
Terminal infrastructure	10-30 years or concession period, if shorter
Warehouses and related infrastructure	5-25 years, or lease term, if shorter
Aircraft and related components	3-30 years
Plant and machinery, cranes and other terminal equipment	5-25 years
Other operating equipment, fixtures, etc.	3-7 years

Estimated useful lives and residual values are reassessed on a regular basis.

The cost of an asset is divided into separate components, which are depreciated separately if the useful life of the individual component differs. Dry-docking costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next dry-docking.

The cost of assets constructed by A.P. Moller - Maersk includes directly attributable expenses. For assets with a long construction period, borrowing costs during the construction period from specific as well as general borrowings are attributed to cost. In addition, the cost includes the net present value of estimated costs of removal and restoration.

Amounts in USD million

Note 3.3 Right-of-use assets

	Vessels, containers, etc.	Concession agreements	Real estate and other leases	Total
Right-of-use assets				
1 January 2023	6,344	2,411	2,212	10,967
Additions	1,007	69	1,088	2,164
Additions from acquired companies	-	-	29	29
Disposals	154	1	57	212
Depreciation	2,504	191	555	3,250
Transfers, assets held for sale	-17	-	-36	-53
Transfers, owned assets, etc.	-25	-	-	-25
Exchange rate adjustments	1	29	20	50
31 December 2023	**4,652**	**2.317**	**2,701**	**9,670**
1 January 2022	6,136	2,550	1,220	9,906
Additions	3,093	157	960	4,210
Additions from acquired companies	-	-	570	570
Disposals	307	-	129	436
Depreciation	2,532	184	362	3,078
Transfers, owned assets, etc.	-45	-	-	-45
Exchange rate adjustments	-1	-112	-47	-160
31 December 2022	**6,344**	**2,411**	**2,212**	**10,967**

Amounts recognised in profit and loss	2023	2022
Depreciation on right-of-use assets	3,250	3,078
Interest expenses (included in finance costs)	563	518
Expenses relating to service elements of leases	868	976
Expenses relating to short-term leases	189	248
Expenses relating to variable lease payments	297	292
Expenses relating to leases of low-value assets	26	23
Total recognised in operating costs	**1,380**	**1,539**

As part of the Group's activities, customary leasing agreements are entered, especially regarding the chartering of vessels and leasing of containers and other equipment. In some cases, the leasing agreements comprise purchase options exercisable by the Group and options for extending the lease term. The Group also enters into concession agreements that provide the right-to-use some existing infrastructure or land as required to carry out the terminal business.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. At the end of 2023, the expected residual values were reviewed if these reflect the actual residual values achieved on comparable assets and expectations about future prices. At 31 December 2023, USD 226m (USD 226m) is expected to be payable and is included in the measurement of the lease liabilities.

Leases to which A.P. Moller - Maersk is committed, but for which the lease term has not yet commenced, have an undiscounted value of USD 2.6bn (USD 1.6bn). They comprise approx. 35 contracts commencing in 2024-2026.

Certain terminal concession agreements contain variable payment terms that are linked to future performance, i.e., number of containers handled. Such payments are recognised in the income statement in the period in which the condition that triggers those payments occurs.

Total cash outflow from leases was USD 5.2bn (USD 5.1bn), of which USD 3.2bn (USD 3.1) relates to repayment of lease liabilities, USD 1.4bn (USD 1.5bn) to other lease expenses and USD 563m (USD 518m) to interest expenses.

Lease liabilities are disclosed in notes 4.2 and 4.5.

§ ACCOUNTING POLICY

Right-of-use assets are mainly leased vessels, containers, concession arrangements and real estate property. Lease contracts for vessels and containers are typically made for fixed periods of about five years, but may have extension options as described together with lease liabilities. Concession arrangements and real estate contracts are negotiated on an individual basis and contain a wide range of terms and conditions.

Leases are recognised as a right-of-use asset with a corresponding lease liability at the date on which the leased asset is available for use. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement.

Amounts in USD million

Note 3.4 Acquisition/sale of subsidiaries and activities

Acquisitions during 2023

	Martin Bencher	Grindrod	Other[1]	Total 2023
Fair value at time of acquisition				
Intangible assets	21	5	-12	14
Property, plant and equipment	1	43	-	44
Current assets	54	15	-10	59
Provisions	1	-	1	2
Liabilities	33	34	-50	17
Net assets acquired	**42**	**29**	**27**	**98**
Non-controlling interests	-	-20	-	-20
A.P. Møller - Mærsk A/S' share	**42**	**9**	**27**	**78**
Goodwill	11	15	-26	-
Purchase price	**53**	**24**	**1**	**78**
Change in payables on purchase price, etc.	-	-	28	28
Contingent consideration assumed	-	-	-7	-7
Contingent consideration paid	-	-	67	67
Cash and bank balances assumed	-15	-	-2	-17
Non-cash consideration	-	-9	-	-9
Cash flow used for acquisition of subsidiaries and activities	**38**	**15**	**87**	**140**

1 Relate to changes in the provisional amounts of 2022 business combinations taken up as 2023 adjustments.

Martin Bencher Group (Logistics & Services)
On 2 January 2023, the Group acquired 100% of the shares in Martin Bencher Group, a Denmark-based project logistics company with premium competencies within non-containerised project logistics. The acquisition of Martin Bencher Group will complement the existing project logistics services already available at A.P. Moller - Maersk, with a specialised service offering the combination of solution design, special cargo transportation and project management services. It will build on existing infrastructures and know-how across the existing Project Logistics vertical in Sales & Marketing, Ocean and Logistics & Services Special Project Logistics (SPL).

The purchase price is USD 53m and resulted in goodwill of USD 11m. Acquired goodwill is not allowable for tax purposes.

Martin Bencher contributed revenue of USD 160m and an insignificant net profit to the Group equivalent to its entire revenue and net profit in 2023.

Grindrod Intermodal Group (Logistics & Services)
On 2 January 2023, the Group completed the acquisition of Grindrod Logistics. The Group partnered with Grindrod Intermodal Group to merge the logistics activities of Grindrod Intermodal business and the ocean activities of the Ocean Africa Container Lines (OACL) with the current A.P. Moller - Maersk Logistics & Services products in South Africa. The Grindrod Intermodal Group is a well-known and trusted partner in South Africa with a range of logistics and services offerings. The Group has a controlling interest of 51%.

The purchase price and non-controlling interest amounted to USD 44m and resulted in goodwill of USD 15m. Acquired goodwill is not allowable for tax purposes. The non-controlling interest in Grindrod is measured at the non-controlling interest's proportionate share of the acquired net identifiable assets.

Grindrod contributed revenue of USD 42m and an insignificant net profit to the Group equivalent to its entire revenue and net profit in 2023.

In Q4 2023, the purchase price allocations for the 2023 business combinations were finalised.

Acquisitions during 2022

	LF Logistics	Pilot	Senator	Other	Total 2022
Fair value at time of acquisition					
Intangible assets	807	650	223	7	1,687
Property, plant and equipment	533	185	48	14	780
Financial assets	110	4	6	-	120
Deferred tax assets	5	-	-	-	5
Current assets	436	271	398	6	1,111
Provisions	18	4	-	-	22
Liabilities	793	1,207	316	24	2,340
Net assets acquired	**1,080**	**-101**	**359**	**3**	**1,341**
A.P. Møller - Mærsk A/S' share	**1,080**	**-101**	**359**	**3**	**1,341**
Goodwill	2,291	1,145	225	6	3,667
Purchase price	**3,371**	**1,044**	**584**	**9**	**5,008**
Change in payables on purchase price, etc.	-24	8	-	-	-16
Contingent consideration assumed	-60	-	-	-	-60
Contingent consideration paid	-	19	-	-	19
Cash and bank balances assumed	-126	-9	-40	-2	-177
Cash flow used for acquisition of subsidiaries and activities	**3,161**	**1,062**	**544**	**7**	**4,774**

LF Logistics Holdings Limited (Logistics & Services)
On 31 August 2022, the Group signed an agreement to acquire 100% of the shares in LF Logistics Holdings Limited, a leading omnichannel fulfilment contract logistics company in Asia Pacific. The acquisition further strengthens A.P. Moller - Maersk's capabilities as an integrated container logistics company, offering global end-to-end supply chain solutions to its customers. The total purchase price was USD 3.3bn, which included the fair value of contingent consideration of USD 60m, contingent upon LF Logistics' future financial performance, and has a maximum payment value of USD 160m. As of 31 December 2023, the fair value of contingent consideration was USD 10m. Of the consideration paid, USD 2.3bn was related to goodwill, while USD 806m was related to intangible assets, mainly customer relationships. USD 177m was related to trade receivables, and USD 362m was related to RoU assets. Liabilities were mainly related to trade payables and lease liabilities. Goodwill was mainly attributable to commercial and operational future expected synergies, driven by cross-selling and improved productivity. Acquired goodwill is not allowable for tax purposes.

From the acquisition date to 31 December 2022, LF Logistics contributed revenue of USD 360m and an insignificant net profit. Had the acquisition occurred on 1 January 2022, the impact on the Group's revenue would have been USD 1,013m. The net profit impact to the Group would have been USD 42m, including amortisation of intangible assets recognised in the acquisition.

Acquisition-related costs of USD 12m were recognised as operating costs in the income statement of the Logistics & Services segment in 2021, and in operating cash flow in the cash flow statement in 2022.

Note 3.4 Acquisition/sale of subsidiaries and activities – continued

Pilot Freight Services (Logistics & Services)
On 2 May 2022, the Group acquired 100% of the shares in Pilot Freight Services, a US-based first, middle and last mile cross-border solutions provider. Pilot has specialised in the big and bulky freight segment in North America. Pilot Freight Services will add specific new services within the fast-growing big and bulky e-commerce segment to the Group, thus increasing cross-selling opportunities. The total purchase price was USD 1.6bn, of which USD 597m was related to the settlement of debt. In Q2 2023, the provisional purchase price allocation was finalised, resulting in a reduction of goodwill of USD 30m, primarily related to the valuation of customer relationships and deferred tax liabilities. Of the consideration paid, USD 1.1bn was related to goodwill, while USD 640m was related to intangible assets, mainly customer relationships. USD 226m was related to trade receivables, and USD 174m was related to RoU assets. Liabilities were mainly related to trade payables, lease liabilities and debt settled as part of the transaction. Goodwill was mainly attributable to commercial and operational future expected synergies, driven by cross-selling, network optimisations and improved productivity. Goodwill of USD 96m related to the acquisition is expected to be deductible for tax purposes.

From the acquisition date to 31 December 2022, Pilot Freight Services contributed revenue of USD 987m and an insignificant net profit. Had the acquisition occurred on 1 January 2022, the impact on the Group's revenue would have been USD 1.5bn. The net profit impact to the Group would have been insignificant.

Acquisition-related costs of USD 15m were recognised as operating costs in the income statement of the Logistics & Services segment in 2021 and 2022, and in operating cash flow in the cash flow statement in 2022.

Senator International (Logistics & Services)
On 2 June 2022, the Group acquired 100% of the shares in Senator International, a well-renowned German air-based freight carrier company. Senator International contributes with offerings within air freight out of Europe into the USA and Asia, and thereby adds strong capabilities and geographical reach to the integrator vision. The total purchase price was USD 584m. In Q2 2023, the provisional purchase price allocation was finalised, resulting in an increase in goodwill of USD 5m primarily related to the valuation of tax payables. Of the consideration paid, USD 230m was related to goodwill, while USD 223m was related to intangible assets, mainly customer relationships. USD 220m was related to trade receivables, and the rest is mainly related to other receivables. Liabilities were mainly related to accrued expenses and deferred tax. Goodwill was mainly attributable to commercial and operational future expected synergies, driven by cross-selling, network optimisations and improved productivity. Acquired goodwill is not deductible for tax purposes.

From the acquisition date to 31 December 2022, Senator International contributed revenue of USD 787m and a net profit of USD 40m. Had the acquisition occurred on 1 January 2022, the impact on the Group's revenue would have been USD 1.6bn and a net profit of USD 105m, including amortisation of intangibles assets recognised in the acquisition.

Acquisition-related costs of USD 9m were recognised as operating costs in the income statement of the Logistics & Services segment in 2021, and in operating cash flow in the cash flow statement in 2022.

Sales in 2023
US Marine Management
An agreement was reached to divest U.S. Marine Management LLC in Q3 2023. On 20 September 2023, the sale of US Marine Management LLC was completed and resulted in a net gain of USD 92m or USD 74m after tax. The net gain before tax is classified as the gain on sale of non-current assets in the income statement.

Maersk Supply Service
On 15 May 2023, the sale of Maersk Supply Service to A.P. Møller Holding was completed for cash proceeds net of cash sold of USD 685m and resulted in a net gain of USD 15m, which includes the reclassification of the translation reserve loss of USD 40m from equity to the income statement. The gain is classified as the gain on sale of non-current assets in the income statement.

The net profit for US Marine Management and Maersk Supply Service until divestment is included in the Towage & Maritime Services segment as per Note 2.1 Segment information.

Höegh Autoliners
The Group completed the sale of the 26.4% shareholding in Höegh Autoliners in three tranches during 2023. The transactions aggregated to a net price of USD 362m and a gain of USD 57m included in Towage & Maritime Services segment.

Sales during the year 2022
In 2022, Terminals completed the sale of the 30.75% minority stake in Global Ports Investments in Russia for USD 135m. The transaction included an option for Terminals to re-enter the partnership in the future.

Amounts in USD million

Note 3.4 Acquisition/sale of subsidiaries and activities – continued

ACCOUNTING POLICY

Acquisition/sale of subsidiaries and activities
Upon acquisition of new entities, the acquired assets, liabilities and contingent liabilities are measured at fair value at the date when control was achieved using the acquisition method. Identifiable intangible assets are recognised if they arise from a contractual right or can otherwise be separately identified. The difference between the fair value of the acquisition cost and the fair value of acquired identifiable net assets is recognised as goodwill. Contingent consideration is measured at fair value and any subsequent changes to contingent consideration are recognised as financial income or financial expense in the income statement. If contingent consideration is settled by issuing a predetermined number of shares, the contingent consideration is classified as equity and is subsequently not remeasured at fair value. Transaction costs are recognised as operating costs as they are incurred.

When A.P. Moller - Maersk ceases to have control of a subsidiary, the value of any retained investment is remeasured at fair value, and the value adjustment is recognised in the income statement as a gain/loss on the sale of non-current assets. The difference between sales proceeds and the carrying amount of the subsidiary is recognised in the income statement including fair value of contingent consideration at the time of sale. Contingent consideration is remeasured at fair value with changes recognised in the income statement. The effect of the purchase and sale of non-controlling interests without changes in control is included directly in equity.

Note 3.5 Term deposits and Other receivables, non-current

Loan receivables, current, amount to USD 12.8bn (USD 17.7bn) and consist primarily of term deposits with a maturity of more than three months amounting to USD 12.8bn (USD 17.6bn). For details on the assessment of the loss allowance on term deposits, reference is made to note 4.5 Financial instruments and risks.

Other receivables, non-current, primarily consist of prepayments made for operational activities that will be utilised after twelve months amounting to USD 1.3bn (USD 0.5bn).

Note 3.6 Assets held for sale or distribution

	2023	2022
Balance sheet items comprise:		
Intangible assets	59	-
Property, plant and equipment and right-of-use assets	1,303	13
Deferred tax assets	52	1
Other assets	167	51
Non-current assets	**1,581**	**65**
Current assets	209	4
Assets held for sale or distribution	**1,790**	**69**
Provisions	12	1
Deferred tax liabilities	27	-
Other liabilities	209	8
Liabilities associated with assets held for sale or distribution	**248**	**9**

Assets held for sale in 2023 relate to one terminal within Terminals (2022: two terminals) and Svitzer (towage) within Towage & Maritime Services due to Management's commitment to its sale or distribution as of the balance sheet date.

Svitzer is classified as held for sale or distribution and presented separately in the balance sheet. Comparative figures have not been restated. No gains or losses resulting from the fair value measurement of Svitzer have been recognised. Svitzer's results continue to be included in the Towage & Maritime Services segment and are included in note 2.1 Segment information as such.

ACCOUNTING POLICY

Assets held for sale are recognised when the carrying amount of an individual non-current asset, or disposal group of assets, is recovered principally through a sales transaction rather than through continued use. Assets are classified as held for sale when activities to carry out a sale have been initiated, when the activities are available for immediate sale in their present condition, and when the activities are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale are presented separately from other liabilities.

Assets held for sale are measured at the lower of carrying amount immediately before classification as held for sale and fair value less costs to sell. Impairment tests are performed immediately before classification as held for sale. Non-current assets are not depreciated or amortised while classified as held for sale. Measurement of deferred tax and financial assets and liabilities is unchanged.

When an asset or a disposal group has been classified as held for sale or distribution, but the requirements are no longer met, the assets and related liabilities ceases to be classified as held for sale. The cessation of the classification as held for sale will be reflected in the period in which the change of circumstances has occurred. Comparative figures are not restated, and any adjustments to the carrying value of assets and liabilities previously classified as held for sale are recognised in the period in which the circumstances have changed.

Amounts in USD million

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Note 3.7 Provisions

	Restructuring	Legal disputes, etc.	Other	Total
1 January 2023	68	1,182	369	1,619
Provision made	151	488	283	922
Amount used	61	239	144	444
Amount reversed	34	238	57	328
Additions from acquired companies	-	-	2	2
Disposals from companies sold	-	1	28	29
Transfers, assets held for sale	-	-12	-	-12
Exchange rate adjustments	2	-4	-18	-20
31 December 2023	**126**	**1,176**	**407**	**1,709**
Of which:				
Classified as non-current	11	691	195	897
Classified as current	115	485	212	812
Non-current provisions expected to be realised after more than five years	1	36	27	64

Restructuring includes provisions for decided and publicly announced restructurings and includes mainly staff redundancy costs. Legal disputes, etc. include, among other things, indirect tax and duty disputes. Other primarily includes provisions for warranties, and onerous contracts.

Reversals of provisions primarily relate to legal disputes and contractual disagreements, which are recognised in the income statement under operating costs and tax.

SIGNIFICANT ACCOUNTING ESTIMATES

Provisions for legal disputes

Management's estimate of the provisions for legal disputes, including disputes regarding taxes and duties, is based on the knowledge available on the substance of the cases and a legal assessment of these. The resolution of legal disputes through either negotiations or litigation can take several years to be reached and the outcomes are subject to considerable uncertainty.

ACCOUNTING POLICY

Provisions are recognised when A.P. Moller - Maersk has a present legal or constructive obligation from past events. The item includes, among other things, legal disputes and provisions for onerous contracts and unfavourable contracts acquired as part of a business combination. Provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

4. Capital and financing

A.P. Moller - Maersk has continued its commitment to distribute value to its shareholders through both dividends and the buy-back of shares throughout 2023. This section provides details on the movement in the Group's share capital, including the shares bought back and cancelled during the year. The movements within borrowings and lease liabilities provide insights into the development in the Group's net interest bearing debt.

This section also includes details on the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Note 4.1 Share capital and earnings per share

Development in the number of shares:	A shares of		B shares of		Nominal value	
	DKK 1,000	DKK 500	DKK 1,000	DKK 500	DKK million	USD million
1 January 2022	10,468,107	216	8,907,718	166	19,376	3,513
Conversions	1	-2	3	-6	-	-
Cancellations	133,779	-	535,076	-	669	121
31 December 2022	**10,334,329**	**214**	**8,372,645**	**160**	**18,707**	**3,392**
1 January 2023	10,334,329	214	8,372,645	160	18,707	3,392
Conversions	1	-2	1	-2	-	-
Cancellations	227,390	-	910,056	-	1,137	206
31 December 2023	**10,106,940**	**212**	**7,462,590**	**158**	**17,570**	**3,186**

All shares are fully issued and paid up. One A share of DKK 1,000 holds two votes. B shares have no voting rights.

At the Annual General Meeting of A.P. Møller - Mærsk A/S on 28 March 2023, the shareholders decided on the cancellation of treasury shares, whereby the share capital would be decreased. On 7 June 2023, the company's share capital was decreased from nominally DKK 18,707,161,000 to nominally DKK 17,569,715,000.

The reduction in the share capital has been recorded by applying the historical rate of exchange of USD/DKK 5.5153.

Development in the holding of treasury shares:	No. of shares of DKK 1,000		Nominal value DKK million		% of share capital	
Treasury shares	2023	2022	2023	2022	2023	2022
A shares						
1 January	201,717	120,494	202	121	1.08%	0.62%
Additions	332,309	215,002	332	215	1.89%	1.15%
Cancellations	227,390	133,779	227	134	1.22%	0.69%
31 December	**306,636**	**201,717**	**307**	**202**	**1.75%**	**1.08%**
B shares						
1 January	887,557	549,587	888	550	4.74%	2.84%
Additions	1,327,842	904,856	1,328	905	7.54%	4.83%
Cancellations	910,056	535,076	910	535	4.86%	2.76%
Disposals	26,223	31,810	27	32	0.14%	0.17%
31 December	**1,279,120**	**887,557**	**1,279**	**888**	**7.28%**	**4.74%**

Disposals of treasury shares are related to the share option plan and the restricted shares plan.

From 1 January 2023 to 31 December 2023, A.P. Moller - Maersk bought back as treasury shares 171,022 A shares, with a nominal value of DKK 171m, and 514,238 B shares, with a nominal value of DKK 514m, from A.P. Møller Holding A/S and 162,005 B shares, with a nominal value of DKK 162m, from A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, which are considered related parties. The share buy-back was carried out with the purpose to adjust the capital structure of the company. Cancellation of shares which are not used for hedging purposes for the long-term incentive programmes will be proposed at the Annual General Meeting.

Capital management

The capital structure is managed for the Group in accordance with the financial policy, as approved by the Board of Directors.

Capital is managed to meet the objective of a solid capital structure over the business cycle and to maintain a liquidity profile in line with an investment grade credit rating. A.P. Moller - Maersk remains investment grade-rated and holds a Baa2 (positive outlook) rating from Moody's and a BBB+ (stable) rating from Standard & Poor's. The equity share of total equity and liabilities was 67% (69%) at the end of 2023. Share buy-backs of maximum 15% of the share capital can be decided by the Board of Directors, and dividends paid out are to be between 30-50% of the underlying profit in accordance with the company's dividend policy.

The basis for calculating earnings per share is the following:

A.P. Møller - Mærsk A/S' share of:	2023	2022
Profit for the period	**3,822**	**29,198**

	2023	2022
Issued shares 1 January	18,707,161	19,376,016
Average number of treasury shares	1,213,793	720,802
Average number of cancelled shares	648,188	404,978
Average number of shares (basic)	**16,845,180**	**18,250,236**
Dilutive effect of outstanding restricted and performance shares and share options	28,862	57,522
Average number of shares (diluted)	**16,874,042**	**18,307,758**
Basic earnings per share (USD)	**227**	**1,600**
Diluted earnings per share (USD)	**227**	**1,595**

Amounts in USD million

Note 4.1 Share capital and earnings per share – continued

Dividends

The dividend of DKK 4,300 per share of DKK 1,000 was paid on 31 March 2023 – a total of DKK 74.4bn equivalent to USD 10.9bn, excluding treasury shares (dividend of DKK 2,500 per share of DKK 1,000 paid – total of DKK 46.8bn, equivalent to USD 6.9bn).

The Board of Directors proposes a dividend to the shareholders of DKK 515 per share of DKK 1,000 – a total of DKK 8.1bn, equivalent to USD 1.2bn (DKK 4,300 per share of DKK 1,000 – a total of DKK 74.4bn equivalent to USD 10.9bn). Payment of dividends is expected to take place on 19 March 2024. Payment of dividends to shareholders does not trigger taxes to A.P. Moller - Maersk.

§ ACCOUNTING POLICY

Earnings per share is calculated as A.P. Møller - Mærsk A/S' share of the profit for the year divided by the average number of shares outstanding (of DKK 1,000 each), excluding A.P. Moller - Maersk's holding of treasury shares. Diluted earnings per share are adjusted for the dilutive effect of the average number of restricted shares, performance shares and share options outstanding as issued by the parent company.

Equity includes total comprehensive income for the year comprising the profit for the year and other comprehensive income. Proceeds on the purchase and sale of treasury shares and dividend from such shares are recognised in equity.

The translation reserve is comprised of A.P. Moller - Maersk's share of accumulated exchange rate differences arising on translation from functional currency into presentation currency. The reserve for other equity investments is comprised of accumulated changes in the fair value of equity investments (at FVOCI), net of tax. Reserves for hedges includes the accumulated fair value change of derivatives qualifying for cash flow hedge accounting, less amounts already reclassified to the income statement or transferred as basis adjustments, net of tax, as well as forward points and currency basis spread.

Note 4.2 Borrowings and lease liability reconciliation

	Net debt 31 December	Cash flows		Non-cash changes					Net debt 31 December
	2022	From financing activities	Other	Additions	Disposals	Transfers, assets held for sale	Foreign exchange movements	Other[1]	2023
Borrowings:									
Bank and other credit institutions	1,053	-88	-3	3	-	-	8	-	973
Issued bonds[2]	2,976	308	-	-	-	-	53	56	3,393
Total borrowings	**4,029**	**220[3]**	**-3**	**3**	**-**	**-**	**61**	**56**	**4,366**
Classified as non-current	3,774								4,169
Classified as current	255								197
Leases:									
Lease liabilities	11,614	-3,226	3	2,268[4]	-241	-56	84	2	10,448
Classified as non-current	8,582								7,798
Classified as current	3,032								2,650
Total borrowings and leases	**15,643**	**-3,006**	**-**	**2,271**	**-241**	**-56**	**145**	**58**	**14,814**
Derivatives hedge of borrowings, net	**532**	**-46**	**-**	**-**	**-**	**-**	**-53**	**-81**	**352**

1 Other includes fair value changes and amortisation of fees.
2 Of the total issued bonds at 31 December 2023, USD 1.3bn are green bonds primarily used to finance the construction of green methanol vessels.
3 Cash flows from financing activities of USD 220m are made up of repayments of borrowings of negative USD 660m, adjusted for cash flows from hedges of USD 35m and proceeds from borrowings of USD 845m.
4 Additions include USD 29m of lease liabilities from businesses acquired during 2023.

The maturity analysis of lease liabilities is disclosed in note 4.5.

Amounts in USD million

Note 4.2 Borrowings and lease liability reconciliation – continued

	Net debt 31 December	Cash flows		Non-cash changes					Net debt 31 December
	2021	From financing activities	Other	Additions	Disposals	Transfers, assets held for sale	Foreign exchange movements	Other[1]	2022
Borrowings:									
Bank and other credit institutions	1,443	-717	-282	612	-	-13	10	-	1,053
Issued bonds[2]	3,341	-	-	-	-	-	-177	-188	2,976
Total borrowings	**4,784**	**-717**[3]	**-282**[4]	**612**	**-**	**-13**	**-167**	**-188**	**4,029**
Classified as non-current	4,315								3,774
Classified as current	436								255
Leases:									
Lease liabilities	10,551	-3,080	-10	4,776[5]	-433	-13	-173	-4	11,614
Classified as non-current	8,153								8,582
Classified as current	2,398								3,032
Total borrowings and leases	**15,335**	**-3,797**	**-292**	**5,388**	**-433**	**-26**	**-340**	**-192**	**15,643**
Derivatives hedge of borrowings, net	**194**	**14**	**-**	**-**	**-**	**-**	**188**	**136**	**532**

1 Other includes fair value changes and amortisation of fees.
2 Of the total issued bonds at 31 December 2022, USD 552m are green bonds used to finance acquisitions of green methanol vessels.
3 Cash flows from financing activities of negative USD 717m are made up of repayments of borrowings of negative USD 800m, and proceeds from borrowings of USD 83m.
4 Cash flows from other include a decrease in cash overdrafts of USD 282m.
5 Additions include USD 571m of lease liabilities from businesses acquired during 2022.

The maturity analysis of lease liabilities is disclosed in note 4.5.

§ ACCOUNTING POLICY

Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities. Fixed interest loans subject to fair value hedge accounting are measured at amortised cost with an adjustment for the fair value of the hedged interest component.

Lease liabilities are measured at the present value of the lease payments over the lease term, at the interest rate implicit in the lease, or at A.P. Moller - Maersk's incremental borrowing rate (IBR). A.P. Moller - Maersk's IBR reflects the Group's credit risk, leased amount, and contract duration, as well as the nature and quality of the asset's security and economic environment in which the leased assets operate. To determine the IBR, where possible, A.P. Moller - Maersk uses recent third-party financing received by the individual lessee as a starting point, with adjustments to reflect changes in financing conditions since that financing was received. Where such financing is not available, A.P. Moller - Maersk uses a build-up approach that starts with a risk- free interest rate adjusted by credit risk and specific risks faced by the lessee such as asset type, geographical risks, etc.

Subsequently, the lease liability is measured at amortised cost with each lease payment allocated between the repayment of the liability and financing cost. The finance cost is charged to the income statement over the lease period, using the IBR that was used to discount the lease payments.

The following lease payments are included in the net present value:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options in lease contracts are included in contracts where it is reasonably certain that A.P. Moller - Maersk will exercise the options. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended or not terminate. Most of the extension and termination options held are exercisable only by A.P. Moller - Maersk and not by the respective lessor. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment, and which is within the control of the lessee. Where A.P. Moller - Maersk will probably exercise specific purchase options, those options are included in the measurement of the lease liability with corresponding right-of-use asset depreciated over the asset's useful life rather than lease term.

Amounts in USD million

Note 4.3 Pensions and similar obligations

	UK 2023	Other 2023	Total 2023	UK 2022	Other 2022	Total 2022
Specification of net liability						
Present value of funded plans	1,539	170	1,709	1,396	374	1,770
Fair value of plan assets	-1,652	-108	-1,760	-1,583	-301	-1,884
Net liability of funded plans	-113	62	-51	-187	73	-114
Present value of unfunded plans	-	102	102	-	105	105
Impact of minimum funding requirement/asset ceiling	20	-	20	66	-	66
Net liability 31 December	**-93**	**164**	**71**	**-121**	**178**	**57**
Of which:						
Pensions, net assets			120			134
Pensions and similar obligations			191			191

Significant financial assumptions	UK 2023	Total 2023	UK 2022	Total 2022
Discount rate	4.5%	4.5%	4.8%	4.7%
Inflation rate	3.3%	3.3%	3.5%	3.3%

As employer, the Group participates in pension plans according to normal practice in the countries in which the Group operates. Generally, the pension plans within the Group are defined contribution plans, where contributions are recognised in the income statement on an accrual basis. A number of entities have defined benefit plans, in which retirement benefits are based on length of service and salary level. To a limited extent, these defined benefit plans also include payment of medical expenses, etc.

In 2024, the Group expects to pay contributions totalling USD 17m (USD 25m) to funded defined benefit plans.

85% of the Group's defined benefit liabilities are in the UK. All of the plans in the UK are funded. Although all of the UK plans are now closed to new entrants, active members in the two largest plans continue to accrue new benefits. The smaller UK plans are all closed to new accruals, although a salary link remains in some of the plans.

Overall, the plans have an average duration of 11 years, and approximately 60% of the obligation is related to pensioner members.

As well as being subject to the risks of falling interest rates, which would increase the obligation, poor asset returns and pensioners living longer than anticipated, the Group is also subject to the risk of higher-than-expected inflation. This is because many pension benefits, particularly in the UK plans, increase in line with inflation although some minimum and maximum limits apply.

	31 December			
Life expectancy	2023	2043	2022	2042
65-year-old male in the UK	21.7	23.3	22.0	23.5
65-year-old female in the UK	24.1	25.8	24.3	25.8

The sensitivity of the liabilities and pension costs to the key assumptions are as follows:

Sensitivities for key assumptions in the UK Factors	'Change in liability'	Increase 2023	Decrease 2023
Discount rate	Increase/(decrease) by 25 basis points	-42	44
Inflation rate	Increase/(decrease) by 25 basis points	19	-24
Life expectancy	Increase/(decrease) by one year	62	-61

Specification of plan assets	UK 2023	Other 2023	Total 2023	UK 2022	Other 2022	Total 2022
Insurance contracts	1,255	54	1,309	1,172	54	1,226
Shares	21	14	35	52	15	67
Government bonds	225	10	235	130	37	167
Corporate bonds	68	7	75	53	176	229
Real estate	10	5	15	8	6	14
Other assets	73	18	91	168	13	181
Fair value 31 December	**1,652**	**108**	**1,760**	**1,583**	**301**	**1,884**

Rates of life expectancy reflect the most recent mortality investigations, and in line with market practice an allowance is made for future improvements in life expectancy. The Group assumes that future improvements will be in line with the latest projections of 1.25% for all UK plans.

The liabilities are calculated using assumptions that are the Group's best estimate of future experience bearing in mind the requirements of IAS 19.

The Group's plans are funded in accordance with applicable local legislation. In the UK, each plan has a Trustee Board that is required to act in the best interests of plan members. Every three years, a formal valuation of the plan's liabilities is carried out using a prudent basis, and if the plan is in deficit, the Trustees agree with the Group or the sponsoring employer on a plan for recovering that deficit.

Around 80% of the UK liabilities are now covered by insurance policies. Therefore, movement in the liabilities due to change in assumptions would equally impact the assets value related to the buy-in policies, resulting in a reduced movement in the overall balance sheet position.

Amounts in USD million

Note 4.3 Pensions and similar obligations – continued

The expected contribution to the UK plans for 2024 are USD 12m (USD 0m in 2023). In most of the UK plans, any surplus remaining after the last member dies may be returned to the Group. However, the Merchant Navy Ratings Pension Fund (MNRPF), and the Merchant Navy Officers Pension Fund (MNOPF) contributions paid by the Group are not refundable in any circumstance and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. In 2023, an adjustment of USD 11m (USD 3m) was applied in this respect.

Other than the insurance contracts and a small proportion of other holdings, the plan assets held by the Group are quoted investments.

Change in net liability	Present value of obligations	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
1 January 2023	**1,875**	**1,884**	**66**	**57**	**-121**
Current service costs, administration costs, etc.	57	-6	-	63	41
Calculated interest expense/income	83	86	3	-	-5
Recognised in the income statement in 2023	**140**	**80**	**3**	**63**	**36**
Return on plan assets, excluding amounts included in interest	-	-6	-	6	3
Actuarial gains/losses from changes in demographic assumptions	-18	-	-	-18	-19
Actuarial gains/losses from changes in financial assumptions	4	-	-	4	13
Experience adjustments	51	-	-	51	53
Adjustments for unrecognised assets due to asset ceiling	-	-	-52	-52	-52
Recognised in other comprehensive income in 2023	**37**	**-6**	**-52**	**-9**	**-2**
Contributions from the Group and employees	1	23	-	-22	-
Benefit payments	-146	-140	-	-6	-
Settlements[1]	-186	-181	-	-5	-
Transfers, assets held for sale	-3	-	-	-3	-
Exchange rate adjustments	93	100	3	-4	-6
31 December 2023	**1,811**	**1,760**	**20**	**71**	**-93**

1 Relates to the termination and settlement via insurance of the US Maersk Pension Plan.

Change in net liability	Present value of obligations	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
1 January 2022	**2,843**	**2,858**	**82**	**67**	**-138**
Current service costs, administration costs, etc.	23	-11	-	34	8
Calculated interest expense/income	53	53	1	1	-2
Recognised in the income statement in 2022	**76**	**42**	**1**	**35**	**6**
Return on plan assets, excluding amounts included in interest	-	-638	-	638	562
Actuarial gains/losses from changes in demographic financial assumptions	6	-	-	6	7
Actuarial gains/losses from changes in financial assumptions	-776	-	-	-776	-672
Experience adjustments	104	-	-	104	107
Adjustments for unrecognised assets due to asset ceiling	-	-	-8	-8	-8
Recognised in other comprehensive income in 2022	**-666**	**-638**	**-8**	**-36**	**-4**
Contributions from the Group and employees	-	3	-	-3	-
Benefit payments	-132	-119	-	-13	-
Effect of business combinations and disposals	3	-	-	3	-
Exchange rate adjustments	-249	-262	-9	4	15
31 December 2022	**1,875**	**1,884**	**66**	**57**	**-121**

Amounts in USD million

Note 4.3 Pensions and similar obligations – continued

Multi-employer plans

Under collective agreements, certain entities in the Group participate together with other employers in defined benefit pension plans as well as welfare/medical plans (multi-employer plans). In general, the contributions to the schemes are based on man hours worked or cargo tonnage handled, or a combination of these.

For the defined benefit pension plans, the Group has joint and several liabilities to fund total obligations. While the welfare/medical plans are by nature contribution plans funded on a pay-as-you-go basis. The Group's contributions to the pension and welfare/medical plans in 2023 are estimated at USD 86m (USD 124m) and USD 259m (USD 371m), respectively. The contributions to be paid in 2024 are estimated at USD 82m (USD 125m) for the pension plans and USD 249m (USD 374m) for the welfare/medical plans.

No reliable basis exists for allocation of the schemes' obligations and plan assets to individual employer participants. For the pension plans where the Group has an interest and there is a deficit, the net obligations for all employers amount to USD 216m (USD 19m). This net obligation is based on the most recent available financial data from the plan's trustees, calculated in accordance with the rules for such actuarial calculation in US GAAP. The deficit in some of the schemes may necessitate increased contributions in the future. Welfare/medical plans are pay-as-you-go and form a part of the Group's US collective bargaining agreements. They cover a limited part of employees' medical costs as occurred.

§ ACCOUNTING POLICY

Pension obligations are the net liabilities of defined benefit obligations and the dedicated assets adjusted for the effect of minimum funding and asset ceiling requirements. Plans with a funding surplus are presented as net assets on the balance sheet. The defined benefit obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance sheet date. Plan assets are measured at fair value. The pension cost charged to the income statement consists of calculated amounts for vested benefits and interest in addition to settlement of gains or losses, etc. Interest on plan assets is calculated at the same rates as used for discounting the obligations. Actuarial gains/losses are recognised in other comprehensive income.

Pension plans where A.P. Moller - Maersk, as part of collective bargaining agreements, participates together with other enterprises – so called multi-employer plans – are treated as other pension plans in the financial statements. Defined benefit multi-employer plans, where sufficient information to apply defined benefit accounting is not available, are treated as defined contribution plans.

Note 4.4 Financial income and expenses

	2023	2022
Interest expenses on liabilities[1,4]	904	815
Borrowing costs capitalised on assets[2]	133	49
Interest income on loans and receivables	1,202	436
Fair value adjustment transferred from equity hedge reserve (loss)	21	33
Net interest expenses	**-410**	**363**
Exchange rate gains on bank balances, borrowings and working capital	335	596
Exchange rate losses on bank balances, borrowings and working capital	522	586
Net foreign exchange gains/losses	**-187**	**10**
Fair value gains from derivatives	200	54
Fair value losses from derivatives	56	319
Net fair value gains/losses	**144**	**-265**
Dividends received from securities[3]	1	-
Gains on payable contingent consideration	66	-
Impairment losses on financial assets	6	13
Reversal of impairment losses on financial assets	-	2
Financial expenses, net	**-428**	**629**
Of which:		
Financial income	1,804	1,088
Financial expenses	1,376	1,717

1 Of which USD 563m (USD 518m) relates to interest expenses on lease liabilities.
2 The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 7.2% (4.6%).
3 Of which USD 1m (USD 0m) pertains to shares held at the end of the year and USD 0m (USD 0m) pertains to shares sold during the year.
4 Of which USD 10m (USD 0m) relates to expenses from prepayment of issued bonds.

For an analysis of gains and losses from derivatives, reference is made to note 4.5.

Amounts in USD million

Note 4.5 Financial instruments and risks

The gain/losses of the derivatives are recognised as follows:	2023	2022
Hedging foreign exchange risk on revenue	-8	-7
Hedging foreign exchange risk on operating costs	41	-127
Hedging interest rate risk	-21	-33
Hedging foreign exchange risk on the cost of non-current assets	4	-30
Total effective hedging	**16**	**-197**
Ineffectiveness recognised in financial expenses	-1	16
Total reclassified from equity reserve for hedges	**15**	**-181**
Derivatives accounted for as held for trading:		
Currency derivatives recognised directly in financial income/expenses	154	-276
Interest rate derivatives recognised directly in financial income/expenses	44	-196
Oil prices and freight rate derivatives recognised directly in other income/costs	-23	-150
Net gains/losses recognised directly in the income statement	**175**	**-622**
Total	**190**	**-803**

The Group's derivatives are presented at fair value in the balance sheet.

The Group's activities expose it to a variety of financial risks:

- Market risks, i.e., currency risk, interest rate risk and oil price risk
- Credit risk
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's entities.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or the value of its holdings of financial instruments. The sensitivity analyses in the currency risk and interest rate risk sections relate to the position of financial instruments at 31 December 2023.

The sensitivity analyses for currency risk and interest rate risk have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies remain unchanged from hedge designations in place at 31 December 2023. Furthermore, it is assumed that the exchange rate and interest rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses show the effect on profit and equity of a reasonably possible change in exchange rates and interest rates.

Hedges comprise primarily currency derivatives and interest rate derivatives, which are further described in the following sections.

Currency risk

The Group's currency risk relates to the fact that while income from Ocean activities is denominated mainly in USD, the related expenses are incurred in both USD and a wide range of other currencies such as EUR, DKK, CNY, HKD and SGD. As the net income is in USD, this is also the primary financing currency. Income and expenses from other activities are mainly denominated in local currencies, thus reducing the Group's exposure to these currencies.

The main purpose of hedging the Group's currency risk is to hedge the USD value of the Group's net cash flow and reduce fluctuations in the Group's profit. The Group uses various financial derivatives, including forwards, option contracts and cross-currency swaps, to hedge these risks. The key aspects of the currency hedging policy are:

- Net cash flows in significant currencies other than USD are hedged using a layered model with a 12-month horizon
- Significant capital commitments or divestments in currencies other than USD are hedged
- Most non-USD debt is hedged, however, depending on the asset-liability match and the currency of the generated cash flow.

Currency derivatives hedge future revenue, operating costs and investments/divestments, and are recognised on an ongoing basis in the income statement and the cost of property, plant and equipment, respectively. There is not any proxy hedging for the currency risk hedging, and therefore the economic relationship between the hedged exposure and the hedge is high. Effectiveness is assessed using the critical terms match approach according to IFRS 9.

Hedges of future revenue and operating costs matures within a year (matures within a year). There are no hedges of investments at the end of 2023 (matures within one year).

For hedges related to operating and investment cash flows, a loss of USD 8m in 2023 (gain of USD 94m) is recognised in other comprehensive income, and the cash flow hedge reserve amounts to a gain of USD 43m at 31 December (gain of USD 51m). For hedges where the cost of hedging is applied, the forward points are recognised in other comprehensive income and transferred with the effective hedge when the hedged transaction occurs. The cost of hedging reserve amounts to USD 0m (USD 0m). There was no ineffectiveness in 2023 (no ineffectiveness).

Besides the designated cash flow hedges in the table, the Group uses derivatives to hedge currency exposures that do not qualify for hedge accounting. These derivatives are classified as fair value through profit or loss. The average FX hedge rates for swaps in cash flow hedge were EUR/USD 1.18 (1.18) and GBP/USD 1.52 (1.52). The average FX hedge rates for swaps in combined fair value hedge were EUR/USD 1.24 (1.24), GBP/USD 1.52 (1.52), USD/NOK 8.25 (8.25) and USD/JPY 119.39 (119.39).

Amounts in USD million

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Note 4.5 Financial instruments and risks – continued

Derivatives recognised at fair value in the balance sheet	2023	2022
Non-current receivables	11	10
Current receivables	137	198
Non-current liabilities	323	495
Current liabilities	72	77
Liabilities, net	**247**	**364**

Hedge of operating and investment cash flows in foreign currencies	Fair value, asset	Fair value, liability	Nominal amount of derivative	Average hedge rate
Main currencies hedged				
2023				
EUR	14	2	1,017	EUR/USD 1.10
DKK	3	1	286	USD/DKK 6.76
CNY	5	1	249	USD/CNY 7.04
HKD	-	-	193	USD/HKD 7.78
Other currencies	33	8	1,119	N/A
Total	**55**	**12**		
2022				
EUR	24	5	749	EUR/USD 1.05
DKK	14	3	312	USD/DKK 7.08
CNY	3	1	82	USD/CNY 7.01
HKD	1	-	210	USD/HKD 7.81
Other currencies	32	14	974	N/A
Total	**74**	**23**		

	Fair value	
Other hedges recognised at fair value through profit and loss	2023	2022
Currency derivatives	43	86
Total	**43**	**86**

The Group's sensitivity to an increase in the USD exchange rate of 10% against all other significant currencies to which the Group is exposed is estimated to have the following impact.

The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date and are thus not an expression of the Group's total currency risk.

	Profit before tax		Equity before tax	
Currency sensitivity for financial instruments	2023	2022	2023	2022
EUR[1]	41	167	-50	99
CNY	31	34	8	27
DKK	9	-221	-17	-249
Other	-45	-133	-145	-224
Total	**36**	**-153**	**-204**	**-347**

1 EUR sensitivity has been restated for 2022 from USD 30m/USD -38m to USD 167m/USD 99m for profit before tax and equity before tax, respectively.

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Note 4.5 Financial instruments and risks – continued

Interest rate risk

				Maturity					
Interest rate hedging of borrowings	Fair value, asset	Fair value, liability	Nominal amount of derivative	0-1 year	2-5 years	5- years	Gain/loss on hedged item	Gain/loss on hedging instru-ment	Average hedge rate
2023									
Combined fair value hedge, hedge of borrowings									
EUR	-	90	503	-	415	88	15	-32	7.3%
GBP	-	24	89	-	89	-	2	-6	7.9%
JPY	-	17	88	-	88	-	-	-2	7.2%
NOK	-	68	216	-	216	-	12	-18	7.9%
Fair value hedge, hedge of borrowings									
USD	11	44	850	-	200	650	32	-33	7.7%
Cash flow hedge, hedge of borrowings									
EUR	-	88	967	-	414	553	-	-29	3.2%
GBP	-	33	162	-	162	-	-	-1	4.6%
USD	2	-	64	-	30	34	-	2	2.6%
Total	**13**	**364**	**2,939**	**-**	**1,614**	**1,325**	**61**	**-119**	
2022									
Combined fair value hedge, hedge of borrowings									
EUR	-	127	486	-	401	85	35	-54	6.2%
GBP	-	29	84	-	84	-	4	-7	6.8%
JPY	-	12	95	-	95	-	-	-3	6.1%
NOK	-	64	223	-	223	-	17	-22	6.8%
Fair value hedge, hedge of borrowings									
USD	-	73	900	-	500	400	75	-73	6.7%
Cash flow hedge, hedge of borrowings									
EUR	-	145	934	-	400	534	-	-56	3.2%
GBP	-	77	277	-	277	-	-	-5	4.6%
NOK	-	5	26	26	-	-	-	-	3.3%
SEK	-	11	61	-	61	-	-	-	1.7%
USD	11	-	391	150	200	41	-	12	2.7%
Total	**11**	**543**	**3,477**	**176**	**2,241**	**1,060**	**131**	**-208**	

The Group has most of its debt denominated in USD, but part of the debt (e.g. issued bonds) is in other currencies such as EUR, GBP, NOK and JPY. The Group strives to maintain a combination of fixed and floating interest rates on its net debt, reflecting expectations and risks.

Interest rate risk is managed within a range set for the percentage of gross debt carrying fixed interest, net of hedging. The level at 31 December is 41% (43%) excluding IFRS 16 Leases.

A general increase in interest rates by 1 percentage point is estimated, all else being equal, to affect profit before tax and equity, excluding tax effect, positively by approx. USD 134m (positively by USD 215m) and positively by approx. USD 113m (positively by USD 199m), respectively.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The hedging of the interest rate risk is done by cross-currency swaps and interest rate swaps. The hedging is a mix of fair value hedging, combined fair value hedging and cash flow hedging.

Combined fair value hedging is applied when cross-currency swaps are entered into to hedge the risk of debt denominated in currencies other than USD. Each hedge relationship is split into a fair value hedge, where value changes from market rates are recognised directly in profit or loss, and a cash flow hedge, where the value changes from the exchange rate exposure of the credit margin are recognised in other comprehensive income.

Ineffectiveness from cash flow hedges due to buy-back of issued bonds is recognised in the income statement with a cost of USD 1m (USD 0m).

The hedges are expected to be highly effective due to the nature of the economic relationship between the exposure and the hedge. The source of ineffectiveness is the credit risk of the hedging instruments. For hedges where the cost of hedging is applied, the change in basis spread is recognised in other comprehensive income and is a time effect during the lifetime of the swap and at maturity amounts to 0. If the hedged transaction is prepaid, the change in basis spread will be recognised in profit or loss as ineffectiveness. The cost of hedging reserve amounts to a gain of USD 7m (gain of USD 15m).

Amounts in USD million

Note 4.5 Financial instruments and risks – continued

Borrowings and lease liabilities by interest rate levels inclusive of interest rate swaps	Carrying amount	Next interest rate fixing 0-1 year	1-5 years	5- years
2023				
0-3%	981	252	123	606
3-6%	9,952	2,390	3,830	3,732
6%-	3,881	2,709	605	567
Total	**14,814**	**5,351**	**4,558**	**4,905**
Of which:				
Bearing fixed interest	12,377			
Bearing floating interest	2,437			
2022				
0-3%	1,095	202	120	773
3-6%	12,117	3,607	5,214	3,296
6%-	2,431	1,918	231	282
Total	**15,643**	**5,727**	**5,565**	**4,351**
Of which:				
Bearing fixed interest	13,400			
Bearing floating interest	2,243			

Oil price risk

				Maturity		
	Quantity, million metric tonnes	Average trade price per metric tonne	Average duration	Fair value	0-3 months	4-12 months
2023						
Oil swaps	**-1**		**0-1 year**	**10**	**2**	**8**
Buy	12	480		-231	-204	-27
Sell	-13	519		241	206	35
Oil futures	**-1**		**0-1 year**	**8**	**7**	**1**
Buy	-	633		-1	-1	-
Sell	-1	639		9	8	1
Total	**-2**			**18**	**9**	**9**
2022						
Oil swaps	**-1**		**0-1 year**	**25**	**20**	**5**
Buy	10	517		-132	-135	3
Sell	-11	512		157	155	2
Oil futures	**-**		**0-1 year**	**5**	**5**	**-**
Buy	1	739		-2	-3	1
Sell	-1	749		7	8	-1
Total	**-1**			**30**	**25**	**5**

The majority of the Group's trading of commodity products is related to inventory stocks of crude oil and bunker oil, as the products are bought in larger quantities and stored for processing and re-sale. The oil price risk arising from these oil price exposures is mitigated by entering into commodity derivative agreements. The overall exposure limit is set in the Group's risk policy, defining a maximum net open position for the Group. On 31 December 2023, the Group entered into oil derivative positions as shown in the table.

The Group's sensitivity to an increase in the oil price of 5% is estimated, all else being equal, to affect profit and equity before tax negatively by approx. USD 24m (negatively by USD 21m), and negatively by USD 24m (negatively USD 21m), respectively. The sensitivities are based on the impact of financial instruments that are outstanding at the balance sheet date.

Amounts in USD million

Note 4.5 Financial instruments and risks – continued

Credit risk

Maturity analysis of trade receivables	2023	2022
Receivables not due	3,587	5,220
Less than 90 days overdue	1,140	1,660
91 – 365 days overdue	253	264
More than 1 year overdue	127	92
Receivables, gross	5,107	7,236
Provision for bad debt	226	265
Carrying amount	**4,881**	**6,971**

The loss allowance provision for trade receivables as at 31 December 2023 reconciles to the opening loss allowance as follows:

Change in provision for bad debt	2023	2022
1 January	265	205
Provision made	258	331
Amount used	88	105
Amount reversed	210	165
Acquired in business combinations	4	13
Disposal on the sale of businesses	1	-
Transfers, assets held for sale	-2	-13
Exchange rate adjustments and others	-	-1
31 December	**226**	**265**

Trade receivables

The Group has exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, financial vetting is undertaken for all major customers and financial institutions, adequate security is required for commercial counterparties, and credit limits are set for financial institutions and key commercial counterparties.

The Group applies the simplified approach to providing the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In accordance with IFRS 9, non-due trade receivables have also been considered for impairment.

Approximately 50% (31%) of the provision for bad debt is related to trade receivables overdue by more than one year.

Other financial assets at amortised cost

Other financial assets at amortised cost comprise loans receivable, finance lease receivables and other receivables. These financial assets are considered to have low credit risk, and thus the impairment provision calculated based on 12 months of expected losses is considered immaterial. The financial assets are considered to be low-risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial institutions

Deposits and bank balances are primarily held in relationship banks with a credit rating of at least A-. No individual exposure is above 10%. A.P. Moller - Maersk has ISDA agreements for trading of derivatives, under which the Group has a right to net settlement in the event of certain credit events. This results in the credit risk being limited to the net position per counterparty.

Liquidity risk

Net interest-bearing debt and liquidity reserve	2023	2022
Borrowings	14,814	15,643
Net interest-bearing debt	-4,658	-12,632
Cash and bank balances	6,701	10,057
Restricted cash	-1,024	-1,358
Term deposits not included in cash and bank balances	12,693	17,615
Securities	-	942
Undrawn revolving credit facilities > 12 months	6,050	6,000
Liquidity reserve[1]	**24,420**	**33,256**

1 Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities, term deposits and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

For information about cash and bank balances in countries with exchange control or other restrictions, refer to note 5.5 Cash flow specifications.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the Group's financial resources are deemed satisfactory.

The average term to maturity of loan facilities in the Group was about five years (about five years) at 31 December 2023.

Amounts in USD million

Note 4.5 Financial instruments and risks – continued

Maturities of liabilities and commitments	Carrying amount	Cash flows including interest 0-1 year	1-5 years	5- years	Total
2023					
Bank and other credit institutions	973	259	676	273	1,208
Lease liabilities	10,448	3,120	5,811	4,292	13,223
– of which interest		458	1,078	1,239	2,775
Issued bonds	3,393	115	1,907	2,105	4,127
Trade payables	6,401	6,401	-	-	6,401
Other payables	1,516	1,479	24	13	1,516
Non-derivative financial liabilities	**22,731**	**11,374**	**8,418**	**6,683**	**26,475**
Derivatives	395	72	241	82	395
Total recognised in balance sheet	**23,126**	**11,446**	**8,659**	**6,765**	**26,870**
Capital commitments		1,955	2,228	683	4,866
Total		**13,401**	**10,887**	**7,448**	**31,736**
2022					
Bank and other credit institutions	1,053	293	493	550	1,336
Lease liabilities	11,614	3,479	6,467	4,239	14,185
– of which interest		448	1,010	1,113	2,571
Issued bonds	2,976	113	2,141	1,130	3,384
Trade payables	6,804	6,804	-	-	6,804
Other payables	1,846	1,696	129	21	1,846
Non-derivative financial liabilities	**24,293**	**12,385**	**9,230**	**5,940**	**27,555**
Derivatives	572	77	356	139	572
Total recognised in balance sheet	**24,865**	**12,462**	**9,586**	**6,079**	**28,127**
Capital commitments		1,313	3,007	705	5,025
Total		**13,775**	**12,593**	**6,784**	**33,152**

It is of great importance for the Group to maintain a financial reserve to cover the Group's obligations and investment opportunities and to provide the capital necessary to offset changes in the Group's liquidity due to changes in the cash flow from operating activities.

The flexibility of the financial reserve is subject to ongoing prioritisation and optimisation, among other things by focusing on the release of capital and following up on the development in working capital.

§ ACCOUNTING POLICY

Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable swap curves and exchange rates.

The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. At that time, the accumulated gains/losses are transferred to the items in which the hedged transactions are recognised.

The effective portion of changes in the value of derivative financial instruments used to hedge the value of recognised financial assets and liabilities is recognised in the income statement together with changes in the fair value of the hedged assets or liabilities that can be attributed to the hedging relationship. Currency basis spread and forward points are considered a cost of hedging and recognised in other comprehensive income and deferred in equity until realisation.

The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments, which do not qualify for hedge accounting, are recognised in the income statement as financial income or expenses for interest and currency-based instruments, and as other income/costs for oil price hedges and forward freight agreements.

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Note 4.6 Financial instruments by category

	Carrying amount		Fair value[3]	
	2023	2022	2023	2022
Carried at amortised cost				
Loan receivables	12,956	17,677	12,973	17,618
Lease receivables	49	13		
Other interest-bearing receivables and deposits	117	106		
Trade receivables	4,881	6,971		
Other receivables (non-interest-bearing)	2,712	1,680		
Securities	-	942		
Cash and bank balances	6,701	10,057		
Financial assets at amortised cost	**27,416**	**37,446**		
Derivatives	**148**	**208**		
Carried at fair value through profit/loss				
Other receivables (non-interest-bearing)[1]	-	3		
Securities	-	-		
Financial assets at fair value through profit or loss	**-**	**3**		
Carried at fair value through other comprehensive income				
Equity investments (FVOCI)[2]	398	377		
Financial assets at fair value through OCI	**398**	**377**		
Total financial assets	**27,962**	**38,034**		
Carried at amortised cost				
Bank and other credit institutions	973	1,053	1,000	1,054
Lease liabilities	10,448	11,614		
Issued bonds	3,393	2,976	3,339	2,855
Trade payables	6,401	6,804		
Other payables	1,500	1,716		
Financial liabilities at amortised cost	**22,715**	**24,163**		
Derivatives	**395**	**572**		
Carried at fair value				
Other payables	16	130		
Financial liabilities at fair value	**16**	**130**		
Total financial liabilities	**23,126**	**24,865**		

1 Relates to contingent considerations receivable.
2 Designated at initial recognition in accordance with IFRS 9.
3 Where no fair value is stated, the amount equals carrying amount.

Movement during the year in level 3	Other equity investments (FVOCI)	Other receivables	Total financial assets	Other payables	Total financial liabilities
Carrying amount 1 January 2023	342	3	345	130	130
Additions	25	-	25	22	22
Disposals	5	3	8	70	70
Gains/losses recognised in the income statement	-	-	-	-66	-66
Gains/losses recognised in other comprehensive income	15	-	15	-	-
Carrying amount 31 December 2023	**377**	**-**	**377**	**16**	**16**
Carrying amount 1 January 2022	263	3	266	110	110
Additions	36	-	36	84	84
Disposals	28	-	28	63	63
Gains/losses recognised in the income statement	-	-	-	-2	-2
Gains/losses recognised in other comprehensive income	71	-	71	-	-
Exchange rate adjustments, etc.			-	1	1
Carrying amount 31 December 2022	**342**	**3**	**345**	**130**	**130**

Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and
Level 3 — Inputs for the asset or liability that are not based on observable market data.

Fair value of listed securities is within level 1 of the fair value hierarchy. Non-listed shares and other securities are within level 3 of the fair value hierarchy.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated based on observable market data as of the end of the reporting period. A minor amount of crude oil price derivatives is within level 1 of the fair value hierarchy.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows.

A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly.

Note 4.6 Financial instruments by category – continued

Financial instruments carried at amortised cost

Fair value of the short-term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, however, this was deemed to be the fair value.

Fair value of listed issued bonds is within level 1 of the fair value hierarchy. Fair value of the remaining borrowing items is within level 2 of the fair value hierarchy and is calculated based on discounted future cash flows.

Other equity investments (FVOCI)

The Group has investments in equity shares of both listed and non-listed companies. The Group holds non-controlling interests (between 0.1% and 15%) in these companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

5. Other disclosures

Global shipping activity is subject to various tax regimes, including tonnage tax which calculates corporate income tax based on the net tonnage of the fleet. These regimes apply to the vast majority of A.P. Moller - Maersk's activities and result in a stable annual tax liability.

Given that the liability to tonnage tax is not impacted by financial profits and is payable even in loss-making years, the effective tax rate can fluctuate significantly.

Further, disclosures are given on other statutory information not directly related to the operating activities of the Group.

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Note 5.1 Tax and deferred tax

	2023	2022
Tax recognised in the income statement		
Current tax on profits for the year	595	782
Adjustment for current tax of prior periods	-65	44
Utilisation of previously unrecognised deferred tax assets	-169	-23
Total current tax	**361**	**803**
Origination and reversal of temporary differences	-43	-143
Adjustment for deferred tax of prior periods	-38	49
Recognition of previously unrecognised deferred tax assets	22	-
Reassessment of recoverability of deferred tax assets, net	17	1
Total deferred tax	**-42**	**-93**
Total income tax	**319**	**710**
Tonnage and freight tax	135	200
Total tax expense	**454**	**910**
Tax reconciliation		
Profit/loss before tax	4,362	30,231
Profit/loss subject to Danish and foreign tonnage taxation, etc.	-2,526	-28,999
Share of profit/loss in joint ventures	-148	192
Share of profit/loss in associated companies	-287	-324
Profit/loss before tax, adjusted	**1,401**	**1,100**
Tax using the Danish corporation tax rate (22%)	309	242
Tax rate deviations in foreign jurisdictions	66	31
Non-taxable income	-23	-21
Non-deductible expenses	65	171
Adjustment to previous years' taxes	-103	94
Change in recoverability of deferred tax assets	-130	-22
Deferred tax asset not recognised	19	29
Withholding taxes	107	157
Other differences, net	9	29
Total income tax	**319**	**710**
Effective tax rate	10.4%	3.0%
Tax recognised in other comprehensive income and equity	**3**	**-20**
Of which:		
Current tax	7	-26
Deferred tax	-4	6

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities	
	2023	2022	2023	2022	2023	2022
Intangible assets	40	44	561	453	521	409
Property, plant and equipment	40	51	278	314	238	263
Provisions, etc.	255	248	48	173	-207	-75
Tax loss carry-forwards	75	103	-	-	-75	-103
Other	150	119	96	106	-54	-13
Total	**560**	**565**	**983**	**1,046**	**423**	**481**
Offsets	-217	-166	-217	-163	-	3
Total	**343**	**399**	**766**	**883**	**423**	**484**

Change in deferred tax, net, during the year	2023	2022
1 January	**484**	**164**
Intangible assets	-11	39
Property, plant and equipment	-10	21
Provisions, etc.	21	-146
Tax loss carry-forwards	-5	27
Other	-37	-34
Recognised in the income statement	**-42**	**-93**
Transfer to held for sale	25	-14
Other including business combinations	-44	427
31 December	**423**	**484**

Unrecognised deferred tax assets	2023	2022
Deductible temporary differences	103	125
Tax loss carry-forwards	780	782
Unused tax credits	12	11
Total	**895**	**918**

The unrecognised deferred tax assets have no significant time limitations. There are no substantial unrecognised tax liabilities on investments in subsidiaries, associated companies and joint ventures.

Note 5.1 Tax and deferred tax – continued

Taxation of activities

As a global integrator of container logistics, A.P. Moller - Maersk generates profits from ocean, air or land-based activities.

The land-based activities, which are subject to normal corporate income tax, include terminals, logistics, services and shipping agencies through which the Group operate one of the world's most comprehensive port and integrated logistics service networks. The logistics products include transportation, warehousing and distribution including cold storage, customs services and supply chain management services. This expanding land-based activity has prompted the establishment and acquisition of entities in numerous countries.

On the ocean, A.P. Moller - Maersk moves millions of TEUs every year and operates hundreds of vessels delivering cargo to every corner of the globe, including dry cargo commodities, refrigerated cargo and dangerous cargo. This ocean activity, which represents the vast majority of the Group's current revenues, may be subject to special shipping tax rules, including tonnage and freight taxes.

Global Minimum Taxation (OECD Pillar Two)

In an effort to end tax avoidance and to address concerns about the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. One of the key elements is to introduce a global minimum tax rate of 15%, based on group accounting income per jurisdiction.

The minimum tax rules are designed as a hierarchy of the right to claim income tax. If the income is not subject to a minimum effective tax rate of 15% in the country where it is earned, then the remaining tax payment (top-up tax) can be picked up by another jurisdiction where the Group is active. For the Group, Denmark will add top-up tax if not applied locally as the ultimate parent entity of the Group, A.P. Møller Holding A/S, is located in Denmark.

The Danish implementation of Council Directive (EU) 2022/2523 of 14 December 2022 is effective from 1 January 2024. This means that A.P. Moller - Maersk's income is subject to the minimum tax rules for all jurisdictions via Danish implementation for the financial year 2024 and onwards. It is expected that many jurisdictions will implement similar legislation.

Because the Danish implementation covers the Group's global activities, it is not expected that other national implementations will have a significant additional impact to the global tax payments of the Group. It may, however, have an impact on the location where potential top-up taxes will be paid.

Three elements are key to understanding how the rules will impact the Group. First, the Group does not set up artificial structures in low-tax jurisdictions for tax purposes or earn significant profits in such jurisdictions, which means that our business structure itself is not impacted significantly by the rules, but some additional tax may become payable where services are provided in low-tax jurisdictions. Second, tax incentives given to capital projects, such as critical infrastructure, will be considered less effective going forward as it will impact the effective tax rate and thereby the basis for potential top-up tax. Third, although the rules exclude 'international shipping income', the definition is more restrictive than the global definitions usually applied under a tax treaty following the OECD Model Tax Convention or under Danish tonnage tax.

Also, inland transportation is not a part of the international shipping income under the global minimum tax rules. This is relevant for the part of our land transport linked directly to ocean transportation which is recognised as shipping income for tax treatment in the OECD Model Tax Convention. The Group is awaiting further guidance on the application of the shipping income provision from the OECD Secretariat. Contrary to the purpose of the rules, top-up tax could be triggered by the shipping classification in years where shipping net income is negative. Due to the design of tonnage taxation, the Group's effective tax rate fluctuates significantly depending on the yearly results and will also be calculated on a consolidated basis with other activities in the given country in accordance with the global minimum tax rules.

Taking the transitional Safe Harbour regulations into consideration, our analysis shows that no material top-up tax should apply to A.P. Moller - Maersk in 2024.

SIGNIFICANT ACCOUNTING ESTIMATES

Deferred tax assets

Judgement has been applied with respect to A.P. Moller - Maersk's ability to utilise deferred tax assets. Management considers the likelihood of utilisation based on the latest business plans and the recent financial performances of the individual entities. Net deferred tax assets recognised in entities having recognised an accounting loss in either the current or preceding period amount to USD 156m (USD 163m). These assets mainly relate to unused tax losses or deductible temporary differences generated during the construction of terminals, where taxable profits have been generated either in the current period or are expected to be generated within the foreseeable future.

Uncertain tax positions

A.P. Moller - Maersk is engaged in a number of disputes with tax authorities of varying scope. Appropriate provisions and recognition of uncertain tax positions have been made where the probability of the tax position being upheld in individual cases is considered less than 50%. Claims for which the probability of A.P. Moller - Maersk's tax position being upheld is assessed by Management to be at least 50%, are not provided for. Such risks are instead evaluated on a portfolio basis by geographical area and country risk. Provisions and uncertain tax liabilities are recognised when the aggregated probability of the tax position being upheld is considered less than 50%.

ACCOUNTING POLICY

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years taxes. Income tax is tax on taxable profits, and consists of corporation tax, withholding tax of dividends, etc. In addition, tax comprises tonnage tax. Tonnage tax is classified as tax when creditable in, or paid in lieu of, income tax. Tax is recognised in the income statement to the extent that it arises from items recognised in the income statement, including tax on gains on intra-group transactions that have been eliminated in the consolidation.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognised for differences on the initial recognition of assets or liabilities, where at the time of the transaction neither accounting nor taxable profit/loss is affected, unless the differences arise in a business combination. In addition, no deferred tax is recognised for undistributed earnings in subsidiaries, when A.P. Moller - Maersk controls the timing of dividends. No taxable dividends are currently expected. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Note 5.2 Share-based payments

Outstanding performance shares	Members of the Executive Board[1]	Employees	Total	Total fair value [1,2]
	No.	No.	No.	USD million
1 January 2023	-	-	-	
Granted	2,028	4,040	6,068	9
Outstanding 31 December 2023	**2,028**	**4,040**	**6,068**	

1 The fair value per performance share is equal to the volume weighted average share price on the date of grant i.e., 1 April 2023, adjusted for expected dividends during the vesting period. The fair value per performance share in 2023 is DKK 10,299 for members of the Executive Board and employees.
2 Total fair value is at the time of grant.

Performance shares plan

From 2023, performance shares are granted to members of the Executive Board and certain key employees. Each performance share granted is a right to potentially receive an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

Transfer of B shares is contingent upon the fulfilment of certain performance criteria being met, which may include, but are not limited to return on invested capital, relative share performance, revenue growth and ESG elements. Vesting is also contingent upon the employee still being employed and not under notice of termination when three years have passed from the date of granting.

Employees are not entitled to any dividends during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure, etc. A part of A.P. Møller - Mærsk A/S' treasury B shares will be used to meet the company's obligations in connection with the performance shares plan.

The recognised remuneration expense related to the performance shares plan is USD 2m (USD 0m).

The average remaining contractual life of the performance shares as per 31 December 2023 is 2.3 years (N/A in 2022).

Outstanding restricted shares	Members of the Executive Board[1]	Other key management personnel and employees[4]	Total	Total fair value [1,2]
	No.	No.	No.	USD million
1 January 2023	6,557	17,253	23,810	
Granted	-	14,600	14,600	23
Exercised and vested[3]	941	6,146	7,087	
Forfeited	-	1,183	1,183	
Cancelled	-	12	12	
Outstanding 31 December 2023	**5,616**	**24,512**	**30,128**	
1 January 2022	5,268	16,618	21,886	
Granted	1,289	5,431	6,720	17
Exercised and vested[3]	-	4,458	4,458	
Forfeited	-	338	338	
Outstanding 31 December 2022	**6,557**	**17,253**	**23,810**	

1 The fair value per RSU is equal to the volume weighted average share price on the date of grant i.e., 1 April 2023 (1 April 2022), adjusted for expected dividends during the vesting period. The fair value per RSU is DKK 10,299 (DKK 17,466) for employees and DKK 9,295 (DKK 15,763) for members of the Executive Board and other key management personnel.
2 Total fair value is at the time of grant.
3 The weighted average share price at the settlement date was DKK 12,732 (DKK 20,372).
4 Restricted shares granted to other key management personnel in 2022 was 115 and outstanding shares at year-end 2022 was 403. There were no key management personnel in 2023.

Restricted shares plan

Restricted shares are granted to members of the Executive Board and certain key employees. Each restricted share granted is a right to receive an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

Transfer of B shares is contingent upon the employee still being employed and not under notice of termination and takes place when three years have passed from the date of granting. For members of the Executive Board the vesting period is five years.

Employees are not entitled to any dividends during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure, etc. A part of A.P. Møller - Mærsk A/S' treasury B shares will be used to meet the company's obligations in connection with the restricted shares plan.

The recognised remuneration expense related to the restricted shares plan is USD 16m (USD 15m).

The average remaining contractual life of the restricted shares as per 31 December 2023 is 1.6 years (1.6 years).

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Note 5.2 Share-based payments – continued

	Members of the Executive Board	Other key management personnel and employees[2]	Total	Average exercise price	Total fair value
Outstanding share options	No.	No.	No.	DKK	USD million
1 January 2023	19,600	73,436	93,036	13,452	
Granted	-	23,323	23,323	13,257	10
Exercised[1]	4,439	14,697	19,136	8,633	
Forfeited	-	3,436	3,436	15,327	
Outstanding 31 December 2023	**15,161**	**78,626**	**93,787**	**14,318**	
Exercisable 31 December 2023	**4,302**	**22,882**	**27,184**	**8,309**	
1 January 2022	24,930	77,831	102,761	9,873	
Granted	4,677	15,481	20,158	25,096	9
Exercised[1]	8,866	18,486	27,352	7,998	
Forfeited	1,141	1,390	2,531	19,818	
Outstanding 31 December 2022	**19,600**	**73,436**	**93,036**	**13,452**	
Exercisable 31 December 2022	**-**	**7,071**	**7,071**	**8,637**	

1 The weighted average share price at the dates of exercise of share options exercised in 2023 was DKK 12,674 (DKK 19,833).
2 Share options granted to other key management personnel during 2022 was 570 and shares outstanding at year-end 2022 was 2,243. There were no key management personnel in 2023.

Share options plan
A.P. Moller - Maersk also has a share option plan granted to members of the Executive Board and other key employees. Each share option granted is a call option to buy an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

The share options are granted at an exercise price corresponding to 110% of the average of the market price on the first five trading days following the release of A.P. Møller - Mærsk A/S' most recent Annual Report. Exercise of the share options is contingent upon the option holder still being employed at the time of vesting, which takes place when three years have passed from the date of grant. The share options can then be exercised when at least three years and no more than six years (seven years for share options granted to employees not members of the Executive Board) have passed from the date of grant. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure etc.

The share options can only be settled in shares. A part of A.P. Møller - Mærsk A/S' holding of treasury B shares will be used to meet the company's obligations in respect of the share option plan.

The recognised remuneration expense related to the share option plan is USD 10m (USD 11m).

The average remaining contractual life of the outstanding share options as per 31 December 2023 is 4.4 years (4.6 years) and the range of exercise prices for the outstanding share options as per 31 December 2023 is DKK 7,605 to DKK 25,096 (DKK 7,605 to DKK 25,096).

The following principal assumptions are used in the 2023 granted share options valuation:

	Share options granted to members of the Executive Board and other key management personnel		Share options granted to employees	
	2023	2022	2023	2022
Share price, volume weighted average at the date of grant, 1 April, DKK		20,372	12,732	20,372
Share price, five days volume weighted average after publication of Annual Report, DKK[1]		22,814	11,992	22,814
Exercise price, DKK		25,096	13,191	25,096
Expected volatility (based on historic volatility)		33%	35%	33%
Expected term (years)		5	5.75	5.75
Expected dividend per share, DKK		5.0%	5.0%	5.0%
Risk-free interest rate		0.31%	2.65%	0.35%
Fair value per option at grant date, DKK	**N/A**	**2,859**	**3,067**	**3,082**

1 In 2023, the exercise price was determined based on the five-day volume-weighted average share price after the Annual General Meeting.

The fair value of the options granted is based on the Black-Scholes option pricing model using the assumptions in the table above.

ACCOUNTING POLICY

Equity-settled performance shares, restricted shares and share options granted to members of the Executive Board and to employees of A.P. Moller - Maersk as part of A.P. Moller - Maersk's long-term incentive programme are recognised as remuneration expenses over the vesting period as per the estimated fair value at the grant date and result in a corresponding adjustment to equity.

At the end of each reporting period, A.P. Moller - Maersk revises its estimated number of awards that are expected to vest based on the non-market vesting conditions and service conditions. Any impact of the revision is recognised in the income statement with a corresponding adjustment to equity.

Amounts in USD million

Note 5.3 Commitments

The future charter and operating lease payments are:

Lease commitments	Ocean	Logistics & Services	Terminals	Towage & Maritime Services	Total
2023					
Within one year	129	25	10	-	164
Total	**129**	**25**	**10**	**-**	**164**
2022					
Within one year	53	41	12	2	108
Total	**53**	**41**	**12**	**2**	**108**

Capital commitments	Ocean	Logistics & Services	Terminals	Towage & Maritime Services	Total
2023					
Capital commitments relating to acquisition of non-current assets	3,302	98	363	50	3,813
Commitments towards concession grantors	-	-	1,053	-	1,053
Total capital commitments	**3,302**	**98**	**1,416**	**50**	**4,866**
2022					
Capital commitments relating to acquisition of non-current assets	3,036	140	414	505	4,095
Commitments towards concession grantors	-	-	930	-	930
Total capital commitments	**3,036**	**140**	**1,344**	**505**	**5,025**

Short-term and low-value leases

As part of the Group's activities, customary agreements are entered into regarding charter and operating leases of vessels, containers, port facilities etc.

Capital commitments of USD 4.9bn (USD 5.0bn) relate to investments, mainly within Ocean and Terminals.

Commitments related to the newbuilding programme are USD 2.8bn (USD 2.7bn) for container vessels, USD 95m (USD 89m) for aircraft and USD 43m (USD 110m) for tugboats.

Newbuilding programme at 31 December 2023, number of assets	2024	2025	2026	2027	Total
Container vessels	8	16	-	-	24
Aircraft	2	-	-	-	2
Tugboats and other vessels	10	-	-	-	10
Total	**20**	**16**	**-**	**-**	**36**

Capital commitments relating to the newbuilding programme at 31 December 2023	2024	2025	2026	2027	Total
Container vessels	960	1,827	-	-	2,787
Aircraft	95	-	-	-	95
Tugboats and other vessels	43	-	-	-	43
Total	**1,098**	**1,827**	**-**	**-**	**2,925**

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Note 5.4 Contingent liabilities

Contingent liabilities consist of legal cases, tax issues, custom bonds, volume commitments and other disputes.

Legal
The Group is involved in several legal cases and other disputes. Some of these involve significant amounts and are subject to considerable uncertainty. Management continuously assesses the risks associated with the cases and disputes, and their likely outcome. It is the opinion of Management that, apart from items recognised in the financial statements, the outcome of these cases and disputes are not probable or cannot be reliably estimated in terms of amount or timing. The Group does not expect these to have a material impact on the consolidated financial statements.

Tax
The Group is subject to a tax audit in Germany concerning allocation of taxation rights to shipping income between Denmark and Germany as well as to a tax investigation in India concerning a deemed supply of services between Indian GST registrations of A.P. Moller - Maersk in India. The Group is also involved in various other tax disputes including indirect tax disputes, some of which involve significant amounts. Management continuously assesses the risks associated with tax disputes and their likely outcome and considers the risk related to these disputes remote and therefore does not expect these to have a material impact on the consolidated financial statements.

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

Other
Custom bonds of USD 830m (USD 472m) have been provided to various port authorities in India.

Maersk Line and APM Terminals have entered into a number of agreements with terminals and port authorities etc., comprising volume commitments including an extra payment in case minimum volumes are not met.

Except for customary agreements within the Group's activities, no material agreements have been entered into that will take effect, change, or expire upon changes of the control over the company.

Note 5.5 Cash flow specifications

	2023	2022
Change in working capital		
Trade receivables	1,870	-1,018
Other working capital movements	-1,441	-731
Exchange rate adjustment of working capital	-12	-59
Total	**417**	**-1,808**
Purchase of intangible assets and property, plant and equipment		
Additions[1]	-6,024	-8,205
Of which is right-of-use assets, etc.	2,164	4,210
Of which is borrowing costs capitalised on assets	133	49
Adjustments of additions for cash flow presentation	63	194
Change in payables to suppliers regarding purchase of assets	18	-411
Total	**-3,646**	**-4,163**

1 Additions to intangible assets of USD 204m (USD 349m), property, plant and equipment of USD 3.7bn (USD 3.6bn), right-of-use assets of USD 2.2bn (USD 4.2bn) and assets held for sale of USD 0m (USD 5m).

SIGNIFICANT ACCOUNTING JUDGEMENTS

Operations in countries with limited access to repatriating surplus cash
A.P. Moller - Maersk operates worldwide and, in this respect, has operations in countries where the ability to repatriate surplus cash is complicated and time consuming. In these countries, Management makes judgements as to whether these cash positions can be recognised as cash and cash equivalents.

ACCOUNTING POLICY

Cash flow from operating activities includes all cash transactions other than cash flows arising from investing and financing activities such as investments and divestments, received dividends, principal payments of loans, instalments on lease liabilities, paid and received financial items and equity transactions. Capitalisation of borrowing costs is considered as a non-cash item, and the actual payments of these borrowing costs are included in cash flow from financing.

Cash and cash equivalents comprise cash and bank balances net of bank overdrafts where overdraft facilities form an integral part of A.P. Moller - Maersk's cash management.

Amounts in USD million

Note 5.6 Related parties

	Controlling parties		Associated companies		Joint ventures		Management[1]	
	2023	2022	2023	2022	2023	2022	2023	2022
Income statement								
Revenue	3	4	65	52	69	186	-	-
Operating costs	47	38	570	550	566	593	13[2]	14[2]
Remuneration to Management	-	-	-	-	-	-	10	34
Financial income	95	45	-	-	-	-	-	-
Other	15[3]	-	-	-	2	2	-	-
Assets								
Other receivables, non-current	6	-	-	-	30	27	-	-
Trade receivables	3	1	6	35	10	11	-	-
Other receivables, current	681	380	8	9	9	16	-	-
Cash and bank balances	277	730	-	-	-	-	-	-
Liabilities								
Bank and other credit institutions, etc., current	-	-	-	-	67	44	-	-
Trade payables	-	-	79	62	89	82	1	2
Other		45	1	-	-	3	-	-
Shares bought back	1,569[4]	1,332[4]	-	-	-	-	-	-
Capital increase	-	-	-	31	17	1	-	-
Dividends earned	-	-	219	191	95	137	-	-
Dividends distributed	5,974[5]	3,613[5]	-	-	-	-	-	-

1 The Board of Directors and the Executive Board of A.P. Møller - Mærsk A/S, A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal and their close relatives (including undertakings under their control). Trade receivables and payables include customary business-related accounts regarding shipping activities.

2 Includes commission and commercial receivables to Maersk Broker K/S from chartering as well as the purchase and sale of vessels.

3 Includes the gain on sale of Maersk Supply Service to A.P. Møller Holding A/S.

4 Includes shares bought back from A.P. Møller Holding A/S and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation).

5 Includes dividends paid to A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation) and Den A.P. Møllerske Støttefond.

Joint usage agreement with A.P. Møller Holding A/S

With the objective of further strengthening the value of the brands, A.P. Møller - Mærsk A/S in 2018 entered into a joint usage agreement with A.P. Møller Holding A/S regarding the use of commonly used trademarks which historically have benefited both A.P. Møller - Mærsk A/S and A.P. Møller Holding A/S. A.P. Møller Holding A/S is the controlling shareholder of A.P. Møller - Mærsk A/S and is wholly owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal. The joint usage agreement establishes a framework and a branding strategy for the commonly used trademarks and a joint brand board, where the parties can cooperate regarding the use of these trademarks.

A.P. Møller Holding A/S, Copenhagen, Denmark has control over the company and prepares consolidated financial statements. A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal is the ultimate owner.

Share buy-back programme

According to a separate agreement, A.P. Møller Holding A/S and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation) participated on a pro rata basis to the shares purchased in the company's share buy-back programme. A.P. Møller Holding A/S participated in selling A and B shares and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation) participated in selling B shares.

Company overview

A.P. Moller - Maersk comprises more than 750 companies of which the largest are listed below. The Danish Financial Statements Act section 97a, par. 4 has been applied in the company overview. A more comprehensive list of companies is available at: → investor.maersk.com/financial-reports

Subsidiaries

Company	Country of incorporation	Owned share
A.P. Moller Singapore Pte. Ltd.	Singapore	100%
Aliança Navegação e Logística Ltda.	Brazil	100%
APM Terminals - Aarhus A/S	Denmark	100%
APM Terminals Algeciras S.A.	Spain	100%
APM Terminals Apapa Ltd.	Nigeria	94%
APM Terminals B.V.	Netherlands	100%
APM Terminals Barcelona S.L.U.	Spain	100%
APM Terminals Callao S.A.	Peru	64%
APM Terminals China Co. Ltd.	Hong Kong	100%
APM Terminals Elizabeth, LLC	United States	100%
APM Terminals Espagna Holding SL	Spain	100%
APM Terminals Gothenburg AB	Sweden	100%
APM Terminals Lazaro Cardenas S.A. de C.V.	Mexico	100%
APM Terminals Maasvlakte II B.V.	Netherlands	100%
APM Terminals Management S.L.	Spain	100%
APM Terminals Management B.V.	Netherlands	100%
APM Terminals MedPort Tangier S.A.	Morocco	80%
APM Terminals Mobile, LLC	United States	100%
APM Terminals Moin S.A.	Costa Rica	100%
APM Terminals North America Inc.	United States	100%

1 In accordance with section 264b HGB (German commercial code), Hamburg Süd A/S & Co KG, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.
2 In accordance with section 264b HGB (German commercial code), Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft A/S and Co KG, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.
3 In accordance with section 264b HGB (German commercial code), Maersk Deutschland A/S & Co. KG, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.

Subsidiaries

Company	Country of incorporation	Owned share
APM Terminals Pacific LLC	United States	90%
APM Terminals Valencia S.A.	Spain	75%
Aqaba Container Terminal Company Ltd	Jordan	50%
Damco China Ltd.	China	100%
Damco Denmark A/S	Denmark	100%
Damco Distribution Canada Inc.	Canada	100%
Damco Germany GmbH	Germany	100%
Damco India Pvt. Ltd.	India	100%
Damco Logistics Mexico S.A. de C.V.	Mexico	100%
Damco Netherlands B.V.	Netherlands	100%
Damco Poland Sp. z o.o.	Poland	100%
Damco Spain S.L.	Spain	100%
Frey P/S	Denmark	100%
Gateway Terminals India Pvt. Ltd.	India	74%
Grindrod Logistics (PTY) LTD	South Africa	51%
Gujarat Pipavav Port Ltd.	India	44%
Hamburg Süd A/S & Co KG[1]	Germany	100%
Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft A/S & Co KG[2]	Germany	100%
Maersk A/S	Denmark	100%
Maersk Agency U.S.A. Inc.	United States	100%
Maersk Air Cargo A/S	Denmark	100%
Maersk Aviation Holding A/S	Denmark	100%
Maersk Container Industry A/S	Denmark	100%
Maersk Container Industry Qingdao Ltd.	China	100%
Maersk Contract Logistics Co., Ltd.	China	100%
Maersk Contract Logistics Limited	Hong Kong	100%
Maersk Contract Logistics Co., Ltd.	China	100%
Maersk Contract Logistics Holdings Limited	Bermuda	100%
Maersk Contract Logistics Management Limited	Hong Kong	100%
Maersk Denizcilik A.S.	Turkey	100%
Maersk Deutschland A/S & Co. KG[3]	Germany	100%
Maersk Eastern Europe ApS	Denmark	100%
Maersk Global Service Centres Pvt. Ltd.	India	100%
Maersk Holding B.V.	Netherlands	100%
Maersk Insurance A/S	Denmark	100%
Maersk Line Agency Holding A/S	Denmark	100%
Maersk Line, Limited	United States	100%

Subsidiaries

Company	Country of incorporation	Owned share
Maersk Line Crewing Hamburg ApS & Co KG[4]	Germany	100%
Maersk Logistics & Services Australia Pty Ltd	Australia	100%
Maersk Logistics & Services Chile S.p.A	Chile	100%
Maersk Logistics & Services International A/S	Denmark	100%
Maersk Logistics & Services Japan K.K.	Japan	100%
Maersk Logistics & Services Peru S.A.	Peru	100%
Maersk Logistics & Services USA Inc	United States	100%
Maersk Logistics & Services Vietnam Company Limited	Vietnam	100%
Maersk Logistics and Services UK LTD	United Kingdom	100%
Maersk Logistics Warehousing China Company Ltd.	Hong Kong	100%
Maersk Oil Trading and Investments A/S	Denmark	100%
Maersk Oil Trading Inc.	United States	100%
Maersk Oil Trading Panama S.A.	Panama	100%
Maersk Oil Trading Singapore Pte. Ltd.	Singapore	100%
Maersk Oil Trading Spain, S.L	Spain	100%
Maersk Shipping Hong Kong Ltd.	Hong Kong	100%
Maersk Warehousing & Distribution Services USA LLC	United States	100%
New Times International Transport Service Co. Ltd.	China	100%
Pilot Air Freight, LLC	United States	100%
Sealand Maersk Asia Pte. Ltd.	Singapore	100%
Senator International Freight Forwarding LLC Florida	United States	100%
Senator International Spedition GmbH[5]	Germany	100%
St. Petri Shipping ApS & Co KG[6]	Germany	100%
Suez Canal Container Terminal SAE	Egypt	55%
Svitzer A/S	Denmark	100%
Svitzer Australia Pty Ltd	Australia	100%
Svitzer Europe Holding B.V.	Netherlands	100%
Svitzer Marine Ltd.	United Kingdom	100%
Terminal 4 S.A.	Argentina	100%
Visible Supply Chain Management LLC	United States	100%

4 In accordance with section 264b HGB (German commercial code), Maersk Line Crewing Hamburg ApS & Co. KG, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.
5 In accordance with section 264 Abs.3 HGB (German commercial code), Senator International Spedition GmbH, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.
6 In accordance with section 264b HGB (German commercial code), St. Petri Shipping ApS & Co KG, Hamburg is exempt from preparing, auditing and disclosing statutory financial statements and a management review.

Associated companies

Company	Country of incorporation	Owned share
Abidjan Terminal SA	Côte d'Ivoire	49%
Brigantine Services Ltd.	Hong Kong	30%
Conakry Terminal S.A.	Guinea	25%
Congo Terminal SA	Congo	15%
Guangzhou South China Oceangate Container Terminal Co. Ltd.	China	20%
Itapoa Terminais Portuarios S.A.	Brazil	30%
Kanoo Terminal Services Ltd.	Saudi Arabia	50%
Meridian Port Services Ltd	Ghana	35%
Pelabuhan Tanjung Pelepas Sdn. Bhd.	Malaysia	30%
Qingdao Qianwan United Container Terminal Co. Ltd.	China	10%
Salalah Port Services Company SAOG	Oman	30%
South Asia Gateway Terminals Pvt Ltd	Sri Lanka	33%
Tianjin Port Alliance International Container Terminal Co. Ltd.	China	20%

Joint ventures

Company	Country of incorporation	Owned share
Blue Dragon Logistics Co. Ltd.	China	50%
Brasil Terminal Portuario S.A.	Brazil	50%
Cai Mep International Terminal Co. Ltd.	Vietnam	49%
Caucedo Marine Service S.A. (DR Branch)	Dominican Republic	50%
Cote D'Ivoire Terminal SA	Côte d'Ivoire	49%
LCB Container Terminal 1 Ltd.	Thailand	35%
LCMT Company Ltd.	Thailand	32%
Nakilat Svitzerwijsmuller Company W.L.L.	Qatar	30%
North Sea Terminal Bremerhaven Gmbh and Co KG	Germany	50%
Qingdao New Qianwan Container Terminal Co. Ltd.	China	19%
Qingdao Qianwan Container Terminal Co. Ltd.	China	20%
Shanghai East Container Terminal Co. Ltd.	China	49%
Smart International Logistics Company Ltd.	China	49%
South Florida Container Terminal LLC	United States	49%
Svitzer Caribbean Dominicana, S.A.S	Dominican Republic	50%
Xiamen Songyu Container Terminal Co. Ltd.	China	25%

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Income statement

Note		2023	2022
	Revenue	43	26
2.1	Operating costs	307	322
	Other income	-	85
	Profit/loss before depreciation, amortisation and impairment losses, etc.	**-264**	**-211**
	Depreciation, amortisation and impairment losses, net	1	3
	Gain/loss on sale of companies, non-current assets and liquidation, etc., net	54	23
3.1	Share of profit/loss in joint ventures and associated companies	-	200
	Profit before financial items	**-211**	**9**
4.3	Dividends	44,029	29
4.3	Financial income	1,787	891
4.3	Financial expenses	1,561	1,073
	Profit/loss before tax	**44,044**	**-144**
5.1	Tax	17	-72
	Profit/loss for the year	**44,027**	**-72**

Statement of comprehensive income

Note		2023	2022
	Profit for the year	**44,027**	**-72**
4.4	Cash flow hedges:		
	Value adjustment of hedges for the year	2	-29
	Reclassified to income statement	26	25
5.1	Tax on other comprehensive income	-6	1
	Total items that have been or may be reclassified subsequently to the income statement	**22**	**-3**
4.5	Other equity investments (FVOCI), fair value adjustments for the year	-1	2
	Total items that will not be reclassified to the income statement	**-1**	**2**
	Other comprehensive income/loss, net of tax	**21**	**-1**
	Total comprehensive income/loss for the year	**44,048**	**-73**

Amounts in USD million

Balance sheet at 31 December

Note	Assets	2023	2022
	Intangible assets	**3**	**3**
	Tangible assets	**24**	**-**
3.1	Investments in subsidiaries	24,121	25,774
3.1	Investments in associated companies	11	332
	Other equity investments	4	4
4.5	Interest-bearing receivables from subsidiaries, etc.	1,338	2,818
4.4	Derivatives	10	18
	Financial non-current assets, etc.	**25,484**	**28,946**
5.2	Deferred tax	8	13
	Total non-current assets	**25,519**	**28,962**
	Trade receivables	4	8
4.5	Interest-bearing receivables from subsidiaries, etc.	7,471	1,814
4.4	Derivatives	131	198
3.2	Loan receivables	12,693	17,615
	Current tax receivables	36	-
	Other receivables	360	273
	Other receivables from subsidiaries, etc.	156	208
	Prepayments	45	-
	Receivables, etc.	**20,896**	**20,116**
4.5	**Securities**	**-**	**942**
	Cash and bank balances	**5,123**	**8,082**
3.3	**Assets held for sale**	**1,376**	**-**
	Total current assets	**27,395**	**29,140**
	Total assets	**52,914**	**58,102**

Note	Equity and liabilities	2023	2022
4.1	Share capital	3,186	3,392
	Reserves	39,542	9,150
	Total equity	**42,728**	**12,542**
4.2	**Borrowings, non-current**	**4,044**	**3,635**
4.2	**Interest-bearing debt to subsidiaries, etc.**	**95**	**-**
	Provisions	80	53
4.4	Derivatives	323	495
	Other non-current liabilities	**403**	**548**
	Total non-current liabilities	**4,542**	**4,183**
4.2	**Borrowings, current**	**37**	**116**
4.2	**Interest-bearing debt to subsidiaries, etc.**	**4,938**	**40,692**
	Trade payables	46	64
	Tax payables	-	54
4.4	Derivatives	134	171
	Provisions	33	-
	Other payables	443	244
	Deferred income	13	36
	Other current liabilities	**669**	**569**
	Total current liabilities	**5,644**	**41,377**
	Total liabilities	**10,186**	**45,560**
	Total equity and liabilities	**52,914**	**58,102**

Amounts in USD million

Cash flow statement

Note		2023	2022
	Profit/loss before financial items	-211	9
3.1	Depreciation, amortisation and impairment losses, net	1	-197
	Gain/loss on sale of companies and non-current assets, etc., net	-52	-23
5.5	Change in working capital	115	39
	Change in provisions, etc.	27	20
	Other non-cash items	34	12
	Cash flow from operating activities before tax	-86	-140
	Taxes paid	-30	-50
	Cash flow from operating activities	**-116**	**-190**
	Purchase/sale of intangible assets and property, plant and equipment, internal	-24	-3
	Capital increases in subsidiaries and activities	-	-3,579
	Sale of subsidiaries and associates	1,125	-
	Dividends received	43	9
	Other financial investments, paid	-21,822	-27,425
	Other financial investments, received	27,703	13,882
	Movements in interest-bearing loans to/from subsidiaries, etc., net	3,513	25,628
	Cash flow from investing activities	**10,538**	**8,512**
4.2	Repayment of borrowings	-559	-98
4.2	Proceeds from borrowings	742	-
	Purchase of treasury shares	-3,120	-2,738
	Financial income received	1,488	565
	Financial expenses paid	-1,028	-1,028
	Sale of treasury shares	24	31
	Dividends distributed	-10,876	-6,847
	Cash flow from financing activities	**-13,329**	**-10,115**
	Net cash flow for the year	**-2,907**	**-1,793**
	Cash and cash equivalents 1 January	8,082	9,889
	Currency translation effect on cash and cash equivalents	-55	-14
	Cash and cash equivalents 31 December	**5,120**	**8,082**
	Cash and cash equivalents		
	Cash and bank balances	5,123	8,082
	Overdrafts	3	-
	Cash and cash equivalents 31 December	**5,120**	**8,082**

Statement of changes in equity

Note		Share capital	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total equity
	Equity 1 January 2022	3,513	-	-69	18,758	22,202
	Other comprehensive income, net of tax	-	2	-3	-	-1
	Profit for the year	-	-	-	-72	-72
	Total comprehensive income for the year	**-**	**2**	**-3**	**-72**	**-73**
	Dividends to shareholders	-	-	-	-6,845	-6,845
5.3	Value of share-based payments	-	-	-	12	12
4.1	Purchase of treasury shares	-	-	-	-2,785	-2,785
4.1	Sale of treasury shares	-	-	-	31	31
4.1	Capital increases and decreases	-121	-	-	121	-
	Total transactions with shareholders	**-121**	**-**	**-**	**-9,466**	**-9,587**
	Equity 31 December 2022	**3,392**	**2**	**-72**	**9,220**	**12,542**
	2023					
	Other comprehensive income, net of tax	-	-1	22	-	21
	Profit for the year	-	-	-	44,027	44,027
	Total comprehensive income for the year	**-**	**-1**	**22**	**44,027**	**44,048**
	Dividends to shareholders	-	-	-	-10,822	-10,822
5.3	Value of share-based payments	-	-	-	8	8
4.1	Purchase of treasury shares	-	-	-	-3,072	-3,072
4.1	Sale of treasury shares	-	-	-	24	24
4.1	Capital increases and decreases	-206	-	-	206	-
	Total transactions with shareholders	**-206**	**-**	**-**	**-13,656**	**-13,862**
	Equity 31 December 2023	**3,186**	**1**	**-50**	**39,591**	**42,728**

Notes

Note 1.1 § General accounting policies

Basis of preparation

The financial statements of A.P. Møller - Mærsk A/S have been prepared on a going concern basis and in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

The accounting policies are consistent with those applied in the consolidated financial statements for 2023, except for the changes to accounting standards that were effective from 1 January 2023 and were endorsed by the EU. These changes have not had a material impact on the financial statements.

The accounting policies are furthermore consistent with the accounting policies for the Group's financial statements with the following exceptions:

- Shares in subsidiaries and associated companies are measured at cost or a lower recoverable amount
- Dividends from subsidiaries and associated companies are recognised as income at the time of declaration unless considered a return of capital in subsidiary
- No segment information is disclosed
- Value of granted share options, restricted shares, and performance shares to employees in subsidiaries is expensed directly in the relevant subsidiary. At the time of the grant, the subsidiary settles the amount with A.P. Møller - Mærsk A/S and the counter posting is made in equity. At the time of exercising, the proceeds are included in the company's equity.

New financial reporting requirements

A.P. Møller - Mærsk A/S has not yet adopted new or amended accounting standards and requirements that have not yet become effective and any changes. The changes to IFRS Accounting Standards are not expected to have any significant impact on recognition and measurement.

Amendments to IAS 12 Income Taxes - In May 2023, the IASB issued amendments to IAS 12 Income Taxes, which provides temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. The amendments have been adopted by the EU and the company has applied this relief. Deferred tax related to assets and liabilities arising from a single transaction - The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no material impact on the company's financial statements.

Note 1.2 ! Significant accounting estimates and judgements

The preparation of the parent company financial statements requires management to make estimates and judgements on an ongoing basis, and to form assumptions that affect the reported amounts. Management forms its estimates and judgements based on historical experience, independent advice, external data points, as well as on in-house specialists and on other factors believed to be reasonable under the circumstances.

Estimates that are material to the company's financial reporting are made on the determination of impairment of financial non-current assets, including subsidiaries and associated companies. Reference is made to notes 3.1 and 4.3. Management assesses impairment indicators for investments in subsidiaries and associated companies and in general determines the recoverable amounts consistent with the assumptions described in note 3.1 of the consolidated financial statements.

Note 2.1 Operating costs

	2023	2022
Rent and lease costs	26	19
Staff costs reimbursed to Rederiet A.P. Møller A/S[1]	213	192
Other, including recharging of operating costs, net	68	111
Total operating costs	**307**	**322**
Average number of employees directly employed by the company	2	5

1 Wages and salaries USD 177m (USD 163m) and pension plan contributions USD 36m (USD 29m). Staff cost includes integration and restructuring cost amounting to USD 3m (USD 1m). For information about share-based payments, reference is made to note 5.3.

The company's share of fees and remuneration to the Executive Board	2023	2022
Fixed pay	3	7
Short-term cash incentive	2	6
Long-term share-based incentive plans[1]	2	7
Remuneration in connection with redundancy, resignation and release from duty to work	-1	8
Total remuneration to the Executive Board[2]	**6**	**28**

1 During 2022, it was announced that Morten Engelstoft would leave the company effective end June 2022 and Søren Skou effective end December 2022. In accordance with the terms and conditions of the restricted share plan and the stock option plan, any remaining expenses related to previous years' plans were accelerated and recognised in 2022 for plans that were kept, and previously recognised expenses are reversed for cancelled plans. This resulted in an increase in the long-term share-based incentives remuneration in 2022.
2 In 2023, the Executive Board was reduced from five to two members.

Contract of employment for the Executive Board contains terms customary in Danish listed companies, including termination notice and non-competition clauses. In connection with a possible takeover offer, neither the Executive Board nor the Board of Directors will receive special remuneration. Fees and remuneration do not include pension.

The Board of Directors has received fees of USD 2m (USD 2m).

Fees to the statutory auditors	2023	2022
Statutory audit	2	2
Other services	1	1
Total fees	**3**	**3**

Fees for other services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to A.P. Moller - Maersk mainly consist of transaction advice, accounting and tax-related services.

Amounts in USD million

Note 3.1 Investments in subsidiaries and associated companies

	Investments in subsidiaries	Investments in associated companies
Cost		
1 January 2023	29,720	810
Additions[1]	646	11
Disposals[3]	2,932	810
Transfer to assets held for sale[4]	1,376	-
31 December 2023	**26,058**	**11**
Impairment losses		
1 January 2023	3,946	478
Impairment losses[5]	200	-
Disposal	2,209	478
31 December 2023	**1,937**	**-**
Carrying amount:		
31 December 2023	**24,121**	**11**
Cost		
1 January 2022	23,235	815
Additions[2]	6,204	-
Disposals	72	5
Transfer from assets held for sale	353	-
31 December 2022	**29,720**	**810**
Impairment losses		
1 January 2022	3,995	682
Disposals	49	-
Reversal of impairment losses[6]	-	204
31 December 2022	**3,946**	**478**
Carrying amount:		
31 December 2022	**25,774**	**332**

1 Capital increases are mainly in Maersk Logistics & Services International A/S USD 0.5bn and additions of Maersk GTD of USD 0.1bn.
2 Capital increases were mainly in Maersk Logistics & Services International A/S USD 5.5bn, Maersk Aviation Holding A/S USD, 0.3bn, Maersk Supply Service A/S USD 0.2bn and Maersk A/S USD 0.1bn.
3 Disposals are mainly related to Maersk Supply Service, Maersk GTD and Höegh Autoliners Holdings AS (associated company).
4 Transfer to assets held for sale is related to Svitzer A/S.
5 Impairment losses are recognised when the carrying amount exceeds the recoverable amount as explained in notes 1.1, 1.2 and 4.3, mainly related to impairment of Maersk Container Industry A/S.
6 Reversal of impairment losses mainly relates to Höegh Autoliners Holdings AS, which is listed on Euronext Growth Oslo. The reversal is included in the line share of profit/loss in joint ventures and associated companies in the income statement.

Reference is made to pages 105-106 for a list of significant subsidiaries and associated companies.

Amounts in USD million

Note 3.2 Term deposits

Loan receivables, current, amount to USD 12.7bn (USD 17.6bn) and consist primarily of term deposits with a maturity of more than three months. For details on the assessment of the loss allowance on term deposits, reference is made to note 4.4 Financial instruments and risks.

Note 3.3 Assets held for sale

Assets held for sale of USD 1.4bn in 2023 relate to Svitzer (Towage). Reference is made to note 3.6 in the consolidated financial statements for more details.

Note 4.1 Share capital

Shareholder disclosure subject to section 104 of the Danish Financial Statements Act:

	Share capital	Votes
A.P. Møller Holding A/S, Copenhagen, Denmark[1]	41.5%	51.5%
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, Copenhagen, Denmark[2]	9.8%	14.0%
Den A.P. Møllerske Støttefond, Copenhagen, Denmark	3.7%	6.4%
A.P. Møller Mærsk A/S (treasury shares), Copenhagen, Denmark	9.0%	1.5%

1 A.P. Møller Holding A/S has committed to participate in the company's share buy-back programme by selling both A and B shares relative to their total ownership and voting rights in the company. Before cancellation of the company's treasury shares (subject to approval at the Annual General Meeting and intended to take place in May 2024), A.P. Møller Holding A/S holds 37.9% of the share capital and 49.9% of the votes of the company.

2 A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond has committed to participate in the company's share buy-back programme by selling B shares relative to their total ownership in the company. Before cancellation of the company's treasury shares (which is subject to approval at the Annual General Meeting and intended to take place in May 2024), A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond holds 9.0% of the share capital of the company.

Note 4.1 in the consolidated financial statements includes all additional share capital disclosures including the development in the number of shares and in the holding of treasury shares.

Dividends

The dividend of DKK 4,300 per share of DKK 1,000 was paid on 31 March 2023 – a total of DKK 74.4bn equivalent to USD 10.9bn, excluding treasury shares (dividend of DKK 2,500 per share of DKK 1,000 paid – total of DKK 46.8bn, equivalent to USD 6.9bn).

The Board of Directors proposes a dividend to the shareholders of DKK 515 per share of DKK 1,000 – a total of DKK 8.1bn, equivalent to USD 1.2bn (DKK 4,300 per share of DKK 1,000 – total of DKK 74.4bn equivalent to USD 10.9bn). Payment of dividends is expected to take place on 19 March 2024. Payment of dividends to shareholders does not trigger taxes to A.P. Moller - Maersk.

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Note 4.2 Borrowings and net debt reconciliation

	Net debt 31 December	Cash flows		Other changes		Net debt 31 December
	2022	From financing activities	Other	Foreign exchange move-ments	Other[1]	2023
Bank and other credit institutions	775	-90	3	-	-	688
Issued bonds	2,976	308	-	53	56	3,393
Subsidiaries, etc., net	36,060	-	3,513	-12	-43,337	-3,776
Total borrowings, net	**39,811**	**218**[2]	**3,516**	**41**	**-43,281**	**305**
Derivatives hedge of borrowings, net	**532**	**-54**	**-**	**-53**	**-72**	**353**
Borrowings classification:						
Classified as non-current	3,635					4,139
Classified as current	40,808					4,975

1 Non-cash dividends, capital increases, fair value adjustments, etc.
2 Cash flows from financing activities of USD 218m are made up of repayments of borrowings of negative USD 559m (negative USD 98m), adjusted for cash flow hedges of USD 35m (USD 0m), and proceeds from borrowings of USD 742m (USD 0m).

	Net debt 31 December	Cash flows		Other changes		Net debt 31 December
	2021	From financing activities	Other	Foreign exchange move-ments	Other	2022
Bank and other credit institutions	1,137	-98	-264	-	-	775
Issued bonds	3,341	-	-	-177	-188	2,976
Subsidiaries, etc., net	7,889	-	25,628	-63	2,606	36,060
Total borrowings, net	**12,367**	**-98**	**25,364**	**-240**	**2,418**	**39,811**
Derivatives hedge of borrowings, net	**154**	**-**	**-**	**178**	**200**	**532**
Borrowings classification:						
Classified as non-current	4,165					3,635
Classified as current	13,052					40,808

Note 4.3 Financial income and expenses

	2023	2022
Interest expenses on liabilities[1]	1,174	698
Interest income on loans and receivables	1,596	615
Fair value adjustment transferred from equity hedge reserve (loss)	25	25
Net interest income	**397**	**-108**
Exchange rate gains on bank balances, borrowings and working capital	30	240
Exchange rate losses on bank balances, borrowings and working capital	162	51
Net foreign exchange gains/losses	**-132**	**189**
Fair value gains from derivatives	161	36
Fair value losses from derivatives	-	243
Net fair value gains/losses	**161**	**-207**
Dividends received from subsidiaries, associated companies and joint ventures, net[2]	44,029	29
Total dividend income	**44,029**	**29**
Impairment losses, investments in subsidiaries and associated companies[3]	200	-
Write-down of loan receivables from subsidiaries	-	56
Financial income/expenses, net	**44,255**	**-153**
Of which:		
Dividends	44,029	29
Financial income	1,787	891
Financial expenses	1,561	1,073

1 Of which USD 10m (USD 0m) relates to expense of prepayment of issued bonds.
2 Mainly relates to dividends from Maersk A/S and Svitzer A/S (in 2022 A.P. Moller Finance S.A. and Höegh Autoliners Holdings AS).
3 Impairment losses in investments in subsidiaries is related to Maersk Container Industry A/S.

Reference is made to note 4.4 for an analysis of gains and losses from derivatives.

Amounts in USD million

Note 4.4 Financial instruments and risks

	2023	2022
Non-current receivables	10	18
Current receivables	131	198
Non-current liabilities	323	495
Current liabilities	134	171
Liabilities, net	**316**	**450**

The company's activities expose it to a variety of financial risks:

- Market risks, i.e. currency risk and interest rate risk
- Credit risk
- Liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the company's entities.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's profit or the value of its holdings of financial instruments. The sensitivity analyses in the currency risk and interest rate risk sections relate to the position of financial instruments at 31 December 2023.

The sensitivity analyses for currency risk and interest rate risk have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies remain unchanged from hedge designations in place at 31 December 2023. Furthermore, it is assumed that the exchange rate and interest rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses show the effect on profit and equity of a reasonably possible change in exchange rates and interest rates.

	2023	2022
Hedging interest rate risk	-24	-25
Total effective hedging	**-24**	**-25**
Ineffectiveness recognised in financial expenses	-1	-
Total reclassified from equity reserve for hedges	**-25**	**-25**
Derivatives accounted for as held for trading		
Currency derivatives recognised directly in financial income/expenses	168	-256
Interest rate derivatives recognised directly in financial income/expenses	45	-142
Net gains/losses recognised directly in the income statement	**213**	**-398**
Total	**188**	**-423**

Hedges comprise primarily currency derivatives and interest rate derivatives, which are further described in the following sections.

	Fair value	
Recognised at fair value through profit and loss	2023	2022
Currency derivatives	37	73
Interest derivatives	-	9
Total	**37**	**82**

Currency risk

The company's currency risk arises primarily from its treasury activities where financing is obtained and provided in a wide range of currencies other than USD such as EUR, GBP and NOK.

The main purpose of hedging the company's currency risk is to hedge the USD value of the company's net cash flow and reduce fluctuations in the company's profit. The company uses various financial derivatives, including forwards, option contracts and cross-currency swaps, to hedge these risks. The key aspects of the currency hedging policy are as follows:

- Net cash flows in other significant currencies than USD are hedged using a layered model with a 12-month horizon
- Significant capital commitments or divestments in other currencies than USD are hedged
- Most non-USD debt is hedged, however, depending on the asset-liability match and the currency of the generated cash flow.

The company enters into derivatives to hedge currency exposures that do not qualify for hedge accounting. These derivatives are classified as fair value through profit or loss.

An increase in the USD exchange rate of 10% against all other significant currencies to which the company is exposed is presented in the table.

The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date and are thus not an expression of the company's total currency risk.

	Profit before tax		Equity before tax	
	2023	2022	2023	2022
DKK	-30	-233	-30	-233
EUR[1]	13	228	13	228
Other currencies	-16	18	-16	18
Total	**-33**	**13**	**-33**	**13**

1 EUR sensitivity has been restated for 2022 from USD 91m/USD 91m to USD 228m/USD 228m for profit before tax and equity before tax, respectively.

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Note 4.4 Financial instruments and risks – continued

	Fair value, asset	Fair value, liability	Nominal amount of derivative	Maturity 0-1 years	2-5 years	5- years	Gain/loss on hedged item	Gain/loss on hedging instru-ment	Average hedge rate
2023									
Combined fair value hedge, hedge of borrowings									
EUR	-	90	503	-	415	88	15	-32	7.3%
GBP	-	24	89	-	89	-	2	-6	7.9%
JPY	-	17	88	-	88	-	-	-2	7.2%
NOK	-	68	216	-	216	-	12	-18	7.9%
Fair value hedge, hedge of borrowings									
USD	11	44	850	-	200	650	32	-33	7.7%
Cash flow hedge, hedge of borrowings									
EUR	-	88	967	-	414	553	-	-29	3.2%
GBP	-	33	162	-	162	-	-	-1	4.6%
Total	**11**	**364**	**2,875**	**-**	**1,584**	**1,291**	**61**	**-121**	
2022									
Combined fair value hedge, hedge of borrowings									
EUR	-	127	486	-	401	85	35	-54	6.2%
GBP	-	29	84	-	84	-	4	-7	6.8%
JPY	-	12	95	-	95	-	-	-3	6.1%
NOK	-	64	223	-	223	-	17	-22	6.8%
Fair value hedge, hedge of borrowings									
USD	-	73	900	-	500	400	75	-73	6.7%
Cash flow hedge, hedge of borrowings									
EUR	-	145	934	-	400	534	-	-56	3.2%
GBP	-	77	277	-	277	-	-	-5	4.6%
NOK	-	5	26	26	-	-	-	-	3.3%
Total	**-**	**532**	**3,025**	**26**	**1,980**	**1,019**	**131**	**-220**	

The average FX hedge rates for swaps in combined fair value hedge were EUR/USD 1.24 (1.24), GBP/USD 1.52 (1.52), USD/NOK 8.25 (8.25), and USD/JPY 119.39 (119.39).

The average FX hedge rates for swaps in cash flow hedge were EUR/USD 1.18 (1.18) and GBP/USD 1.52 (1.52).

The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date and are thus not an expression of the company's total currency risk.

Interest rate risk

The company has most of its debt denominated in USD, but part of the debt (e.g. issued bonds) is in other currencies such as EUR, NOK, GBP and JPY. The company strives to maintain a combination of fixed and floating interest rates on its net debt, reflecting expectations and risks.

Interest rate risk is managed within a range set for the percentage of gross debt paying fixed interest, net of hedging. The level at 31 December is 41% (43%) excluding IFRS 16 Leases.

A general increase in interest rates by one percentage point is estimated, all thing else being equal, to affect profit before tax and equity, excluding tax effect, positively by approx. USD 149m and positively by approx. USD 128m, respectively (negatively by approx. USD 163m and negatively by approx. USD 185m, respectively).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The hedging of the interest rate risk is done by cross-currency swaps and interest rate swaps. The hedging is a mix of fair value hedging, combined fair value hedging and cash flow hedging. Combined fair value hedging is applied when cross-currency swaps are entered into to hedge the risk of debt denominated in other currencies than USD. Each hedge relationship is split into a fair value hedge, where value changes from market rates are recognised directly in profit or loss, and a cash flow hedge, where the value changes from the exchange rate exposure of the credit margin are recognised in OCI.

The hedges are expected to be highly effective due to the nature of the economic relationship between the exposure and the hedge. The source of ineffectiveness is the credit risk of the hedging instruments. For hedges where the cost of hedging is applied, the change in basis spread is recognised in other comprehensive income and is a time effect during the lifetime of the swap and at maturity amounts to 0. If the hedged transaction is prepaid, the change in basis spread will be recognised in profit or loss as ineffectiveness. The cost of hedging reserve amounts to a gain of USD 7m (USD 15m).

Borrowings and interest-bearing debt to subsidiaries by interest rate levels inclusive of interest rate swaps	Carrying amount	Next interest rate fixing 0-1 year	2-5 years	5- years
2023				
0-3%	742	196	-	546
3-6%	5,473	4,303	576	594
6%-	2,899	2,899	-	-
Total	**9,114**	**7,398**	**576**	**1,140**
Of which:				
Bearing fixed interest	1,730			
Bearing floating interest	7,384			
2022				
0-3%	2,790	2,264	-	526
3-6%	39,932	39,033	659	240
6%-	1,721	1,721	-	-
Total	**44,443**	**43,018**	**659**	**766**
Of which:				
Bearing fixed interest	1,637			
Bearing floating interest	42,806			

Amounts in USD million

Note 4.4 Financial instruments and risks – continued

Credit risk

The company has substantial exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, financial vetting is undertaken for all major customers and financial institutions, adequate security is required for commercial counterparties, and credit limits are set for financial institutions and key commercial counterparties.

Financial assets at amortised cost

Financial assets at amortised cost comprise loan receivables, lease receivables, and other receivables. These are all considered to have low credit risk and thus the impairment provision calculated based on 12 months of expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost include loans to subsidiaries. As of 31 December 2023, the loans amount to USD 8.8bn (USD 4.6bn) and are considered to have a low credit risk, thus the impairment provision to be recognised during the period is limited to 12 months of expected losses. The credit risk has not increased significantly since the initial recognition and is considered low based on the investment grade credit rating for the Group and consequently the financial strength of the major subsidiaries within the Group.

Financial institutions

Deposits and bank balances are primarily held in relationship banks with a credit rating of at least A-. No individual exposure is above 10%. A.P. Moller - Maersk has ISDA agreements for trading of derivatives, under which the Group has a right to net settlement in the event of certain credit events. This results in the credit risk being limited to the net position per counterparty.

Liquidity risk

It is of great importance for the company to maintain a financial reserve to cover the company's obligations and investment opportunities and to provide the capital necessary to offset changes in the company's liquidity due to changes in the cash flow from operating activities.

The flexibility of the financial reserve is subject to ongoing prioritisation and optimisation, among other things by focusing on the release of capital and following up on the development in working capital.

Net interest-bearing debt and liquidity	2023	2022
Borrowings	9,114	44,443
Net interest-bearing debt	-17,159	13,691
Cash and bank balances	5,123	8,082
Term deposits not included in cash and cash balances	12,693	17,615
Securities	-	942
Undrawn revolving credit facilities > 12 months	6,050	6,000
Liquidity reserve[1]	**23,866**	**32,639**

1 Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities, term deposits not included in cash and bank balances and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

For information about cash and bank balances in countries with exchange control or other restrictions, please see text to the consolidated cash flow statement.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the company's financial resources are deemed satisfactory.

The average term to maturity of loan facilities in the company was about five years (about five years) at 31 December 2023.

Maturities of liabilities and commitments	Carrying amount	Cash flows including interest			
		0-1 year	2-5 years	5- years	Total
2023					
Bank and other credit institutions	688	84	538	261	883
Issued bonds	3,393	115	1,907	2,105	4,127
Interest-bearing loans from subsidiaries, etc.	5,033	4,954	95	-	5,049
Trade payables	46	46	-	-	46
Other payables	443	443	-	-	443
Non-derivative financial liabilities	**9,603**	**5,642**	**2,540**	**2,366**	**10,548**
Derivatives	457	134	241	82	457
Total recognised in balance sheet	**10,060**	**5,776**	**2,781**	**2,448**	**11,005**
2022					
Bank and other credit institutions	775	134	328	551	1,013
Issued bonds	2,976	113	2,142	1,130	3,385
Interest-bearing loans from subsidiaries, etc.	40,692	40,710	-	-	40,710
Trade payables	64	64	-	-	64
Other payables	244	244	-	-	244
Non-derivative financial liabilities	**44,751**	**41,265**	**2,470**	**1,681**	**45,416**
Derivatives	666	171	356	139	666
Total recognised in balance sheet	**45,417**	**41,436**	**2,826**	**1,820**	**46,082**

Amounts in USD million

Note 4.5 Financial instruments by category

	Carrying amount		Fair value[2]	
	2023	2022	2023	2022
Carried at amortised cost				
Interest-bearing receivables from subsidiaries, etc.	8,809	4,632	8,809	4,633
Lease receivables	-	-		
Loan receivables	12,693	17,615	12,708	17,585
Total interest-bearing receivables	**21,502**	**22,247**		
Trade receivables	4	8		
Other receivables (non-interest-bearing)	360	273		
Other receivables from subsidiaries, etc.	156	208		
Securities	-	942		
Cash and bank balances	5,123	8,082		
Financial assets at amortised cost	**27,145**	**31,760**		
Carried at fair value				
Derivatives	141	216		
Equity investments (FVOCI)[1]	4	4		
Other financial assets	**145**	**220**		
Total financial assets	**27,290**	**31,980**		
Carried at amortised cost				
Bank and other credit institutions[3]	688	775	688	775
Issued bonds	3,393	2,976	3,339	2,855
Interest-bearing loans from subsidiaries, etc.	5,033	40,692		
Total borrowings	**9,114**	**44,443**		
Trade payables	46	64		
Other payables	443	244		
Financial liabilities at amortised cost	**9,603**	**44,751**		
Carried at fair value				
Derivatives	457	666		
Financial liabilities at fair value	**457**	**666**		
Total financial liabilities	**10,060**	**45,417**		

1 The company holds only minor equity investments at fair value through other comprehensive income (FVOCI).
2 Where no fair value is stated, the amount equals carrying amount.
3 The fair value has been restated for 2022 from USD 817m to USD 775m.

	Non-listed shares	Total financial assets
Movement during the year in level 3	Equity investments (FVOCI)	
Carrying amount 1 January 2022	4	4
Carrying amount 31 December 2022	**4**	**4**
Additions	5	5
Disposals	4	4
Gains/losses recognised in other comprehensive income	-1	-1
Carrying amount 31 December 2023	**4**	**4**

Financial instruments measured at fair value
Financial instruments measured at fair value can be divided into three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 — Inputs for the asset or liability that are not based on observable market data.

Fair value of listed shares falls within level 1 of the fair value hierarchy. Non-listed shares and other securities fall within level 3 of the fair value hierarchy.

Fair value of derivatives falls mainly within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the company's profit or equity significantly.

Financial instruments carried at amortised cost
Fair value of the short-term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, however, this was deemed to be the fair value. Fair value of listed issued bonds is within level 1 of the fair value hierarchy.

Fair value of the remaining borrowing items is within level 2 of the fair value hierarchy and is calculated on the basis of discounted interests and instalments.

Amounts in USD million

Note 5.1 Tax

	2023	2022
Tax recognised in the income statement		
Current tax on profit for the year	51	-6
Adjustment for current tax of prior periods	-2	-9
Withholding taxes	17	-3
Utilisation of previously unrecognised deferred tax assets	-52	-
Total current tax	**14**	**-18**
Origination and reversal of temporary differences	3	-54
Adjustment for deferred tax of prior periods	-52	-
Recognition of previous unrecognised deferred tax asset	52	-
Total deferred tax	**3**	**-54**
Total tax expense (income)	**17**	**-72**
Tax reconciliation:		
Profit/loss before tax	44,044	-144
Tax using the Danish corporation tax rate (22%)	9,690	-32
Tax rate deviations in foreign jurisdictions	11	-
Non-deductible expenses	-3	-27
Gains/losses related to shares, dividends, etc.	-9,654	-1
Adjustment to previous years' taxes	-2	-9
Other differences, net	-3	-3
Total income tax	**17**	**-72**
Tax recognised in other comprehensive income and equity	**-6**	**1**
Of which:		
Current tax	-6	1

Note 5.2 Deferred tax

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net amount	
	2023	2022	2023	2022	2023	2022
Property, plant and equipment	2	3	-	-	-2	-3
Provisions, etc.	8	3	-	-	-8	-3
Liabilities, etc.	-	11	-	-	-	-11
Other	-	-	2	4	2	4
Total	**10**	**17**	**2**	**4**	**-8**	**-13**
Offsets	-2	-4	-2	-4	-	-
Total	**8**	**13**	**-**	**-**	**-8**	**-13**

Change in deferred tax, net during the year	2023	2022
1 January	-13	41
Recognised in the income statement	5	-54
31 December	**-8**	**-13**

Unrecognised deferred tax asset of USD 100m is related to earlier years interest restrictions. There are no unrecognised tax liabilities on investments in subsidiaries, associated companies and joint ventures.

Note 5.3 Share-based payments

The recognised remuneration expense related to the performance shares plan is USD 1m (USD 0m).
The recognised remuneration expense related to the restricted shares plan is USD 3m (USD 7m).
The recognised remuneration expense related to the share options plan is USD 4m (USD 5m).
For all other disclosures related to share-based payments, refer to note 5.2 in the consolidated financial statements.

Note 5.4 Contingent liabilities

The company is involved in a number of legal cases. The company is also involved in tax issues in certain countries. Some of these involve significant amounts and are subject to considerable uncertainty.

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

Note 5.5 Cash flow specifications

	2023	2022
Change in working capital		
Trade receivables	31	-1
Other receivables and prepayments	-81	-183
Trade payables and other payables, etc.	148	250
Exchange rate adjustment of working capital	17	-27
Total	**115**	**39**

Amounts in USD million

Note 5.6 Related parties

	Controlling parties		Subsidiaries		Associated companies		Joint ventures		Management[1]	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Continuing operations										
Income statement										
Revenue	-	-	39	29	-	-	-	-	-	-
Operating costs	-	1	13	14	-	-	-	-	-	-
Remuneration to management	-	-	-	-	-	-	-	-	8	30
Dividends	-	-	43,986	20	43	9	-	-	-	-
Financial income	46	62	513	357	-	-	-	-	-	-
Financial expenses	24	-	922	533	-	-	3	-	-	-
Assets										
Interest-bearing receivables, non-current	-	-	1,338	2,818	-	-	1	-	-	-
Derivatives, non-current	-	-	-	11	-	-	-	-	-	-
Trade receivables	-	-	-	161	-	-	-	-	-	-
Interest-bearing receivables, current	-	-	7,495	1,814	-	-	-	4	-	-
Derivatives, current	-	-	14	35	-	-	-	-	-	-
Other receivables, current	683	380	176	27	-	-	-	1	-	-
Cash and bank balances	161	632	-	-	-	-	-	-	-	-
Liabilities										
Interest-bearing debt, non-current	-	-	95	-	-	-	-	-	-	-
Interest-bearing debt, current	-	-	4,892	40,692	-	-	-	43	-	-
Trade payables	-	-	-	36	-	-	-	-	-	-
Derivatives, current	42	-	63	98	-	-	-	-	-	-
Other liabilities, current	-	-	123	19	-	-	-	-	-	-
Sale of companies, property, plant and equipment	-	-	2,853	72	810	5	-	-	-	-
Capital increases and purchase of shares	-	-	564	6,204	11	-	-	-	-	-
Shares bought back[2]	1,569	1,332	-	-	-	-	-	-	-	-
Dividends distributed[3]	5,974	3,614	-	-	-	-	-	-	-	-

1 The Board of Directors and the Executive Board in A.P. Møller - Mærsk A/S, A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal and their close relatives (including undertakings under their control). Other receivables and payables include customary business-related accounts regarding shipping activities.

2 Includes shares bought back from A.P. Møller Holding A/S and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation).

3 Includes dividends paid to A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation) and Den A.P. Møllerske Støttefond.

Joint usage agreement with A.P. Møller Holding A/S

With the objective of further strengthening the value of the brands, A.P. Møller - Mærsk A/S entered into a joint usage agreement with A.P. Møller Holding A/S in 2018 regarding the use of commonly used trademarks which historically have benefited both A.P. Møller - Mærsk A/S and A.P. Møller Holding A/S. A.P. Møller Holding A/S is the controlling shareholder of A.P. Møller - Mærsk A/S and is wholly owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal. The joint usage agreement establishes a framework and a branding strategy for the commonly used trademarks and a joint brand board, where the parties can cooperate regarding the use of these trademarks.

Share buy-back programme

According to separate agreement, A.P. Møller Holding A/S and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (the Foundation) participated on a pro rata basis to the shares purchased in the company's share buy-back programme. A.P. Møller Holding A/S participated in selling A and B shares and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond participated in selling B shares.

Controlling party

A.P. Møller Holding A/S, Copenhagen, Denmark, has control over the company and prepares consolidated financial statements. A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal is the ultimate owner.

Note 5.7 Pledges

Vessels owned by subsidiaries with a carrying amount of USD 0.6bn (USD 0.7bn) have been pledged as security for loans of USD 0.3bn (USD 0.3bn).

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of A.P. Møller - Mærsk A/S for 2023.

The Annual Report for 2023 of A.P. Møller - Mærsk A/S has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and in our opinion gives a true and fair view of A.P. Moller - Maersk's and the company's assets and liabilities and financial position at 31 December 2023 and of the results of A.P. Moller - Maersk's and the company's operations and cash flows for the financial year 2023.

In our opinion, the Management Review includes a fair review of the development in A.P. Moller - Maersk's and the company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that A.P. Moller - Maersk and the company face. Management's Review has been prepared in accordance with the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

In our opinion, the Annual Report of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2023, identified as with the file name APMM-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be approved at the Annual General Meeting on 14 March 2024.

Copenhagen, 8 February 2024

Executive Board

Vincent Clerc
CEO

Patrick Jany
CFO

Board of Directors

Robert Mærsk Uggla
Chair

Marc Engel
Vice Chair

Bernard L. Bot

Marika Fredriksson

Arne Karlsson

Thomas Lindegaard Madsen

Amparo Moraleda

Kasper Rørsted

Julija Voitiekute

Independent Auditor's Reports

To the shareholders of A.P. Møller - Mærsk A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements (pages 61 to 120) give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2023 comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the 'Financial Statements'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of A.P. Møller - Mærsk A/S on 12 April 2012 for the financial year 2012. We have been reelected annually by shareholder resolution for a total period of uninterrupted engagement of 12 years including the financial year 2023. We were reappointed, following a tendering procedure, at the General Meeting on 15 March 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Recognition of revenue is complex due to the volume of transactions and the variety of different revenue streams within the segments.

We focused on this area due to the significance of amounts involved and because recognition of revenue involves accounting policy decisions, and judgements made by Management originating from different customer behaviour, market conditions, terms and nature of services in the various segments.

Further, the volume of transactions and extent of different revenue streams involve internal controls, various IT applications and Management's monitoring hereof, to ensure correct revenue recognition, which are complex and introduce an inherent risk to the revenue recognition process.

Reference is made to note 2.1 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

Our audit procedures included considering the appropriateness of the revenue recognition accounting policies and assessing compliance with applicable accounting standards.

We performed risk assessment procedures with the purpose of achieving an understanding of IT-systems and applications, business procedures and relevant controls regarding revenue recognition. For the relevant key internal controls including IT dependencies supporting revenue recognition, we assessed whether they were designed and implemented to address the risk of errors in revenue recognised in the Financial Statements. For selected controls that we planned to rely on, we tested whether they were performed on a consistent basis and Management's monitoring hereof.

We applied data analytics on selected revenue streams in order to identify and test transactions outside the ordinary transaction flow and performed substantive procedures over invoicing and relevant contracts in order to assess the accounting treatment and principles applied, and tested journal entries on revenue.

Further, we tested timing to ensure that the revenue is recognised in the correct financial year.

Finally, we assessed the adequacy of disclosures provided by Management in the Financial Statements.

Recoverability of the carrying amount of intangible assets, property, plant and equipment and right-of-use assets

The most significant risks in relation to Management's assessment of the recoverability of the carrying amount of intangible assets, property, plant and equipment and right-of-use assets relate to the definition of cash-generating units (CGUs), identification of CGUs with indicators of impairment and, where relevant, the estimate of the fair values less costs to sell and the values in use, including determination of key assumptions.

Management identified impairment indicators for the Ocean CGU, for individual terminals and also performed an impairment test related to goodwill in the Logistics & Services CGU.

Considering the generally long-lived nature of the assets, the significant assumptions in estimating the future cash flows are Management's long-term outlook for freight rates, terminal rates, margins in Logistics & Services, volumes, CAPEX and operating expenses as well as determining the discount rates.

We focused on this area, as the carrying amounts are significant and as Management is required to exercise considerable judgement because of the inherent complexity in estimating the fair value less cost to sell or the value in use.

Reference is made to notes 3.1, 3.2 and 3.3 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

We considered the appropriateness of the defined CGUs within the businesses and examined the methodology used by Management to assess the carrying amount of intangible assets, property, plant and equipment and right-of-use assets assigned to CGUs, as well as the process for identifying CGUs that require impairment testing to determine compliance with IFRS.

We performed detailed testing of Management's impairment tests for goodwill and for the CGUs where indicators of impairment were identified, and challenged the significant assumptions affecting the future cash flows, including internal assumptions related to freight rates, terminal rates, Logistics & Services margins, volumes, CAPEX and operating expenses.

We used our internal valuation specialists to independently challenge the discount rates. In calculating the discount rates, the key inputs used were independently sourced from market data, and we assessed the methodology applied.

Further, we tested the mathematical accuracy of the impairment models prepared by Management.

Finally, we assessed the adequacy of disclosures provided by Management in the Financial Statements.

Statement on Management Review

Management is responsible for Management Review (pages 4 to 59 and 126).

Our opinion on the Financial Statements does not cover Management Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, we considered whether Management Review includes the disclosures required by the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, in our view, Management Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement in the Management Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2023 with the filename APMM-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements including notes.

In our opinion, the annual report of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2023 with the file name APMM-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 8 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Lars Baungaard
State Authorised Public Accountant
mne23331

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Definition of terms

A

A.P. Moller - Maersk
A.P. Moller - Maersk is referred to as the consolidated group of companies and A.P. Møller - Mærsk A/S as the parent company.

B

Backhaul
The direction of the trade route that has the lowest volumes, whereas the opposite direction is referred to as headhaul.

C

CAPEX
Cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments.

Cash conversion
Cash flow from operating activities to EBITDA ratio.

Cash flow from operating activities per share
A.P. Moller - Maersk's operating cash flow from continuing operations divided by the number of shares of DKK 1,000 each, excluding A.P. Moller - Maersk's holding of treasury shares.

Cost base
EBIT costs including VSA income and hub income and adjustments for restructuring costs, the result from associated companies and gains/losses.

D

Discontinued operations
Discontinued operations are a major line of business (disposal group) that is either held for sale or has been sold in previous periods.

The disposal group is reported separately in a single line in the income statement and cash flow statement.

Comparison figures are restated. In the balance sheet assets and liabilities are classified and disclosed separately on an aggregate level as assets held for sale and liabilities associated with assets held for sale. In the balance sheet comparison figures are not restated.

E

EBIT
Earnings Before Interest and Taxes.

EBITA
Earnings Before Interest, Taxes and Amortisation.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity ratio
Calculated as equity divided by total assets.

F

Fatalities
The headcount number of accidents leading to the death of the employee.

FFE
Forty Foot container Equivalent unit.

Free cash flow
Cash flow from operating activities, purchase/sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

G

Gross profit
The sum of revenue, less variable costs and loss on debtors.

H

Headhaul
The direction of the trade route that has the highest volume, whereas the return direction is referred to as backhaul.

I

Invested capital
Segment operating assets less segment operating liabilities, including investments and deferred taxes related to the operation.

L

Loaded volumes
Loaded volumes refer to the number of FFEs loaded on a shipment which is loaded on first load at vessel departure time excluding displaced FFEs.

Lost-Time Injury frequency (LTIf)
Measures the number of lost-time injuries per million exposure hours. Lost-time injuries are the sum of fatalities, permanent total disability, permanent partial disability and lost workday cases.

N

Net interest-bearing debt (NIBD)
Equals interest-bearing debt, including lease liabilities, fair value of derivatives hedging the underlying debt, less cash and bank balances as well as other interest-bearing assets.

Normalisation
The company's business returning to a more stable and expected level of activity driven by GDP/industry growth following a period of abnormal fluctuations and disruptions during the COVID-19 pandemic.

O

Ocean, loaded freight rate (USD per FFE)
Average freight rate per FFE for all the A.P. Moller - Maersk containers loaded in the period in either Maersk Line or Hamburg Süd vessels or third parties (excluding intermodal). Hamburg Süd is not excluding intermodal.

Ocean, reduction in carbon intensity (EEOI)
Ocean: Reduction in carbon intensity (EEOI) by 2030 (2020 baseline) covers container vessels under A.P. Moller - Maersk's operation. Carbon intensity reduction is reported on using the EEOI (Energy Efficiency Operational Indicator) methodology. EEOI is defined by the International Maritime Organization in MEPC.1/Circ.684 and is calculated as CO_2 emission per cargo tonne nautical mile (gCO_2/(tonne cargo X nm).

Ocean, unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 550/tonne excluding intermodal but including hubs and time charter income. Hamburg Süd is not excluding intermodal.

R

Return on equity after tax
Calculated as the profit/loss for the year divided by the average equity.

Return on invested capital after tax (ROIC)
Profit/loss before financial items for the year (EBIT) less tax on EBIT divided by the average invested capital, last twelve months.

T

Towage, number of operational tug jobs (harbour towage) ('000)
Tug jobs on which Svitzer performs the physical job, including jobs where Svitzer has the commercial contract with the customer as well as jobs that Svitzer receives from the competitor through overflow or other agreements.

TEU
Twenty-foot container Equivalent Unit.

Time charter
Hire of a vessel for a specified period.

Total market capitalisation
Total number of shares – excluding A.P. Møller - Mærsk A/S' holding of treasury shares – multiplied by the end-of-year price quoted by Nasdaq Copenhagen.

U

Underlying EBITDA
Underlying EBITDA is earnings before interest, taxes, depreciation and amortisation adjusted for restructuring and integration costs.

Underlying EBIT
Underlying EBIT is operating profit before interest and taxes adjusted for restructuring and integration costs, net gains/losses from sale of non-current – assets and net impairment losses.

Underlying profit/loss
Underlying profit/loss is profit/loss for the year from continuing operations adjusted for net gains/losses from sale of non-current assets, etc., and net impairment losses as well as transaction, restructuring and integration costs related to major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies.

V

VSA
A vessel sharing agreement is usually reached between various partners within a shipping consortium who agree to operate a liner service along a specified route using a specified number of vessels.

W

Women in leadership
The percentage of women referenced as Senior Managers, Leaders, Senior Leaders, and Executives, compared to total headcount of the same levels.

123

4PL
A 4PL is a fourth-party logistics provider managing resources, technology, infrastructure as well as external 3PLs to design, build and provide supply chain solutions for businesses.

Reporting universe

A.P. Moller - Maersk provides a suite of additional reports and supplementary information for 2023 to provide a comprehensive and transparent information to all stakeholders, which can be downloaded here:

→ Download

Find and follow

The website contains links to a PDF of the Annual Report for A.P. Moller - Maersk as well as the XHTML version submitted to the Danish Financial Supervisory Authority
→ investor.maersk.com/financial-reports

Annual Report
The Annual Report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and provides a detailed disclosure of the company's performance, strategy, corporate governance and financial results.

Sustainability Report
The independently assured Sustainability Report represents A.P. Moller - Maersk's statutory statement on corporate social responsibility, data ethics and diversity in accordance with sections 99a, 99d and 107d of the Danish Financial Statements Act, and A.P. Moller - Maersk's compliance with the EU Taxonomy disclosure requirements.

The Sustainability Report and additional information on how A.P. Moller - Maersk manages sustainability and ESG issues including progress and relevant commitments and frameworks can be found on the Sustainability website at: → maersk.com/sustainability

An overview of Environmental, Social and Governance (ESG) performance data, including Sustainability Accounting Standards Board (SASB) and Task force on Climate-Related Financial Disclosures (TCFD) indices, is provided in the ESG Factbook, available at: → investor.maersk.com

Remuneration report and policy
The remuneration report provides a full overview of the remuneration outcome of the Board of Directors and the Executive Board of A.P. Møller - Mærsk A/S.

The remuneration policy outlines the principles of remuneration design, the total remuneration by components and how each component supports the achievement of the strategy, long-term interest and sustainability of the company. Both the report and the policy are available at:
→ investor.maersk.com/financials/financial-reports

Corporate governance statement
The statutory corporate governance statement for A.P. Møller - Mærsk A/S forms part of the Management review of the Annual Report and includes the status of compliance with the 'Recommendations for Corporate Governance' issued by the Danish Committee on Corporate Governance December 2020 and implemented by Nasdaq Copenhagen.

ESEF DATA

Domicile of entity
Denmark

Description of nature of entity's operations and principal activities
Shipping company

Country of incorporation
Denmark

Principal place of business
Global

Legal form of entity
A/S (Danish limited liability company)

Name of reporting entity or other means of identification
A.P. Møller - Mærsk A/S

Address of entity's registered office
Esplanaden 50, DK-1263 Copenhagen K

Design and layout
e-Types

Cover photo
Laura Mærsk for the name-giving event in Copenhagen, Denmark

Produced in Denmark 2024

A.P. Møller - Mærsk A/S
Esplanaden 50, DK-1263 Copenhagen K
Registration no. 22756214

www.maersk.com
IR@maersk.com
+45 33 63 33 63

MAERSK