A.P. MØLLER HOLDING A/S ANNUAL REPORT 2021

A.P. MØLLER

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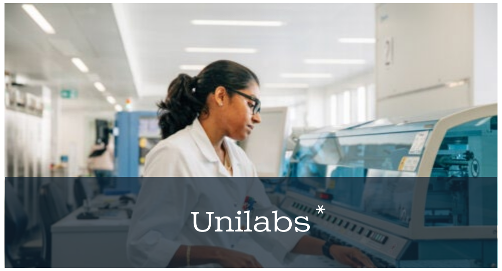
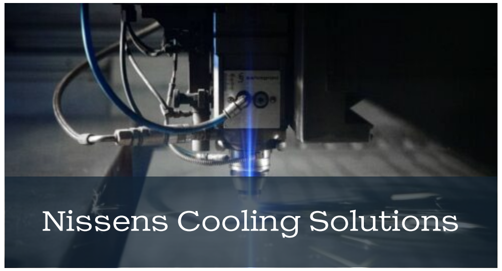
apmoller.com
CVR 25 67 92 88

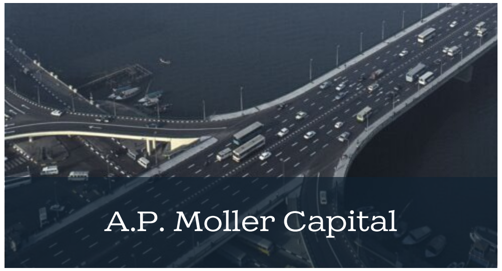
Date 8 April 2022
Chairman Lars-Erik Brenøe ______________________

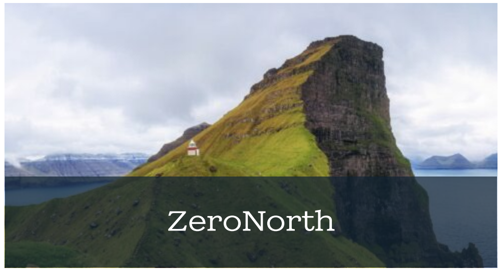
THE A.P. MOLLER GROUP

The A.P. Moller Group is a purpose driven, diversified group of companies established by the Mærsk family with shared values and A.P. Moller Holding as its parent company.









Acquisition completed 15 March 2022

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A.P. Møller Holding A/S (hereafter referred to as A.P. Moller Holding) is the parent company of the A.P. Moller Group (the Group). The Annual Report of A.P. Moller Holding includes Management review, Consolidated financial statements and Parent financial statements. The term A.P. Moller Holding group (the group) is used in the Annual Report for controlled and consolidated companies.

The 2020 comparative figures are stated in brackets, except in 'Letter from the CEO'.

A.P. Møller Holding A/S
Esplanaden 19 • DK-1263 Copenhagen K • Registration number: 25 67 92 88 • apmoller.com

MANAGEMENT REVIEW

LETTER FROM THE CEO

ROBERT M. UGGLA
CEO

The A.P. Moller Group ended 2021 on a historic high note, with revenue of DKK 408bn (USD 65bn), EBITDA of DKK 154bn (USD 25bn), a net result of DKK 119bn (USD 19bn) and consolidated assets of DKK 579bn (USD 88bn). A.P. Moller Holding, the parent company of the Group, remains debt free with a full year cash inflow of DKK 8.8bn (USD 1.4bn) and net asset value of DKK 224bn (USD 34bn), representing an increase of 57% in 2021.

Most of the Group's companies developed favourably during the year. Especially A.P. Moller - Maersk's container related shipping, terminal, and logistics activities experienced unprecedented tailwinds with freight rates reaching all time high levels and strong demand.

A.P. Moller Holding also experienced significant momentum with its long-term strategy of portfolio renewal, with closings of the acquisitions of Faerch and Nissens Cooling Solutions, and announced acquisitions of Paccor and Unilabs. Our total capital commitment amounted to DKK 38bn (USD 6bn) in 2021.

However, the positive developments of 2021 are overshadowed by the recent geopolitical developments. The invasion of Ukraine represents one of the darkest moments in Europe since World War II. Lives and livelihoods are being shattered. Our hearts and minds are with the people of Ukraine, including many friends, colleagues, and customers. We are experiencing a humanitarian crisis with millions of people being displaced. The implications of the conflict will be far-reaching in respects we are yet to fully comprehend and 24 February 2022 is to be remembered as the day, when security and energy politics in Europe changed profoundly.

ACCELERATING OUR GROUP'S PORTFOLIO RENEWAL

In June 2016, we announced a radical change and renewal of our Group: Transforming the listed conglomerate A.P. Moller - Maersk into a focused transport and logistics company, finding structural solutions for the hydro carbon related activities and with an intention to redeploy capital proceeds into new activities through the newly established parent company A.P. Moller Holding. The net asset value of A.P. Moller Holding has grown from DKK 134bn (USD 16bn) to DKK 224bn (USD 34bn) in the last five years with hydrocarbon related exposure dropping from close to 40% to less than 10% of the portfolio value.

Our ownership and investment strategy remains deeply anchored in our historic purpose of 'nyttig virksomhed' (investing in and building businesses having a positive impact on society). We invest across multiple sectors and continents, but our investments are closely linked to a few select long-term themes:

- Global trade
- The energy transition
- Circularity, water, and waste recovery
- Demographic and societal changes

THE GLOBAL SUPPLY CHAIN IS BROKEN WITH CUSTOMERS SEEKING NEW SOLUTIONS

The container related activities delivered record profits due to the disruptions to the global supply chain and a strong resurgence in consumer demand. For the last decades, many companies have pursued a highly transactional approach to the procurement of transportation services with inventories kept at a minimum driven by 'just in time' concepts. The pandemic has forced corporations to rethink their approach, as resilience and the ability to rapidly respond to supply chain shocks have become essential to sustain reliable production and distribution of goods.

In this new environment, A.P. Moller - Maersk's integrated end-to-end logistics offering has been embraced by many of its customers. While 90% of A.P. Moller - Maersk's EBIT is still generated from container shipping, and with APM Terminals' continued solid results being a complement to the liner activities, A.P. Moller - Maersk has accelerated the expansion of its logistics segment, seeing 34% year-on-year organic growth of such services. In the last two years, the company has also pursued several acquisitions within customhouse brokerage, fulfilment, intermodal and air freight in order to build a stronger integrated customer offering. At the end of 2021, A.P. Moller - Maersk announced the intention to acquire LF Logistics for USD 3.6bn. The intended acquisition will significantly expand A.P. Moller - Maersk's logistics capabilities in the Asia-Pacific region, adding 223 warehouses, bringing the total number of facilities to 549 globally.

Other companies in our portfolio have also embraced the opportunity to provide better solutions for the global supply chain. Maersk Tankers has radically transformed its business model, from being an integrated asset operator, to becoming a services company offering commercial management services, continuing to grow its pool of partners to one of the biggest tanker fleets under management.

OUR GROUP IS ACCELERATING THE ENERGY TRANSITION ON MULTIPLE FRONTS

2021 became an inflection point for many of our portfolio activities in terms of the energy transition.

A.P. Moller Holding continued to develop a strong industrial platform serving the renewable energy industry. KK Wind Solutions acquired PCH Engineering, which, together with the earlier acquisition of Gram & Juhl, has significantly enhanced KK Wind Solutions' digital capabilities. KK Wind Solutions and the recently acquired Nissens Cooling Solutions provide essential services to the leading OEMs in the wind industry. We continue to see opportunities to build a stronger platform by bringing scale advantages to our clients through consolidation and by much closer partnerships, offering a higher degree of insourcing and bespoke services, with a few select clients.

In the last few years, we have also incubated several green energy ventures coming out of our legacy activities, with solutions to some of the global energy challenges. Three new platforms stand out in their commitment and commercial momentum:

Maersk Tankers incubated and spun off *ZeroNorth*, which makes ocean-based trade greener by offering AI based SaaS solutions reducing emissions for the global merchant fleet (ocean-based trade generates 3% of the world's entire greenhouse gases). We are, in particular, grateful for the constructive partnership with Cargill, which has become a shareholder of the venture, providing great advice and support to the company's journey. *Innargi*, founded by a number of talented colleagues from the divested Maersk Oil, has secured a 30-year contract to develop Europe's largest geothermal plant of 110 MW for the city of Aarhus. Innargi offers a sustainable alternative to imported biomass and plans to expand across Europe (heating of buildings contributes to 13% of Europe's total GHG). We take note of the significant interest from other investors to participate in Innargi's fund raising. Finally, *A.P. Moller Capital* has deployed the capital of its first infrastructure fund and is expected to launch what is to become one of the world's first net zero infrastructure funds, supporting emerging markets with their energy transition in a socially responsible way.

The Group is also seeing a number of initiatives to accelerate the energy transition in transportation. In 2021, A.P. Moller - Maersk announced the order for the world's first vessels with dual fuel engine configuration, capable of running green methanol. The full series of 12 vessels is expected to save around 1.5 million tonnes of GHG. Sourcing adequate amounts of green fuel 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 A.P. Moller - Maersk to operate the first vessels. In this respect, the newbuilding order represents a real catalyst for the global methanol industry to create a new fuel market. As this letter is being finalised, several large scale industrial projects to produce green methanol have been announced.

On a final note, Maersk Drilling and Noble announced the intention to merge in November 2021. Subject to antitrust approvals, the combined company will bring benefits to several stakeholders of the two companies, including a stronger balance sheet, the capabilities to support a diversified customer base with energy production and security, significant cost synergies, and a more liquid share.

ACCELERATING THE USE OF CIRCULAR PRODUCTS

In 2021, we also accelerated the investments into circular systems of waste. We see great opportunities in changing the use of plastics from being a linear product to becoming a circular product. During the early part of 2021, we closed the acquisition of Faerch, the leading European developer of sustainable packaging for food with 70% of its content fully recycled. We see great potential in Faerch's strong leadership and applied technologies to expand the distribution of circular products to new geographies and product categories. In late 2021, the company signed the acquisition of Paccor, which will expand Faerch's presence in the dairy sector and turn Faerch into Europe's largest producer of rigid packaging solutions for the food industry. Furthermore, it will enable Faerch to transform Paccor and the dairy industry towards sustainable packaging solutions based on recycled PET.

CHANGING DEMOGRAPHICS: DIAGNOSTICS TO SUPPORT THE TRANSITION TO VALUE-BASED HEALTHCARE

A.P. Moller Holding's investment strategy is anchored in the next decades' evolving macro themes and our purpose to develop businesses that provide solutions to societal challenges. Over the last decades, healthcare systems have become increasingly stretched for resources. The problem is likely to exacerbate in markets with ageing demographics, holding higher demand for healthcare services. Early, correct and efficient diagnostics services not only save lives and reduce human suffering, but also enable more effective and targeted treatments. As a result, diagnostics is a critical foundation for the important transition from volume-based to value-based healthcare, to reduce the number of medical resources applied and to provide better patient outcomes.

In December 2021, we announced the acquisition of Unilabs, one of the leading diagnostics companies in Europe. Unilabs offers a good fit with our Group's understanding for how to run local operations requiring a high degree of automation and logistics across different geographies. We are deeply impressed with Unilabs' expertise within testing, pathology, and radiology. We also see the opportunity to grow the company's operations to new markets, offering important and immediate solutions to countries having limited access to critical healthcare solutions, such as teleradiology services.

WITH GRATITUDE TO OUR COLLEAGUES

The strong performance of our Group is a testimony to the enormous efforts and commitments of our many colleagues in A.P. Moller Holding and across our affiliates. In connection with the recent acquisitions, we have been blessed with new talent joining our Group, bringing valuable experience and insights to our broader ecosystem. In this respect, we are excited to see how many best practices and insights are increasingly shared across the portfolio companies' different functional fora.

There have also been changes to some of the boards. A special thanks to Jim Hagemann Snabe and Karsten Dybvad for their extensive contributions as Chair of A.P. Moller - Maersk and Danske Bank, respectively, over the last few years. I have personally enjoyed the very close collaboration with Jim, who has been an important contributor to our Group's restructuring and transformation in the last few years, and I look forward to continuing our collaboration in his capacity as senior advisor. The Chair of A.P. Moller Holding, Ane M. M. Uggla, also decided to step down from the board of A.P. Moller - Maersk, after more than 30 years as a director. Ane's contributions to A.P. Moller - Maersk have been significant in many ways, not least for providing steadfast guidance on our purpose and values. In this respect, long before CSR and ESG became regular board topics, Ane has always stressed the importance of being a responsible company and a good corporate citizen in a complex world with many challenges.

DARK CLOUDS ON THE HORIZON

As I am writing this letter, we are witnessing the invasion of Ukraine unfold.

Our first priority has been the safety of our Group's employees and their families in Ukraine.

Secondly, we do our utmost to support the humanitarian efforts. It is devastating to witness Ukraine's cities being shattered to ashes with millions of Ukrainians now displaced. We are encouraged to see how affiliates across our Group contribute to humanitarian efforts in different ways. A.P. Moller - Maersk, a long-standing member of the UN-led Logistics Emergency Teams, has set up warehousing operations and supply chains to provide food and medical supplies via the World Food Programme, UNHCR, EU, and USAID. Our foundation has also pledged significant financial support to the Red Cross to accelerate relief programmes and help courageous volunteers in Ukraine.

Let me stress that I also feel strongly for our many Russian colleagues and their families, who carry no responsibility for the conflict. Our Russian colleagues have worked passionately for an industry, which depends on peace, trade and open borders, to operate successfully. I have highly appreciated their warm hospitality during trips from Sakhalin to St Petersburg. I know they want to end the war as much as we do. And I know that many of them are left in a difficult and exposed situation.

The direct financial impact of the war is manageable for our affiliates shorter-term. However, a longer-term scenario of a protracted war, widespread cyber-attacks, negative consumer confidence and continued high fuel costs, may have a severe negative impact on the global economy and our Group's financial performance. There are also other macro-economic developments which may further hamper the outlook in the coming year. Inflation has already started taking a toll on our industrial activities during the second half of 2021 and further margin pressure is expected in 2022. Finally, it is important to take note of the continued risks of the pandemic, not least the related lockdowns in China, which may significantly reduce many factories' ability to supply goods.

While it is comforting to know that we stand much stronger today than when we started our Group's restructuring in 2016, we caution our colleagues to prepare for difficult times. As our founder A.P. Møller once wrote to his son:

'No loss should hit us which can be avoided with constant care.'

FIVE-YEAR SUMMARY

Amounts in DKKm	2021	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	408,025	276,958	275,032	262,613	220,930
Share of profit in associated companies	4,695	2,016	3,944	2,201	4,863
Profit/loss before financial items (EBIT)	128,547	19,115	15,187	10,325	- 5,276
Financial items, net	- 4,660	- 6,674	- 5,281	- 2,891	- 4,290
Profit/loss for the year	118,975	9,987	6,577	22,464	- 2,991
A.P. Møller Holding A/S' share of profit/loss	**51,527**	**4,737**	**4,772**	**10,942**	**1,388**
Average number of employees	93,076	88,191	88,006	86,113	82,306
BALANCE SHEET					
Total assets as of 31 December	579,049	421,819	462,222	413,113	435,298
Equity as of 31 December	374,790	249,202	262,940	255,758	229,502
CASH FLOW STATEMENT					
Cash flow from operating activities	141,421	55,177	43,846	24,795	25,011
Purchase of property, plant and equipment	- 23,260	- 9,957	- 16,037	- 19,857	- 38,927
FINANCIAL RATIOS					
Proposed dividend to the A.P. Moller Foundation	2,000	600	400	500	500
Return on equity	38.1%	3.9%	2.5%	9.3%	-1.2%
Equity ratio	64.7%	59.1%	56.9%	61.9%	52.7%

For 2019-2021, IFRS 16 Leases have been applied from 1 January 2019 in accordance with the modified retrospective approach. Therefore, comparative figures from previous periods (2017-2018), are not adjusted.

For 2017, the five-year key figures are based on the consolidation for A.P. Moller Holding group and have been adjusted for discontinued operations (Maersk Oil).

HIGHLIGHTS

- 2021 has been an eventful year, and yet another year where the COVID-19 pandemic has brought substantial challenges to health, to livelihoods, to global supply chains and to the oil service industry.
- A.P. Moller - Maersk delivered historically high profitability, positively impacted by the continued global supply chain disruptions. During the year, A.P. Moller - Maersk announced a number of logistics acquisitions supporting the overall transformation of A.P. Moller – Maersk.
- Maersk Tankers continued to transform its business model to become a focused commercial management platform with more than 220 vessels on the platform.
- KK Wind Solutions continued its strong growth and further expanded its product offering through the acquisition of PCH Engineering.
- A.P. Moller Holding closed the Faerch acquisition in March 2021. Faerch experienced significant organic growth during the year, though negatively impacted by input price inflation during the year. Faerch announced the acquisition of Paccor in January 2022, which we expect will close during 2022.
- In November 2021, A.P. Moller Holding completed the acquisition of Nissens Cooling Solutions, a global market leading supplier of customised cooling solutions mainly for the wind industry.
- In November 2021, the merger between Maersk Drilling and Noble Corporation was announced. With the combined company, a world class offshore drilling contractor for energy companies worldwide is created offering the best opportunity for long-term growth and shareholder value.
- In December 2021, A.P. Moller Holding signed an agreement to acquire Unilabs, a leading pan-European diagnostics services provider focusing on laboratory testing, pathology and radiology. The acquisition was completed in March 2022.

FINANCIAL PERFORMANCE

A.P. Moller Holding delivered a consolidated result of DKK 119.0bn and a return on equity of 38.1%. We benefited from cash inflow of DKK 8.8bn and saw an increase in net asset value of DKK 82.3bn to DKK 223.9bn.

A.P. Moller Holding is the parent company of the fully consolidated activities of A.P. Moller - Maersk, Faerch, Maersk Drilling, Maersk Product Tankers, KK Wind Solutions, Maersk Tankers, Nissens Cooling Solutions, A.P. Moller Capital, Innargi, ZeroNorth, and the financial activities of A.P. Moller Holding, and accounts for its share of Danske Bank's results. A.P. Moller Holding delivered a consolidated revenue of DKK 408.0bn, a net result of DKK 119.0bn and consolidated equity of DKK 374.8bn. Operating profit and earnings increased compared to 2020, reflecting improvements in the underlying performance mainly in A.P. Moller - Maersk, Danske Bank, Maersk Drilling and our financial portfolio. Faerch and Nissens Cooling Solutions have been included in the consolidated accounts as of the closing date of the acquisitions on 12 March and 30 November 2021, respectively.

A.P. Moller Holding recorded a cash inflow from its holdings of DKK 8.8bn and had a net investment outflow of DKK 12.0bn. The cash flow from investment activities ended at DKK 3.1bn when adjusting for the activity in the financial investment portfolio.

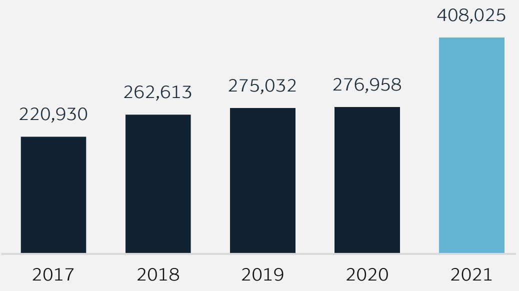
The increase in total assets and consolidated equity, is positively impacted by a higher USD exchange rate (8% increase).

Net asset values increased by 58% mainly driven by the surge in A.P. Moller - Maersk's share price of 72%, Danske Bank's share price of 12% and Maersk Drilling's share price of 31%. Overall, the privately owned portfolio companies developed positively throughout the year.

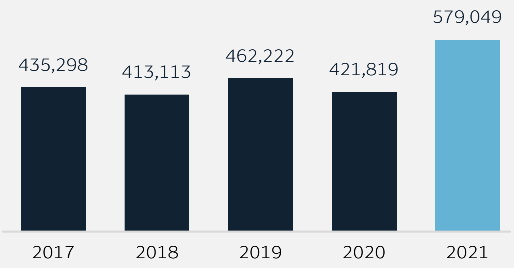
In November 2021, Maersk Drilling announced that it has entered into a definitive agreement to combine with Noble Corporation in a 50/50 primarily all-stock transaction.

In December 2021, A.P. Moller Holding signed an agreement to acquire Unilabs, a leading European diagnostics services provider. Closing of the acquisition took place on 15 March 2022. In January 2022, Faerch announced the acquisition of Paccor, which has a strong position in the dairy sector. Closing is expected in the second half of 2022. A.P. Moller - Maersk announced four logistics related acquisitions all expected to close during 2022.

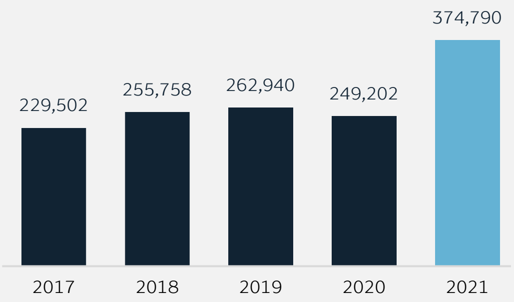
REVENUE (DKKm)



TOTAL ASSETS* (DKKm)



CONSOLIDATED EQUITY (DKKm)



*) IFRS 16 Leases have been implemented from 1 January 2019

OPERATING ACTIVITIES

Revenue for 2021 grew by 47.3% to DKK 408.0bn (DKK 277.0bn). An exceptional market situation with high demand and global disruptions to the supply chains led to record-high growth in A.P. Moller - Maersk. Furthermore, revenue attributed to our new portfolio companies Faerch and Nissens Cooling Solutions were offset by a revenue decline mainly in Maersk Drilling and Maersk Product Tankers. The revenue was positively impacted by mainly increased container freight rates partly offset by a lower average USD exchange rate compared to 2020. Revenue growth in local currency was approx. 52%.

TOTAL COSTS

Operating costs increased with 14.6% during 2021, led by higher activity levels and higher bunker costs in mainly A.P. Moller - Maersk and the inclusion of Faerch and Nissens Cooling Solutions in the consolidated accounts from the closing of the acquisitions. Furthermore, operating costs are negatively impacted by higher inflation leading to increased commodity prices and transaction costs due to several acquisitions across the organisation in 2021 and the planned merger between Maersk Drilling and Noble Corporation.

A.P. Moller Holding’s administrative costs have increased as we continue to add resources and capabilities within the organisation. In 2021, we have hired an additional 4 employees, mainly to strengthen our investment efforts further. At the end of 2021, the organisation counted 47 employees, up from 43 the year before.

EBITDA

Our operational profit increased to DKK 154.3bn from DKK 57.4bn in 2020 and reflected improved earnings especially in A.P. Moller - Maersk. Faerch and Maersk Drilling also contributed to the earnings improvements. EBITDA was negatively impacted by acquisition costs as well as increasing inflation in commodity prices reducing the profitability in particularly Faerch and Nissens Cooling Solutions.

EBIT

EBIT increased to DKK 128.5bn from DKK 19.1bn in 2020, reflecting the improved profitability across our portfolio.

FINANCIAL ITEMS

Net financial expenses decreased with DKK 2.0bn to DKK 4.7bn reflecting the exchange rate volatility partly set off by reduced debt, lower interest expenses and net fair value gains from the financial portfolio.

TAX

Corporate income taxes comprise taxes calculated in accordance with various countries’ tax regimes. Land-based and drilling activities, which are subject to normal corporate income tax, include terminals, logistics, shipping agencies, offshore drilling, sale of industrial products, and financial profit from other equity investments. The taxation of shipping is based on tonnage tax regimes and applies to the vast majority of the group’s activities in 2021 (and 2020). Given the liability to tonnage tax is not impacted by financial profits, and is payable even in loss making years, the effective tax rate metric can fluctuate significantly.

Tax for the year amounted to DKK 4.9bn compared to DKK 2.5bn in 2020.

PROFIT FOR THE YEAR

Profit for the year increased to DKK 119.0bn from DKK 10.0bn in 2020, mainly reflecting the record-high result in A.P. Moller - Maersk and the improved profitability across the group.

A.P. Moller Holding’s share of the profit ended at DKK 51.5bn compared to DKK 4.7bn in 2020. The share of profit was positively impacted by the all-time high result in A.P. Moller - Maersk and an increase of DKK 1.8bn in the share of profit from Danske Bank.

Overall, the result was negatively impacted by a decrease in the USD average exchange rate of 3.9% compared to last year as A.P. Moller - Maersk, Maersk Drilling, Maersk Tankers, Maersk Product Tankers and ZeroNorth report in USD. The exceptional market situation with high demand and global disruptions to the supply chains has contributed to earnings improvements. The result for the year is higher than expected, as expressed in our Annual Report 2020.

FINANCIAL DEVELOPMENT IN PORTFOLIO COMPANIES

A.P. Moller - Maersk delivered all time high financial results with revenue up 55%, EBITDA almost tripled and EBIT up almost five times. Net profit for the year amounted to DKK 113.4bn (DKK 19.0bn). Cash flow from operating activities was up 181%, positively impacted by EBITDA, offset by a negative change in net working capital and tax paid, leading to a cash conversion of 92% (95%). A.P. Moller - Maersk continues to show strong capital discipline in 2021 and delivered free cash flow of DKK 103.8bn (DKK 30.1bn).

During 2021, A.P. Moller - Maersk completed the acquisition of Visible Supply Chain Management and B2C Europe, both logistics companies. Furthermore, the acquisitions of LF Logistics, Grindrod Intermodal Group and Senator International are expected to close in 2022 all supporting the strategy to deliver end-to-end solutions for their customers.

In May 2021, A.P. Moller - Maersk decided 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. The programme was initiated in October 2021 after the programme from November 2020 of USD 1.6bn (around DKK 10bn) was finalised. In November 2021, it was decided to extend the share buy-back programme by an additional USD 5bn (around DKK 32bn) over the years 2024 and 2025. A.P. Moller - Maersk approved a dividend of DKK 2.500 (DKK 330) per share representing an ordinary dividend yield of 10.7% (2.4%) and 40% of the underlying profit, in line with its dividend policy.

Danske Bank reported a net profit of DKK 12.9bn (DKK 4.6bn) positively impacted by reduced loan impairment charges and lowering costs, while further strengthening the compliance organisation. Danske Bank continued to make progress with the transformation to become a ‘Better Bank’ and delivered structural progress towards its 2023 ambitions. Danske Bank has strengthened its value proposition for its customers through digitalisation, expert advisory services and sustainable solutions.

Danske Bank remains well capitalised with a CET1 capital ratio of 17.7% (18.3%) versus the regulatory CET1 requirement of 12.5%.

Danske Bank intends to pay out a total dividend of DKK 7.5 per share for 2021 (DKK 2.0), corresponding to 50% of the net profit for the year. An initial dividend payment of DKK 2 per share at the annual general meeting in March 2022 has been approved and the remaining DKK 5.5 per share is to be paid out in three tranches following the publication of interim reports in 2022.

Faerch has been consolidated as from closing of the acquisition in March 2021. Faerch delivered strong organic growth and the results were well above the pre-pandemic levels, however, affected by increased costs due to inflation and limited availability of basic raw materials. With the acquisition of Paccor, Faerch will enter the dairy market and continue to expand its circular products across Europe.

Maersk Drilling reported a net profit of DKK 1.8bn (net loss of DKK 10.8bn), positively impacted by improved market conditions and the sale of Maersk Inspirer. Maersk Drilling continued its historically strong operational performance with a financial uptime of 98.9% in line with previous years and a strong safety performance reporting its lowest incident frequency in five years.

The proposed plan to combine the business activities of Maersk Drilling and Noble Corporation was announced in November 2021 and is expected to conclude in 2022. The transaction will combine the business activities of two leading offshore drilling companies with a strong strategic rationale and significant value creation to customers and shareholders.

KK Wind Solutions reported growth in their market share and delivered improved results despite challenging global supply chain conditions. In May 2021, the acquisition of PCH Engineering was announced, further enhancing the digital product offering by adding real-time vibration monitoring capabilities. At the end of 2021, KK Wind Solutions launched their new strategy ‘Next Horizon’ with the vision of leading sustainable energy and the purpose of delivering a positive climate impact, further contributing to the global green energy transition.

Maersk Product Tankers reported a net loss mainly driven by historically challenging markets with low rates and slightly higher than expected cost levels due to the impact of COVID-19. The poor market conditions were partly offset by sales gains in connection with the sale of the LR2 newbuildings.

Maersk Tankers delivered a net profit of DKK 225m (DKK 123m) positively impacted by the decision to divest the technical management operations. Vessels under management remained stable during the year. The ZeroNorth platform was spun-out of Maersk Tankers during 2021 to allow ZeroNorth the best possible conditions for growing the platform with third parties.

EQUITY

As of 31 December 2021, total equity amounted to DKK 374.8bn (DKK 249.2bn) reflecting an increase of 50.4%. The increase was mainly the result of the distribution of net profit for the year as well as exchange rate adjustments as the USD exchange rate climbed 8.3% compared to 31 December 2020. The return on equity amounted to 38.1% (3.9%) and the equity ratio to 64.7% (59.1%). A.P. Moller Holding’s share of the equity increased to DKK 187.4bn (DKK 129.2bn), also impacted by the higher USD exchange rate.

DIVIDEND

Based on the financial result for 2021, the Board of Directors proposes a dividend of DKK 2bn to A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (A.P. Moller Foundation). In 2021, a dividend of DKK 600m was paid.

The acquisitions of Faerch and Nissens Cooling Solutions were completed in 2021

INVESTMENT ACTIVITY

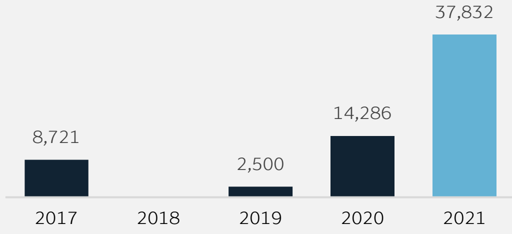
During 2021, we have completed the acquisition of Faerch and signed and completed the acquisition of Nissens Cooling Solutions. In December 2021, we announced the acquisition of Unilabs. The investment is closely linked to our investment theme 'demographic and societal change'. The acquisition was completed in March 2022. Also, in December 2021, Faerch signed an agreement to acquire Paccor.

In January 2022, we announced that the geothermal based heating company Innargi, established by A.P. Moller Holding, has entered a 30-year agreement to develop and operate EU's largest geothermal heating plant in Aarhus, Denmark. In connection with the contract award we raised capital for the next phases from Denmark's state owned and largest pension fund ATP, and the Danish utility company NRGi.

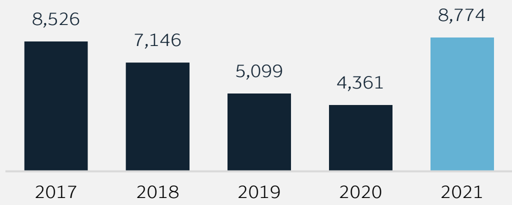
Cash flow used for investing activities was mainly impacted by the investment in Faerch and Nissens Cooling Solutions as well as activity in our financial investment portfolio. The total capital inflow from dividends, share buy-back programmes and our financial portfolio was DKK 8.8bn (DKK 4.4bn) positively impacted by dividend and share buy-back programmes from A.P. Moller - Maersk as well as dividend from Danske Bank.

Amounts in DKKm	2021	2020	2019	2018	2017
KEY FIGURES: A.P. Moller Holding's investment activities					
Cash flow from operating activities	- 221	- 263	- 172	- 47	- 188
Cash flow for investing activities inflow	8,774	4,361	5,099	7,146	8,526
Cash flow for investing activities outflow	- 11,967	- 577	- 4,959	- 1,397	- 5,873
Cash flow from financing activities	- 23	- 403	- 477	- 5,334	1,304
Net asset value (market value)	223,891	141,708	116,605	98,085	135,857
Average number of employees	39	36	28	21	12

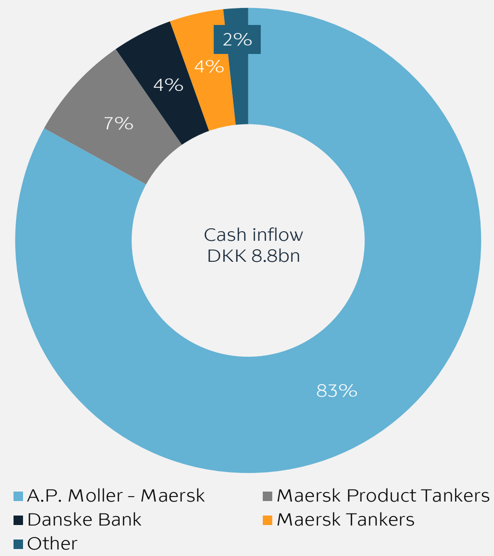
INVESTMENT COMMITMENTS (DKKm)



CASH INFLOW (DKKm)



DISTRIBUTION OF CASH INFLOW



NET ASSET VALUE

At the end of 2021, the net asset value increased to DKK 223.9bn corresponding to 58%. The improvement in the share price of A.P. Moller - Maersk reflects the strong results and positive market momentum going into 2021.

The value of the Danske Bank shares increased during 2021, however it is still impacted by the uncertainties connected to the terminated non-resident portfolio at Danske Bank's Estonian branch regarding the timing of the completion of the investigations, the outcome, and the subsequent discussions with the authorities.

Maersk Drilling's share price has increased by 31% as a result of higher activity levels in the drilling segment and the merger announcement. However, the underlying share price development remains volatile.

The net asset value is a volatile measurement, not least over a shorter period, given the portfolio's significant exposure to a few main holdings. The net asset value calculation is based on different valuation methods. A.P. Moller - Maersk, Danske Bank and Maersk Drilling are assessed using their share prices at Nasdaq Copenhagen while the privately held companies are based on recognised valuation methods, and the financial investment portfolio is based on market capitalisation (primarily quoted prices).

The market value of A.P. Moller - Maersk and Danske Bank corresponds to 87% (87% in 2020) of the total net asset value as of 31 December 2021. Over time, we expect that A.P. Moller - Maersk's and Danske Bank's relative share of our portfolio will decrease further.

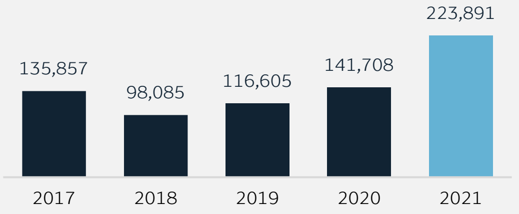
FINANCIAL OUTLOOK

A.P. Moller Holding and its portfolio companies are generally exposed to the global economic activity level as well as the development in the global financial markets. Furthermore, our business activities and daily operations are impacted by the Russian invasion of Ukraine, which has lowered the visibility of our 2022 performance.

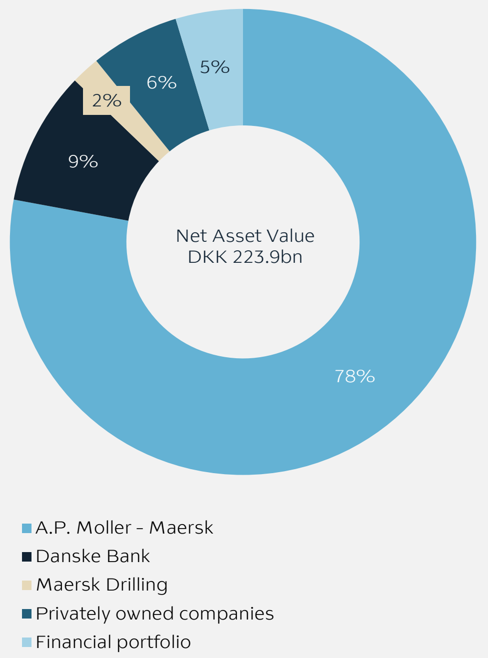
Based on our portfolio companies' guidance, we expect the result for 2022 to be around the same level as realised in 2021 (in local currencies). This statement is based on the current expectations for the financial markets and are by nature subject to a number of uncertainties, including but not limited to the Russian invasion of Ukraine as well as new outbreaks of COVID-19 that may challenge the global supply chains and global economic growth. This could cause actual results and performance to differ materially from our expectations.

Unilabs has been acquired and forms part of A.P. Moller Group as of March 2022

NET ASSET VALUE (DKKm)



DISTRIBUTION OF NET ASSET VALUE



OUR PORTFOLIO AND INVESTMENT FOCUS

Since 2016, A.P. Moller Holding has been focusing on portfolio renewal for the A.P. Moller Group. Our investment strategy is inspired by our Group's 118-year legacy of being engaged owners in businesses that have enduring financial potential, while delivering a positive impact on society – 'nyttig virksomhed'.

Our core focus when evaluating new investments is at the intersection of the three circles:

- Supported and driven by long-term mega trends
- Our value add, delivering value from being an active owner
- Deliver a positive impact on society – 'nyttig virksomhed'

A.P. Moller Holding focuses on building platforms, with long-term drivers of value rather than on opportunities to optimise short-term value. This approach implies that we are investing our time and resources in seeking investments within a theme that we believe will be relevant for several business cycles. We can and will invest across multiple sectors and countries, but the work is initiated around long-term macro trends. In our investments, we exercise our engaged ownership from the boards of the respective companies. We leverage our network to recruit highly capable and diverse profiles that together with our team in A.P. Moller Holding can help drive the respective businesses forward.

A PORTFOLIO OF PLATFORMS

Our portfolio and investments focus on scalable platforms within four themes that address long-term mega trends.

Global trade
Facilitating global trade is key to prosperity as it enables income and growth for people and societies. This is either by taking the hassle out of logistics for countries and companies across the globe or building critical infrastructure globally.

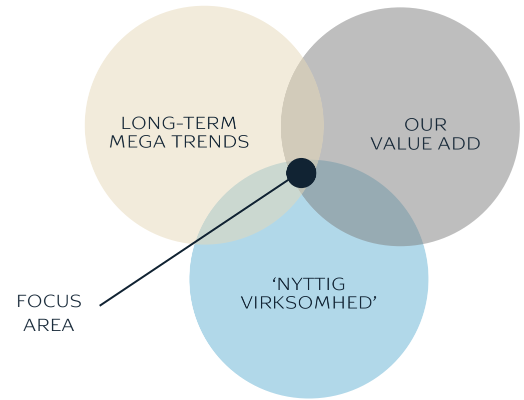
The energy transition
Our societies depend on a steady and reliable energy supply. The recent tragic geopolitical developments underline this. At the same time our planet urgently requires a transition from hydrocarbon based energy to more sustainable and green based energies. Facilitating the energy transition from hydrocarbon to renewable energy, in a responsible pace, is in focus.

Circularity, water, and waste recovery
Global consumption of resources is under pressure. More sustainable replacements are being adapted and the use and utilisation of resources should be optimised. We must move beyond the linear production and consumption model, reuse water and waste, and move towards the development of a circular model, with resources and materials being re-used in an endless number of manufacturing cycles.

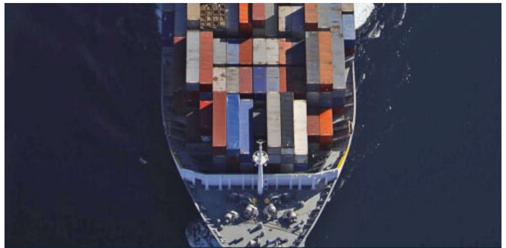
Demographics and societal changes
Our fundamental demographics are changing. In many parts of the world life expectancy is increasing, fertility is persistently low and migration politically sensitive. These slow-moving but largely inevitable demographic and societal factors are transforming our society. At the same time, continued adoption of digital and automation aided ways of working and living are penetrating and in many ways are critical to ensuring the welfare challenges from demographic change can be addressed.

- As long-term owners, our investment strategy is based on long-term mega trends
- Trends could include population growth, urbanisation, resource efficiency etc.

- Our ownership experiences and heritage guide how we add value as an engaged owner
- Application of prior experiences, network, name and global footprint



- Investments that have a positive impact on society
- The way our portfolio companies do business



A.P. Moller - Maersk

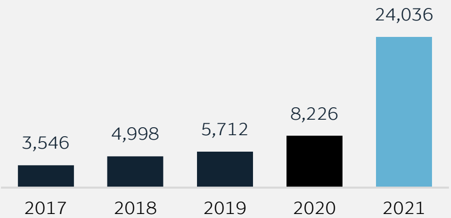
A.P. MOLLER - MAERSK is an integrated transport and logistics company and the global leader in container shipping and ports, including multiple brands.

CEO: Søren Skou
CFO: Patrick Jany

Representatives
- Robert M. Uggla (Chair)

Key figures
- Market cap: USD 64.3bn (31 December 2021)
- Ownership: 41.51% / 51.45% voting share

EBITDA
(USDm) Continuing business



Unilabs

UNILABS* is a leading European diagnostics services provider focusing on laboratory testing, pathology, and radiology. The business serves both public and private healthcare providers across 15 countries.

**Acquisition completed 15 March 2022*

CEO: Michiel Boehmer
CFO: Victoria Bell

Representatives
- Jan T. Nielsen (Chair)
- Johan Lilliehöök
- Martin N. Larsen

Danske Bank

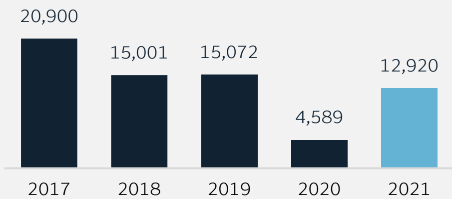
DANSKE BANK is Denmark's largest bank. Its core business includes private, business, institutional customer segments, and other financial services to the Nordic markets.

CEO: Carsten Rasch Egeriis
CFO: Stephan Engels

Representatives
- Jan T. Nielsen (Vice Chair)
- Lars-Erik Brenøe

Key figures
- Market cap: DKK 96.4bn (31 December 2021)
- Ownership: 21.26%

NET PROFIT
(DKKm)



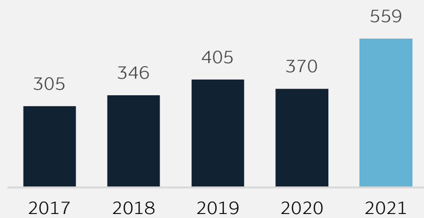
Faerch

FAERCH is the world's leading sustainable food packaging company, offering fully circular packaging that can be recycled into new food packaging materials.

CEO: Lars G. Hansen
CFO: Tom Sand-Kristensen

Representatives
- Henrik Poulsen (Chair)
- Jan T. Nielsen (Vice Chair)

REVENUE
(EURm)



Maersk Drilling

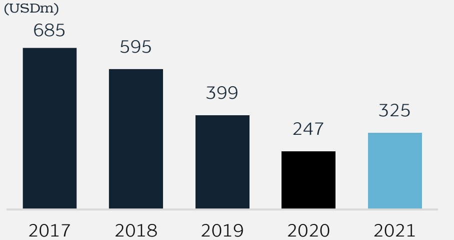
MAERSK DRILLING is a leading offshore drilling operator, developing high-end rigs and providing high efficiency drilling services to oil and gas companies around the world.

CEO: Jørn Madsen
CFO: Christine Morris

Representatives
- Claus V. Hemmingsen (Chair)
- Robert M. Uggla (Vice Chair)
- Martin N. Larsen

Key figures
- Market cap: USD 1.6bn (31 December 2021)
- Ownership: 41.60%

EBITDA
(USDm)



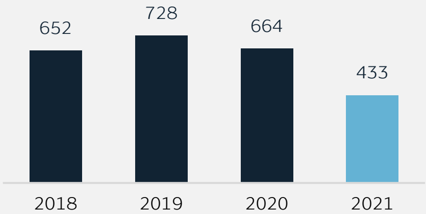
Maersk Product Tankers

MAERSK PRODUCT TANKERS is an asset company with more than 60 vessels owned or under long-term charter. The vessels deliver refined oil products to more than 650 ports around the world.

CEO: Christian M. Ingerslev
CFO: Morten M. Christensen

Representatives
- Robert M. Uggla (Chair)
- Maria Pejter
- Martin N. Larsen

REVENUE
(USDm)



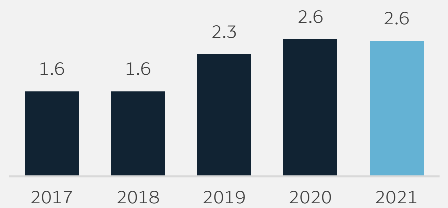
KK Wind Solutions

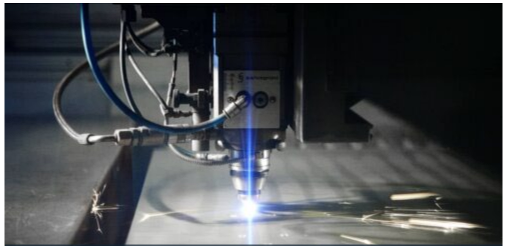
KK WIND SOLUTIONS is a leading global supplier of power electronic system solutions for the wind turbine industry, offering a wide range of products and services to wind turbines and parks.

CEO: Mauricio Quintana
CFO: Søren B. Just

Representatives
- Jan T. Nielsen (Chair)
- Simon K. Ibsen

REVENUE
(DKKbn)





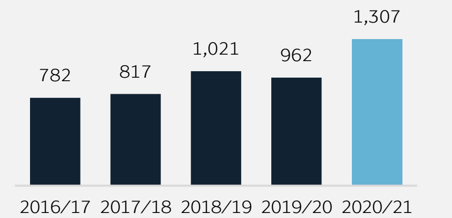
Nissens Cooling Solutions

NISSENS COOLING SOLUTIONS is a market leading manufacturer of customised cooling solutions for industrial applications, including on- and offshore applications in the wind turbine industry.

CEO: Lars Steen Rasmussen
CFO: Jakob Backs

Representatives
- Jan T. Nielsen (Chair)
- Simon K. Ibsen

REVENUE
(DKKm)



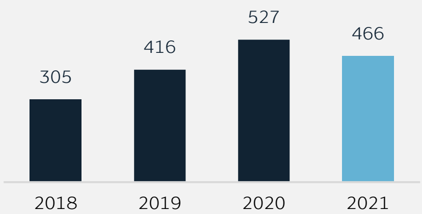
Maersk Tankers

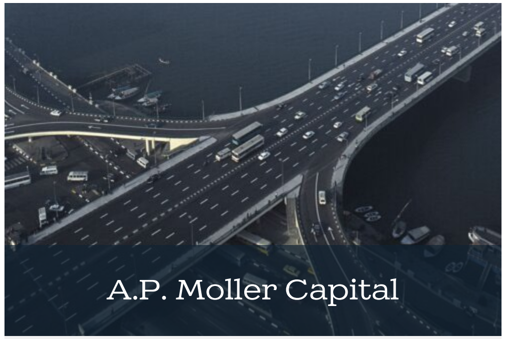
MAERSK TANKERS is a service company operating one of the largest tanker fleets in the world. They have a century of expertise in commercial management of tankers, today used to develop and deploy solutions that help shipowners boost the economic and environmental performance of their vessels.

CEO: Christian M. Ingerslev
CFO: Morten M. Christensen

Representatives
- Robert M. Uggla (Chair)
- Maria Pejter
- Martin N. Larsen

REVENUE
(USDm)





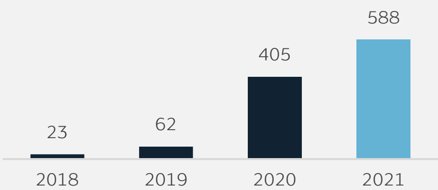
A.P. Moller Capital

A.P. MOLLER CAPITAL is an alternative asset manager focusing on infrastructure investments that combine attractive risk adjusted returns with a positive social impact. Capital commitment close to USD 1bn.

CEO: Kim Fejfer
CFO: Jeppe Nymann Jensen

Representatives
- Robert M. Uggla (Chair)
- Martin N. Larsen

DRAWN CAPITAL (ACCUMULATED)
(USDm)

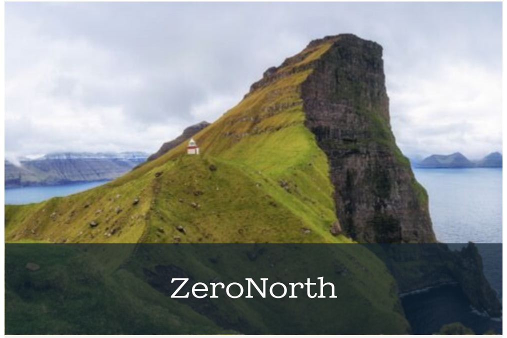


Innargi

INNARGI is a geothermal heating company, aiming to heat millions of urban homes while leaving zero impact on our planet. Geothermal energy is a large renewable energy source and can serve as a sustainable heating alternative to fossil fuels such as coal, gas, and biomass.

CEO: Samir Abboud

Representatives
- Claus V. Hemmingsen (Chair)



ZeroNorth

ZERONORTH is a technology company leading the green transition in an effort to make global trade green. By blending cutting-edge technology with human expertise, their platform provides a range of software solutions that enable the shipping industry to reduce its impact on the climate whilst maintaining commercial performance.

CEO: Søren Christian Meyer
CFO: Kenneth Juhls (Interim)

Representatives
- Robert M. Uggla

RISK MANAGEMENT

Our risk management setup is closely related to our investment strategy and allows us to safeguard the longevity of our portfolio companies by understanding the inherent risks associated with each of our portfolio companies and by supporting the companies in managing these risks in a changing environment.

Risk management reporting is an integrated part of our business processes, allowing A.P. Moller Holding to respond appropriately to the changing environments our businesses are operating in. The Board of Directors receives portfolio performance reports including risk management measures on a regular basis throughout the year.

During 2021, we have continued to grow the organisation and have built operational capabilities within the organisation. Being an investor focusing on capital risk, we continuously develop our risk framework and we have embedded controls and operational risk mitigation processes in our critical daily operations. We have a constant focus on good governance and we have implemented procedures to continuously assess and ensure that we follow market standards and developments. Further, in line with the purpose of the A.P. Moller Foundation, and to ensure the long-term viability and longevity of A.P. Moller - Maersk, our portfolio companies are structured as visualised on page 78.

OUR PORTFOLIO COMPANIES

Having a long-term ownership horizon, our ambition for each investment is defined in a clear ownership strategy, considering sector specific market parameters and developments as well as current and emerging risks.

Risks related to our portfolio companies include business and financial risks associated with operations and performance. The management of such risks is effectively anchored with the Board of Directors in each of the portfolio companies. Each entity has defined and implemented their own risk management framework, managing specific, defined risks. As owners, we monitor business performance in the portfolio companies closely as part of our ownership aspiration. We report on business and risk related issues to our Board of Directors as appropriate.

Our investment team is focusing on large and long-term investments and brings valuable global investment expertise. As we evaluate investment opportunities, the investments will undergo committees and investment gates where thorough risk analysis, due diligence, and mitigation are natural parts of the investment evaluation process. Our risk management framework allows us to critically evaluate such risks and where risks/rewards are not deemed attractive and in line with our values as well as our financial and strategic beliefs, investments will not be committed.

As our investments are expected to have a long-term ownership horizon, we focus on the inherent risks related to such investments. At all times, it is part of our strategic beliefs to invest in and build businesses that have a positive impact on society. Hence, we strive to ensure that all our partners acknowledge our values and share our commitment to conduct business in an ethical, legal, and socially responsible manner.

FINANCIAL INVESTMENTS

A.P. Moller Holding has a financial portfolio primarily with exposure to global equity markets managed by our own investment team. The overall objective of the portfolio is i) to create economic value in line with our values ii) to ensure a part of our financial portfolio remains highly liquid, acting as a buffer in order for the company to be flexible and able to react as needed in relation to our portfolio companies or to significant changes in our cash flows and iii) to deliver performance in line with a fixed benchmark.

The Board of Directors approves the investment policy and defines the acceptable risk limits including a variety of risk management factors such as single line limits, currency exposures and asset class weights. These, in combination with internal investment principles, guide the financial investments on a daily basis. We manage the market, credit, liquidity, and currency risks related to our financial portfolio by limiting maximum exposure to individual asset classes and underlying assets. The guidelines are reviewed regularly to ensure they reflect the market situation and our financial situation at any given time.

CORPORATE SOCIAL RESPONSIBILITY

A.P. Moller Holding invests in and builds businesses with a positive impact on society, 'nyttig virksomhed' – as defined by our founder A.P. Møller.

'Nyttig virksomhed' is a key element in our investment strategy, and we are open to reconsider our ownership of a business, if its business model does not have a positive impact on society. Hence, social responsibility is integrated into our purpose and is core to everything we do.

We have implemented policies and systems to secure a solid basis for our future activities as an engaged investment company. We focus highly on mitigating the risks of being abused for money laundering or financing of terrorism by third parties that A.P. Moller Holding engages with. This is especially relevant in relation to our investments, where we conduct proper and adequate due diligence measures on relevant counterparties such as advisors, co-investors, etc.

An example is our Anti-Bribery and Anti-Corruption Policy which illustrates our zero tolerance towards fraud and bribery. This is one of the cornerstones in our overall framework for how to exercise due care to prevent bribery and corruption internally as well as in relation to third parties acting on behalf of A.P. Moller Holding. The policy gives the overall guidelines in relation to procedures to be followed when investing and when interacting with other business relationships, e.g. government officials, in relation to gifts and hospitality, etc.

STATUTORY REPORT CF. SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

As an international investment company with a broad range of investment activities, A.P. Moller Holding has a significant influence on society. We acknowledge the responsibilities that this entails and make an effort to ensure that we are recognised as a trustworthy group of companies.

The Board of Directors of each of our portfolio companies, A.P. Moller - Maersk, Unilabs, Danske Bank, Faerch, Maersk Drilling, Maersk Product Tankers, KK Wind Solutions, Nissens Cooling Solutions, Maersk Tankers, A.P. Moller Capital, Innargi, as well as ZeroNorth define their own specific CSR policies and Codes of Conduct. We are represented on each board, and these representatives ensure that CSR policies, including human rights, climate change, and environmental impact, are enforced.

Policies are adapted to meet the circumstances in which each of the affiliates operate.

For A.P. Moller Holding's statutory statement on CSR in accordance with section 99a of The Danish Financial Statements Act, please refer to: https://apmoller.com/wp-content/uploads/2022/04/AP-Moller-Holding-CSR-Report-2021.pdf.

STATUTORY REPORT CF. SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

The Board of Directors counts two women and three men. This constitutes gender balance in accordance with the guidelines issued by The Danish Business Authority in March 2016.

A.P. Moller Holding has not set a consolidated target for the under-represented gender across its portfolio companies, but has ensured that all subsidiaries which fall under the requirements as reporting class large C or D have set targets for their supreme management body individually. Furthermore, our subsidiaries report on their individual targets in their annual reports, as well as for their individual policies concerning gender balance at other management levels, if applicable.

STATUTORY REPORT CF. SECTION 99D OF THE DANISH FINANCIAL STATEMENTS ACT

In line with our core values, responsible use of information and data is part of our overall aim to adhere to high ethical standards. Pursuant to the requirements and with our daily operations and activities as a starting point, A.P. Moller Holding has developed a policy on data ethics based on five principles reflecting how we use and process both personal and non-personal data as well as general data and information. The policy addresses our aim for being transparent as appropriate and acting responsibly with respect and dignity both towards our employees and when working with third-parties. The policy complements our policies and procedures on handling of personal data, IT-security, etc.

SUSTAINABILITY HIGHLIGHTS

The companies in A.P. Moller Group define and execute their own sustainability initiatives. In 2021, numerous activities were launched – of which a few are highlighted here. For more details, please refer to the respective Sustainability Reports.

A.P. MOLLER - MAERSK

accelerated their net-zero emissions target to 2040 and aligned their 2030 targets to the 1.5-degree pathway set by the 'Science Based Targets initiative'.

KK WIND SOLUTIONS

committed to CO_2 neutrality by 2030, including direct and indirect emissions from – for example – electricity, steam, heating, and cooling.

DANSKE BANK

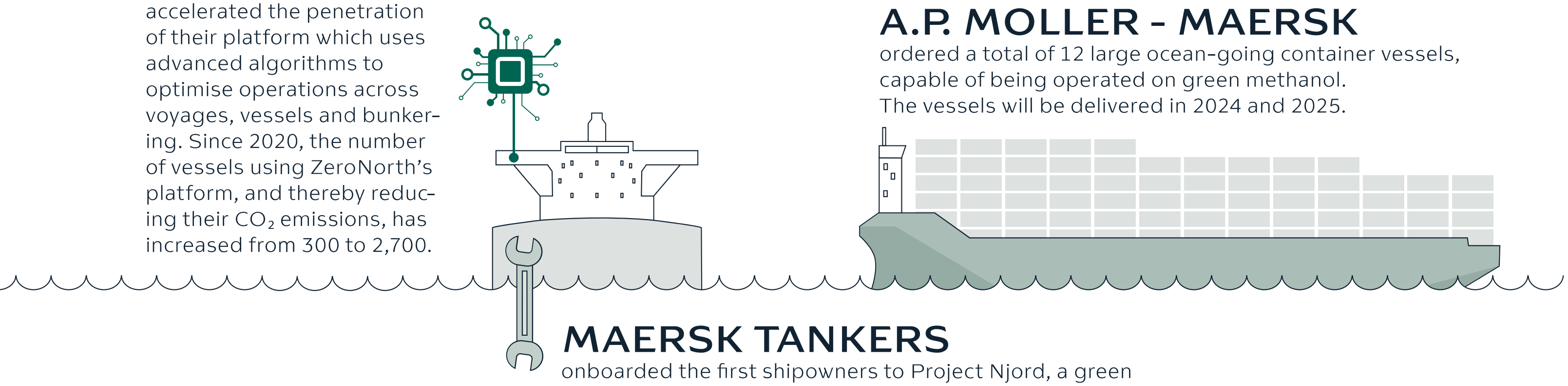
committed – as the first Nordic bank – to concrete CO_2 reduction targets, aiming at a net-zero loan portfolio by 2050.

ZERONORTH

accelerated the penetration of their platform which uses advanced algorithms to optimise operations across voyages, vessels and bunkering. Since 2020, the number of vessels using ZeroNorth's platform, and thereby reducing their CO_2 emissions, has increased from 300 to 2,700.

A.P. MOLLER - MAERSK

ordered a total of 12 large ocean-going container vessels, capable of being operated on green methanol.
The vessels will be delivered in 2024 and 2025.

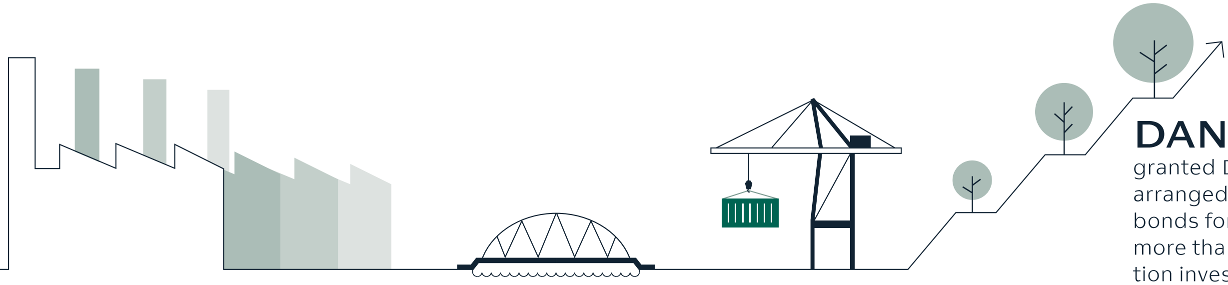


MAERSK TANKERS

onboarded the first shipowners to Project Njord, a green technology solution aiming to accelerate cost-effective and industry-wide greenhouse gas reductions. The project offers shipowners an expert assessment of vessels' optimisation potential, on-board retrofitting, and attractive financing.

FAERCH

accelerated the upscaling of their circular recycling capacity – quadrupling the volumes in 2021 to more than 100m trays by the end of 2021. This represents approximately two times the volume of PET food packaging (excl. bottles) in the Danish market.



DANSKE BANK

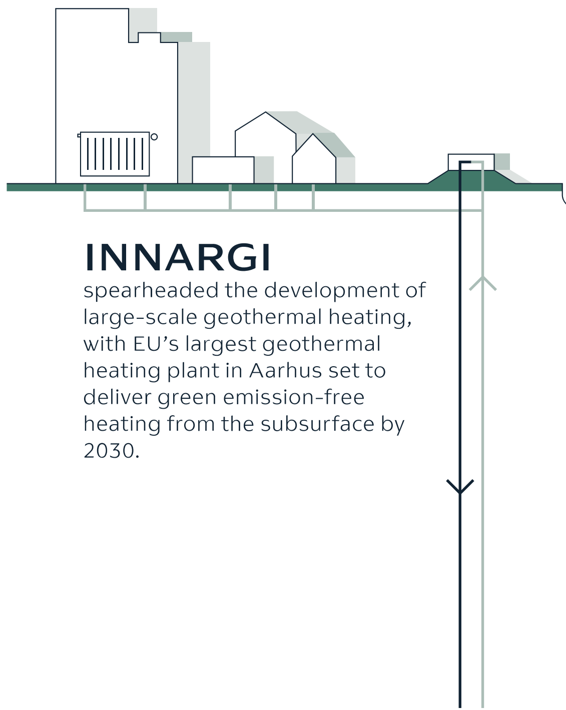
granted DKK 37.5bn in green loans, arranged DKK 77.2bn in sustainable bonds for customers and, since 2019, more than tripled the green transition investments carried out by Danica Pension – reaching DKK 33.5bn in 2021.

A.P. MOLLER CAPITAL

supported 105,000 jobs and an estimated USD 865m in GDP through the Africa Infrastructure Fund.

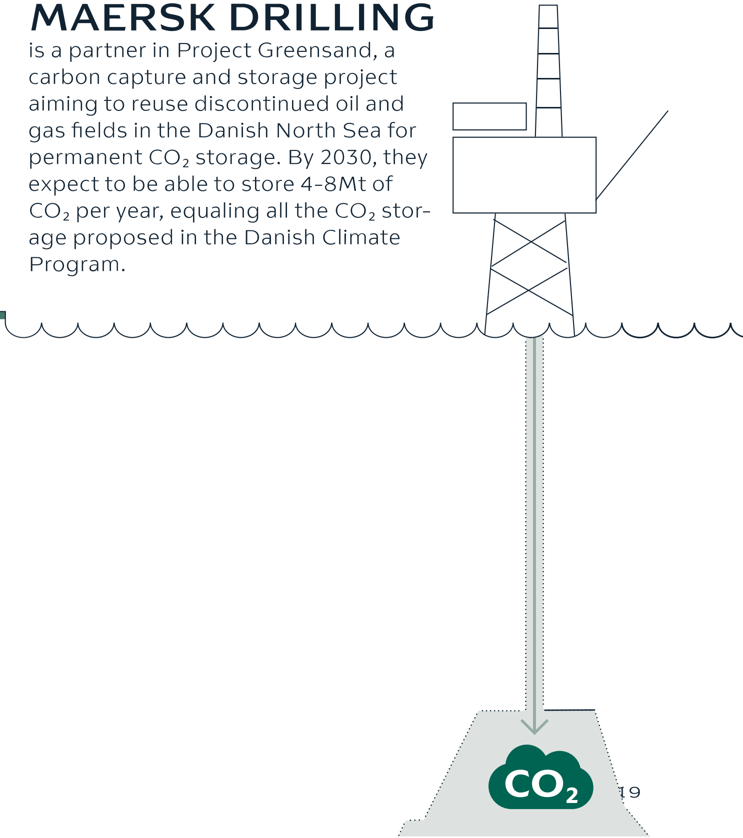
MAERSK DRILLING

is a partner in Project Greensand, a carbon capture and storage project aiming to reuse discontinued oil and gas fields in the Danish North Sea for permanent CO_2 storage. By 2030, they expect to be able to store 4-8Mt of CO_2 per year, equaling all the CO_2 storage proposed in the Danish Climate Program.



INNARGI

spearheaded the development of large-scale geothermal heating, with EU's largest geothermal heating plant in Aarhus set to deliver green emission-free heating from the subsurface by 2030.



BOARD OF DIRECTORS

Ane M.M. Uggla

Chair

Chair of the Board of Directors
- A.P. Møller og Hustru Chastine McKinney Møllers Fond til almene Formaal
- Den A.P. Møllerske Støttefond

Other management duties
Estemco III ApS (CEO)
Timer ApS (CEO)

Claus V. Hemmingsen

Chair of the Board of Directors
- The Drilling Company of 1972 A/S
- DFDS A/S
- Innargi Holding A/S
- HusCompagniet A/S

Member of the Board of Directors
- A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal
- Den A.P. Møllerske Støttefond
- Det Forenede Dampskibsselskabs Jubilæumsfond
- Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping
- Global Maritime Forum Fonden
- Work Wear Group A/S
- Bacher Work Wear A/S

Other management duties
CVH Consulting ApS (CEO)

Diane Greene

Chair of the Board of Directors
- Massachusetts Institute of Technology

Member of the Board of Directors
- Stripe Inc.
- Wix.com Ltd.

Jan Leschly

Chair of the Board of Directors
- Care Capital, LLC

Member of the Board of Directors
- Universal Tennis Ranking LLC
- The Leschly Tennis Foundation

Other management duties
Adjunct Professor at Copenhagen Business School

Lars-Erik Brenøe

Chair of the Board of Directors
- Maersk Property A/S

Member of the Board of Directors
- Danske Bank A/S
- The Danish Committee on Foundation Governance (DI) (Vice Chair)
- The Confederation of Danish Industry (Member of the Central Board)
- A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal
- A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond
- LINDØ port of Odense A/S
- Maersk Broker A/S (Vice Chair)
- Maersk Broker K/S (and Chair of six affiliated undertakings)
- Maersk Training A/S

EXECUTIVE BOARD

Robert M. Uggla

Chief Executive Officer

Other management duties, etc.

- A.P. Møller - Mærsk A/S (Chair)
- A.P. Møller Capital P/S (Chair)
- Maersk Tankers A/S (Chair)
- Maersk Product Tankers A/S (Chair)
- The Drilling Company of 1972 A/S (Vice Chair)
- ZeroNorth A/S (Board member)
- Foundation Board of IMD Business School (Board member)
- Agata ApS (CEO)
- Estemco XII ApS (CEO)
- International Business Leaders' Advisory Council in Shanghai (Member)

Robert M. Uggla is appointed to the Board of Directors in a number of entities controlled by A.P. Møller Holding A/S.

Jan T. Nielsen

Chief Investment Officer

Other management duties, etc.

- KK Wind Solutions Holding A/S (Chair)
- NCS International Holding A/S (Chair)
- Unilabs Holding AB (Chair)
- Faerch Holding A/S (Vice Chair)
- Danske Bank A/S (Vice Chair)
- LEGO A/S (Board member)
- Thorsgaard Holding ApS (CEO)

Jan T. Nielsen is appointed to the Board of Directors in a number of entities controlled by A.P. Møller Holding A/S.

Martin N. Larsen

Chief Financial Officer

Other management duties, etc.

- A.P. Møller Capital P/S (Board member)
- Maersk Tankers A/S (Board member)
- Maersk Product Tankers A/S (Board member)
- The Drilling Company of 1972 A/S (Board member)
- Unilabs Holding AB (Board member)
- Navigare Capital Partners A/S (Chair)
- Assuranceforeningen SKULD (Gjensidig) (Vice Chair)
- MVKH ApS (CEO)

Martin N. Larsen is appointed to the Executive Board and Board of Directors in a number of entities controlled by A.P. Møller Holding A/S.

FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT FOR 1 JANUARY TO 31 DECEMBER

Note	Amounts in DKKm	2021	2020
1	Revenue	408,025	276,958
2, 15	Operating costs	- 253,947	- 221,567
	Other income	1,330	1,991
	Other costs	- 1,142	- 4
	Profit before depreciation, amortisation and impairment losses, etc.	**154,266**	**57,378**
3, 7, 8, 9	Depreciation, amortisation and impairment losses, net	- 33,879	- 42,480
4	Gain on sale of non-current assets, etc., net	2,442	1,383
10	Share of profit in joint ventures	1,023	818
10	Share of profit in associated companies	4,695	2,016
	Profit before financial items	**128,547**	**19,115**
5	Financial income	6,132	7,164
5	Financial expenses	- 10,792	- 13,838
	Profit before tax	**123,887**	**12,441**
6	Tax	- 4,912	- 2,454
	Profit for the year	**118,975**	**9,987**
	Of which:		
17	Non-controlling interests	67,448	5,250
	A.P. Møller Holding A/S' share of profit for the year	**51,527**	**4,737**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Amounts in DKKm	2021	2020
	Profit for the year	**118,975**	**9,987**
	Translation to functional currency		
	Translation impact arising during the year	- 2,265	1,271
	Reclassified to income statement, gain on sale of non-current assets, etc., net	145	419
	Cash flow hedges		
22	Value adjustment of hedges for the year	- 510	42
22	Reclassified to income statement	0	220
22	Reclassified to cost of property, plant and equipment	13	- 98
6	Tax on other comprehensive income	- 49	63
10	Share of other comprehensive income of joint ventures and associated companies, net of tax	- 31	33
	Total items that have been or may be reclassified subsequently to the income statement	**- 2,697**	**1,950**
21	Other equity investments (FVOCI), fair value adjustments for the year	899	13
19	Actuarial gains/losses on defined benefit plans, etc.	- 144	- 1,355
	Translation from functional currency to presentation currency	20,577	- 20,489
6	Tax on other comprehensive income	44	- 33
10	Share of other comprehensive income of joint ventures and associated companies, net of tax	69	- 49
	Total items that will not be reclassified to the income statement	**21,445**	**- 21,913**
	Other comprehensive income, net of tax	**18,748**	**- 19,963**
	Total comprehensive income for the year	**137,723**	**- 9,976**
	Of which:		
17	Non-controlling interests	78,586	- 6,706
	A.P. Møller Holding A/S' share	**59,137**	**- 3,270**

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

Note	Amounts in DKKm	2021	2020
7	**Intangible assets**	**53,823**	**33,858**
8	**Property, plant and equipment**	**206,269**	**185,486**
9	**Right-of-use assets**	**65,679**	**50,967**
10	Investments in joint ventures	8,533	7,623
10	Investments in associated companies	44,675	40,759
	Other equity investments	2,661	996
22	Derivatives	216	1,628
19	Pensions, net assets	970	1,362
11	Loans receivable	79	823
	Other receivables	1,442	1,961
	Financial non-current assets, etc.	**58,576**	**55,152**
12	**Deferred tax**	**2,215**	**1,528**
	Total non-current assets	**386,562**	**326,991**
13	**Inventories**	**11,124**	**6,803**
21	Trade receivables	38,841	24,197
	Tax receivables	1,469	1,345
22	Derivatives	282	1,907
11	Loans receivable	34,043	1,041
	Other receivables	6,292	6,215
	Prepayments	4,130	3,377
	Receivables, etc.	**85,057**	**38,082**
	Securities	**9,958**	**5,099**
	Cash and bank balances	**83,692**	**42,770**
14	**Assets held for sale or distribution**	**2,656**	**2,074**
	Total current assets	**192,487**	**94,828**
	Total assets	**579,049**	**421,819**

Note	Amounts in DKKm	2021	2020
12	Share capital	2,000	2,000
	Reserves	183,420	126,597
	Proposed dividend	2,000	600
	Equity attributable to A.P. Møller Holding A/S	**187,420**	**129,197**
17	Non-controlling interests	187,370	120,005
	Total equity	**374,790**	**249,202**
18	**Borrowings, non-current**	**45,981**	**46,007**
18	**Lease liabilities, non-current**	**54,029**	**45,309**
19	Pensions and similar obligations	1,410	1,798
20	Provisions	4,626	3,465
22	Derivatives	1,577	2,082
12	Deferred tax	4,968	3,409
	Tax payable, non-current	2,125	1,434
	Other payables	1,559	694
	Other non-current liabilities	**16,265**	**12,882**
	Total non-current liabilities	**116,275**	**104,198**
18	**Borrowings, current**	**4,648**	**7,528**
18	**Lease liabilities, current**	**16,337**	**8,912**
20	Provisions	5,204	4,569
	Trade payables	44,235	33,376
	Tax payables	3,600	2,021
22	Derivatives	722	1,444
	Other payables	10,506	8,740
	Deferred income	1,132	1,278
	Other current liabilities	**65,399**	**51,428**
14	**Liabilities associated with assets held for sale or distribution**	**1,600**	**551**
	Total current liabilities	**87,984**	**68,419**
	Total liabilities	**204,259**	**172,617**
	Total equity and liabilities	**579,049**	**421,819**

CONSOLIDATED CASH FLOW STATEMENT

Note	Amounts in DKKm	2021	2020
	Profit before financial items	128,547	19,115
3, 7, 8, 9	Depreciation, amortisation and impairment losses, net	33,879	42,480
4	Gain on sale of non-current assets, etc., net	- 2,442	- 1,383
10	Share of profit in joint ventures	- 1,023	- 818
10	Share of profit in associated companies	- 4,695	- 2,016
26	Change in working capital	- 10,063	- 985
	Change in provisions and pension obligations, etc.	574	1,074
	Other non-cash items	457	660
	Cash flow from operating activities before tax	**145,234**	**58,127**
	Taxes paid	- 3,813	- 2,950
	Cash flow from operating activities	**141,421**	**55,177**
26	Purchase of intangible assets and property, plant and equipment	- 21,190	- 11,321
	Sale of intangible assets and property, plant and equipment	6,891	4,709
27	Acquisition of subsidiaries and activities	- 14,315	- 3,022
	Sale of subsidiaries and activities	51	456
	Sale of associated companies	0	- 79
	Dividends received	2,226	1,360
	Other financial investments	- 32,108	- 274
	Purchase/sale of securities, trading portfolio	- 2,362	118
	Cash flow used for investing activities	**- 60,807**	**- 8,053**
18	Repayment of borrowings	- 32,566	- 23,263
18	Repayment of leases	- 14,737	- 11,435
18	Proceeds from borrowings	18,979	9,753
	Purchase of own shares	- 7,181	- 3,087
	Financial income received	403	707
	Financial expenses paid	- 2,843	- 3,347
	Financial expenses paid on lease liabilities	- 2,897	- 3,067
	Dividends distributed	- 600	- 400
	Dividends distributed to non-controlling interests	- 4,788	- 2,365
	Sale of treasury shares	141	196
	Capital increases made by non-controlling interests	41	0
	Acquisition of non-controlling interests	- 19	- 95
	Sale of non-controlling interests	6	13
	Other equity transactions	176	249
	Cash flow from financing activities	**- 45,885**	**- 36,141**
	Net cash flow for the year	**34,729**	**10,983**

Amounts in DKKm	2021	2020
Cash and cash equivalents as of 1 January	42,649	36,392
Currency translation effect on cash and cash equivalents	4,424	- 4,602
Net cash flow for the year	34,729	10,983
Cash and cash equivalents as of 31 December	**81,802**	**42,773**
Of which classified as assets held for sale	- 176	- 124
Cash and cash equivalents as of 31 December	**81,626**	**42,649**
Cash and bank balances	83,692	42,770
Overdrafts	- 2,066	- 121
Cash and cash equivalents as of 31 December	**81,626**	**42,649**

Cash and bank balances include DKK 8.6bn (DKK 6.1bn) relating to cash and bank balances in countries with exchange rate control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in DKKm	Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total equity
Equity as of 1 January 2020	**2,000**	**- 1,923**	**- 9**	**- 421**	**133,157**	**250**	**133,054**	**129,886**	**262,940**
Other comprehensive income, net of tax	0	829	4	112	- 8,952	0	- 8,007	- 11,956	- 19,963
Profit for the year	0	0	0	0	4,137	600	4,737	5,250	9,987
Total comprehensive income for the year	**0**	**829**	**4**	**112**	**- 4,815**	**600**	**- 3,270**	**- 6,706**	**- 9,976**
Dividends to shareholders	0	0	0	0	- 150	- 250	- 400	- 2,365	- 2,765
Value of share-based payment	0	0	0	0	35	0	35	50	85
Sale of own shares	0	0	0	0	82	0	82	115	197
Purchase of own shares	0	0	0	0	- 259	0	- 259	- 3,100	- 3,359
Acquisition of non-controlling interests	0	0	0	0	0	0	0	1,923	1,923
Sale to non-controlling interests	0	0	0	0	38	0	38	210	248
Capital increases and decreases	0	0	0	0	0	0	0	59	59
Transfer of loss on disposal of equity investments at FVOCI to retained earnings	0	0	- 8	0	8	0	0	0	0
Change in non-controlling interests	0	0	0	0	0	0	0	- 75	- 75
Liability (put option)	0	0	0	0	- 78	0	- 78	0	- 78
Other equity movements	0	0	0	0	- 5	0	- 5	8	3
Total transactions with shareholders	**0**	**0**	**- 8**	**0**	**- 329**	**- 250**	**- 587**	**- 3,175**	**- 3,762**
Equity as of 31 December 2020	**2,000**	**- 1,094**	**- 13**	**- 309**	**128,013**	**600**	**129,197**	**120,005**	**249,202**
Other comprehensive income, net of tax	0	- 1,329	392	- 224	8,771	0	7,610	11,138	18,748
Profit for the year	0	0	0	0	49,527	2,000	51,527	67,448	118,975
Total comprehensive income for the year	**0**	**- 1,329**	**392**	**- 224**	**58,298**	**2,000**	**59,137**	**78,586**	**137,723**
Dividends to shareholders	0	0	0	0	0	- 600	- 600	- 4,788	- 5,388
Value of share-based payment	0	0	0	0	55	0	55	77	132
Sale of own shares	0	0	0	0	60	0	60	81	141
Purchase of own shares	0	0	0	0	1	0	1	- 7,181	- 7,180
Acquisition of non-controlling interests	0	0	0	0	- 50	0	- 50	9	- 41
Sale to non-controlling interests	0	0	0	0	- 131	0	- 131	131	0
Capital increases and decreases	0	0	0	0	0	0	0	656	656
Transfer of loss on disposal of equity investments at FVOCI to retained earnings	0	0	- 8	0	8	0	0	0	0
Change in non-controlling interests	0	0	0	0	149	0	149	- 165	- 16
Liability (put option)	0	0	0	0	- 370	0	- 370	0	- 370
Other equity movements	0	0	0	0	- 28	0	- 28	- 41	- 69
Total transactions with shareholders	**0**	**0**	**- 8**	**0**	**- 306**	**- 600**	**- 914**	**- 11,221**	**- 12,135**
Equity as of 31 December 2021	**2,000**	**- 2,423**	**371**	**- 533**	**186,005**	**2,000**	**187,420**	**187,370**	**374,790**

Notes to consolidated financial statements

Note 1: Revenue

TYPES OF REVENUE

Amounts in DKKm	2021	2020
A.P. Moller - Maersk	388,515	259,795
Maersk Drilling	7,975	7,164
Faerch [1]	3,581	0
Maersk Tankers	2,598	3,078
Maersk Product Tankers	2,723	4,341
KK Wind Solutions	2,550	2,580
Other	83	0
Total	**408,025**	**276,958**

[1] Faerch has been consolidated from the date of acquisition, 12 March 2021

CONTRACTS WITH CUSTOMERS

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

Amounts in DKKm	2021	2020
Revenue from contracts with customers	397,655	267,324
Revenue from other sources		
Vessel sharing and slot charter income	6,666	6,079
Lease income	2,949	2,951
Others	755	604
Total	**408,025**	**276,958**

CONTRACT BALANCES

Amounts in DKKm	2021	2020
Trade receivables	36,461	22,815
Accrued income - contract assets	570	722
Accrued income - contract liabilities	612	902
Deferred income - contract liabilities	701	844

Accrued income included in trade receivables in the balance sheet constitutes contract assets comprising unbilled amounts, including mobilisation and demobilisation costs 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 the recognised revenue.

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

Impairment losses disclosed in note 21 relate to receivables arising from contracts with customers.

PERFORMANCE OBLIGATIONS

Performance obligations are services that are to be completed under existing customer contracts.

Amounts in DKKm	2021	2020
Within one year	4,901	4,833
Between one and five years	3,671	1,618
After five years	557	152
Total	**9,129**	**6,603**

Note 2: Operating costs

Amounts in DKKm	2021	2020
Cost of goods sold	14,408	11,421
Bunker costs	34,716	26,051
Terminal costs	43,989	42,040
Intermodal costs	25,079	24,203
Port costs	14,237	14,703
Rent and lease costs	11,288	9,132
Staff costs	42,843	37,406
Other costs	67,387	56,611
Total operating costs	**253,947**	**221,567**
Remuneration of employees		
Wages and salaries	38,051	32,817
Severance payments	223	1,139
Pension costs, defined benefit plans	151	206
Pension costs, defined contribution plans	1,667	1,496
Other social security costs	2,854	2,686
Total remuneration	**42,946**	**38,344**
Of which:		
Recognised in the cost of assets	- 97	- 153
Included in other costs	- 6	- 785
Expensed as staff costs	**42,843**	**37,406**
Average number of employees	**93,076**	**88,191**

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

Please refer to note 16 for information about share-based payment.

FEES AND REMUNERATION TO THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

The group has introduced a cash-settled incentive plan to members of the Executive Board and grants have been awarded on a yearly basis. The incentive plan provides an annual bonus and long-term incentive programmes, which are determined by the development in the value creation of the underlying investments. The main part of the long-term incentive programmes is capped.

Amounts in DKKm	2021	2020
Executive Board		
Fixed base salary	17	13
Short-term cash incentive	16	13
Long-term incentive, grant value	8	8
Annual board fees from listed subsidiaries	3	3
Remuneration to the Executive Board before fair value adjustments	**44**	**37**
Fair value adjustments of long-term incentive, including of previous years' grants	44	23
Total remuneration to the Executive Board, including fair value adjustments	88	60
Board of Directors		
Annual fees, including board fees from subsidiaries	7	5
Total fee to the Board of Directors	**7**	**5**
Fees and remuneration to the Board of Directors and Executive Board	95	65

FEES TO STATUTORY AUDITORS

PricewaterhouseCoopers including network firms

Amounts in DKKm	2021	2020
Statutory audit	100	101
Other assurance services	13	7
Tax and VAT advisory services	7	7
Other services	29	15
Total fees	**149**	**130**

Note 3: Depreciation, amortisation and impairment losses, net

Amounts in DKKm	2021	2020
Total depreciation	29,620	30,197
Total amortisation	2,152	1,811
Total impairment losses, net	2,107	10,472
Depreciation, amortisation, and impairment losses, net	**33,879**	**42,480**

For more information, reference is made to note 7, 8 and 9.

Note 4: Gain on sale of non-current assets, etc., net

Amounts in DKKm	2021	2020
Gains	2,716	1,996
Losses	- 274	- 613
Gain on sale of non-current assets, etc., net	**2,442**	**1,383**

In 2021, gains primarily related to the sale of rigs, containers and vessels.

In 2020, gains primarily related to the sale of containers and vessels.

Note 5: Financial income and expenses

Amounts in DKKm	2021	2020
Interest expenses on liabilities[1]	- 3,009	- 3,108
Of which borrowing costs capitalised on assets[2]	44	61
Interest expenses on lease liabilities	- 2,933	- 3,098
Interest income on loans and receivables	370	468
Interest income on securities	4	1
Interest expenses on securities	19	0
Fair value adjustment transferred from equity hedge reserve (loss)	- 372	- 301
Net interest expenses	**- 5,877**	**- 5,977**
Exchange rate gains on bank balances, borrowings and working capital	2,661	3,108
Exchange rate losses on bank balances, borrowings and working capital	- 2,582	- 5,035
Net foreign exchange gains/losses	**79**	**- 1,927**
Fair value gains from derivatives	654	2,263
Fair value losses from derivatives	- 1,585	- 1,191
Fair value gains from securities	2,350	1,099
Fair value losses from securities	- 267	- 995
Fair value gains on issued bonds	0	1
Fair value losses on issued bonds	0	- 1
Net fair value gains/losses	**1,152**	**1,176**
Dividends received from securities	93	224
Impairment losses on financial non-current receivables	- 164	- 216
Reversal of write-downs of loans and other non-current receivables	57	46
Financial expenses, net	**- 4,660**	**- 6,674**
Of which:		
Financial income	6,132	7,164
Financial expenses	- 10,792	- 13,838

[1] Of which DKK 233m (DKK 216m) relates to a loss on the prepayment of issued bonds
[2] Various capitalisation rates between 3.3% - 4.99% (4.1% - 4.42%) have been used to determine the amount of borrowing costs eligible for capitalisation

Please refer to note 22 for an analysis of gains and losses from derivatives.

Note 6: Tax

Corporate income taxes comprise taxes calculated in accordance with various countries' tax regimes.

Land-based and drilling activities, which are subject to normal corporate income tax, include terminals, logistics, shipping agencies, offshore drilling, sale of industrial products, and financial profit from other equity investments.

The taxation of shipping income, generated by vessels providing services on the high seas, calling at multiple ports across the globe, is outlined in the OECD Model Tax Convention, Article 8 (Shipping Article). Under the Shipping Article, activities are taxable in the jurisdiction where the ship owning and operating (liner) entity is resident. Within our group, this is predominantly in Denmark and Singapore.

To encourage ship registration in Europe and ensure global compositeness of the European Maritime Industry, the EU has approved a specific shipping regime. This is normally referred to as Tonnage Tax which calculates corporate income tax, based on the net tonnage of the fleet. Consequently, under the Tonnage Tax regime, no credit is given for losses and, despite massive capital investments in containers and vessels, no tax deductions are granted for depreciation or operating expenses.

Tonnage Tax regimes apply to the vast majority of the group'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.

Amounts in DKKm	2021	2020
Effective tax rate	4.0%	19.7%

Going forward, the sale of industrial products and services within diagnostics, including laboratory, imaging and pathology specialities, as well as business areas subject to normal corporate income taxes, are expected to make up a larger part of the group's taxable income.

Disclosures for the 2020 tax reconciliation have been adjusted, whereby DKK 5.6bn has been moved from profit subject to corporate income tax to profit subject to tonnage taxation. The change has no impact on expensed or paid taxes.

Amounts in DKKm	2021	2020
Tax recognised in the income statement		
Current tax on profits for the year	4,559	2,236
Adjustment for current tax of prior periods	410	- 343
Utilisation of previously unrecognised deferred tax assets	- 182	- 85
Total current tax	**4,787**	**1,808**
Origination and reversal of temporary differences	- 491	- 353
Adjustment for deferred tax of prior periods	122	143
Adjustment attributable to changes in tax rates and laws	- 30	- 20
Recognition of previous unrecognised deferred tax assets	- 497	- 46
Reassessment of recoverability of deferred tax assets, net	146	301
Total deferred tax	**- 750**	**25**
Total income tax	**4,037**	**1,833**
Tonnage and freight tax	875	621
Total tax expenses	**4,912**	**2,454**
Tax reconciliation		
Profit before tax	123,887	12,441
Profit subject to Danish and foreign tonnage taxation, etc.	- 110,560	- 21,430
Internal gain/loss on sale of assets	0	7
Share of profit in joint ventures	- 1,023	- 818
Share of profit in associated companies	- 4,695	- 2,016
Profit before tax, adjusted	**7,609**	**- 11,816**
Tax using the Danish corporation tax rate (22%)	1,674	- 2,599
Tax rate deviations in foreign jurisdictions	234	591
Non-taxable income	- 229	- 1,797
Non-deductible expenses	1,012	4,829
Adjustment to previous years' taxes	532	- 200
Effect of changed tax rate	- 30	- 20
Change in recoverability of deferred tax assets	- 534	170
Deferred tax assets not recognised	264	349
Other differences, net	1,114	510
Total income tax	**4,037**	**1,833**
Tax recognised in other comprehensive income and equity	**- 5**	**30**
Of which:		
Current tax	- 59	56
Deferred tax	54	- 26

Note 7: Intangible assets

Amounts in DKKm	Goodwill	Terminal and service concession rights[2]	Customer relations and brand names	Other intangible assets[3]	Total
Cost					
As of 1 January 2020	8,184	19,861	9,318	5,160	42,523
Addition	0	150	0	1,413	1,563
Acquired in business combinations[1]	2,197	1,570	1,780	727	6,274
Disposal	0	0	0	- 7	- 7
Transfer	0	- 46	20	14	- 12
Transfer, assets held for sale	0	- 373	0	- 26	- 399
Exchange rate adjustment	- 492	- 1,705	- 864	- 448	- 3,509
As of 31 December 2020	**9,889**	**19,457**	**10,254**	**6,833**	**46,433**
Addition	0	0	0	1,686	1,686
Acquired in business combinations[1]	11,209	0	7,028	609	18,846
Disposal	- 478	- 138	- 421	- 226	- 1,263
Transfer, tangible assets	0	0	0	1	1
Transfer, assets held for sale	- 13	- 31	0	- 63	- 107
Exchange rate adjustment	628	1,249	686	354	2,917
As of 31 December 2021	**21,235**	**20,537**	**17,547**	**9,194**	**68,513**

Amounts in DKKm	Goodwill	Terminal and service concession rights[2]	Customer relations and brand names	Other intangible assets[3]	Total
Amortisation and impairment losses					
As of 1 January 2020	2,824	3,872	1,331	3,772	11,799
Amortisation	0	739	738	334	1,811
Impairment losses	0	85	0	0	85
Disposal	0	0	0	- 7	- 7
Transfer	0	- 26	0	0	- 26
Transfer, assets held for sale	0	- 118	0	0	- 118
Exchange rate adjustment	- 76	- 402	- 165	- 326	- 969
As of 31 December 2020	**2,748**	**4,150**	**1,904**	**3,773**	**12,575**
Amortisation	0	711	955	486	2,152
Impairment losses	0	88	17	97	202
Disposal	- 478	0	- 421	- 13	- 912
Transfer, assets held for sale	0	- 31	0	- 57	- 88
Exchange rate adjustment	136	288	148	189	761
As of 31 December 2021	**2,406**	**5,206**	**2,603**	**4,475**	**14,690**
Carrying amount:					
As of 31 December 2020	**7,141**	**15,307**	**8,350**	**3,060**	**33,858**
As of 31 December 2021	**18,829**	**15,331**	**14,944**	**4,719**	**53,823**

[1] Acquired in business combinations, please refer to note 27
[2] Of which DKK 184m (DKK 133m) is under development
[3] Of which DKK 1.3bn (DKK 1.2bn) is related to ongoing development of software and DKK 172m (DKK 117m) to other ongoing development projects

Note 7: Intangible assets – continued

IMPAIRMENT ANALYSIS

The recoverable amount of each cash generating unit is determined on the basis of the higher of its value in use or fair value less cost to sell. The value in use is calculated using certain key assumptions for the expected future cash flows and applied discount factor.

The cash flow projections are based on financial budgets and business plans approved by management. In nature, these projections are subject to judgments and estimates that are uncertain, though based on experience and external sources where available. 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 premiums. 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.

Discount rates used in impairment tests of intangible assets and impairment losses recognised are specified as follows:

	Applied discount rate p.a. after tax		Impairment losses	
Amounts in DKKm	2021	2020	2021	2020
Terminal and service concession rights				
Terminals & Towage	5.9-10.6%	6.2-12.7%	88	85
Other intangible assets				
Terminals & Towage	5.9-10.6%		97	
Resource efficiency (wind solutions)	12%		17	
Total			**202**	**85**

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 Ocean 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 the normalisation of the current supply chain bottlenecks, 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 the demand for consumer goods beginning to revert 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, 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 located in oil-producing countries are indirectly impacted by the development in oil prices and the consequences for the respective countries' economies, which not only affect volumes handled in the terminals, but also foreign exchange rates.

GOODWILL IMPAIRMENT TEST

The carrying amount of goodwill has been allocated to the following operating cash generating units based on the management structure.

Cash generating unit	Carrying amount	
Amounts in DKKm	2021	2020
Ocean	2,072	1,913
Logistics & Services	6,184	2,118
Terminals & Towage (multiple terminals)	1,974	1,822
Tray (food packaging)	3,652	0
Recycling PET	2,852	0
Resource efficiency (wind solutions)	1,530	1,282
Other	565	6
Total	**18,829**	**7,141**

In Ocean, the cash flow projection is based on forecasts as per Q3 2021, covering five-year business plans for 2022-2026. 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% 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 for the value in use to the carrying amount. Management is of the opinion that the assumptions applied are sustainable.

Note 7: Intangible assets – continued

In Logistics & Services, the impairment test is based on the estimated value in use from five-year business plans for 2022-2026, 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 where impairment indicators exist. Management also tests the CGUs where goodwill or indefinite life intangible assets are allocated to. For 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 test resulted in impairment losses on assets of an immaterial amount in three terminals in 2021.

In Tray and Recycling, the estimated future cash flows are based on the budget for 2022 and business plans and projections for 2023-2025. The business plans and projections are based on a market by market approach, assessing the organic business potential for each of the key markets, and estimating the volume growth, sales prices and contribution margins for each segment. Further, the capital expenditure and working capital required to maintain and organically grow the business are considered. The average revenue growth rates in the forecast period (2022-2025) are 8.5% for Tray and 18.5% for Recycling and while uncertainty connected to the COVID-19 pandemic can impact the short-term growth rates, management considers the average growth rates realistic based on the business and market plans at hand. The long-term growth rate in the terminal period has been set to equal for an expected long-term rate of inflation of 2% for the euro region. A discount rate of 6.7% p.a. after tax has been applied. The impairment test showed headroom from the value in use to the carrying amount.

In KK Wind Solutions, the estimated future cash flows are based on the budget for 2022 and business plans and projections for 2023-2025. The business plans and projections are based on a market by market approach, assessing the organic business potential for each of the key markets, and estimating the volume growth, sales prices and contribution margins for each segment. Further, the capital expenditure and working capital required to maintain and organically grow the business are considered. The average revenue growth rate in the forecast period (2022-2025) is 17.1% (9.0%) and while uncertainty connected to the COVID-19 pandemic can impact the short-term growth rates, management considers the average growth rates realistic based on the business and market plans at hand. The long-term growth rate in the terminal period has been set to equal for an expected long-term rate of inflation of 2% (2%). A discount rate of 12.3% (12.3%) p.a. after tax has been applied. The impairment test showed headroom from the value in use to the carrying amount.

OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Concession rights include DKK 190m (DKK 163m) related to terminal rights with indefinite useful life. 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 DKK 518m (DKK 521m) have restricted title.

Customer relations and brand names include DKK 2.8bn related to brands with indefinite useful life. The impairment test is based on the estimated fair value according to business plans. An average discount rate of 6.7% p.a. after tax has been applied in the calculations. Furthermore, volume growth, sales prices and contribution margins are significant parameters. The long-term growth rate in the terminal period has been set to equal the expected long-term rate of inflation of 2% for the euro region.

Note 8: Property, plant and equipment

Amounts in DKKm	Ships, containers, etc.	Production facilities and equipment, etc.	Rigs	Construction work in progress and payment on account	Total
Cost					
As of 1 January 2020	315,515	48,288	65,645	7,301	436,749
Addition	2,195	1,095	0	6,667	9,957
Acquired in business combinations[1]	0	1,822	0	20	1,842
Disposal	- 12,038	- 1,285	- 412	- 169	- 13,904
Transfer	3,817	3,987	1,381	- 9,385	- 200
Transfer, assets held for sale	- 2,410	- 373	0	26	- 2,757
Reclassification from/to right-of-use assets	5,189	491	0	- 33	5,647
Exchange rate adjustment	- 28,992	- 3,973	- 6,205	- 482	- 39,652
As of 31 December 2020	**283,276**	**50,052**	**60,409**	**3,945**	**397,682**
Addition	11,694	1,077	0	10,489	23,260
Acquired in business combinations[1]	6	2,620	0	74	2,700
Disposal	- 6,768	- 553	- 3,088	- 31	- 10,440
Transfer	3,046	1,852	987	- 5,835	50
Transfer, intangible assets	0	0	0	- 1	- 1
Transfer, assets held for sale	- 357	- 1,283	- 3,251	- 101	- 4,992
Reclassification from/to right-of-use assets	10,427	101	0	5	10,533
Exchange rate adjustment	23,836	2,508	4,811	418	31,573
As of 31 December 2021	**325,160**	**56,374**	**59,868**	**8,963**	**450,365**

[1] Acquired in business combinations, please refer to note 27

Amounts in DKKm	Ships, containers, etc.	Production facilities and equipment, etc.	Rigs	Construction work in progress and payment on account	Total
Depreciation and impairment losses					
As of 1 January 2020	154,650	22,322	36,346	93	213,411
Depreciation	15,673	2,913	1,688	0	20,274
Impairment losses	550	222	10,338	0	11,110
Reversal of impairment losses	- 716	- 7	0	0	- 723
Disposal	- 9,673	- 924	- 412	0	- 11,009
Transfer	19	- 253	0	- 19	- 253
Transfer, assets held for sale	- 1,546	- 177	0	0	- 1,723
Reclassification from/to right-of-use assets	2,074	- 7	0	0	2,067
Exchange rate adjustment	- 14,737	- 1,938	- 4,268	- 15	- 20,958
As of 31 December 2020	**146,294**	**22,151**	**43,692**	**59**	**212,196**
Depreciation	12,469	3,115	1,214	0	16,798
Impairment losses	1,937	245	0	0	2,182
Reversal of impairment losses	- 151	- 82	- 69	0	- 302
Disposal	- 3,953	- 498	- 3,000	- 19	- 7,470
Transfer	0	0	0	0	0
Transfer, assets held for sale	- 357	- 1,044	- 2,409	0	- 3,810
Transfer between assets and liabilities	31	50	0	- 31	50
Reclassification from/to right-of-use assets	7,018	0	0	0	7,018
Exchange rate adjustment	12,723	1,244	3,463	4	17,434
As of 31 December 2021	**176,011**	**25,181**	**42,891**	**13**	**244,096**
Carrying amount:					
As of 31 December 2020	**136,982**	**27,901**	**16,717**	**3,886**	**185,486**
As of 31 December 2021	**149,149**	**31,193**	**16,977**	**8,950**	**206,269**

Note 8: Property, plant and equipment – continued

IMPAIRMENT ANALYSIS

Please refer to note 7 and 31 for information on impairment tests.

In the cash generating units, the tests gave rise to impairment losses and reversals.

Cash generating unit

Amounts in DKKm	Impairment losses	Reversal of impairment losses	Applied discount rate p.a. after tax	Recoverable amount
2021				
Terminals	226		5.9-10.6%	
Manufacturing & Others	1,956	170	9.6%	2,793
Jack-up rigs		69	10.0%	
Tanker vessels		63	8.0%	
Total	**2,182**	**302**		
2020				
Terminals	222	7	6.0%	
Towage	33			42
Jack-up rigs[1]	4,803		10.0%	12,002
Floaters[2]	5,536		10.0%	7,378
Supply vessels	504			2,185
Tanker vessels	12	539	8.0%	
Container manufacturing facilities	0			2,373
Others	0	177		
Total	**11,110**	**723**		

[1] Jack-up rigs cover six cash generating units operating in the North Sea
[2] Floaters cover three cash generating units operating globally

Impairment losses 2021

The recoverable amount of each cash generating unit is determined based on the higher of its value in use or fair value less cost 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 Terminals, the cash flow for each terminal covers 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. 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 test resulted in impairment losses on assets of an immaterial amount in three terminals in 2021.

In Manufacturing & Others, the offshore support vessel market has continued to suffer under strained market conditions. International oil companies are increasingly channelling new investments into green energy projects and activities. Maersk Supply Service has made a strategic choice to pursue this transition towards green energy projects and activities. 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 2022-2026.

Impairment reversal 2021

Reversal of impairment for jack-up rigs and tanker vessels is related to sale of assets.

Impairment losses on rigs 2020

The recoverable amounts for jack-up rigs and floaters are based on the higher of its value in use or fair value less cost to sell. Given the continued illiquidity of the secondary market for offshore rigs with no supportable price indications, value in use calculations have been applied in the impairment test.

Note 8: Property, plant and equipment – continued

The value in use is calculated based on cash flow projections in financial budgets and business plans for the coming 5 years as approved by management. For the period after the 5-year forecast period an expected inflation rate of 2.5% p.a. is applied. In nature, these cash flow projections are subject to judgments and estimates that are uncertain, though based on experience and external sources where available. The discount rate applied in the value in use calculation is 10.0% p.a. after tax, which is unchanged from the latest impairment testing done in 2018. The discount rate applied reflects the time value of money, as well as the sector specific risks related to the underlying cash flows. 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, except where specific assumptions relating to future utilisation of the assets are applied. The useful lives and residual values of the assets are aligned with the accounting policies as set out in note 30.

The value in use calculations for the individual cash generating units are particularly sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate, and EBITDA margin after the budget period are critical variables. The sensitivity analysis shows that the impairment losses in 2020 would have been:

- DKK -7.1bn (USD -1.2bn) and DKK -11.7bn (USD –1.9bn) with a -/+ 1 percentage point change in the discount rate, keeping all other assumptions unchanged
- DKK -8.3bn (USD -1.4bn) and DKK -10.7bn (USD -1.8bn) with a -/+ 1 percentage point change in the growth rate after the 5-year forecast period, keeping all other assumptions unchanged
- DKK -4.6bn (USD -0.8bn) and DKK -13.7bn (USD -2.3bn) with a -/+ 5 percentage point change in EBITDA margin after the 5-year forecast period, keeping all other assumptions unchanged
- DKK -6.9bn (USD -1.1bn) and DKK -12.3bn (USD -2.0bn) with a -/+ 5 percentage point change in utilisation after the 5-year forecast period, keeping all other assumptions unchanged

Impairment reversal 2020

Reversal of impairments in 2020 includes vessels sold during the year, DKK 539m.

OPERATING LEASES AS LESSOR

Property, plant and equipment include assets which are leased out as part of the group's activities. The amounts below comprise the calculated future minimum lease payments for the assets and exclude the estimated service elements, which are presented in note 1. Jointly the two elements amount to the group's revenue backlog.

Operating lease receivables

Amounts in DKKm	2021	2020
Within one year	1,813	2,141
Between one and five years	3,757	2,012
After five years	650	242
Total	**6,220**	**4,395**

PLEDGES

Property, plant and equipment with a carrying amount of DKK 26.8bn (DKK 28.6bn) have been pledged as security for loans of DKK 14.3bn (DKK 15.1bn).

Note 9: Right-of-use assets

Amounts in DKKm	Ships, contain-ers, etc.	Conces-sion agree-ments	Real estate and other leases	Total
Right-of-use assets				
As of 1 January 2020	31,681	19,254	6,127	57,062
Additions	7,096	1,570	1,888	10,554
Acquired in business combinations[1]	0	0	2,048	2,048
Disposal	- 1,107	- 13	- 301	- 1,421
Depreciation cost	- 6,779	- 1,237	- 1,496	- 9,512
Transfer, assets held for sale	0	- 33	- 13	- 46
Transfer to owned assets, etc.	- 3,115	7	- 472	- 3,580
Exchange rate adjustment	- 2,658	- 991	- 489	- 4,138
As of 31 December 2020	**25,118**	**18,557**	**7,292**	**50,967**
Additions	27,213	340	2,505	30,058
Acquired in business combinations[1]	0	0	602	602
Disposal	- 1,264	- 1,509	- 390	- 3,163
Depreciation cost	- 9,829	- 1,226	- 1,767	- 12,822
Impairment losses	0	- 19	- 6	- 25
Transfer, assets held for sale	0	- 38	- 13	- 51
Transfer to owned assets, etc.	- 3,396	0	- 119	- 3,515
Exchange rate adjustment	2,631	617	380	3,628
As of 31 December 2021	**40,473**	**16,722**	**8,484**	**65,679**

[1] Acquired in business combinations, please refer to note 27

As part of the group's activities, customary leasing agreements are entered into, especially regarding the chartering of vessels, leasing of containers and other equipment, and real estate. In some cases, 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 to establish whether these reflect the actual residual values achieved on comparable assets and expectations about future prices. As of 31 December 2021, DKK 1.5bn (DKK 2.1bn) is expected to be payable and is included in the measurement of lease liabilities.

Leases to which the group is committed, but for which the lease term has not yet commenced have an undiscounted value of DKK 17,7bn (DKK 3.4bn). They comprise of approx. 60 (64) contracts commencing in 2022 to 2024 (2021 and 2022).

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 note 18, 21 and 23.

Amount recognised in profit and loss

Amounts in DKKm	2021	2020
Depreciation cost and impairment losses on right-of-use assets	12,847	9,512
Interest expenses (included in financial expenses)	2,933	3,098
Expenses relating to service elements of leases	5,628	5,228
Expenses relating to short-term leases	3,178	2,596
Expenses relating to variable lease payments	145	1,197
Expenses relating to lease of low-value assets	1,698	150
Income from sublease of right-of-use assets	- 28	- 28
Total recognised in operating costs	**10,621**	**9,143**

Total cash outflow for leases

Amounts in DKKm	2021	2020
Other lease expenses	2	8,506
Interest expenses	2,933	3,098
Repayment of leases	14,737	11,435
Total cash outflow for leases	**17,672**	**23,039**

Note 10: Investments in joint ventures and associated companies

Investments in joint ventures

Amounts in DKKm	2021	2020
A.P. Møller Holding A/S' share of:		
Profit for the year	1,023	818
Comprehensive income	- 31	33

Investments in associated companies

Amounts in DKKm	2021	2020
A.P. Møller Holding A/S' share of:		
Profit for the year	4,695	2,016
Comprehensive income	69	- 49

Summarised financial information for individual associates, material for the group:

The associated company Danske Bank A/S (100%)

Amounts in DKKm	2021	2020
Total income	156,024	136,741
Operating costs, depreciations, financials, tax, etc.	- 143,104	- 132,152
Profit for the year	**12,920**	**4,589**
Comprehensive income	326	- 230
Comprehensive income, total	**13,246**	**4,359**
Non-current assets	2,644,358	2,689,586
Current assets	1,291,476	1,419,645
Non-current liabilities	- 2,964,841	- 3,089,271
Current liabilities	- 794,289	- 851,281
Total assets, net[1]	**176,704**	**168,679**
Cash and bank balances	**293,386**	**320,702**

[1] Total assets, net include Additional tier 1 capital

Share of the associated company Danske Bank A/S:

Amounts in DKKm	2021	2020
A.P. Møller Holding A/S' share of:		
Profit for the year	2,651	858
Comprehensive income	69	- 49
Dividends received during the year	367	0
A.P. Møller Holding A/S' share of:		
Ownership interest	36,385	34,039
Goodwill	964	964
Carrying amount	**37,349**	**35,003**

A.P. Møller Holding A/S’ share of Danske Bank A/S’ market value at 31 December 2021 amounted to DKK 20.7bn (DKK 18.4bn).

Danske Bank remains in dialogue with various authorities regarding the terminated non-resident portfolio at Danske Bank’s Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the US. Danske Bank continues to cooperate with all authorities.

Danske Bank is reporting to, responding to and cooperating with various authorities, including the Danish Special Crime Unit (SCU), the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), relating to Danske Bank’s Estonian branch. The internal investigation work that Danske Bank had planned to complete during 2020 has been finalised and Danske Bank has reported the findings to relevant authorities. Danske Bank continues to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities’ investigations remains unknown and is not within Danske Bank’s control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which could be material.

Based on orders from the Danish FSA, Danske Bank’s solvency need has been increased in 2018 by a Pillar II add-on of in total DKK 10bn to ensure adequate capital coverage of the increased compliance and reputational risks in relation to the Estonian AML matter.

Note 10: Investments in joint ventures and associated companies - continued

The timing of the completion of the investigations, the outcome and the subsequent discussions with the authorities continue to be uncertain as mentioned above. At present, management of Danske Bank considers that it is not yet possible to reliably estimate the timing or amount of any potential settlement or fines, which could be material.

Please refer to note 31.

Note 11: Loan receivables

Loan receivables amount to DKK 34.0bn (DKK 1.0bn) and consist primarily of term deposits with a maturity of more than three months amounting to DKK 32.8bn (DKK 0.0bn).

Note 12: Deferred tax

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities	
Amounts in DKKm	2021	2020	2021	2020	2021	2020
Intangible assets	357	197	3,133	1,917	2,776	1,720
Property, plant and equipment	431	474	2,386	1,945	1,955	1,471
Provisions, etc.	1,035	804	361	392	- 674	- 412
Tax loss carryforward	946	530	0	0	- 946	- 530
Other	685	564	327	196	- 358	- 368
Total	**3,454**	**2,569**	**6,207**	**4,450**	**2,753**	**1,881**
Offsets	- 1,239	- 1,041	- 1,239	- 1,041	0	0
Total	**2,215**	**1,528**	**4,968**	**3,409**	**2,753**	**1,881**

Change in deferred tax, net during the year

Amounts in DKKm	2021	2020
As of 1 January	**1,881**	**1,340**
Intangible assets	- 395	358
Property, plant and equipment	187	- 390
Provisions, etc.	- 212	34
Tax loss carryforward	- 334	262
Other	4	- 239
Recognised in the income statement	**- 750**	**25**
Other, including business combinations	1,515	684
Exchange rate adjustments	107	- 168
As of 31 December	**2,753**	**1,881**

Unrecognised deferred tax assets

Amounts in DKKm	2021	2020
Deductible temporary differences	918	781
Tax loss carryforward	5,255	5,255
Unused tax credit	66	60
Total	**6,239**	**6,096**

The unrecognised deferred tax assets have no significant time limitations. There are no substantial unrecognised tax liabilities on investments in subsidiaries, associated companies or joint ventures.

Deferred taxes are subject to uncertainties due to tax disputes in certain countries. Please refer to note 31.

Note 13: Inventories

Amounts in DKKm	2021	2020
Raw materials and consumables	689	537
Work in progress	354	60
Finished goods and goods for resale	357	360
Bunker oil, etc.	8,605	5,030
Other consumables	1,119	817
Inventories as of 31 December	**11,124**	**6,804**

Note 14: Assets held for sale or distribution

Amounts in DKKm	2021	2020
Balance sheet items comprise		
Intangible assets	269	236
Property, plant and equipment	695	569
Other assets	361	327
Non-current assets	**1,325**	**1,132**
Current assets	1,331	942
Assets held for sale	**2,656**	**2,074**
Provisions	85	0
Deferred tax liabilities	72	79
Other liabilities	1,443	472
Liabilities associated with assets held for sale	**1,600**	**551**

As of 31 December 2021, assets held for sale largely relate to Maersk Container Industry and three terminals. 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 15: Share capital

The share capital comprises 2,000 shares of DKK 1m.

Development in the number of shares and par value:

	Shares	DKKm
As of 31 December 2020	2,000	2,000
As of 31 December 2021	2,000	2,000

All shares are fully issued and paid up. No shares hold special rights.

Note 16: Share-based payment

A.P. MØLLER - MÆRSK A/S (APMM)

Restricted shares plan

Outstanding restricted shares	No.	Fair value per share[1] DKK	Total fair value[2] DKKm
Outstanding as of 1 January 2020	13,802		
Granted	7,791	5,975	46
Exercised and vested[3]	- 3,777		
Forfeited	- 125		
Outstanding as of 31 December 2020	**17,691**		
Granted	7,882	14,793	119
Exercised and vested[3]	- 3,542		
Forfeited	- 134		
Cancelled	- 11		
Outstanding as of 31 December 2021	**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 are awarded to certain key employees and members of APMM's 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.

The 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 APMM's 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 APMM's capital structure, etc. A part of APMM's treasury B shares will be used to meet APMM's obligations in connection with the restricted shares plan.

The remuneration expense related to the restricted shares plan was DKK 57m (DKK 39m).

The average remaining contractual life for the restricted shares as per 31 December 2021 was 1.8 years (1.8 years).

Share option plans

Outstanding share options	No.	Average exercise price[1] DKK	Total fair value DKKm
Outstanding as of 1 January 2020	67,825	9,057	
Granted	40,124	8,639	26
Exercised	- 18,446	- 9,968	
Forfeited	- 1,073	- 9,639	
Outstanding as of 31 December 2020	**88,430**	**8,670**	
Exercisable as of 31 December 2020	**34,821**	**10,187**	
Granted	28,214	13,754	107
Exercised	- 13,883	- 9,988	
Outstanding as of 31 December 2021	**102,761**	**9,873**	
Exercisable as of 31 December 2021	**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)

In addition to the plan described above, APMM has share option plans for members of APMM's 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 market price on the first five trading days following the release of A.P. Møller - Mærsk A/S' 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 be exercised when at least three years and no more than six years (seven years for share options granted to employees who are not members of APMM's Executive Board) have passed from the date of grant. Special conditions apply regarding illness, death and resignation as well as changes in APMM's capital structure, etc.

The remuneration expense related to the restricted shares plan was DKK 50m (DKK 33m).

The average remaining contractual life for the restricted shares as per 31 December 2021 was 4.8 years (5.1 years).

Note 16: Share-based payment – continued

The following principal assumptions are used in the valuation:

	Share options granted to members of APMM Executive Board		Share options granted to employees not members of APMM 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 (years)	5.00	5.00	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.

THE DRILLING COMPANY OF 1972 A/S (MAERSK DRILLING)

Restricted share units (RSUs)

Following the listing on 4 April 2019, Maersk Drilling implemented a long-term incentive programme (LTI) and a one-time transition grant was awarded to certain employees.

Under the LTI and transition grant the Executive Management, key employees, and certain other employees in Maersk Drilling received a number of RSUs. The vesting period for the RSUs is three years from the date of grant. Except for RSUs granted as part of the exchange grant, Maersk Drilling's Executive Management will not be able to sell any shares vesting until the total period from grant (inclusive of the vesting period) which is five years, i.e. a holding period of two years in addition to the three-year vesting period. Maersk Drilling's Executive Management and other key management personnel are also subject to a share ownership requirement of twice the annual LTI grant level applicable.

The transfer of restricted shares is contingent on the participants still being employed and not being under notice of termination and generally takes place when three years have passed from the time of grant. The participants are not entitled to any dividend during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in capital structure.

In 2021, 130,576 RSUs (90,120 RSUs) have been granted under the LTI.

Outstanding restricted shares	No.	Total fair value DKKm
Outstanding as of 1 January 2020	130,313	
Granted	90,120	13
Vested	- 1,836	
Forfeited/cancelled	- 41,804	
Outstanding as of 31 December 2020	**176,793**	
Granted	130,576	31
Vested	- 1,767	
Forfeited/cancelled	- 12,575	
Outstanding as of 31 December 2021	**293,027**	

The fair value of restricted shares granted to four (four) key management personnel and to 34 (38) other employees was DKK 31m (DKK 13m) at the time of the grant. Total expenses recognised in the income statement in 2021 for granted restricted shares were at a cost of DKK 25m (DKK 13m).

The average fair value per restricted share at the time of grant was DKK 249 (DKK 134), which is equal to the average closing price on the day of the grant.

The average remaining contractual life for the restricted shares as per 31 December 2021 was 1.4 years (1.7 years).

Note 16: Share-based payment – continued

The A.P. Moller - Maersk Group's Restricted Shares Plan

In previous years, certain executives and employees in Maersk Drilling participated in APMM's incentive programmes. APMM's restricted shares plan was introduced in 2013 and grants have been awarded to employees on a yearly basis since then. The transfer of the restricted shares was contingent on the employee still being employed and not under notice of termination and took place when three years had passed from the time of granting.

To ensure that Maersk Drilling's Executive Management, other key executives and certain other employees in Maersk Drilling had an equity interest in Maersk Drilling from the date of the demerger, they were required to forfeit all unvested APMM shares and share options as of 1 January 2019. The individuals instead received restricted share units in Maersk Drilling (the 'exchange grant'). A total of 1,138 restricted share units (B-shares in A.P. Møller – Mærsk A/S) were converted to restricted share units in The Drilling Company of 1972 A/S of a corresponding value. 981 of these related to key management personnel and 157 related to other employees.

OTHER SHARE-BASED PAYMENT PROGRAMMES

The group has introduced a number of cash-settled share-based payment programmes in its non-listed portfolio companies. The programmes are for key employees and some Board of Directors in the respective companies. Certain programmes include a co-investment programme, however due to service conditions, they are defined as share-based payment programmes. The value of the programmes depends on, among other things, the development of the value creation in the portfolio companies. The value is not material for the group as of 31 December 2021 and 31 December 2020.

Note 17: Non-controlling interests

The group's subsidiaries with significant non-controlling interests include:

Amounts in DKKm	Registered office	Non-controlling interests	Percentage of votes
A.P. Møller - Mærsk A/S	Copenhagen	58.5	48.6
The Drilling Company of 1972 A/S	Lyngby-Taarbæk	58.4	58.4

Summarised financial information for each subsidiary with non-controlling interests that are material to the group:

	A.P. Møller - Mærsk A/S		The Drilling Company of 1972 A/S	
Amounts in DKKm	2021	2020	2021	2020
Statement of comprehensive income				
Revenue	388,553	260,027	7,968	7,171
Profit (loss) for the year	113,404	18,975	1,830	- 10,816
Total comprehensive income	111,297	19,682	1,880	- 10,862
Profit (loss) for the year attributable to non-controlling interests	66,398	11,221	1,064	- 6,288
Balance sheet				
Non-current assets	304,716	262,559	18,839	18,865
Current assets, including assets classified as held for sale	169,194	77,083	5,961	3,644
Non-current liabilities	95,672	92,051	6,413	7,257
Current liabilities, including liabilities classified as held for sale	79,299	60,851	3,174	3,044
Equity	298,939	186,741	15,213	12,208
Carrying amount of non-controlling interests of equity	177,351	111,621	8,845	7,098
Cash flow statement				
Cash flow from operating activities	138,490	51,220	1,981	1,747
Cash flow from investing activities	- 52,460	- 6,700	1,893	- 981
Cash flow from financing activities	- 49,681	- 36,760	- 1,780	- 1,335
Net cash flow for the year	36,349	7,760	2,094	- 569
Dividends paid to the non-controlling interests during the year	- 4,065	- 2,176	0	0

Note 18: Borrowings and net debt reconciliation

Amounts in DKKm	Net debt as of 31 December 2020	Cash flows[1]	Non-cash changes: Additions, net[2]	Non-cash changes: Disposals	Non-cash changes: Foreign exchange move-ments	Non-cash changes: Other[3]	Net debt as of 31 December 2021
Borrowings:							
Bank and other credit institutions	30,391	- 10,002	6,093	0	2,133	106	28,721
Issued bonds	23,144	- 1,874	0	0	1,204	- 566	21,908
Total borrowings	**53,535**	**- 11,876**	**6,093**	**0**	**3,337**	**- 460**	**50,629**
Classified as non-current	46,007						45,981
Classified as current	7,528						4,648
Leases:							
Lease liabilities	54,221	- 14,737	30,779	- 3,232	3,788	- 453	70,366
Total leases	**54,221**	**- 14,737**	**30,779**	**- 3,232**	**3,788**	**- 453**	**70,366**
Classified as non-current	45,309						54,029
Classified as current	8,912						16,337
Total borrowings and leases	**107,756**	**- 26,613**	**36,872**	**- 3,232**	**7,125**	**- 913**	**120,995**
Derivatives hedge of borrowings, net	**413**	**25**	**0**	**0**	**670**	**275**	**1,383**

[1] Total cash flow from borrowings of DKK 11.8bn includes cash flow regarding cash overdraft of DKK 1.7bn
[2] Including business combinations
[3] Other includes fair value changes and amortisation of fees

Amounts in DKKm	Net debt as of 31 December 2019	Cash flows[1]	Non-cash changes: Additions, net[2]	Non-cash changes: IFRS 16 adoption	Non-cash changes: Foreign exchange move-ments	Non-cash changes: Other[3]	Net debt as of 31 December 2020
Borrowings:							
Bank and other credit institutions	38,465	- 5,305	633	- 8	- 3,440	46	30,391
Issued bonds	32,179	- 8,205	0	0	- 1,535	705	23,144
Total borrowings	**70,644**	**- 13,510**	**633**	**- 8**	**- 4,975**	**751**	**53,535**
Classified as non-current	64,212						46,007
Classified as current	6,432						7,528
Leases:							
Lease liabilities	57,910	- 11,435	13,793	- 1,483	- 4,182	- 382	54,221
Total leases	**57,910**	**- 11,435**	**13,793**	**- 1,483**	**- 4,182**	**- 382**	**54,221**
Classified as non-current	49,123						45,309
Classified as current	8,787						8,912
Total borrowings and leases	**128,554**	**- 24,945**	**14,426**	**- 1,491**	**- 9,157**	**369**	**107,756**
Derivatives hedge of borrowings, net	**1,148**	**177**	**0**	**0**	**- 1,038**	**126**	**413**

[1] Total cash flow from borrowings amounts to DKK 13.5bn and cash flow from related hedges to DKK 0.2bn, in total DKK 13.7bn
[2] Including business combinations
[3] Other includes fair value changes and amortisation of fees

The maturity analysis of lease liabilities is disclosed in note 21.

Note 19: Pensions and similar obligations

As employer, the group participates in pension plans according to normal practice in the countries in which it 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 DKK 236m (DKK 97m) to funded defined benefit plans.

Amounts in DKKm	UK 2021	Other 2021	Total 2021	UK 2020	Other 2020	Total 2020
Specification of net liability						
Present value of funded plans	14,643	3,311	17,954	14,689	3,123	17,812
Fair value of plan assets	- 16,079	- 2,662	- 18,741	- 16,287	- 2,518	- 18,805
Net liability of funded plans	**- 1,436**	**649**	**- 787**	**- 1,598**	**605**	**- 993**
Present value of unfunded plans	0	689	689	0	944	944
Impact of minimum funding requirement/ asset ceiling	531	7	538	478	7	485
Net liability as of 31 December	**- 905**	**1,345**	**440**	**- 1,120**	**1,556**	**436**
Of which:						
Pensions, net assets			970			1,362
Pensions and similar obligations			- 1,410			- 1,798

The majority of the group's defined benefit liabilities are in the UK, 79% and the US, 12%. All of the plans in the UK and the majority of the plans in the US 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 approx. 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.

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%

The 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.

	As of 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 cost to the key assumptions are as follows:

Sensitivities to key assumptions in the UK Factors	"Change in liability"	Increase 2021	Decrease 2021
Discount rate	Increase/(decrease) by 25 basis points	- 551	590
Inflation rate	Increase/(decrease) by 25 basis points	295	- 334
Life expectancy	Increase/(decrease) by one year	800	- 780

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

Note 19: Pensions and similar obligations – continued

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 interest 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, movements 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 DKK 67m in 2021 of which USD 55m 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 the deficit determined using the group's assumptions. In 2021, an adjustment of DKK 20m (DKK 18m) 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.

Specification of plan assets Amounts in DKKm	UK 2021	Other 2021	Total 2021	UK 2020	Other 2020	Total 2020
Shares	531	656	1,187	466	829	1,295
Government bonds	1,331	767	2,098	2,294	648	2,942
Corporate bonds	1,305	656	1,961	2,003	521	2,524
Real estate	59	46	105	61	24	85
Other assets	12,853	537	13,390	11,463	496	11,959
Fair value as of 31 December	**16,079**	**2,662**	**18,741**	**16,287**	**2,518**	**18,805**

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 DKK 0.6bn (DKK 0.6bn) and DKK 2.0bn (DKK 1.8bn), respectively. The contributions to be paid in 2022 are estimated at DKK 0.6bn (DKK 0.6bn) for the pension plans and DKK 2.2bn (DKK 1.7bn) 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 DKK 0.6bn (DKK 1.8bn). 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 calculations 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 bargain agreements. They cover a limited part of employees' medical costs as occurred.

Note 19: Pensions and similar obligations – continued

Change in net liability

Amounts in DKKm	Present value of obliga-tions	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
Net liability as of 1 January 2021	18,756	18,806	486	436	- 1,120
Current service cost, administration cost etc.	57	- 75	0	132	63
Calculated interest expense/income	314	321	6	0	- 19
Recognised in the income statement in 2021	**371**	**246**	**6**	**132**	**44**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	- 805	0	0	- 805	- 755
Return on plan assets, exclusive calculated interest income	0	- 943	0	943	1,038
Adjustment for unrecognised asset due to asset ceiling	0	0	6	6	6
Recognised in other comprehensive income in 2021	**- 805**	**- 943**	**6**	**144**	**289**
Contributions from the group and employees	0	69	0	- 69	- 38
Benefit payments	- 918	- 855	0	- 63	0
Effect of business combinations and disposals	- 88	31	0	- 119	0
Exchange rate adjustment	1,326	1,386	39	- 21	- 81
Net liability as of 31 December 2021	**18,642**	**18,740**	**537**	**440**	**- 906**

Change in net liability

Amounts in DKKm	Present value of obliga-tions	Fair value of plan assets	Adjust-ments	Net liability	Of which: UK
Net liability as of 1 January 2020	19,200	20,549	434	- 915	- 2,517
Current service cost, administration cost etc.	170	- 39	0	209	60
Calculated interest expense/income	360	380	0	- 20	- 46
Recognised in the income statement in 2020	**530**	**341**	**0**	**189**	**14**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	1,178	0	0	1,178	968
Return on plan assets, exclusive calculated interest income	0	- 98	0	98	327
Adjustment for unrecognised asset due to asset ceiling	0	0	72	72	59
Adjustment for minimum funding requirement	0	0	7	7	7
Recognised in other comprehensive income in 2020	**1,178**	**- 98**	**79**	**1,355**	**1,361**
Contributions from the group and employees	0	137	0	- 137	- 105
Benefit payments	- 910	- 831	0	- 79	0
Settlements	0	0	0	0	0
Internal transfer	0	0	0	0	0
Effect of business combinations and disposals	7	0	0	7	0
Exchange rate adjustment	- 1,249	- 1,292	- 27	16	127
Net liability as of 31 December 2020	**18,756**	**18,806**	**486**	**436**	**- 1,120**

Note 20: Provisions

Amounts in DKKm	Restructuring	Legal disputes, etc.	Other	Total
As of 1 January 2021	829	4,843	2,362	8,034
Provision made	208	4,014	1,509	5,731
Amount used	- 516	- 937	- 506	- 1,959
Amount reversed	- 157	- 1,269	- 1,132	- 2,558
Addition from business combinations	0	0	21	21
Transfer between assets/liabilities	0	13	107	120
Transfer, assets held for sale	0	0	- 164	- 164
Exchange rate adjustment	23	397	185	605
As of 31 December 2021	**387**	**7,061**	**2,382**	**9,830**
Of which:				
Classified as non-current	0	3,606	1,020	4,626
Classified as current	387	3,455	1,362	5,204
Non-current provisions expected to be realised after more than five years		420	85	505

Restructuring includes provisions for decided and publicly announced restructurings. Legal disputes, etc. include, among other things, indirect tax and duty disputes.

Other includes provisions for warranties and onerous contracts.

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

The provisions are subject to considerable uncertainty. Please refer to note 31.

Note 21: Financial risks

The group's activities expose it to a variety of financial risks:

- Market risks, i.e. currency risk, interest rate risk, oil price risk and share price risk
- Credit risk
- Liquidity risk

The group's risk management programmes focus on the unpredictability of financial markets and seek 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 most effectively managed by each portfolio company. Consequently, management of risks related to our portfolio companies is anchored with the Board of Directors in each of the portfolio companies. A.P. Moller Holding monitors business performance in the portfolio companies closely as part of our ownership aspiration.

MARKET RISK

Market risk is the risk, that changes in market prices, such as foreign exchange rates, interest rates, and share prices, will affect the group's profit or the value of its holdings of financial instruments. The sensitivity analyses in the currency risk and interest risk sections below relate to the position of financial instruments as of 31 December 2021.

The sensitivity analyses for currency risk, interest rate risk, and share price 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 2020. Furthermore, it is assumed that the exchange rate and interest rate sensitivities have a symmetrical impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses disclosed under 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.

Note 21: Financial risks – continued

CURRENCY RISK

The group's currency risk relates to the fact that while income from shipping and oil-related activities is denominated mainly in USD, the related expenses are incurred in both USD and a wide range of other currencies such as CAD, CNY, DKK, EUR, HKD, NOK, and SGD. As the net income is primarily in USD, this is also the primary financing currency. Income and expenses from the group's other activities are mainly denominated in local currencies, thus reducing the group's exposure to these currencies.

The main purpose of hedging the group's currency risk is to hedge the USD value of the group's net cash flow and reduce fluctuations in the group's profit. The group uses various financial derivatives, including forwards, option contracts, and cross-currency swaps, to hedge these risks. The key aspects of the currency hedging policy are:

- Net cash flows in significant currencies other than USD are hedged using a layered model with a 12-month horizon
- Significant capital commitments or divestments in currencies other than USD are hedged
- Most non-USD debt is hedged 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 mature within a year (mature within a year). Hedges of investments mature within a year (no hedges of investments).

For hedges related to operating cash flows and investments, a loss of DKK 943m in 2021 (gain of DKK 622m) is recognised in other comprehensive income, and the cash flow hedge reserve amounts to a loss of DKK 258m as of 31 December 2021 (gain of DKK 713m). 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 DKK 0m (DKK 0m). There was no ineffectiveness in 2021 (DKK 20m).

Hedge of operating cash flow and investment in foreign currencies

Amounts in DKKm	Fair value, asset	Fair value, liability	Nominal amount of derivative	Average hedge rate
Main currencies hedged				
2021				
- DKK	0	94	2,556	6.32
- EUR	33	166	5,800	1.20
Other currencies	65	148	7,518	N/A
Total	**98**	**408**		
2020				
- DKK	116	6	2,101	6.37
- EUR	228	6	4,182	1.17
- HKD	0	0	161	7.76
Other currencies	389	15	7,553	N/A
Total	**733**	**27**		

Besides the designated cash flow hedges in the table above, 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. Please refer to note 22.

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.

Currency sensitivity for financial instruments	Profit before tax		Equity before tax	
Amounts in DKKm	2021	2020	2021	2020
- CNY	- 545	- 249	- 553	- 661
- EUR	- 679	98	- 887	52
Other currencies	- 1,054	575	- 1,680	- 164
Total	**- 2,278**	**424**	**- 3,120**	**- 773**

Note 21: Financial risks – continued

INTEREST RATE RISK

Interest rate hedging of borrowings[1]

Amounts in DKKm	Fair value, asset	Fair value, liability	Nominal amount of derivative	Maturity 0-1 year	Maturity 2-4 years	Maturity 5- years	Gain/loss on hedged items	Gain/loss on hedging instrument	Average hedge rate
2021									
Combined fair value hedge, hedge of borrowings									
- EUR	13	203	3,384	0	2,787	597	- 203	105	1.8%
- GBP	0	72	623	0	623	0	- 20	7	2.5%
- JPY	20	0	715	0	715	0	- 13	- 13	1.8%
- NOK	0	177	1,639	0	1,639	0	33	- 72	2.5%
Fair value hedge, hedge of borrowings									
- USD	197	0	5,902	0	3,279	2,623	- 190	197	3.1%
Cash flow hedge, hedge of borrowings									
- EUR	13	452	8,439	0	4,721	3,718	0	- 230	4.2%
- GBP	0	321	2,039	0	2,039	0	0	- 72	4.6%
- NOK	0	13	190	0	190	0	0	- 7	2.4%
- USD	13	485	12,118	0	4,459	7,659	0	- 256	2.1%
Total	**256**	**1,723**	**35,049**	**0**	**20,452**	**14,597**	**- 393**	**- 341**	
2020									
Combined fair value hedge, hedge of borrowings									
- EUR	272	0	3,383	0	0	3,383	- 396	266	1.8%
- GBP	0	42	575	0	575	0	- 48	30	2.5%
- JPY	103	0	732	0	732	0	- 18	- 12	1.8%
- NOK	0	67	1,549	0	0	1,549	- 30	- 12	2.5%
Fair value hedge, hedge of borrowings									
- USD	484	393	12,111	0	9,690	2,421	- 478	484	3.1%
Cash flow hedge, hedge of borrowings									
- EUR	0	212	2,790	0	0	2,790	0	- 206	4.2%
- GBP	0	297	1,894	0	1,894	0	0	- 67	4.6%
- NOK	0	24	490	308	182	0	0	- 6	2.4%
- USD	938	1,374	11,530	4,237	4,115	3,178	0	- 412	2.1%
Total	**1,797**	**2,409**	**35,054**	**4,545**	**17,188**	**13,321**	**- 970**	**65**	

[1] Currency element of the cross-currency swaps is not designated into the hedge relationship and is recognised in financial items

Note 21: Financial risks – continued

The group has most of its debt denominated in DKK, EUR and USD, but part of the debt (e.g. issued bonds) is in other currencies such as GBP, JPY and NOK. 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 duration range and is primarily obtained using interest rate swaps. The weighted average duration of term loans is 2.9 years (2.1 years) excluding IFRS 16 leases.

A general increase in interest rates by one percentage point is estimated, all other things being equal, to affect profit before tax and equity, excluding the tax effect, positively by approx. DKK 0.9bn and DKK 1.1bn, respectively (positively by approximately DKK 0.2bn and DKK 0.3bn, respectively).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The hedging of interest rate risks 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 DKK 0m (loss of DKK 79m).

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, amounting 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 DKK 0m (DKK 39m).

Borrowings by interest rate levels inclusive of interest rate swaps

		Next interest rate fixing		
Amounts in DKKm	Carrying amount	0-1 year	1-5 years	5- years
2021				
0-3%	39,689	24,459	8,583	6,647
3-6%	75,107	15,587	36,680	22,840
6%-	6,199	541	1,847	3,811
Total	**120,995**	**40,587**	**47,110**	**33,298**
Of which:				
Fixed interest rate	95,772			
Floating interest rate	25,223			
2020				
0-3%	35,788	31,618	1,680	2,490
3-6%	66,438	5,923	33,552	26,963
6%-	5,530	709	1,515	3,306
Total	**107,756**	**38,250**	**36,747**	**32,759**
Of which:				
Fixed interest rate	79,243			
Floating interest rate	28,513			

Note 21: Financial risks – continued

OIL PRICE RISK

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 large quantities and stored for processing and resale. 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 risk policy, defining a maximum net open position. The group has entered into oil derivatives positions shown in the table below.

Commodity hedges

Amounts in DKKm	Fair value	Maturity 0-1 year	2-4 years	5 years
2021				
Commodity swaps	66	66	0	0
Total	**66**	**66**	**0**	**0**
2020				
Commodity swaps	- 79	- 79	0	0
Commodity futures	- 115	- 115	0	0
Commodity options	67	0	67	0
Total	**- 127**	**- 194**	**67**	**0**

CREDIT RISK

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 impaired.

Approx. 50% (90%) of the provision for bad debt is related to trade receivables overdue by more than one year.

Maturity analysis of trade receivables

Amounts in DKKm	2021	2020
Receivables not due	29,664	16,034
Less than 90 days overdue	8,904	7,198
91-365 days overdue	956	1,066
More than 1 year overdue	693	949
Receivables, gross	**40,217**	**25,247**
Provision for bad debt	- 1,376	- 1,050
Carrying amount as of 31 December	**38,841**	**24,197**

The loss allowance provision for trade receivables as of 31 December 2021 reconciles to the opening loss allowance as follows:

Change in provision for bad debt

Amounts in DKKm	2021	2020
Provision as of 1 January	1,050	1,486
Provision made	1,241	1,557
Amount used	- 509	- 1,047
Amount reversed	- 516	- 837
Acquired in business combinations	8	0
Transfer, assets held for sale	- 6	0
Exchange rate adjustment	108	- 109
Provision as of 31 December	**1,376**	**1,050**

Note 21: Financial risks – continued

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 a low credit risk, and thus, the impairment provision calculated basis of 12 months 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.

LIQUIDITY RISK

The liquidity profile and capital structure are managed by each portfolio company. The equity share of total equity and liabilities was 64.7% as of 31 December 2021 (59.1%).

Amounts in DKKm	2021	2020
Borrowings	120,995	107,756
Net interest-bearing debt	3,906	62,714
Liquidity reserve[1]	165,783	86,526

[1] Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities, term deposits and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions

For information about cash and bank balances in countries with exchange control or other restrictions, see text to the consolidated cash flow statement.

The group has placed DKK 32.8bn (DKK 0.0bn) in term deposits (more than three months), which is included in the liquidity reserve. The term deposits are recognised as loan receivables.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, revenue back-log, 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 between two and six years (between three and five years as of 31 December 2020).

Maturities of liabilities and commitments

		Cash flows including interest			
Amounts in DKKm	Carrying amount	0-1 year	1-5 years	5- years	Total
2021					
Bank and other credit institutions	28,721	5,330	19,594	7,291	32,215
Lease liabilities	70,366	19,035	40,492	27,802	87,329
Issued bonds	21,908	597	16,459	8,249	25,305
Trade payables	44,235	44,235	0	0	44,235
Other payables	12,065	11,273	1,365	101	12,739
Non-derivative financial liabilities	**177,295**	**80,470**	**77,910**	**43,443**	**201,823**
Derivatives	2,299	648	1,292	235	2,175
Total recognised in balance sheet	**179,594**	**81,118**	**79,202**	**43,678**	**203,998**
Operating lease commitments		941	0	0	941
Capital commitments		9,756	15,664	3,252	28,672
Total		**91,815**	**94,866**	**46,930**	**233,611**
2020					
Bank and other credit institutions	30,391	6,191	17,668	9,802	33,661
Lease liabilities	54,221	11,458	29,945	32,552	73,955
Issued bonds	23,144	2,790	12,758	11,554	27,102
Trade payables	33,376	33,376	0	0	33,376
Other payables	9,434	8,895	473	73	9,441
Non-derivative financial liabilities	**150,566**	**62,710**	**60,844**	**53,981**	**177,535**
Derivatives	3,526	1,447	1,134	948	3,529
Total recognised in balance sheet	**154,092**	**64,157**	**61,978**	**54,929**	**181,064**
Operating lease commitments		1,109	0	0	1,109
Capital commitments		4,758	5,227	3,137	13,122
Total		**70,024**	**67,205**	**58,066**	**195,295**

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 release of capital and following up on the development in working capital and revenue back-log.

Note 22: Derivatives

Derivatives are presented at fair value in the balance sheet.

Amounts in DKKm	2021	2020
Non-current receivables	216	1,628
Current receivables	282	1,907
Non-current liabilities	- 1,577	- 2,082
Current liabilities	- 722	- 1,444
Liabilities, net	**- 1,801**	**9**

Hedges comprise primarily currency derivatives, interest rate derivatives and oil price hedges, which are further described in note 18. The gains/losses of the derivatives are recognised as follows:

Amounts in DKKm	2021	2020
Hedging foreign exchange risk on revenue	89	33
Hedging foreign exchange risk on operating costs	253	107
Hedging interest rate risk	- 372	- 301
Hedging foreign exchange risk on the cost of non-current assets	- 13	98
Hedging foreign exchange risk on discontinued operations	0	0
Total effective hedging	**- 43**	**- 63**
Ineffectiveness recognised in financial expenses	30	- 59
Total reclassified from equity reserve for hedges	**- 13**	**- 122**
Derivatives accounted for as held for trading		
Currency derivatives recognised directly in financial income/expenses	- 1,031	1,296
Interest rate derivatives recognised directly in financial income/expenses	- 579	700
Oil prices and freight rate derivatives recognised directly in other income/costs	- 1,038	1,394
Net gains/losses recognised directly in the income statement	**- 2,648**	**3,390**
Total	**- 2,661**	**3,268**

Value adjustment of cash flow hedges recognised in other comprehensive income are specified as follows:

Amounts in DKKm	2021	2020
Value adjustment of hedges for the year	**- 510**	**42**
Reclassified to income statement:		
- revenue	- 94	- 33
- operating costs	- 250	- 107
- financial expenses	344	360
Total reclassified to income statement	**0**	**220**
Reclassified to non-current assets	**13**	**- 98**

Besides the designated cash flow hedges, the group enters into derivatives to hedge currency exposures that do not qualify for hedge accounting. These derivatives are classified as fair value through profit and loss.

Amounts in DKKm	2021	2020
Currency derivatives	- 90	- 12
Interest derivatives	0	54
Total	**- 90**	**42**

Note 23: Financial instruments by category

Financial assets Amounts in DKKm	Carrying amount 2021	Fair value[3] 2021	Carrying amount 2020	Fair value[3] 2020
Carried at amortised cost				
Loans receivable	34,122	34,122	1,864	1,897
Lease receivables	541		822	
Other interest-bearing receivables and deposits	472	472	522	522
Trade receivables	38,841		24,197	
Other receivables (non-interest-bearing)	6,695		6,814	
Cash and bank balances	83,692		42,770	
Financial assets at amortised cost	**164,363**		**76,989**	
Derivatives	**498**	**498**	**3,535**	**3,535**
Carried at fair value through profit/loss				
Other receivables (non-interest bearing)[1]	26	26	18	18
Shares	10,515	10,515	5,440	5,440
Other securities	20	20	6	6
Financial assets at fair value through profit/loss	**10,561**	**10,561**	**5,464**	**5,464**
Carried at fair value through other comprehensive income				
Other equity investments (FVOCI)[2]	2,084	2,084	649	649
Financial assets at fair value through OCI	**2,084**	**2,084**	**649**	**649**
Total financial assets	**177,506**		**86,637**	

[1] Relates to contingent consideration receivables
[2] Designated at initial recognition in accordance with IFRS 9
[3] Where no fair value is stated, the amount equals carrying amount

Financial liabilities Amounts in DKKm	Carrying amount 2021	Fair value[1] 2021	Carrying amount 2020	Fair value[1] 2020
Carried at amortised cost				
Bank and other credit institutions	28,721		30,391	
Lease liabilities	70,366		54,221	
Issued bonds	21,908		23,144	
Trade payables	44,235		33,376	
Other payables	11,344		9,083	
Financial liabilities at amortised cost	**176,574**		**150,215**	
Derivatives	**2,299**	**2,299**	**3,526**	**3,526**
Carried at fair value				
Other payables	721	721	351	351
Financial liabilities at fair value	**721**	**721**	**351**	**351**
Total financial liabilities	**179,594**		**154,092**	

[1] Where no fair value is stated, the amount equals carrying amount

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. However, where a market price was available, 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.

Note 23: Financial instruments by category – continued

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 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 reasonable possible change in the discount rate is not estimated to affect the group's profit or equity significantly.

Financial assets and liabilities measured at fair value

Amounts in DKKm	Level 1	Level 2	Level 3
Financial assets			
Derivatives	72	426	0
Securities	10,072	0	2,547
Loan receivables	0	0	26
Financial assets at fair value as of 31 December 2021	**10,144**	**426**	**2,573**
Financial liabilities			
Derivatives	0	2,299	0
Other payables	0	0	721
Financial liabilities at fair value as of 31 December 2021	**0**	**2,299**	**721**

Financial assets and liabilities measured at fair value

Amounts in DKKm	Level 1	Level 2	Level 3
Financial assets			
Derivatives	0	3,535	0
Securities	5,159	0	936
Loan receivables	0	0	130
Financial assets at fair value as of 31 December 2020	**5,159**	**3,535**	**1,066**
Financial liabilities			
Derivatives	0	3,526	0
Other payables	0	0	351
Financial liabilities at fair value as of 31 December 2020	**0**	**3,526**	**351**

Note 23: Financial instruments by category – continued

Movement during the year in level 3

Amounts in DKKm	Other equity investments (FVOCI)	Other equity investments	Other receivables	Total financial assets
Carrying amount as of 1 January 2020	462	62	20	544
Addition	209	386	112	707
Disposal	- 26	0	0	- 26
Gains/losses recognised in the income statement	0	- 36	0	- 36
Gains/losses recognised in other comprehensive income	13	0	0	13
Exchange rate adjustment, etc.	- 108	- 26	- 2	- 136
Carrying amount as of 31 December 2020	**550**	**386**	**130**	**1,066**
Addition	390	277	26	693
Disposal	- 113	- 33	- 131	- 277
Gains/losses recognised in the income statement	0	156	0	156
Gains/losses recognised in other comprehensive income	807	0	0	807
Exchange rate adjustment, etc.	93	35	0	128
Carrying amount as of 31 December 2021	**1,727**	**821**	**25**	**2,573**

Movement during the year in level 3

Amounts in DKKm	Other payables	Total financial liabilities
Carrying amount as of 1 January 2020	7	7
Addition	360	360
Gains/losses recognised in other comprehensive income	20	20
Exchange rate adjustment, etc.	- 36	- 36
Carrying amount as of 31 December 2020	**351**	**351**
Addition	396	396
Exchange rate adjustment, etc.	- 26	- 26
Carrying amount as of 31 December 2021	**721**	**721**

Note 24: Commitments

OPERATING LEASE COMMITMENTS

As part of the group's activities, customary agreements are entered into regarding charter and operating leases of ships, containers, port facilities, etc. These leases are recognised as right-of-use assets, except for short-term and low-value leases, see note 9 for further information.

The future charter and operating lease payments are:

Amounts in DKKm	2021	2020	Total
Within one year	941	1,109	2,050
Total	**941**	**1,109**	**2,050**

CAPITAL COMMITMENTS

The group has the following capital commitments:

Amounts in DKKm	2021	2020
Capital commitments relating to acquisition of non-current assets	20,993	5,508
Commitments towards concession grantors	7,679	7,614
Total capital commitments	**28,672**	**13,122**

The increase in capital commitments is primarily related to contractual payments during 2021.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

			No.
Newbuilding programme as of 31 December 2021	2022	2023	Total
Vessels	11	7	18
Total	**11**	**7**	**18**

			DKKm
Capital commitments relating to the newbuilding programme as of 31 December 2021	2022	2023	Total
Vessels	2,460	1,311	3,771
Total	**2,460**	**1,311**	**3,771**

Note 25: 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 change of control of the company.

In addition to the pledges set out in note 8, certain bank accounts and shares in subsidiaries that are owners of collateral rigs and certain intra-group charterers in respect of the collateral rigs are pledged as security for term loans and credit facilities with a carrying amount as of 31 December 2021 of DKK 6.8bn (DKK 7.6bn). In certain circumstances, earnings in respect of drilling contracts for the collateral rigs will be assigned in favour of the lenders under the loan agreements.

Custom bonds of DKK 3.2bn (DKK 3.1bn) have been provided to various port authorities in India.

The group has entered into certain agreements with terminals and port authorities, etc. containing volume commitments including an extra payment in case minimum volumes are not met.

Certain subsidiaries in the group are guarantors as principal obligor for part of the group's external banking facility of DKK 4.2bn of which DKK 3.7bn are drawn as of 31 December 2021. The net assets of the guarantors amount to DKK 0.6bn as of 31 December 2021.

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. Please refer to note 31. 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.

SECONDARY DECOMMISSIONING LIABILITY

As part of the divestment of Mærsk Olie & Gas A/S 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 due to this secondary liability as very remote.

Note 26: Cash flow specifications

Amounts in DKKm	2021	2020
Change in working capital		
Inventories	- 3,330	54
Trade receivables	- 12,362	89
Other receivables and prepayments	- 94	- 301
Trade payables and other payables	6,002	- 545
Exchange rate adjustment of working capital	- 279	- 282
Total	**- 10,063**	**- 985**
Purchase of intangible assets and property, plant and equipment		
Addition	- 54,586	- 21,432
Of which right-of-use assets, etc.	29,742	10,015
Of which borrowing costs capitalised on assets	44	61
Change in trade payables regarding purchase of assets	3,610	35
Total	**- 21,190**	**- 11,321**
Financial investments		
Addition, joint ventures	- 19	- 7
Addition, receivables	24	- 147
Payments regarding receivables	132	- 345
Addition, other equity investments	- 556	- 338
Disposal, other equity investments	- 31,689	563
Total	**- 32,108**	**- 274**

Other non-cash items relate primarily to the adjustment of provisions for bad debt regarding trade receivables.

Note 27: Acquisition/sale of subsidiaries and activities

ACQUISITIONS DURING 2021

Cash flow used for acquisitions in 2021

Amounts in DKKm	Faerch	Logistics & Services	Nissens Cooling Solutions	Other	Total
Fair value at time of acquisition					
Intangible assets	5,815	1,327	301	194	7,637
Property, plant and equipment	2,213	163	291	33	2,700
Right-of-use assets	95	453	54	0	602
Financial assets	0	19	3	0	22
Deferred tax assets	55	0	3	0	58
Current assets	1,415	565	593	50	2,623
Provisions	0	0	- 21	0	- 21
Liabilities	- 8,538	- 856	- 497	- 128	- 10,019
Net assets acquired	**1,055**	**1,671**	**727**	**149**	**3,602**
Non-controlling interests	0	0	0	0	0
A.P. Møller Holding A/S' share	**1,055**	**1,671**	**727**	**149**	**3,602**
Goodwill	6,500	3,855	513	341	11,209
Purchase price	**7,555**	**5,526**	**1,240**	**490**	**14,811**
Change in payable purchase price, etc.	0	0	40	- 13	27
Contingent consideration	0	- 402	0	93	- 309
Cash and bank balances assumed	- 49	- 132	- 52	19	- 214
Cash flow used for acquisition of subsidiaries and activities	**7,506**	**4,992**	**1,228**	**589**	**14,315**

For the year 2021, the total acquisition costs for the acquisitions recognised in the income statement amounted to DKK 0.2bn.

Faerch

On 12 March 2021, the group acquired 100% of the shares in Faerch. Faerch is the world's leading sustainable food packaging company as a pan-European manufacturer of sustainable food packaging solutions. By acquiring Faerch, the group contributes to the critical societal development of a circular system of waste, with the same material being used and re-used in an endless number of manufacturing cycles. Faerch has demonstrated that it offers a compelling, sustainable solution, by developing food packaging products with a high degree of post-consumer recycled content.

The total purchase price is DKK 7.6bn. Of the purchase price allocation, DKK 6.5bn is related to goodwill while DKK 5.8bn is related to intangible assets, mainly customer relationships and brand. DKK 0.1bn is related to right-of-use assets. Liabilities are mainly related to borrowings and lease liabilities. Goodwill is mainly attributable to expected future synergies from leveraging the acquired knowhow and technologies.

From the acquisition date to 31 December 2021, Faerch contributed with a revenue of DKK 3.6bn and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the group's revenue would have been DKK 4.2bn. The net profit impact to the group would have been insignificant.

A.P. Møller – Mærsk A/S

A.P. Møller – Mærsk A/S has acquired a number of businesses within 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 DKK 5.0bn, including a contingent consideration valued at DKK 0.4bn. The contingent consideration is made up of a fixed number of A.P. Moller - Maersk B shares. Of the purchase price allocation, DKK 3.5bn is related to goodwill while DKK 1.1bn is related to intangible assets, mainly customer relationships, software and technology. DKK 0.5bn is related to right-of-use 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 DKK 1.3bn and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the group's revenue would have been DKK 3.2bn. The net profit impact to the group would have been insignificant.

The accounting for the business combination is considered provisional as per 31 December 2021, as valuation of intangible assets is not yet finalised.

Note 27: Acquisition/sale of subsidiaries and activities - continued

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 DKK 0.4bn. Of the purchase price allocation, DKK 0.2bn is related to goodwill while DKK 0.1bn 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 DKK 0.2bn and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the group's revenue would have been DKK 0.9bn. The net profit impact to the group would have been insignificant.

The accounting for the business combination is considered provisional as per 31 December 2021, as valuation of intangible assets is not yet finalised.

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 APMM'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 DKK 0.1bn, and is subject to adjustment based on future performance.

Nissens Cooling Solutions

On 30 November 2021, the group acquired 100% of the shares in Nissens Cooling Solutions, a global market leading supplier of customised cooling solutions for industrial applications, not least the wind turbine industry.

The total purchase price is DKK 1.2bn. Of the purchase price allocation, DKK 0.5bn is related to goodwill while DKK 0.3bn is related to intangible assets, mainly customer relationships, know-how and technologies. Goodwill is mainly attributable to expected future synergies from integration.

From the acquisition date to 31 December 2021, Nissens Cooling Solutions contributed with a revenue of DKK 0.1bn and an insignificant net profit. Had the acquisition occurred on 1 January 2021, the impact on the group's revenue would have been DKK 1.3bn. The net profit impact to the group would have been insignificant.

Other

In addition to the above acquisitions, there have been other smaller acquisitions within the group and therefore the cash outflow related to acquisitions adds up to DKK 14.3bn.

Acquisitions after 31 December 2021

The acquisitions mentioned below are each considered a business combination in accordance with IFRS 3, Business Combinations. Due to the timing of the closing of the acquisition, the initial accounting for the business combination is incomplete at the time of issuing the financial statements for 2021 for A.P. Moller Holding.

Unilabs

On 15 March 2022, the group completed the acquisition of all shares in Unilabs Holding AB. Unilabs is a leading European provider of medical diagnostic services. By acquiring Unilabs, the group contributes to critical societal challenges as diagnostics is a crucial part of the important transition from volume-based to value-based care, to reduce the amount of medical resources applied and to provide better patient outcomes. As of 31 December 2021, the acquisition of Unilabs was subject to approval by the relevant competition authorities.

Faerch

In July 2021, it was announced that the group intends to acquire MCP Ltd. MCP has production and sales operations in Israel and in the US. The acquisition is subject to regulatory approvals and the transaction is expected to close in 2022.

In December 2021, the group signed an agreement to acquire Paccor Holdings GmbH, a leading European manufacturer of rigid packaging for the food industry with a significant position in the dairy segment. The acquisition is subject to customary regulatory approvals and the transaction is expected to close in 2022.

Note 27: Acquisition/sale of subsidiaries and activities - continued

A.P. Moller - Maersk
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 US and Asia, and thereby add strong capabilities and geographical reach to the integrator vision. The estimated enterprise value is DKK 4.2bn. The acquisition is expected to be finalised during H1 2022.

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 Intermodal 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 DKK 85m. The acquisition is expected to be finalised during 2022.

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 DKK 23.6bn. In addition to the enterprise value, an earn-out with a total value of up to DKK 1.0bn 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 2020

Cash flow used for acquisitions in 2020

Amounts in DKKm	Performance Team	KGH	Pipavav	Other	Total
Fair value at time of acquisition					
Intangible assets	1,258	1,053	1,570	196	4,077
Property, plant and equipment	164	13	1,655	10	1,842
Right-of-use assets	1,970	46	32	0	2,048
Financial assets	13	7	314	2	336
Deferred tax assets	0	20	0	0	20
Current assets	321	327	799	800	2,247
Provisions	- 13	- 52	- 20	- 2	- 87
Liabilities	- 2,261	- 1,021	- 817	- 729	- 4,828
Net assets acquired	**1,452**	**393**	**3,533**	**277**	**5,655**
Non-controlling interests	0	0	- 2,015	0	- 2,015
A.P. Møller Holding A/S' share	**1,452**	**393**	**1,518**	**277**	**3,640**
Goodwill	622	1,125	0	450	2,197
Gain on business acquisition	0	0	- 301	0	- 301
Purchase price	**2,074**	**1,518**	**1,217**	**727**	**5,536**
Contingent consideration	- 65	- 288	0	- 85	- 438
Derecognition of associate company	0	0	- 1,191	0	- 1,191
Cash and bank balances assumed	13	- 105	- 602	- 191	- 885
Cash flow used for acquisition of subsidiaries and activities	**2,022**	**1,125**	**- 576**	**451**	**3,022**

For the year 2020, the total acquisition costs for the acquisitions recognised in the income statement amounted to DKK 0.1bn.

Note 27: Acquisition/sale of subsidiaries and activities - continued

A.P. Moller - Maersk

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, by 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 for customers and accelerates the company's regional logistics and services model.

The total enterprise value of DKK 4.1bn consisted of a total purchase price of DKK 2.1bn on a cash and debt-free basis and acquired lease liabilities of around DKK 2.0bn. The purchase price mainly relates to fixed assets and the customer list. The lease liabilities have been adjusted in accordance with IFRS 16.

The goodwill of DKK 0.6bn is attributable to workforce and commercial/operational synergies between Performance Team LLC 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 DKK 2.6bn 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 DKK 3.4bn. The net profit contributed to the group would have been minor.

The accounting for the business combination is considered provisional as of 31 December 2020 due to certain contingencies, indemnities, etc.

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 enterprise value of DKK 1.9bn consisted of a total purchase price of DKK 1.9bn on a cash and debt-free basis and acquired lease liabilities of around DKK 39m.

Out of the purchase price of DKK 1.9bn, debt of DKK 0.7bn has been deducted, and discounted maximum earn-out of DKK 0.3bn has been added to arrive at the DKK 1.5bn in aggregate purchase consideration as reported.

The goodwill of DKK 1.1bn is mainly attributable to the synergies between KGH Customs Services 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 DKK 0.6bn.

The accounting for the business combination is considered provisional as of 31 December 2020 due to certain contingencies, indemnities, etc.

The group had a stake of 43.01% in Gujarat Pipavav Port Ltd (GPPL) and treated the entity as an associated company. On 9 June 2020, the group obtained the majority of seats on the Board of Directors of GPPL, thereby obtaining control of the entity.

The acquisition consists of net assts of DKK 3.5bn at fair value of which DKK 1.6bn is terminal rights and a non-controlling interest of DKK 2.0bn, offset by the derecognition of the associate company of DKK 1.2bn. A gain of DKK 0.3bn was recognised for disposing GPPL as an associate, and the cumulative translation reserve loss of DKK 0.4bn related to the associate was also recycled to profit/loss. Liquid funds acquired amounted to DKK 0.6bn. 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 a bargain purchase. The gain from the bargain purchase has been reported at DKK 0.3bn.

From the acquisition date to 31 December 2020, the Pipavav terminal contributed positively to the results with a revenue of DKK 0.4bn. If the acquisition had occurred on 1 January 2020, the impact on the group's revenue would have been DKK 0.6bn.

The accounting for the business combination is considered provisional as of 31 December 2020.

Note 27: Acquisition/sale of subsidiaries and activities – continued

Other acquisitions

On 1 October 2020, the group acquired 100% of the shares in Gram og Juhl A/S, a leading global supplier of monitoring and diagnostic solutions for the wind turbine industry.

The purchase price for the shares was DKK 0.4bn. From the purchase price, cash in the acquired company and discounted maximum earn-out, in total DKK 0.1bn, have been deducted to arrive at the DKK 0.3bn of cash flow used for the acquisition.

The goodwill of DKK 0.2bn is mainly attributable to the synergies between Gram & Juhl and KK Wind Solutions.

From the acquisition date to 31 December 2020, Gram & Juhl contributed positively to the results. If the acquisition had occurred on 1 January 2020, the impact on the group's revenue would have been DKK 100m.

In addition to the above acquisition, there has been a small acquisition in Terminals & Towage.

Acquisition after 31 December 2020

On 12 March 2021, the group acquired 100% of the shares/all voting shares in Faerch. Faerch is the world's leading sustainable food packaging company as a pan-European manufacturer of sustainable food packaging solutions. The transaction values Faerch at approximately DKK 14.1bn (EUR 1.9bn).

By acquiring Faerch, A.P. Moller Group contributes to the critical societal development of a circular system of waste, with the same material being used and re-used in an endless number of manufacturing cycles. Faerch has demonstrated that it offers a compelling, sustainable solution, by developing food packaging products with a high degree of post-consumer recycled content.

As of 31 December 2020, the acquisition of Faerch was subject to approval by the relevant competition authorities and completion of Faerch's recently announced acquisition of the Sirap food packaging business in Italy, Poland and Spain.

The acquisition is considered a business combination in accordance with IFRS 3, Business Combinations. Due to the timing of the closing of the acquisition, the initial accounting for the business combination is incomplete at the time of issuing the financial statements for 2020 for A.P. Moller Holding.

SALES DURING 2021 AND 2020

No material sales were performed during 2021 and 2020, respectively. However, a smaller amount of shares has been disposed in our privately held portfolio companies.

Note 28: Related parties

	Associated companies		Joint ventures		Management[1]	
Amounts in DKKm	2021	2020	2021	2020	2021	2020
Income statement						
Revenue	157	190	1,239	595	0	0
Operating costs[2]	3,761	3,435	4,195	3,815	75	46
Remuneration to Executive Board and Board of Directors	0	0	0	0	96	65
Financial income	0	35	0	0	0	0
Financial expenses	68	66	0	0	0	0
Other costs	0	0	13	0	0	0
Other income	6	4	0	7	0	0
Assets						
Other receivables, non-current	0	0	210	914	0	0
Other receivables, current	249	266	92	163	5	0
Trade receivables	203	157	131	85	0	0
Cash and bank balances	7,611	8,989	0	0	0	0
Liabilities						
Guarantees etc.	221	262	0	0	0	0
Issued bank guarantees	127	227	0	0	0	0
Credit institutions including loan commitments	4,045	3,408	0	0	0	0
Trade payables	466	399	577	521	13	0
Other payables	0	0	0	0	0	0
Equity						
Capital increase	297	59	216	419	0	0
Sale to non-controlling interests	0	0	0	0	30	168
Purchase from non-controlling interests	0	0	0	0	61	0
Dividends	1,363	521	879	609	32	0

1 The Board of Directors and the Executive Board in A.P. Møller Holding A/S and their close relatives (including undertakings under their significant influence). Other receivables and trade payables include customary business related accounts in connection with shipping activities

2 Operating costs regarding management include commission and commercial receivables to Maersk Broker K/S from chartering as well as purchase and sale of ships

Dividends distributed to A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal are not included.

A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal, Denmark is the parent company and the ultimate owner.

Note 29: Events after the balance sheet date

The Russian invasion of Ukraine is leading to significant uncertainties and lowered the visibility related to A.P. Moller Holding group and our businesses due to the war's material impact on financial markets, energy prices, etc. Due to the fluid situation and significant uncertainty, at the time of presenting the financial statements, management is not in a position to quantify the financial impact of the event and potential impact on the future reporting periods.

On 15 March 2022, the acquisition of Unilabs was concluded.

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

Note 30: Significant accounting policies

BASIS OF PREPARATION

The consolidated financial statements for 2021 for A.P. Møller Holding 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 large enterprises in class C. The consolidated financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

A few adjustments have been made to comparative figures. The adjustments have no effect on net profit, total assets or equity.

The accounting policies are consistent with those applied in the consolidated financial statements for 2020 except for the changes to the accounting standards that were effective from 1 January 2021 and were endorsed by the EU:

- IBOR reform, phase 2 (amendments to IFRS 9)

The changes will impact some of A.P. Moller Holding'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.

A.P. Moller Holding follows the guidelines in the above amendments, and the implementation did not change the accounting policies.

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 DKK 1.1bn. 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.

CONSOLIDATION

The consolidated financial statements comprise the parent company A.P. Moller Holding, its subsidiaries, and proportionate shares in joint arrangements classified as joint operations.

Subsidiaries are entities controlled by A.P. Moller Holding. 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 Holding, 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 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 Holding 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.

Certain entities in which the group has an ownership share of less than 100% but holds the full right to govern and receive dividends through shareholder agreements etc. are considered subsidiaries and consolidated without any non-controlling interest.

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 Holding'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 Holding'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 Holding's profit and equity respectively but shown as separate items.

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in DKK. The functional currency of the parent company is USD. In the translation to the presentation currency for the parent, subsidiaries, associates or joint arrangements with functional currencies other than DKK, the total comprehensive income is translated into DKK at average exchange rates and the balance sheet is translated at the exchange rates as per 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 (translation to the functional currency).

Note 30: Significant accounting policies - continued

The functional currency varies from business area to business area. For A.P. Møller Holding A/S and its subsidiaries' principal shipping and drilling 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 by the balance sheet date are translated at the exchange rate as per the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or financial expenses.

INCOME STATEMENT

Revenue

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. The 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 until the time of customers' 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 drilling activities typically comprises fixed amounts for each day the rig is under contract differentiated by the activities undertaken (day rate revenue) and other revenue components such as lump sum payments for rig mobilisation and demobilisation and payments for investments in equipment or rig upgrades required to meet the operational needs of the drilling campaign, both of which are amortised over the contract period; bonuses linked to performance in terms of time, efficiency or drilling outcome measures such as reservoir targeting; or payments for third-party services to be delivered to the customer.

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.

Contract work in progress and services are included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed and service completed in the financial year (the percentage-of-completion method).

No significant element of financing is deemed present as sales are made with credit terms which are 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.

Operating costs

Operating costs comprise costs incurred in generating revenue for the year, including costs for crew, costs for labour, costs for raw materials and consumables, repair and maintenance, and administrative costs.

Share of profit/loss in associated companies and joint ventures

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.

Financial income and financial expenses

Financial income and financial expenses comprise interest income and expenses, including the interest element of lease payments related to leases capitalised under IFRS 16, foreign exchange gains and losses, realised and unrealised gains and losses on financial instruments, bank fees and amortisation of transaction costs related to borrowings.

Note 30: Significant accounting policies – continued

Borrowing costs from general borrowing, or loans that directly relate to the acquisition, construction or development of qualified assets are attributed to the cost of such assets and are therefore not included in financial expenses.

Exchange differences arising on a monetary item that is a receivable from or payable to a foreign operation and forms part of a net investment in a foreign operation, is initially recognised in other comprehensive income and reclassified from equity to the income statement on disposal of the net investment in accordance with IAS 21.

Financial income and financial expenses are recognised in the income statement on an accrual basis.

Tax

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years of those. 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 it arises from items recognised in the income statement, including tax of gains on intra-group transactions that have been eliminated in the consolidation.

Current tax liabilities and receivables are recognised in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income consists of income and costs 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. The group's share of other comprehensive income in associated companies and joint ventures is also included.

On disposal or discontinuation of an entity, the group's share of the accumulated exchange rate adjustment relating to the relevant entity compared to the functional currency 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 the items recognised in other comprehensive income are taxable or deductible.

BALANCE SHEET

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets. Intangible assets regarding acquired customer relationships and brand names are amortised over a useful life of up to 10 and 20 years, respectively. IT software is amortised over a useful life of 3-5 years. Estimated useful lives and residual values are reassessed on a regular basis.

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 a grantor of a concession. The rights are amortised from the commencement of operations over the concession period.

Software has been assessed as to whether it is considered software as a service (SaaS) as per the IFRIC agenda decision on configuration and customisation costs in a cloud computing arrangement released in 2021.

Completed development projects are amortised on a straight-line basis over 3 years. Projects in progress are not amortised, but are annually tested for impairment.

Property, plant and equipment

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 lives at an estimated residual value. The useful lives of assets are typically as follows:

Ships, etc.	20-25 years
Containers, etc.	15 years
Buildings	10-75 years
Terminal infrastructure	10-20 years or concession period, if shorter
Plant and machinery, cranes and other terminal equipment	3-20 years
Rigs and drilling equipment	5-25 years (residual value 0-30%)
Other operating equipment, fixtures, etc.	3-10 years

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

Note 30: Significant accounting policies – continued

Cost comprises the acquisition price as well as costs directly associated with the asset until such time as the asset is ready for its intended use.

The cost of an asset is divided into separate components, which are depreciated separately if the useful lives 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 the group includes directly attributable expenses and indirect costs related to materials, components and payroll that directly concerns the construction of assets. For assets with a long construction period, borrowing costs during the construction period from specific as well as general borrowings are attributed to the cost of the asset. In addition, the cost includes the net present value of estimated costs of removal and restoration.

Subsequent expenditure items of property, plant and equipment are only recognised as an addition to the carrying amount of the item, when it is likely that incurring the cost will result in future financial benefits for the group. Other costs such as general repair and maintenance are recognised in the income statement when incurred.

Grants received from governments or similar institutions are recognised when there is reasonable certainty that they will be received. Grants for capital expenditures are offset against the cost of the assets to which the grants relate.

Right-of-use assets

The group mainly leases vessels, containers, concession agreements, 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 below. Concession arrangements and real estate contracts are negotiated on an individual basis and contain a wide range of terms and conditions.

Lease contracts, under which the group is the lessee, are capitalised using an incremental borrowing rate and recognised in the balance sheet as right-of-use assets and corresponding lease liabilities. The right-of-use assets are generally depreciated over the lease term. Lease payments are split into an interest element presented under financial expenses and amortisation of the lease liability. Both elements are included under cash flow from financing activities in the cash flow statement.

Lease contracts with a term shorter than 12 months or for which the underlying asset are of low value are not capitalised but expensed straight-line over the lease term.

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the group. 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.

Impairment of intangible assets and property, plant and equipment

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.

Assets held for sale

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, 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, and 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. The measurement of deferred tax and financial assets and liabilities is unchanged.

Investment in associated companies and joint ventures

Investments in associated companies and joint ventures are recognised at the group'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.

Note 30: Significant accounting policies – continued

Other financial investments
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 are classified in the following measurement categories:

- Through other comprehensive income, or
- Through the income statement

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
Inventories mainly consist of bunker, spare parts not qualifying as property, plant and equipment, other consumables, and purchased goods. Inventories are measured at cost including delivery costs and indirect production costs, and primarily the FIFO method has been applied. The cost of finished goods and work in progress includes direct and indirect production costs.

Loans and receivables
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-down is made for anticipated 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.

Prepayments
Prepayments comprise upfront fees, consumables and prepaid costs including mobilisation and start-up costs that are considered costs to fulfil contracts under IFRS 15 (contract assets). For contract assets, any need for loss provisions are estimated using the simplified approach under IFRS 9.

Equity
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 dividends from such shares are recognised in equity.

The translation reserve comprises A.P. Møller Holding A/S' share of accumulated exchange rate differences arising on translation from functional currency into presentation currency. Differences arising from translation to the presentation currency are recognised in other comprehensive income and will not be reclassified to the income statement. 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. The reserve is transferred to the income statement when the hedge transaction is settled.

Share-based payments
Equity settled restricted shares and share options allocated to executive employees as part of the group's long-term incentive programmes are recognised as staff costs over the vesting period at estimated fair value at the grant date and a corresponding adjustment in equity.

Cash settled performance awards allocated to employees as part of the group's long-term incentive programmes are recognised as staff costs over the vesting period and a corresponding adjustment in other payables.

At the end of each reporting period, the group revises its estimates of the 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 or other payables.

Provisions
Provisions are recognised when the group has a present legal or constructive obligation from past events. The item includes, among others, legal disputes, provision 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 US. Provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

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

Note 30: Significant accounting policies – continued

Defined benefit plans
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 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 the group, 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. For defined benefit multi-employer plans where sufficient information to apply defined benefit accounting is not available, the plans are treated as defined contribution plans.

Deferred tax
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 Holding controls the timing of dividends, and 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.

Financial liabilities
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
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 the group's incremental borrowing rate (IBR). The applied 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 Holding 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 Holding 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 which 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 or loss.

If extension and termination options in lease contracts are included, A.P. Moller Holding will probably exercise those 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 Holding and not by the respective lessor.

Note 30: Significant accounting policies – continued

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and is within the control of the lessee. Where A.P. Moller Holding will probably exercise specific purchase options, those options are included in the measurement of the lease liability with the corresponding right-of-use asset depreciated over the asset's useful life rather than lease term.

OTHER AREAS

Derivative financial instruments

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. Positive and negative values are set off (only relevant to currency hedging with banks) only where the enterprise has the right and the intention to settle several financial instruments on a net basis.

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 hedge 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.

Cash flow statement

Cash flow from operating activities includes all cash transactions other than cash flows arising from investments and divestments, received dividends, principal payments of loans, instalments on finance lease liabilities, paid and received financial items and equity transactions. Capitalisation of borrowing costs is considered non-cash items, 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 the group's cash management.

Business combinations and disposal of subsidiaries

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 the 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 the group 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 gain (or 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 the 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.

NEW FINANCIAL REPORTING REQUIREMENTS IN 2022 OR LATER

A.P. Moller Holding has not yet adopted the following standards/requirements:

- IFRS 17 – Insurance contracts

In respect to IFRS 17, an analysis of the impact is being assessed and is expected to be concluded in due course, ahead of the implementation date.

Other published changes to IFRS, that are not mandatory for the 31 December 2021 reporting period, are not expected to have any significant impact on recognition and measurement.

DEFINITIONS OF FINANCIAL RATIOS

Return on equity after tax is calculated as profit for the year after tax in proportion to the average equity for the year.

Equity interest is calculated as equity end of year in proportion to the balance sheet total end of year.

Note 31: Significant accounting judgments and estimates

The preparation of the consolidated financial statements requires management to make judgments and estimates on an ongoing basis and form assumptions that affect the reported amounts. Management forms its judgments and estimates based on historical experience, independent advice, external data points as well as 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 associated, 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 the group, 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 Holding is particularly exposed to material uncertainties over the carrying amounts as at the end of 2021 are included below.

SIGNIFICANT ACCOUNTING JUDGMENTS

Determination of cash generating units

Judgment is applied in the definition 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 for various business areas.

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 are made up of several individual businesses which are each considered one cash generating unit.

Rigs with similar functionality and operating environment are considered as one cash generating unit due to largely interdependent cash flows.

Product tanker vessels with similar functionality (LR2, MR, Intermediate and Handy) and operating environment are considered as one cash generating unit.

Tray and recycling businesses are considered as two cash generating units.

KK Wind Solutions and Nissens Cooling Solutions are each considered as one cash generating unit.

Deferred tax assets

Judgment has been applied with respect to the group's ability to utilise the assets. Management considers the likelihood of utilisation based on the latest business plans and recent financial performances of the individual entities. Net deferred tax assets recognised in entities having suffered an accounting loss in either the current or preceding period amount to DKK 0.8bn (DKK 0.5bn), excluding entities participating in joint taxation schemes. These assets mainly relate to unused tax losses or deductible temporary differences generated, during construction of terminals, where taxable profits have been generated either in the current period or are expected within a foreseeable future.

Uncertain tax positions

The group 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 the group'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. Provision and uncertain tax liabilities are recognised when the aggregated probability of the tax position being upheld is considered less than 50%.

Note 31: Significant accounting judgments and estimates – continued

Operations in countries with limited access to repatriating surplus cash

A.P. Moller Holding group 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 judgments as to whether these cash positions can be recognised as cash or cash equivalents.

Business combinations

Upon acquisition of new entities, the acquired assets, liabilities and contingent liabilities are measured at fair value. In fair value assessments, significant judgments have been made and estimates have been applied using various valuation techniques.

Assets held for sale

On 10 November 2021, Maersk Drilling announced a merger with Noble Corporation. Upon the closing of the transaction, the shareholders of Maersk Drilling and Noble will each own approximately 50% of the outstanding shares of the new holding company. Therefore, it is expected that the merger will result in a shareholding of approx. 21% for A.P. Moller Holding. As the company has committed to a merger plan involving loss of control of a subsidiary, the criteria in accordance with IFRS 5 for classification of non-current assets as held for sale have to be assessed. As of 31 December 2021, management has assessed that not all of the criteria in IFRS 5 are met, as the transaction is subject to shareholder approval, merger clearance and other regulatory approvals.

SIGNIFICANT ACCOUNTING ESTIMATES

Vessel sharing agreements (Cost sharing arrangements)

Vessel sharing agreements in shipping require that some vessels are committed to 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 a basis of relative capacity over/under utilised on a monthly or other mutually agreed cycle. These capacity agreements are settled as close to actual costs incurred as possible based on market rates applicable at that time.

Impairment tests

The outcome of impairment tests is subject to estimates in financial budgets and business plans, the development of container freight rates, volumes, oil and bunker prices, commodity prices, and discount rates.

Please refer to notes 7 and 8 for information about impairment analysis, key assumptions and impairment test results.

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 and rigs 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.

The residual values of containers are initially estimated between 10% and 30%, depending on the container type.

Investments in associated companies

As of 31 December 2021, the carrying amount of the shares in Danske Bank amounted to DKK 37.3bn (DKK 35.0bn), including group goodwill of DKK 1.0bn and the market value amounted to DKK 20.7bn (DKK 18.4bn). An impairment test has been prepared and supports that there is no impairment as of 31 December 2021 (31 December 2020).

Danske Bank remains in dialogue with various authorities regarding the terminated non-resident portfolio at Danske Bank's Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the US. Danske Bank continues to cooperate with all authorities.

In 2018, the Estonian Office of the Prosecutor General opened a criminal investigation into former employees of the Estonian branch.

Note 31: Significant accounting judgments and estimates – continued

In November 2018, Danske Bank was preliminarily charged by the Danish Special Crime Unit (SCU) (previously part of the Danish State Prosecutor for Serious Economic and International Crime) with violating the Danish AML Act on four counts all relating to the Estonian branch in the period from 1 February 2007 to the end of January 2016. In October 2020, SCU added violation of Section 71 of the Danish Financial Business Act for governance and control failures in the period from 1 February 2006 to the end of 2017 to the preliminary charges.

In February 2019, Danske Bank was placed under formal investigation by an investigating judge of the Tribunal de Grande Instance de Paris in the context of an ongoing French criminal investigation and on the grounds of money laundering suspicions relating to certain transactions in the terminated portfolio of non-resident customers of Danske Bank's Estonian branch, amounting to around DKK 160m and performed between 2007 and 2014. Danske Bank has posted bail in the amount of DKK 80m.

In December 2020, Danske Bank was informed by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) that it had decided to close its investigation of Danske Bank in relation to the Estonia case with no action. OFAC is the U.S. authority responsible for civil enforcement of U.S. sanctions. The decision does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention.

Danske Bank is reporting to, responding to and cooperating with various authorities, including SCU, the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), relating to Danske Bank's Estonian branch. The internal investigation work that Danske Bank had planned to complete during 2020 has been finalised and Danske Bank has reported the findings to relevant authorities. Danske Bank continues to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities' investigations remains unknown and is not within Danske Bank's control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which could be material.

Based on orders from the Danish FSA, Danske Bank's solvency need has been increased in 2018 by a Pillar II add-on of in total DKK 10bn to ensure adequate capital coverage of the increased compliance and reputational risks in relation to the Estonian AML matter.

On 9 January 2019, an action was filed in the United States District Court for the Southern District of New York by an alleged holder of Danske Bank's American Depositary Receipts, representing its ordinary shares, against Danske Bank and certain of its officers and former officers and/or directors. That case is now terminated, having been dismissed with prejudice by the district court and affirmed by the US Court of Appeals for the Second Circuit in August 2021.

On 3 March 2019, a court case was initiated against Danske Bank for approval of a class action lead by a newly formed association with the aim to represent former and current shareholders in a liability action relating to the Estonian AML matter. On 21 January 2021, the court dismissed the case because it did not fulfil the criteria for being approved as a class action. The association has appealed this decision. The appeal will not be decided until Q2 2022 at the earliest. In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021 a total of 320 separate cases were initiated and are still ongoing against Danske Bank with a total claim amount of approximately DKK 7.9bn. On 27 December 2019 and on 4 September 2020, two separate claims were filed by 93 investors against Danske Bank with a total claim amount of approximately DKK 1.6bn. On 2 September 2020, 20 separate claims were filed by 20 investors against Danske Bank with a total claim amount of approximately DKK 1.1bn. On 18 September 2020, one case was filed by 201 investors with a total claim value of approximately DKK 2.1bn. On 18 September 2020, one case was filed against Danske Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10m, which was increased to approximately DKK 147m on 3 January 2022. These court actions relate to alleged violations in Danske Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). A total of 200 cases have been referred to the Eastern High Court, while the remaining cases are stayed or pending before the Copenhagen City Court. Danske Bank intends to defend itself against these claims. The timing of completion of any such lawsuits (pending or threatening) and their outcome are uncertain.

On 20 February 2020 and 12 March 2021, two cases were initiated against Thomas F. Borgen by 76 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 3.2bn. The main hearing was scheduled to be held in September 2021, but this hearing was cancelled after a default judgment was issued on 14 September 2021. The case was subsequently resumed on 15 September 2021, and the main hearing provisionally scheduled for Q3 2022. Danske Bank has received procedural notifications in respect of both cases. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. On 12 November 2021, Danske Bank received a joinder statement of claim from the claimants requesting that Danske Bank be joined to the case initiated on 20 February 2020 against Thomas F. Borgen. The claim amount is currently limited to DKK 10m with a reservation to increase this to the full amount of the claim initiated against Thomas F. Borgen on 20 February 2020. The court has not yet rendered its decision as to whether Danske Bank should be joined to the case.

Note 31: Significant accounting judgments and estimates – continued

On 5 August 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising US military members and US civilians who allegedly were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families, against Danske Bank and Danske Markets, Inc., as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters Placid Express and Wall Street Exchange. Plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organisations. The complaint seeks unspecified punitive and compensatory damages. Danske Bank is defending against these claims. The timing of the completion of the lawsuit and the outcome are uncertain.

The timing of the completion of the investigations, the outcome, and the subsequent discussions with the authorities continue to be uncertain as mentioned above. At present, management of Danske Bank considers that it is not yet possible to reliably estimate the timing or amount of any potential settlement or fines, which could be material.

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. Please refer to note 19 for information about key assumptions and the sensitivity of the liability to changes in these assumptions.

Plan assets are measured at fair value by fund administrators.

Provisions for legal cases, disputes, etc.

Management's estimate of the provisions regarding legal cases and disputes, including disputes on taxes and duties, is based on the knowledge available on the actual 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 complete and the outcome is subject to considerable uncertainty.

Note 32: Company overview

A.P. MØLLER HOLDING A/S

A.P. MØLLER - MÆRSK A/S

APMH INVEST A/S

- Danske Bank A/S
- Faerch Group Holding A/S
- The Drilling Company of 1972 A/S
- Maersk Product Tankers A/S
- KK Wind Solutions Holding A/S
- NCS International Holding ApS
- Maersk Tankers A/S
- A.P. Møller Capital P/S
- Innargi Holding A/S
- ZeroNorth A/S

Note 32: Company overview – continued

A.P. Moller Holding group of companies comprises more than 900 companies.

COMPANIES OWNED BY A.P. MØLLER HOLDING A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
A.P. Møller - Mærsk A/S[1]	Denmark	41.5%
APMH Invest A/S	Denmark	100%

[1] Voting rights 51.45%

MAJOR COMPANIES OF A.P. MØLLER - MÆRSK A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership 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	USA	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	USA	90%
APM Terminals Tangier SA	Morocco	90%
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%

Subsidiary	Country of incorporation	Ownership share
Damco Belgium NV	Belgium	100%
Damco China Ltd.	China	100%
Damco Distribution Services Inc.	USA	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.	USA	100%
Farrell Lines Inc.	USA	100%
Gateway Terminals India Pvt. Ltd.	India	74%
Gujarat Pipavav Port Ltd.	India	44%
Hambürg Südamerikanische Dampfschifffahrts-Gesellschaft A/S and Co KG	Germany	100%
Maersk (China) Shipping Company Ltd.	China	100%
Maersk A/S	Denmark	100%
Maersk Agency U.S.A. Inc.	USA	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%
Maersk Inc.	USA	100%
Maersk Inter Holding B.V.	The Netherlands	100%
Maersk Line Agency Holding A/S	Denmark	100%
Maersk Line UK Ltd.	UK	100%
Maersk Line, Limited	USA	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.	USA	100%
Maersk Shipping Hong Kong Ltd.	Hong Kong	100%
Maersk Supply Service (Angola) Lda.	Angola	49%
Maersk Supply Service A/S	Denmark	100%

Note 32: Company overview – continued

Subsidiary	Country of incorporation	Ownership share
Maersk Supply Service Canada Ltd.	Canada	100%
Maersk Supply Service International A/S	Denmark	100%
Maersk Supply Service UK Ltd.	UK	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.	UK	100%
Terminal 4 S.A.	Argentina	100%
Visible Supply Chain Management LLC	USA	100%
West Africa Container Terminal BVI Ltd.	British Virgin Island	100%
West Africa Container Terminal Nigeria Ltd.	Nigeria	100%

Associate	Country of incorporation	Ownership 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	Republic of the 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 venture	Country of incorporation	Ownership 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 Wilhelmhaven GmbH & Co. KG	Germany	30%
First Container Terminal Inc	Russia	31%
Global Ports Investments PLC	Cyprus	31%
North Sea Terminal Bremerhaven Verwaltungsgesellschaft mbH	Germany	50%
Petrolesport Inc	Russia	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	USA	49%
Xiamen Songyu Container Terminal Co. Ltd.	China	25%

Note 32: Company overview – continued

COMPANIES OF APMH INVEST A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
The Drilling Company of 1972 A/S[1]	Denmark	41.6%
Maersk Tankers Holding ApS	Denmark	100%
Maersk Tankers A/S	Denmark	80%
Maersk Product Tankers A/S	Denmark	70%
ZeroNorth A/S	Denmark	55%
ZeroNorth US, Inc.	USA	100%
A.P. Møller Capital P/S	Denmark	58.9%
AIF I Sponsor Invest K/S	Denmark	100%
Innargi Holding A/S	Denmark	88%
Innargi A/S	Denmark	100%
Iv3 Aqua Holding A/S	Denmark	100%
Iv3 Aqua Corporation	USA	100%
APMH Invest IX ApS	Denmark	96.2%
APMH Invest X P/S	Denmark	100%
APMH Invest XI ApS	Denmark	100%
APMH Invest XIII ApS	Denmark	99.8%
APMH Invest XVI ApS	Denmark	98%
APMH Invest XVIII ApS	Denmark	100%
APMH Invest XXI APS	Denmark	99.5%

[1] APMH Invest A/S is considered to hold a controlling interest in The Drilling Company of 1972 A/S

Associate	Country of incorporation	Ownership share
Danske Bank A/S	Denmark	21.3%

COMPANIES OF THE DRILLING COMPANY OF 1972 A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
Maersk Drilling A/S	Denmark	100%
Maersk Drilling Services A/S	Denmark	100%
Maersk Drilling UK Limited	UK	100%
Maersk Drilling International A/S	Denmark	100%
Maersk Offshore Crew Management (Guernsey) Ltd.	Guernsey	100%
Maersk Drilling Deepwater A/S	Denmark	100%
Maersk Drilling Services LLC	Azerbaijan	100%
Maersk Inspirer Operations AS	Norway	100%
Maersk Reacher Operations AS	Norway	100%
Maersk Intrepid Operations AS	Norway	100%
Maersk Integrator Operations AS	Norway	100%
Maersk Drilling Norge AS	Norway	100%
Maersk Invincible Norge A/S	Denmark	100%
Maersk Intrepid Norge A/S	Denmark	100%
Maersk Interceptor Norge A/S	Denmark	100%
Maersk Integrator Norge A/S	Denmark	100%
Mærsk Innovator Norge A/S	Denmark	100%
Maersk Drilling DS A/S	Denmark	100%
Maersk Drilling Americas A/S	Denmark	100%
Maersk Drilling USA Inc	USA	100%
Maersk Drilling do Brasil Serviços de Petróleo Ltda.	Brazil	100%
Maersk Drilling Services S.A. de C.V.	Mexico	100%
Maersk Drilling Australia Pty Ltd.	Australia	100%
Maersk Drilling Holdings Singapore Pte Ltd.	Singapore	100%
Maersk Highlander UK Ltd	UK	100%
Maersk Drillship I Singapore Pte.Ltd.	Singapore	100%
Maersk Drillship II Singapore Pte.Ltd.	Singapore	100%
Maersk Drillship III Singapore Pte Ltd.	Singapore	100%
Maersk Drillship IV Singapore Pte Ltd.	Singapore	100%
Maersk Drilling Services Singapore Pte. Ltd.	Singapore	100%
Maersk Drilling Deepwater Egypt LLC	Egypt	100%
Maersk Drilling North Sea A/S	Denmark	100%
Maersk Drilling Poland sp. z o.o (8 April 2019)	Poland	100%
Maersk Drilling Netherlands BV	Netherlands	100%
Maersk Drilling Ghana Ltd	Ghana	100%
MD Viking Company Limited	Myanmar	100%
Horizon56 A/S	Denmark	100%
Maersk Drilling JS-Services Lda Angola JV[1]	Angola	49%
Maersk Drilling Malaysia SDN [1]	Malaysia	49%
Maersk Rigworld Ghana Limited[1]	Ghana	65%

[1] Certain entities in which Maersk Drilling has an ownership share of less than 100% but holds the full right to govern and receive dividends through shareholder agreements etc. are considered subsidiaries and consolidated with any non-controlling interest

Note 32: Company overview – continued

Joint venture	Country of incorporation	Ownership share
Maersk Decom A/S[1]	Denmark	50%
PMD Viking Ghana Ltd	Ghana	50%

[1] Maersk Decom A/S is owned jointly with A.P. Moller - Maersk. Ownership share amounts to 100% in total

COMPANIES OF MAERSK TANKERS A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
Brostrom General Partner A/S	Denmark	100%
Brostrom K/S	Denmark	100%
Handytankers General Partner A/S	Denmark	100%
Handytankers K/S	Denmark	100%
Maersk Tankers Afra General Partner A/S	Denmark	100%
Maersk Tankers Afra K/S	Denmark	100%
Maersk Tankers India Pvt. Ltd.	India	100%
Maersk Tankers LR2 General Partner A/S	Denmark	100%
Maersk Tankers LR2 K/S	Denmark	100%
Maersk Tankers MR General Partner A/S	Denmark	100%
Maersk Tankers MR K/S	Denmark	100%
Maersk Tankers US Personnel Inc.	USA	100%

COMPANIES OF MAERSK PRODUCT TANKERS A/S ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
Maersk Tankers Singapore Pte Ltd	Singapore	100%

COMPANIES OF APMH INVEST IX APS ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
KK Wind Solutions Holding A/S	Denmark	98.3%
KKWSH ApS	Denmark	100%
KK Wind Solutions A/S	Denmark	100%
KK Wind Solutions International ApS	Denmark	100%
KK Wind Solutions India Pvt. Ltd.	India	100%
KK Wind Solutions Service A/S	Denmark	100%
KK Wind Solutions Service US Inc.	USA	100%
KK Wind Solutions Polska Sp. Z.o.o	Poland	100%
KK Wind Solutions Taiwan Co. Ltd.	Taiwan	100%
KK Wind Solutions Vojens A/S	Denmark	100%
Gram og Juhl GmbH	Germany	100%
Gram og Juhl North America Inc.	USA	100%
PCH Engineering A/S	Denmark	100%
Ved Klædebo 4 ApS	Denmark	100%

COMPANIES OF APMH INVEST XIII APS ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
Faerch Group Holding ApS	Denmark	96.2%
Faerch A/S	Denmark	100%
Faerch France SAS	France	100%
Faerch Annecy SAS	France	100%
Faerch Lorient SAS	France	100%
Inline Poland Sp. z o.o.	Poland	100%
Faerch Liberec s.r.o.	Czech Republic	100%
Faerch London Ltd.	UK	100%
FP1988 UK Ltd.	UK	100%
Faerch Durham Ltd.	UK	100%
Faerch Poole Ltd.	UK	100%
Faerch UK Ltd.	UK	100%
Faerch Bunol S.L.U.	Spain	100%
Faerch Barcelona S.L.U.	Spain	100%
Faerch Italy S.r.l.	Italy	100%
4PET Recycling B.V.	Netherlands	100%
DSF Exstrusion B.V.	Netherlands	100%

Note 32: Company overview – continued

COMPANIES OF APMH INVEST XXI APS ARE LISTED BELOW

Subsidiary	Country of incorporation	Ownership share
NCS International Holding ApS	Denmark	100%
NCS International A/S	Denmark	100%
Nissens Cooling Solutions A/S	Denmark	100%
Nissens Cooling Solution Czech S.r.o.	Czech Republic	100%
Nissens Cooling Solutions Inc.	USA	100%
Nissens Cooling System (Tianjin) Co. Ltd.	China	100%
Nissens Slovakia, s.r.o.	Slovakia	100%
Nissens Slovakia, s.r.o., Svit	Slovakia	100%

Parent company financial statements

INCOME STATEMENT

Note	Amounts in DKKm	2021	2020
1	Share of profit in subsidiaries	50,821.6	4,926.2
2	Staff costs	- 177.7	- 110.5
	Other external expenses	- 28.2	- 37.9
3	Depreciation	- 3.9	- 3.7
	Other income	125.2	109.2
	Profit before financial items	**50,737.0**	**4,883.3**
4	Other financial income	2.5	427.1
5	Other financial expenses	- 1.7	- 848.7
	Profit before tax	**50,737.8**	**4,461.7**
6	Tax on profit for the year	5.8	64.6
7	**Net profit for the year**	**50,743.6**	**4,526.3**

BALANCE SHEET AS OF 31 DECEMBER

Note	Amounts in DKKm	2021	2020
	Non-current assets		
3	Property	228.1	232.0
	Equipment	5.2	4.3
1	Investments in subsidiaries	183,951.3	125,446.0
	Total non-current assets	**184,184.6**	**125,682.3**
	Current assets		
	Receivables from affiliates	0.7	0.1
8	Deferred tax	43.7	24.1
	Tax receivables	95.6	142.1
	Other receivables	60.3	42.4
	Total receivables	**200.3**	**208.7**
	Cash and bank balances	**185.5**	**753.5**
	Total current assets	**385.8**	**962.2**
	Total assets	**184,570.4**	**126,644.5**

Note	Amounts in DKKm	2021	2020
	Equity		
9	Share capital	2,000.0	2,000.0
	Reserve for net revaluation under the equity method	64,575.5	11,012.9
	Retained earnings etc.	117,047.3	112,919.0
	Proposed dividend	750.0	600.0
	Total equity	**184,372.8**	**126,531.9**
	Long-term debt		
	Other payables	129.0	72.6
	Total long-term debt	**129.0**	**72.6**
	Short-term debt		
	Debt to banks	0.0	0.6
	Payables to affiliates	0.0	0.1
	Trade payables	5.7	7.3
	Other payables	62.9	32.0
	Total short-term debt	**68.6**	**40.0**
	Total liabilities	**197.6**	**112.6**
	Total equity and liabilities	**184,570.4**	**126,644.5**

10 Related parties
11 Commitments
12 Contingent liabilities
13 Events after the balance sheet date
14 Accounting policies

STATEMENT OF CHANGES IN EQUITY

Amounts in DKKm	Share capital	Reserve for net revaluation under the equity method	Retained earnings etc.	Proposed dividend	Total
Equity as of 1 January 2020	2,000.0	15,244.4	113,076.1	250.0	130,570.5
Dividend paid for the year	0.0	0.0	0.0	- 250.0	- 250.0
Extraordinary dividend paid for the year	0.0	0.0	- 150.0	0.0	- 150.0
Net profit for the year	0.0	4,926.2	- 999.9	600.0	4,526.3
Dividend from subsidiaries	0.0	- 1,240.0	1,240.0	0.0	0.0
Other adjustments[1]	0.0	- 7,917.7	- 247.2	0.0	- 8,164.9
Equity as of 31 December 2020	**2,000.0**	**11,012.9**	**112,919.0**	**600.0**	**126,531.9**
Dividend paid for the year	0.0	0.0	0.0	- 600.0	- 600.0
Net profit for the year	0.0	50,821.6	- 2,078.0	2,000.0	50,743.6
Dividend from subsidiaries	0.0	- 2,644.3	2,644.3	0.0	0.0
Other adjustments[1]	0.0	5,385.3	2,312.0	0.0	7,697.3
Equity as of 31 December 2021	**2,000.0**	**64,575.5**	**115,797.3**	**2,000.0**	**184,372.8**

[1] Other adjustments primarily comprise exchange rate adjustments

Notes to parent company Financial Statements

Note 1: Investments in subsidiaries

Amounts in DKKm	2021	2020
Cost as of 1 January	114,433.1	112,355.3
Additions	7,270.0	4,569.5
Disposals	-2,327.3	-2,491.7
Cost as of 31 December	**119,375.8**	**114,433.1**
Adjustment to carrying amount as of 1 January	11,012.9	15,244.4
Share of profit for the year	50,821.6	4,926.2
Dividend	-2,644.3	-1,240.0
Disposals	-990.9	-236.6
Other adjustments incl. exchange rate adjustments	6,376.2	-7,681.1
Adjustment to carrying amount as of 31 December	**64,575.5**	**11,012.9**
Carrying amount as of 31 December	**183,951.3**	**125,446.0**

COMPANY OVERVIEW AS OF 31 DECEMBER 2021

Subsidiary	Country of incorporation	Ownership share[1]	Voting share
A.P. Møller - Mærsk A/S	Denmark	41.51%	51.45%
APMH Invest A/S	Denmark	100.00%	100.00%

[1] Percentage of total number of issued shares. The ownership share has been adjusted for A.P. Moller – Maersk's (APMM) holding of own shares as of 31 December 2021 due to APMM's ongoing share buy-back programme. Without the adjustment, the ownership share amounts to 40.2%. Cancellation of APMM's own shares will be completed at a general meeting

Please refer to the company overview for A.P. Moller Holding group of companies as stated in note 32, which is an integrated part of this note.

Note 2: Staff costs

A.P. Møller Holding has introduced a cash-settled incentive plan to members of the Executive Board and grants have been awarded on a yearly basis. The incentive plan provides an annual bonus and long-term incentive programmes, which are determined by the development in the value creation of the underlying investments. The main part of the long-term incentive programmes is capped.

Amounts in DKKm	2021	2020
Wages and salaries	175.4	108.3
Pensions	2.0	2.0
Other social security costs	0.3	0.2
Total	**177.7**	**110.5**
Average number of employees	39	36
Executive Board		
Fixed base salary	16.9	12.6
Short-term cash incentive	16.4	12.9
Long-term incentive, grant value	8.4	8.4
Remuneration to the Executive Board before fair value adjustments	**41.7**	**33.9**
Fair value adjustments of long-term incentive, including of previous years grants	43.5	23.0
Total remuneration to the Executive Board, including fair value adjustments	85.2	56.9
Remuneration to the Board of Directors	**2.7**	**1.2**

Note 3: Property

Amounts in DKKm	2021	2020
Cost as of 1 January	236.5	228.3
Additions	0.0	8.2
Cost as of 31 December	**236.5**	**236.5**
Depreciation as of 1 January	- 4.5	- 0.8
Depreciation for the year	- 3.9	- 3.7
Depreciation as of 31 December	**- 8.4**	**- 4.5**
Carrying amount as of 31 December	**228.1**	**232.0**

Note 4: Other financial income

Amounts in DKKm	2021	2020
Interest income	2.4	5.7
Dividends	0.0	81.9
Exchange rate gains	0.1	221.0
Gains on securities	0.0	118.5
Total	**2.5**	**427.1**

Note 5: Other financial expenses

Amounts in DKKm	2021	2020
Interest expenses	1.6	1.8
Exchange rate losses	0.1	383.5
Losses on securities	0.0	463.4
Total	**1.7**	**848.7**

Note 6: Tax on profit for the year

Amounts in DKKm	2021	2020
Tax on profit for the year	2.4	-56.5
Adjustment of tax concerning previous years	11.4	0.5
Adjustment of deferred tax	-19.6	-8.6
Total	**-5.8**	**-64.6**

Note 7: Distribution of net profit for the year

Amounts in DKKm	2021	2020
Extraordinary dividend paid for the year	0.0	150.0
Proposed dividend	2,000.0	600.0
Reserve for net revaluation under the equity method	50,821.6	4,926.2
Retained earnings	-2,078.0	-1,149.9
Net profit for the year	**50,743.6**	**4,526.3**

Note 8: Deferred tax

Amounts in DKKm	2021	2020
Deferred tax asset as of 1 January	24.1	15.4
Adjustment of deferred tax for the year	19.6	8.7
Deferred tax asset as of 31 December	**43.7**	**24.1**

Deferred tax is calculated based on the difference between the carrying amount and the tax base of assets and liabilities. Management expects the deferred tax asset to be utilised by the company itself or by the group of jointly taxed companies within a few years.

Note 9: Share capital

The share capital consists of 2,000 shares with a nominal value of DKK 1m. Share capital as of 31 December 2021 amounts to DKK 2bn. No changes in share capital in the past 5 years.

Note 10: Related parties

A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (A.P. Moller Foundation) holds 100% of the company's capital.

Related parties exercising controlling interest in the company:

- A.P. Moller Foundation, Esplanaden 50, Copenhagen, Denmark

The company has not entered into any transactions with related parties that were not on an arm's length basis.

Note 11: Commitments

As part of the company's activities, lease agreements are entered into regarding the lease of office equipment and cars. The total amount of lease commitments regarding short-term and low value asset leases as of 31 December 2021 amounts to DKK 1.5m (DKK 1.8m). During 2021, the company had low-value leases amounting to DKK 0.7m (DKK 0.5m).

Note 12: Contingent liabilities

The company is included in national joint taxation with other Danish companies in the A.P. Moller Holding group. The company is jointly and severally liable for the payment of taxes and withholding tax.

Note 13: Events after the balance sheet date

The Russian invasion of Ukraine is leading to significant uncertainties and lowered the visibility related to A.P. Moller Holding group and our businesses due to the war's material impact on financial markets, energy prices etc. Due to the fluid situation and significant uncertainty, at the time of presenting the financial statements, management is not in a position to quantify the financial impact of the event and potential impact on the future reporting periods.

On 15 March 2022, the acquisition of Unilabs was concluded.

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

Note 14: Accounting policies

The Financial Statements for 2021 for A.P. Møller Holding A/S have been prepared on a going concern basis and in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the company.

With reference to section 96(3) of the Danish Financial Statements Act, the company has not presented fees to statutory auditors.

Compared to the accounting policies described for A.P. Møller Holding A/S as stated in note 30 to the consolidated financial statements, the company's accounting policies differ mainly in the following areas:

- Shares in subsidiaries are measured under the equity method. The share of profit/loss after tax in the subsidiaries, is recognised as a separate line item in the income statement. Goodwill and other intangible assets with indefinite useful lives are recognised as part of the investment and amortised over a maximum of 25 years
- Dividends from subsidiaries are recognised as a receivable at the time of declaration
- All equity instruments where A.P. Møller Holding A/S does not have either control, joint control or significant influence is measured at fair value and the fair value adjustment is recognised in the income statement. Therefore equity instruments classified at fair value through other comprehensive income in the consolidated financial statement are recognised in the income statement

The Financial Statements have been prepared under the same accounting policies as last year.

The Financial Statements are presented in DKK million.

INCOME STATEMENT

Share of profit/loss in subsidiaries

Share of profit/loss in subsidiaries is recognised net of tax and corrected for the share of unrealised intra-group gains and losses. The line item also includes amortisation and impairment of goodwill recognised as part of the equity investment.

Other external expenses

Other external expenses comprise expenses for administration, office supplies, etc.

Other income

Other income comprises service fees.

BALANCE SHEET

Investments in subsidiaries

Investments in subsidiaries are accounted for under the equity method and the equity method is used as a consolidation method. The investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee, and the company's share of movements in equity of the investee. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the company. Dividends received or receivable from subsidiaries are recognised as a reduction in the carrying amount of the investment.

When the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the company and its subsidiaries are eliminated in full.

Business combinations under common control are accounted for at carrying values using predecessor accounting, i.e. pooling of interests when the entity acquired has been under control of another member of the same group company before the acquisition. A difference between the carrying value and the consideration paid are recognised directly in equity.

REPORTS

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A.P. Møller Holding A/S for the financial year 1 January – 31 December 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the parent company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the parent company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the group and the parent company and of the results of the group and parent company operations and consolidated cash flows for the financial year 1 January – 31 December 2021.

In our opinion, Management Review includes a true and fair account of the development in the operations and financial circumstances of the group and the parent company, of the results for the year and of the financial position of the group and the parent company, as well as a description of the most significant risks and elements of uncertainty facing the group and the parent company.

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

Copenhagen, 7 April 2022

Executive Board

Robert Maersk Uggla
CEO

Jan Thorsgaard Nielsen
CIO

Martin Nørkjær Larsen
CFO

Board of Directors

Ane Mærsk Mc-Kinney Uggla
Chair

Claus V. Hemmingsen

Diane Green

Jan Leschly

Lars-Erik Brenøe

INDEPENDENT AUDITOR'S REPORT

To the shareholder of A.P. Møller Holding A/S

OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's financial position as of 31 December 2021 and of the results of the group'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.

Moreover, in our opinion, the parent company Financial Statements give a true and fair view of the parent company's financial position as of 31 December 2021 and of the results of the parent company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the parent company Financial Statements of A.P. Møller Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as statement of comprehensive income and cash flow statement for the group ('financial statements').

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT REVIEW

Management is responsible for Management Review.

Our opinion on the financial statements does not cover Management Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management Review and, in doing so, consider whether Management Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management Review is in accordance with the Consolidated Financial Statements and the parent company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated 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 the preparation of the parent company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 in preparing the financial statements 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 and the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Copenhagen, 7 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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State Authorised Public Accountant	State Authorised Public Accountant
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Photos

P. 3 Steen Brogaard

P. 0 / 13-15 A.P. Moller - Maersk, Unilabs, Danske Bank, Faerch, Maersk Drilling, Maersk Tankers, KK Wind Solutions, Nissens Cooling Solutions, Jake Lyell / Alamy Stock Photo, Melissa Askew / Unsplash, ZeroNorth