2021 Annual Report

A.P. Møller - Mærsk A/S
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MAERSK

A.P. Moller - Maersk Connecting the world's supply chains – all the way

A.P. Moller - Maersk is connecting and simplifying the world's supply chains, and we aspire to provide truly integrated logistics. Across oceans, ports, on land and in the air, we are combining our supply chain infrastructure with the power of our people and technology to drive end-to-end innovation that accelerates our customers' success. By delivering innovative logistics solutions we believe we can give the companies we serve a significant edge and help them realise their full potential. With a dedicated team of 95,000 talented people, operating in more than 130 countries, we are going all the way to digitise, democratise and decarbonise the world's supply chains and in doing so reinvent the logistics industry and improve life for all.

In this report, you can learn about the financial performance, strategic progress, governance and market outlook for A.P. Moller - Maersk.

LEARN MORE AT MAERSK.COM/YEAR-IN-REVIEW-2021

The Annual Report for 2021 of A.P. Møller - Mærsk A/S (hereinafter referred to as A.P. Moller - Maersk as the consolidated group of companies and A.P. Møller - Mærsk A/S as the parent company) has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

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.

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Cover photo
Life and work onboard Vilnia Mærsk.
Chief Officer Martin Kevin Kristiansen.

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[1] Part of Management review

Executive summary

- Financials at a glance
- Performance snapshots
- Letter from the Chairman and the CEO
- Five-year summary
- Key moments in 2021

Financials at a glance

In an exceptional market situation with high demand and global disruptions to the supply chains, A.P. Moller - Maersk continued to increase capacity, expand offerings to keep cargo moving and enable supply chains for its customers. The financial performance across Ocean, Logistics & Services and Terminals was unprecedented with revenue up 55%, EBITDA almost tripled, and EBIT was up almost five times.

Revenue
(USD million)

↑ 61,787

(2020: 39,740)
(2019: 38,890)

Revenue increased by USD 22.0bn, mainly driven by higher freight rates in Ocean, volume increases and acquisitions in Logistics & Services and higher global demand and increased storage income in Terminals.

EBIT
(USD million)

↑ 19,674

(2020: 4,186)
(2019: 1,725)

EBIT increased by USD 15.5bn, positively impacted by the increase in EBITDA of USD 15.8bn. In Ocean, EBIT increased by USD 14.8bn and in Logistics & Services and in Terminals by USD 359m and USD 486m, respectively.

CAPEX
(USD million)

↑ 2,976

(2020: 1,322)
(2019: 2,035)

CAPEX increased by USD 1.7bn, in general to allow for growth in Logistics & Services, and to solve equipment bottlenecks and support the decarbonisation ambition in Ocean.

Free cash flow
(USD million)

↑ 16,537

(2020: 4,648)
(2019: 2,340)

Free cash flow increased by USD 11.9bn, positively impacted by higher cash flow from operating activities of USD 14.2bn, partly offset by higher gross CAPEX of USD 1.7bn and increased lease payments of USD 569m.

Net interest-bearing debt
(USD million)

↓ -1,530

(2020: 9,232)
(2019: 11,662)

A decrease by USD 10.8bn, as free cash flow of USD 16.5bn was partly used for share buy-backs, dividends, acquisition of companies and increased lease liabilities. The net cash position was USD 12.1bn (debt of USD 485m at year-end 2020) excl. lease.

Relative CO_2 reduction
(percentage)

↓ 42.6%

(2020: 46.3)
(2019: 44.9)

The downwards trajectory on this target did not continue in 2021, as the relative emission intensity (the EEOI) increased by 6.9% affected by supply chain congestions and increased consumption given higher speed to help alleviate delays for customers.

Performance snapshots

Ocean

↑65% Revenue

↑66% Average freight rates

x3 EBITDA more than tripled

x5 EBIT was up more than five times

The integrator strategy helped customers alleviate current bottlenecks

CROSS-SELLING SYNERGIES: 62% of organic revenue growth in Logistics & Services
SHARE BUY-BACK: A committed USD 10bn over the next four years

The transformation strategy towards becoming the global integrator of container logistics, building long-term customer relationships for reliable and differentiated transportation services, was validated in 2021 by supporting contract customers' supply chains alleviating bottlenecks through investing in additional equipment and increasing the capacity allocated to contracted volumes.

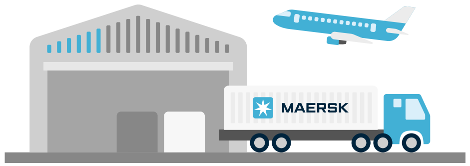
The combined strategic progress and strong operational performance, also given the higher rates, allowed to generate significant cash flow of USD 22.0bn which leaves A.P. Moller - Maersk debt free and able to continue to invest in decarbonisation, organic growth, primarily in Logistics & Services, complemented by acquisitions with six announced in 2021, while returning significant cash to shareholders through share buy-backs and dividends of USD 3bn in 2021.

Return on invested capital (ROIC), last twelve months, increased significantly to 45.3% (9.4%), as earnings improved significantly, only to a lesser extend offset by an increase in invested capital.

Logistics & Services

9.8bn

Revenue, USD



Record results in Ocean and contracting with customers

GREEN METHANOL: 12 large ocean-going vessels of ~16,000 TEU by 2024 and 2025
EBIT-MARGIN: 37.2% with a target of > 6%

Profitability increased substantially in 2021, due to increase in revenue from significantly higher freight rates as a result of the global COVID-19 recovery. Total operating costs increased by 17% to USD 26.8bn (USD 22.9bn), impacted by higher bunker price and container handling costs from operational congestion and bottlenecks.

A significant and increasing part of Ocean volumes is on long-term contracts as part of the strategic transformation, with an increase in the rates of around 50% or USD ~1,000 per FFE during 2021. Through an increase in the contract length, more than 1.5m FFE were signed on multi-year deals by end of 2021. Contract customers also drive organic growth in Logistics & Services through the provision of end-to-end supply chain solutions.

Momentum in Logistics & Services growth

M&A: Six businesses acquired
CONTRACT LOGISTICS: 85 new warehouses opened

Revenue increased by 41%, with an organic contribution of 34%, and 62% of the organic revenue growth came from top 200 Ocean customers underlining the integrator strategy. The e-commerce space was strengthened with the acquisitions of Visible Supply Chain Management, B2C Europe and HUUB, and the intended acquisition of Senator International will expand the air freight network. The intended acquisition of LF Logistics is expected to close in 2022 adding 223 warehouses to the existing portfolio. EBITDA was USD 907m (USD 454m) with a margin of 9.2% (6.5%) and EBIT increased to USD 623m (USD 264m) with a margin of 6.3% (3.8%), above the target of 6%.

Increased profitability in Terminals

ROIC: 10.9% with a target of > 9%

Revenue: Increased to USD 4.0bn (USD 3.2bn)

Terminals enjoyed a continued strong momentum in closing performance gap with ROIC above peer average and a 11% year-on-year volume growth. Growth is centred around either adding new locations offering synergies with Ocean or expanding the existing container terminal portfolio with a strategic focus on efficiency and improving quality, including investments in digitalisation and automation. With a mix of 75% revenue from shipping line and 25% from landside customers, strong financial and operational synergies are generated between Terminals and Ocean.

Deployed capacity and major market disruptions

The supply side of the logistics industry continued to be disrupted by COVID-19 and 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.

To support the customer demand and ease the congestion impact, A.P. Moller - Maersk substantially increased capacity by 6.4% in 2021 to help customers mitigate the issues. SEE PAGE 46

Congestion had a profound impact on terminal operations, exemplified by how APM Terminals Pier 400 in Los Angeles, USA, experienced congestion and how it affected different parts of terminal operation. SEE PAGE 59

Letter from the Chairman and the CEO

Jim Hagemann Snabe
Chairman of A.P. Møller - Mærsk A/S

Søren Skou
CEO of A.P. Møller - Mærsk A/S

Also, in 2021, the world was impacted by the COVID-19 pandemic. People and businesses around the world faced immense challenges to health, to livelihoods and to global supply chains.

Across A.P. Moller - Maersk globally, we have lost more than 90 colleagues to COVID-19, and many more colleagues have lost friends and family members.

We remained focused on protecting our people, supporting our customers and contributing to society by keeping goods flowing despite very challenging conditions. This was only possible through the incredible commitment and efforts from our 95,000 employees around the world.

Strategy strongly verified by customers

Five years ago, A.P. Moller - Maersk was a diversified conglomerate. We are now well on our way to becoming a fully integrated logistics company that offers ocean, air and land transportation as well as fulfilment services and digital supply chain management to our customers globally.

The vision we defined in 2016 of becoming The Global Integrator of Container Logistics – connecting and simplifying our customers supply chains, has been validated by customer demand over the last two years. Our strategy of offering end-to-end and integrated logistics based on control of crucial capacity: ships, containers, warehouses, ports and aircrafts has delivered massive growth in Logistics & Services.

After decades of optimisation, keeping cost and inventory to a minimum, many customers now see the need to rethink their supply chain as resilience, flexibility, connectivity, and the ability to rapidly respond to supply chain shocks have become key competitiveness drivers. As a result, logistics is moving up the strategic agenda.

The conversations with our customers changed during the year, from procurement-led freight rate discussions to more holistic partnership-based discussions focused on how we truly partner with them to solve their problems and keep their supply chains running end to end.

Significant progress on the transformation

Exceptional market conditions led to record-high growth and profitability in A.P. Moller - Maersk due to significant increase in container freight rates in Ocean. In response to the extraordinary market situation, we expanded the fleet and container capacity, grew our global warehousing footprint and increased the terminal capacity. While we spent a tremendous effort on mitigating impacts to our customers, we also made fundamental strategic progress in building a more stable, more profitable Ocean business that is less affected by industry dynamics, as we significantly increased the volumes carried on contracts based on expanded relationships with customers.

We have built a profitable growth engine in Logistics & Services, outperforming the market on top-line growth. We grew the Logistics & Services business by 41% in 2021, of which 34% was organic growth, predominantly with our largest customers in Ocean. In the coming years, we expect to continue to grow organically well above market growth in Logistics & Services.

During 2021, we made milestone acquisitions in Logistics & Services to close capability gaps and strengthen our geographical presence. We have acquired well-managed, profitable businesses to super charge logistic growth through cross-selling to our 70,000 Ocean customers.

We acquired Visible Supply Chain Management, B2C Europe and HUUB, bringing strong e-commerce capabilities to A.P. Moller - Maersk in North America and Europe, respectively. In the fall, we announced the intended acquisition of Senator International, a leading air-based logistics company with global reach. And at the end of 2021, we announced the intention to acquire LF Logistics, a significant contract logistics player with premium reputation and vast footprint across Asia-Pacific. By bringing these companies into the A.P. Moller - Maersk group, we further accelerate our ambition to be an end-to-end logistics partner fully capable of increasing ease, flexibility and speed in our customer's supply chains.

In our Terminals business, we set out to strengthen profitability by focusing on efficiency and utilisation, a journey that already in 2021 resulted in strong financial performance with a ROIC of 10.9%, hence above our target of minimum 9%. We are thus well placed to continuously deliver strong and stable earnings in Terminals, despite adding resources to mitigate bottlenecks.

"In response to the extraordinary market situation, we expanded the fleet and container capacity, grew our global warehousing footprint and increased the terminal capacity. While we spent a tremendous effort on mitigating impacts to our customers, we also made fundamental strategic progress."

A key enabler of our strategy is the digital transformation, where we have accelerated our activities during 2021, and we see increased digital adoption by our customers. Turnover on our Maersk.com platform (Maersk.com, Twill.net, mobile, EDI) reached USD 38bn, as we have been rolling out new digital platforms to standardise and improve customer experience.

During the year, the traffic on Maersk.com increased by 15%, and search for our Ocean products increased by 52%. The number of bookings processed on our mobile app increased more than 15-fold, indicating a huge shift in how customers prefer to engage with us. Additionally, we offer instant booking confirmation for 70% of the transactions on Maersk.com and provide an instant confirmation for delivery orders, an industry first.

As mentioned in the introduction, the success of our transformation depends on our ability to retain and attract world-class talent. We now have a strong product and engineering team of close to 5,000 talented people. During 2021 we welcomed more than 1,300 new engineering colleagues and thereby we significantly reduced our dependence on external contractors.

ESG integrated into core business

During the year, we have reframed our sustainability work into a comprehensive ESG strategy, establishing the multiple ESG demands from stakeholders as a prerequisite for the successful delivery of our business strategy. As we embark on integrating our updated ESG ambitions across the business, we are committed to tying performance on the key ESG metrics to executive remuneration from 2023.

Decarbonisation of logistics is the area where we can make the greatest impact. Already in 2018, A.P. Moller - Maersk took a leadership role with a strong commitment to decarbonise our shipping operations by 2050 and develop scalable solutions to help the entire industry reduce its carbon footprint. Since then, we have continuously accelerated our actions and ambitions and are convinced that while shipping is a so-called hard-to-abate industry, there is a credible pathway to decarbonisation over the next two decades through green fuels based on Power-to-X technology.

The biggest immediate challenge is the availability and cost of the green fuels of the future. Governments and industry must work together across the value chain to address this. But it is doable.

In 2021 and early 2022, we took decisive action by ordering 12 large container vessels capable of operating on green methanol, to be delivered in 2024 and 2025.

Finally, we can now launch new targets and a more ambitious vision to decarbonise not just shipping, but our entire shipping and logistics business by 2040 – ten years ahead of the original commitment – and to halve our impact from scope 1 and 2 emissions over the next decade. We are committed to ensuring alignment of our targets with the science-based 1.5-degree pathway. We continue to be grateful for the strong support of our customers, shareholders and societal stakeholders on this journey, and we look forward to working with them in the coming years to build and scale a market for cost-competitive, decarbonised logistics solutions that will help take the world's global supply chain in the direction of the 1.5°C threshold by 2030.

In addition, our ESG strategy also comprises core commitments on the social and governance dimensions: We will ensure that our people thrive at work by providing a safe and inspiring workplace, creating an engaging environment for all colleagues, facilitating diversity of thought and ensuring that Maersk is a safe place to work. And we are committed to ensuring that our business practices are responsible and transparent across our entire operations and supply chain, with high standards of compliance and ensuring our employees act ethically and in accordance with our values.

Financial performance in 2021
2020 was the year a microscopic virus brought the world to a halt – 2021 continued to bear its repercussions and knock-on effects, and many of the challenges faced in 2020 continued; we continued to show strength and exceptional dedication to serve our customers and keep their supply chains running. As a result of the continuation of exceptional market conditions, the financial performance of A.P. Moller - Maersk set new records, and our results have enabled us to invest in our long-term transformation, digitisation and decarbonisation while at the same time providing our shareholders with solid cash returns.

2022 – Accelerating the transformation
The record-high financial performance of 2021 has enabled us to accelerate the investment in our long-term transformation, digitisation and decarbonisation, while at the same time providing our shareholders with solid cash returns.

In 2022, we will continue to focus on growing our Logistics & Services business, expanding our product portfolio across all relevant segments and increase cross-selling to our customers to deliver profitable, organic growth. We will continue to close capability gaps and add digital platforms to our portfolio, while harvesting the commercial synergies from the acquisitions announced in 2021.

In Ocean, our focus will be on developing existing products, as well as continuing to increase the level of long-term contracts, serving the needs of our long-standing customers with whom our integrated offering resonates the strongest. Further, we remain focused on optimising our transportation network and cost structure to ensure earnings are stabilised, delivering sustainable returns in our largest business.

In Terminals, our focus continues to be on maintaining the current momentum on profitability while leveraging the synergies with the Ocean and Logistics & Services business.

Finally, we stand committed to restoring schedule reliability. The challenge is multi-faceted, and we have taken multi-faceted action to make meaningful progress during 2022 and offer our customers a more consistent service, despite highly challenging market conditions.

> "In 2021 and early 2022, we took decisive action by ordering 12 large container vessels capable of operating on green methanol, to be delivered in 2024 and 2025."

Thank you for your continued support
We would like to thank our customers for trusting us with their supply chains during a highly uncertain year. We will continue to do our utmost to serve their needs and alleviate disruptions that impact their businesses.

Massive and joint efforts are still needed to work through uncertainties triggered by the pandemic. We stay committed to contributing to a fast, just and sustainable recovery.

We would also like to thank our largest shareholder A.P. Moller Holding A/S and the Board of Directors for their competent guidance and support throughout the year. In 2021, Dorothee Blessing stepped down and we welcomed Amparo Moraleda as a new member of the Board, adding valuable and relevant experience within digital transformation, remuneration and strategy.

Finally, we thank our 95,000 colleagues deeply for their truly extraordinary efforts to keep trade moving under such challenging conditions. The company is as strong as ever, our strategy is working and is being executed well and even more importantly, we have laid the groundwork for long-term, sustainable growth.

Jim Hagemann Snabe
Chairman of A.P. Møller - Mærsk A/S

Søren Skou
CEO of A.P. Møller - Mærsk A/S

Five-year summary

Income statement	2021	2020	2019	2018[1]	2017[4]
Revenue	61,787	39,740	38,890	39,257	31,189
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	24,036	8,226	5,712	4,998	3,546
Depreciation, amortisation and impairment losses, net	4,944	4,541	4,287	4,756	3,263
Gain on sale of non-current assets, etc., net	96	202	71	166	153
Share of profit/loss in joint ventures and associated companies	486	299	229	1	-30
Profit before financial items (EBIT)	19,674	4,186	1,725	409	406
Financial items, net	-944	-879	-758	-766	-620
Profit/loss before tax	18,730	3,307	967	-357	-214
Tax	697	407	458	398	232
Profit/loss for the year – continuing operations	18,033	2,900	509	-755	-446
Profit/loss for the year – discontinued operations[1]	-	-	-553	3,787	-719
Profit/loss for the year	18,033	2,900	-44	3,032	-1,165
A.P. Møller - Mærsk A/S' share	17,942	2,850	-84	2,985	-1,205
Underlying profit/loss – continuing operations[2]	18,170	2,960	546	-61	286
Balance sheet					
Total assets	72,271	56,117	55,399	62,690	63,227
Total equity	45,588	30,854	28,837	33,205	31,425
Invested capital	44,043	40,121	40,555	49,255	46,297
Net interest-bearing debt[2]	-1,530	9,232	11,662	14,953	14,971
Cash flow statement					
Cash flow from operating activities[3]	22,022	7,828	5,919	4,442	3,115
Capital lease instalments – repayments of lease liabilities	2,279	1,710	1,291	1,484	276
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	2,976	1,322	2,035	3,219	4,050
Cash flow from financing activities	7,900	5,618	4,800	8,080	532
Free cash flow[2]	16,537	4,648	2,340	-295	-1,273

Financial ratios[2]	2021	2020	2019	2018[1]	2017[4]
Revenue growth	55.5%	2.2%	-0.9%	25.9%	12.8%
EBITDA margin	38.9%	20.7%	14.7%	12.7%	11.4%
Cash conversion	92%	95%	104%	89%	88%
Return on invested capital after tax – continuing operations (ROIC)	45.3%	9.4%	3.1%	0.2%	0.6%
Equity ratio	63.1%	55.0%	52.1%	53.0%	49.7%
Underlying ROIC	45.7%	9.6%	3.2%	1.8%	2.8%
Underlying EBITDA	24,036	8,324	5,790	5,076	3,605
Underlying EBITDA margin	38.9%	20.9%	14.9%	12.9%	11.6%
Underlying EBIT	19,808	4,231	1,761	1,078	1,133
Underlying EBIT margin	32.1%	10.6%	4.5%	2.7%	3.6%
Stock market ratios					
Earnings per share – continuing operations, USD	941	145	23	-37	-11
Diluted earnings per share – continuing operations, USD	938	145	23	-37	-11
Cash flow, operating activities per share, USD	1,155	399	288	214	150
Ordinary dividend per share, DKK	2,500	330	150	150	150
Ordinary dividend per share, USD	381	55	22	23	24
Share price (B share), end of year, DKK	23,450	13,595	9,608	8,184	10,840
Share price (B share), end of year, USD	3,576	2,246	1,439	1,255	1,746
Total market capitalisation, end of year, USDm	64,259	41,957	28,000	25,256	35,419
Environmental and social data					
Relative CO_2 reduction (percentage vs 2008 baseline)[2]	42.6%	46.3%	44.9%	42.1%	39.6%
Fatalities	4	1	5	7	7
Lost-time injury frequency (LTIf)	0.93	1.22[5]	1.16	1.29	0.89
Women in leadership[6] (% based on headcount)	22%	21%	20%	19%	17%

1 Following the classification of discontinued operations in 2017, these businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. The Maersk Tankers transaction was closed on 10 October 2017, the Maersk Oil transaction on 8 March 2018, and Maersk Drilling was demerged on 2 April 2019.
2 Definition of terms. SEE PAGE 150
3 Excluding Hamburg Süd for comparison purposes end of December 2017.
4 2017 is presented without impact of IFRS 16. 2018 is presented as if IFRS 16 had been implemented in 2018.
5 2020 figures restated to include exposure hours from contract workers in Logistics & Services and LTIs and exposure hours for joint ventures in scope under Terminals, information of which was collected in 2021.
6 Historical figures for women in leadership are adjusted to reflect a more focused approach to diversity and inclusion.

AMOUNTS IN USD MILLION

Key moments in 2021

FEBRUARY

First green fuel vessel

By 2023, A.P. Moller - Maersk will operate the world's first liner vessel able to run on green methanol – seven years ahead of schedule. Furthermore, all future A.P. Moller - Maersk-owned new buildings will have dual fuel technology installed. In August, A.P. Moller - Maersk also announced that it will introduce eight large vessels with dual fuel technology in 2024. This number was in January 2022 increased to 12 vessels.

MARCH

The rainbow container world tour begins

Serving as a symbol of inclusion and diversity, the two rainbow-coloured A.P. Moller - Maersk containers travel the globe, sharing the company's stand on creating a culture where all feel welcomed and can be themselves without judgement.

MAY

TradeLens available in China

In collaboration with China Unicom Digital Tech, the blockchain-enabled digital container logistics platform becomes available to global exporters and importers in China.

NOVEMBER

Strengthens global air freight

Announces the intention to acquire the global freight forwarding company Senator International and adding five new aircrafts to A.P. Moller - Maersk's own controlled air network.

AUGUST

E-commerce capabilities added

Acquisition of US based Visible SCM and Dutch based B2C Europe, both adding business-to-consumer expertise to the A.P. Moller - Maersk end-to-end logistics offering.

NOVEMBER

New terminal in Croatia

In a joint venture with ENNA, APM Terminals signs a 50-year concession agreement to operate the new Rijeka Gateway container terminal in Croatia.

DECEMBER

LF Logistics to be acquired

A.P. Moller - Maersk reaches an agreement to acquire LF Logistics, a contract logistics company with premium capabilities within omnichannel fulfilment services, e-commerce and inland transport in the Asia-Pacific region.

Strategic aspiration:
The global integrator

- Connecting global trade
- Business model
- Market insights
- Strategy
- Meeting disruption with ingenuity
- Sustainability highlights
- Navigating risks

Connecting global trade

As an integrated container logistics company, A.P. Moller - Maersk is working to connect and simplify our customers' supply chains. Every day, we facilitate and impact global trade by offering end-to-end logistics solutions across oceans, ports, air and on land. Our global network enables people in every corner of the world to trade with anyone, anywhere – ultimately creating opportunities for people and communities to thrive, and for businesses to grow.

100,000+
customers all over the world, large and small

50% frictionless
transactions, i.e. all customer self-serve and no calls or emails

~17%
of all containers moved in the world

17% Ocean bookings
selling a digital Logistics & Services product

67
terminals across 42 countries

3,098k SQM
warehousing capacity worldwide

4.5m FFE
intermodal volumes handled

Every 6 minutes
one port call somewhere in the world

2/3 of revenue
on maersk.com, EDI, Twill and mobile

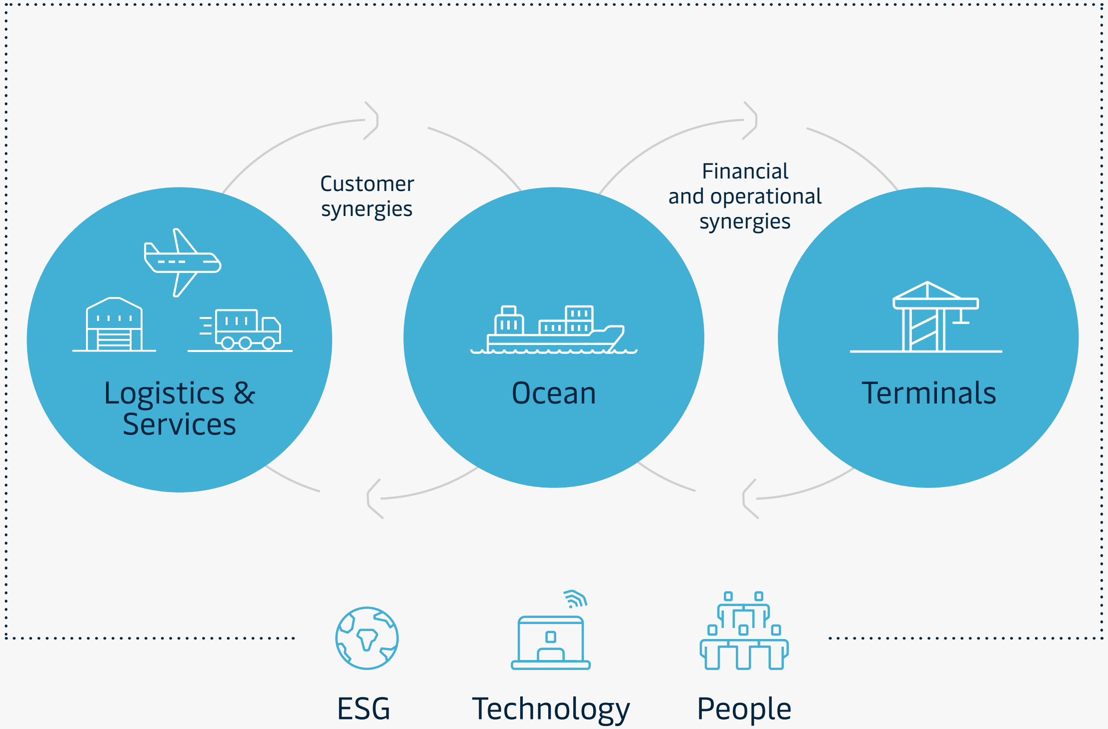
130+
countries on all continents where we call on 475+ ports

730+
container vessels are deployed

Business model

What we do and how we create value

A.P. Moller - Maersk enables its customers to trade and grow by transporting goods anywhere. Across oceans, ports, air and on land, we are combining our supply chain infrastructure with the power of our people and technology to drive end-to-end innovation that accelerates our customers' success.



For a description of the above global integrator value creation model, reference is made to the strategy section. SEE PAGE 19

What we depend on

Relationships

Purposeful people and our culture
Our talented and diverse team of 95,000 employees live our core values every day as they help customers realise their ambitions.

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

Stakeholder relationships and partnerships
We rely on constructive relationships with customers, suppliers, peers and authorities to conduct our business and maintain supportive framework conditions.

Resources

Natural resources
Our business relies on natural resources, in particular for steel for our vessels and oil for fuel, as we transition to green energy sources.

Assets and end-to-end delivery network
Our assets, supplier relationships and expertise in end-to-end delivery networks ensure the resilience of our customers' 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 enhancing our operational performance and solutions for our customers' success.

Value created for

Our people
Our people bring key skills and capabilities to our business and in turn, we must keep them safe and engaged while offering interesting career paths in enabling global trade.

Our customers
By connecting and simplifying our more than 100,000 customers' supply chains, we aspire to provide truly integrated logistics, which enable them to focus on growing their business.

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

Planet
Our industry is a significant contributor to global GHG emissions, and we are committed to decarbonising our operations through investments and collaboration.

Society
We are going all the way in digitising, democratising and decarbonising the world's supply chains and in doing so, we reinvent the logistics industry and enable sustainable trade and growth.

Market insights

The global economy recovered in 2021 following the COVID-19 pandemic and lockdowns in 2020. Strong demand put pressure on global supply chains, above all in the USA as imports surged.

Consumer demand for goods was supported by economic policy and the ability to make purchases online, while services demand such as tourism and restaurants remained subdued in the first half of the year. At the same time, the supply side of the logistics industry continued to be disrupted by COVID-19 and 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. Strong demand combined with supply shortages led to sharp increases in cost of logistics services.

Going forward, the global growth outlook remains strong for 2022, but risks are mounting for most regions. Moreover, it is highly uncertain if goods consumption will continue to drive up demand for logistics and container flows, especially when demand for services normalises. The 2022 outlook for freight rates mainly rests on when market disruptions will normalise. For an illustration of the major market disruptions from 2021 and ongoing. SEE PAGE 46

Macroeconomics

Economic activity in 2021 was supported by the swift roll-out of vaccines and extensive fiscal programmes and loose monetary policy in many countries, leading to high levels of consumer spending and business investment, above all in the USA. Sales via the e-commerce channel expanded sharply and supported a massive shift in spending patterns towards consumer goods. Meanwhile, demand for services such as travels and dining at restaurants remained subdued due to COVID-19 restrictions, although services demand began to normalise in H2 2021. Large economies such as the USA and China recovered to pre-crisis levels during 2021 and are currently running at or above pre-crisis trend. Meanwhile, the Euro area and Japan are rapidly recovering, but not yet fully back to pre-crisis levels, and Europe and the USA are currently experiencing a new strong wave of COVID-19 cases. Inventories remained extraordinarily low due to shortages of semiconductors and other production inputs.

Going forward, the global growth outlook remains strong for 2022, led by expectations of robust business investments, strong demand, rising wages and relatively cheap capital. Moreover, inventory replenishment will support goods trade well into 2022, and the channel shift to e-commerce is likely to persist. But risks to the outlook are increasing, most clearly for China and Brazil, and with headwinds building for the USA and European consumer. It is highly uncertain if goods consumption will continue to drive up container demand. In the USA, consensus forecasters project fairly flat consumption profiles from current high levels. Purchasing Managers Index (PMI) is also softening in key countries, and the fiscal impulse will start to turn negative in 2022 in many economies. Finally, households' appetite for services, such as travelling, could begin to take up a larger share of the wallet than usual if the pandemic dissipates during 2022, and the degree of e-commerce penetration remains to be seen.

Logistics industry developments

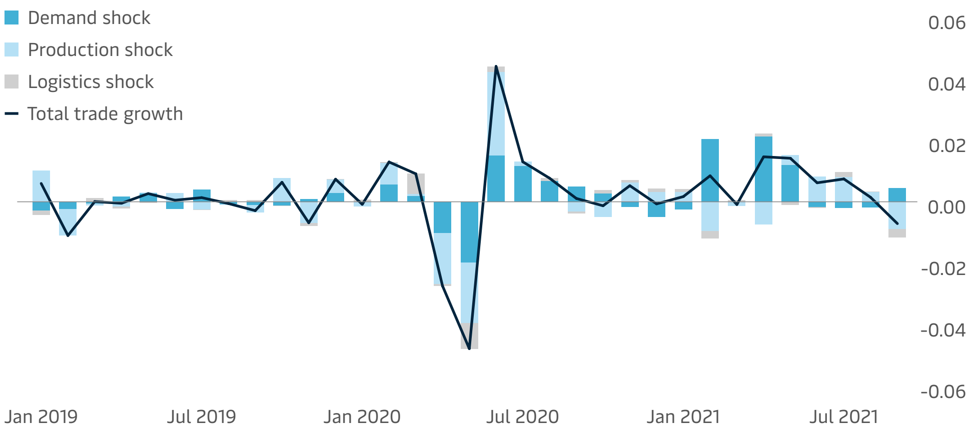
Demand for logistics services recovered strongly in 2021 across global supply chains, following the sharp downturn in 2020. The demand recovery, above all in the USA, supported volume activity in the broader freight markets. Global container sea freight increased by 8% in 2021, and air cargo volumes (CTK) rose more than 20% in the period from January to November. According to Drewry, port throughput volumes increased by 6.5% in 2021, mainly driven by North America and South Asia, but with all regions showing significant growth rates.

However, the sharp increase in demand tested the flexibility of the supply side of the logistics industry and led to landside bottlenecks. Warehousing capacity was not geared to the shift in spending patterns and the growing e-commerce demand. A shortage of truck drivers, for example in the USA, meant that much of the container volume sat idle at capacity-constrained facilities, negatively impacting manufacturing and retail supply chains. Supplier delivery times rose significantly and although port productivity was much higher than pre-COVID-19 levels, significant delays remain a challenge with vessels sitting two to three times longer at anchor outside Los Angeles than before COVID-19. For an illustration of how APM Terminals Pier 400 in Los Angeles, USA, experienced congestion and how it affects different parts of the terminals operation. SEE PAGE 59

Figure 1

Global trade decomposition

Growth, m/m (%)



Finally, air cargo capacity in November 2021 remained 7.6% below 2019 levels, according to IATA. Altogether, the challenged supply chains led to sharp increases in freight rates.

Global supply chains have been affected by several shocks during the past 12 months. A study by Allianz Research decomposes those shocks into three main categories to either demand, measured by US retail sales, industrial production or logistics measured by suppliers' delivery times, and PMI surveys. It suggests that a shock to demand has been mostly contributing positively to global trade growth since July 2020, see figure 1. On the other hand, industrial production had a massive positive impact in summer 2020, most likely reflecting factories recovering from the COVID-19 lockdowns. Furthermore, the recent negative shock from logistics congestion has been contributing more than in previous periods. This could indicate that some goods that were in demand were not transported due to unmet demand, leading to a drawdown in inventories. This also suggests that some of these goods will instead be transported in 2022 together with a normalisation of inventory levels.

Trade flows for some segments and industries have grown much faster than others during the last year's recovery. In particular, transportation (containers) of retail technology goods increased 18% y/y in January to October 2021 compared to the same period in 2019, see figure 2, while automotive, paper and forestry, and mining hardly grew. These developments were closely linked to increased demand from work-from-home and e-commerce penetration as well as less money of the wallet spend on services such as package holidays and restaurant visits. Going forward, it is reasonable to believe that goods categories that have significantly overperformed its trend will begin to slow, and spending on services will re-bound as already evident during H2 2021. Moreover, it remains to be seen whether work-from-home and the e-commerce penetration will have a longer lasting impact on consumer goods demand. Meanwhile, the outlook for automotive volumes is heavily dependent on the pace of electric vehicles (EV) adoption and the sourcing of battery packs. For apparel volumes, the pace of automation adoption and ecosystem shifts are key to the outlook. The wild cards for most commodity groups are the impact of the ESG agenda, the coming shifts in consumer behaviour, and the impact of climate change on sourcing patterns, e.g., agriculture.

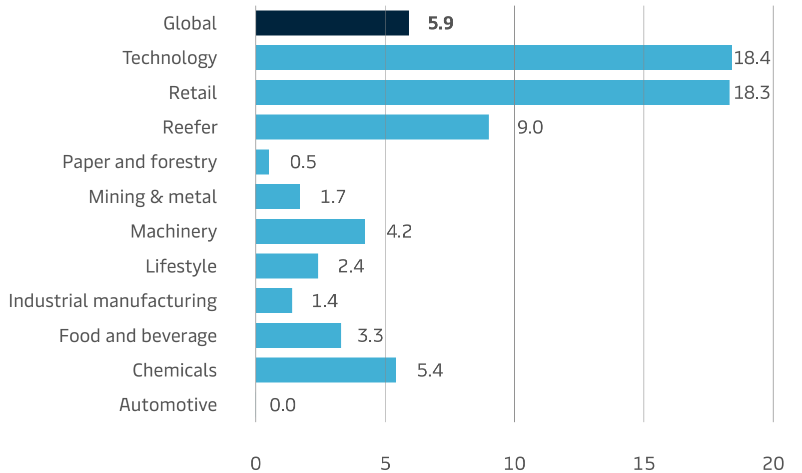
Looking ahead, there is little visibility into when capacity constraints will abate. While the overall demand outlook for trade flows is expected to moderate in 2022, the demand asymmetry (USA-led) and supply bottlenecks will most likely take some time to unwind.

Figure 2

By verticals

Growth y/y (%)

(January - August 2021 vs January - August 2019) y/y



Ocean market update

Overall demand

Global container trade recovered strongly by 8% in 2021, following the setback in 2020 due to the COVID-19 pandemic. More volumes were moved in H2 2021 than ever before, despite the logistics challenges. Compared to 2019, container volumes in 2021 were 6% higher, and volumes are now back to trend levels, see figure 3. In H2 2021, global container demand growth moderated to 1%, down from double-digit growth rates in H1 2021 which were supported by the very weak container volumes in H1 2020.

The 2021 recovery was broad-based across regions, see figure 4, but particularly imports to North America grew fast by 13% and to Latin America by 20%, reflecting the strong demand for consumer goods. Goods consumption stalled in recent months in Europe, and production in the automotive sector was hit hard by input shortages. Consequently, European container imports from the Far East decreased in Q3 2021, but recovered again in Q4, driving down the full-year 2021 growth to 8%. Asian imports from the USA and Europe declined by 6% in 2021, reflecting weaker Chinese demand for construction materials in H2 2021 and the importance of getting empty containers back to China. North-South container trade grew 8% in 2021.

Looking ahead at 2022, global container demand growth is expected to increase in the lower end of the 2-4% interval, despite the strong economic outlook. The modest growth scenario reflects expectations that the current misalignment between goods and services demand will normalise during 2022 as the COVID-19 pandemic dissipates and tourism and other service sectors approaches pre-crisis levels, as well as strong base effects for goods consumption. The exact growth profile in 2022/2023 is, however, difficult to forecast given the uncertainties about when disruptions will ease, how quickly inventory restocking will follow, and when the extraordinary consumer goods demand will normalise.

Figure 4

FY 2021 y/y market growth by trade (%)

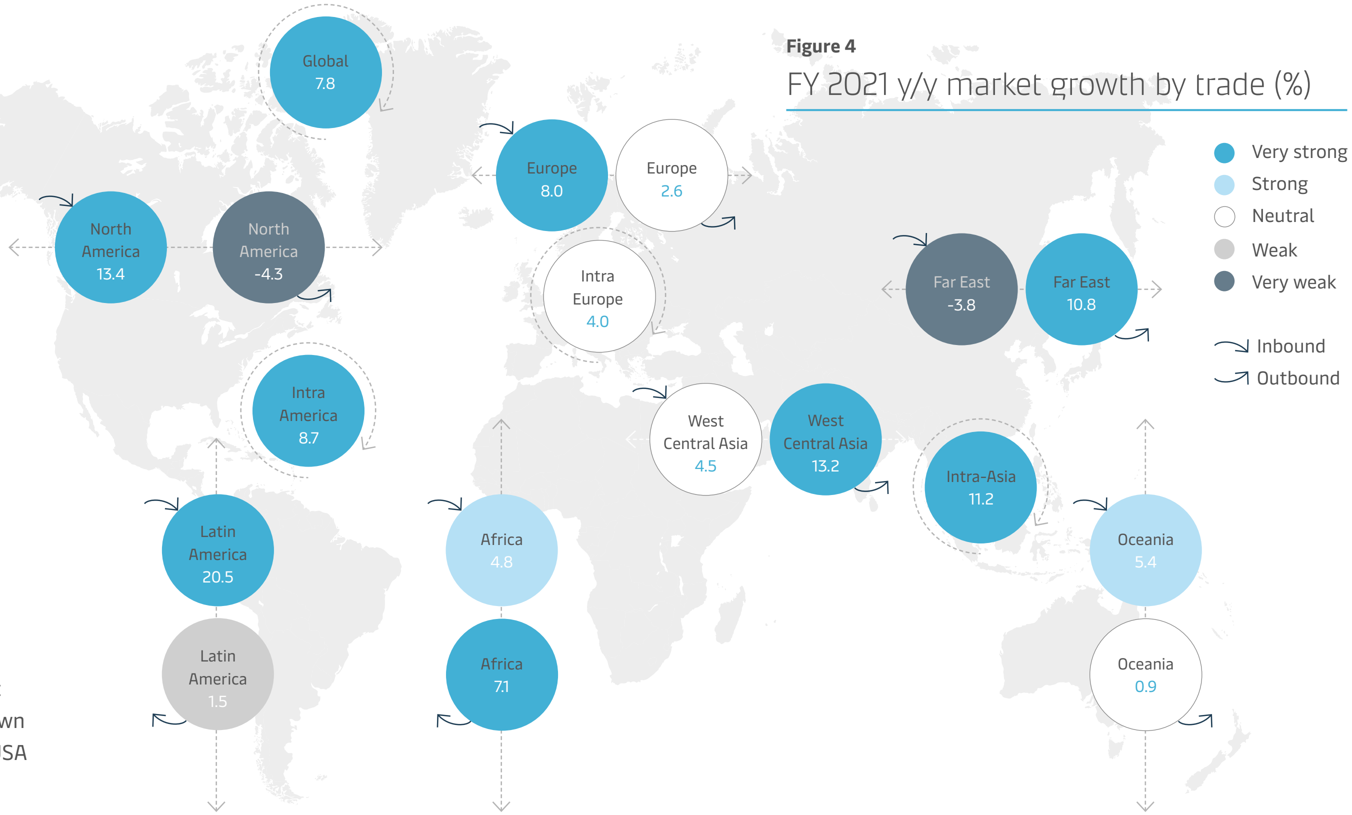
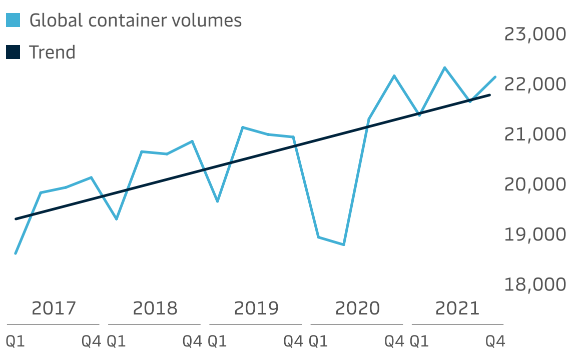


Figure 3

Global container volumes 1,000 FFE



Container fleet supply

The container industry remained capacity constrained. In particular, landside disruptions continued to substantially constrain supply chain capacity, and bottlenecks in ports reduced effective vessel capacity. At the end of Q4, the nominal global container fleet stood at 25m TEU, an increase of 4.5% compared to Q4 2020. Deliveries amounted to 1,075k TEU (153 vessels) while only 17k TEU were scrapped, reflecting the challenged capacity situation. The order book reached 23% of the global fleet in Q4 on the back of continued high activity in new ordering. With the idle fleet remaining low (1% of the fleet at the end of Q4), the underlying demand-supply balance deteriorated slightly towards the end of the year. According to Alphaliner, the nominal global container fleet will grow by 4% in 2022.

Figure 5

Deutsche Bank congestion index vs freight rates

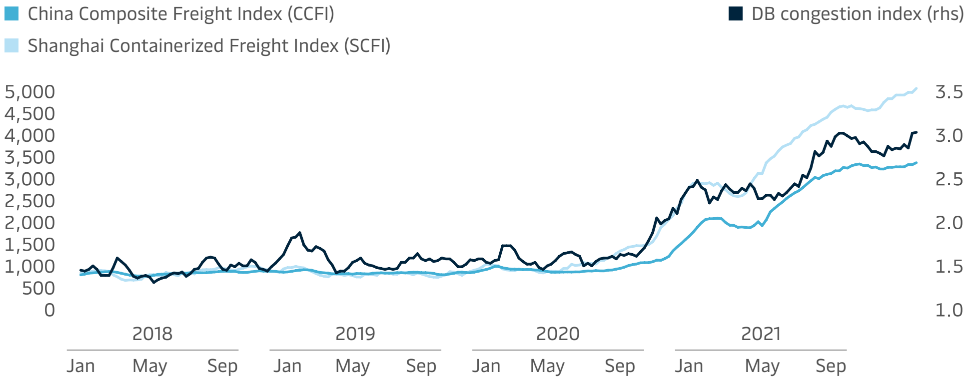
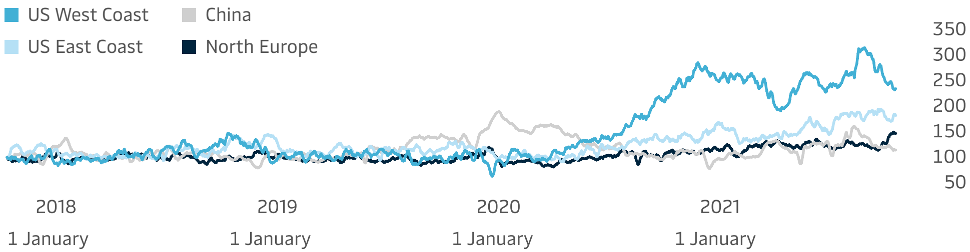


Figure 6

Regional congestions



Freight rates

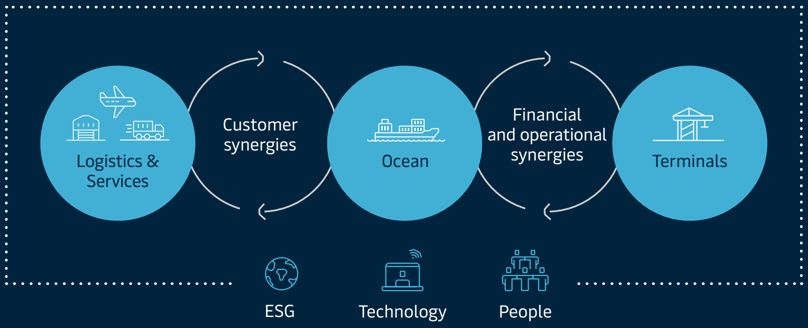
Freight rates, as measured by the China Composite Freight Index (CCFI), were on average 168% higher in 2021 compared to 2020, see figure 5. Although demand only outgrew effective supply by a margin in 2021, the broader disruptions, mainly on the landside, drove freight rates away from fundamentals. A congestion index constructed by Deutsche Bank measuring vessel delays at ports captures well the increase in freight rates during 2021. And a further deep dive shows that port congestions were mainly apparent on the US West Coast, peaking at around three times above the normal in November 2021, while congestions in China and Europe were around 50-75% above normal, cf. Clarkson, see figure 6. Asia to US West Coast freight rates increased by 104%, and Asia to US East Coast rose by 95%. Freight rates increased even more on the Asia to North Europe trades by 274% and by 264% from Asia to Mediterranean Europe.

Uncertainty of developments in freight rates remains high not only because of the macroeconomic, geopolitical and goods demand environment, but mainly because of the ongoing congestion and potentially fundamental changes in the industry itself. The 2022 outlook for freight rates mainly rests on when market disruptions will normalise.

Strategy

A.P. Moller - Maersk's global integrator value creation model of enabling customer, financial, and operational synergies has the following six components:

1. A higher-quality, more stable and profitable Ocean business
2. A strong and profitable growth engine in Logistics & Services
3. A world-class terminal operator, providing operational excellence



4. Technology driving business advantage
5. A leadership role on decarbonisation and ESG
6. A customer-centric organisation and people with distinct knowledge, skilled at executing reliably at scale

A.P. Moller - Maersk's transformation from a diversified conglomerate to be the global integrator of container logistics, connecting and simplifying customers' supply chains has made strong progress in 2021, and the vision has been validated by the substantial business growth experienced with customers.

A.P. Moller - Maersk's strategy is to offer integrated solutions for smooth and optimised cargo flows that can span across all steps of the supply chain and to create value for customers in the form of better supply chain outcomes, increased transparency and control, and ultimately lower end-to-end costs.

The vision will be delivered by combining the broad product and service offering of Logistics & Services with the highly reliable and more differentiated Ocean transportation offering. In addition, significant financial and operational synergies are realised between Terminals and Ocean via close collaboration to drive efficiency and by leveraging own volumes to monetise and de-risk terminals.

A.P. Moller - Maersk established a comprehensive set of Environment, Social and Governance (ESG) priorities core to the purpose of the company and an integral part of the global integrator strategy. This includes three core commitments:

- Take leadership in the decarbonisation of logistics
- Ensure that A.P. Moller - Maersk people thrive at work by providing a safe and inspiring workplace
- Operate based on responsible business practices.

In 2021 and in early 2022, A.P. Moller - Maersk made a series of announcements accelerating on the company's decarbonisation milestones, including the order for 12 large ocean-going container vessels capable of being operated on green methanol to be delivered from 2024. Read more in the Sustainability highlights.
SEE PAGE 26

The transformation of A.P. Moller - Maersk was initiated in 2016. The value proposition of integrated logistics, available from one trusted logistics partner, addresses an underserved need with tangible value for customers. The vision of the global integrator of container logistics and the value proposition has been validated by the substantial business growth experienced with customers.

1. A higher-quality, more stable and profitable Ocean business

A.P. Moller - Maersk is transforming its business model to create a more profitable and resilient Ocean business through differentiated value propositions to the customers.

Over the last two years, it has been gradually building five differentiated Ocean products which have created a great deal of interest from customers. The products are designed based on the recognition that customers have different needs when it comes to how they want to get access to space and the level of speed and reliability of their Ocean transport. Each of the products includes different elements adding value to customers depending on their needs and thus building preference and loyalty and increasing the resilience of the Ocean business. The differentiated Ocean products are already changing long-existing dynamics in the industry, and focus starts to shift to long-term value rather than rate procurement for many customers. Long-term relationships are becoming even more important and the share of volumes on long-term contracts has been increasing within the last year, contributing to the stability and predictability of the Ocean business and a markedly different approach than in the past.

Delivering on the value propositions behind those products requires a superior product in Ocean as the foundation. A.P. Moller - Maersk is performing well compared to the industry in terms of reliability, but does not meet customer expectations at absolute level. It is consequently implementing new initiatives, including redesigning the network to be more reliable by design and building new digitally empowered operational capabilities to manage supply and demand more effectively. Further integration with hubs continues to strengthen the reliability of the network while also providing more optionality for customers to manage their cargo, including the ability to redirect cargo in transit. In addition, data-driven optimisation of shipments already in the planning stage will enable significantly better shipment-level reliability.

A disciplined approach to CAPEX which focuses on growing through efficiency and on replacement rather than growing capacity further contributed.

The ability to meet customer needs with differentiated value propositions, and at the same time flexibly adjusting capacity to demand and lifting operational efficiencies, creates a more stable and resilient Ocean business.

Five differentiated Ocean products

Twill by Maersk	Maersk Spot	Block space contract	Flexible contract	Unlimited contract
Fully digital product, partnering with small to medium sized enterprise Beneficial Cargo Owners (BCO) to serve their end-to-end needs	Fully digital product, offering a load guaranteed product to forwarders, with an option to buy a wide variety of add-ons	Contract product for forwarders, offering full commitment to secured space with fixed weekly allocation and time guarantee	Contract product for BCOs, offering full commitment to secured space with configurable flexibility options and time guarantee	Premium contract product for BCOs, offering full commitment to secured space offered with 100% volume flexibility and time guarantee

2. A strong and profitable growth engine in Logistics & Services

The strategy is based on the insight that many companies are currently dissatisfied with the performance and resilience of their supply chain. There was a large unmet need to offer and deliver consistently an integrated solution at scale that would guarantee outcomes, provide more transparency and ultimately lower total cost of ownership.

A.P. Moller - Maersk has embarked on a customer-centric approach to take on a larger responsibility for its customers' supply chains. It has defined the three 'by Maersk' service models – Transported by Maersk, Fulfilled by Maersk, and Managed by Maersk – to address this challenge and create much better customer outcomes. Each of the models aim to truly integrate for customers, which means the ability to bring it all together, to organise and optimise, to assume responsibility and deliver accountability. The many supply chain disruptions of the last year have only increased the immediate need for a profound change for even more customers, and the growth proves A.P. Moller - Maersk's strategic intent.

In 2021, significant progress has been made in improving capabilities and footprint across the Logistics & Services portfolio with a total of six acquisitions and numerous organic investments in capabilities and physical assets. In Transported by Maersk, operational control has been expanded in particular on air with the intended acquisition of Senator International and by expanding capacity in the

Star Air fleet to increase the flexibility and reliability on transportation outcomes provided to customers. In Fulfilled by Maersk, the global warehousing footprint has grown, and progress is being made on building a global network, replicating the fulfilment capabilities gained through the acquisition of Performance Team in 2020. In 2021, three more acquisitions in this space with Visible, B2C Europe, Huub and the intended acquisition of LF Logistics support the proposition especially for e-commerce customers and respond to growing customer needs within business-to-consumer fulfilment and delivery. In Managed by Maersk, cutting-edge capabilities have been launched to better meet customer needs, especially the Maersk NeoNav supply chain orchestration product. The efforts to close capability gaps via acquisitions as well as investments into organic growth of the footprint will continue.

Ocean customers have been buying more and more Logistics & Services products in 2021, and there has been a significant increase in customer satisfaction and a strong willingness to engage on a long-term partnership. These developments prepare A.P. Moller - Maersk to deliver truly integrated logistics to its customers at scale, critically supported by data integration, automation, and complemented with digital products.

3. A world-class terminal operator, providing operational excellence

Terminals are a key pillar to a high-quality and more profitable Ocean product through the hubs, as well as an overall value-generating business by itself. Significant progress has been made on the path to a profitable, best-in-class terminal operator pursuing growth opportunities selectively where synergies with Ocean are strongest. The strategy for Terminals consequently has, and continues to be, focused on improving safety, results, customer satisfaction, operational excellence and selective growth.

- *Significant improvement in results with potential to improve further:* The improvements are the result of improvement initiatives in the terminals and further supported by realising synergies with the Ocean business.
- *Recognised for the service to all shipping line customers served in a similar way in gateway terminals whilst leveraging the unique relationship with Ocean:* Terminal's customer satisfaction measured by Net Promoter Score (NPS) has been on average growing double-digit per year since 2017. Additional services expanding the offering to both shipping lines and shippers are being launched to create value for customers.

- *Best in-class operator:* Improving operational efficiency, quality and stability is the core component of the strategic direction and the performance improvement seen in Terminals. Fundamental changes to the operating model with standardised ways of working, improvement levers and automation initiatives in a modular approach are driving the improvements while mitigating implementation risks.
- *Selective growth, building on the improvements of the last four years:* Focusing on organic growth and investments in existing locations, selecting new investments with synergies with Ocean and Logistics & Services and building on being the best owner in many locations.

4. Technology driving business advantage

Technology enablement is critically important for all value creation elements. It enables creation of new products and services to customers, facilitates a seamless contemporary customer experience end-to-end, enables standardisation and automation of processes, and powers the next levels of operational excellence and efficiency. Technology is thus driving business advantage across all elements.

The acceleration of technological capabilities is boosting A.P. Moller - Maersk's solution offering within integrated logistics, and it is further enabling high-level of automation, improved operational safety and cost savings across the back-end processes for all its businesses. Over the last years, A.P. Moller - Maersk's digital transformation is enabling a standardised, technology-enabled, process-led, and data-driven foundation, essentially redefining how A.P. Moller - Maersk serves its customers and how it operates within. The three main components of this digital transformation have been:

- Building an in-house technology powerhouse and establishing a way of working which is closely integrated with other business functions. Over 3,000 technologists have been hired over the past three years and 1,000 more are expected to join over 2022.
- Accelerating the modernisation of legacy infrastructure, adopting best-in-class agile software development methodologies and working hand in hand with standardisation of business processes to enable automated and digitally enabled operations and user experience.
- Using technology to drive internal efficiencies, for example with automation of terminals, data-driven optimisation of fuel efficiency, and data products to support decision-making.

A.P. Moller - Maersk will continue to accelerate this digital transformation in the coming years to achieve the full potential of the company's overall strategy to become an integrated, digital logistics company.

A.P. Moller - Maersk's winning aspiration is to create customer value by integrating products across the many steps of the supply chain. Combining logistics services with its Ocean network provides a resilient, flexible and efficient supply chain end-to-end, leveraging data as a differentiating asset to improve quality of the value proposition and its products. Customers are validating the digital strategy and the products and solutions launched, and uptake is accelerating across offerings.

5. A leadership role on decarbonisation and ESG

Read more in the Sustainability highlights. SEE PAGE 26

6. A customer-centric organisation and people with distinct knowledge, skilled at executing reliably at scale

To create the global integrator of container logistics, it was imperative to shift focus from being an asset operator to becoming a customer-centric logistics integrator, while maintaining the ability to deliver cost-efficient and high-quality solutions. This realignment of skills and capabilities has led to adding approximately 7,000 FTEs to the company across frontline customer-related roles, supply chain logistics talent and technologists, with more planned in order to build internal capabilities.

Transformation metrics

	2021	2020
Value creation		
Return on invested capital (ROIC)[1]	45.3%	9.4%
Growth		
Organic revenue in Logistics & Services and gateway terminals, USDm	13,319	9,624
Profitability		
EBITA in Logistics & Services, USDm	678	289
Commercial synergies		
Logistics & Services revenue with top 200 Ocean customers, USDm	4,129	2,647
Commercial digitalisation and product offering in Ocean		
Maersk SPOT volume share of total short-term volumes[2]	47.2%	36.1%

1 Last twelve months
2 Maersk SPOT volume share of total short-term volumes of all brands is based on the last four weeks of the period shown.

Four metrics are tracked as a measurement on progress besides the overall ROIC target.

Value creation is measured by the return on invested capital (ROIC), last twelve months, and increased to 45.3% (9.4%), as earnings improved significantly due to higher freight rates.

Growing the business is measured by the focus on organic growth in revenue in Logistics & Services and gateway terminals. Organic revenue increased by 38% to USD 13.3bn with strong performance in both gateway terminals and Logistics & Services compared to 2020.

Profitability in Logistics & Services is measured by EBITA, which increased from USD 289m to USD 678m, driven by positive revenue growth.

Progress in the commercial synergies from the revenue growth between Logistics & Services and the top 200 Ocean customers was an increase of USD 1.5bn, highlighting the impact of the integrator strategy.

Progress on the commercial digitalisation and product offering in Ocean, is in the first phase measured via Maersk SPOT volume share of total short-term volumes, which was 47.2% in 2021. The percentage is based on the last four weeks of the reported period for all brands.

We have made big strides to enable our vision

2016

A.P. Moller - Maersk embarked on our journey to become an integrated transport and logistics company

A.P. Moller - Maersk's vision to become the global integrator of container logistics was introduced

2017

Hamburg Süd

The acquisition of Hamburg Süd was closed in December 2017

2018

Maersk Tankers
A.P. Møller Holding acquired Maersk Tankers

TradeLens
A.P. Moller - Maersk and IBM developed the first platform to truly digitise paperwork in the supply chains

Maersk Oil
Total S.A. acquired Maersk Oil

2019

Simplified customer experience

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

Vandegrift
US-based customs brokerage company acquired

Maersk Drilling
Demerger from A.P. Moller - Maersk via a separate listing on Nasdaq Copenhagen

Maersk Spot
The digital booking solution offers simpler and more reliable short-term shipping

2020

Performance Team
US-based warehousing and distribution company is acquired

KGH Customs Services
A leading provider of customs brokerage in Europe is acquired

Reorganisation

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

2021

Maersk Container Industry
An agreement to divest was signed, subject to regulatory approvals

Methanol-enabled vessels
First vessels capable of operating on green methanol ordered – all future Maersk-owned new buildings will have dual fuel technology installed

Visible Supply Chain Management, B2C Europe and HUUB
Acquisitions in the e-commerce logistics area

Senator International
The intended acquisition to close in 2022, of a well-renowned air forwarding company, with a global network spanning 21 countries within Europe, the Americas and Asia

Grindrod Intermodal Group
A joint venture with a well-known partner with a wide range of logistics and service offerings in South Africa

LF Logistics
The intended acquisition of an omnichannel and fulfilment leader based in Asia-Pacific

Bringing the global integrator to life

Customer experience

Meeting disruption with ingenuity

Faced with disruptions caused by the pandemic, Jinko Solar has made significant changes to its supply chain to boost resilience and flexibility, while reducing the carbon footprint from factory to port.

Jinko Solar is one of the largest and most innovative solar module manufacturers and service providers in the world. Its products and services serve commercial and residential customers in more than 100 countries via 10 production facilities, 20+ logistics centres and 30+ service centres globally.

One of the factories is located in Chuzhou, China. Due to its hinterland location 500-600km from the nearest port in Shanghai or Ningbo, the company has been facing more severe container shortage caused by the pandemic than others in coastal locations. Jinko Solar's supply chain has been further disrupted as transportation costs are higher and there is a shortage of long-haul trucking capacity between loading port and factory. As a result, storage of finished products at the factory site has become an issue, especially when production grew 30% year-on-year in 2021 and is expected to continue at similar pace for the next three years. The disruptions and challenges have caused instability, inefficiency and extra costs across the company's supply chain, calling for integrated solutions.

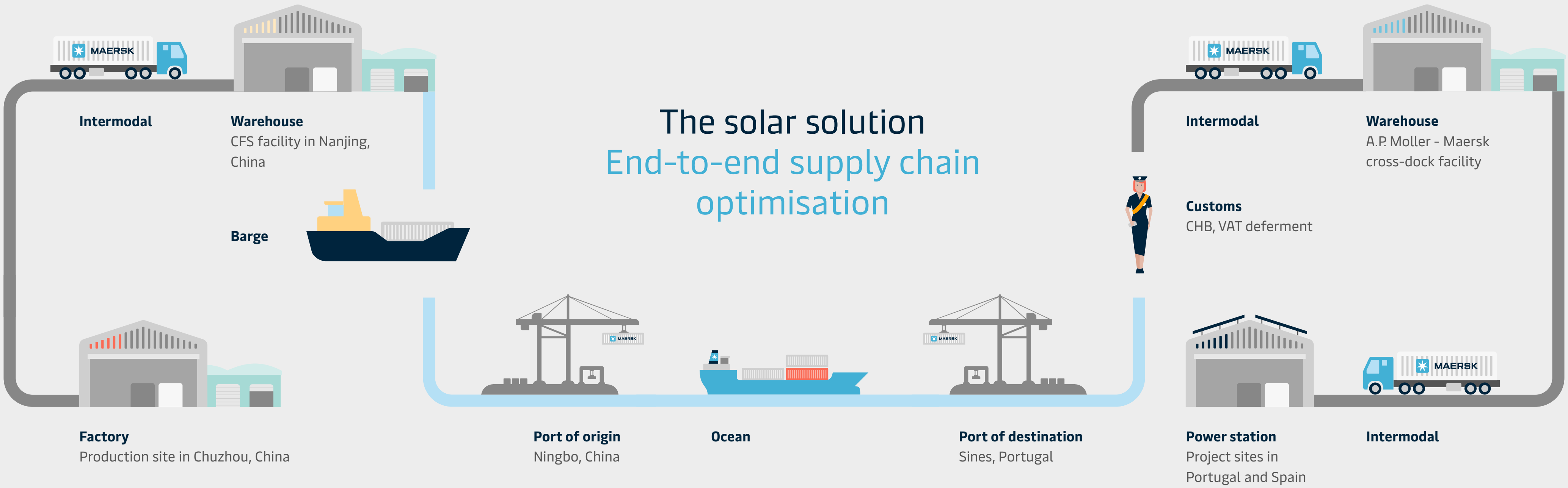
> "We are very pleased to expand our strategic cooperation with A.P. Moller - Maersk, and deepen our resources to jointly develop flexible and convenient solutions."

Mr. Kangping Chen,
CEO of Jinko Solar Co., Ltd

"In Jinko Solar, we have a great partner where priorities align well. Supply chains require a strong focus on resilience, flexibility and reducing exposure to local and global disruptions, where operational excellence and innovation represent the backbone for us," said Manuel Olberding, Global Head of Technology Vertical at Maersk.

To ease its customer's headaches at origin, Maersk conducted a study for setting up a CFS facility (Container Freight Station) to relieve the storage pressure and increase the turnover of container equipment. The study identified Nanjing as the ideal location to set up the CFS facility, catering for the demands of the Chuzhou factory for lower storage costs and shorter distance to factory, while enabling expandable space from 2,700 to 6,000 sqm by Q1 2022. The domestic transportation route was also optimised by using a barge from Nanjing to Ningbo on consideration of lower costs, lower carbon emissions and better container availability.

The solar solution
End-to-end supply chain optimisation



At destination, Jinko was facing VAT advancement challenges and was in urgent need of a professional warehouse and intermodal service provider for the handling and delivery. A.P. Moller - Maersk provided a professional customs house brokerage service with VAT deferment and delivered a cross-dock facility, enabling a change to flatbed truck for final delivery that matched the requirements of both Jinko Solar and consignees.

Stability restored

Since the implementation of these initiatives, Jinko Solar's production has been stabilised and conducted according to plan without disruption, as the increasing volume of finished goods can be sent to the CFS facility right after production. With higher flexibility for empty container pick-up, the shipping time was reduced from 14 days to seven by shipping the empty containers via domestic barge. Also, cargo flow was stabilised due to better equipment availability to Nanjing, ensuring the right cargo to be shipped out at the right time.

"As an international container shipping company with integrated logistics capabilities, A.P. Moller - Maersk has been an important strategic partner for Jinko Solar since 2017. We are very pleased to expand our strategic cooperation with A.P. Moller - Maersk, and deepen our resources to jointly develop flexible and convenient solutions to manage the current shortage of containers due to the pandemic and improve transport efficiency," said Mr. Kangping Chen, CEO of Jinko Solar, and continued: "As the world's leading, integrated module manufacturer, we remain optimistic about the growth in demand for solar energy and expect increasing shipment capacity will provide strong support for our global shipment growth over the next few years. By leveraging our mature global customer marketing system, together with A.P. Moller - Maersk's extensive network of end-to-end integrated transportation and logistics expertise, we believe that we will be able to share more timely information and provide long-term premium logistics solutions to our global customers."

Through supply chain optimisation, logistics costs decreased by 30%, and carbon emissions dropped 67% for origin transportation. Both numbers indicate that Jinko Solar has managed to run an integrated, end-to-end logistics solution from the factory in China to project sites across Europe with high efficiency in difficult conditions.

"Our team takes tremendous efforts every day to provide Jinko Solar with dynamic and sustainable supply chain solutions as a modern logistics company. We look forward to continuing and further expanding with Jinko Solar on this journey," added Manuel Olberding.

Sustainability highlights

In 2021, extraordinary growth and shifts in demand combined with continued lockdowns in countries and regions still battling the challenges of the COVID-19 pandemic brought out exceptional bottlenecks in shipping and logistics supply chains. In this climate, A.P. Moller - Maersk continued to be guided by the priorities to care for colleagues, support and deliver value to customers, and help society recover, and the company launched accelerated targets and took substantial action towards the goal of decarbonising logistics by 2040.

While the global economy began to show evidence of recovery, 2021 was also the year when the vast majority of governments, industry, and civil society stakeholders came together in unprecedented agreement that the global community is operating on a strictly limited greenhouse gas budget and cannot wait until 2030 to take action to reach a net zero world by mid-century. The decade of action has begun.

A.P. Moller - Maersk has a decade-long tradition of working with sustainability based on the company's Core Values, customer and broader stakeholder engagement, regulatory and voluntary commitments to global standards and an aspiration to create positive impact while integrating responsibility for sustainability programmes and targets into the business.

Building on that strength, in 2021, A.P. Moller - Maersk reframed its sustainability work into a comprehensive strategy for Environment, Social and Governance (ESG), core to the purpose of the company and an integral part of and prerequisite for the success of the Global Integrator strategy.

For full reporting on ESG strategy and performance. SEE THE 2021 SUSTAINABILITY REPORT

A.P. Moller - Maersk ESG strategy

Commitments	Environment			Social			Governance		
	We will take leadership in the decarbonisation of logistics			**We will ensure that our people thrive at work by providing a safe and inspiring workplace**			**We operate based on responsible business practices**		
	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			We create an engaging environment for all colleagues	We facilitate diversity of thought	We ensure everyone gets home safe by preventing fatal & life-altering incidents	We live our Code of Conduct	We procure sustainably	We protect and treat data with respect
Strategic targets *(all targets are for end of year)*	**2040** Net zero across our business 100% green solutions to customers	**2030** Industry leading green customer offerings across the supply chain	**2030** Aligned with the Science Based Target Initiative 1.5°C pathway	**2025** Top quartile score on engagement survey	**2025** >40% women in management >30% diverse nationality of executives	**2023** 100% High Potential Incidents trigger frontline Learning Teams Global Leadership (Top 900) upskilled in A.P. Moller - Maersk's Safety & Security Principles	**2023** 100% of employees trained in Maersk Code of Conduct	**2024** 100% of suppliers committed to the Supplier Code of Conduct	**2023** 100% of employees trained on data ethics

Three core ESG commitments

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

- We will take leadership in the decarbonisation of logistics
- We will ensure that our people thrive at work by providing a safe and inspiring workplace
- We operate based on responsible business practices.

Each of these commitments are supported by a set of strategic targets, and A.P. Moller - Maersk will be linking executive remuneration to the ESG performance from 2023.

The strategy overall is structured in 14 categories covering all material responsibilities, risks and opportunities across the environment, social and governance dimensions. These categories are the foundation of A.P. Moller - Maersk's ESG work, and the company reports on progress across all the categories in the Annual Sustainability Report.

Climate change: A new vision to deliver net zero by 2040

A climate emergency demands an emergency response, and A.P. Moller - Maersk has set new, bold and aggressive targets to decarbonise logistics. This matches what two thirds of the company's largest customers demand, as they themselves have set Paris-aligned science-based targets including scope 3 emissions, which implies their supply chains must be decarbonised. This year saw further acceleration of the customer demand for decarbonised shipping as witnessed for example in the establishment of the cargo owners for Zero Emissions Vessels (coZEV) platform, committing to using only decarbonised freight by 2040, and in the volume growth of the Maersk ECO Delivery shipping product, which tripled during 2021.

A.P. Moller - Maersk remains committed to having its decarbonisation targets approved by the Science Based Targets initiative (SBTi) and will take the required steps to ensure alignment when the methodology for the shipping sector is finalised.

Accelerating the pathway to Ocean decarbonisation

The bulk of A.P. Moller - Maersk's direct emissions comes from the operation of its vessels, and it remains core to the company's decarbonisation journey to define and execute pathways towards climate neutrality in terms of its fleet and the fuels on which they operate. In 2021 and early 2022, A.P. Moller - Maersk made a series of announcements accelerating on the company's decarbonisation milestones, including the order for 12 large ocean-going container vessels capable of being operated on green methanol, to be delivered in 2024 and 2025. Green is defined as fuels or energy that have low or very low greenhouse gas emissions on a life cycle basis. Read more in the Ocean segment. SEE PAGE 47

Finding the fuels of the future is a comprehensive task. A.P. Moller - Maersk is not pursuing one single solution but exploring several pathways and expects a mix of different green fuels to exist alongside each other, giving shipowners in the future a choice based on, e.g., ship types, operational and geographical requirements.

A.P. Moller - Maersk continues to pursue CO_2 emissions reductions in its current fleet. Due to supply chain congestion challenges the company unfortunately saw reduced efficiency in 2021, with an increase in EEOI by 6.9%. A.P. Moller - Maersk's new Ocean target is a 50% reduction of greenhouse gas emissions intensity from a 2020 baseline, in line with a 1.5-degree pathway. This corresponds to a 72% reduction from a 2008 baseline, making the new 2030 target considerably more ambitious than the previous 60% reduction target.

Green solutions for customers

Maersk ECO Delivery is an ocean transport customer offering that uses low-carbon and sustainable fuels, instead of conventional fossil fuels. Since its launch in 2019, Maersk ECO Delivery's customer demand has grown more than 170% year on year. A.P. Moller - Maersk expects the significant growth of this solution to continue in the coming years, and the company has set targets to expand green offerings to comprise ECO Delivery solutions for land and air transport solutions as well.

Read more about the roadmap for decarbonising the Logistics & Services business. SEE PAGE 53

The Terminals business has set a target of 70% reduction in absolute emissions (scope 1 and 2) for fully controlled terminals in the period 2020-2030. This is the most ambitious target set by any terminal operator to date. Planned activities include energy optimisation programmes as well as collaborations with suppliers and partners, among other things on co-developing wind and solar farms and other sources of green energy supply. Read more in the Terminals segment. SEE PAGE 60

The use of Natural Climate Solutions

Included in the roadmap to reach A.P. Moller - Maersk's new targets for 2040 is the use of Natural Climate Solutions (NCS) to increase the company's impact over and beyond what can be achieved with direct emission reductions. A.P. Moller - Maersk follows strict principles for the use of NCS, including in particular:

- NCS will not be used to reach science-based targets with the exception of the use of carbon removal (referred to as neutralisation) to neutralise residual emissions in the 2040 net zero year in accordance with the net zero criteria of the Science Based Targets initiative
- The green products offered to customers will not be based on use of NCS.

2018 — Net zero ambition launched

2019 — ECO Delivery introduced

2020 — Priority future fuels defined

2021 — Investment in 13 green methanol vessels

2022 — New decarbonisation vision and accelerated commitments

2023 — World's first container ship in operation on green methanol

2024-2025 — Twelve 16,000 TEU vessels capable of operating on green methanol

2030
- Aligned with a Science Based Targets initiative 1.5-degree pathway
- Industry-leading green customer offerings across the supply chain

2040 — Net zero across our business and 100% green solutions to customers

OUR COMMITMENTS TO CUSTOMERS TO DECARBONISE THEIR SUPPLY CHAINS IN TIME AND TO SOCIETY TO ACT AND DRIVE IMPACT IN THIS DECADE

2030: Industry-leading green customer offerings across the supply chain

2030: Aligned with a Science Based Targets initiative 1.5°C pathway

2040: Net zero emissions across the business and 100% green solutions to customers

Human capital

To succeed in the transformation of A.P. Moller - Maersk to a provider of end-to-end, digitally enabled and sustainable logistics solutions, the company must attract and retain talented colleagues at all levels. A.P. Moller - Maersk's new People Strategy builds on past strengths while focusing on new capability areas needed for successful strategy execution. The company's key ambition is to nurture a knowledge-driven organisation, capable of executing reliably, and made effective by the power of empathy.

A.P. Moller - Maersk will monitor progress on human capital management by using the score in the employee survey conducted bi-annually as a leading indicator, with the aim of reaching top quartile scores for engagement by 2025.

Safety and security

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.

It is with extreme regret that the company saw four people lose their lives while on active duty for A.P. Moller - Maersk in 2021. Follow-up and mitigating actions are done for each of these tragic events, and the company will continue to push leader engagement, process design and behavioural motivation aimed at having a fatality free workplace.

Efforts to protect the health of all employees from the COVID-19 virus persist. A.P. Moller - Maersk has invested in safe seafarer crew changes and commutes, and this challenge is under control. Given the safety and efficacy of COVID-19 vaccines, getting as many employees as possible fully vaccinated is the best way to continue protecting colleagues while also supporting customers and helping society by keeping supply chains running. A.P. Moller - Maersk has supported the operation of vaccine camps, especially in locations with poor vaccine access. More than 10,000 Maersk seafarers were vaccinated by year-end, and nearly 100% of all on-signing crew are now vaccinated.

A.P. Moller - Maersk wants safety to be embedded into the fabric of the business, and to ensure the presence of the capacity to manage risks under variable conditions. This must be enacted through leadership that engages with front-line employees and provides the support needed to make safe operations easier.

The strategic targets set to drive and track progress are to have 100% of High Potential Incidents trigger frontline Learning Teams follow-up to enable leaders and the frontline teams to learn from and prevent similar incidents in the future, and that the company's Top 900 global leadership is upskilled in A.P. Moller - Maersk's safety and security principles by 2023.

Green finance

A.P. Moller - Maersk launched its first Green Finance Framework in November 2021 to align the company's finance strategy with its decarbonisation ambitions.

The first instrument under the framework was a 10-year, EUR 500m green bond that will support the funding of the first series of green container vessels. The bond received a strong reception from the investor community, as witnessed by it being oversubscribed more than seven times, with a final booking value of EUR 3.7bn, and priced at a coupon rate of 0.75%, the lowest coupon ever for A.P. Moller - Maersk.

EU taxonomy

The first EU taxonomy reporting for A.P. Moller - Maersk shows that the company holds the potential to contribute significantly to the green transition, with 94% of revenue, 93% of CAPEX and 90% of OPEX reported as taxonomy-eligible. It is likely that a significantly lower share of activities will comply with the substantial contribution criteria. While A.P. Moller - Maersk therefore expects to report a low share of taxonomy-aligned activities from 2022, there is significant opportunity to increase the alignment as the company progresses on its decarbonisation pathway. For the full overview of EU taxonomy reporting SEE THE 2021 SUSTAINABILITY REPORT

Diversity, Equity & Inclusion (DEI)

In 2021, A.P. Moller - Maersk set new targets towards 2025 for the representation of gender at all management levels. The targets are partnered with a gender action plan focused on three main areas: attraction, retention and inclusion, and accountability across functional areas. The target for women on the Board of Directors was met in 2021, where three out of 10 board members were women. The 2021 targets for gender and nationality representation in leadership were not met.

The company's first global inclusion survey was conducted. This showed that employees experience a strong culture of inclusion, where they feel a sense of belonging. An example of an area of improvement is psychological safety and the future work in this area includes the launch of an anti-discrimination, harassment, violence and bullying policy. The survey also showed a trend towards women and employees, who identified themselves as ethnic minorities, scoring lower across nearly every dimension compared to other groups. Results indicate that management commitment to DEI positively impacts the employee experience. This confirmed that future work should focus on leadership accountability and capability building as well as introducing the concept of equity into the work.

Responsible ship recycling programme continues

Over the past five years, A.P. Moller - Maersk has recycled 16 vessels in six yards in Alang, India. Playing the role of a catalyst, the company's engagement in the area has driven a transformational change in the Alang ship recycling industry. In 2021, A.P. Moller - Maersk placed two vessels for recycling with yards in Alang, and completed recycling of three vessels that were placed in Alang in 2020. The company continued its established audit regime, consistently registering excellent results in the third party audits of performance against A.P. Moller - Maersk's Responsible Ship Recycling Standard. Results are reported on in detail in the annual Sustainability Report. A.P. Moller - Maersk is expanding its focus on responsible ship recycling to encompass the pursuit of responsible ship recycling opportunities globally for vessels of all sizes, and including the greenhouse gas impacts of ship recycling as part of the company's societal commitment and decarbonisation leadership role.

Operating based on responsible business practices

Business ethics

High standards of business ethics are a foundation for operating the company's global business activities responsibly. A.P. Moller - Maersk will report performance on business ethics towards the target of ensuring that all employees are trained in the Maersk Code of Conduct by end 2023.

Within business ethics, corruption risks are critical to manage. These are present in the Ocean business primarily in the form of facilitation payments in interactions with authorities in ports and at border controls. For terminals, the risk is related mostly to negotiations with governments on concessions or other agreements. Risks in landside operations are typically also related to facilitation payments. The risk of corruption in the company's supply chain is managed through the Sustainable Procurement programme. As an element in A.P. Moller - Maersk's commitment to facilitate trade responsibly, systems are in place to enforce export controls and sanctions, and transaction spot checks are carried out on an ongoing basis.

In 2021, the regulatory compliance programme was reviewed, and mitigating actions tested for effectiveness. This included an expanded internal controls framework to build a better understanding and create awareness of business ethics risks in A.P. Moller - Maersk's operations. This framework was piloted in the terminals business.

Data ethics

The responsible use of data is a critical enabler for A.P. Moller - Maersk's business model. To avoid abuse and privacy infringement issues, and to safeguard the company from legal, business and reputational risks, it is vital to manage and control the storage and use of customers' and employees' data ethically and proactively.

A.P. Moller - Maersk aspires to show leadership in the ability to ethically manage and use data, with customers trusting that the company uses their data appropriately. In line with regulatory requirements, A.P. Moller - Maersk established a data ethics policy in 2021, with accompanying governance measures, including a target of 100% of employees trained on data ethics by 2023.

Risk management

Navigating risks

Risk management at A.P. Moller - Maersk is focused to support the strategic objectives in the medium term and ensure the longevity in the long term. A.P. Moller - Maersk's Enterprise Risk Management framework enables a consistent approach to the identification, management and oversight of key risks, allowing a holistic and meaningful comparison of the risks faced and how they are managed across the company's footprint.

Identifying A.P. Moller - Maersk's risks

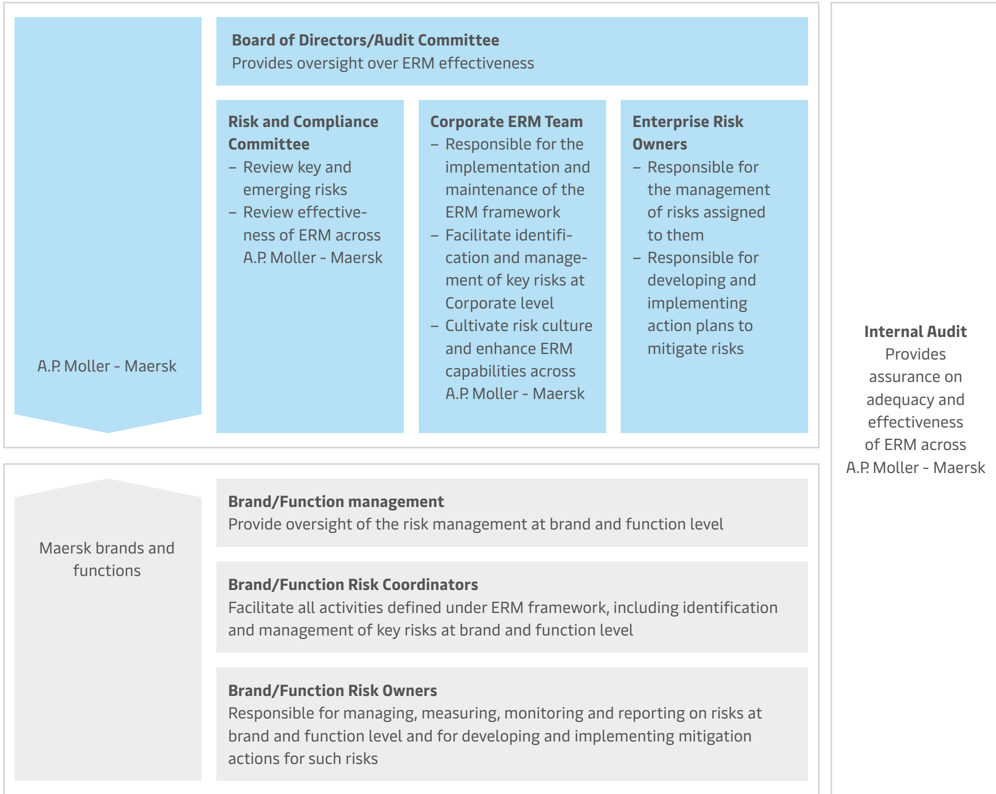
Using the enterprise risk management framework, all A.P. Moller - Maersk brands and functions identify the key risks that could affect their strategy and operations. In parallel, key risks to the company's business objectives are identified through interviews with executives. Finally, emerging risks to the company's longer-term value drivers are identified through an externally facilitated workshop with executives. 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, who determine the key risks for the company and the emerging risks that warrant detailed analysis to understand their potential impact. These risks are then submitted to the Audit Committee and the Board of Directors.

Managing A.P. Moller - Maersk's risks

Each key risk is assigned an executive owner who is accountable for the management of the risks, including confirmation that adequate controls are in place and that the necessary action plans are implemented to bring or keep the key risk within acceptable levels, if not already the case. To provide adequate oversight, key risk developments and mitigation progress are monitored and reported on throughout the year. Quarterly in-dept reviews of the status of the key risks and their mitigation are conducted in the management teams and various oversight fora such as the Risk & Compliance Committee and the quarterly performance reviews. In addition, the Audit Committee conducts deep dive sessions with executive risk owner throughout the year on selected key risks. **Figure 1** presents an overview of A.P. Moller - Maersk's process and governance structures, including the Risk & Compliance Committee and Audit Committee/Board of Directors.

Figure 1

Overview of governance structure



Strengthening A.P. Moller - Maersk's ERM framework

In 2021, A.P. Moller - Maersk has:

- Strengthened the **integration of ERM into strategy review and business planning**
- Strengthened the **risk oversight** through the Risk & Compliance Committee and quarterly performance reviews
- Conducted a **training programme** to develop A.P. Moller - Maersk's global risk community.

Key improvement projects underway consist of:

- Developing a comprehensive and operational **risk appetite framework** for the company
- Implementing a global risk tool allowing A.P. Moller - Maersk to have single source of risk and assurance data
- Assessing the impact of the **climate-related risks and opportunities** to meet future requirements and aligned with TCFD.

Key risks to the 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.
Customer service level
Inability to deliver a superior service level to customers

3.
Process standardisation & technology roadmap
Failure or serious delay in the standardisation of end-to-end processes and execution of technology roadmap

6.
Mergers and acquisitions integration
Failure to integrate a major acquisition

9.
Decarbonisation
Failure to decarbonise A.P. Moller - Maersk's end-to-end supply chain at a speed that meets investors and customers' expectations

Operational

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

4.
Cyber attack
External or internal attack resulting in service unavailability or data breach

5.
People safety and security
Failure to ensure the safety and security of A.P. Moller - Maersk's employees

7.
Strategic hubs
Shutdown of strategic hubs resulting in significant network disruption

8.
Organisational capabilities
Inability to attract and scale the right workforce matching business demand

Financial

Risks associated with potential financial losses and/or insolvency

2.
Ocean industry collapse
Financial loss from Ocean freight rate collapse

Compliance

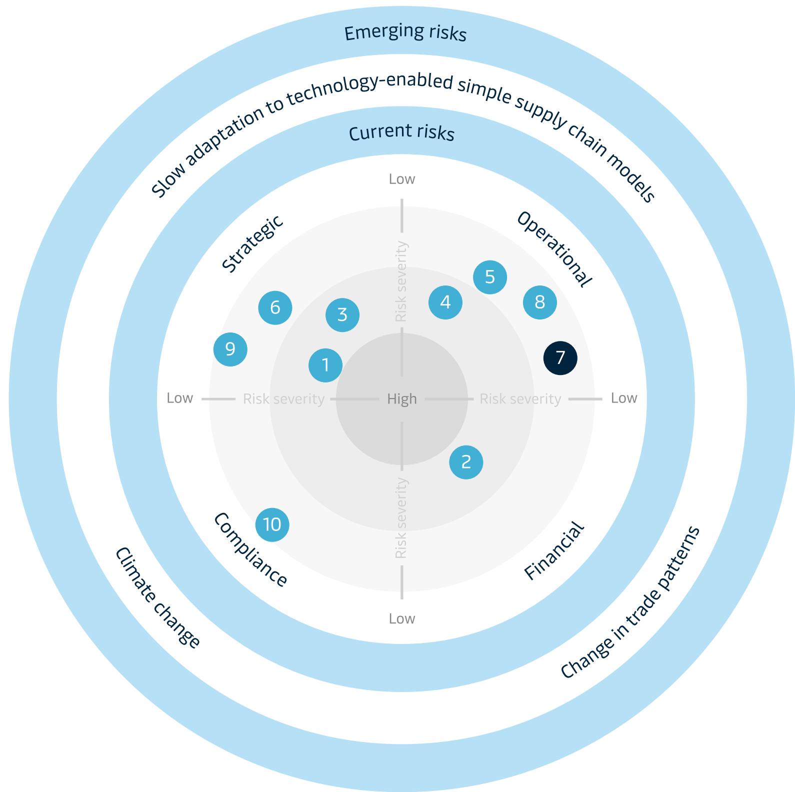
Risks associated with non-compliance with rules and/or policies

10.
Legal and regulatory compliance
Being hit by a large compliance case

Figure 2

A.P. Moller - Maersk's key risks

A.P. Moller - Maersk considers risks both individually and collectively to fully understand its risk landscape. The company quantifies key risks and the risk portfolio to understand how they may impact the performance of its business plan and budget and to have an objective basis for monitoring how the key risks trend compared to risk appetite. The quantification of the risk portfolio takes into consideration diversification benefits in the portfolio. The majority of the key risks determined for 2022 remain as they were in 2021, and the only new risk is a risk around shutdown of strategic hubs.



● December 2021 position
● December 2021 – new risk

1 Customer service level

Risk owner: **CEO of Ocean & Logistics**

Year-on-year risk movement: **Stable**

Risk category: **Strategic**

What is this risk
The success of A.P. Moller - Maersk's integrator strategy depends on customers' trust and confidence in A.P. Moller - Maersk to fulfil their end-to-end supply chain needs through superior and consistent service levels. A failure to do so would be a reputation risk and weaken the foundation of A.P. Moller - Maersk's integrator strategy.

How we manage it
A.P. Moller - Maersk has launched several transformation projects to mitigate this risk and progress towards the distinct delivery promises. The company is improving the business processes and systems to deliver the delivery promises, with service levels being monitored to mitigate adverse developments.

Target tolerance
A.P. Moller - Maersk targets a high schedule reliability which is best among peers, a minimal impact on customers from commercial overbooking, consistent performance of delivery promises to customers, and a high Net Promoter Score from customers.

Scenario
Excessive demand for capacity and port congestion due to lack of labour combined with ineffective demand forecast and cargo management causes deterioration of service levels and customer dissatisfaction and impacts the company's brand reputation and financial performance.

2 Ocean industry collapse

Risk owner: **CEO of Ocean & Logistics**

Year-on-year risk movement: **Stable**

Risk category: **Financial**

What is this risk
Added capacity from planned new ship buildings and normalisation of the existing supply-demand imbalance due to expected easing of supply chain congestion could lead to a rapid collapse in Ocean freight rates.

How we manage it
A.P. Moller - Maersk has limited levers to impact the overall demand for container shipping and cannot influence the market rates. With the continuing development of differentiated value propositions, agile network, increased focus on cost leadership and a growing long-term contracts portfolio, the company will all-else-equal continue to reduce the exposure.

Target tolerance
A.P. Moller - Maersk anticipates a normalisation of freight rates, but the targeted freight rates remain above pre-COVID levels reflecting a less volatile industry overall.

Scenario
A severe contraction of Ocean industry due to excess capacity combined with rapid decrease in ocean freight rates causes lower cash flow generation and distraction to A.P. Moller - Maersk's strategy execution.

3 Process standardisation & technology roadmap

Risk owners: **CEO of Ocean & Logistics, CTIO**

Year-on-year risk movement: **Decreased**

Risk category: **Strategic**

What is this risk
A serious delay or failure to standardise core end-to-end business processes and execute the technology roadmap to achieve A.P. Moller - Maersk's growth vision as an end-to-end integrator of global logistics.

How we manage it
To achieve the right customer and business outcomes, A.P. Moller - Maersk has implemented several mechanisms to accelerate process standardisation and technology modernisation and monitor progress and process governance and cross-functional collaboration.

Target tolerance
A.P. Moller - Maersk targets operational excellence in addressing customers end-to-end supply chain needs, through effective integration of business products, standardised processes and technology platforms.

Scenario
Delay or failure to implement digitised and standardised supply chain solutions due to misalignment between business and technology causes loss of digital competitive advantage and customer dissatisfaction and impacts company's reputation and financial performance.

4 Cyber-attack

Risk owner: **CTIO**

Year-on-year risk movement: **Decreased**

Risk category: **Operational**

What is this risk
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 cyber-attack could lead to severe operational disruption and/or data breaches.

How we manage it
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 aims to avoid a material cyber-attack through increased threat intelligence and response capabilities, and builds digital resilience with business segments, third parties and wider supply chains.

Scenario
Increased direct or indirect attacks on A.P. Moller - Maersk's brands, third-party partners or parts of company's network due to digitisation, threat sophistication and/or vulnerabilities from newly M&A environments cause severe business disruption and loss of customer trust.

5 People safety and security

Risk owner: **CEO of APM Terminals**

Year-on-year risk movement: **Stable**

Risk category: **Operational**

What is this risk
Many of A.P. Moller - Maersk employees and external contractors work in high-risk business operations and geographies, exposing them to safety and security risks. The accelerated expansion into Logistics & Services increases the risk due to new areas of operations and new geographies.

How we manage it
A.P. Moller - Maersk continues to drive personal engagement from leaders to ensure sufficient prioritisation of people safety and security. The company continues to embed a unified safety and resilience framework in the business operation systems, including for M&As and its integration.

Target tolerance
A.P. Moller - Maersk targets a high level of duty of care towards people through strong safety and security standards, awareness of same in all business areas and a mature safety culture across the organisation.

Scenario
Serious incidents due to lack of adequate safety standards or security intelligence and failure to embed a duty of care culture in day-to-day business operations cause injuries and fatalities and damage to brand reputation.

6 Mergers and acquisitions integration

Risk owner: **CFO**

Year-on-year risk movement: **Stable**

Risk category: **Strategic**

What is this risk
A key driver to Logistics & Services growth is the expansion of product and people capabilities through M&As. Some of the acquisitions might be substantial, and if A.P. Moller - Maersk fails to integrate those, it may derail the execution of the integrator strategy.

How we manage it
A.P. Moller - Maersk has a dedicated post-merger integration office equipped with capabilities to assist the business in effectively managing M&A integrations. A comprehensive M&A integration framework has been implemented covering all commercial and functional aspects. The integration process is strongly linked to a well-structured M&A target identification, due diligence and synergy identification process.

Target tolerance
A.P. Moller - Maersk aims to have adequate capabilities and effective processes to warrant that substantial M&As are integrated successfully and on time to realise the anticipated benefits as planned.

Scenario
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

7 Shutdown of strategic hubs

Risk owners:
CEO of Ocean & Logistics, CEO of APM Terminals

Year-on-year risk movement: **New risk**

Risk category: **Operational**

What is this risk
Hub terminals that handle transhipments are a critically important part of A.P. Moller - Maersk's supply chain management network. The network could be disrupted for a prolonged period if a strategic hub completely shuts down and there are no options to reroute cargo.

How we manage it
A.P. Moller - Maersk has business continuity and contingency plans to manage disruption to network and terminal operations. A central coordination body is in place to handle largescale disruption events that cut across multiple trades and geographies. Mitigation strategies to prevent labour strikes, equipment breakdowns, etc. are in place for terminal operations and embedded into terminal business operating system.

Target tolerance
A.P. Moller - Maersk aims to have adequate and effective disruption contingency plans to ensure that a shutdown of strategic hubs does not significantly deteriorate service levels and delivery promises to customers.

Scenario
Shut-down of a strategic hub due to labour strikes, cyber-attack, major accident, extreme weather events, state emergency, pandemic, etc. causes disruption to the Ocean network and impacts service level to customers.

8 Organisational capabilities

Risk owner: **Chief People Officer**

Year-on-year risk movement: **Stable**

Risk category: **Operational**

What is this risk
A.P. Moller - Maersk's strategy to become a global integrator of container logistics requires the right capabilities. Inability to attract and retain skilled staff will 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 has acquired new and diverse capabilities and skillsets, especially for Logistics & Services and technology. The company continues to build competencies through functional and leadership programmes targeted capability sourcing matching the business needs, and a strong employee value proposition.

Target tolerance
A.P. Moller - Maersk targets to be an employer of choice able to attract and retain qualified talent and skills that are highly engaged and committed to the company's values, goals and objectives.

Scenario
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 environment.

9 Decarbonisation

Risk owner: **CEO of Fleet & Strategic Brands**

Year-on-year risk movement: **Stable**

Risk category: **Strategic**

What is this risk
Decarbonisation has become business critical and a licence to operate. It is critical for A.P. Moller - Maersk to decarbonise its end-to-end supply chain at a speed that meets customers' and investors' expectations.

How we manage it
A.P. Moller - Maersk has a dedicated decarbonisation function to drive the decarbonisation agenda. The company's new accelerated 2040 decarbonisation vision is in line with the ambition of its customers. The first 13 methanol-powered vessels have been ordered, and the supply of green fuels for the first feeder vessel has been secured. Work on a roadmap for landside decarbonisation (and air) is in progress.

Target tolerance
A.P. Moller - Maersk targets achievement of its decarbonisation vision by innovating supply chain solutions and accelerating its decarbonisation initiatives to drive credibility towards the customers and investors.

Scenario
Uncertainty around the direction of future sustainable fuel market developments, unavailability of sufficient amounts of green fuel, and customers' reluctance to adopt sustainable supply chain solutions causes delay in realising A.P. Moller - Maersk's decarbonisation vision.

10 Legal and regulatory compliance

Risk owner: **General Counsel & Head of Corporate Affairs**

Year-on-year risk movement: **Stable**

Risk category: **Strategic**

What is this risk
The legal and regulatory landscape in which A.P. Moller - Maersk operates is becoming increasingly 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.

How we manage it
A.P. Moller - Maersk has a subject matter expert 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 and awareness.

Target tolerance
A.P. Moller - Maersk is committed to ensuring compliance with all applicable laws and regulations in all the countries where it operates.

Scenario
A violation of compliance regulation, including stemming from a newly acquired company, could cause severe reputational damage and substantial legal fines, damages and costs.

Changes to the key risks

The **process standardisation & technology roadmap** risk has decreased due to progress of the technology modernisation roadmap, and comprehensive plans built for the process standardisation agenda, underpinned by strong focus and commitment from the Executive Leadership Team.

The overall risk level for a **major cyber-attack** has decreased due to the enhanced capability to control impact and brand damage through preparedness and response activity procedure, albeit the likelihood of an attack has increased amid developments in the external threat environment and expansion of the attack surface due to digitisation, vulnerabilities across IT landscape and newly acquired companies.

The legal and regulatory **compliance risk** now addresses not only the compliance with anti-corruption laws, competition laws, and international sanctions but also the compliance with data privacy regulations across different geographies.

Looking beyond the planning period

A.P. Moller - Maersk looks beyond the business planning horizon and assesses emerging risks in a 5-15 years' perspective. This is to spot threats or opportunities to the long-term value drivers in a timely manner. An emerging risk radar is established based on prevailing megatrends seen through different lenses (figure 3). One or two emerging risks are then selected for analysis to better understand their potential implications for the logistics industry and for A.P. Moller - Maersk. For 2022 three emerging risks that could potentially impact the company in the longer term were selected for focus. Climate change was selected for a detailed analysis, the outcome of which will drive articulation and implementation of mitigating strategies.

1. Climate change

The physical impacts of climate change may affect A.P. Moller - Maersk's land-based assets and operations and the supply chains it operates. A.P. Moller - Maersk is conducting an in-depth analysis to understand and manage the risks from the physical effects of climate change. As underscored by the latest Intergovernmental Panel on Climate Change (IPCC) report, August 2021, the risks are real, and there is a need for a detailed analysis of their potential impact on A.P. Moller - Maersk. The analysis includes assessment of climate scenarios and their impact on company's operations in relevant locations, i.e. the land-based assets, the extended infrastructure on which the company depends and the vessel operations. Further studies are planned to examine the impact of climate change on the supply chains it operates. Besides addressing the need to understand the impact of the physical effects of climate change on the business, the study will also enable A.P. Moller - Maersk to expand and enhance the disclosure on climate related risks and opportunities in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

2. Slow adaptation to technology-enabled simple supply chain models

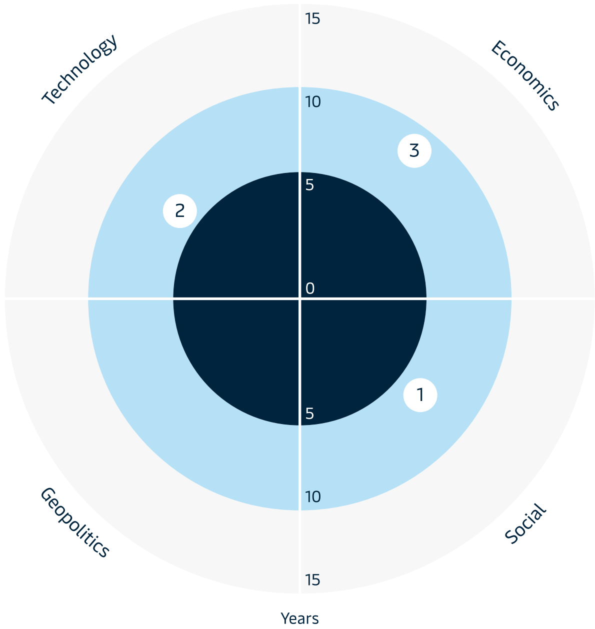
A.P. Moller - Maersk's integrator strategy depends on customers demanding simplified supply chain models. A lagging adoption of technology-enabled simple solutions could make the strategy irrelevant. Supply chains today are characterised by series of complex processes. Increased globalisation and shifting consumers demand add further complexities to supply chains. In response to these complexities, companies have started to adopt and utilise advanced technologies to transform and simplify their supply chains and enhance the customer experience. A.P. Moller - Maersk is advancing its strategy to digitise the customer interface and product offerings. However, if A.P. Moller - Maersk does not move fast and remain ahead of its peers in developing solutions aligned with its integrator strategy and customer demands, A.P. Moller - Maersk may not be able to provide superior value propositions to its customers.

3. Change in trade patterns

A.P. Moller - Maersk business model is global and dependent on the global economy and international trade. Consequently, fundamental changes in trade patterns could expose the current business model to risk. COVID-19 has led companies to revisit their supply chain models and evaluate alternative models to meet customer needs through more resilience and diversification (e.g. dual sourcing, near shoring etc.). Customer behaviours are also changing with an increased push for climate and social goals and opportunities arising from technology potentially leading to avoidance of long-haul transportation and manufacturing closer to market. Further, rising nationalism, populism, and protectionism (e.g. USA/China decoupling) could imply a retreat from globalisation towards an increased regionalisation of trade patterns.

Figure 3

Emerging risks radar



Emerging risks

1. Climate change
2. Slow adaptation to technology-enabled simple supply chain models
3. Change in trade patterns

COVID-19

As the world moves into its third year battling COVID-19, A.P. Moller - Maersk remains focused on protecting employees, supporting customers and contributing to societies by keeping goods flowing.

To achieve these objectives, regional and local leaders across the company have since early in the pandemic been empowered to set up the necessary protective measures across offices and onshore frontline facilities and a globally coordinated approach has been taken to keep vessels and ocean network operational. A central cross-functional COVID Coordination Team has provided strategic oversight, continuously evaluating risks and opportunities and providing leaders with updated information, guidance, tools and resources.

This approach has enabled A.P. Moller - Maersk to minimise infections and largely maintain business continuity throughout 2021 despite recurring global infection waves and constant change of local regulations and requirements.

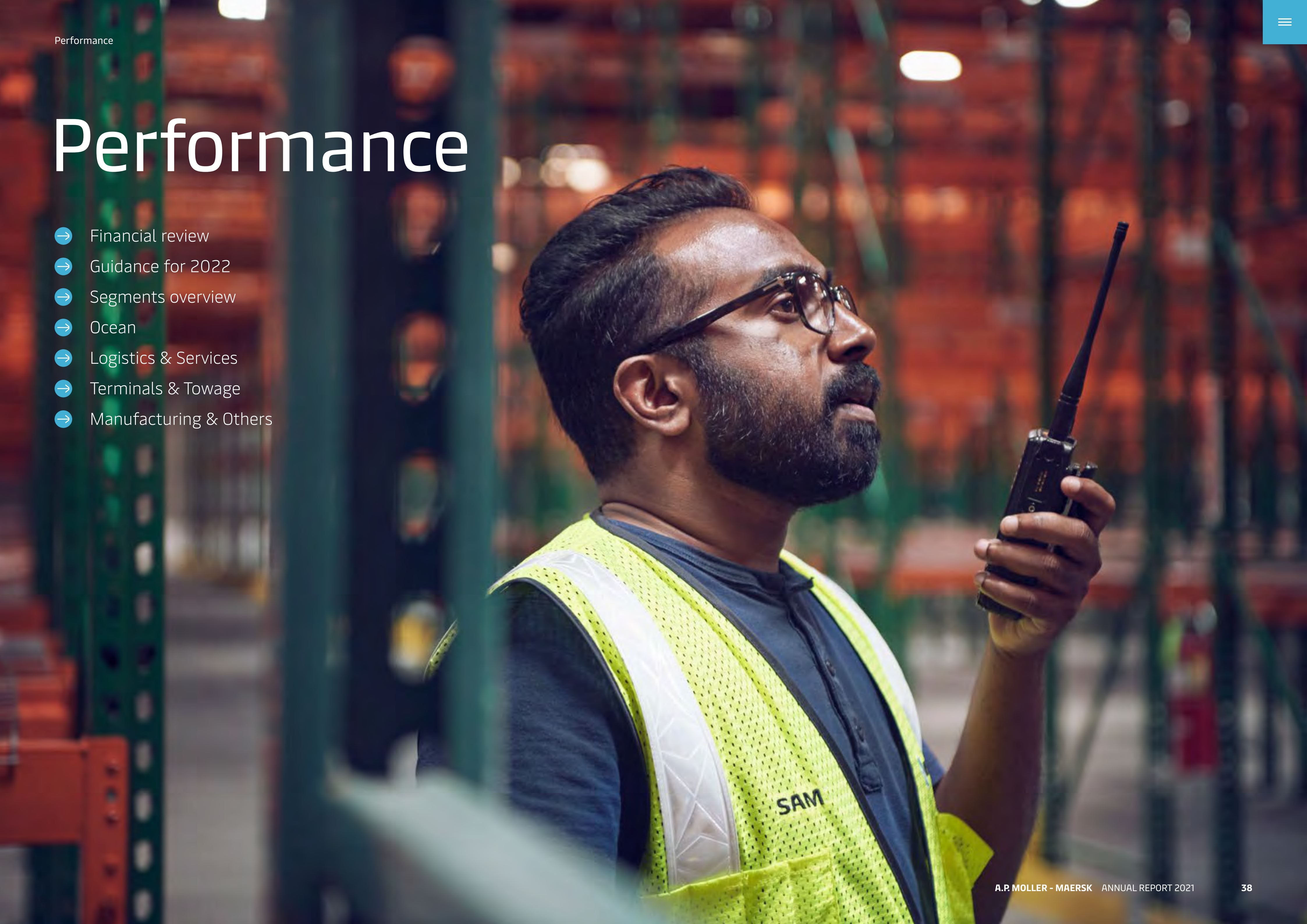
All employees are kept closely informed about the evolving protective measures at their locations and are provided with appropriate instructions on safety protocols and personal protective equipment (PPE). Where relevant, vaccination drives are facilitated, not least for seafarers whose ability to safely travel to and from vessels may be affected by their vaccination status. Office employees have worked from home for large parts of the year, and business travel was restricted for most of 2021. Through effective communication, processes, systems and steadfast resolve from leaders, employees have been able to continue to work effectively to support customers and achieve business objectives.

A.P. Moller - Maersk has sadly lost more than 90 colleagues to COVID-19 since the beginning of the pandemic. The company has set up a relief fund to support the families of those employees who have fallen seriously ill or lost their life due to the virus.

Looking ahead to 2022, the COVID-19 situation across the globe is expected to continue to evolve, as seen with the newest variant of concern Omicron which is spreading at an alarming rate and has been detected in almost all countries worldwide. Operating conditions for A.P. Moller - Maersk vessels and seafarers will also continue to require special attention in the year ahead due to varying restrictions to crew change globally and this serious issue continues to be addressed through collaboration with governments and port authorities.

Performance

- Financial review
- Guidance for 2022
- Segments overview
- Ocean
- Logistics & Services
- Terminals & Towage
- Manufacturing & Others



Financial review

A.P. Moller - Maersk delivered all time high financial results in Ocean, Logistics & Services and Terminals. Revenue was up 55%, EBITDA almost tripled, and EBIT was up almost five times.

The market situation was exceptional in 2021 and with high demand in the USA and global disruptions to the supply chains, A.P. Moller - Maersk continued to increase capacity and expand offerings to keep cargo moving for A.P. Moller - Maersk's customers, supporting their end-to-end logistics needs and alleviating the constraints. Free cash flow increased significantly supported by strong cash flow from operations and continued capital discipline and as a result, net interest-bearing debt has been significantly reduced. The initial share buy-back was completed and a new share buy-back of USD 10bn was launched during 2021, to be executed over the next four years.

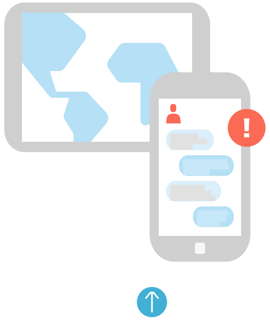
Highlights for the year

USD million

	Revenue		EBITDA		EBIT		CAPEX	
	2021	2020	2021	2020	2021	2020	2021	2020
Ocean	48,232	29,175	21,432	6,545	17,963	3,196	2,003	609
Logistics & Services	9,830	6,963	907	454	623	264	460	153
Terminals & Towage	4,715	3,807	1,675	1,205	1,294	828	454	457
Manufacturing & Others	1,348	1,254	136	165	-103	69	53	33
Unallocated activities, eliminations, etc.	-2,338	-1,459	-114	-143	-103	-171	6	70
A.P. Moller - Maersk consolidated	**61,787**	**39,740**	**24,036**	**8,226**	**19,674**	**4,186**	**2,976**	**1,322**

Financial and operational performance

- **Revenue** increased by USD 22.1bn to USD 61.8bn (USD 39.7bn) with increases across all four segments and in particular in Ocean by USD 19.1bn and in Logistics & Services by USD 2.9bn, mainly because of higher freight rates in Ocean and volume increases and acquisitions in Logistics & Services. In Terminals & Towage, revenue increased by USD 908m, driven by high global demand and increased storage income due to the continued congestion and bottlenecks along all modes of freight transportation in North America.



Return on invested capital (ROIC), last twelve months, increased to 45.3% (9.4%)

- **EBITDA** increased by USD 15.8bn to USD 24.0bn (USD 8.2bn) with increases in all segments, primarily in Ocean by USD 14.9bn due to increasing freight rates and to a lesser extent higher volumes. This was caused by the current increased demand combined with bottlenecks and congestions across global supply chains. The impact from increasing freight rates was partially offset by higher bunker consumption at a higher average bunker price and increasing handling and network costs. Logistics & Services delivered a strong increase of USD 453m, due to the higher revenue, and in gateway terminals, the increase of USD 466m was a result of the increase in volume and higher storage income.
- **EBIT** increased by USD 15.5bn to USD 19.7bn (USD 4.2bn), positively impacted by the improved EBITDA, partly offset by higher amortisation on vessel charters.
- **Return on invested capital (ROIC)**, last twelve months, increased to 45.3% (9.4%), as earnings improved significantly.
- **Financial items, net**, amounted to USD 944m (USD 879m), positively impacted by lower gross debt, but more than offset by costs from early repayment of borrowings, interest on tax liabilities, and negative foreign exchange rate impacts.
- **Tax** increased to USD 697m (USD 407m), primarily due to improved financial performance.
- **Net profit** was USD 18.0bn (USD 2.9bn), due to significant improvement in operating earnings.
- **The underlying net profit after financial items and tax** was USD 18.2bn (USD 3.0bn), due to the improved operational performance.
- **Cash flow from operating activities** was USD 22.0bn (USD 7.8bn), positively impacted by EBITDA of USD 24.0bn, offset by a negative change in net working capital of USD 1.6bn and tax paid of USD 582m, leading to a cash conversion of 92% (95%).
- **Gross capital expenditure (CAPEX)** was USD 3.0bn (USD 1.3bn), mainly driven by higher investments in Ocean and Logistics & Services.

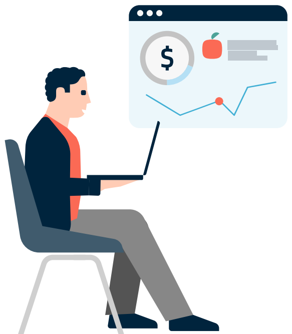
- **Free cash flow** was USD 16.5bn (USD 4.6bn), positively impacted by higher cash flow from operating activities of USD 22.0bn, partly offset by higher gross CAPEX of USD 3.0bn and increased lease payments to USD 2.3bn.
- **Cash flow from borrowings** was negative USD 1.9bn (negative USD 1.9bn), due to repayments of USD 2.5bn including prepayments of bonds and loans partly offset by the issuance of A.P. Moller - Maersk's first green bond of EUR 500m.
- **Contractual capital commitments** totalled USD 3.3bn (USD 1.7bn), of which USD 1.2bn is related to commitments towards terminal concession grantors and USD 1.8bn is related to Ocean ordering vessels and equipment which include green methanol-enabled vessels.

Capital structure, issue of bonds and credit rating

Net interest-bearing debt decreased to a net cash position of USD 1.5bn (debt of USD 9.2bn), as free cash flow of USD 16.5bn for 2021 was partly used for share buy-backs of USD 2.0bn, dividends of USD 1.0bn, acquisition of companies of USD 815m, and lease liabilities increased by USD 1.8bn. Excluding lease liabilities, the group had a net cash position of USD 12.1bn (debt of USD 485m).

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

Total equity increased to USD 45.6bn (USD 30.9bn) due to a net profit of USD 18.0bn offset by dividends of USD 1.0bn and share repurchase of USD 2.0bn, resulting in an equity ratio of 63.1% (55.0%).



The proposed dividend payment represents an ordinary dividend yield of 10.7% (2.4%).

The liquidity reserve increased to USD 21.5bn (USD 11.0bn), composed of liquid funds and term deposits of USD 15.5bn (USD 4.8bn) excluding restricted cash, and undrawn revolving credit facilities of USD 6.0bn (USD 6.2bn).

The ordinary dividend of DKK 330 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (in total equal to USD 1.0bn) declared at the Annual General Meeting on 23 March 2021, was paid on 26 March 2021.

The Board of Directors proposes an ordinary dividend to the shareholders of DKK 2,500 per share of DKK 1,000 (DKK 330 per share of DKK 1,000) corresponding to 40% of underlying net result as per the company's dividend policy of distributing between 30-50% of the underlying net result to shareholders in dividend.

The proposed dividend payment represents an ordinary dividend yield of 10.7% (2.4%), based on the Maersk B share's closing price of DKK 23,450 as of 30 December 2021. Payment is expected to take place on 18 March 2022.

Share buy-back

In November 2020, the Board of Directors of A.P. Møller - Mærsk A/S announced a share buy-back programme of up to DKK 10bn (around USD 1.6bn). The first phase of the programme of DKK 3.3bn (around USD 500m) was concluded on 29 April 2021. The Board of Directors decided to accelerate the programme with the remaining part of the programme of DKK 6.7bn (around USD 1.1bn) being exercised in one phase running from mid-May. The programme was ended on 24 September 2021.

The Board of Directors further decided in May 2021, under the authority given at the Annual General Meeting in March 2021, to commit to a new share buy-back programme of up to USD 5bn (around DKK 32bn) to be executed over a period of two years. The programme was initiated in November 2021.

In addition, the Board of Directors has decided to extend the share buy-back programme by an additional USD 5bn (around DKK 32bn) over the years 2024 and 2025, subject to the corresponding mandate of the Annual General Meeting. In total, from November 2021 to 2025, A.P. Moller - Maersk has committed itself to share buy-backs of up to USD 10bn.

During 2021, A.P. Moller - Maersk bought back 132,504 A shares and 529,976 B shares, worth DKK 11bn (around USD 1.8bn) excluding shares bought back for the long-term incentive plan. On 31 December 2021, A.P. Moller - Maersk owns a total of 120,494 A shares and 549,587 B shares as treasury shares, corresponding to 3.46% of the share capital.

It is expected that of the outstanding treasury shares at 31 December 2021, 120,494 A shares and 481,929 B shares will be proposed to be cancelled by the Board of Directors at the Annual General Meeting.

The Board of Directors can decide to acquire own shares up to a maximum of 15% of the share capital.

Guidance for 2022

Guidance for 2022 is based on the expectations that A.P. Moller - Maersk will have a strong first half year, and the assumption that normalisation in Ocean occurs early in the second half of the year.

Based on these assumptions, A.P. Moller - Maersk expects for full year 2022 an underlying EBITDA of around USD 24bn, an underlying EBIT of around USD 19bn and a free cash flow (FCF) above USD 15bn.

Ocean is expected to grow in line with the global container demand of 2-4% in 2022, subject to high uncertainties related to the current congestion, network disruptions and demand patterns.

For 2022-2023, the expectation for the accumulated CAPEX is USD 9.0-10.0bn driven by intensified growth in Logistics & Services and ESG investments. The CAPEX guidance for 2021-2022 of USD 7.0bn is maintained.

Underlying EBITDA is earnings before interest, taxes, depreciation and amortisation adjusted for restructuring and integration costs.

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.

Financial performance for A.P. Moller - Maersk for the full year 2022 depends on several factors and is subject to uncertainties related to COVID-19, bunker fuel prices and freight rates given the uncertain macroeconomic conditions. All else being equal, the sensitivities for the full year 2022 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBIT (midpoint of guidance) (Full year 2022)
Container freight rate	+/- 100 USD/FFE	+/- USD 1.4bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.5bn
Foreign exchange rate (net of hedges)	+/- 10% change in USD	+/- USD 0.2bn

Segments overview

Ocean

Revenue EBIT

↑ USD 48,232m +19,057m
↑ USD 17,963m +14,767m

Profitability increased substantially in 2021, mainly due to an increase in revenue from significantly higher freight rates. Business was considerably impacted by congestion and network disruptions, which continue to put pressure on global supply chains, but also resulted in higher operational costs. Multiple measures have been taken to support demand and alleviate congestion impacts on customers with additional capacity of 6.4% added during 2021, resulting in an increase in loaded volumes of 3.6% compared to 2020. Average loaded rates increased across both long-term contracts and short-term rates due to strong demand that had to be moved through the supply chain bottlenecks. Unit cost at fixed bunker increased by 6.5%, mainly driven by higher network costs and container handling costs. Utilisation remained high at 94.5%, and while schedule reliability is still above the industry average, it was challenged by numerous congestions such as at the Suez Canal, in the ports of Ningbo, China, in Los Angeles, USA, at Felixstowe, UK, and by the inland bottlenecks particularly in the USA. SEE PAGE 46

A.P. Moller - Maersk continued to focus on supporting contract customers' supply chains by alleviating bottlenecks through investing in additional equipment and increasing the capacity allocated to contracted volumes.

Digitalisation of the product offering continues with increased traction for Maersk Spot and Maersk Twill. Maersk Spot has reached a 47% (36%) conversion across all brands, and Maersk Twill has delivered over 200k FFE during 2021, implying growth of a factor four versus the level in 2020.

Logistics & Services

Revenue EBIT

↑ USD 9,830m +2,867m
↑ USD 623m +359m

The financial results improved significantly, driven by strong revenue growth and margin improvements. The growth momentum was both organic, driven by customer wins and cross-selling to Ocean customers, and through acquisitions where portfolio capability gaps have been closed. Revenue from top 200 Ocean customers increased by USD 1.5bn and drove 62% of the organic revenue increase, while inorganically, the offerings continued being strengthened through acquisitions in 2021. The growth confirms the progress of Logistics & Services as an expanded partnership to customers in their supply chain and as a key player in helping customers overcome the global network disruptions.

The integration of the acquisitions done during 2020 is progressing according to plan. In 2021, an array of acquisitions within the e-commerce space continue to strengthen the offering of end-to-end solutions, while the service offerings within air freight, warehousing and inland transportation, amongst other, are being improved through announced intended acquisitions expected to be closed in 2022.

Further to the acquisition of Senator International, three additional B767 were leased and two new B777 airplanes were ordered to serve broader customer needs.

Contract Logistics continues to expand as 85 new warehouses were opened in 2021.

Terminals & Towage

Revenue EBIT

↑ USD 4,715m +908m
↑ USD 1,294m +466m

Terminals & Towage reported an increased revenue of USD 4.7bn (USD 3.8bn) with an increased EBIT of USD 1.3bn (USD 828m). In gateway terminals, revenue increased to USD 4.0bn (USD 3.2bn), supported by recovery in global demand and an underlying performance improvement across most terminals in the Americas. Overall terminal volume grew by 11%, with Asia and North America leading the way. Utilisation grew significantly to 77% (70%). Continued congestion in the supply chain in the USA and increasing rates and higher sale of yard services in Latin America contributed to growth in revenue per move of 13%. Additional congestion-related costs were largely offset by efficiencies, thus cost per move only increased by 4.1%, driving up overall margins by more than 5 percentage points.

The EBITDA improvement for Terminals was positively impacted by additional congestion-related income amounting to approximately USD 250m, with the remaining improvement coming from underlying improvements in the portfolio. The results from joint ventures and associated companies of USD 297m (USD 216m) supported the increase in EBIT to 1.2bn (USD 687m).

A strengthened portfolio winning new concessions, extending concessions in existing terminals, and the sale of assets not fitting the strategic direction.

Significant efforts to ease congestion in the USA through extended opening hours and improved gate turnaround time. SEE PAGE 59

Ocean

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 more than 13m FFE per annum serving over 475 ports worldwide.

Securing reliable Ocean earnings

- Significant and increasing proportion of Ocean volumes are on long-term contracts as part of the strategic transformation of Ocean
- Rise in long-term contract rates of around 50% or ~1,000 USD per FFE during 2021
- Increasing average contract length and more than 1.5m FFE signed on multi-year deals by the end of 2021
- Contract customers also drive organic growth in Logistics & Services through the offering of end-to-end supply chain solutions.

Progress on mid-term targets towards 2025

EBIT margin

37.2%

TARGET: >6%

Execute with the existing fleet size

4.3TEUm

TARGET: 4.1-4.3 TEUm

Financial and operational performance

Revenue increased to USD 48.2bn (USD 29.2bn), supported by significant increase in freight rates to 3,318 USD/FFE (2,000 USD/FFE), combined with an increase in volumes to 13,089k FFE (12,634k FFE) as a result of global COVID-19 recovery since the initial lockdown challenges in Q2 2020.

EBIT increased more than five times to USD 18.0bn (USD 3.2bn), driven by higher revenue, partly offset by a higher cost base mainly due to higher bunker price, higher container handling cost as a consequence of operational congestion and higher deployed capacity. As a result, the EBIT margin increased to 37.2% (11.0%).

Volumes were 3.6% higher at 13,089k FFE (12,634k FFE) and were supported by strong demand coupled with increased capacity. Last year volumes were impacted by the initial COVID-19 lockdown challenges in Q2. In comparison, volumes were 1.6% lower than 2019 (13,296k FFE). East-West volumes increased by 3.4% despite the congestion challenges at the port of Long Beach, Los Angeles, USA, and Felixstowe, UK. The increase is mainly due to headhaul exports from Asia, offset by lower backhaul exports from Europe. North-South increased by 1.9%, driven by headhaul exports out of Asia and West Africa regions, offsetting the backhaul decrease. Headhaul trades increased by 6.2%. Intra-regional increased by 6.4%.

Loaded volumes

FFE ('000)	2021	2020	Change	Change %
East-West	6,151	5,948	203	3.4
North-South	3,975	3,900	75	1.9
Intra-regional	2,963	2,786	177	6.4
Total	**13,089**	**12,634**	**455**	**3.6**

Average freight rates

USD/FFE	2021	2020	Change	Change %
East-West	3,417	2,008	1,409	70
North-South	4,108	2,529	1,579	62
Intra-regional	2,128	1,345	783	58
Total	**3,318**	**2,000**	**1,318**	**66**

Ocean highlights

USD million

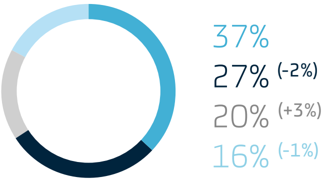
	2021	2020
Freight revenue	42,374	24,920
Other revenue, including hubs	5,858	4,255
Revenue	**48,232**	**29,175**
Container handling costs	9,775	8,474
Bunker costs	5,369	3,835
Network costs, excluding bunker costs	7,189	6,625
Selling, General & Administration (SG&A)	2,795	2,698
Cost of goods sold and other operational costs	1,629	1,252
Total operating costs	**26,757**	**22,884**
Other income/costs, net	-43	254
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**21,432**	**6,545**
EBITDA margin	44.4%	22.4%
Profit before financial items (EBIT)	**17,963**	**3,196**
EBIT margin	37.2%	11.0%
Invested capital	30,529	26,969
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	2,003	609
Operational and financial metrics		
Loaded volumes (FFE in '000)	13,089	12,634
Loaded freight rate (USD per FFE)	3,318	2,000
Unit cost, fixed bunker (USD per FFE incl. VSA income)	2,102	1,973
Bunker price, average (USD per tonne)	484	372
Bunker consumption (tonne in '000)	11,090	10,322
Average nominal fleet capacity (TEU in '000)	4,171	4,081
Fleet owned (end of year)	311	301
Fleet chartered (end of year)	427	405

The average loaded freight rate increased by 66% to 3,318 USD/FFE (2,000 USD/FFE), primarily driven by long-term contracts renewing at significant higher rates, as well as short-term rates driven by strong demand combined with bottlenecks and congestions driving rate increases. On East-West trades, freight rates increased by 70%, mainly due to strong demand, vessel and equipment shortages and bottlenecks across the supply chain. The main increases were driven by Asian and European headhaul trades. On North-South trades the average freight rates increased by

Cost split %

EBITDA level

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



62%, driven by headhaul increase in Asia and West Africa combined with higher backhaul rates in the same regions. The average loaded freight rate at fixed bunker increased by 59%. The average loaded freight rate was positively affected by the development in foreign exchange rates.

Freight revenue was USD 42.4bn (USD 24.9bn) and other revenue increased to USD 5.9bn (USD 4.3bn). Adjusted for the foreign exchange rate effects, the freight revenue increased by 69%.

Total operating costs increased by 17% to USD 26.8bn (USD 22.9bn), impacted by higher bunker price and container handling costs from operational congestion and bottlenecks. Over the year, the bunker price increased by 30% to an average of USD 484/tonne (USD 372/tonne) as the global economy recovered from COVID-19. Container handling costs increased to USD 9.8bn, mainly due to higher terminal costs and empty costs. Network costs excluding bunker costs increased by 8.5%, mainly due to higher capacity, with an increased inflationary pressure on time charter equivalent cost. There was a negative impact from development in foreign exchange rates, and after adjusting for this, the operating costs increased by 16%.

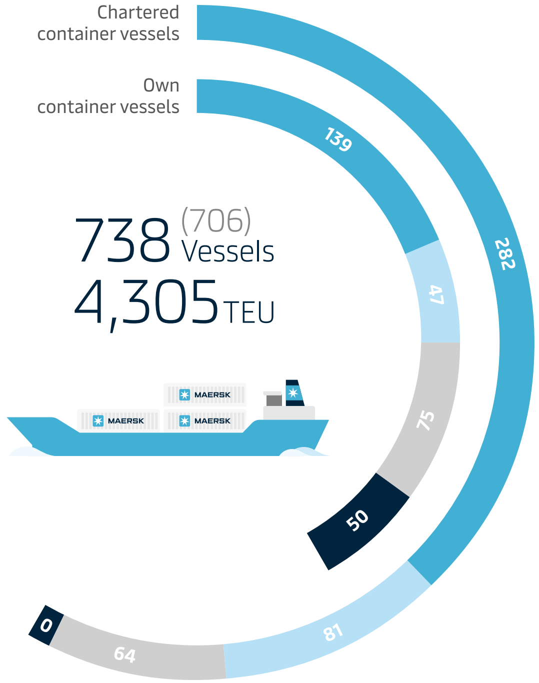
Total unit cost increased by 12% to 2,130 USD/FFE (1,909 USD/FFE), driven by an increase in fuel cost caused by 30% higher average bunker price equal to 484 USD/tonne due to higher consumption and vessel speed in response to low schedule reliability. Consequently, bunker efficiency decreased to 41.4 g/TEU*NM (40.9 g/TEU*NM) compared to 2020.

Unit cost at fixed bunker increased by 6.5% to 2,102 USD/FFE (1,973 USD/FFE), driven by increase in terminal costs and network costs with TCE costs higher by 20%, whilst the duration of contracts has increased. Adjusting for the negative impact from the developments in foreign exchange rates, the unit cost at fixed bunker increased by 5.5%.

The average capacity of 4,171k TEU increased by 2.2%. There were nine vessels in the newbuilding programme at the end of 2021, and currently thirteen at Q1 2022. The fleet consisted of 311 owned and 427 chartered vessels, of which 53k TEU or 1.3% of the fleet were idle (10 vessels), mainly due to repairs.

Fleet overview

- 0 – 4,699 TEU
- 4,700 – 7,999 TEU
- 8,000 – 14,999 TEU
- > 15,000 TEU



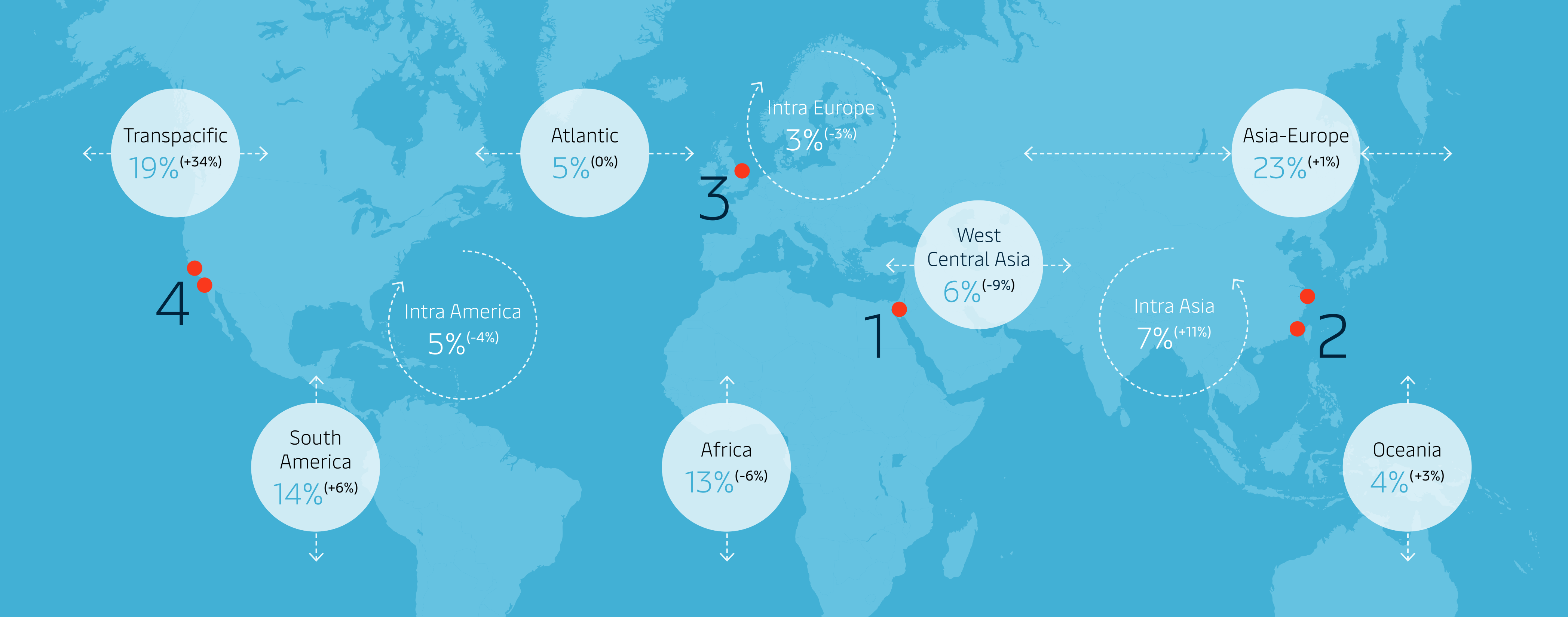
Fleet overview, year-end

'000

	2021	2020
Own container vessels		
0 – 4,699 TEU	468	472
4,700 – 7,999 TEU	289	311
8,000 – 14,999 TEU	708	531
> 15,000 TEU	903	885
Total	**2,368**	**2,199**
Chartered container vessels		
0 – 4,699 TEU	777	700
4,700 – 7,999 TEU	494	408
8,000 – 14,999 TEU	666	738
> 15,000 TEU	0	0
Total	**1,937**	**1,846**
Total fleet	**4,305**	**4,045**

Deployed capacity and major market disruptions

To support the customer demand and ease the congestion impact, additional capacity of 6.4% was added in 2021. The supply chains were heavily impacted by major disruptions, the implications of which are still visible on world trade, while all efforts to help customers mitigate the issues were initiated.



- % Deployed capacity share in 2021
- +/- % Change in deployed capacity from 2020
- ⇡ North-South
- --> East-West
- Intra-regional
- ● Congestions

1. Suez Canal

March The Suez Canal blockage lasted nearly a week and caused high levels of congestion as ships queued, waiting to pass the major transit zone.

2. Yantian and Ningbo, China

June Port congestions and vessel delays due to COVID-19 closure and controls at Chinese ports with congestions around 50% above normal.

3. Felixstowe terminal, UK

October Congestion ongoing due to shortage of truck drivers. The increased consumer demand in the UK has led to a high pressure on the existing used port capacity.

4. Los Angeles and Long Beach, USA

November Port congestions and inland bottle-necks along all modes of freight transportation on the US West Coast, peaking at around three times above the normal.

Decarbonising shipping with groundbreaking vessels and fuels

In February 2021, A.P. Moller - Maersk announced an order for the world's first vessel with a dual fuel engine configuration capable of running on green methanol, i.e., low or very low greenhouse gas emissions on a life cycle basis.

The ~2,000 TEU (Twenty Foot Equivalent) feeder vessel will be deployed in 2023 and will provide valuable bunkering, operating and safety experience for future dual-fuel vessels from its voyages in the Europe network.

Industry-first vessels in operation from 2024

In August 2021, A.P. Moller - Maersk further accelerated its decarbonisation efforts with the order of eight large vessels of ~16,000 TEU that will also be capable of running on green methanol. In January 2022, this was followed up with the announcement that A.P. Moller - Maersk has declared its options with Hyundai Heavy Industries (HHI) for four additional vessels to be delivered in 2025. These industry-first ground-breaking new vessels will allow A.P. Moller - Maersk to offer customers green transportation at scale on ocean trades. The advanced vessels will be designed to have a flexible operational profile, enabling them to perform efficiently across many trades and accommodate diverse customer needs.

The first vessel is scheduled to be deployed in Q1 2024 and the full series of 12 vessels is expected to save around 1.5 million tonnes of annual greenhouse gas emissions, corresponding to 4.5% of the fleet emissions in 2020.

Green fuels needed at scale

Sourcing adequate amounts of green fuel for the new vessels starting on day one will be a challenge as it requires a significant ramp up of production capacity. Global, green methanol production is currently at 30,000 tonnes, and 450,000 tonnes will be needed annually by Maersk just to operate the first series of vessels.

A.P. Moller - Maersk has engaged in developing this market through dialogues with potential green methanol producers in 2021 and will continue to do so. In August, A.P. Moller - Maersk identified REintegrate as its partner to provide sustainably produced fuel for its 2,000 TEU methanol-capable feeder vessel. REintegrate is a green e-methanol producer and subsidiary of the Danish renewable energy company European Energy.

The energy needed for the power-to-methanol production will be provided by a solar farm in Kassø, Denmark, where REintegrate and European Energy will establish a new facility to produce the approximately 10,000 tonnes of e-methanol that A.P. Moller - Maersk's first vessel capable of sailing on green fuels will consume annually.

The hope is that this partnership will serve as a blueprint for scaling green fuel production through collaboration with partners across the industry ecosystem.

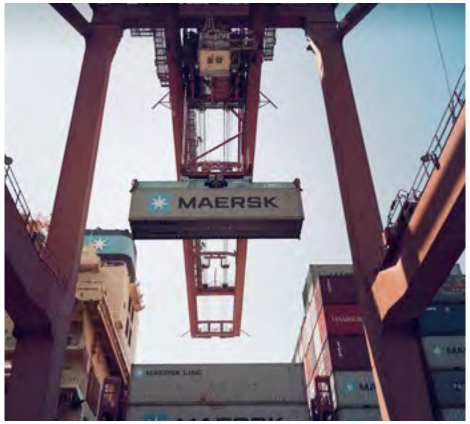
Venturing towards green solutions

Maersk Growth, the company's venture capital arm, made minority investments in three start-up companies that typify the innovation needed to develop cost-competitive sustainable fuels:

- *Prometheus Fuels:* direct air capture-technology that combines renewable energy, water, and air into cost efficient, green electro-fuels
- *WasteFuel:* turning unrecoverable agricultural and municipal waste into sustainable aviation fuel, green bio-methanol, and renewable natural gas
- *Vertoro:* developing liquid lignin technology, from sustainably sourced forestry and agricultural residues, which can be used as a marine fuel.

Key initiatives 2021

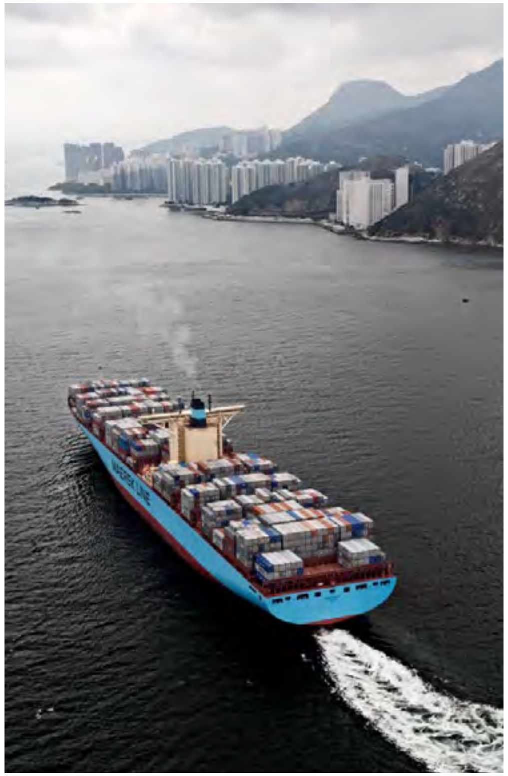
The focus in 2021 was to support customers and to offer contract customers additional flexibility and space to help alleviate volatility in their supply chains and the impact on their businesses. As a result, increasing capacity and additional equipment was deployed throughout the year.



Contract products

Ocean introduced new differentiated contract value propositions, like block space and unlimited contracts, to address the specific needs of different customer supply chains. With new contract products, customers have the choice of selecting the product that suits their specific supply chain needs. Contract products offer features such as volume flexibility and absolute reliability on shipment level.

Through this, the share of business from contract customers has increased, as have contract validity. Contract Products volumes have continuously increased during 2021 and a total of 1.5m FFE have been signed on multi-year contracts by the end of the year.



Keeping goods flowing

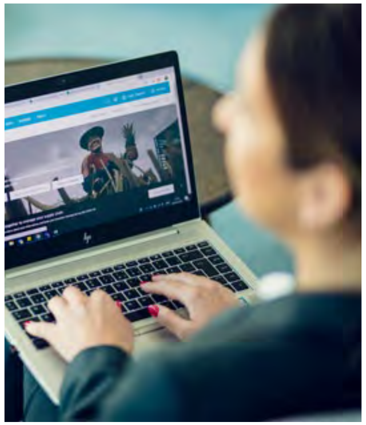
A.P. Moller - Maersk has continuously taken steps to provide the services necessary for a smooth global supply chain. Additional capacity of 6.4% was added in 2021 and the number of containers has increased by 13.2% since end of 2019.

When ports were too congested, shipments have been rerouted and alternative modes have been used to get shipments to the final destination. This is the case in the USA where East coast port calls were expanded as an alternative to Pacific South-West gateway ports. In UK, vessel calls have been diverted to mainland Europe and then reshipped with shuttle services in smaller controlled quantities. By procuring additional terminal, carrier haulage and off-dock depot capacity, import flows were moved faster out of ocean terminals reducing the pressure on yards. Having integrating assets in the supply chain, including Ocean fleet, ports, warehouses, trucks, and digital platforms has enabled better control and agility to implement solutions to supply chain volatility. Whenever capacity could not be increased, the priority was to protect the commitments towards already contracted customers.

Spot and Twill – product digitalisation

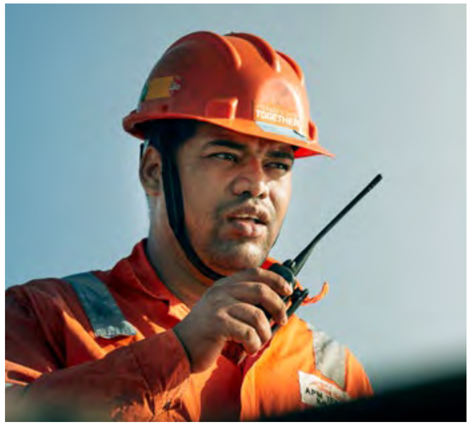
Maersk Spot, launched in 2019 offering transparent prices and loading guarantee, continued to gain significant growth in 2021. Maersk Spot has reached a 47% (36%) conversion across all brands. It remains a critical product for freight forwarder customers, and Ocean will continue to expand scope across brands and keep adding features to attract more customers.

Twill is the end-to-end digital product designed for small customers without in-house logistic capabilities. It has continued to gain momentum and has an average volume of above 4,700 FFE per week in 2021, up from an average of 1,173 FFE per week in 2020.



Expanding the offering of Maersk ECO delivery

Maersk ECO Delivery is an Ocean transport customer offering that uses low-carbon and sustainable fuels. During 2021, this solution has helped A.P. Moller - Maersk take a big step towards the company's decarbonisation ambitions and has proved that a sustainable supply chain is possible. Since its start in 2019, Maersk ECO Delivery's customer demand has grown more than 170% year-on-year, as customers recognise the value of a credible, low investment and flexible carbon reductions initiative to meet growing demands from society and regulators.



Logistics & Services

Logistics & Services is the 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 TradeLens
- Fulfilled by Maersk offers consolidation, deconsolidation and fulfilment warehousing as well as distribution services, depot operations and e-commerce logistics
- Transported by Maersk offers air forwarding, Less Than Container Load services, truck and rail transportation, and cargo insurance.

Growth dynamics

- Solid revenue growth momentum with quarter-over-quarter CAGR of 9.2% since Q4 2019
- Customer-focused proposition driving growth through customer wins and volume expansion, rather than price increases
- Managed by Maersk and Fulfilled by Maersk as the essence of integrated logistics and key pillars in providing a resilient supply chain to customers.

Progress on mid-term targets towards 2025

Organic revenue growth per year	Of which from top 200 Ocean customers	EBIT margin
34%	62%	6.3%
TARGET: >10%	TARGET: 50%	TARGET: >6%

Financial and operational performance

Logistics & Services has conducted continuous operational improvements, a focus on sales pipeline execution and providing more services to existing Ocean customers, which were critical in driving the revenue increase of 41% to USD 9.8bn (USD 7.0bn) in 2021.

Organic/inorganic

USD million

	2020	Organic	Inorganic	2021
Revenue	6,963	2,395	472	9,830
		34%	7%	
EBITA	289	363	26	678

Organic revenue contributed 34% of the 41% increase in revenue to USD 9.8bn (USD 7.0bn). The increase in EBITA was USD 389m, of which USD 363m was organic. Performance Team and KGH Customs Services were included in the organic growth figures from Q2 and Q3 2021 after being consolidated in April 2020 and September 2020, respectively. Inorganic revenue was USD 472m with the biggest contribution from Performance Team and Visible Supply Chain Management. The inorganic EBITA was USD 26m after subtracting transaction costs for Visible Supply Chain Management and B2C Europe of USD 12m in 2021.

For the Managed by Maersk services, revenue increased by 56% to USD 1.6bn (USD 1.0bn), driven by a 28% increase in volumes in Lead Logistics to 98,394 kcbm (77,023 kcbm). The increase in volume reflects the effect of a low base in the first three quarters of 2020 due to COVID-19, as well as changing consumer patterns as customers in North America increasingly demanded retail goods, in addition to also winning new business. Further, Customs Services volumes were up by 2,613k declarations to 4,850k declarations (2,236k declarations).

For the Fulfilled by Maersk services, revenue was up by 59% to USD 2.3bn (USD 1.5bn) driven by the establishment of 85 new warehouses during 2021 and productivity improvement of existing facilities. Revenue was also positively impacted by growing volumes from increasing supply chain needs from customers and a growing footprint. The acquisitions of Visible Supply Chain Management and B2C Europe also contributed to the increase in revenue in Fulfilled by Maersk adding new e-commerce capabilities and last mile delivery.

Logistics & Services highlights

USD million

	2021	2020
Revenue	**9,830**	**6,963**
Direct costs (third party cost)	7,396	5,328
Gross profit	**2,434**	**1,635**
Direct operating expenses	967	704
Selling, General & Administration (SG&A)	560	477
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**907**	**454**
EBITDA margin	9.2%	6.5%
Profit after depreciation and impairment losses, before amortisations (EBITA)	**678**	**289**
EBITA margin	6.9%	4.2%
Profit before financial items (EBIT)	**623**	**264**
EBIT margin	6.3%	3.8%
Invested capital	3,130	1,773
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	460	153
Operational and financial metrics		
EBIT conversion (EBIT/gross profit - %)	25.6%	16.1%
Revenue from Managed by Maersk	1,578	1,014
Revenue from Fulfilled by Maersk	2,320	1,457
Revenue from Transported by Maersk	5,932	4,492
Supply chain management volumes (kcbm)	98,394	77,023
Intermodal volumes (kFFE)	4,491	3,640
Sea freight volumes (TEU)	133,452	401,369
Air freight volumes (tonne)	173,648	138,086

For the Transported by Maersk services, revenue was up by 32% to USD 5.9bn (USD 4.5bn), driven by an increase in Landside Transportation Intermodal volumes of 23% to 4,491k FFE (3,640k FFE), mainly due to higher volume coming from ocean cargo and a higher penetration ratio into existing Ocean customers. Intercontinental rail also increased volume by 81% to 30.2k FFE (16.6k FFE), driven by China and Russia rail services. Further, revenue growth was driven by increased air freight forwarding volumes of 26% to 174k tonnes (138k tonnes), including ground handling, primarily coming from Asia Pacific into North America.

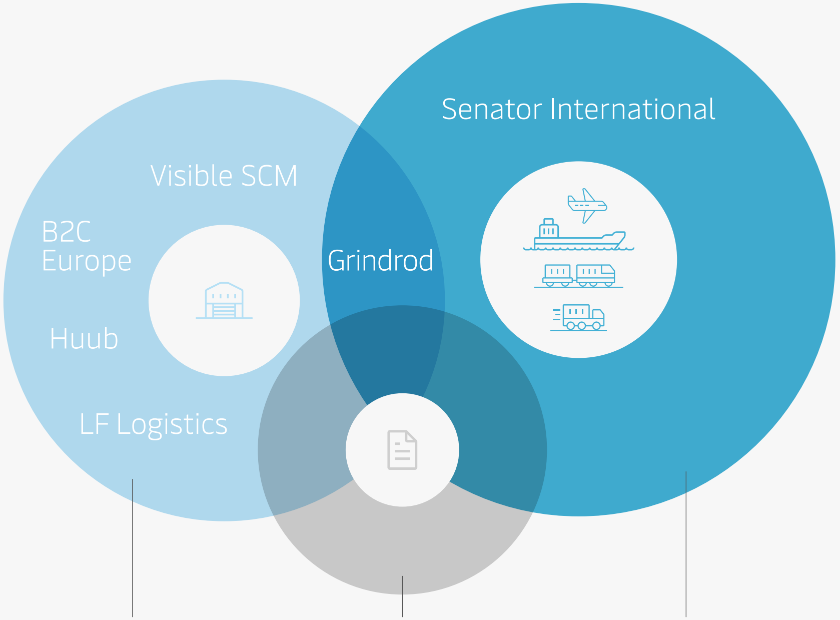
Overall, Logistics & Services' gross profit increased by USD 799m to USD 2.4bn (USD 1.6bn) with a gross profit margin of 25% (23%), driven by an increase in volumes in Lead Logistics and in the number of declarations handled in Customs Services under Managed by Maersk, increased profitability in Contract Logistics facilities in North America under Fulfilled by Maersk, as well as growth and higher margins in Landside Transportation under Transported by Maersk.

EBITDA increased by USD 453m to USD 907m (USD 454m) due to the higher revenue and the focus on operational excellence with an EBITDA margin of 9.2% (6.5%). EBIT increased to USD 623m (USD 264m) and the EBIT margin increased to 6.3% (3.8%), while the EBIT conversion ratio increased to 25.6% (16.1%). EBIT includes acquisition-related costs totalling USD 36m and an extraordinary bonus to employees of USD 23m (USD 17m).

Merger & Acquisitions

The Merger & Acquisition roadmap for Logistics & Services focuses on facilitator-type of acquisitions to expand capabilities. Logistics & Services acquired and announced some needed capabilities through a number of acquisitions in 2021.

The acquisitions of Visible Supply Chain Management, B2C Europe and HUUB provide end-to-end e-commerce capabilities that will strengthen the logistics offering within Fulfilled by Maersk. The intended acquisitions of Senator International and LF Logistics bring capabilities, reach and platform within Transported by and Fulfilled by Maersk, respectively, while the Grindrod Intermodal Group will complement both offerings.



Fulfilled by Maersk

Integrated fulfilment solutions improve customer consolidation and storage down to order level:

- Contract logistics (Warehousing & Distribution and Depot)
- e-commerce

Managed by Maersk

Integrated management solutions enable customers to control or outsource part or all of their supply chain:

- Lead Logistics
- Cold Chain logistics
- Custom Services
- TradeLens

Transported by Maersk

Integrated transportation solutions facilitate supply chain control across A.P. Moller - Maersk's assets:

- Landside Transportation
- Insurance
- Air
- Less Than Container Load
- Other

Visible Supply Chain Management

Founded in 1992 and headquartered in Utah, USA, Visible SCM is a B2C logistics company focused on parcel delivery and B2C fulfilment services in the USA. The company is a well-established and recognised player in the e-commerce logistics industry.

Number of employees: 900+

Rationale behind the acquisition:
Acquiring Visible Supply Chain Management will accelerate A.P. Moller - Maersk's ability to offer integrated logistics to customers and will contribute further to the digital transformation by leveraging technical e-commerce logistics excellence to support customers take control of their growing e-commerce momentum, including business-to-consumer warehousing and e-commerce logistics software integrating with parcel and postage networks.

Financials:
The transaction was closed on 2 August 2021 and financials were included in the Logistics & Services reporting since August 2021.

B2C Europe

A 20-year-old European e-commerce logistics company, headquartered in the Netherlands, a specialist in the management of cross-border last mile parcel deliveries. The company offers business-to-consumer parcel delivery solutions within Europe and the USA and China to Europe.

Number of employees: 180+

Rationale behind the acquisition:
Operationally, B2C Europe covers labelling services, pick-ups, parcel sortation, linehaul and injection into the last mile delivery network of 100+ carriers across Europe. By adding B2C Europe's capabilities and reach to Logistics & Services business, A.P. Moller - Maersk will be able to serve customers better by significantly increasing coverage and capabilities in B2C parcel delivery.

Financials:
The transaction was closed on 1 October 2021 and financials were included in the Logistics & Services reporting since October 2021.

HUUB

Based in Porto, Portugal, founded in 2015, and within e-commerce it offers a platform for fashion brands that integrates the full supply chain process in one place, simplifying operations from production to customer service.

Number of employees: 35+

Rationale behind the acquisition:
HUUB has developed a proprietary Order Management System (OMS) that enables integration and scaling of a global, connected network of warehouses, which is delivered by a seamless and intuitive user experience. Hence this acquisition brings both proprietary software and skilled product and software engineering experience to A.P. Moller - Maersk.

Financials:
The transaction was closed on 9 September 2021 and financials were included in the Logistics & Services reporting since September 2021.

LF Logistics

Headquartered in Hong Kong and founded in 1999, LF Logistics offers premium capabilities within omnichannel fulfilment services, e-commerce and inland transport in the Asia-Pacific region.

Number of employees: 10,000+

Rationale behind the acquisition:
LF Logistics adds critical assets to support customers' long-term growth in Asia-Pacific as well as capabilities and technology to scale the contract logistics business globally. This intended acquisition will add 223 warehouses to the existing portfolio and will increase the current warehouse footprint to 6 million square meters across 450+ warehouses globally.

Financials:
The transaction is expected to close in 2022 and is hence not included in the financials for 2021.

Grindrod Intermodal Group

With over 100 years of experience, a well-known and trusted partner in South Africa offering a wide range of logistics and service offerings in South Africa.

Number of employees: 700+

Rationale behind the acquisition:
The aim of this joint venture, where A.P. Moller - Maersk will have a controlling 51% share, is to build on the strong foundation offered by Grindrod Intermodal Group to expand A.P. Moller - Maersk's offerings to customers to better serve their needs. Grindrod Intermodal Group resides within the Freight Services sector of Grindrod and conducts comprehensive Full and Empty Container Depot Operations, Warehousing of General Cargo and Mining Minerals, Road and Rail Transport as well as Container and Genset Sales.

Financials:
The transaction is expected to close in 2022 and is hence not included in the financials for 2021.

Senator International

Founded 1984 and is a leading and well-renowned German forwarding company, with a global network across 21 countries within Europe, the Americas, and Asia.

Number of employees: 1,700+

Rationale behind the acquisition:
Senator International's offering includes a strong operational platform with more than 20 own controlled flights per week and a sizeable network out of Europe into USA and Asia. With this acquisition and the additional two new B777F aircraft, A.P. Moller - Maersk expands the air freight network and builds on Star Air's fleet by developing capabilities, reach and platform. Acquiring Senator International closes a significant gap in the Logistics & Services offering, adding strong capabilities and geographical reach, further enabling A.P. Moller - Maersk's integrator vision.

Financials:
The transaction is expected to close in 2022 and is hence not included in the financials for 2021.

Creating end-to-end decarbonised logistics and services solutions

As A.P. Moller - Maersk's portfolio of logistics services expands and develops to serve customers' end-to-end logistics needs, the company is also expanding its ambition to 100% net zero solutions by 2040 to cover Logistics & Services, and hereby committing to accelerating the transition in hard-to-abate sectors, such as heavy-duty trucking, in response to customer demand and A.P. Moller - Maersk's commitment to society.

Logistics & Services commitments:

2021 → 2030 → 2040

2030

- Min. 30% air freight cargo transported with Sustainable Aviation Fuel (SAF) and min. 25% SAF blend in A.P. Moller - Maersk's owned Star Air operations
- Min. 90% green operations in A.P. Moller - Maersk's warehouses, depots and cold stores (scope 1 and 2).

2040

- 100% net zero greenhouse gas emissions across all businesses and scopes, including landside transportation (truck, rail, barge), contract logistics, cold chain and air freight.

In 2021, the Logistics & Services business has set up a decarbonisation programme to significantly reduce emissions in the products with the highest emissions and to establish verified green offerings. The current programme focuses on 1) landside transportation (rail, truck, barge), 2) contract logistics (warehouses and deports), 3) cold chain, 4) air freight and 5) emissions transparency and might be extended as the business grows and expands.

Developing decarbonised solutions in logistics services requires considering widely varying regulations and local conditions, and with A.P. Moller - Maersk in most cases not being the asset owner, the toolbox is more complex. Based on a thorough understanding of available technologies, regional and product-specific roadmaps will be developed and executed to achieve the targets and provide decarbonised solutions to customers. The transition will be enabled by improved emissions data and analytics, clear market standards for sourcing clean fuels, infrastructure development and a strong customer involvement to meet needs and requirements.

During 2021, A.P. Moller - Maersk took the first steps by piloting and launching several products and first investments:

Landside transportation

First pilots of ECO Delivery Inland were introduced with selected customers and markets, for example with the use of biofuels in Sweden and Japan. Activities to electrify heavy-duty transport started with the order of 16 electrical trucks in California and with the investment of Maersk Growth in Einride, a leading start-up for electrified "Transport-as-a-Service".

Contract logistics and cold stores

2021 saw the inauguration of a state-of-the-art pharmaceutical warehouse facility offering sustainable and scalable solutions in Mszczonów near Warsaw – the first A.P. Moller - Maersk warehouse in Poland compliant with a BREEAM Excellent accreditation. Based on these learnings and technical standards, a more comprehensive rollout and retrofitting plan for future and existing assets will be launched in 2022.

Air freight

Similar to shipping, the key to decarbonising air freight – next to energy efficiency and technological innovations – is fuel change. The offering will be expanded by leveraging learnings from Ocean decarbonisation and engaging with current and new partners. For instance, A.P. Moller - Maersk has committed to 100,000 litres of sustainable aviation fuel with United Airlines in 2022 and joined as a new partner in their Eco-Skies Alliance programme.

Emissions transparency

The Emissions Dashboard, launched in Q2, allows customers to measure the carbon footprint across their logistics supply chain and identify emission reduced options including all transport modes, such as truck, rail, airplane or ocean vessel.

Key initiatives 2021

The focus in 2021 was to strengthen customer value proposition through advancement in product capabilities, footprint expansion and developing tech platforms. Growth was enabled both through organic means and inorganic acquisitions.

Transported by Maersk

The Less Than Container Load (LCL) value proposition was enhanced by expanding the LCL network, with 200+ own direct consolidation lanes now open versus less than 50 in 2020. This own-controlled and operated consolidation model with fixed sailing schedules and loading priority will help safeguard the highest-level reliability for Logistics & Services' customers.

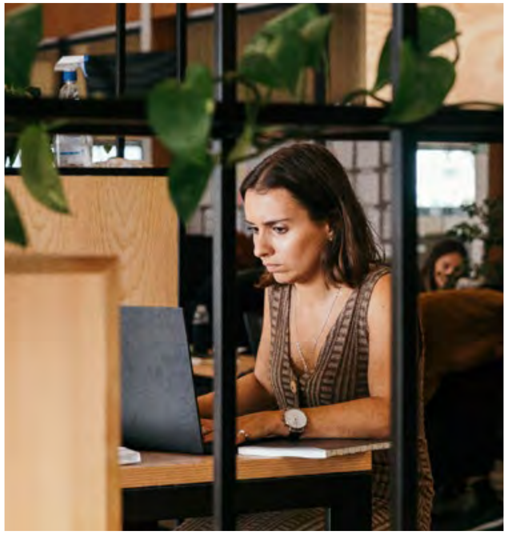
A.P. Moller - Maersk continued to strengthen its air offering through the intended acquisition of Senator International, the leasing of three B767-300 freighters and the purchase of two new B777F freighters, one of the suitable aircraft for optimal long-range intercontinental operations, being 10-15% more fuel-efficient than older aircraft types.

Fulfilled by Maersk

The acquisition of the aforementioned e-commerce companies has strengthened the technology capabilities in the e-commerce space along with reinforcing the geographical presence in North America through Visible SCM and in Europe through B2C.

The global warehousing network continues to expand with 3,098k sqm warehousing in 2021 from 2,245k sqm in 2020. Notably, an agreement with Saudi Ports Authority was signed in Q4 2021 for the setup of an integrated logistics park at the Jeddah Islamic Port in Saudi Arabia. This park will spread over 205k sqm and will offer warehousing and distribution, petrochemical consolidation and e-commerce solutions, as well as Transported by Maersk offerings in serving as a hub for transhipments, air freight and LCL.

In addition, A.P. Moller - Maersk announced the intended acquisition of LF Logistics, an omnichannel and fulfilment leader in Asia-Pacific, and the partnership with Grindrod Intermodal Group in South Africa.



Managed by Maersk

Maersk NeoNav (4PL control tower product) continues to gain customer traction and was named by Gartner as one of the top innovations in logistics. TradeLens was listed in Forbes' annual blockchain Top 50 company and continued to expand its network and now consists of 360+ network members.

Customs Services digital customer journey continues to be enhanced with the launch of MyCustoms module on Maersk.com and A.P. Moller - Maersk's carbon emission dashboard was launched.

Terminals & Towage

Gateway terminals consist of 67 terminals across 42 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 fully controlled hub terminals is reported under Ocean. A team of 22,000 industry professionals is focused on delivering the operational excellence and the solutions businesses require reaching their potential.

APM 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. This position also generates strong financial and operational synergies between Terminals and Ocean. Accordingly, growth in the Terminals business is centred around adding new locations, offering synergies with Ocean or expanding existing container terminals.

Higher profitability and progress on strategic initiatives

- Continued strong momentum in Terminals delivering ROIC above peer average
- 11% year-on-year volume growth
- Progress on the 'Safer, Better, Bigger' strategy with focus on efficiency and improving the quality of the terminal portfolio, including investments in digitalisation and automation SEE PAGE 58
- A strengthened portfolio winning a new concession in Rijeka, Croatia, and extended concession agreement in Barcelona and sale of Container Terminal Wilhelmshaven.

Progress on mid-term targets towards 2025

Terminals Return on invested capital (ROIC)

10.9%

TARGET: > 9%

Terminals

Financial and operational performance

Revenue increased to USD 4.0bn (USD 3.2bn), driven by higher global demand and increased storage income due to the continued congestion along all nodes in the supply chain, particularly in North America.

Volume increased by 11%, as markets recovered from the initial pandemic downturn in early 2020, with Asia and North America leading the way. As a result, utilisation improved to 77% (70%). Volume from the Ocean segment increased by 11% (10% like-for-like) and similar volume from external customers increased by 12% (11% like-for-like).

Higher congestion-driven storage revenue in North America resulted in an increase of 13% in gateway revenue per move to USD 312 (USD 275). As COVID-19-related congestion prevails globally, and due to higher volume in high-cost locations, cost per move increased by 4.3% to USD 242 (USD 232).

Regional volume

Terminals

Million moves	2021	2020	Growth (%)
North America	3.2	2.8	16.7
Latin America	2.5	2.3	8.6
Europe, Russia and the Baltics	2.6	2.4	8.0
Asia	2.5	2.0	25.6
Africa and Middle East	1.9	1.9	-3.6
Total	**12.8**	**11.5**	**11.3**

Adjusted for foreign exchange rates, volume mix effects, and portfolio changes, revenue per move increased by 15%, and cost per move increased by 3.8%, driving up margins.

The positive volume growth and higher margins resulted in an EBITDA of USD 1.5bn (USD 989m) and an EBITDA margin of 36.4% (31.4%). Adjusted for extraordinary storage income, EBITDA improved by approximately USD 220m.

Terminals & Towage highlights

USD million

	2021	2020
Revenue	**4,715**	**3,807**
Concession fees	339	287
Labour cost (blue collar)	1,419	1,236
Other operational costs	669	520
Selling, General & Administration (SG&A) and other costs, etc.	613	559
Total operating costs	**3,040**	**2,602**
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,675**	**1,205**
EBITDA margin	35.5%	31.7%
Profit before financial items (EBIT)	**1,294**	**828**
EBIT margin	27.4%	21.7%
Invested capital	9,706	10,389
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	454	457
Operational and financial metrics		
Terminal volumes – financially consolidated (moves, m)	12.8	11.5
Ocean segment	4.5	4.1
External customers	8.3	7.4
Terminal revenue per move – financially consolidated (USD)	312	275
Terminal costs per move – financially consolidated (USD)	242	232
Result from joint ventures and associated companies (USD m)	319	236
Number of operational tug jobs (harbour towage) ('000)	138	138
Annualised EBITDA per tug (terminal towage) (USD in '000)	913	956

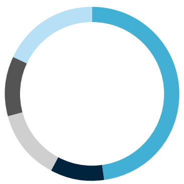
EBIT increased to USD 1.2bn (USD 687m) with higher results from joint ventures and associated companies being partially offset by higher depreciation, driven by the modernisation of yard equipment in Los Angeles, USA. CAPEX decreased to USD 304m (USD 327m), due to a slowdown in projects caused by COVID-19, causing projects to move from planning to execution stage later than originally scheduled.

In North America, high consumer spend helped drive volume up by 17% while significant congestion drove up storage income. The revenue improvement was

A Maersk vessel berthing at the joint venture terminal BTP in Santos, Brazil. One of four key contributors to the improved JV results.

Cost split % EBITDA level

- Labour
- Service & Administration
- Other operational cost
- Concession fee
- Depreciation



47% (-1%)
12% (+2%)
13%
11%
17% (-1%)

partially offset by higher costs, mostly driven by additional efforts made to ease congestion, leading to an increase in the EBITDA margin to 36% (24%). Further insights into the impact of US congestion are covered on PAGE 59.

In Latin America, volume grew 8.6% with an underlying improvement in most terminals. Higher revenue per move across the region was supported by higher rates and higher transhipment storage income leading to an EBITDA margin of 49% (42%).

In Asia, the 26% volume increase (increase of 22% like-for-like) was driven by additional volumes from two new berths in Yokohama, Japan, and higher volume in Mumbai, India. Income from the increased volume was partially offset by higher costs resulting in an EBITDA margin increase to 32% (31%).

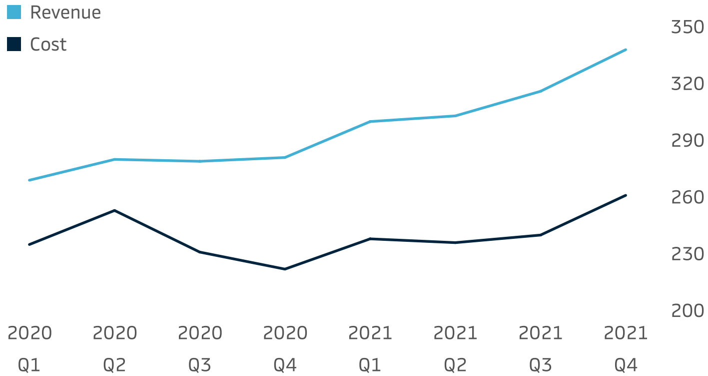
In Europe, revenue increased as a result of 8.0% higher volume and congestion-related storage income, offset by higher cost per move leading to a flat EBITDA margin of 28% (28%).

In Africa and Middle East, volume dropped by 3.6% due to adverse pandemic-related market conditions in the Middle East. Positive location mix and lower cost per move in Aqaba, Jordan, and Apapa, Nigeria, was only partly offset by unfavourable exchange rate movements, resulting in an increase in EBITDA margin to 36% (33%).

Results from joint ventures and associated companies

The share of profit in joint ventures and associated companies increased to USD 297m (USD 216m), driven by higher results in Tema, Ghana, Santos, Brazil, Abidjan, Ivory Coast and South Florida, USA.

Revenue and cost per move USD



How Terminals ‘Safer, Better, Bigger’ strategy translates into action across the globe

- **Safer** Leader-led, everyday frontline approach, keeping people working in the facilities safe
- **Better** Relentless efforts to become the best operator in the industry
- **Bigger** Growth through synergies with Ocean and expanding existing terminals

Los Angeles, USA

Gate opening hours have increased 25% with over 2,000 appointments available daily. With 1,300 trucks passing through daily, customers get great flexibility to pick up containers at their convenience with 32% faster truck turn time Q4 2021 vs Q4 2020.

Moin, Costa Rica

As the 17th terminal in the portfolio, automatic terminal gates have been commissioned reducing gate transaction time by 30%, while improving both the customer and trucking community experience.

Rijeka, Croatia

In November, the concession for a new Greenfield in Rijeka was signed. With a combination of Terminals track record of constructing and operating container facilities, the scale of Ocean and the logistics capabilities of Logistics & Services, the project will bring significant benefits to both A.P. Moller - Maersk and the Republic of Croatia.

Yokohama, Japan

In April, two new berths were successfully made operational increasing capacity to 2.4m TEU. This provides Terminals with a strong competitive edge as the only operator in the greater Tokyo area capable of handling vessels of 14,000 TEU and above.

Ganga Devi Painaidu
Section Head

Tanjung Pelepas, Malaysia

Ganga leads her 1,200+ team members, using lean processes to improve safety. So far 10 Kaizens have been implemented improving safety in the terminal. Globally 7,000+ leader-led safety activities have been performed.

Mohammed Hrimech
Shift Supervisor

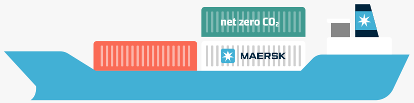
Bahrain

Mohammed has been applying lean processes to organise the truck traffic flow, leading to a reduction of safety incidents. 10,000+ of Terminals people have been trained in using these basic problem-solving skills to improve the business.

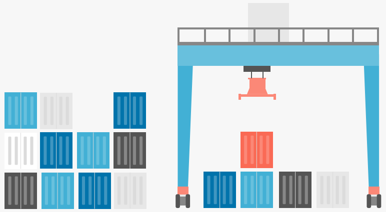
Terminal operations and the impact of congestion

The current congestion in supply chains around the world affects many businesses. This illustration exemplifies how APM Terminals Pier 400 in Los Angeles, USA, experiences congestion and how it affects different parts of terminal operations.

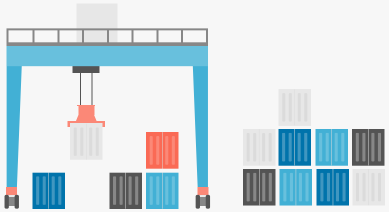
Shipping line vessels
Waiting time: Vessels are waiting outside the port as crane operations cannot keep up with the high number of incoming containers and vessels.

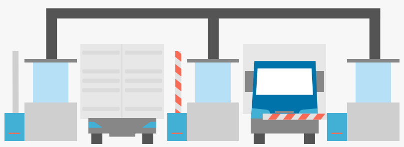


Terminal shore cranes
Productivity: Shore cranes operate at less than maximum capacity as there is insufficient space available in the yard to accommodate the containers discharged.



Terminal container yard
Utilisation: The yard is fully utilised (100%+), limiting the pace at which it can accept new containers. The key bottleneck for the Pier 400 terminal is an insufficient number of trucks passing through the gate to pick up containers, due to further congestion and lack of labour downstream.





Terminal gates
Downfall: Around 1,300 trucks pass through the gate every day, although 2,000 appointments are made/offered. To assist customers to increase pickup rates, gate opening hours have increased 25% with 32% faster truck turnaround time in Q4 2021 vs Q4 2020.

Customer truck and warehouse capacity
Capacity: Due to congested warehouses, truckers are limited in how many trips they can make to the terminal. A shortage of both truck drivers and available container chassis contribute as well.

The root causes behind congestion vary from terminal to terminal based on local infrastructure, regulations including quarantine protocols, cargo patterns (import, export, transhipment) as well as the condition and bottleneck capacity of the terminal itself. There are further downstream root causes of congestion outside the gate, but this illustration is limited to parties interacting directly with the terminal.

Key actions taken to address congestion in Los Angeles

- Improved truck turnaround time by 32% from Q4 2021 vs Q4 2020.
- Increased gate opening hours and thereby capacity by 25%.
- Moving longstanding containers to on or off dock depots.
- Close coordination with shipping lines and landside customers to evacuate empties and pick up full imports.

The key bottleneck for the Pier 400 terminal is an insufficient number of trucks passing through the gate, due to further congestion and lack of labour downstream.

As containers can only be discharged as fast as others leave the terminal, cranes cannot operate at 100% capacity leading to ships waiting outside.

To assist easing the congestion and help customers maximise their trucking resources, Terminals focus on making the gate transaction as fast, efficient and convenient as possible with significantly extended opening hours.

Decarbonising Terminals

In line with A.P. Moller - Maersk's target, APM Terminals is committed to reaching net zero by 2040, and has also set an ambitious near-term milestone of reducing emissions in its fully controlled terminals by 70% between 2020 and 2030.

APM Terminals is responsible for almost half a million tonnes of CO_2 emissions per year as of 2020 in fully controlled entities. This is split between scope 1 emissions from 100 million litres of fuel used and scope 2 emissions from the 550 million kWh of electricity consumed.

APM Terminals' scope 1 emissions represent less than 1% of A.P. Moller - Maersk's total scope 1 emissions, but the total scope 2 emissions from electricity consumption are roughly 61% of A.P. Moller - Maersk's total scope 2.

To lead the way towards net zero terminal operations, a dedicated function has been established at APM Terminals and a broad range of initiatives have been defined. Recently, an ambitious energy efficiency programme was launched in collaboration with Siemens, with the aim of reducing controlled emissions by 10-20%.

In addition to the energy efficiency initiatives, the terminal in Gothenburg, Sweden, has successfully switched from fossil fuels to biofuel for their yard equipment. Based on this initial positive result, biofuel usage will be expanded for consequent testing and usage in the USA and later other geographies as well.

70% reduction of absolute GHG emissions by 2030

TARGET

Green electricity procurement is also an area of focus. Several terminals have already switched to renewable electricity supply, which has reduced the scope 2 emissions by 7%. Where possible, the use of onsite solar or wind installations are also being considered to better meet port energy demands.

As APM Terminals mature the capability to gradually decarbonise own operations, new and innovative ways will be developed to address the emissions where no solutions exist today. Essentially, lifting global trade – sustainably.

Key initiatives 2021

Terminals has in the past year made significant progress towards becoming the best-in-class operator, upgrading the current portfolio and entering into new segments.

Automation, digitalisation and IT

As a part of the automation and digitisation programmes over 2,000 assets are now digitally connected across 16 terminals by end 2021. This solution enables terminals to monitor and visualise asset performance in real time, detect operational exceptions as they occur, and provides standardised tools and processes to respond to these. Further, a new IFS10 ERP system along with standardised way of working processes are being rolled out. Despite COVID-19-related challenges, seven gateway terminals and two hubs are already live, with the remaining terminals expected to go live in 2022.

Construction work

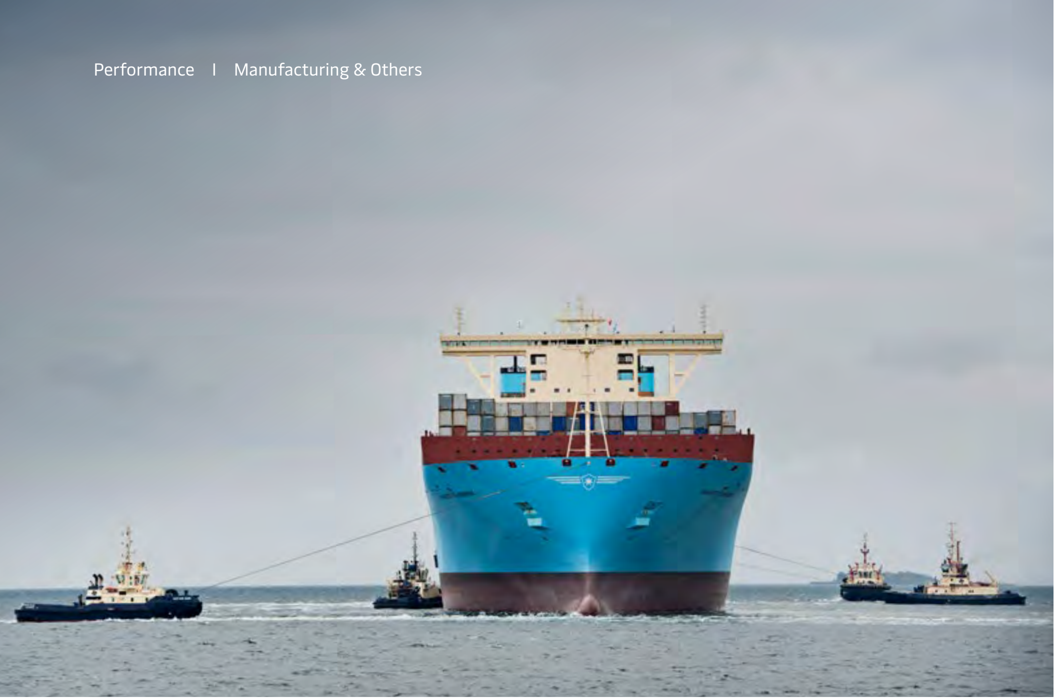
The expansion in Yokohama, Japan, was completed early 2021, driving the significant growth in volumes in Asia. In APM Terminals Poti, Georgia, the preparation works on site have started and in Onne, Nigeria, in parallel with the civil upgrades, additional container handling equipment has been received and is being put to operation. The construction work for a new terminal in Abidjan, Ivory Coast, is progressing and the business setup is being put in place.

Container terminal in Plaquemines Parish

In November, Plaquemines Port, Louisiana, USA, and APM Terminals announced a letter of intent whereby APM Terminals will become the operator of a newly planned container terminal and intermodal rail facility and external parties will be the investor. Plaquemines Port and their partners will manage the financial activities associated with the infrastructure development, investment, and ownership of the port.

Sale of Terminal Wilhelmshaven

An agreement has been finalised with Hapag-Lloyd to take over Terminals' 30% shareholding of Container Terminal Wilhelmshaven (CTW), Germany. The transaction is subject to approval by the antitrust authorities.



Manufacturing & Others

Revenue increased by USD 94m to USD 1.3bn (USD 1.3bn) with an EBITDA of USD 136m (USD 165m) and an EBIT of negative USD 103m (positive USD 69m).

Maersk Container Industry had the strongest financial year ever of its marine reefer business. Revenue was USD 690m (USD 587m) with 70% related to third-party customers, in a combination of increase in Star Cool Unit and Star Cool Integrated volumes, higher reefer pricing and a record after sales revenue. EBIT decreased to USD 78m (USD 131m), but excluding non-recurring items related to the closure of factories in 2020, EBIT increased by USD 8m to USD 71m (USD 63m). A sales agreement was signed with China International Marine Containers Ltd. (CIMC) with closing subject to regulatory approvals.

Maersk Supply Service reported a revenue of USD 301m (USD 252m), and an EBITDA of USD 16m (USD 21m), due to increased activity offset by higher costs. EBIT decreased due to a net impairment loss of USD 298m, recognised because of a strategic review of the fleet and the compatibility towards the green transition. Maersk Supply Service won its first contracts in wave energy and floating wind.

The decrease in overall EBIT was partially offset by a reversal of impairment on associates. Höegh Autoliners was successfully listed on Euronext Growth in Oslo in Q4 2021, and hence USD 132m of previously recognised impairment was reversed.

Manufacturing & Others highlights

USD million

	2021	2020
Revenue	1,348	1,254
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**136**	**165**
EBITDA margin	10.1%	13.2%
Profit/loss before financial items (EBIT)	**-103**	**69**
EBIT margin	-7.6%	5.5%
Invested capital	800	986
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	53	33

Towage

Financial and operational performance

Revenue of USD 740m (USD 681m) was mainly impacted by favourable foreign exchange rate development of USD 36m. Harbour towage activity remained on par with last year. Revenue in Australia was positively impacted by strong grain volumes and less by impact from COVID-19. In Asia, Middle East and Africa revenue was positively impacted by ramp-up of activities in Morocco. This was partly offset by weaker harbour towage activities in the UK, Scandinavia, and in Brazil. Terminal towage revenue increased by USD 8m excluding foreign exchange rate impact. EBITDA increased to USD 220m (USD 216m), mainly due to lower costs as 2020 was impacted by restructuring costs in Australia. EBIT decreased to USD 121m (USD 141m) as 2020 was positively impacted by a gain from the acquisition of Port Towage Amsterdam.

For terminal towage, annualised EBITDA per tug decreased by 5%, mainly driven by a termination fee received in 2020.

Important contracts in Brazil, Argentina, Oman, and Angola were renewed in 2021. New contracts were signed in Argentina, the Philippines, the UK and in Australia.

As of Q1 2022, Towage will be reported under Manufacturing & Others. At the same time, the segment will change its name to Towage and Maritime Services.

Governance

- Shareholder information
- Corporate governance
- Remuneration
- Board of Directors
- Executive Leadership Team

Shareholder information

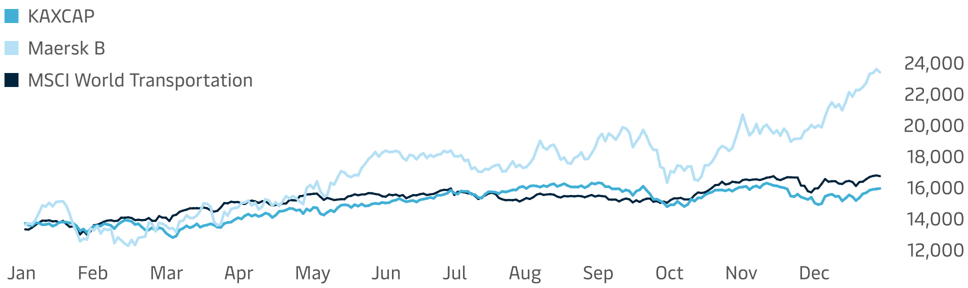
The share price in 2021 had a strong performance on the back of the positive earnings momentum, the progress on the strategic transformation, the announcement of solid high cash returns to shareholders and the underlying positive trends seen in global equities.

The share price ended the year 72% higher than last year, implying a total shareholder return of 77% for 2021, significantly outperforming leading indices in Denmark and globally. The Board of Directors in A.P. Møller - Mærsk A/S proposes an ordinary dividend of DKK 2,500 per share based on a pay-out ratio of 40% corresponding to a dividend yield of 10.7%, which in combination with the already announced share buy-back programme of USD 2.5bn for 2022, will bring the total cash distribution to USD 9.6bn for 2022 or 14.9% of the market cap end of 2021.

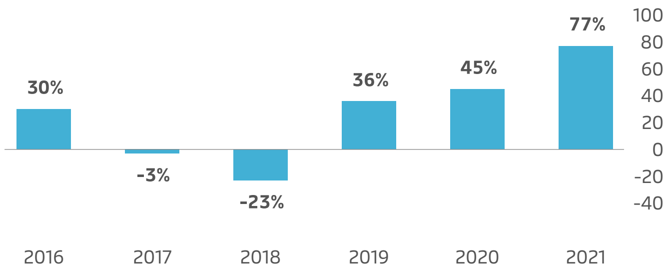
Share price development

The Maersk B share price increased by 72% to DKK 23,450 from its closing price at the end of 2020 of DKK 13,595. By comparison, the benchmark indices, MSCI World Transportation and KAXCAP index in Denmark, increased by 23% and 18%, respectively. The Maersk B share price reached its highest closing price of DKK 23,650 on 29 December 2021, and its lowest price of DKK 12,320 on 16 February 2021. The total market value of A.P. Møller - Mærsk A/S was USD 64.3bn or DKK 421bn at the end of 2021.

Share price development



Total shareholder return



The positive development of the share price was supported by a significant improvement in the financial performance throughout the year. The exceptional market conditions in Ocean, with high demand growth and extended congestions in the global supply chains, in combination with the underlying positive results of the strategic transformation growing organically and inorganically in Logistics & Services and improving returns in Terminals & Towage, led to significant strong financial results. As a result of the increasing freight rates and the positive market conditions, the full-year earnings guidance was upgraded several times during 2021.

Comparing the development in the total shareholder returns since the strategic review was announced back in 2016, the total shareholder return has been 261% or 26% annualised per year, adjusted for dividends, with significant positive returns generated in the past three years.

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 20 May 2021, the cancellation of 131,186 A shares and 524,745 B shares was completed corresponding to 3.3% 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 19,376,016, divided between 10,468,215 A shares of nominally DKK 1,000 and 8,907,801 B shares of nominally DKK 1,000.

Ownership

The total number of registered shareholders increased by 1,000 to around 77,000 during 2021. Shareholders with more than 5% of share capital or votes held 52.9% of the share capital, while the 20 largest institutional shareholders together owned around 14.5% of the total share capital and 33.6% adjusted for the free-float. Danish retail investors was unchanged at 10.1% of the total share capital compared to end of 2020.

Own shares

A.P. Moller - Maersk's holding of own shares comprised 3.46% of the share capital at the end of 2021, cf. note 4.1 in the consolidated financial statements, consisting of a total of 120,494 A shares and 549,587 B shares.

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. Similarly, the aim is to avoid high concentrations of debt maturing within the same year. A.P. Moller - Maersk aims at having a diversified debt portfolio, based on funding from debt capital markets, commercial bank debt, export credit agencies, ship financing institutions, and from multilateral agencies.

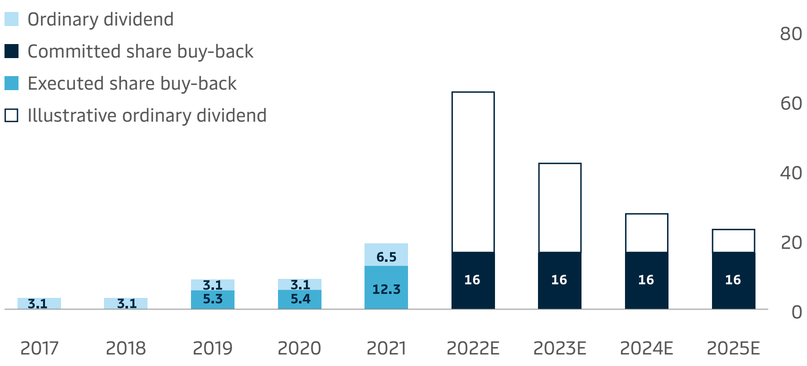
The A.P. Moller - Maersk share

Key figures	2021	2020	2019	2018	2017
Year-end share price (DKK, B share)[1]	23,450	13,595	9,608	8,184	10,840
Share price range (DKK, B share)[1]	11,330	9,081	3,410	4,005	3,990
Market capitalisation at year-end (USD bn, A and B share)[1]	64.3	42.0	28.0	25.3	35.4
Earnings per share – continuing operations (USD)	941	145	-4	152	-58
Dividend per share (DKK, A and B share)[2]	2,500	330	150	150	150
Dividend yield (B share)	10.7%	2.4%	1.6%	1.8%	1.4%
Total dividends (USD m)	7,117	1,092	468	479	503
Share buy-back programme (DKK bn)[3,4]	12.3	5.4	5.3	-	-
Share buy-back programme (USD m)[4]	1,956	806	791	-	-

1 For 2017-2018, data has not been adjusted for the demerger of Maersk Drilling
2 Ordinary dividend in the proposed year
3 Actual payments on a cash basis
4 Includes the shares bought back for the long-term incentive programmes

Historical overview of dividends and share buy-backs

DKK bn



The target is to have an average maturity of the debt portfolio, excluding the impact of leases, of at least five years, and that the total amount of debt maturities within a calendar year should not exceed USD 3bn within the next three full calendar years.

Dividend

The dividend policy is an annual pay-out ratio of 30-50% of underlying net result, adjusted for gains, impairments and restructurings to be implemented from the financial year 2021.

Distribution to shareholders of excess cash will take place through dividends potentially combined with share buy-backs, 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 and acquisition transactions, and target of having an investment grade rating.

The Board of Directors proposes an ordinary dividend to the shareholders of DKK 2,500 per share of DKK 1,000 (DKK 330 per share of DKK 1,000). The proposed dividend payment represents an ordinary dividend yield of 10.7% (2.4%) and 40% of the net underlying profit, based on the Maersk B share's closing price of DKK 23,450 as of 30 December 2021. Payment is expected to take place on 18 March 2022.

Financial calendar 2022

15 March
Annual General Meeting

4 May
Interim Report Q1 2022

3 August
Interim Report Q2 2022

2 November
Interim Report Q3 2022

Share buy-back

In May 2021, the Board of Directors decided, under the authority given at the Annual General Meeting in March 2021, to commit to an additional share buy-back programme of up to USD 5bn (around DKK 32bn) to be executed over a period of two years and to be initiated when the current programme from November 2020 of USD 1.6bn was finalised.

In November 2021, the Board of Directors decided to extend the share buy-back programme by an additional USD 5bn (around DKK 32bn) over the years 2024 and 2025.

The committed share buy-back programme of a total of USD 10bn will be carried out in several phases during 2022 to 2025. The first phase of the share buy-back programme of DKK 8bn (around USD 1.25bn) will run from 3 November 2021 until 3 May 2022.

The decision to initiate a new share buy-back programme is supported by the strong earnings and free cash flow generation seen in 2021, which has led to further deleveraging of the company and improved credit metrics in line with investment grade rating.

The share buy-back programme is carried out with the purpose to adjust the capital structure of A.P. Moller - Maersk. Shares which are not used for hedging purposes for the long-term incentive programmes will be proposed cancelled at the Annual General Meeting in 2022.

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]	41.51%	51.45%
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, Copenhagen, Denmark	9.49%	13.48%
Den A.P. Møllerske Støttefond, Copenhagen, Denmark	3.34%	6.15%

1 A.P. Møller Holding A/S has committed to participating in the share buy-back programme by selling shares relative to its voting rights and relative to its total ownership of the company. Before cancellation of the treasury shares, A.P. Møller Holding A/S's ownership is 40.05% of share capital and 50.78% of votes. The cancellation is subject to approval at the Annual General Meeting.

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.

The company is entitled to suspend or stop the programme at any time subject to an announcement to Nasdaq Copenhagen.

Annual General Meeting

The Annual General Meeting will be held on 15 March 2022 in Copenhagen, Denmark.

Investor Relations

To keep investors and analysts updated on the company's strategic development, market outlook and financial performance, A.P. Moller - Maersk arranges roadshows and participates in investor and industry conferences. Investor Relations, besides meeting domestic investors, also extensively ensures that international investors are kept updated on the latest developments. In the vast majority of 2021, the meetings have been virtual due to restrictions following the pandemic. In 2021, the Executive Board and the Investor Relations team had more than 500 meetings with the participation of more than 1,500 investors and analysts across Europe, Asia and North America.

A.P. Moller - Maersk is covered by around 30 sell-side analysts, predominantly from international investment banks, who regularly publish research reports and sector reports. A list of the analysts and other relevant information, including financial reports, investor presentations, share and bond information, is available at INVESTOR.MAERSK.COM

Corporate governance

Corporate governance is important for A.P. Møller - Mærsk A/S in line with the company's values. A.P. Møller - Mærsk A/S is continuously developing its corporate governance in response to the strategic development, goals, and activities, as well as to the external environment and input from stakeholders.

Core values

- Constant Care
- Humbleness
- Uprightness
- Our Employees
- Our Name

The five core values 'Constant Care', 'Humbleness', 'Uprightness', 'Our Employees', and 'Our Name' remain pillars for the way A.P. Møller - Mærsk A/S conducts its business. Engrained in the company for more than a century, these corporate values are continuously being promoted throughout the global organisation and serve as guiding principles for employees and leaders.

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
- Strong sustainable approach to ESG.

The formal basis for the corporate governance of A.P. Møller - Mærsk A/S consists of:

- The Articles of Association.
- Rules of procedure applicable to the Board of Directors and the Executive Board as well as procedures specific to each of the Board committees. See further: INVESTOR.MAERSK.COM/CORPORATE-GOVERNANCE
- Policies and principles on health and safety, legal compliance, working culture, data ethics, tax and other key areas within corporate governance and good corporate citizenship. Read more about our policies on:
  MAERSK.COM/ABOUT/SUSTAINABILITY
- The internal governance framework (COMMIT) stipulates more detailed policies, rules, instructions and guidelines applicable to all group entities and employees. Among others, the framework covers enterprise risk management, responsible procurement, anti-corruption, legal compliance etc., and is continuously updated.
- The Maersk Whistleblower system enables employees and other stakeholders in more than 130 countries to report wrongdoings. Further information on whistleblower reports is available in the Sustainability Report and on:
  SECURE.ETHICSPOINT.EU/DOMAIN/MEDIA/EN/GUI/102833/INDEX.HTML

To organise and conduct Board meetings in the most relevant and efficient manner, the Board of Directors has established an Annual Wheel in cooperation with the Executive Board. The Annual Wheel outlines the main themes and topics for each ordinary board meeting and areas for reporting to the Board of Directors as well as matters for deliberation or approval by the Board. The Annual Wheel ensures that all relevant topics are covered during the year, e.g. strategy, people and capabilities, ESG, transformation progress, and compliance and risk.

Board evaluation

During September 2021, an externally facilitated Board Evaluation process was conducted, among others covering the cooperation between the Board of Directors and the Executive Board, the Chairman's role, the Board's and Board Committees' work and an assessment of Board capabilities relative to those best supporting the company's strategy. All members of the Board of Directors participated in the evaluation and provided input via questionnaires and interviews, thus forming the basis of a comprehensive evaluation report. The results were discussed in plenary sessions by the Board of Directors and agreed improvements will be implemented.

Main conclusions and outcome of the Board Evaluation

The Board's work continues to develop and improve the dynamic and the engagement level. The Board Evaluation confirmed the alignment on the top strategic issues and continued focus on priorities and transparency.

The results and conclusions from the annual Board Evaluation form the basis for the Nomination Committee's considerations and continued search for future candidates to the Board of Directors.

Board composition

Based on the strategy to move from a conglomerate to a focused transportation and logistics company, the Board initiated a process to define the Board composition of the future. As part of the Board Evaluation 2018, key competencies and areas of experience and expertise required on the Board were identified to be: Shipping, transport and logistics, IT/digital/tech and e-commerce, business transformation, innovation and entrepreneurship, asset heavy industries, finance and accounting, risk management, global leadership, and board service in stock listed companies.

Consequently, the Nomination Committee initiated a search for Board candidates with relevant additional competencies to complete the Board's overall, collective capabilities. At the Annual General Meeting in 2020, Blythe S. J. Masters was elected bringing competencies within financial services, technology, start-ups and blockchain, and in 2021, Amparo Moraleda was elected bringing competencies within digitalisation and sustainability to the Board of Directors.

Diversity

When assessing the composition of the Board, the Nomination Committee also considers diversity and setting of the target for the underrepresented gender on the Board of Directors in accordance with section 139c of the Danish Companies Act. In 2019, the Board of Directors re-adopted the target for the underrepresented gender on the Board of Directors: Three female Board members elected by the Annual General Meeting if the Board consists of less than 12 members and four female Board members elected by the Annual General Meeting if the Board consists of 12 or more members. The target has to be met by end 2023. As the Board today consists of ten members, of which three are female, the target is currently met. The Board will continuously assess whether the target set in 2019 is still ambitious. The company keeps focus on driving diversity both on managerial levels and on the Board.

Further information on diversity can be found in the company's Sustainability Report.

Recommendations for corporate governance

As a Danish listed company, 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 2021. This statement includes a description of the company's approach to the recommendations in the "Recommendations for Corporate Governance". Reporting on compliance with the Corporate Governance recommendations can be found on INVESTOR.MAERSK.COM/CORPORATE-GOVERNANCE

ESG governance

The company has adopted policies and strategies for responsible business practices and sustainability, covering material environment, social and governance factors, to support its business strategy and deliver value for customers, investors and broader society in line with the recommendations of the UN Global Compact, which the company joined in 2009. The company publishes an Annual Sustainability Report, which, together with the polices and strategies, can be found on the company's website
MAERSK.COM/ABOUT/SUSTAINABILITY

The Board of Directors monitors sustainability and ESG in the company, including approving the ESG strategy and annual reporting.

Main elements of the company's 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 entire Board of Directors. The responsibility for the everyday maintenance of an efficient control environment in connection with the financial reporting rests with the Executive Board. The management of the brands and business units are responsible for ensuring an efficient control environment for the respective brand or business unit.

Based on the applicable rules and regulations, the Board of Directors and the Executive Board prepare and approve the general policies, procedures and controls in significant areas in connection with the company's financial reporting.

The starting point is a clear organisational structure, clear chains of command, authorisation and certification procedures and segregation of duties as well as adequate accounting and consolidation systems, including validation controls.

In addition, the company has set up policies, manuals and procedures within relevant areas in connection with its financial reporting. The policies, manuals and procedures are updated on an ongoing basis.

Risk assessment and management

At least once a year, as part of the risk assessment, the Board of Directors, the Audit Committee and the Executive Board undertake a general identification and assessment of risks in connection with the financial reporting, including the risk of fraud, and consider measures to be implemented to reduce or eliminate such risks. Decisions on measures to reduce or eliminate risks are based on an assessment of materiality and probability of errors and omissions.

Control activities

Specific control activities have been defined for each significant brand and business unit.

The performance of such control activities is monitored on brand and business unit as well as on a corporate level. This monitoring includes controller reports with follow-up on findings and recommendations as well as an annual statement of representation from management of the most significant brands and business units.

Information and communication

The Board of Directors is overall responsible for the company having information and reporting systems in place to ensure that its financial reporting is in conformity with rules and regulations. For this purpose, the company has set out detailed requirements in policies, manuals and procedures, and a global consolidation system with related reporting instructions has been implemented. Also, risk and control catalogues have been established and collated for all significant brands and business units as well as for corporate functions.

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.

Any weaknesses, control failures and violations of the applicable policies, manuals and procedures or other material deviations are communicated upwards in the organisation in accordance with relevant policies and instructions. Any weaknesses, omissions and violations are reported to the Executive Board. The Board of Directors and the Audit Committee receive reports from the Executive Board and from Group Internal Audit on compliance with the guidelines etc., as well as on the weaknesses, omissions and violations of the policies, procedures, and internal controls found.

The auditors elected by the Annual General Meeting report identified material weaknesses in the internal control systems related to financial reporting in the Auditor's Long-form Report to the Board of Directors. Identified weaknesses in the internal control environment are reported in management letters to the Executive Board.

Governance structure

Shareholders and the Annual General Meetings
The Annual General Meeting is the supreme governing body of A.P. Møller - Mærsk A/S. The shareholders exercise their rights at the Annual General Meeting, e.g. in relation to electing the Board members and the auditors of the company, approving the annual reports and dividends, deciding on the Articles of Association and on proposals submitted by shareholders or the Board. 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.

Board of Directors
A.P. Møller - Mærsk A/S has a two-tier management structure consisting of the Board of Directors and the Executive Board. There is no overlap between members of the Board of Directors and members of the Executive Board. By inviting business leaders, functional leaders and relevant experts to participate in parts of its meetings, the Board of Directors and its committees interact with representatives from various parts of the organisation as well as external specialists.

The Board of Directors lays down the general business and management principles and ensures the proper organisation and governance of the company. Furthermore, the Board of Directors decides the strategy and the risk policies and supervises the execution of the strategy as well as the performance of the company and its management. The Board of Directors appoints members of the Executive Board.

According to the company's Articles of Association the Board of Directors shall consist of four to 13 members elected by the Annual General Meeting. The Board members are elected for a two-year term. There are Board members up for election every year to ensure continuity in the work of the Board of Directors. Board members are eligible for re-election.

At the Annual General Meeting on 23 March 2021, Dorothee Blessing stepped down from the Board of Directors, and the Annual General Meeting elected Amparo Moraleda as a new member. The Board of Directors consists of ten members, all elected by the Annual General Meeting. Six of the members of the Board of Directors are independent. The Chairman of the Board of Directors and the chairmen of the Committees, except the Nomination Committee, are independent.

The Board of Directors plans seven to nine ordinary meetings per year.

Further information on the members of the Board of Directors, committees as well as the Board members' participation in Board and committee meetings, is available on the company's webpage and below.

The Board of Directors has established the following committees

Chairmanship
The Chairmanship consists of the Chairman and the Vice Chairman, who are elected by and among the members of the Board of Directors. The Chairmanship performs certain preparation and planning in relation to Board meetings and is a forum for the Chairman's and management's reflections. The Chairmanship meets regularly and as required.

Audit Committee
The Audit Committee consists of three to four Board members appointed by and among the Board members. The Committee reports to the Board of Directors. The tasks of the Audit Committee include the review of accounting, auditing, risk and control matters, which are dealt with at meetings with the external auditors, the CFO, the Head of Group Finance and the heads of the accounting and internal audit functions. Furthermore, the Committee is tasked with reviewing material on related parties' transactions. All members are independent. The Committee plans six to seven ordinary meetings per year.

Nomination Committee
The Nomination Committee consists of three Board members including the Chairman of the Board. The members are elected by and among the Board members, and the Board appoints the Chairman of the Committee. The Nomination Committee assists the Board by establishing an overview of the competencies required and represented on the Board, and reviews the structure, size, composition, succession planning and diversity of the Board of Directors. The Committee also reviews the application of the independence criteria, initiates recruitment, and evaluates candidates for election to the Board of Directors at the Annual General Meeting. The Committee meets on a regular basis.

Remuneration Committee
The Remuneration Committee consists of three Board members including the Chairman of the Board. The Remuneration Committee makes proposals to the Board of Directors for the remuneration of the Board of Directors and members of the Executive Board. Furthermore, the Committee makes proposals to the Board, e.g. with regard

Overview of committee members and attendance rate for 2021

	Board of Directors	Chairmanship	Audit Committee	Nomination Committee	Remuneration Committee	Transformation & Innovation Committee
Jim Hagemann Snabe[1]	9/9 (Chairman)	8/8	7/7	2/2	5/5 (Chairman)	5/5 (Chairman)
Ane Mærsk Mc-Kinney Uggla	9/9 (Vice Chairman)	8/8		2/2 (Chairman)		
Dorothee Blessing[1]	1/9[3]					
Bernard L. Bot[1]	9/9		7/7			
Marc Engel[1]	9/9					5/5
Arne Karlsson[1]	9/9		7/7 (Chairman)		1/5[3]	
Thomas Lindegaard Madsen	9/9					
Blythe S. J. Masters[1]	9/9					4/5
Amparo Moraleda[1]	8/9[2]		6/7[2]		4/5[2]	4/5[2]
Jacob Andersen Sterling	9/9					
Robert Mærsk Uggla	9/9			2/2	5/5	1/5[3]
Overall attendance rate	100%	100%	100%	100%	100%	95%

1 Considered independent cf. Recommendations for Corporate Governance
2 Joined the Board or Committee in March 2021
3 Stepped down in March 2021

to incentive schemes, reporting and disclosure of remuneration and the remuneration policy. The Remuneration Committee ensures that the remuneration policy and practices as well as incentive programmes support the strategy of A.P. Moller - Maersk and create value for the shareholders. The majority of the members are independent. The Committee plans four meetings per year.

Transformation & Innovation Committee
The Transformation & Innovation Committee consists of three to four Board members appointed by and among the Board members. The Committee is established with the purpose of supporting the transformation of the company as well as the development of the company's overall strategic direction and innovation agenda. The majority of the members are independent. The Committee plans four meetings per year.

Rules of procedure

The Rules of procedure for the Audit Committee, Nomination Committee, Remuneration Committee and Transformation & Innovation Committee are available on the company's webpage.

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 Chairman of the Board of Directors and to the Audit Committee.

The Executive Board (registered management of the company)

The Executive Board is appointed by the Board of Directors to carry out the day-to-day management of the company in accordance with the directions provided by the Board of Directors. The tasks include but are not limited to:

- Develop the business and submit strategy proposals to the Board of Directors for decision
- Implement the strategy for the company and execute on investments and divestments
- Develop the organisational structure of the company and allocate resources
- Prepare internal and external financial reporting
- Monitor and plan capital resources and liquidity
- Establish and implement internal policies and procedures for relevant topics such as accounting, finance, IT, etc.
- Enterprise Risk Management.

Framework for corporate governance

As of 1 January 2021, the Executive Board of A.P. Møller - Mærsk A/S consisted of Søren Skou (CEO), Patrick Jany (CFO), Vincent Clerc (CEO of Ocean & Logistics), Morten H. Engelstoft (CEO of APM Terminals) and Henriette Hallberg Thygesen (CEO of Fleet & Strategic Brands). On 1 April 2021, Navneet Kapoor (CITO) was appointed member of the Executive Board.

Further information about the members of the Executive Board, including photos and occupations, can be found on the company's webpage and in this report. SEE PAGE 72

Matters handled by the Board of Directors in 2021 (including but not limited to)

- Strategy and business plan review, target setting and budget approval
- Follow-up on M&A activities to ensure growth of Logistics & Services
- Review the implementation of a new safety framework within the organisation
- Monitor the company's financial policy, credit rating, debt levels and capital structure, including decision on dividend policy and share buy-back programme
- Monitor the implementation of the technology strategy and cyber security standards
- Monitor the transformation and reorganisation of the company to become the 'Global integrator of container logistics'
- Conduct Board evaluation
- Nominate Amparo Moraleda as Board member for the election to the Board at the Annual General Meeting 2021
- Approval of the Annual Report 2020 and the 2021 Interim Reports as well as review of monthly and quarterly financial reporting and forecasting
- Approval of the Remuneration Report 2020 for the Board of Directors and the Executive Board
- Monitor the COVID-19 impact on the company's employees, operation and financials and taking necessary precautions and actions.

Matters handled by the Board Committees in 2021 (including but not limited to)

Chairmanship

- Preparation and planning in relation to Board meetings
- Coordination and sparring with the Executive Board.

Audit Committee

Monitor the financial and non-financial reporting process, including accounting estimates and risks, accounting policies and reporting process integrity

- Review annual and interim financial reports
- Review of the company's Directors and Officers Insurance
- Monitor the effectiveness of internal control systems, fraud risks and fraud prevention
- Discuss key audit matters, monitor the services, audit plans, reports, independence of external auditors, and recommend statutory auditor for election including conducting the mandatory audit tender process
- Monitor the Group Internal Audit function, its independence, scope and performance, resources and reporting and the resolution of audit findings
- Oversee the company's Enterprise Risk Management framework and processes as well as review key enterprise risks and related mitigation plans
- Meet with the Head of Group Internal Audit, CFO, Head of Group Finance, Head of Accounting and Tax, other functional leaders and external auditors.

Nomination Committee

- Review and assess the composition, succession planning, competencies, and diversity of the Board of Directors as a part of the Board evaluation
- Identify candidates (Amparo Moraleda) for membership of the Board of Directors
- Assess independence criteria of the Board members.

Remuneration Committee

- Review and define benchmarks for executive remuneration
- Review, monitor and propose to the Board the scorecards and remuneration packages of the Executive Board for 2021 and 2022
- Review and propose a new Remuneration Policy
- Prepare the Remuneration Report
- Propose fees for the members of the Board of Directors.

Transformation & Innovation Committee

- Support the development of the transformation and technology agenda by overseeing progress and prioritisation of the process and IT standardisation efforts and other processes of strategic importance
- Act as sparring partner for the Executive Board within innovation, consolidation and growth, including M&A projects
- Assist in setting the standard and ambition level for the IT strategy and follow-up on progress.

Remuneration

The remuneration of the Executive Board members for the financial year 2021 reflects a year in which A.P. Moller - Maersk delivered record-breaking financial results and made a strong progress towards its strategic transformation. The remuneration to the members of the Board of Directors remains unchanged from the previous year.

Underlining the importance of delivering on A.P. Moller - Maersk's commitments to ensure responsible business practices as well as taking leadership in the decarbonising of logistics, the company is from 2023 introducing an Environmental, Social and Governance (ESG) measure in the long-term incentive plan. 2022 will be used to ensure that the right ESG targets are fully aligned and integrated to deliver on the company's commitments.

The following sections set out key elements of the Remuneration Policy ('Policy'), and the total remuneration awarded to the members of Board of Directors and the Executive Board for 2021.

2017–2021 Remuneration

Remuneration awarded (USD million)	2021	2020	2019	2018	2017
Board of Directors					
Fixed annual fee	3	3	3	3	3
Total	**3**	**3**	**3**	**3**	**3**
Executive Board					
Fixed base salary	9	8	10	10	8
Short-term cash incentive	8	6	5	5	2
Long-term share-based incentives	3	2	1	1	1
Remuneration in connection with redundancy, resignations and release from duty to work	-	-	6	4	-
Total	**20**	**16**	**22**	**20**	**11**

Remuneration policy at a glance

The Policy supports the business needs by enabling an appropriate total remuneration package that has a clear link to 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 2020.

Board of Directors

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

- The Chairman receives a fixed amount inclusive of committee work and all other additional duties
- Ordinary Board members receive a fixed amount, and the Vice Chairman receives 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 Chairman where the fixed annual fee is all inclusive.

Executive Board

The remuneration of the Executive Board members consists of a fixed base salary, which is inclusive of company pension contribution and car, 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 2021

The table shows the total remuneration awarded to members of the Board of Directors and the Executive Board in aggregate from 2017 to 2021, as set out in note 2.2 of the consolidated financial statements.

Further information regarding the share-based payments is detailed in note 5.2 of the consolidated financial statements as calculated under IFRS2.

This is different in both reporting and methodology in the company's Remuneration Report 2021 which is available at the company's website on: INVESTOR.MAERSK.COM/REMUNERATION

Board of Directors

From left to right: Jacob Andersen Sterling, Bernard L. Bot, Blythe S. J. Masters, Robert Mærsk Uggla, Ane Mærsk Mc-Kinney Uggla (Vice chairman), Jim Hagemann Snabe (Chairman), Amparo Moraleda, Thomas Lindegaard Madsen, Marc Engel, Arne Karlsson

Jim Hagemann Snabe

Nationality:	Danish
Born:	1965
Gender:	Male
Joined the Board:	2016
Current election period:	2020-2022

Chairman of the Board of Directors, the Remuneration Committee, and the Transformation & Innovation Committee. Member of the Audit Committee and the Nomination Committee.

Former Co-CEO, SAP AG, Germany.

Considered independent.

Other management duties, etc.

- Siemens AG[1] (Chairman)
- Allianz SE[1] (Vice Chairman)
- 3C.ai (member of the Board)
- World Economic Forum (member of the Board of Trustees, member of the Governing Board)

Education

- MSc in Economics and Business Administration, Aarhus School of Business (now Aarhus University), 1989
- Adjunct Professor at Copenhagen Business School, 2017

Qualifications

Board experience from international, listed technology and innovation companies and from the financial sector. Management experience from global, listed IT companies. Digital transformation experience.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
8/8 Chairmanship meetings
7/7 Audit Committee meetings
2/2 Nomination Committee meetings
5/5 Remuneration Committee meetings
5/5 Transformation & Innovation Committee meetings

[1] Listed company

Ane Mærsk Mc-Kinney Uggla

Nationality:	Danish
Born:	1948
Gender:	Female
Joined the Board:	1991
Current election period:	2020-2022

Vice chairman of the Board of Directors and Chairman of the Nomination Committee.

Not considered independent due to membership of the Board of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

Other management duties, etc.

- A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (Chairman)
- Den A.P. Møllerske Støttefond (Chairman)
- A.P. Møller Holding A/S (Chairman)
- Estemco III ApS (CEO)
- Timer ApS (CEO)

Education

- Master of Arts, 1977

Qualifications

Insight into the market fundamentals, value and history of the company. Knowledge of the company's complex accounting matters.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
8/8 Chairmanship meetings
2/2 Nomination Committee meetings

Bernard L. Bot

Nationality:	Dutch
Born:	1966
Gender:	Male
Joined the Board:	2019
Current election period:	2021-2023

Member of the Audit Committee.

CFO, Kingfisher Plc.[1]

Considered independent.

Other management duties, etc.

- None

Education

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

Qualifications

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

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
7/7 Audit Committee meetings

[1] Listed company

Marc Engel

Nationality:	Dutch
Born:	1966
Gender:	Male
Joined the Board:	2019
Current election period:	2021-2023

Member of the Transformation & Innovation Committee.

Chief Supply Chain Officer and Member of Unilever leadership Executive, Unilever Plc, UK.[1]

Considered independent.

Other management duties, etc.

- IDH (Sustainable Trade Initiative) Nederland – supervisory director
- Green Fund as Advisory Board Member
- McLaren Racing as Advisory Group Member

Education

- MSc, Applied Physics, from University of Groningen, the 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.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
5/5 Transformation & Innovation Committee meetings

[1] Listed company

Arne Karlsson

Nationality:	Swedish
Born:	1958
Gender:	Male
Joined the Board:	2010
Current election period:	2021-2023

Chairman of the Audit Committee.

Former CEO of Ratos AB.

Considered independent.

Other management duties, etc.

- Ecolean (Chairman)
- Einar Mattsson (Chairman)
- FAPM Fastighets AB (Chairman)
- KANA i Ramundberget AB (Chairman)
- ROL AB (Chairman)
- Rödingbäcken i Ramundberget AB (Chairman)
- TAK Advisory Ltd. (Chairman)
- WCPF (World's Children's Prize Foundation) (Chairman)
- Swedish Securities Council (Board member)
- Girovent Holding AB (Board member)
- Advisory Board for The ESS (European Spallation Source) (member)

Education

- Bachelor 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.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
7/7 Audit Committee meetings
1/5[1] Remuneration Committee meetings

[1] In 2021 the Remuneration Committee held 5 meetings; 4 of these were after Arne Karlsson stepped down from the Committee in March

Thomas Lindegaard Madsen

Nationality:	Danish
Born:	1972
Gender:	Male
Joined the Board:	2018
Current election period:	2020-2022

Captain, Maersk Line.

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

Other management duties, etc.

- None

Education

- Graduated Master, Svendborg Navigations Skole, 1996

Qualifications

Captain in Maersk Line since 2011 and Chief Officer in Maersk Line from 2004-2011. Technical, maritime, and operational knowledge relevant to the shipping activities in A.P. Moller - Maersk.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings

Blythe S. J. Masters

Nationality:	English
Born:	1969
Gender:	Female
Joined the Board:	2020
Current election period:	2020-2022

Member of the Transformation & Innovation Committee.

Founding Partner at the private equity firm Motive Partners, CEO of Motive Capital Corp[1] and President of Motive Capital Corp II[1], the special purpose acquisition corporations, sponsored by Motive's funds.

Considered independent.

Other management duties, etc.

- Board Member and Audit Committee Chair of GCM Grosvenor[1]
- Board Member of Credit Suisse[1]
- Board Chair of Credit Suisse Holdings (USA), Inc.
- Advisory Board Member of Figure Technologies, Inc.
- Advisory Board Member of Maxex, LLC.
- Advisory Board Member of US Chamber of Digital Commerce
- Chair of Wilshire Digital Assets Advisory Group

Education

- Bachelor of Arts: Economics, Trinity College, Cambridge University

Qualifications

Experienced financial services and technology executive with 27 years' experience at JP Morgan, and extensive knowledge in operating, investing, innovating, governance, and advice, from start-ups to large enterprises.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
4/5 Transformation & Innovation Committee meetings

[1] Listed company

Amparo Moraleda

Nationality:	Spanish
Born:	1964
Gender:	Female
Joined the Board:	2021
Current election period:	2021-2023

Member of the Audit Committee, the Remuneration Committee, and the Transformation & Innovation Committee.

Former GM for Spain, Portugal, Greece, Israel, and Turkey at IBM Corporation[1] and COO, Iberdrola's International Division[1].

Considered independent.

Other management duties, etc.

- Caixabank[1] (Board member)
- Airbus SE[1] (Board member)
- Vodafone Group[1] (Board member)

Education

- Industrial Engineer, ICAI, Universidad Pontificia de Comillas, 1988
- Advance Management programme (PDG), 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.

Attendance in Board and Committee meetings during 2021

8/9[2] Board meetings
6/7[2] Audit Committee meetings
4/5[2] Remuneration Committee meetings
4/5[2] Transformation & Innovation Committee meetings

[1] Listed company
[2] In 2021, one Board meeting was held before Amparo Moraleda joined in March, same with the Audit Committee, Remuneration Committee and Transformation & Innovation Committee

Jacob Andersen Sterling

Nationality:	Danish
Born:	1975
Gender:	Male
Joined the Board:	2018
Current election period:	2020-2022

Senior Director, Head of Decarbonisation, Innovation & Business Development, A.P. Moller - Maersk.

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

Other management duties, etc.

- Member of the Board of Directors, Preferred by Nature
- Member of the Board of Trustees, Sustainable Shipping Initiative

Education

- MSc in Biology, University of Copenhagen, 2002

Qualifications

Relevant knowledge within decarbonisation, innovation, product management and sustainability, through employment in Maersk Line since 2009.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings

Robert Mærsk Uggla

Nationality:	Swedish
Born:	1978
Gender:	Male
Joined the Board:	2014
Current election period:	2020-2022

Member of the Nomination Committee and the Remuneration Committee.

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

Other management duties, etc.

- The Drilling Company of 1972, A/S[1] (Vice chairman)
- A.P. Møller Capital P/S (Chairman)
- Maersk Tankers A/S (Chairman)
- Maersk Product Tankers A/S (Chairman)
- ZeroNorth A/S (Director)
- Agata ApS (CEO)
- Estemco XII ApS (CEO)
- IMD (Director of the foundation board)
- 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, Stanford Business School, Harvard Business School, and IMD

Qualifications

Leadership experience within investments, incubation, transportation and infrastructure related activities.

Attendance in Board and Committee meetings during 2021

9/9 Board meetings
2/2 Nomination Committee meetings
5/5 Remuneration Committee meetings
1/5[2] Transformation & Innovation Committee meetings

[1] Listed company
[2] In 2021 the Transformation & Innovation Committee held five meetings; four of these were after Robert Mærsk Uggla stepped down in March

Executive Leadership Team

From left to right: Susana Elvira, Caroline Pontoppidan, Vincent Clerc, Søren Skou, Henriette Hallberg Thygesen, Navneet Kapoor, Morten H. Engelstoft, Patrick Jany

Søren Skou

Chief Executive Officer (CEO)
A.P. Møller - Mærsk A/S

Nationality:	Danish
Born:	1964
Gender:	Male
Joined the Executive Leadership Team:	2007
Joined A.P. Moller - Maersk:	1983

Søren Skou has been CEO of A.P. Møller - Mærsk A/S since June 2016.

Søren has held various positions in A.P. Moller - Maersk with roles in Copenhagen, New York and Beijing. In 1998 he joined Maersk Tankers, where he was CEO from 2001 to 2011.

Other management duties, etc.

- Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (Chairman)
- MITHEL Invest ApS
- European Round Table of Industry (member)
- Nokia Corporation (Board member)

Education

- MBA (honours), IMD, Switzerland
- Business Administration, Copenhagen Business School
- Maersk International Shipping Education

Patrick Jany

Chief Financial Officer (CFO)
A.P. Møller - Mærsk A/S

Nationality:	German
Born:	1968
Gender:	Male
Joined the Executive Leadership Team:	2020
Joined A.P. Moller - Maersk:	2020

Patrick Jany has been CFO of A.P. Møller - Mærsk A/S since May 2020.

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.

Other management duties, etc.

- Comet AG, Switzerland (Board member)

Education

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

Vincent Clerc

Chief Executive Officer (CEO), Ocean & Logistics
A.P. Møller - Mærsk A/S

Nationality:	Swiss
Born:	1972
Gender:	Male
Joined the Executive Leadership Team:	2017
Joined A.P. Moller - Maersk:	1998

Vincent has held various roles in North America and Copenhagen. In December 2015, Vincent was appointed Chief Commercial Officer in Maersk Line.

Other management duties, etc.

- None

Education

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

Susana Elvira

Chief People Officer
A.P. Møller - Mærsk A/S

Nationality:	Spanish
Born:	1975
Gender:	Female
Joined the Executive Leadership Team:	2021
Joined A.P. Moller - Maersk:	2002

Susana has held various roles within HR, latest as Global Head of HR for Ocean and Logistics. During her international career, Susana has, e.g., held positions in London, Hong Kong, Genoa and Copenhagen. Since September 2021, Susana has held the position of Chief People Officer.

Other management duties, etc.

- None

Education

- University Diploma on Labour Law and Organisations, Universidad Carlos III, Madrid, Spain
- Global Executive MBA, IESE Business School

Morten H. Engelstoft

Chief Executive Officer (CEO)
APM Terminals

Nationality:	Danish
Born:	1967
Gender:	Male
Joined the Executive Leadership Team:	2017
Joined A.P. Moller - Maersk:	1986

Morten H. Engelstoft has been CEO of APM Terminals since 2016.

Morten has had a long tenure with A.P. Moller - Maersk and other brands, including postings in the USA, Vietnam, Taiwan, Singapore and Italy.

Other management duties, etc.

- TT Club Mutual Insurance Ltd. (Board member)

Education

- Executive MBA, IMD, Lausanne, Switzerland
- Maersk International Shipping Education

Navneet Kapoor

Chief Technology & Information Officer
A.P. Møller - Mærsk A/S

Nationality:	Indian
Born:	1970
Gender:	Male
Joined the Executive Leadership Team:	2018
Joined A.P. Moller - Maersk:	2017

Navneet has held the roles of Chief Transformation Officer and Head of Global Shared Service Centres before taking on his current role in 2020.

Navneet has also held senior leadership roles in Target Corporation and General Electric Company across multiple geographies spanning India, North America, Japan and Thailand, before joining A.P. Moller - Maersk.

Other management duties, etc.

- Continual Engine (Board member)

Education

- PhD in Chemical Engineering, University of Minnesota
- M.S. in Electrical Engineering, University of Minnesota
- MBA, University of Chicago Booth School of Business
- B.Tech in Chemical Engineering, IIT Kanpur

Caroline Pontoppidan

General Counsel & Head of Corporate Affairs
A.P. Møller - Mærsk A/S

Nationality:	Danish
Born:	1965
Gender:	Female
Joined the Executive Leadership Team:	2013
Joined A.P. Moller - Maersk:	2013

Caroline has held positions as a practicing lawyer at the intellectual property firm Libermann Nowark in New York from 1991–1993 and at the Danish law firm Kromann Reumert, where Caroline started in 1993 and became equity partner in 2000 (area: M&A).

Other management duties, etc.

- Sealand Europe A/S (Board member)
- Axcel Management A/S (Board member)
- Danmark-Amerika Fondet (Board member, Vice chairman)

Education

- Sorbonne, Paris, France (language)
- Cand. jur. (the Danish law degree), Copenhagen University
- L.LM (Master of Law) from Duke University, North Carolina
- US and Danish Bar exam in 1991 and 1995, respectively

Henriette Hallberg Thygesen

Chief Executive Officer (CEO), Fleet & Strategic Brands
A.P. Møller - Mærsk A/S

Nationality:	Danish
Born:	1971
Gender:	Female
Joined the Executive Leadership Team:	2020
Joined A.P. Moller - Maersk:	1994

Henriette has held various positions in Spain, China, Hong Kong, USA and Denmark for Maersk Tankers, Maersk Oil, Maersk Logistics/Damco and as CEO of Svitzer A/S.

Other management duties, etc.

- Cowi Holding A/S (Board member)
- SAS AB (Board member)

Education

- Maersk International Shipping Education (M.I.S.E.)
- Master of Science (cand.merc.mat.), Copenhagen Business School
- PhD in Applied Mathematics, Copenhagen Business School
- Executive MBA (honours), Columbia University, New York, and London Business School

Financials

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- Parent company financial statements 2021
- Statement of the Board of Directors and the Executive Board
- Independent Auditor's Reports

Consolidated financial statements

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated balance sheet at 31 December
- Consolidated cash flow statement
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements

Consolidated income statement

Note		2021	2020
2.1	Revenue	61,787	39,740
2.2	Operating costs	37,748	31,804
	Other income	166	290
	Other costs	169	-
2.1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**24,036**	**8,226**
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	4,944	4,541
2.4	Gain on sale of non-current assets, etc., net	96	202
	Share of profit in joint ventures and associated companies	486	299
	Profit before financial items (EBIT)	**19,674**	**4,186**
4.4	Financial income	646	895
4.4	Financial expenses	1,590	1,774
	Profit before tax	**18,730**	**3,307**
5.1	Tax	697	407
	Profit for the year	**18,033**	**2,900**
	Of which:		
	Non-controlling interests	91	50
	A.P. Møller - Mærsk A/S' share	**17,942**	**2,850**
4.1	**Earnings per share, USD**	**941**	**145**
4.1	**Diluted earnings per share, USD**	**938**	**145**

Consolidated statement of comprehensive income

Note		2021	2020
	Profit for the year	**18,033**	**2,900**
	Translation from functional currency to presentation currency:		
	Translation impact arising during the year	-364	195
	Reclassified to income statement, gain on sale of non-current assets, etc., net	23	64
4.5	Cash flow hedges:		
	Value adjustment of hedges for the year	-80	30
	Reclassified to income statement		
	– revenue	-15	-5
	– operating costs	-40	-16
	– financial expenses	24	49
	Reclassified to non-current assets	2	-15
5.1	Tax on other comprehensive income	-7	10
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-5	5
	Total items that have been or may be reclassified subsequently to the income statement	**-462**	**317**
4.6	Other equity investments (FVOCI), fair value adjustments for the year	143	2
4.3	Actuarial gains/losses on defined benefit plans, etc.	-23	-207
5.1	Tax on other comprehensive income	7	-4
	Total items that will not be reclassified to the income statement	**127**	**-209**
	Other comprehensive income, net of tax	**-335**	**108**
	Total comprehensive income for the year	**17,698**	**3,008**
	Of which:		
	Non-controlling interests	87	47
	A.P. Møller - Mærsk A/S' share	**17,611**	**2,961**

AMOUNTS IN USD MILLION

Consolidated balance sheet at 31 December

Assets

Note		2021	2020
3.1	**Intangible assets**	**5,769**	**5,145**
3.2	**Property, plant and equipment**	**27,303**	**26,481**
3.3	**Right-of-use assets**	**9,906**	**8,323**
	Investments in joint ventures	1,304	1,260
	Investments in associated companies	1,117	951
4.6	Other equity investments	318	107
4.5	Derivatives	33	269
4.3	Pensions, net assets	148	225
3.5	Loan receivables	12	136
	Other receivables	203	235
	Financial non-current assets, etc.	**3,135**	**3,183**
5.1	**Deferred tax**	**356**	**249**
	Total non-current assets	**46,469**	**43,381**
	Inventories	**1,457**	**1,049**
4.5	Trade receivables	5,403	3,634
	Tax receivables	221	238
4.5	Derivatives	40	307
3.5	Loan receivables	5,131	91
	Other receivables	774	869
	Prepayments	542	464
	Receivables, etc.	**12,111**	**5,603**
	Equity investments, etc.	**3**	**1**
	Cash and bank balances	**11,832**	**5,865**
3.6	**Assets held for sale or distribution**	**399**	**218**
	Total current assets	**25,802**	**12,736**
	Total assets	**72,271**	**56,117**

Equity and liabilities

Note		2021	2020
4.1	Share capital	3,513	3,632
	Reserves	40,995	26,218
	Equity attributable to A.P. Møller - Mærsk A/S	**44,508**	**29,850**
	Non-controlling interests	1,080	1,004
	Total equity	**45,588**	**30,854**
4.2	**Lease liabilities, non-current**	**8,153**	**7,356**
4.2	**Borrowings, non-current**	**4,315**	**5,868**
4.3	Pensions and similar obligations	215	297
3.7	Provisions	692	556
4.5	Derivatives	217	289
5.1	Deferred tax	520	525
	Tax payables	324	237
	Other payables	154	81
	Other non-current liabilities	**2,122**	**1,985**
	Total non-current liabilities	**14,590**	**15,209**
4.2	**Lease liabilities, current**	**2,398**	**1,391**
4.2	**Borrowings, current**	**469**	**758**
3.7	Provisions	779	725
	Trade payables	6,241	5,156
	Tax payables	424	305
4.5	Derivatives	95	228
	Other payables	1,333	1,279
	Deferred income	110	121
	Other current liabilities	**8,982**	**7,814**
3.6	**Liabilities associated with assets held for sale or distribution**	**244**	**91**
	Total current liabilities	**12,093**	**10,054**
	Total liabilities	**26,683**	**25,263**
	Total equity and liabilities	**72,271**	**56,117**

AMOUNTS IN USD MILLION

Consolidated cash flow statement

Note		2021	2020
	Profit before financial items	19,674	4,186
2.3, 3.1, 3.2, 3.3	Depreciation, amortisation and impairment losses, net	4,944	4,541
2.4	Gain on sale of non-current assets, etc., net	-96	-202
	Share of profit/loss in joint ventures	-162	-122
	Share of profit/loss in associated companies	-324	-177
5.5	Change in working capital	-1,610	-239
	Change in provisions and pension obligations, etc.	115	158
	Other non-cash items	63	107
	Cash flow from operating activities before tax	22,604	8,252
	Taxes paid	-582	-424
	Cash flow from operating activities	**22,022**	**7,828**
5.5	Purchase of intangible assets and property, plant and equipment	-2,976	-1,322
	Sale of intangible assets and property, plant and equipment	205	435
3.4	Acquisition of subsidiaries and activities	-815	-425
	Sale of subsidiaries and activities	3	36
	Sale of associated companies	-	-12
	Dividends received	282	177
	Sale of other equity investments	8	5
	Other financial investments, net	-5,047	81
	Purchase/sale of securities, trading portfolio	-2	1
	Cash flow used for investing activities	**-8,342**	**-1,024**
	Repayment of borrowings	-2,497	-3,163
4.2	Repayments of lease liabilities	-2,279	-1,710
	Proceeds from borrowings	563	1,303
	Purchase of own shares	-1,956	-806
	Financial income received	57	92
	Financial expenses paid	-315	-384
4.2	Financial expenses paid on lease liabilities	-459	-468
	Sale of own shares	22	30
	Dividends distributed	-1,017	-430
	Dividends distributed to non-controlling interests	-91	-92
	Sale of non-controlling interests	1	-
	Acquisition of non-controlling interest	-3	-14
	Other equity transactions	74	24
	Cash flow from financing activities	**-7,900**	**-5,618**
	Net cash flow for the year	**5,780**	**1,186**

Note		2021	2020
	Cash and cash equivalents 1 January	5,864	4,758
	Currency translation effect on cash and cash equivalents	-79	-80
	Cash and cash equivalents 31 December	11,565	5,864
	Of which classified as assets held for sale	-28	-19
	Cash and cash equivalents 31 December	**11,537**	**5,845**
	Cash and cash equivalents		
	Cash and bank balances	11,832	5,865
	Overdrafts	295	20
	Cash and cash equivalents 31 December	**11,537**	**5,845**

Cash and bank balances include USD 1.3bn (USD 1.0bn) 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							
Note		Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total	Non-controlling interests	Total equity
	Equity 1 January 2020	3,774	-692	-4	-97	25,117	28,098	739	28,837
	Other comprehensive income, net of tax	-	260	1	55	-205	111	-3	108
	Profit for the year	-	-	-	-	2,850	2,850	50	2,900
	Total comprehensive income for the year	**-**	**260**	**1**	**55**	**2,645**	**2,961**	**47**	**3,008**
	Dividends to shareholders	-	-	-	-	-430	-430	-90	-520
5.2	Value of share-based payments	-	-	-	-	11	11	-	11
	Addition of non-controlling interests	-	-	-	-	-14	-14	302	288
	Purchase of own shares	-	-	-	-	-806	-806	-	-806
	Sale of own shares	-	-	-	-	30	30	-	30
4.1	Capital increases and decreases	-142	-	-	-	142	-	6	6
4.6	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-3	-	3	-	-	-
	Total transactions with shareholders	**-142**	**-**	**-3**	**-**	**-1,064**	**-1,209**	**218**	**-991**
	Equity 31 December 2020	**3,632**	**-432**	**-6**	**-42**	**26,698**	**29,850**	**1,004**	**30,854**
	2021								
	Other comprehensive income, net of tax	-	-335	144	-118	-22	-331	-4	-335
	Profit for the year	-	-	-	-	17,942	17,942	91	18,033
	Total comprehensive income for the year	**-**	**-335**	**144**	**-118**	**17,920**	**17,611**	**87**	**17,698**
	Dividends to shareholders	-	-	-	-	-1,017	-1,017	-96	-1,113
5.2	Value of share-based payments	-	-	-	-	17	17	-	17
	Addition of non-controlling interests	-	-	-	-	-19	-19	16	-3
	Sale of non-controlling interests	-	-	-	-	1	1	-	1
	Purchase of own shares	-	-	-	-	-1,956	-1,956	-	-1,956
	Sale of own shares	-	-	-	-	22	22	-	22
4.1	Capital increases and decreases	-119	-	-	-	119	-	69	69
4.6	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-3	-	3	-	-	-
	Other equity movements	-	-	-	-	-1	-1	-	-1
	Total transactions with shareholders	**-119**	**-**	**-3**	**-**	**-2,831**	**-2,953**	**-11**	**-2,964**
	Equity 31 December 2021	**3,513**	**-767**	**135**	**-160**	**41,787**	**44,508**	**1,080**	**45,588**

AMOUNTS IN USD MILLION

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Note 1.1 General accounting policies

ACCOUNTING POLICY

Basis of preparation

The consolidated financial statements for 2021 for A.P. Moller - Maersk have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) 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 2020, except for the changes to accounting standards that were effective from 1 January 2021 and were endorsed by the EU.

A number of changes to accounting standards are effective from 1 January 2021 and endorsed by the EU:

Amendments to IFRS 9 – Financial Instruments (IBOR reform): The changes will impact some of A.P. Moller - Maersk's existing IBOR referenced loans, swaps and facilities, which will be amended over the course of 2022. The changes are not expected to have material impact.

Other changes are not expected to impact 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 2021 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements in 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 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-2021-12-31-en.zip.

Change to product facilities in reportable segment

As part of the refinement of the segment structure of A.P. Moller - Maersk, the product facilities of the Logistics & Services segment have been updated.

Logistics & Services product facilities specifications

Product families	Details	Strategic rationale
Managed by Maersk	• Lead Logistics (Supply Chain Management and 4PL) • Cold Chain logistics • Custom Services • TradeLens	Integrated management solutions enable customers to control or outsource part or all their supply chain. Combining transport and fulfilment solutions with digital platforms, give end-to-end visibility, actionability and control.
Fulfilled by Maersk	• Contract logistics (Warehousing & Distribution and Depot) • e-commerce	Integrated fulfilment solutions improve customer consolidation and storage down to order level. Whether e-commerce or cold storage, Logistics & Services solutions connect seamlessly to its transportation network, optimising inventory flow and precision to deliver individual orders precisely and on time.
Transported by Maersk	• Landside Transportation (Intermodal and Intercontinental Rail) • Insurance • Air & Less Than Container Load (LCL) • Star Air • Full Container Load (FCL) • Sea Freight Forwarding Others	Integrated transportation solutions facilitate supply chain control across A.P. Moller - Maersk's assets. The solutions are modular, providing customers end-to-end services with higher reliability, speed and accountability.

Change in segment measure of profit or loss

The segment measure of profit has been changed from EBITDA to EBIT, as EBIT is regularly reviewed by management when making decisions about resource allocations.

Change to accounting estimates

The estimated useful life and residual values of containers have been revised. The net effect of the changes was an increase in EBIT of USD 425m.

The useful life of new containers is typically estimated to 15 years, previously 12 years. The residual values are initially estimated between 10% and 30%, depending on the container type.

AMOUNTS IN USD MILLION

Note 1.1 General accounting policies – continued

ACCOUNTING POLICY – CONTINUED

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, including the proportionate share of joint operations, which have been prepared 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 and the group. 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 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 container 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 adjustment 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.

Note 1.1 General accounting policies – continued

ACCOUNTING POLICY – CONTINUED

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 as a whole. 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 cost, 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 potentially could impact reported amounts materially. The areas in which A.P. Moller - Maersk has assessed climate related-risks at the end of 2021 are included within the individual notes outlined below:

Note 3.1 – Intangible assets
Note 3.2 – Property, plant and equipment

New financial reporting requirements
A.P. Moller - Maersk has not yet adopted the following accounting standards and requirements:

IFRS 17 – Insurance contracts: An analysis of the impact is being assessed and is expected to be concluded in due course ahead of the implementation date.

Other changes to IFRS are not expected to have any significant impact on recognition and measurement.

Note 1.2 Significant accounting estimates and judgements

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 on 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 in which A.P. Moller - Maersk is particularly exposed to material uncertainty over the carrying amounts as at the end of 2021 are included within the individual notes outlined below:

Note 2.2 – Vessel sharing agreements
Note 3.1 – Cash-generating units and impairment testing
Note 3.2 – Useful life and residual value
Note 3.7 – Provisions for legal disputes
Note 4.3 – Provisions for pension and other employee benefits
Note 5.1 – Deferred tax assets and uncertain tax positions
Note 5.5 – Operations in countries with limited access to repatriating surplus cash

Note 2.1 Segment information

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Full year 2021					
External revenue	47,212	9,782	3,592	1,125	61,711
Inter-segment revenue	1,020	48	1,123	223	2,414
Total segment revenue	**48,232**	**9,830**	**4,715**	**1,348**	**64,125**
Unallocated items					94
Eliminations					-2,432
Total revenue					**61,787**
Segment profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**21,432**	**907**	**1,675**	**136**	**24,150**
Unallocated items					-101
Eliminations					-13
Consolidated profit before depreciation, amortisation and impairment losses, etc. (EBITDA)					**24,036**
Depreciation and amortisation	**3,570**	**297**	**652**	**84**	**4,603**
Unallocated items					5
Eliminations					-16
Consolidated depreciation and amortisation					**4,592**
Segment profit before financial items (EBIT)	**17,963**	**623**	**1,294**	**-103**	**19,777**
Unallocated items					-106
Eliminations					3
Consolidated profit before financial items (EBIT)[1]					**19,674**
Segment invested capital	**30,529**	**3,130**	**9,706**	**800**	**44,165**
Unallocated items					-76
Eliminations					-46
Consolidated invested capital					**44,043**
Segment gross capital expenditures, excl. acquisitions and divestments (CAPEX)	**2,003**	**460**	**454**	**53**	**2,970**
Unallocated items					20
Eliminations					-14
Consolidated gross capital expenditures, excl. acquisitions and divestments (CAPEX)					**2,976**

1 Reference is made to the income statement for a reconciliation from EBIT to profit/loss.

A.P. Moller - Maersk has organised segments in 'Ocean', 'Logistics & Services', 'Terminals & Towage' and 'Manufacturing & Others'. The Ocean segment with the activities of Maersk Liner Business (Maersk Line and Sealand – A Maersk Company) together with the Hamburg Süd brands (Hamburg Süd and Aliança) 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 with the activities from Managed by Maersk, Fulfilled by Maersk, and Transported by Maersk.

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Full year 2020					
External revenue	28,705	6,752	3,007	1,212	39,676
Inter-segment revenue	470	211	800	42	1,523
Total segment revenue	**29,175**	**6,963**	**3,807**	**1,254**	**41,199**
Unallocated items					83
Eliminations					-1,542
Total revenue					**39,740**
Segment profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**6,545**	**454**	**1,205**	**165**	**8,369**
Unallocated items					-140
Eliminations					-3
Consolidated profit before depreciation, amortisation and impairment losses, etc. (EBITDA)					**8,226**
Depreciation and amortisation	**3,438**	**228**	**609**	**110**	**4,385**
Unallocated items					9
Eliminations					-16
Consolidated depreciation and amortisation					**4,378**
Segment profit before financial items (EBIT)	**3,196**	**264**	**828**	**69**	**4,357**
Unallocated items					-149
Eliminations					-22
Consolidated profit before financial items (EBIT)[1]					**4,186**
Segment invested capital	**26,969**	**1,773**	**10,389**	**986**	**40,117**
Unallocated items					61
Eliminations					-57
Consolidated invested capital					**40,121**
Segment gross capital expenditures, excl. acquisitions and divestments (CAPEX)	**609**	**153**	**457**	**33**	**1,252**
Unallocated items					71
Eliminations					-1
Consolidated gross capital expenditures, excl. acquisitions and divestments (CAPEX)					**1,322**

The Terminals & Towage segment includes gateway terminals, involving landside activities such as port activities where the customers are mainly the carriers, and towage services under the Svitzer brand. The Manufacturing & Others segment includes Maersk Container Industry, Maersk Supply Service and others. 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

	Types of revenue	2021	2020
Ocean	Freight revenue	42,374	24,920
	Other revenue, including hubs	5,858	4,255
Logistics & Services	Managed by Maersk	1,578	1,014
	Fulfilled by Maersk	2,320	1,457
	Transported by Maersk	5,932	4,492
Terminals & Towage	Terminal services	4,000	3,151
	Towage services	740	681
Manufacturing & Others	Sale of containers and spare parts	690	587
	Offshore supply services	301	252
	Other shipping activities	269	347
	Other services	88	68
Unallocated activities and eliminations[1]		**-2,363**	**-1,484**
Total revenue		**61,787**	**39,740**
Hereof recognised over time		**58,062**	**36,138**
Hereof recognised at a point in time		**6,088**	**5,086**

1 Revenue eliminations between terminal services and towage services are included under eliminations.

	2021	2020
Revenue from contracts with customers	60,632	38,727
Revenue from other sources		
Vessel-sharing and slot charter income	1,060	929
Lease income	19	18
Others	76	66
Total revenue	**61,787**	**39,740**

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

Contract balances	2021	2020
Trade receivables from revenue from contracts with customers	5,305	3,634
Accrued income – contract liability	92	149
Deferred income – contract liability	45	49

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 it is invoiced to the customer. 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 4.6 relate to receivables arising from contracts with customers.

	External revenue		Non-current assets[1]	
Geographical split	2021	2020	2021	2020
Denmark	588	268	21,441	18,087
Australia	1,485	1,612	348	361
Brazil	1,953	1,606	215	258
China and Hong Kong	3,382	2,193	2,237	2,360
Germany	1,604	772	310	446
India	1,431	575	658	663
Mexico	1,610	1,175	500	718
Netherlands	2,032	848	1,149	1,086
Nigeria	1,332	1,165	151	122
Russia	1,528	528	71	51
Singapore	468	335	4,576	4,699
Spain	1,353	613	1,103	1,265
UK	2,670	708	402	476
USA	13,743	10,138	3,788	3,014
Other	26,608	17,204	6,029	6,343
Total	**61,787**	**39,740**	**42,978**	**39,949**

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

Geographical information

Revenue for the shipping activities is based on the port of discharge for all ships operated by the Group, including leased ships 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 ships and containers registered in China, Denmark, Singapore and the USA.

AMOUNTS IN USD MILLION

Note 2.1 Segment information – continued

ACCOUNTING POLICY

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 and sale of bunker oil
Logistics & Services	Freight forwarding, supply chain management, inland haulage and other logistics services
Terminals & Towage	Gateway terminal activities, towage and related marine activities
Manufacturing & Others	Production of reefer and dry containers, providing off-shore supply service and trading and other businesses

Operating segments have not been aggregated.

The reportable segments comprise:

Ocean

Ocean activities

Activities under Maersk Line, Hamburg Süd, Sealand – A Maersk company, and Aliança 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 Oil Trading

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, Custom Services and TradeLens, 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, Insurance, Air & Less Than Container Load (LCL), Full Container Load (FCL) and Star Air, to facilitate supply chain control across A.P. Moller - Maersk.

Terminals & Towage

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 activities

Activities under the Svitzer brand, a provider of offshore towage, salvage and marine services.

Manufacturing & Others

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.

Other businesses

Consists of Maersk Training and other training facilities, providing training services to the maritime, oil and gas, offshore wind and crane industries.

Unallocated items

The reportable segments do not comprise group-related costs in A.P. Moller - Maersk's corporate functions. These functions are reported as unallocated items.

Revenue between segments is limited, except for the Terminals & Towage 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.

Note 2.1 Segment information – continued

ACCOUNTING POLICY – CONTINUED

Income statement

Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which 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. Number of days of a voyage, as a percentage of the total number of days a voyage is estimated to last, is considered as a close approximation of percentage of completion. 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.

Note 2.2 Operating costs

	2021	2020
Costs of goods sold	1,750	1,471
Bunker costs	5,378	3,820
Terminal costs	6,995	6,425
Intermodal costs	3,988	3,699
Port costs	2,183	2,146
Rent and lease costs	1,617	1,295
Staff costs	6,132	5,209
Other	9,705	7,739
Total operating costs	**37,748**	**31,804**
Remuneration of employees		
Wages and salaries	5,415	4,560
Severance payments	30	148
Pension costs, defined benefit plans	21	29
Pension costs, defined contribution plans	231	197
Other social security costs	437	396
Total remuneration	**6,134**	**5,330**
Of which:		
Recognised in the cost of assets	1	1
Included in restructuring costs	1	120
Expensed as staff costs	**6,132**	**5,209**
Average number of employees	85,375	83,624

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.

AMOUNTS IN USD MILLION

Note 2.2 Operating costs – continued

Fees and remuneration to Executive Board and other key management personnel	2021	2020
Fixed base salary	9	8
Short-term cash incentive	8	6
Long-term share-based incentives	3	2
Total remuneration to Executive Board and other key management personnel	**20**	**16**

Contract of employment for the Executive Board contains terms customary in Danish listed companies, including termination notice and 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 during the year was USD 1.5m (USD 0m), comprising short-term employee benefits of USD 1.4m (USD 0m) and long-term share-based incentives of USD 0.1m (USD 0m). The Board of Directors has received fees of USD 3m (USD 3m).

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	2021	2020
Statutory audit	14	13
Other assurance services	1	1
Tax and VAT advisory services	1	1
Other services	3	2
Total fees	**19**	**17**

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 financial due diligence and transaction advice, accounting advisory services, tax advice, and other advisory accounting and tax 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 basis of relative capacity over/under utilised on a monthly 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.

Note 2.3 Depreciation, amortisation and impairment losses

	2021	2020
Total depreciation	4,315	4,145
Total amortisation	277	233
Total impairment, net	352	163
Depreciation, amortisation and impairment losses, net	**4,944**	**4,541**

Depreciations are primarily related to property, plant and equipment of USD 2bn (USD 3bn) and to leases of USD 2bn (USD 1bn). Amortisation of USD 277m (USD 233m) is related to intangible assets. Total net impairments are primarily due to property, plant and equipment of USD 320m (USD 88m) and to intangible assets of USD 26m (USD 13m). For more information on impairment tests, reference is made to note 3.1 Intangible assets and note 3.2 Property, plant and equipment.

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

	2021	2020
Gains	128	293
Losses	32	91
Gain on sale of non-current assets, etc., net	**96**	**202**

Gains in 2021 are primarily related to the sale of containers of USD 75m and the sale of vessels of USD 48m.

Gains in 2020 are primarily related to the sale of containers of USD 124m, sale of vessels of USD 44m and to a lesser extent sale of a facility in China, and gaining control of Port Towage Amsterdam and Pipavav India terminal.

AMOUNTS IN USD MILLION

Note 3.1 Intangible assets

	Goodwill	Terminal and service concession rights	Customer relations and brand name	Other rights	Total
Cost					
1 January 2021	1,422	3,215	1,441	977	7,055
Additions	-	-21	-	245	224
Acquired in business combinations[1]	621	-	153	68	842
Disposals	76	1	-	37	114
Transfers, assets held for sale	-	-5	-	-11	-16
Exchange rate adjustments	-39	-56	-15	-37	-147
31 December 2021	**1,928**	**3,132**	**1,579**	**1,205**	**7,844**
Amortisation and impairment losses					
1 January 2021	454	685	227	544	1,910
Amortisation	-	113	98	66	277
Impairment losses[4]	-	14	-	14	28
Reversal of impairment losses	-	-	-	2	2
Disposals	76	-	-	-	76
Transfers, assets held for sale	-	-5	-	-9	-14
Exchange rate adjustments	-11	-13	-1	-23	-48
31 December 2021	**367**	**794**[2]	**324**	**590**[3]	**2,075**
Carrying amount:					
31 December 2021	**1,561**	**2,338**[2]	**1,255**	**615**[3]	**5,769**

1 Acquisition of Visible Supply Chain Management, B2C Europe, and HUUB.
2 Of which USD 28m (USD 22m) is under development. USD 29m (USD 27m) is related to terminal rights with indefinite useful life in Poti Sea Port Corp. The impairment test is based on the estimated fair value according to business plans. An average discount rate of 9.95% (11.8%) p.a. after tax has been applied in the calculations. Furthermore, the developments in volumes and rates are significant parameters. Service concession rights with a carrying amount of USD 79m (USD 86m) have restricted title.
3 Of which USD 197m (USD 202m) is related to ongoing development of software. As per the IFRIC agenda decision on configuration and customisation costs in a cloud computing arrangement released in 2021, the software was assessed as to whether it is considered software as a service (SaaS) and no major changes or reversal were deemed necessary.
4 Impairment losses on intangible assets consist of USD 14m (USD 13m) on terminal and service concession rights and USD 14m (USD 0m) on other intangible assets.

	Goodwill	Terminal and service concession rights	Customer relations and brand name	Other rights	Total
Cost					
1 January 2020	1,060	2,975	1,160	669	5,864
Additions	-	23	-	203	226
Acquired in business combinations	309	240	272	86	907
Disposals	-	-	-	1	1
Transfers	-	-7	3	-3	-7
Transfers, assets held for sale	-	-57	-	-4	-61
Exchange rate adjustments	53	41	6	27	127
31 December 2020	**1,422**	**3,215**	**1,441**	**977**	**7,055**
Amortisation and impairment losses					
1 January 2020	423	580	145	497	1,645
Amortisation	-	113	82	38	233
Impairment losses	-	13	-	-	13
Disposals	-	-	-	1	1
Transfers	-	-4	-	-	-4
Transfers, assets held for sale	-	-18	-	-	-18
Exchange rate adjustments	31	1	-	10	42
31 December 2020	**454**	**685**	**227**	**544**	**1,910**
Carrying amount:					
31 December 2020	**968**	**2,530**	**1,214**	**433**	**5,145**

AMOUNTS IN USD MILLION

Note 3.1 Intangible assets – continued

		Goodwill carrying amount	
Operating segment	Cash-generating unit	2021	2020
Ocean	Ocean (Hamburg Süd acquisition)	316	316
Logistics & Services	Logistics & Services (NTS, Vandergrift, KGH Customs Services, Performance Team, Visible Supply Chain Management, HUUB, and B2C Europe acquisitions)	943	350
Terminal & Towage	Multiple terminals (Grup Maritim TCB acquisition) and Towage (Port Towage Amsterdam acquisition)	301	301
Other		1	1
Total		**1,561**	**968**

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant accounting judgements

Determination of cash-generating units

Judgement is applied in the determination of cash-generating units of which goodwill is allocated to 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 previously considered a part of the Ocean cash-generating unit, is considered one cash-generating unit as a result of the continued integration within the business. Management now views the Logistics & Services products as an integrated network, with the activities tested for impairment as a single cash-generating unit.

In gateway terminals, each terminal is considered an individual cash-generating unit for impairment tests, except when the capacity is managed as a portfolio. The Towage activities make up two separate cash-generating units.

Manufacturing & Others is made up of several individual businesses which are each considered one cash-generating unit.

Significant accounting estimates

Impairment analysis

The recoverable amount of each cash-generating unit is determined based on the higher of its value in use or 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.

Projected cash flow models are used when fair value is not obtainable or when fair value is deemed lower than value in use.

The cash flow projections are based on financial budgets and business plans approved by management. 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. The discount rate also takes into consideration development in sustainable technologies. 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 tests – key assumptions

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 the key assumptions for each impairment test by considering past experience as well as market analysis and future expectations based on supply and demand trends. The future development in freight rates is an uncertain and significant factor impacting the Ocean segment in particular, whose financial results are directly affected by fluctuations in container freight rates. Freight rates are expected to be influenced by the timing of when the current supply chain bottlenecks will normalise, as well as by regional and global economic environments, trade patterns, and by industry-specific trends in respect of capacity supply and demand. There is little visibility into when the capacity bottlenecks throughout the supply chain which have driven up the short-term freight rates will recede.

Freight volumes are also highly contingent on when consumer goods demand begins to settle back to pre-COVID-19 levels and when the demand for services rebounds. However, inventory replenishment requirements and increasing e-commerce demands are expected to keep the demand for capacity high well into 2022. Future expectations on freight volumes impact all segments.

The future development in the oil price is also an uncertain and significant factor impacting accounting estimates across A.P. Moller - Maersk, either directly or indirectly. Ocean is directly impacted by the price of bunker oil, where the competitive landscape determines the extent to which the development is reflected in the freight rates charged to the customer. Terminals under APM Terminals located in oil-producing countries, e.g., Nigeria, Angola, Egypt, Russia and Brazil, are indirectly impacted by the development in oil prices and the consequences on the respective countries' economies, which not only affects volumes handled in the terminals, but also foreign exchange rates.

AMOUNTS IN USD MILLION

Note 3.1 Intangible assets – continued

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

Impairment tests – results:
In Ocean, the cash flow projection is based on forecasts as per Q3 2021, covering five-year business plans for 2022-26. Management has applied an assumption of growth in volumes based on a calculated terminal value with growth equal to the expected economic growth of 2% p.a. in both 2021 and 2020, based on pressure on freight rates, and continued cost efficiency. A discount rate of 7.2% (7.0%) p.a. after tax has been applied. The impairment test continues to show headroom from the value in use to the carrying amount. Management is of the opinion that the assumptions applied are sustainable.

The most significant goodwill amount relates to the Logistics & Services segment, where the impairment test is based on the estimated value in use from five-year business plans for 2022-26 where the volume and margin growth assumptions, which are regionally specific, reflect the current market expectations for the relevant period. The applied terminal value is 2% (2%). A discount rate of 6.8% (7.2%) p.a. after tax has been applied. The impairment test showed headroom from the value in use to the carrying amount.

In Terminals & Towage, 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 where goodwill or indefinite life intangible assets are allocated to. For APM Terminals' interest in Global Port Investments, being the share of equity and significant intangible assets acquired, management assesses the recoverable amount of its interest on an ongoing basis.

The cash flow projections for each terminal cover the concession period and extension options that are deemed likely to be exercised. The growth rates assumed reflect current market expectations for the relevant period and the discount rates applied are between 5.9% and 10.6% (6.2% and 12.7%) p.a. after tax. The key sensitivities are 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.

The impairment tests considered fair value less cost of disposal and value in use calculations compared to the carrying amount and resulted in impairment losses on assets of an immaterial amount in three terminals in 2021 (no impairment recognised on terminals in continued use in 2020). Continued economic deterioration and a lack of cash repatriation opportunities in certain oil-producing countries can potentially put pressure on carrying amounts of individual terminals.

The offshore support vessel (OSV) market has continued to suffer under strained market conditions. International oil companies are increasingly channelling new investments into green energy projects and activity. Maersk Supply Service has made a strategic choice to pursue this transition towards green energy projects and activity. On this basis, Maersk Supply Service has made a review of its current fleet concluding that part of the fleet will not be able to service the green transition due to age and technical capabilities. This change in the market outlook and revised strategy has significantly impacted the expected cash flow generation of the current fleet.

The recoverable amount for the assets has been determined based on the five-year business plans for 2022-26 using a discount rate of 9.6% p.a. after tax, resulting in a recoverable amount of USD 426m. As a result, the valuation of the assets using a value in use calculation has resulted in a net impairment loss amounting to USD 298m.

The impairment recognised in 2020 on Anchor Handling Tug Supply vessels (onerous contracts) within Maersk Supply Service was determined using a discount rate of 9.8% p.a. after tax.

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. Intangible assets regarding acquired customer relationships and brand names are amortised over a useful life of 10 and 20 years, respectively. IT software is amortised over a useful life of 3-5 years.

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.

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

	Ships, containers, etc.	Production facilities and equipment, etc.	Construction work in progress and payment on account	Total
Cost				
1 January 2021	44,917	8,031	377	53,325
Additions	1,837	129	1,318	3,284
Disposals	713	76	5	794
Additions from acquired companies	1	29	-	30
Transfers	198	285	-483	-
Transfers, assets held for sale	-7	-204	-16	-227
Reclassification from/to right-of-use assets	1,658	16	-	1,674
Exchange rate adjustment	-87	-264	-14	-365
31 December 2021	**47,804**	**7,946**	**1,177**	**56,927**
Depreciation and impairment losses				
1 January 2021	23,239	3,602	3	26,844
Depreciation	1,892	445	-	2,337
Impairment losses	308	39	-	347
Reversal of impairment losses	14	13	-	27
Disposals	612	68	3	683
Transfers, assets held for sale	-7	-166	-	-173
Reclassification from/to right-of-use assets	1,116	-	-	1,116
Exchange rate adjustments	-32	-105	-	-137
31 December 2021	**25,890**	**3,734**	**-**	**29,624**
Carrying amount:				
31 December 2021	**21,914**	**4,212**	**1,177**	**27,303**

	Ships, containers, etc.	Production facilities and equipment, etc.	Construction work in progress and payment on account	Total
Cost				
1 January 2020	44,840	6,990	795	52,625
Additions	268	163	711	1,142
Disposals	1,442	190	25	1,657
Additions from acquired companies	-	277	3	280
Transfers	486	617	-1,103	-
Transfers, assets held for sale	-67	-57	4	-120
Reclassification from/to right-of-use assets	793	75	-5	863
Exchange rate adjustments	39	156	-3	192
31 December 2020	**44,917**	**8,031**	**377**	**53,325**
Depreciation and impairment losses				
1 January 2020	21,853	3,252	4	25,109
Depreciation	2,290	441	-	2,731
Impairment losses	82	34	-	116
Reversal of impairment losses	27	1	-	28
Disposals	1,261	137	-	1,398
Transfers, assets held for sale	-46	-27	-	-73
Reclassification from/to right-of-use assets	316	-3	-	313
Exchange rate adjustments	32	43	-1	74
31 December 2020	**23,239**	**3,602**	**3**	**26,844**
Carrying amount:				
31 December 2020	**21,678**	**4,429**	**374**	**26,481**

Ships, buildings, etc. with carrying amount of USD 0.9bn (USD 0.8bn) have been pledged as security for loans of USD 0.5bn (USD 0.6bn).

AMOUNTS IN USD MILLION

Note 3.2 Property, plant and equipment – continued

Impairment tests of tangible assets and impairment losses recognised are specified as follows:

		Impairment losses		Reversal of impairment losses	
Operating segment	Cash-generating unit	2021	2020	2021	2020
Terminals & Towage	Terminals	36	34	-	1
	Towage	-	5	-	-
Manufacturing & Others	Maersk Supply Service fleet	308	-	14	-
	Anchor Handling Tug Supply vessels (onerous contracts)	-	77	-	-
	Maersk Container Industry facilities	-	-	13	-
	Others	3	-	-	27
Total		**347**	**116**	**27**	**28**

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 there is an indication of a change in an asset's useful life, 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 existing assets' useful lives. 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.

Residual values of vessels are difficult to estimate given their long useful lives, the uncertainty of future economic conditions, and the uncertainty of future steel prices, which is considered the main determinant of the residual value. Generally, the residual values of vessels are initially estimated at 10% of the purchase price excluding dry-docking costs. The long-term view is prioritised in order to disregard, to the extent possible, temporary market fluctuations which may be significant.

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:

Ships, etc.	20-25 years
Containers, etc.	15 years
Buildings	10-50 years
Terminal infrastructure	10-20 years or concession period, if shorter
Plant and machinery, cranes and other terminal equipment	5-20 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 ships 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.

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Note 3.3 Right-of-use assets

	Ships, containers, etc.	Concession agreements (non-IFRIC 12)	Real estate and other leases	Total
Right-of-use assets				
1 January 2021	4,102	3,066	1,155	8,323
Additions	4,290	54	378	4,722
Additions from acquired companies	0	0	72	72
Disposals	195	240	61	496
Depreciation	1,519	195	264	1,978
Impairment losses	0	3	1	4
Transfers, assets held for sale	0	-6	-2	-8
Transfers to owned assets, etc.	-540	0	-19	-559
Exchange rate adjustments	-2	-126	-38	-166
31 December 2021	**6,136**	**2,550**	**1,220**	**9,906**
1 January 2020	4,712	2,884	864	8,460
Additions	1,040	240	281	1,561
Additions from acquired companies	-	-	313	313
Disposals	169	2	44	215
Depreciation	1,007	189	218	1,414
Transfers, assets held for sale	0	-5	-2	-7
Transfers to owned assets, etc.	-476	1	-72	-547
Exchange rate adjustments	2	137	33	172
31 December 2020	**4,102**	**3,066**	**1,155**	**8,323**

Amounts recognised in profit and loss	2021	2020
Depreciation on right-of-use assets	1,982	1,414
Interest expenses (included in finance costs)	459	468
Expenses relating to service elements of leases	895	799
Expenses relating to short-term leases	433	296
Expenses relating to variable lease payments	270	183
Expenses relating to leases of low-value assets	22	22
Total recognised in operating costs	**1,620**	**1,300**

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 arrangements 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 2021, 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 2021, USD 226m (USD 354m) 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 lease term has not yet commenced have an undiscounted value of USD 2.7bn (USD 557m). They comprise of approx. 60 contracts commencing in 2022 to 2024.

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.

Lease liabilities are disclosed in notes 4.2 and 4.5.

ACCOUNTING POLICY

Right-of-use assets are mainly leased vessels, containers, concessions 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.

AMOUNTS IN USD MILLION

Note 3.4 Acquisition/sale of subsidiaries and activities

Acquisitions during the year 2021

	Visible	B2C	HUUB	Other	Total 2021
Fair value at time of acquisition					
Intangible assets	182	29	10	-	221
Property, plant and equipment	87	11	-	4	102
Financial assets	1	2	-	-	3
Current assets	71	19	1	-	91
Liabilities	-92	-44	-1	-12	-149
Net assets acquired	**249**	**17**	**10**	**-8**	**268**
A.P. Møller - Mærsk A/S' share	**249**	**17**	**10**	**-8**	**268**
Goodwill	553	60	-	8	621
Purchase price	**802**	**77**	**10**	**-**	**889**
Contingent consideration assumed	-64	-	-	-	-64
Contingent consideration paid	-	-	-	10	10
Other adjustments	-	-	-	-2	-2
Cash and bank balances assumed	-20	-1	-	3	-18
Cash flow used for acquisition of subsidiaries and activities	**718**	**76**	**10**	**11**	**815**

Visible Supply Chain Management (Logistics & Services)
On 2 August 2021, the Group acquired 100% of the shares in Visible Supply Chain Management, an e-commerce logistics provider based in North America focusing on e-fulfilment, parcel delivery services and freight management. Visible Supply Chain Management will contribute with strong e-commerce capabilities and further strengthen the business-to-consumer part of the business.

The total purchase price is USD 802m, including a contingent consideration valued at USD 64m. The contingent consideration is made up of a fixed number of A.P. Moller - Maersk B shares. Of the purchase price allocation, USD 553m is related to goodwill while USD 182m is related to intangible assets, mainly customer relationships, software and technology. USD 59m is related to RoU assets. Liabilities are mainly related to lease liabilities. Goodwill is mainly attributable to expected future synergies from leveraging the acquired technology software, network optimisations and improved productivity.

From the acquisition date to 31 December 2021, Visible Supply Chain Management contributed with a revenue of USD 205m and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the Group's revenue would have been USD 504m. The net profit impact to the Group would have been insignificant.

Acquisition-related costs of USD 10m are recognised as operating costs in the income statement of the Logistics & Services segment, and in operating cash flow in the statement of cash flow.

The accounting for the business combination is considered provisional as per 31 December 2021, as valuation of intangible assets is not yet finalised.

B2C Europe (Logistics & Services)
On 1 October 2021, the Group acquired 100% of the shares in B2C Europe, an e-commerce logistics provider headquartered in the Netherlands, specialising in cross-border parcel delivery services. B2C Europe will contribute with strong e-commerce capabilities and further strengthen the business-to-consumer part of our business.

The total purchase price is USD 77m. Of the purchase price allocation USD 60m is related to goodwill while USD 29m is related to intangible assets, mainly customer relationships and technology. Goodwill is mainly attributable to expected future synergies from integration and scale-up of technology.

From the acquisition date to 31 December 2021, B2C Europe contributed with a revenue of USD 35m and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the Group's revenue would have been USD 136m. The net profit impact to the Group would have been insignificant.

Acquisition-related costs of USD 2m are recognised as operating costs in the income statement of the Logistics & Services segment, and in operating cash flow in the statement of cash flow.

The accounting for the business combination is considered provisional as per 31 December 2021, as valuation of intangible assets is not yet finalised.

HUUB (Logistics & Services)
On 1 September 2021, the Group acquired 100% of the shares in HUUB, a Portuguese cloud-based logistics start-up specialised in technology solutions for B2C warehousing for the fashion industry. HUUB will contribute to strengthening A.P. Moller - Maersk's technology capabilities, bringing the best attributes of a modern entrepreneurial agile workplace. The acquisition is accounted for as an asset deal. The total acquisition price is USD 10m, and is subject to adjustment based on future performance.

Other
In addition to the above acquisitions, there has been another small acquisition in Logistics & Services and therefore the cash outflow related to acquisitions sums up to USD 815m.

Acquisitions after the balance sheet date
Senator International (Logistics & Services)
On 2 November 2021, it was announced that the Group intends to acquire 100% of the shares in Senator International, a well-renowned German air-based freight carrier company. Senator International will contribute with offerings within air freight out of Europe into the USA and Asia, and thereby add strong capabilities and geographical reach to the integrator vision. The estimated enterprise value is USD 644m. The acquisition is expected to be finalised during H1 2022.

Grindrod Intermodal Group (Logistics & Services)
On 15 November 2021, it was announced that the Group will partner with Grindrod Intermodal Group. The Group will have a controlling interest of 51%. The Grindrod International Group is a well-known and trusted partner in South Africa that offers a range of logistics and services offerings. The estimated enterprise value is USD 13m. The acquisition is expected to be finalised during 2022.

AMOUNTS IN USD MILLION

Note 3.4 Acquisition/sale of subsidiaries and activities – continued

LF Logistics Holdings Limited (Logistics & Services)
On 22 December 2021, it was announced that the Group intends to acquire 100% of the shares in LF Logistics Holdings Limited, a leading omnichannel fulfilment contract logistics company in Asia Pacific. The acquisition will further strengthen A.P. Moller - Maersk's capabilities as an integrated container logistics company, offering global end-to-end supply chain solutions to its customers. The company is organised through two key business units, In-Country Logistics (ICL) and Global Freight Management (GFM).

The estimated enterprise value is USD 3.6bn. In addition to the enterprise value, an earn-out with a total value of up to USD 160m related to future financial performance has been agreed as part of the transaction.

The acquisition is subject to regulatory approvals and the transaction is expected to close in 2022.

Acquisitions during the year 2020

	Performance Team	KGH	Pipavav	Total 2020
Fair value at time of acquisition				
Intangible assets	192	161	240	593
Property, plant and equipment	326	9	260	595
Financial assets	2	1	48	51
Deferred tax assets	-	3	-	3
Current assets	49	50	120	219
Provisions	-2	-9	-3	-14
Liabilities	-345	-155	-125	-625
Net assets acquired	**222**	**60**	**540**	**822**
Non-controlling interests	-	-	-308	-308
A.P. Møller - Mærsk A/S' share	**222**	**60**	**232**	**514**
Goodwill	95	172	-	267
Gain on business acquisition	-	-	-46	-46
Purchase price	**317**	**232**	**186**	**735**
Contingent consideration assumed	-10	-44	-	-54
Purchase price paid in prior years	-	-	-182	-182
Cash and bank balances assumed	2	-16	-92	-106
Cash flow used for acquisition of subsidiaries and activities	**309**	**172**	**-88**	**393**

Performance Team LLC (Logistics & Services)
On 1 April 2020, the Group acquired 100% of the shares in Performance Team LLC, a US-based warehousing and distribution company, to further strengthen its capabilities as an integrated container logistics company, offering end-to-end supply chain solutions to its customers.

Taking control of Performance Team LLC has positioned A.P. Moller - Maersk among North America's leading warehouse and distribution providers with 46 warehouses for customers and accelerates the company's regional logistics and services model.

The total enterprise value of USD 0.5bn consisted of a total purchase price of USD 0.3bn on a cash and debt-free basis and acquired lease liabilities of around USD 0.2bn. The purchase price mainly relates to fixed assets and customer list of USD 0.2bn. The goodwill of USD 0.1bn is attributable to workforce and commercial/operational synergies between Performance Team and A.P. Moller - Maersk and is deductible for tax purposes.

From the acquisition date to 31 December 2020, Performance Team LLC contributed with a revenue of USD 0.4bn and a minor contribution to net profit. If the acquisition had occurred on 1 January 2020, the impact on the Group's revenue would have been USD 0.4bn. The net profit contributed to the Group would have been minor.

Gujarat Pipavav Port Ltd (Terminals & Towage)
On 9 June 2020, the Group increased its shareholding in Gujarat Pipavav Port Ltd by 1 percentage point to 44% and obtained the majority of seats on the Board of Directors, thereby acquiring the company in a step-up acquisition.

The acquisition consists of net assets of USD 0.5bn at fair value, of which USD 0.4bn is terminal rights, and non-controlling interest of USD 0.3bn, offset by the sale of associate companies of USD 0.2bn. A net gain revaluation of business of USD 45m has been recognised after recycling of a translation reserve loss of USD 61m. Liquid funds acquired amounted to USD 0.1bn. On the date of acquisition, the fair value of the net assets acquired exceeded the listed share price, therefore the transaction has been reported as the bargain purchase. The gain from bargain purchase has been reported at USD 46m.

From the acquisition date to 31 December 2020, Pipavav terminal contributed positively to the results with a revenue of USD 59m. If the acquisition had occurred on 1 January 2020, the impact on the Group's revenue would have been USD 95m.

Dovana Holdings AB (KGH Customs Service Group) (Logistics & Services)
On 1 September 2020, the Group acquired 100% of the shares in Dovana Holding AB, KGH Customs Services, a leading Sweden-based specialist in trade and customs services management in Europe, further enhancing its capabilities as an integrated container logistics company, offering end-to-end supply chain solutions to its global customers.

The total purchase price amounts to USD 0.2bn consisting of enterprise value of USD 0.3bn on a cash and debt-free basis and acquired liabilities of around USD 0.1bn. The purchase price mainly relates to customer lists and technology of USD 0.2bn. The goodwill of USD 0.2bn is attributable to the synergies between KGH and A.P. Moller - Maersk.

From the acquisition date to 31 December 2020, KGH Customs Services contributed positively to the results. If the acquisition had occurred on 1 January 2020, the impact on the Group's revenue would have been USD 0.1bn.

Other
In addition to above acquisitions, there has been a small acquisition in Terminals & Towage and therefore the cash outflow related to acquisitions sums up to USD 425m.

Total acquisition cost recognised in the income statement amounted to USD 8m as per 31 December 2020.

AMOUNTS IN USD MILLION

Note 3.4 Acquisition/sale of subsidiaries and activities – continued

Sales during the year 2021
No material external sales were performed during 2021.

Sales during the year 2020
No material external sales were performed during 2020.

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 re-measured 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 re-measured 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 Loan receivables

Loan receivables amount to USD 5.1bn (USD 227m) and consist primarily of term deposits with a maturity of more than three months amounting to USD 5bn (USD 0bn).

Note 3.6 Assets held for sale or distribution

	2021	2020
Balance sheet items comprise:		
Intangible assets	41	39
Property, plant and equipment and right-of-use assets	106	94
Other assets	55	54
Non-current assets	**202**	**187**
Current assets	197	31
Assets held for sale or distribution	**399**	**218**
Provisions	13	-
Deferred tax liabilities	11	13
Other liabilities	220	78
Liabilities associated with assets held for sale or distribution	**244**	**91**

Assets held for sale in 2021 largely relate to Maersk Container Industry within Manufacturing & Others and three terminals within Terminals & Towage. On 27 September 2021, the sale agreement with China International Marine Containers Ltd. for the divestment of the reefer business was signed with closing subject to regulatory approvals.

Assets held for sale in 2020 largely relate to two terminals reported as held for sale within Terminals & Towage and one terminal within Ocean. An impairment of USD 62m, being the difference between carrying value and fair value less costs to sell, was made in 2020 against the terminal in Ocean for which sale was completed during 2021.

AMOUNTS IN USD MILLION

Note 3.6 Assets held for sale or distribution – continued

ACCOUNTING POLICY

Assets held for sale are recognised when the carrying amount of an individual non-current asset, or disposal group of assets, will be 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.

Note 3.7 Provisions

	Restructuring	Legal disputes, etc.	Other	Total
1 January 2021	136	777	368	1,281
Provision made	32	633	240	905
Amount used	80	147	70	297
Amount reversed	25	189	180	394
Transfer	-	2	17	19
Transfer, assets held for sale	-	-	-26	-26
Exchange rate adjustments	-4	-13	-	-17
31 December 2021	**59**	**1,063**	**349**	**1,471**
Of which:				
Classified as non-current	-	542	150	692
Classified as current	59	521	199	779
Non-current provisions expected to be realised after more than five years	-	64	13	77

Restructuring includes provisions for decided and publicly announced restructurings. 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, provisions for onerous contracts, unfavourable contracts acquired as part of a business combination, as well as provisions for incurred, but not yet reported, incidents under certain insurance programmes, primarily in the USA. Provisions are recognised based on best estimates and discounted where the time element is significant and where the time of settlement is reasonably determinable.

AMOUNTS IN USD MILLION

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 2020	10,756,265	226	10,060,401	166	20,817	3,774
Cancellation	156,977	-	627,938	-	785	142
Conversion	5	-10	-	-	-	-
31 December 2020	**10,599,293**	**216**	**9,432,463**	**166**	**20,032**	**3,632**
1 January 2021	10,599,293	216	9,432,463	166	20,032	3,632
Cancellation	131,186	-	524,745	-	656	119
31 December 2021	**10,468,107**	**216**	**8,907,718**	**166**	**19,376**	**3,513**

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 23 March 2021, the shareholders decided on the cancellation of treasury shares, whereby the share capital is decreased. On 20 May 2021, the Company's share capital was reduced from nominally DKK 20,031,947,000 with nominally DKK 655,931,000 in total, divided into 131,186 A shares and 524,745 B shares of DKK 1,000 to nominally DKK 19,376,016,000 by cancellation of own shares.

Development in the holding of own shares:	No. of shares of DKK 1,000		Nominal value DKK million		% of share capital	
Own shares	2021	2020	2021	2020	2021	2020
A shares						
1 January	119,176	134,279	119	134	0.59%	0.65%
Addition	132,504	141,874	133	142	0.68%	0.69%
Cancellation	131,186	156,977	131	157	0.65%	0.75%
31 December	**120,494**	**119,176**	**121**	**119**	**0.62%**	**0.59%**
B shares						
1 January	505,281	587,949	505	588	2.52%	2.82%
Addition	586,476	567,493	587	567	3.03%	2.83%
Cancellation	524,745	627,938	525	628	2.62%	3.02%
Disposal	17,425	22,223	17	22	0.09%	0.11%
31 December	**549,587**	**505,281**	**550**	**505**	**2.84%**	**2.52%**

From 1 January 2021 to 31 December 2021, A.P. Moller - Maersk has bought back 68,173 A shares, with a nominal value of DKK 68m, and 206,850 B shares, with a nominal value of DKK 207m, as treasury shares from A.P. Møller Holding A/S, which is considered a related party. The share buy-back is carried out with the purpose to adjust the capital structure of the Company. Shares which are not used for hedging purposes for the long-term incentive programmes will be proposed cancelled at the Annual General Meetings.

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

The basis for calculating earnings per share is the following:

A.P. Møller - Mærsk A/S' share of:	2021	2020
Profit for the year	**17,942**	**2,850**

	2021	2020
Issued shares 1 January	20,031,947	20,816,862
Average number of own shares	555,742	729,307
Average number of cancelled shares	406,138	456,795
Average number of shares (basic)	**19,070,067**	**19,630,760**
Dilutive effect of outstanding restricted shares and share options	60,248	20,861
Average number of shares (diluted)	**19,130,315**	**19,651,621**
Basic earnings per share (USD)	**941**	**145**
Diluted earnings per share (USD)	**938**	**145**

ACCOUNTING POLICY

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

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

The translation reserve comprises 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 comprises accumulated changes in the fair value of equity investments (at FVOCI), net of tax. Reserve for hedges includes the accumulated fair value of derivatives qualifying for cash flow hedge accounting, net of tax, as well as forward points and currency basis spread.

Dividend

The Board of Directors proposes a dividend to the shareholders of DKK 2,500 per share of DKK 1,000 – a total of DKK 46.8bn, equivalent to USD 7.1bn (DKK 330 per share of DKK 1,000 – total of DKK 6.4bn equivalent to USD 1.0bn). Payment of dividends is expected to take place on 18 March 2022. Payment of dividends to shareholders does not trigger taxes to A.P. Moller - Maersk.

Note 4.2 Borrowings and lease liability reconciliation

	Net debt as at 31 December	Cash flows	Non-cash changes				Net debt as at 31 December
	2020		Additions	Disposals	Foreign exchange movements	Other[1]	2021
Bank and other credit institutions	2,802	-1,364	9	-	-4	-	1,443
Issued bonds	3,824	-298	-	-	-95	-90	3,341
Total borrowings	**6,626**	**-1,662[4]**	**9**	**-**	**-99**	**-90**	**4,784**
Borrowings:							
Classified as non-current	5,868						4,315
Classified as current	758						469
Leases:							
Lease liabilities	8,747	-2,279[2]	4,789[3]	-513	-192	-1	10,551
Total leases	**8,747**	**-2,279**	**4,789**	**-513**	**-192**	**-1**	**10,551**
Leases:							
Classified as non-current	7,356						8,153
Classified as current	1,391						2,398
Total borrowing and leases	**15,373**	**-3,941**	**4,798**	**-513**	**-291**	**-91**	**15,335**
Derivatives hedge of borrowings, net	**36**	**4**	**-**	**-**	**95**	**59**	**194**

1 Other includes fair value changes and amortisation of fees.
2 Total cash outflow impact for leases for 2021 was USD 4,358m, of which USD 1,620m relates to other lease expenses and USD 459m to interest expense as disclosed separately in note 3.3.
3 Additions include USD 72m lease liabilities from businesses acquired during 2021.
4 Total cash flow from borrowings of USD 1,662m comprises of repayments of USD 2,497m, proceeds of USD 563m and cash overdrafts of USD 272m.

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

	Net debt as at 31 December	Cash flows	Non-cash changes				Net debt as at 31 December
	2019		Additions	Disposals	Foreign exchange movements	Other[1]	2020
Bank and other credit institutions	3,357	-637	96	-	-14	-	2,802
Issued bonds	4,819	-1,254	-	-	150	109	3,824
Total borrowings	**8,176**	**-1,891[4]**	**96**	**-**	**136**	**109**	**6,626**
Borrowings:							
Classified as non-current	7,455						5,868
Classified as current	721						758
Leases:							
Lease liabilities	8,577	-1,710[2]	1,896[3]	-217	195	6	8,747
Total leases	**8,577**	**-1,710**	**1,896**	**-217**	**195**	**6**	**8,747**
Leases:							
Classified as non-current	7,295						7,356
Classified as current	1,282						1,391
Total borrowing and leases	**16,753**	**-3,601**	**1,992**	**-217**	**331**	**115**	**15,373**
Derivatives hedge of borrowings, net	**172**	**27**	**-**	**-**	**-150**	**-13**	**36**

1 Other includes fair value changes and amortisation of fees.
2 Total cash outflow impact for leases for 2020 was USD 3.5bn, of which USD 1.3bn to other lease expenses and USD 468m relates to interest expense as disclosed separately in note 3.3.
3 Additions include USD 321m lease liabilities from businesses acquired during 2020.
4 Total cash flow from borrowings amounts to USD -1,891m and cash flow from related hedges to USD 31m, in total USD -1,860m.

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

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.

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

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 not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated. 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.

Note 4.3 Pensions and similar obligations

	UK 2021	Other 2021	Total 2021	UK 2020	Other 2020	Total 2020
Specification of net liability						
Present value of funded plans	2,233	505	2,738	2,427	516	2,943
Fair value of plan assets	-2,452	-406	-2,858	-2,691	-416	-3,107
Net liability of funded plans	-219	99	-120	-264	100	-164
Present value of unfunded plans	-	105	105	-	156	156
Impact of minimum funding requirement/asset ceiling	81	1	82	79	1	80
Net liability 31 December	**-138**	**205**	**67**	**-185**	**257**	**72**
Of which:						
Pensions, net assets			148			225
Pensions and similar obligations			215			297

Significant financial assumptions	UK 2021	Total 2021	UK 2020	Total 2020
Discount rate	2.0%	2.1%	1.6%	1.7%
Inflation rate	3.5%	3.3%	3.2%	3.0%

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 2022, the Group expects to pay contributions totalling USD 36m (USD 16m) to funded defined benefit plans.

The majority of the Group's defined benefit liabilities are 79% in the UK and 12% in the USA. All of the plans in the UK and the majority of the plans in the USA 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 15 years and approximately 59% of the obligation is in respect of 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.

AMOUNTS IN USD MILLION

Note 4.3 Pensions and similar obligations – continued

	31 December			
Life expectancy	2021	2041	2020	2040
65-year-old male in the UK	21.9	23.3	21.8	23.2
65-year-old female in the UK	24.2	25.5	24.0	25.6

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

Sensitivities for key assumptions in the UK		Increase	Decrease
Factors	'Change in liability'	2021	2021
Discount rate	Increase/(decrease) by 25 basis points	-84	90
Inflation rate	Increase/(decrease) by 25 basis points	45	-51
Life expectancy	Increase/(decrease) by one year	122	-119

	UK	Other	Total	UK	Other	Total
Specification of plan assets	2021	2021	2021	2020	2020	2020
Insurance contracts	1,829	68	1,897	1,734	69	1,803
Shares	81	100	181	77	137	214
Government bonds	203	117	320	379	107	486
Corporate bonds	199	100	299	331	86	417
Real estate	9	7	16	10	4	14
Other assets	131	14	145	160	13	173
Fair value 31 December	**2,452**	**406**	**2,858**	**2,691**	**416**	**3,107**

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.

No contributions to the UK plans are expected for 2022 (compared to USD 11m in 2021 of which USD 9m was deficit recovery contributions). 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 2021 an adjustment of USD 3m (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.

SIGNIFICANT ACCOUNTING ESTIMATES

Provisions for pension and other employee benefits
For defined benefit schemes, management makes assumptions about future remuneration and pension changes, employee attrition rates, discount rates, inflation rates and life expectancy. When setting these assumptions, management considers advice from the actuaries performing the valuation. The inflation and discount rates are determined centrally for the major plans on a country-by-country basis. All other assumptions are determined on a plan-by-plan basis. Refer to the table to the left for the sensitivity of the liability to changes in these assumptions.

Plan assets are measured at fair value by fund administrators.

AMOUNTS IN USD MILLION

Note 4.3 Pensions and similar obligations – continued

Change in net liability	Present value of obligations	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
1 January 2021	**3,099**	**3,107**	**80**	**72**	**-185**
Current service cost, administration cost etc.	9	-12	-	21	10
Calculated interest expense/income	50	51	1	-	-3
Recognised in the income statement in 2021	**59**	**39**	**1**	**21**	**7**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	-128	-	-	-128	-120
Return on plan assets, exclusive calculated interest income	-	-150	-	150	165
Adjustment for unrecognised asset due to asset ceiling	-	-	1	1	1
Recognised in other comprehensive income in 2021	**-128**	**-150**	**1**	**23**	**46**
Contributions from the Group and employees	-	11	-	-11	-6
Benefit payments	-146	-136	-	-10	-
Effect of business combinations and disposals	-14	5	-	-19	-
Exchange rate adjustments	-27	-18	-	-9	-
31 December 2021	**2,843**	**2,858**	**82**	**67**	**-138**

Change in net liability	Present value of obligations	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
1 January 2020	**2,876**	**3,078**	**65**	**-137**	**-377**
Current service cost, administration cost etc.	26	-6	-	32	9
Calculated interest expense/income	55	58	-	-3	-7
Recognised in the income statement in 2020	**81**	**52**	**-**	**29**	**2**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	180	-	-	180	148
Return on plan assets, exclusive calculated interest income	-	-15	-	15	50
Adjustment for unrecognised asset due to asset ceiling	-	-	11	11	9
Adjustment for minimum funding requirement	-	-	1	1	1
Recognised in other comprehensive income in 2020	**180**	**-15**	**12**	**207**	**208**
Contributions from the Group and employees	-	21	-	-21	-16
Benefit payments	-139	-127	-	-12	-
Effect of business combinations and disposals	1	-	-	1	-
Exchange rate adjustments	100	98	3	5	-2
31 December 2020	**3,099**	**3,107**	**80**	**72**	**-185**

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 hereof.

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. In 2021, the Group's contributions to the pension and welfare/medical plans are estimated at USD 97m (USD 91m) and USD 320m (USD 277m), respectively. The contributions to be paid in 2022 are estimated at USD 97m (USD 92m) for the pension plans and USD 335m (USD 279m) 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 97m (USD 0.3bn). 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 with 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.

AMOUNTS IN USD MILLION

Note 4.4 Financial income and expenses

	2021	2020
Interest expenses on liabilities[1 4]	813	839
Borrowing costs capitalised on assets[2]	5	7
Interest income on loans and receivables	52	63
Fair value adjustment transferred from equity hedge reserve (loss)	37	40
Net interest expenses	**793**	**809**
Exchange rate gains on bank balances, borrowings and working capital	385	390
Exchange rate losses on bank balances, borrowings and working capital	374	629
Net foreign exchange gains/losses	**11**	**-239**
Fair value gains from derivatives	102	331
Fair value losses from derivatives	251	137
Net fair value gains/losses	**-149**	**194**
Dividends received from securities[3]	1	1
Gains on payable contingent consideration	3	-
Impairment losses on financial assets	26	33
Reversal of impairment losses on financial assets	9	7
Financial expenses, net	**944**	**879**
Of which:		
Financial income	646	895
Financial expenses	1,590	1,774

1 Of which USD 459m (USD 468m) relates to interest expense on lease liabilities.
2 The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.3% (4.1%).
3 Of which USD 1m (USD 1m) 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 37m (USD 33m) relates to expense from prepayment of issued bonds.

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

Note 4.5 Financial instruments and risks

Market risk

Derivatives recognised at fair value in the balance sheet	2021	2020
Non-current receivables	33	269
Current receivables	40	307
Non-current liabilities	217	289
Current liabilities	95	228
Assets, net	**-239**	**59**

The gain/losses of the derivatives are recognised as follows:	2021	2020
Hedging foreign exchange risk on revenue	15	5
Hedging foreign exchange risk on operating costs	40	16
Hedging interest rate risk	-37	-40
Hedging foreign exchange risk on the cost of non-current assets	-2	15
Total effective hedging	**16**	**-4**
Ineffectiveness recognised in financial expenses	13	-9
Total reclassified from equity reserve for hedges	**29**	**-13**
Derivatives accounted for as held for trading:		
Currency derivatives recognised directly in financial income/expenses	-164	198
Interest rate derivatives recognised directly in financial income/expenses	-92	107
Oil prices and freight rate derivatives recognised directly in other income/costs	-165	213
Net gains/losses recognised directly in the income statement	**-421**	**518**
Total	**-392**	**505**

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 2021.

AMOUNTS IN USD MILLION

Note 4.5 Financial instruments and risks – continued

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 2021. 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, HKD, SGD and CAD. As the net income is in USD, this is also the primary financing currency. Income and expenses from other activities, including Terminals & Towage, 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 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.

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 (mature within a year). Hedges of investments matures within a year (no hedges of investments).

For hedges related to operating cash flows and investments, a loss of USD 150m in 2021 (gain of USD 95m) is recognised in other comprehensive income, and the cash flow hedge reserve amounts to a loss of USD 41m at 31 December (gain of USD 109m). 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 2021 (USD 3m).

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 (1.24), GBP/USD 1.52 (1.52), and USD/NOK 8.25 (8.22). 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).

Hedge of operating cash flows and investments in foreign currencies	Fair value, asset	Fair value, liability	Nominal amount of derivative	Average hedge rate
Main currencies hedged				
2021				
EUR	5	25	876	1.20
DKK	-	10	282	6.32
HKD	-	1	179	7.78
Other currencies	10	20	849	N/A
Total	**15**	**56**		
2020				
EUR	36	1	681	1.17
DKK	13	1	246	6.37
HKD	-	-	161	7.76
Other currencies	64	2	1,064	N/A
Total	**113**	**4**		

	Fair value	
Recognised at fair value through profit and loss	2021	2020
Currency derivatives	-14	-2
Interest derivatives	-	9
Total	**-14**	**7**

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	2021	2020	2021	2020
EUR	-108	-38	-141	-101
CNY	-88	15	-88	8
Other	-179	81	-259	-17
Total	**-375**	**58**	**-488**	**-110**

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Note 4.5 Financial instruments and risks – continued

Interest rate risk

Interest rate hedging of borrowings	Fair value, asset	Fair value, liability	Nominal amount of derivative	Maturity 0-1 year	Maturity 1-5 years	Maturity 5- years	Gain/loss on hedged item	Gain/loss on hedging instru-ment	Average hedge rate
2021									
Combined fair value hedge, hedge of borrowings									
EUR	2	31	516	-	425	91	-33	16	1.8%
GBP	-	11	95	-	95	-	-3	1	2.5%
JPY	3	-	109	-	109	-	-2	-2	1.7%
NOK	-	27	250	-	250	-	5	-11	2.5%
Fair value hedge, hedge of borrowings									
USD	30	-	900	-	500	400	-29	30	2.2%
Cash flow hedge, hedge of borrowings									
EUR	-	69	992	-	425	567	-	-35	3.2%
GBP	-	49	311	-	311	-	-	-11	4.6%
NOK	-	2	29	-	29	-	-	-1	3.3%
USD	2	42	948	-	230	718	-	-39	2.3%
Total	**37**	**231**	**4,150**	**-**	**2,374**	**1,776**	**-62**	**-52**	
2020									
Combined fair value hedge, hedge of borrowings									
EUR	45	-	559	-	-	559	-61	44	1.8%
GBP	-	7	95	-	95	-	-8	5	2.5%
JPY	17	-	121	-	121	-	-3	-2	1.8%
NOK	-	11	256	-	-	256	-5	-2	2.5%
Fair value hedge, hedge of borrowings									
USD	80	-	900	-	500	400	-79	80	3.1%
Cash flow hedge, hedge of borrowings									
EUR	-	35	461	-	-	461	-	-34	4.2%
GBP	-	49	313	-	313	-	-	-11	4.6%
NOK	-	4	81	51	30	-	-	-1	2.4%
USD	155	227	1,905	700	680	525	-	-68	2.1%
Total	**297**	**333**	**4,691**	**751**	**1,739**	**2,201**	**-156**	**11**	

AMOUNTS IN USD MILLION

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.

The hedging of the interest rate risk is governed by a modified duration range and is primarily obtained using interest rate swaps. The modified duration of the Group's debt portfolio is 2.8 (2.1) excluding IFRS 16 leases.

A general increase in interest rates by one percentage point is estimated, all else being equal, to affect profit before tax and equity, excluding tax effect, positively by approx. USD 152m (positively by USD 39m) and positively by approx. USD 146m (positively by USD 30m), 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.

Ineffectiveness from cash flow hedges due to buy-back of issued bonds is recognised in the income statement with USD 0m (loss of USD 12m).

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 6m (gain of USD 6m).

Note 4.5 Financial instruments and risks – continued

Borrowings by interest rate levels inclusive of interest rate swaps	Carrying amount	Next interest rate fixing		
		0-1 year	1-5 years	5- years
2021				
0-3%	3,510	2,531	-29	1,008
3-6%	11,124	2,306	5,426	3,392
6%-	701	71	239	391
Total	**15,335**	**4,908**	**5,636**	**4,791**
Of which:				
Bearing fixed interest	12,908			
Bearing floating interest	2,427			
2020				
0-3%	4,560	4,381	-208	387
3-6%	9,902	884	4,648	4,370
6%-	911	117	250	544
Total	**15,373**	**5,382**	**4,690**	**5,301**
Of which:				
Bearing fixed interest	11,580			
Bearing floating interest	3,793			

Oil price risk

					Maturity		
	Quantity metric tonne	Average trade price per metric tonne	Average duration	Fair value	0-3 months	4-12 months	Above 12 months
2021							
Oil swaps	**19**		**0-1 year**	**10**	**11**	**-1**	**0**
Buy	9	563		165	161	4	0
Sell	10	492		-155	-150	-5	0
Oil futures	**2**		**0-1 year**	**0**	**-1**	**1**	**0**
Buy	1	564		11	10	1	0
Sell	1	480		-11	-11	0	0
Total	**21**			**10**	**10**	**0**	**0**
2020							
Oil swaps	**13**		**0-1 year**	**-13**	**4**	**-17**	**0**
Buy	7	308		176	155	21	0
Sell	6	311		-189	-151	-38	0
Oil futures	**2**		**0-1 year**	**-19**	**-11**	**-8**	**0**
Buy	1	340		18	15	3	0
Sell	1	342		-37	-26	-11	0
Oil options	**1**		**2-4 years**	**11**	**0**	**0**	**11**
Buy	1	228		11	0	0	11
Sell	0			0	0	0	0
Total	**16**			**-21**	**-7**	**-25**	**11**

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 2021, the Group has entered into oil derivative positions shown in the table.

AMOUNTS IN USD MILLION

Note 4.5 Financial instruments and risks – continued

Credit risk

Maturity analysis of trade receivables	2021	2020
Receivables not due	4,090	2,358
Less than 90 days overdue	1,285	1,133
91 – 365 days overdue	133	161
More than 1 year overdue	100	152
Receivables, gross	5,608	3,804
Provision for bad debt	205	170
Carrying amount	**5,403**	**3,634**

The loss allowance provision for trade receivables as at 31 December 2021 reconciles to the opening loss allowance as follows:

Change in provision for bad debt	2021	2020
1 January	170	215
Provision made	196	238
Amount used	81	160
Amount reversed	81	124
Transfer, assets held for sale	-1	-
Exchange rate adjustment and others	2	1
31 December	**205**	**170**

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 44% (89%) 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.

AMOUNTS IN USD MILLION

Note 4.5 Financial instruments and risks – continued

Liquidity risk

Net interest-bearing debt and liquidity	2021	2020
Borrowings	15,335	15,373
Net interest-bearing debt (net cash position)	-1,530	9,232
Liquidity reserve[1]	21,540	10,962

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.

The Group's objective is to maintain a liquidity profile in line with an investment grade credit rating. Capital is managed for the Group. The equity share of total equity and liabilities was 63% (55%) at the end of 2021.

For information about cash and bank balances in countries with exchange control or other restrictions, please see text to the consolidated cash flow statement.

The Group has placed USD 5bn in term deposits (more than three months), which is included in the liquidity reserve (USD 0m). The term deposits are recognised as loan receivables. Deposits and bank balances are primarily held in relationship banks with a credit rating of at least A-. No individual exposure is above 10%.

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 six years (about five years) at 31 December 2021.

Maturities of liabilities and commitments	Carrying amount	Cash flows including interest			
		0-1 year	1-5 years	5- years	Total
2021					
Bank and other credit institutions	1,443	505	484	652	1,641
Lease liabilities	10,551	2,797	6,100	4,222	13,119
– hereof interest		399	974	1,195	2,568
Issued bonds	3,341	91	2,510	1,258	3,859
Trade payables	6,241	6,241	-	-	6,241
Other payables	1,487	1,333	141	13	1,487
Non-derivative financial liabilities	**23,063**	**10,967**	**9,235**	**6,145**	**26,347**
Derivatives	312	95	181	36	312
Total recognised in balance sheet	**23,375**	**11,062**	**9,416**	**6,181**	**26,659**
Capital commitments		1,097	1,691	495	3,283
Total		**12,159**	**11,107**	**6,676**	**29,942**
2020					
Bank and other credit institutions	2,802	476	1,135	1,502	3,113
Lease liabilities	8,747	1,791	4,832	5,360	11,983
– hereof interest		400	1,140	1,695	3,235
Issued bonds	3,824	461	2,108	1,909	4,478
Trade payables	5,156	5,156	-	-	5,156
Other payables	1,360	1,279	69	12	1,360
Non-derivative financial liabilities	**21,889**	**9,163**	**8,144**	**8,783**	**26,090**
Derivatives	517	228	134	155	517
Total recognised in balance sheet	**22,406**	**9,391**	**8,278**	**8,938**	**26,607**
Capital commitments		508	713	518	1,739
Total		**9,899**	**8,991**	**9,456**	**28,346**

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.

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Note 4.5 Financial instruments and risks – continued

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 under 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 deferred in equity.

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.

Note 4.6 Financial instruments by category

	Carrying amount		Fair value[3]	
	2021	2020	2021	2020
Carried at amortised cost				
Loan receivables	5,143	227	5,143	227
Lease receivables	19	21		
Other interest-bearing receivables and deposits	63	61	63	61
Trade receivables	5,403	3,634		
Other receivables (non-interest-bearing)	891	1,019		
Cash and bank balances	11,832	5,865		
Financial assets at amortised cost	**23,351**	**10,827**		
Derivatives	**73**	**576**	**73**	**576**
Carried at fair value through profit/loss				
Other receivables (non-interest-bearing)[1]	4	3	4	3
Bonds	-	-	-	-
Other securities	3	1	3	1
Financial assets at fair value through profit or loss	**7**	**4**	**7**	**4**
Carried at fair value through other comprehensive income				
Equity investments (FVOCI)[2]	318	107	318	107
Financial assets at fair value through OCI	**318**	**107**	**318**	**107**
Total financial assets	**23,749**	**11,514**		
Carried at amortised cost				
Bank and other credit institutions	1,443	2,802	1,442	2,835
Lease liabilities	10,551	8,747		
Issued bonds	3,341	3,824	3,537	4,047
Trade payables	6,241	5,156		
Other payables	1,377	1,302		
Financial liabilities at amortised cost	**22,953**	**21,831**		
Derivatives	**312**	**517**	**312**	**517**
Carried at fair value				
Other payables	110	58	110	58
Financial liabilities at fair value	**110**	**58**	**110**	**58**
Total financial liabilities	**23,375**	**22,406**		

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.

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Note 4.6 Financial instruments by category – continued

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 2021	89	3	92	58	58
Addition	62	-	62	63	63
Gains/losses recognised in other comprehensive income	130	-	130	-	-
Transfer to level 1	-18	-	-18	-	-
Exchange rate adjustment, etc.	-	-	-	-11	-11
Carrying amount 31 December 2021	**263**	**3**	**266**	**110**	**110**
Carrying amount 1 January 2020	59	3	62	1	1
Addition	32	-	32	55	55
Disposal	4	-	4	-	-
Gains/losses recognised in the income statement	-	-	-	3	3
Gains/losses recognised in other comprehensive income	2	-	2	-	-
Exchange rate adjustment, etc.	-	-	-	-1	-1
Carrying amount 31 December 2020	**89**	**3**	**92**	**58**	**58**

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 within 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.

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.

AMOUNTS IN USD MILLION

Note 5.1 Tax and deferred tax

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 the liability to tonnage tax is not impacted by financial profits, and is payable even in loss making years, the effective tax rate (ETR) metric can fluctuate significantly.

Disclosures for 2020 tax reconciliation have been adjusted, where USD 854m is moved from profit subject to corporate income tax to profit subject to tonnage taxation. The change has no impact on expensed or paid taxes.

	2021	2020
Tax recognised in the income statement		
Current tax on profits for the year	582	293
Adjustment for current tax of prior periods	93	-28
Utilisation of previously unrecognised deferred tax assets	-6	-6
Total current tax	**669**	**259**
Origination and reversal of temporary differences	-58	11
Adjustment for deferred tax of prior periods	10	7
Adjustment attributable to changes in tax rates and laws	-5	-3
Recognition of previously unrecognised deferred tax assets	-79	-7
Reassessment of recoverability of deferred tax assets, net	22	46
Total deferred tax	**-110**	**54**
Total income tax	**559**	**313**
Tonnage and freight tax	138	94
Total tax expense	**697**	**407**
Tax reconciliation		
Profit before tax	18,730	3,307
Profit/loss subject to Danish and foreign tonnage taxation, etc.	-17,578	-3,064
Internal gain/loss on sale of assets	-	1
Share of profit/loss in joint ventures	-162	-122
Share of profit/loss in associated companies	-324	-177
Profit/loss before tax, adjusted	**666**	**-55**
Tax using the Danish corporation tax rate (22%)	147	-12
Tax rate deviations in foreign jurisdictions	55	63
Non-taxable income	-41	-65
Non-deductible expenses	153	205
Adjustment to previous years' taxes	103	-21
Effect of changed tax rate	-5	-3
Change in recoverability of deferred tax assets	-63	33
Deferred tax asset not recognised	42	32
Other differences, net	168	81
Total income tax	**559**	**313**
Effective tax rate	3.7%	12.3%
Tax recognised in other comprehensive income and equity	**-**	**-6**
Of which:		
Current tax	9	-10
Deferred tax	-9	4

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Note 5.1 Tax and deferred tax – continued

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities	
	2021	2020	2021	2020	2021	2020
Intangible assets	54	31	232	269	178	238
Property, plant and equipment	46	46	310	288	264	242
Provisions, etc.	155	128	55	66	-100	-62
Tax loss carry-forwards	134	87	-	-	-134	-87
Other	92	89	48	34	-44	-55
Total	**481**	**381**	**645**	**657**	**164**	**276**
Offsets	-125	-132	-125	-132	-	-
Total	**356**	**249**	**520**	**525**	**164**	**276**

Change in deferred tax, net, during the year	2021	2020
1 January	**276**	**125**
Intangible assets	-49	63
Property, plant and equipment	22	-4
Provisions, etc.	-37	-1
Tax loss carry-forwards	-51	46
Other	5	-50
Recognised in the income statement	**-110**	**54**
Transfer to held for sale	1	-12
Other including business combinations	-3	109
31 December	**164**	**276**

Unrecognised deferred tax assets	2021	2020
Deductible temporary differences	140	129
Tax loss carry-forwards	770	823
Unused tax credits	10	10
Total	**920**	**962**

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.

SIGNIFICANT ACCOUNTING JUDGEMENTS

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 124m (USD 87m), excluding entities participating in joint taxation schemes. 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.

AMOUNTS IN USD MILLION

Note 5.2 Share-based payments

	Members of the Executive Board	Employees	Total	Fair value per share[1]	Total fair value[2]
Outstanding restricted shares	No.	No.	No.	DKK	USD million
1 January 2020	1,867	11,935	13,802		
Granted	1,626	6,165	7,791	5,975	7
Exercised and vested[3]	-	3,777	3,777		
Forfeited	-	125	125		
Outstanding 31 December 2020	**3,493**	**14,198**	**17,691**		
Granted	1,775	6,107	7,882	14,793	19
Exercised and vested[3]	-	3,542	3,542		
Forfeited	-	134	134		
Cancelled	-	11	11		
Outstanding 31 December 2021	**5,268**	**16,618**	**21,886**		

1 Equal to the volume weighted average share price on the date of grant, i.e. 1 April 2021 (1 April 2020).
2 At the time of grant.
3 The weighted average share price at the settlement date was DKK 14,793 (DKK 5,975).

Restricted shares plan
Restricted shares are awarded to certain key employees and members of the Executive Board annually. 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 restricted shares is contingent upon the employee still being employed and not being under notice of termination and takes place when three years have passed from the date of grant. For members of the Executive Board the vesting period is five years.

The 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 remuneration expense related to the restricted shares plan is USD 9m (USD 6m).

The average remaining contractual life for the restricted shares as per 31 December 2021 is 1.8 years (1.8 years).

	Members of the Executive Board	Employees	Total	Average exercise price[1]	Total fair value
Outstanding share options	No.	No.	No.	DKK	USD million
1 January 2020	11,799	56,026	67,825	9,057	
Granted	8,741	31,383	40,124	8,639	4
Exercised[1]	-	18,446	18,446	9,968	
Forfeited	-	1,073	1,073	9,636	
Outstanding 31 December 2020	**20,540**	**67,890**	**88,430**	**8,670**	
Exercisable 31 December 2020	**2,347**	**32,474**	**34,821**	**10,187**	
Granted	7,323	20,891	28,214	13,754	17
Exercised[1]	2,933	10,950	13,883	9,988	
Outstanding 31 December 2021	**24,930**	**77,831**	**102,761**	**9,873**	
Exercisable 31 December 2021	**3,496**	**4,080**	**7,576**	**9,941**	

1 The weighted average share price at the dates of exercise of share options exercised in 2021 was DKK 16,490 (DKK 12,389).

Share options plan
In addition to the restricted shares plan, A.P. Moller - Maersk has share option plans for 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 own B shares will be used to meet the company's obligations in respect of the share option plans.

The remuneration expense related to the share option plan is USD 8m (USD 5m).

The average remaining contractual life as per 31 December 2021 is 4.8 years (5.1 years).

Note 5.2 Share-based payments – continued

The following principal assumptions are used in the valuation:

	Share options granted to members of the Executive Board		Share options granted to employees not members of the Executive Board	
Outstanding share options	2021	2020	2021	2020
Share price, volume weighted average at the date of grant, 1 April, DKK	14,793	5,975	14,793	5,975
Share price, five days volume weighted average after publication of Annual Report, DKK	12,503	7,854	12,503	7,854
Exercise price, DKK	13,754	8,639	13,754	8,639
Expected volatility (based on historic volatility)	33%	31%	33%	31%
Expected term	5	5	5.75	5.75
Expected dividend per share, DKK	330	150	330	150
Risk-free interest rate	-0.47%	-0.66%	-0.43%	-0.63%
Fair value per option at grant date, DKK	3,670	625	3,837	697

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 restricted shares and share options allocated to the executive employees of A.P. Moller - Maersk as part of A.P. Moller - Maersk's long-term incentive programme is recognised as staff costs over the vesting period at estimated fair value at the grant date and a corresponding adjustment in 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 and other payables.

Note 5.3 Commitments

The future charter and operating lease payments are:

Lease commitments	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
2021					
Within one year	101	4	16	1	122
Total	**101**	**4**	**16**	**1**	**122**
2020					
Within one year	152	2	19	4	177
Total	**152**	**2**	**19**	**4**	**177**

Capital commitments	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
2021					
Capital commitments relating to the acquisition of non-current assets	1,753	89	261	9	2,112
Commitments towards concession grantors	208	-	963	-	1,171
Total capital commitments	**1,961**	**89**	**1,224**	**9**	**3,283**
2020					
Capital commitments relating to the acquisition of non-current assets	311	-	162	8	481
Commitments towards concession grantors	294	-	964	-	1,258
Total capital commitments	**605**	**-**	**1,126**	**8**	**1,739**

Short-term and low-value leases

As part of the group's activities, customary agreements are entered into regarding charter and operating leases of ships, containers, port facilities, etc.

The increase in capital commitments is primarily related to new vessel contracts entered into during 2021.

USD 3.3bn (USD 1.7bn) relates to investments, mainly within Ocean, Terminals & Towage, and Logistics & Services segments.

Commitments related to the newbuilding programme for container vessels are USD 1.1bn (USD 0), USD 77m (USD 18m) for tugs and USD 89m (USD 0) for aircrafts.

AMOUNTS IN USD MILLION

Note 5.3 Commitments – continued

Newbuilding programme at 31 December 2021	2022	2023	2024	2025	Total
Container vessels	-	1	8	-	9
Aircraft	-	-	2	-	2
Tugboats	8	6	-	-	14
Total	**8**	**7**	**10**	**-**	**25**

Capital commitments relating to the newbuilding programme at 31 December 2021	2022	2023	2024	2025	Total
Container vessels	18	104	975	-	1,097
Aircraft	-	-	89	-	89
Tugboats	57	20	-	-	77
Total	**75**	**124**	**1,064**	**-**	**1,263**

Note 5.4 Contingent liabilities

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.

Custom bonds of USD 490m (USD 503m) have been provided to various port authorities in India.

Maersk Line and APM Terminals have entered into certain agreements with terminals and port authorities, etc., containing volume commitments including an extra payment in case minimum volumes are not met.

The Group is involved in a number of legal cases, tax 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 may crystallise on repatriation of dividends. 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.

As part of the divestment of Mærsk Olie & Gas A/S (MOGAS) to Total S.A. in 2018, A.P. Møller - Mærsk A/S has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. A.P. Møller - Mærsk A/S assesses the risk of economic outflows because of this secondary liability as very remote.

Note 5.5 Cash flow specifications

	2021	2020
Change in working capital		
Trade receivables	-1,909	-115
Other working capital movements	346	-88
Exchange rate adjustment of working capital	-47	-36
Total	**-1,610**	**-239**
Purchase of intangible assets and property, plant and equipment		
Addition	-8,240	-2,929
Of which right-of-use assets, etc.	4,717	1,575
Of which borrowing costs capitalised on assets	5	7
Change in payables to suppliers regarding purchase of assets	542	25
Total	**-2,976**	**-1,322**

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 or 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]	
	2021	2020	2021	2020	2021	2020	2021	2020
Income statement								
Revenue	10	36	25	29	197	91	-	-
Operating costs	27	38	598	525	667	583	12[2]	7[2]
Remuneration to management	-	-	-	-	-	-	25	21
Financial income	37	59	-	-	-	-	-	-
Other	-	-	-	-	2	1	-	-
Assets								
Other receivables, non-current	3	25	-	-	32	151	-	-
Trade receivables	2	4	31	26	20	14	-	-
Other receivables, current	145	55	38	44	14	27	-	-
Cash and bank balances	721	555	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Liabilities								
Bank and other credit institutions, etc., current	-	-	-	-	23	23	-	-
Trade payables	-	0	71	66	88	86	2	0
Other	16	48	-	-	19	19	-	-
Purchase of property, plant and equipment, etc.	-	-	-	-	-	-	-	-
Sale of companies, property, plant and equipment, etc.	-	-	-	-	-	-	-	-
Capital increase	-	-	49	9	33	64	-	-
Dividends earned	-	-	152	86	134	93	-	-
Dividends distributed	554[3]	233[3]	-	-	-	-	-	-

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). 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 ships.

3 Includes dividends paid to A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal 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 participates on a pro rata basis to the shares purchased in the company's share buy-back programme.

AMOUNTS IN USD MILLION

Company overview

A.P. Moller - Maersk comprises more than 790 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 Finance SA	Switzerland	100%
A.P. Moller Singapore Pte. Ltd.	Singapore	100%
Addicks & Kreye Container Service GmbH & Co. KG	Germany	51%
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 Bahrain B.S.C.	Bahrain	64%
APM Terminals Callao S.A.	Peru	64%
APM Terminals China Co. Ltd.	Hong Kong	100%
APM Terminals Elizabeth, LLC	United States	100%
APM Terminals Gothenburg AB	Sweden	100%
APM Terminals India Pvt. Ltd.	India	100%
APM Terminals Inland Services S.A.	Peru	100%
APM Terminals North America B.V.	Netherlands	100%
APM Terminals Pacific LLC	United States	90%
APM Terminals Tangier SA	Morocco	90%

Subsidiaries

Company	Country of incorporation	Owned share
Aqaba Container Terminal Company (Pvt) Co.	Jordan	50%
Coman SA	Benin	100%
Container Operators S.A.	Chile	100%
Damco (UAE) FZE	United Arab Emirates	100%
Damco A/S	Denmark	100%
Damco Australia Pty. Ltd.	Australia	100%
Damco Belgium NV	Belgium	100%
Damco China Ltd.	China	100%
Damco Distribution Services Inc.	United States	100%
Damco France SAS	France	100%
Damco India Pvt. Ltd.	India	100%
Damco Logistics Uganda Ltd.	Uganda	100%
Damco Sweden AB	Sweden	100%
Damco USA Inc.	United States	100%
Farrell Lines Inc.	United States	100%
Gateway Terminals India Pvt. Ltd.	India	74%
Gujarat Pipavav Port Ltd.	India	44%
Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft A/S & Co KG[1]	Germany	100%
Maersk (China) Shipping Company Ltd.	China	100%
Maersk A/S	Denmark	100%
Maersk Agency U.S.A. Inc.	United States	100%
Maersk B.V.	Netherlands	100%
Maersk Bangladesh Ltd.	Bangladesh	100%
Maersk Container Industry A/S	Denmark	100%
Maersk Container Industry Qingdao Ltd.	China	100%
Maersk Denizcilik A.Ş.	Turkey	100%
Maersk FPSOs A/S	Denmark	100%
Maersk Gabon SA	Gabon	100%
Maersk Global Service Centres (Chengdu) Ltd.	China	100%
Maersk Global Service Centres (India) Pvt. Ltd.	India	100%
Maersk Holding B.V.	Netherlands	100%
Maersk Hong Kong Ltd.	Hong Kong	100%

1 Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft A/S & Co KG, Hamburg, is in accordance with paragraph 264b HGB (German commercial code) exempt from preparing, auditing and disclosing statutory financial statements as well as a management report in accordance with the German commercial law.

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Subsidiaries

Company	Country of incorporation	Owned share
Maersk Inc.	United States	100%
Maersk Inter Holding B.V.	Netherlands	100%
Maersk Line Agency Holding A/S	Denmark	100%
Maersk Line UK Ltd.	United Kingdom	100%
Maersk Line, Limited	United States	100%
Maersk Logistics & Services International A/S	Denmark	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 Shipping Hong Kong Ltd.	Hong Kong	100%
Maersk Supply Service (Angola) Lda.	Angola	49%
Maersk Supply Service A/S	Denmark	100%
Maersk Supply Service Canada Ltd.	Canada	100%
Maersk Supply Service International A/S	Denmark	100%
Maersk Supply Service UK Ltd.	United Kingdom	100%
Maersk Vietnam Ltd.	Vietnam	100%
New Times International Transport Service Co. Ltd.	China	100%
Poti Sea Port Corporation JSC	Georgia	100%
PT Damco Indonesia	Indonesia	98%
Rederiaktieselskabet Kuling	Denmark	100%
Rederiet A.P. Møller A/S	Denmark	100%
Safmarine (Pty) Ltd.	South Africa	100%
Safmarine MPV NV	Belgium	100%
Sealand Europe A/S	Denmark	100%
Sealand Maersk Asia Pte. Ltd.	Singapore	100%
Sogester - Sociedade Gestora De Terminais S.A.	Angola	51%
Suez Canal Container Terminal SAE	Egypt	55%
Svitzer A/S	Denmark	100%
Svitzer Australia Pty Ltd	Australia	100%
Svitzer Marine Ltd.	United Kingdom	100%
Terminal 4 S.A.	Argentina	100%
Visible Supply Chain Management LLC	United States	100%
West Africa Container Terminal BVI Ltd.	British Virgin Islands	100%
West Africa Container Terminal Nigeria Ltd.	Nigeria	100%

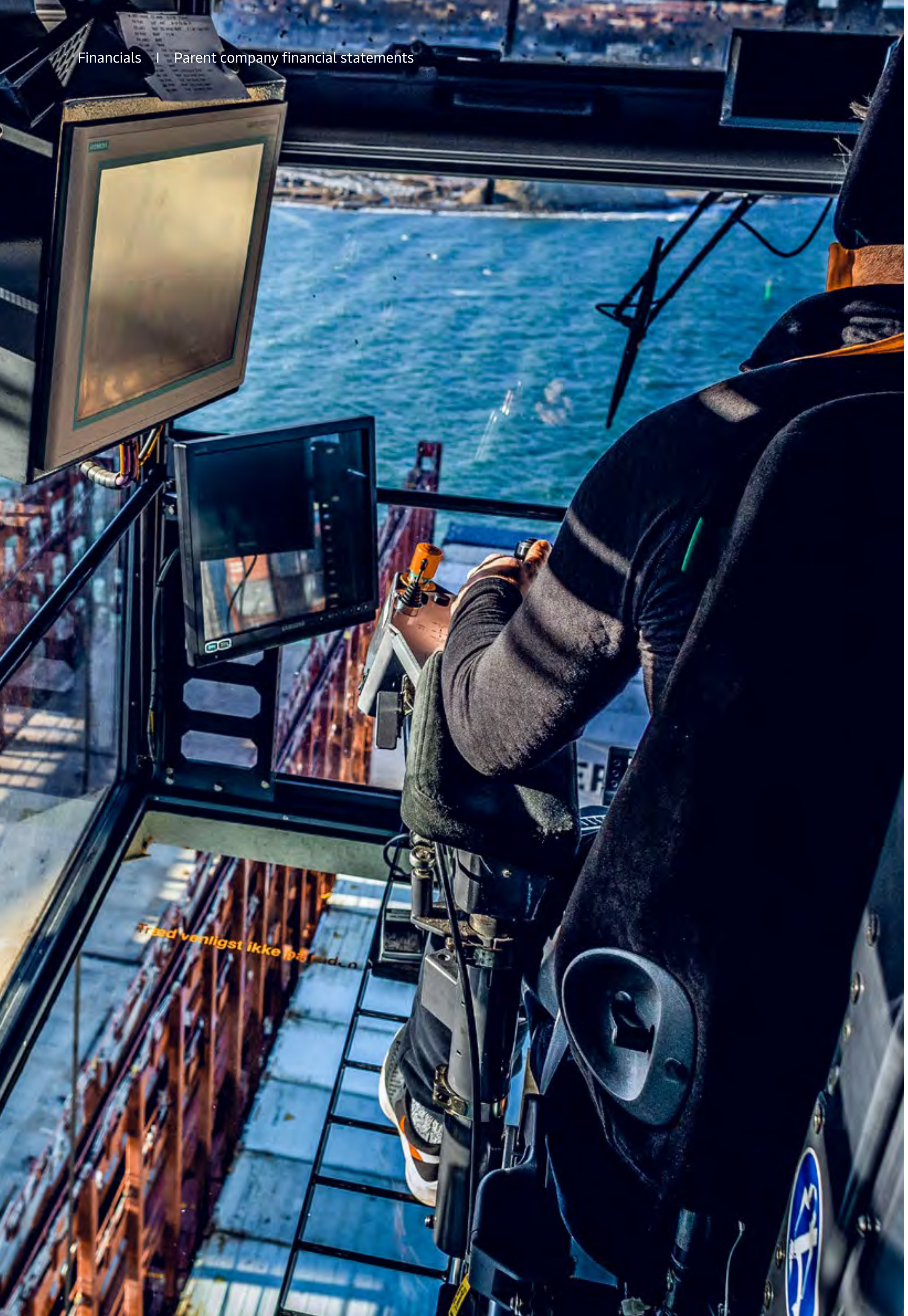
Associated companies

Company	Country of incorporation	Owned share
Abidjan Terminal SA	Côte d'Ivoire	49%
Brigantine International Holdings Ltd.	Hong Kong	30%
Brigantine Services Ltd.	Hong Kong	30%
Congo Terminal Holding SAS	France	30%
Congo Terminal SA	Congo	15%
Cosco Ports (Nansha) Ltd.	British Virgin Islands	34%
Guangzhou South China Oceangate Container Terminal Co. Ltd.	China	20%
Höegh Autoliners Holdings AS	Norway	27%
Meridian Port Services Ltd.	Ghana	35%
Pelabuhan Tanjung Pelepas Sdn. Bhd.	Malaysia	30%
Salalah Port Services Company SAOG	Oman	30%
Shanghai Tie Yang Multimodal Transportation Co. Ltd.	China	29%
South Asia Gateway Pvt. Ltd.	Sri Lanka	33%
Tianjin Port Alliance International Container Terminal Co. Ltd.	China	20%

Joint ventures

Company	Country of incorporation	Owned share
Brasil Terminal Portuario S.A.	Brazil	50%
Cai Mep International Terminal Co. Ltd.	Vietnam	49%
Douala International Terminal SA	Cameroon	44%
Eurogate Container Terminal Wilhelmshaven GmbH & Co. KG	Germany	30%
First Container Terminal Inc	Russian Federation	31%
Global Ports Investments PLC	Cyprus	31%
North Sea Terminal Bremerhaven Verwaltungsgesellschaft mbH	Germany	50%
Petrolesport Inc.	Russian Federation	31%
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%
Xiamen Songyu Container Terminal Co. Ltd.	China	25%

AMOUNTS IN USD MILLION



Parent company financial statements

- Income statement
- Statement of comprehensive income
- Balance sheet at 31 December
- Cash flow statement
- Statement of changes in equity
- Notes to the Parent company financial statements

Income statement

Note		2021	2020
2.1	Revenue	18	17
2.2	Operating costs	118	90
	Loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**-100**	**-73**
2.3	Gain/loss on sale of companies and non-current assets and liquidation, etc., net	47	1
3.1	Share of profit in joint ventures and associated companies	132	-
	Profit/loss before financial items (EBIT)	**79**	**-72**
4.3	Dividends	332	413
4.3	Financial income	1,709	1,452
4.3	Financial expenses	994	1,056
	Profit before tax	**1,126**	**737**
5.1	Tax	93	136
	Profit for the year	**1,032**	**601**

Statement of comprehensive income

Note		2021	2020
	Profit for the year	**1,032**	**601**
4.4	Cash flow hedges:		
	Value adjustment of hedges for the year	-14	-50
	Reclassified to income statement	5	32
5.1	Tax on other comprehensive income	-7	10
	Total items that have been or may be reclassified subsequently to the income statement	**-16**	**-8**
4.5	Other equity investments (FVOCI), fair value adjustments for the year	-	3
	Total items that will not be reclassified to the income statement	**-**	**3**
	Other comprehensive income, net of tax	**-16**	**-5**
	Total comprehensive income for the year	**1,016**	**596**

AMOUNTS IN USD MILLION

Balance sheet at 31 December

Note	Assets	2021	2020
3.1	Investments in subsidiaries	19,240	17,823
3.1	Investments in associated companies	133	1
	Other equity investments	1	1
4.5	Interest-bearing receivables from subsidiaries, etc.	2,320	15,044
4.4	Derivatives	34	259
	Other receivables	-	4
	Financial non-current assets, etc.	**21,728**	**33,132**
	Total non-current assets	**21,728**	**33,132**
	Trade receivables	7	3
4.5	Interest-bearing receivables from subsidiaries, etc.	2,530	2,122
4.4	Derivatives	92	317
3.2	Loan receivables	5,025	-
	Other receivables	74	125
	Other receivables from subsidiaries, etc.	135	249
	Prepayments	16	33
	Receivables, etc.	**7,879**	**2,849**
	Cash and bank balances	**10,154**	**4,491**
3.3	**Assets held for sale**	**353**	**-**
	Total current assets	**18,386**	**7,340**
	Total assets	**40,114**	**40,472**

Note	Equity and liabilities	2021	2020
4.1	Share capital	3,513	3,632
	Reserves	18,689	20,500
	Total equity	**22,202**	**24,132**
4.2	**Borrowings, non-current**	**4,165**	**5,631**
4.2	**Interest-bearing debt to subsidiaries, etc.**	**-**	**13**
3.4	Provisions	33	43
4.4	Derivatives	214	287
5.2	Deferred tax	42	48
	Other non-current liabilities	**289**	**378**
	Total non-current liabilities	**4,454**	**6,022**
4.2	**Borrowings, current**	**313**	**598**
4.2	**Interest-bearing debt to subsidiaries, etc.**	**12,739**	**9,078**
	Trade payables	45	54
	Tax payables	17	51
4.4	Derivatives	115	302
	Other payables	147	213
	Other payables to subsidiaries, etc.	76	15
	Deferred income	7	7
	Other current liabilities	**407**	**642**
	Total current liabilities	**13,458**	**10,318**
	Total liabilities	**17,912**	**16,340**
	Total equity and liabilities	**40,114**	**40,472**

AMOUNTS IN USD MILLION

Cash flow statement

Note		2021	2020
	Profit/loss before financial items	79	-72
3.1	Depreciation, amortisation and impairment losses incl. reversals, net	-132	-
2.3	Gain/loss on sale of companies and non-current assets, etc., net	-47	-
5.6	Change in working capital	129	141
	Change in provisions, etc.	-10	-38
	Other non-cash items	17	-3
	Cash from operating activities before tax	36	28
	Taxes paid	-115	-104
	Cash flow from operating activities	**-79**	**-76**
	Capital increases in subsidiaries and activities	-370	-136
	Dividends received	-	123
	Other financial investments, net	-5,011	6
	Cash flow used for investing activities	**-5,381**	**-7**
	Repayment of borrowings	-2,377	-2,941
	Proceeds from borrowings	553	1,245
	Purchase of own shares	-1,956	-806
	Financial income received	763	978
	Financial expenses paid	-224	-295
	Sale of own shares	22	30
	Dividends distributed	-1,017	-430
	Movements in interest-bearing loans to/from subsidiaries, etc., net	15,091	3,407
	Other equity transactions	7	-
	Cash flow from financing activities	**10,862**	**1,188**
	Net cash flow for the year	**5,402**	**1,105**
	Cash and cash equivalents 1 January	4,488	3,390
	Currency translation effect on cash and cash equivalents	-1	-7
	Cash and cash equivalents 31 December	**9,889**	**4,488**
	Cash and cash equivalents		
	Cash and bank balances	10,154	4,491
	Overdrafts	265	3
	Cash and cash equivalents 31 December	**9,889**	**4,488**

Statement of changes in equity

Note		Share capital	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total equity
	Equity 1 January 2020	3,774	-	-45	21,003	24,732
	Other comprehensive income, net of tax	-	3	-8	-	-5
	Profit for the year	-	-	-	601	601
	Total comprehensive income for the year	**-**	**3**	**-8**	**601**	**596**
	Dividends to shareholders	-	-	-	-430	-430
5.3	Value of share-based payments	-	-	-	10	10
4.1	Purchase of own shares	-	-	-	-806	-806
4.1	Sale of own shares	-	-	-	30	30
4.1	Capital increases and decreases	-142	-	-	142	-
4.5	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-3	-	3	-
	Total transactions with shareholders	**-142**	**-3**	**-**	**-1,051**	**-1,196**
	Equity 31 December 2020	**3,632**	**-**	**-53**	**20,553**	**24,132**
	2021					
	Other comprehensive income, net of tax	-	-	-16	-	-16
	Profit for the year	-	-	-	1,032	1,032
	Total comprehensive income for the year	**-**	**-**	**-16**	**1,032**	**1,016**
	Dividends to shareholders	-	-	-	-1,017	-1,017
5.3	Value of share-based payments	-	-	-	5	5
4.1	Purchase of own shares	-	-	-	-1,956	-1,956
4.1	Sale of own shares	-	-	-	22	22
4.1	Capital increases and decreases	-119	-	-	119	-
	Total transactions with shareholders	**-119**	**-**	**-**	**-2,827**	**-2,946**
	Equity 31 December 2021	**3,513**	**-**	**-69**	**18,758**	**22,202**

AMOUNTS IN USD MILLION

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Note 1.1 General accounting policies

ACCOUNTING POLICY

The financial statements for 2021 for A.P. Møller - Mærsk A/S have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) 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 2021, except for the changes to accounting standards that were effective from 1 January 2021 and were endorsed by the EU.

A number of changes to accounting standards are effective from 1 January 2021 and endorsed by the EU: Amendments to IFRS 9 - Financial Instruments (IBOR reform): The changes will impact some of Maersk's existing IBOR referenced loans, swaps and facilities, which will be amended over the course of 2022. The changes are not expected to have material impact.

Other changes are not expected to impact 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. Moller - Maersk A/S has not yet adopted the following accounting standards and requirements:

IFRS 17 - Insurance contracts: An analysis of the impact is being assessed and is expected to be concluded in due course ahead of the implementation date.

Other changes to IFRS are not expected to have any significant impact on recognition and measurement.

Note 1.2 Significant accounting estimates and judgements

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 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, 3.2 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 3.2 of the consolidated financial statements.

The significant accounting estimates and judgements are described in further detail in the consolidated financial statements.

Note 2.1 Revenue

	2021	2020
Other revenue	18	17
Total revenue	**18**	**17**

Other revenue is internal lease income.

Note 2.2 Operating costs

	2021	2020
Rent and lease costs	16	11
Staff costs reimbursed to Rederiet A.P. Møller A/S[1]	147	149
Other, including recharging of operating costs, net[2]	-45	-70
Total operating costs	**118**	**90**
Average number of employees directly employed by the company	3	2

1 Wages and salaries USD 120m (USD 127m) and pension plan contributions USD 27m (USD 22m). Staff costs included in integration and restructuring costs amount to USD 1m (USD 0m). For information about share-based payment, reference is made to note 5.3.

2 Other operating costs are positively impacted by USD 10m reversal of other provisions, ref. note 3.4, other reversals and recharging of cost, etc.

The company's share of fees and remuneration to the Executive Board	2021	2020
Fixed base salary	6	6
Short-term cash incentive	5	4
Long-term share-based incentive plans	2	1
Total remuneration to the Executive Board	**13**	**11**

Contract of employment for the Executive Board contains terms customary in Danish listed companies, including termination notice and 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 3m (USD 3m).

Note 2.2 Operating costs – continued

Fees to the statutory auditors	2021	2020
Statutory audit	2	1
Other services	1	1
Total fees	**3**	**2**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to A.P. Møller - Mærsk A/S mainly consist of financial due diligence and transaction advice, accounting advisory services, and other advisory accounting and tax services.

Note 2.3 Gain on sale of companies and non-current assets, etc., net

	2021	2020
Gains	47	1
Gain on sale of companies and non-current assets, etc., net	**47**	**1**

Five subsidiaries were liquidated in 2021 after activities ceased. In 2020, gains were related to liquidation of one dormant subsidiary and two associated companies.

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Note 3.1 Investments in subsidiaries and associated companies

	Investments in subsidiaries	Investments in associated companies
Cost		
1 January 2021	22,145	815
Addition[1]	1,490	-
Disposal	47	-
Transfer, assets held for sale	353	-
31 December 2021	**23,235**	**815**
Impairment losses		
1 January 2021	4,322	814
Impairment losses[3]	525	-
Reversal of impairment losses[4]	852	132
31 December 2021	**3,996**	**682**
Carrying amount:		
31 December 2021	**19,240**	**133**
Cost		
1 January 2020	17,590	819
Addition[2]	4,565	-
Disposal	10	4
31 December 2020	**22,145**	**815**
Impairment losses		
1 January 2020	4,155	817
Impairment losses[3]	467	1
Disposal	4	4
Reversal of impairment losses[5]	296	-
31 December 2020	**4,322**	**814**
Carrying amount:		
31 December 2020	**17,823**	**1**

1 Capital increase in mainly Maersk Logistics & Services International A/S USD 0.7bn, Maersk Supply Service A/S USD 0.4bn and Maersk Holding B.V. USD 0.4bn.
2 Capital increase in Maersk A/S USD 2.8bn, Svitzer A/S USD 0.9bn, Maersk Holding B.V. USD 0.5bn and Maersk Logistics & Services International A/S USD 0.2bn.
3 Impairment losses are recognised when carrying amount exceeds recoverable amount as explained in notes 1.1, 1.2 and 4.3 mainly relating to impairment of Maersk Supply Services A/S (mainly related to A.P. Moller Finance SA and Maersk Supply Services A/S).
4 Reversal of impairment losses mainly relates to the sale of Maersk Container Industry A/S, which is expected to be finalised in 2022, Maersk Logistics & Services International A/S due to improved results, and Höegh Autoliners Holdings AS, which was listed on Euronext Growth Oslo in 2021.
5 Reversal of impairment losses mainly relates to Maersk Oil Trading and Investment A/S due to improved results in these entities.

Reference is made to pages 121-122 for a list of significant subsidiaries and associated companies.

Note 3.2 Loan receivables

Loan receivables amount to USD 5.0bn (USD 0bn) and consist of term deposits with a maturity of more than three months amounting to USD 5.0bn (USD 0bn).

Note 3.3 Assets held for sale

Assets held for sale in 2021 relate to Maersk Container Industry. On 27 September 2021, the sale agreement with China International Marine Containers Ltd. for the divestment of the reefer business was signed with closing subject to regulatory approvals.

Note 3.4 Provisions

	Other	Total
1 January 2021	43	43
Amount reversed	10	10
31 December 2021	**33**	**33**
Of which:		
Classified as non-current	33	33

Other includes provisions for unsettled claims, legal disputes, etc.

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Note 4.1 Share capital

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 2020	10,756,265	226	10,060,401	166	20,817	3,774
Cancellation	156,977	-	627,938	-	785	142
Conversion	5	-10	-	-	-	-
31 December 2020	**10,599,293**	**216**	**9,432,463**	**166**	**20,032**	**3,632**
Cancellation	131,186	-	524,745	-	656	119
Conversion	-	-	-	-	-	-
31 December 2021	**10,468,107**	**216**	**8,907,718**	**166**	**19,376**	**3,513**

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 23 March 2021, the shareholders decided on the cancellation of treasury shares, whereby the share capital would be decreased. On 20 May 2021, the Company's share capital was reduced from nominally DKK 20,031,947,000 by nominally DKK 655,931,000 in total, divided into 131,186 A shares and 524,745 B shares of DKK 1,000 to nominally DKK 19,376,016,000 by cancellation of own shares.

Shareholder disclosure subject to section 104 of the Danish Financial Statements Act:

	Share capital	Votes
A.P. Møller Holding A/S, Copenhagen, Denmark[1]	41.51%	51.45%
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, Copenhagen, Denmark	9.49%	13.48%
Den A.P. Møllerske Støttefond, Copenhagen, Denmark	3.34%	6.15%

1 A.P. Møller Holding A/S has committed to participating in the share buy-back programme by selling shares relative to its voting rights and relative to its total ownership of the company. Before cancellation of the treasury shares, A.P. Møller Holding A/S's ownership is 40.05% of share capital and 50.78% of votes. The cancellation is subject to approval at the Annual General Meeting.

Development in the holding of own shares:

	No. of shares of DKK 1,000		Nominal value DKK million		% of share capital	
Own shares	2021	2020	2021	2020	2021	2020
A shares						
1 January	119,176	134,279	119	134	0.59%	0.65%
Addition	132,504	141,874	133	142	0.68%	0.69%
Cancellation	131,186	156,977	131	157	0.65%	0.75%
31 December	**120,494**	**119,176**	**121**	**119**	**0.62%**	**0.59%**
B shares						
1 January	505,281	587,949	505	588	2.62%	2.82%
Addition	586,476	567,493	587	567	3.03%	2.83%
Cancellation	524,745	627,938	525	628	2.62%	3.02%
Disposal	17,425	22,223	17	22	0.09%	0.11%
31 December	**549,587**	**505,281**	**550**	**505**	**2.84%**	**2.52%**

Note 4.1 in the consolidated financial statements includes rules for changing the share capital, and information regarding the authorisation of the Board of Directors to acquire own shares as well as the total number of own shares held by the Group.

Addition of own shares relates to the share buy-back programme announced in May 2021. Note 4.1 in the consolidated financial statements provides more information about the share buy-back programme. Disposal of own shares relates to the share option plan and the restricted shares plan.

Dividend
The Board of Directors proposes a dividend to the shareholders of DKK 2,500 per share of DKK 1,000 – a total of DKK 46.8bn, equivalent to USD 7.1bn (DKK 330 per share of DKK 1,000 – total of DKK 6.4bn equivalent to USD 1.0bn). Payment of dividends is expected to take place on 18 March 2022. Payment of dividends to shareholders does not trigger taxes to A.P. Moller - Maersk.

Note 4.2 Borrowings and lease liability reconciliation

	Net debt as at 31 December	Cash flow		Other changes	Net debt as at 31 December
	2020		Foreign exchange movements	Other[1]	2021
Bank and other credit institutions	2,401	-1,264	-	-	1,137
Lease liabilities	4	-4	-	-	-
Issued bonds	3,824	-298	-95	-90	3,341
Subsidiaries, etc., net	-8,075	15,095	77	792	7,889
Total borrowings, net	**-1,846**	**13,529**[2]	**-18**	**702**	**12,367**
Derivatives hedge of borrowings, net	**-36**	**4**	**95**	**91**	**154**
Borrowings classification:					
Classified as non-current	5,644				4,165
Classified as current	9,676				13,052

	Net debt as at 31 December	Cash flow		Other changes	Net debt as at 31 December
	2019		Foreign ex-change move-ments	Other[1]	2020
Bank and other credit institutions	2,865	-464	-	-	2,401
Lease liabilities	13	-9	-	-	4
Issued bonds	4,819	-1,254	150	109	3,824
Subsidiaries, etc., net	-15,686	3,407	32	4,172	-8,075
Total borrowings, net	**-7,989**	**1,680**[2]	**182**	**4,281**	**-1,846**
Derivatives hedge of borrowings, net	**156**	**27**	**-150**	**-69**	**-36**
Borrowings classification:					
Classified as non-current	7,154				5,644
Classified as current	5,574				9,676

1 Non-cash dividends, capital increases, fair value adjustments, etc.
2 Total cash flow from borrowings amounts to USD 13bn (USD 2bn), cash overdrafts to USD 262m (USD 0m) and cash flow from related hedges to USD 0m (USD 31m).

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Note 4.3 Financial income and expenses

	2021	2020
Interest expenses on liabilities[5]	214	325
Interest income on loans and receivables	722	887
Fair value adjustment transferred from equity hedge reserve (loss)	4	25
Net interest income	**504**	**537**
Exchange rate gains on bank balances, borrowings and working capital	104	76
Exchange rate losses on bank balances, borrowings and working capital	112	190
Net foreign exchange gains/losses	**-8**	**-114**
Fair value gains from derivatives	8	193
Fair value losses from derivatives	139	49
Net fair value gains/losses	**-145**	**144**
Dividends received from subsidiaries, associated companies and joint ventures, net[1]	332	413
Total dividend income	**332**	**413**
Reversal of impairment losses, investments in subsidiaries and associated companies[2]	852	296
Impairment losses, investments in subsidiaries and associated companies[3]	525	467
Reversal of write-down of loans[4]	23	-
Financial income/expenses, net	**1,047**	**809**
Of which:		
Dividends	332	413
Financial income	1,709	1,452
Financial expenses	994	1,056

1 Mainly dividend from Maersk Container Industry A/S, Maersk FPSO´s A/S, Maersk Holding B.V. and Star Air A/S (in 2020 A.P. Moller Finance SA).
2 In 2021 reversal of impairment losses mainly relates to the sale of Maersk Container Industry A/S, which is expected to be finalised in 2022, Maersk Logistics & Services International A/S due to improved results, and Höegh Autoliners Holdings AS, which was listed on Euronext Growth Oslo in 2021. In 2020 reversal of impairment losses mainly relates to Maersk Oil Trading and Investment A/S due to improved results in these entities.
3 Impairment losses to recoverable amount relate to fair value adjustment of Maersk Supply Service A/S (in 2020 A.P. Moller Finance SA and Maersk Supply Service A/S).
4 Reversal of write-down of loan concerns Maersk Supply Service A/S.
5 Of which USD 37m (USD 33m) relates to expense of prepayment of issued bonds.

Reference is made to note 4.4 for an analysis of gains and losses from derivatives.

Note 4.4 Financial instruments and risks

The company's derivatives are presented in the balance sheet with the following amounts:

	2021	2020
Non-current receivables	34	259
Current receivables	92	317
Non-current liabilities	214	287
Current liabilities	115	302
Assets/liabilities, net	**-203**	**-13**

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
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 2021.

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 2021. 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.

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Note 4.4 Financial instruments and risks – continued

The gains/losses of the derivatives are recognised as follows:

	2021	2020
Hedging interest rate risk	-5	-25
Total effective hedging	**-5**	**-25**
Ineffectiveness recognised in financial expenses	-	-12
Total reclassified from equity reserve for hedges	**-5**	**-37**
Derivatives accounted for as held for trading		
Currency derivatives recognised directly in financial income/expenses	-154	199
Interest rate derivatives recognised directly in financial income/expenses	-71	59
Net gains/losses recognised directly in the income statement	**-225**	**258**
Total	**-230**	**221**

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	2021	2020
Currency derivatives	-12	13
Interest derivatives	-37	-62
Total	**-49**	**-49**

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.

	Profit before tax		Equity before tax	
	2021	2020	2021	2020
DKK	-65	-42	-65	-42
EUR	-15	-91	-15	-91
Other currencies	-25	-23	-25	-23
Total	**-105**	**-156**	**-105**	**-156**

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.

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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	1-5 years	5- years	Gain/loss on hedged item	Gain/loss on hedging instru-ment	Average hedge rate
2021									
Combined fair value hedge, hedge of borrowings									
EUR	2	31	516	-	425	91	-33	16	1.8%
GBP	-	11	95	-	95	-	-3	1	2.5%
JPY	3	-	109	-	109	-	-2	-2	1.7%
NOK	-	27	250	-	250	-	5	-11	2.5%
Fair value hedge, hedge of borrowings									
USD	30	-	900	-	500	400	-29	30	2.2%
Cash flow hedge, hedge of borrowings									
EUR	-	69	992	-	425	567		-35	3.2%
GBP	-	49	311	-	311	-		-11	4.6%
NOK	-	2	29	-	29	-		-1	3.3%
Total	**35**	**189**	**3,202**	**-**	**2,144**	**1,058**	**-62**	**-13**	
2020									
Combined fair value hedge, hedge of borrowings									
EUR	45	-	559	-	-	559	-61	44	1.8%
GBP	-	7	95	-	95	-	-8	5	2.5%
JPY	17	-	121	-	121	-	-3	-2	1.8%
NOK	-	11	256	-	-	256	-5	-2	2.5%
Fair value hedge, hedge of borrowings									
USD	80	-	900	-	500	400	-79	80	3.1%
Cash flow hedge, hedge of borrowings									
EUR	-	35	461	-	-	461		-34	4.2%
GBP	-	49	313	-	313	-		-11	4.6%
NOK	-	4	81	51	30	-		-1	2.4%
Total	**142**	**106**	**2,786**	**51**	**1,059**	**1,676**	**-156**	**79**	

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 (1.24), GBP/USD 1.52 (1.52), and USD/NOK 8.25 (8.22).

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.

The hedging of the interest rate risk is governed by a modified duration range and is primarily obtained using interest rate swaps. The modified duration of the company's debt portfolio is 3.0 (2.1) 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 91m and positively by approx. USD 48m, respectively (positively by approx. USD 151m and positively by approx. USD 96m, 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.

Due to buy-back of issued bonds in 2021, ineffectiveness from cash flow hedges is recognised in the income statement with a loss of USD 0m (USD 12m).

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 6m (USD 6m).

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Note 4.4 Financial instruments and risks – continued

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	1-5 years	5- years
2021				
0-3%	15,668	15,071	-170	767
3-6%	1,549	8	1,166	375
Total	**17,217**	**15,079**	**996**	**1,142**
Of which:				
Bearing fixed interest	2,138			
Bearing floating interest	15,079			
2020				
0-3%	12,942	13,172	-330	100
3-6%	2,378	-366	1,853	891
Total	**15,320**	**12,806**	**1,523**	**991**
Of which:				
Bearing fixed interest	2,668			
Bearing floating interest	12,652			

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 comprise loans receivable, 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 2021, the loans amount to USD 4.9bn (USD 17.2bn) 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. Prior years' loan write-down balance on Maersk Supply Service A/S loan receivables was reversed in 2021.

Maturity analysis of trade receivables incl. subsidiaries, etc.	2021	2020
Receivables not due	1	2
Less than 90 days overdue	6	1
Receivables, gross	7	3
Carrying amount	**7**	**3**

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.

AMOUNTS IN USD MILLION

Note 4.4 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
2021					
Bank and other credit institutions	1,137	329	321	652	1,302
Issued bonds	3,341	91	2,510	1,258	3,859
Interest-bearing loans from subsidiaries, etc.	12,739	12,741	-	-	12,741
Trade payables	45	45	-	-	45
Other payables	147	147	-	-	147
Other payables to subsidiaries, etc.	76	76	-	-	76
Non-derivative financial liabilities	**17,485**	**13,429**	**2,831**	**1,910**	**18,170**
Derivatives	329	115	177	37	329
Total recognised in balance sheet	**17,814**	**13,544**	**3,008**	**1,947**	**18,499**
Total		**13,544**	**3,008**	**1,947**	**18,499**
2020					
Bank and other credit institutions	2,401	285	872	1,494	2,651
Lease liabilities	4	4	-	-	4
Issued bonds	3,824	461	2,108	1,909	4,478
Interest-bearing loans from subsidiaries, etc.	9,091	9,085	13	-	9,098
Trade payables	54	54	-	-	54
Other payables	213	213	-	-	213
Other payables to subsidiaries, etc.	15	15	-	-	15
Non-derivative financial liabilities	**15,602**	**10,117**	**2,993**	**3,403**	**16,513**
Derivatives	589	302	132	155	589
Total recognised in balance sheet	**16,191**	**10,419**	**3,125**	**3,558**	**17,102**
Total		**10,419**	**3,125**	**3,558**	**17,102**

Note 4.5 Financial instruments by category

	Carrying amount		Fair value[2]	
	2021	2020	2021	2020
Carried at amortised cost				
Interest-bearing receivables from subsidiaries, etc.	4,850	17,166	4,855	17,217
Lease receivables	3	9		
Loan receivables	5,025	-	5,025	
Total interest-bearing receivables	**9,878**	**17,175**		
Trade receivables	7	3		
Other receivables (non-interest-bearing)	71	120		
Other receivables from subsidiaries, etc.	135	249		
Cash and bank balances	10,154	4,491		
Financial assets at amortised cost	**20,245**	**22,038**		
Derivatives	126	576	126	576
Equity investments (FVOCI)[1]	1	1	1	1
Other financial assets	**127**	**577**	**127**	**577**
Total financial assets	**20,372**	**22,615**		
Carried at amortised cost				
Bank and other credit institutions	1,137	2,401	1,137	2,428
Lease liabilities	-	4		
Issued bonds	3,341	3,824	3,537	4,047
Interest-bearing loans from subsidiaries, etc.	12,739	9,091	12,739	9,091
Total borrowings	**17,217**	**15,320**		
Trade payables	45	54		
Other payables	147	213		
Other payables to subsidiaries and associated companies, etc.	76	15		
Financial liabilities at amortised cost	**17,485**	**15,602**		
Carried at fair value				
Derivatives	329	589	329	589
Financial liabilities at fair value	**329**	**589**	**329**	**589**
Total financial liabilities	**17,814**	**16,191**		

Equity investments at fair value through other comprehensive income

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.

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Note 4.5 Financial instruments by category – continued

	Non-listed shares	Total financial assets
Movement during the year in level 3	Equity investments (FVOCI)	
Carrying amount 1 January 2020	2	2
Disposal	4	4
Gains/losses recognised in other comprehensive income	3	3
Carrying amount 31 December 2020	**1**	**1**
Carrying amount 31 December 2021	**1**	**1**

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 within 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.

Note 5.1 Tax

	2021	2020
Tax recognised in the income statement		
Current tax on profit for the year	66	119
Adjustment of tax provision	-	-26
Adjustment for current tax of prior periods	31	18
Withholding taxes	2	10
Total current tax	**99**	**121**
Origination and reversal of temporary differences	-14	2
Adjustment for deferred tax of prior periods	7	13
Total deferred tax	**-7**	**15**
Total tax expense	**93**	**136**
Tax reconciliation:		
Profit before tax	1,126	737
Tax using the Danish corporation tax rate (22%)	248	162
Non-deductible expenses	16	13
Gains/losses related to shares, dividends, etc.	-198	-46
Adjustment to previous years' taxes	38	5
Other differences, net	-11	2
Total income tax	**93**	**136**
Tax recognised in other comprehensive income and equity	**-7**	**10**
Of which:		
Current tax	-7	10

Note 5.2 Deferred tax

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	2	-	-	-	-2	-
Provisions, etc.	3	-	-	-	-3	-
Liabilities, etc.	-	-	43	48	43	48
Other	-	-	3	-	3	-
Total	**5**	**-**	**46**	**48**	**41**	**48**
Offsets	-5	-	-5	-	-	-
Total	**-**	**-**	**41**	**48**	**41**	**48**

Change in deferred tax, net during the year	2021	2020
1 January	48	33
Recognised in the income statement	-6	15
Exchange rate adjustments	-1	-
31 December	**41**	**48**

There are no unrecognised deferred tax assets.

There are no material unrecognised tax liabilities on investments in subsidiaries, associated companies and joint ventures.

AMOUNTS IN USD MILLION

Note 5.3 Share-based payments

	Members of the Executive Board	Employees	Total	Fair value per share[1]	Total fair value[2]
Outstanding restricted shares	No.	No.	No.	DKK	USD million
1 January 2020	1,867	11,935	13,802		
Granted	1,626	6,165	7,791	5,975	7
Exercised and vested[3]	-	3,777	3,777		
Forfeited	-	125	125		
Outstanding 31 December 2020	**3,493**	**14,198**	**17,691**		
Granted	1,775	6,107	7,882	14,793	19
Exercised and vested[3]	-	3,542	3,542		
Forfeited	-	134	1134		
Cancelled	-	11	11		
Outstanding 31 December 2021	**5,268**	**16,618**	**21,886**		

1 Equal to the volume weighted average share price on the date of grant, i.e. 1 April 2020.
2 At the time of grant.
3 The weighted average share price at settlement was DKK 14,793 (DKK 5,975).

Restricted shares plan
Restricted shares are awarded to employees and members of the Executive Board annually. 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 restricted shares is contingent upon the employee still being employed and not being under notice of termination and takes place when three years have passed from the date of grant. For members of the Executive Board, the vesting period is five years.

The 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 remuneration expense related to the restricted shares plan is USD 2m (USD 1m).

The average remaining contractual life for the restricted shares as per 31 December 2021 is 1.8 years (1.8 years).

	Members of the Executive Board[1]	Employees[1]	Total	Average exercise price[1]	Total fair value
Outstanding share options	No.	No.	No.	DKK	USD million
1 January 2020	11,799	56,026	67,825	9,057	
Granted	8,741	31,383	40,124	8,639	4
Exercised[1]	-	18,446	18,446	9,968	
Forfeited	-	1,073	1,073	9,636	
Outstanding 31 December 2020	**20,540**	**67,890**	**88,430**	**8,670**	
Exercisable 31 December 2020	**2,347**	**32,474**	**34,821**	**10,187**	
Granted	7,323	20,891	28,214	13,754	17
Exercised[1]	2,933	10,950	13,883	9,988	
Outstanding 31 December 2021	**24,930**	**77,831**	**102,761**	**9,873**	
Exercisable 31 December 2021	**3,496**	**4,080**	**7,576**	**9,941**	

1 The weighted average share price at the dates of exercise of share options exercised in 2021 was DKK 16,490 (DKK 12,389).

Share option plans
In addition to the restricted shares plan, A.P. Moller - Maersk has share option plans for 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 own B shares will be used to meet the Company's obligations in respect of the share option plans.

The remuneration expense related to the share options plan is USD 3m (USD 1m).

The average remaining contractual life as per 31 December 2021 is 4.8 years (5.1 years).

Note 5.3 Share-based payments – continued

The following principal assumptions are used in the valuation:

	Share options granted to members of the Executive Board		Share options granted to employees not members of the Executive Board	
Outstanding share options	2021	2020	2021	2020
Share price, volume weighted average at the date of grant, 1 April, DKK	14,793	5,975	14,793	5,975
Share price, five days volume weighted average after publication of Annual Report, DKK	12,503	7,854	12,503	7,854
Exercise price, DKK	13,754	8,639	13,754	8,639
Expected volatility (based on historic volatility)	33%	31%	33%	31%
Expected term	5	5	5.75	5.75
Expected dividend per share, DKK	330	150	330	150
Risk-free interest rate	-0.47%	-0.66%	-0.43%	-0.63%
Fair value per option at grant date, DKK	3,670	625	3,837	697

The fair value of the options granted is based on the Black-Scholes option pricing model using the assumptions in table above.

Note 5.4 Commitments

The future charter and operating lease payments are:

	2021	2020
Within one year	1	5
Total	**1**	**5**

Short-term and low-value leases
As part of the company's activities, customary agreements are entered into regarding operating lease of vessels, equipment and office buildings, etc.

Total lease costs incurred are stated in note 2.2.

Capital commitments
The company has no material capital commitments at the end of 2021.

Note 5.5 Contingent liabilities

As part of the divestment of Mærsk Olie og Gas A/S (MOGAS) to Total S.A. in 2018, the company has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. The company assesses the risk of economic outflows due to this secondary liability as very remote.

Guarantees amount to USD 0.3bn (USD 0.3bn). Thereof, USD 0.3bn (USD 0.3bn) is related to subsidiaries. The guarantees are not expected to be realised, but they can mature within one year.

Except for customary agreements within the company's activities, no material agreements have been entered into that will take effect, change or expire upon changes of the control over the company.

The company is involved in a number of legal disputes. The company is also involved in tax disputes in certain countries. Some of these involve significant amounts and are subject to considerable ucnertainty.

Tax may crystallise on repatriation of dividends. 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 5.6 Cash flow specifications

	2021	2020
Change in working capital		
Trade receivables	-4	5
Other receivables and prepayments	186	70
Trade payables and other payables, etc.	-38	53
Exchange rate adjustment of working capital	-15	13
Total	**129**	**141**

AMOUNTS IN USD MILLION

Note 5.7 Related parties

	Controlling parties		Subsidiaries		Associated companies		Joint ventures		Management[1]	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Income statement										
Revenue	-	-	18	17	-	-	-	-	-	-
Operating costs	-	-	13	11	-	-	-	-	-	-
Remuneration to management	-	-	-	-	-	-	-	-	16	14
Dividends	-	-	332	413	-	-	-	-	-	-
Financial income	37	59	819	895	-	-	-	-	-	-
Financial expenses	-	-	96	169	-	-	-	-	-	-
Assets										
Interest-bearing receivables, non-current	-	-	2,320	15,044	-	-	-	-	-	-
Derivatives, non-current	-	-	-	-	-	-	-	-	-	-
Other receivables, non-current	3	25	-	-	-	-	-	-	-	-
Trade receivables	-	-	135	3	-	-	-	-	-	-
Interest-bearing receivables, current	-	-	2,530	2,121	-	-	-	1	-	-
Derivatives, current	-	-	62	19	-	-	-	-	-	-
Other receivables, current	140	49	26	249	-	-	-	-	-	-
Cash and bank balances	661	487	-	-	-	-	-	-	-	-
Liabilities										
Interest-bearing debt, non-current	-	-	-	13	-	-	-	-	-	-
Derivatives, non-current	-	-	-	6	-	-	-	-	-	-
Interest-bearing debt, current	-	-	12,739	9,078	-	-	-	-	-	-
Trade payables	-	-	39	23	-	-	-	-	-	-
Derivatives, current	15	44	20	107	-	-	-	-	-	-
Other liabilities, current	1	4	18	15	-	-	-	-	-	-
Sale of companies, property, plant and equipment	-	-	94	10	-	4	-	-	-	-
Capital increases and purchase of shares	-	-	1,490	4,565	-	-	-	-	-	-
Dividends distributed	554[2]	233[2]	-	-	-	-	-	-	-	-

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).

2 Includes dividends paid to A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal 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 participates on a pro rata basis to the shares purchased in the company's share buy-back programme. 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 5.8 Pledges

Vessels and containers, etc., owned by subsidiaries with a carrying amount of USD 0.7bn (USD 0.7bn) have been pledged as security for loans of USD 0.3bn (USD 0.3bn).

AMOUNTS IN USD MILLION

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of A.P. Møller - Mærsk A/S for 2021.

The Annual Report for 2021 of A.P. Møller - Mærsk A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2021 and of the results of A.P. Moller - Maersk's and the company's operations and cash flows for the financial year 2021.

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.

In our opinion, the annual report of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2021 identified as with the file name APMM-2021-12-31-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 15 March 2022.

Copenhagen, 9 February 2022

Executive Board

Søren Skou
CEO

Patrick Jany
CFO

Vincent Clerc

Morten H. Engelstoft

Henriette Hallberg Thygesen

Board of Directors

Jim Hagemann Snabe
Chairman

Ane Mærsk Mc-Kinney Uggla
Vice Chairman

Bernard L. Bot

Marc Engel

Arne Karlsson

Thomas Lindegaard Madsen

Blythe S. J. Masters

Amparo Moraleda

Jacob Andersen Sterling

Robert Mærsk Uggla

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 78 to 142) give a true and fair view of the group's and the parent company's financial position at 31 December 2021 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 2021 in accordance with International Financial Reporting 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 2021 comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including summary of significant accounting policies 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 reappointed annually by shareholder resolution for a total period of uninterrupted engagement of ten years including the financial year 2021.

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 2021. 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

Key audit matter

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 behavior, market conditions, terms and nature of services in the various segments. Further, the volume of transactions and extent of different revenue streams involves internal control and various IT applications 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 tested relevant IT applications and IT dependencies supporting revenue recognition as well as relevant internal controls and Management's monitoring hereof.

We used data analytics on selected revenue streams 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 evaluated disclosures provided by Management in the financial statements.

Statement on the Management review
Management is responsible for the Management review (pages 5 to 76, 149 and 151).

Our opinion on the financial statements does not cover the 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 the Management review and, in doing so, consider whether the 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 the Management review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the 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. 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 International Financial Reporting 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2021 with the filename APMM-2021-12-31-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.

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;
- 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.

In our opinion, the annual report of A.P. Møller - Mærsk A/S for the financial year 1 January to 31 December 2021 with the file name APMM-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 9 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Lars Baungaard
State Authorised Public Accountant
mne23331

Additional information

- Quarterly summary
- Definition of terms
- External financial reporting

Quarterly summary

	2021				2020			
Income statement	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	18,506	16,612	14,230	12,439	11,255	9,917	8,997	9,571
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	7,990	6,943	5,064	4,039	2,711	2,297	1,697	1,521
Depreciation, amortisation and impairment losses, net	1,626	1,206	1,087	1,025	1,222	1,097	1,149	1,073
Gain on sale of non-current assets, etc., net	50	27	12	7	30	8	145	19
Share of profit/loss in joint ventures and associated companies	220	95	95	76	75	81	58	85
Profit before financial items (EBIT)	6,634	5,859	4,084	3,097	1,594	1,289	751	552
Financial items, net	-343	-185	-186	-230	-272	-160	-232	-215
Profit before tax	6,291	5,674	3,898	2,867	1,322	1,129	519	337
Tax	182	213	152	150	21	182	76	128
Profit for the period	6,109	5,461	3,746	2,717	1,301	947	443	209
A.P. Møller - Mærsk A/S' share	6,094	5,438	3,713	2,697	1,299	927	427	197
Underlying profit	6,278	5,448	3,732	2,712	1,361	1,043	359	197
Balance sheet								
Total assets	72,271	65,394	60,040	56,734	56,117	56,162	55,319	53,990
Total equity	45,588	39,771	35,282	31,905	30,854	29,547	28,569	27,945
Invested capital	44,043	42,876	41,481	39,829	40,121	40,404	40,186	39,977
Net interest-bearing debt	-1,530	3,123	6,216	7,746	9,232	10,804	11,564	11,978

	2021				2020			
Cash flow statement	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities	7,880	6,572	4,137	3,433	2,569	2,176	1,867	1,216
Capital lease instalments – repayments of lease liabilities	586	611	453	629	575	397	396	342
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	1,585	610	452	329	370	280	362	310
Cash flow from financing activities	-1,370	-1,853	-2,143	-2,534	-2,400	-1,539	-59	-1,620
Free cash flow	5,637	5,298	3,230	2,372	1,666	1,486	1,051	445
Financial ratios								
Revenue growth	64.4%	67.5%	58.2%	30.0%	16.4%	-1.4%	-6.5%	0.3%
EBITDA margin	43.2%	41.8%	35.6%	32.5%	24.1%	23.2%	18.9%	15.9%
EBIT margin	35.8%	35.3%	28.7%	24.9%	14.2%	13.0%	8.3%	5.8%
Cash conversion	99%	95%	82%	85%	95%	95%	110%	80%
Return on invested capital after tax (ROIC) (last twelve months)	45.3%	34.5%	23.7%	15.7%	9.4%	5.9%	4.7%	3.8%
Equity ratio	63.1%	60.8%	58.8%	56.2%	55.0%	52.6%	51.6%	51.8%
Underlying ROIC	45.7%	34.5%	24.0%	15.9%	9.6%	6.2%	4.6%	3.8%
Underlying EBITDA	7,990	6,943	5,064	4,039	2,705	2,401	1,697	1,521
Underlying EBITDA margin	43.2%	41.8%	35.6%	32.5%	24.0%	24.2%	18.9%	15.9%
Underlying EBIT	6,804	5,842	4,070	3,092	1,663	1,385	642	540
Underlying EBIT margin	36.8%	35.2%	28.6%	24.9%	14.8%	14.0%	7.1%	5.6%
Stock market ratios								
Earnings per share, USD	324	287	194	139	66	48	21	10
Diluted earnings per share, USD	323	287	193	139	66	48	21	10
Cash flow from operating activities per share, USD	414	348	215	178	132	111	95	61
Share price (B share), end of period, DKK	23,450	17,385	18,025	14,735	13,595	10,080	7,728	6,092
Share price (B share), end of period, USD	3,576	2,707	2,883	2,324	2,246	1,585	1,161	894
Total market capitalisation, end of period, USDm	64,259	49,637	54,076	43,243	41,957	29,583	21,827	17,002

AMOUNTS IN USD MILLION

Definition of terms

Technical terms, abbreviations and definitions of key figures and financial ratios.

Alphaliner
Alphaliner is a worldwide provider of container shipping data and analyses.

Backhaul
The direction of the trade route that has the lowest volumes, whereas the opposite direction is referred to as headhaul.

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 own shares.

Cost base
EBIT costs including VSA income and hub income and adjustments for restructuring costs, the result from associated companies and gains/losses.

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.

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.

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.

Gross profit
The sum of revenue, less variable costs and loss on debtors.

Headhaul
The direction of the trade route that has the highest volume, whereas the return direction is referred to as backhaul.

IMO 2020
The International Maritime Organization's (IMO) 0.5% global cap on sulphur dioxide (SO_x) content in fuels for shipping.

Infrastructure and Logistics revenue
A sum of revenue for Terminals & Towage and Logistics & Services reporting segments less freight forwarding revenue and excluding eliminations between the segments.

Invested capital
Segment operating assets less segment operating liabilities, including investments and deferred taxes related to the operation.

kcbm
The freight volume of the shipment for domestic and international freight. Cubic metre (CBM) measurement is calculated by multiplying the width, height and length together of the shipment.

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.

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.

Non-Ocean revenue growth, %
Non-Ocean includes the current Logistics & Services, Terminals & Towage and Manufacturing & Others segments, but excludes Maersk Oil Trading and tramp activities acquired as part of the Hamburg Süd transaction.

Ocean, hub productivity (PMPH)
Productivity is calculated as the average of the gross moves per hour for each call. Gross moves per hour for a single vessel call is defined as the total container moves (on load, off load and repositioning) divided by the number of hours for which the vessel is at berth.

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, unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 200/tonne excluding intermodal but including hubs and time charter income. Hamburg Süd is not excluding intermodal.

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.

Revenue backlog
The value of future revenue covered by contracts.

RoRo
Roll-on, Roll-off, which describes how products are loaded and discharged from a vessel

Terminals & Towage, annualised EBITDA per tug (terminal towage) (USD in '000)
Annualised EBITDA per tug equivalent (pilot boats and others count for 0.5).

Terminals & 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 over-flow 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 own shares – multiplied by the end-of-year price quoted by Nasdaq Copenhagen.

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.

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.

Women in leadership
The percentage of women referenced as Senior Managers, Leaders, Senior Leaders, and Executives, compared to total headcount of the same levels.

4PL
A 4PL is a fourth-party logistics provider managing resources, technology, infrastructure, and managing external 3PLs to design, build and provide supply chain solutions for businesses.

External financial reporting

A.P. Moller - Maersk provides additional disclosure to satisfy legal requirements and stakeholder interests. Supplementary reports can be downloaded from INVESTOR.MAERSK.COM/FINANCIAL-REPORTS while additional information can be found here.

Annual report

The statutory Annual Report is available in electronic format at:
INVESTOR.MAERSK.COM/FINANCIAL-REPORTS

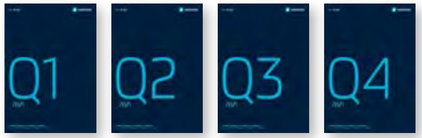
The Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

Interim reports

A.P. Moller - Maersk produces four quarterly interim reports.

Additional information

To further add value and with a focus on the professional segment and others with more specific interests, detailed presentations are available each quarter following the release of the interim reports and the annual report.

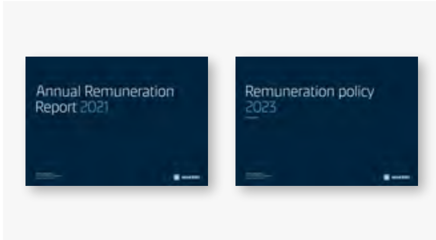


The interim reports, presentations and webcasts can be found on A.P. Moller - Maersk's Investor Relations website at:
INVESTOR.MAERSK.COM

Quarterly figures for 2010-2021 are available at:
INVESTOR.MAERSK.COM/FINANCIAL-REPORTS

Recommendations for Corporate Governance

The Board of Directors of A.P. Møller - Mærsk A/S continues to consider the 'Recommendations for Corporate Governance' implemented by Nasdaq Copenhagen. For further information:
SEE PAGE 67



Remuneration report and policy

The remuneration report includes the total remuneration received by each member of the Board of Directors and the Executive Board of A.P. Møller - Mærsk A/S for 2021. The remuneration policy among others outlines the principles of remuneration design and the total remuneration by components. Both the report and the policy are available at:
INVESTOR.MAERSK.COM/REMUNERATION

Sustainability and gender composition of management

An independently assured Sustainability Report for 2021 has been published, which provides detailed information on A.P. Moller - Maersk's sustainability performance. The report serves as A.P. Moller - Maersk's Communication on Progress as required by the UN Global Compact and ensures compliance with the requirements of section 99a of the Danish Financial Statements Act on corporate social responsibility.

The report further ensures compliance with the requirements of section 99b of the Danish Financial Statements Act on reporting on the gender composition of management.

Finally, the report ensures compliance with section 107d of the Danish Financial Statements Act on A.P. Moller - Maersk's statutory statement on social responsibility, underrepresented gender and diversity. The report is available on Investor Relations website:
MAERSK.COM/SUSTAINABILITY

Additional information on how A.P. Moller - Maersk manages issues and explains implementation, 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 available in the 2021 ESG data overview on the Investor Relations website at:
INVESTOR.MAERSK.COM

Colophon

Board of Directors, A.P. Møller - Mærsk A/S
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Ane Mærsk Mc-Kinney Uggla, Vice chairman
Bernard L. Bot
Marc Engel
Arne Karlsson
Thomas Lindegaard Madsen
Blythe S. J. Masters
Amparo Moraleda
Jacob Andersen Sterling
Robert Mærsk Uggla

Executive Board, A.P. Møller - Mærsk A/S
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Patrick Jany, Chief Financial Officer (CFO)
Vincent Clerc
Morten H. Engelstoft
Navneet Kapoor
Henriette Hallberg Thygesen

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Bernard L. Bot
Amparo Moraleda
Jim Hagemann Snabe

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Robert Mærsk Uggla

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