

Maersk Logistics and Services International A/S
Esplanaden 50, 1263 Copenhagen K
CVR no. 31 47 66 58

Annual Report 2022

Approved at the Company's annual general meeting on 14 June 2023

Chairman of the meeting:



Jacob Ramsgaard Nielsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Maersk Logistics & Services International A/S for the financial year 1 January - 31 December 2022

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 14 June 2023

Executive Board:

Rotem Hershko
Director

Board of Directors:

Vincent Clerc

Vincent Clerc
Chairman

J

Jacob Ramsgaard Nielsen

Henriette Hallberg Thygesen

Henriette Hallberg Thygesen

Anne Pindborg

Anne Pindborg

Casper Munch

Casper Munch

Independent auditor's report

To the Shareholder of Maersk Logistics & Services International A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Logistics & Services International A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

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

Statement on the Management's review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned stage and timing of the audit and significant audit findings, including any significant deficiencies in internal control we identify during our audit.

Hellerup, 14 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Søren Ørjan Jensen

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Kristian Pedersen

Kristian Pedersen
State Authorised Public Accountant
mne35412

Management's review

Company Details

Name	Maersk Logistics & Services International A/S
Address, Postal Code, City	Esplanaden 50, 1263 Copenhagen K
CVR No.	31 47 66 58
Established	29 May 2008
Registered Office	Copenhagen
Financial Year	1 January – 31 December
Website	www.maersk.com
Telephone	+45 33 47 66 58
Board of Directors	Vincent Clerc, Chairman Henriette Hallberg Thygesen Anne Pindborg Jacob Ramsgaard Nielsen Casper Munch
Executive Board	Rotem Hershko
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Financial Highlights

USD'000	2022	2021	2020	2019	2018
Key figures					
Revenue	618,052	486,374	54,048	38,096	36,346
Gross margin	60,363	83,989	10,102	630	211
Operating profit/loss	26,088	69,793	9,833	-4	-372
Net financials	15,783	-695,103	13,612	-56,937	16,813
Profit/loss before tax	41,871	-625,310	23,445	-56,941	16,442
Profit/loss for the year	22,477	-664,376	27,733	-58,715	16,768
Fixed assets	7,075,430	1,357,928	1,246,026	1,061,819	992,734
Non-fixed assets	1,195,716	950,332	209,020	213,764	207,100
Total assets	8,271,146	2,308,260	1,455,046	1,275,583	1,199,834
Share capital	19,444	19,444	19,444	19,444	19,444
Equity	6,568,408	1,005,691	976,883	753,655	712,370
Provisions	1,000	0	81	736	736
Current liabilities other than provisions	1,701,738	1,302,569	478,082	517,824	386,728
Financial ratios					
Operating margin	4.2%	14.3%	18.2%	0.0%	-1.0%
Current ratio	70.3%	73.0%	43.7%	41.3%	53.6%
Equity ratio	79.4%	43.6%	67.1%	59.5%	59.4%
Return on equity	0.6%	-67.0%	3.2%	-8.0%	2.4%
Average number of employees	0	0	2	2	3

For terms and definitions of financial ratios, please see the accounting policies.

Management's review

Business review

The Company serves as the parent legal entity of the global logistics activities.

Financial review

In 2022, the Company's revenue amounted to USD 618,052 thousand against USD 486,374 thousand last year due to increase in Network income as a result of better L&S performance. The income statement for 2022 shows a profit of USD 22,477 thousand against loss of USD 664,376 thousand last year, the major reason for previous year loss due to Maersk Logistics & Services B.V impairment as the network losses were transferred to the Company. The balance sheet at 31 December 2022 shows equity of USD 6,568,408 thousand. The management considers the Company's financial performance in the year satisfactory.

Effective January 2021, due to undergoing transformation of A.P. Moller - Maersk from a diversified conglomerate to a focused and integrated global logistics company, the role of the Head Quarters and principal of Global L&S network has been moved from Maersk Logistics & Services International BV, The Netherlands to Maersk Logistics & Services International A/S, Denmark.

The role of the principal is to act as the entrepreneur of the global network, which conducts the logistics business on the international as well as the national market. The Company has entered Network Fee Agreements with each of the foreign companies that are part of the L&S Global Network. The ultimate entrepreneurial risk of the Global Network lies with the principal.

For the year 2022, the impairment in MLSI A/S is USD 74,212 thousand and impairment reversal is USD 24,200 thousand, resulting in net impairment of USD 50,012 thousand. Dividends received from subsidiaries was USD 77,268 thousand and hence the net income from investment from Group enterprises in profit & loss account is USD 27,256 thousand. Impairment for 2022 is majorly contributed by Damco Hong Kong Limited with USD 59,963 thousand offset by reversal of impairment in few entities as the equity position improved.

During the year 2022, the category Software in Intangible assets of the Company increased from USD 33,571 thousand to USD 114,348 thousand due to acquisition of Software from KGH companies, Inland TMS and HUUB entities.

During the year 2022, the Company made significant investments in LF Logistics for USD 3,371,158 thousand, Pilot for USD 1,655,606 thousand and Senator for USD 497,329 thousand through Acquisitions, as A.P. Møller - Mærsk A/S considers the key driver to Logistics & Services growth is the expansion of product and people capabilities through M&As.

Statutory CSR report

The Company has not made a separate CSR report, as the parent company A.P. Møller - Mærsk A/S with CVR 22 75 62 14 has done so for the entire Group. The report is rendered in the parent company's sustainability report 2022 and may be downloaded from <https://www.maersk.com/sustainability/reports-and-resources>

Account of the gender composition of Management

In April 2013, the board adopted objectives for the diversity of the Company's board members appointed at the general meeting with respect to the underrepresented gender. The Board believes that its members should be elected based on their combined qualifications and at the same time recognises the advantages of a board comprising a wide range of backgrounds such as global experience, style, culture and gender.

Management's review

Account of the gender composition of Management (Continued)

On the basis of this ambition, the board has defined an objective to increase the share of the underrepresented gender in the Board to account for at least 40% of the Board members appointed at the general meeting within the year 2022 and the board had achieved 40% during the year 2018. The gender composition remains unchanged in 2022. Hence the gender diversity is met as per the Danish Financial Statements Act.

A.P. Møller - Mærsk A/S has set global targets for 2022 to monitor the progress on representation of gender and nationality in management. These include gender recruitment targets, balanced with always hiring the best persons for the job.

(Link to policy <https://www.maersk.com/en/about/sustainability/responsible-business-practices/diversity-and-inclusion>).

As there are no employees in Maersk Logistics & Services International A/S no policy to increase the number of under-represented gender in other management levels have been implemented.

Maersk's data ethics policy

The responsible use of data is a critical enabler for the group business model. In line with regulatory requirements of Section 99d of the Danish Financial Statements Act (Årsregnskabsloven).

A.P. Møller - Maersk A/S established data ethics policy in 2022, with accompanying governance measures. Please refer to Annual report of A.P. Møller - Maersk A/S registered with CVR 22 75 62 14 for statement of data ethics:

<https://investor.maersk.com/static-files/8e9851f1-bcd2-425b-a588-7a39f0c6e302>

Foreign exchange risks

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance department under policies approved by the APMM Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's entities. Equity includes total comprehensive income for the year comprising the profit for the year and other comprehensive income. For hedges related to investment/acquisition of Martin Bencher, a gain of USD 4,599 thousand is recognized in other comprehensive income.

Outlook

Logistics & Services' revenue is expected to continue to grow year-on-year through acquisitions that strengthened the ability to offer end-to-end logistics services to global clients in line with this year's growth while profitability is expected to be similar to this year, as the underlying business has been impacted by lower volumes and rates as a result of a significant inventory correction due to weakening consumer demand.

- New Maersk air freight service connecting Europe and China.
- Logistic & Services continues to scale for growth by expanding new lanes and warehouses globally

Tax Free Contribution

In 2022, the company received a tax-free contribution of USD 5,536,598 thousand in kind from its parent company A.P. Møller - Mærsk A/S.

Financial Statements 1 January – 31 December

Income Statement

Note	USD '000	2022	2021
3	Revenue	618,052	486,374
	Other External expenses	-557,689	-402,385
	Gross margin	60,363	83,989
	Amortization	-34,275	-14,196
	Profit/loss before net financials	26,088	69,793
	Income from Investment from Group Enterprises	27,256	-740,424
4	Financial Income	11,371	51,945
5	Financial expenses	-22,844	-6,624
	Profit/loss before tax	41,871	-625,310
6	Tax for the year	-19,394	-39,066
	Profit/loss for the year	22,477	-664,376
	Appropriation of Profit/Loss for the year	22,477	-664,376

Financial statements 1 January - 31 December

Balance Sheet

Note	USD '000	<u>2022</u>	<u>2021</u>
	ASSETS		
	Software	114,348	33,571
	Acquired trademarks	29,025	37,125
	Development Projects in Progress	21,469	10,073
7	Intangible Assets	<u>164,842</u>	<u>80,769</u>
8	Investments in subsidiaries	6,910,330	1,276,901
	Other investments	258	258
	Fixed Assets Investments	<u>6,910,588</u>	<u>1,277,159</u>
	Fixed Assets	<u>7,075,430</u>	<u>1,357,928</u>
	Receivables from group enterprises	1,190,595	947,917
9	Deferred Tax Assets	64	64
	Other Receivables	5,057	2,350
	Receivables	<u>1,195,716</u>	<u>950,332</u>
	Current Assets	<u>1,195,716</u>	<u>950,332</u>
	ASSETS	<u><u>8,271,146</u></u>	<u><u>2,308,260</u></u>

Financial statements 1 January - 31 December

Balance Sheet

Note	USD '000	2022	2021
10	Share capital	19,444	19,444
	Reserve for Hedging	4,559	917
	Retained earnings	6,544,405	985,330
	Equity	6,568,408	1,005,691
11	Other Provisions	1,000	0
	Provisions	1,000	0
	Payables to Group Enterprises	1,586,877	1,239,418
	Joint Tax Contribution Payable	4,166	31,022
	Other Payables	110,695	32,129
	Short-term debt	1,701,738	1,302,569
	Debt	1,702,738	1,302,569
	Liabilities and Equity	8,271,146	2,308,260

Financial statements 1 January - 31 December

Statement of changes in equity

USD '000	Share capital	Reserve for Hedging	Retained earnings	Total
Equity at 1 January 2021	19,444	0	957,439	976,883
Tax free contribution	0	0	692,267	692,267
Fair value adjustment of hedging transactions, end of year	0	917	0	917
Transfer through appropriation of profit/loss	0	0	-664,376	-664,376
Equity at 1 January 2022	19,444	917	985,330	1,005,691
Tax free contribution	0	0	5,536,598	5,536,598
Fair value adjustment of hedging transactions, end of year	0	3,642	0	3,642
Transfer through appropriation of profit/loss	0	0	22,477	22,477
Equity at 31 December 2022	19,444	4,559	6,544,405	6,568,408

- 1 Accounting policies
- 2 Events After Balance Sheet date
- 12 Contractual obligations and contingencies, etc.
- 13 Derivative Financial Instrument
- 14 Related parties
- 15 Fee to the auditors appointed by the Company in the general meeting

Financial statements 1 January - 31 December

Notes to the financial statements

1. Accounting policies

The annual report of Maersk Logistics & Services International A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting Class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The consolidated financial statement is reflected for the higher-ranking parent company A.P. Møller - Mærsk A/S, CVR-No. 22 75 62 14 Copenhagen.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company A.P. Møller - Mærsk A/S, CVR-No. 22 75 62 14, Copenhagen.

Reporting currency

The income and costs of the Company and its subsidiaries are mainly in USD and based on this Management concludes that USD is the Company's functional and reporting currency. The annual report is presented in USD in accordance with section 16(2) of the Danish Financial Statements Act. At 31 December 2022, the exchange rate was 696.72 DKK/USD (2021: 655.74 DKK/USD). The average rate in 2022 was 707.70 DKK/USD (2021: 628.87 DKK/USD).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of whether payment is received. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities.

Income comprises of Network Transportation Income as Maersk Logistics & Services International A/S became the network header for the L&S (Logistics & Services) segment in 2021. Income also comprises of the management fees income charged to Inland Services entities as Maersk Logistics & Services International A/S became the Headquarters of Inland Services in 2020.

Financial statements 1 January - 31 December

Notes to the financial statements

Other external expenses

Expenses are recognised on accrual basis of accounting, which holds that expenses are recognised when consumed. Expenses are costs that arise in the course of ordinary activities of business as well as losses. When expenditure produces no future economic benefit, it should be recognised immediately as an expense in the income statement.

Other external expenses comprise of Network Transportation Charges as Maersk Logistics & Services became the network header of L&S entities in 2021. It also includes Operational accruals, Insurances, IT and other allocated costs in Maersk Logistics & Services International A/S due to HQ operations shifting from Netherlands to Denmark.

Income from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme and FX gains/losses etc

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowance and jointly taxed entities which have paid too little tax and surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible Assets

Cost directly attributable to development of software are considered for capitalisation, except general and administration cost. Intangible assets are capitalised once it is ready for use and amortised over the useful life of the asset. The entity considers economic life of the IT software as its useful life for amortisation. Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Amortization is provided on intangible assets to write off the cost, less any estimated residual value, over their expected useful economic life. The amortization expenses on intangible assets is recognised in the statement of profit or loss in the expense category consistent with the nature of the intangible asset. As per APMM accounting policy, the amortization period for Intangible assets is 5 years. During the year 2021, the Intangible asset (CTDS platform) was transferred from KGH to MLSI A/S and it is amortized over a 10-year period in line with PPA assessment done as part of acquisition and recorded in PPA memo. Intangible assets regarding Software is amortized over a period of 5-10 years and Acquired trademarks are amortized over a period of 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

Investments in subsidiaries

Investments in subsidiaries and other investments are measured at cost or lower recoverable value (the higher of the estimated value in use and fair value less cost of disposal).

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis. Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairments are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. The Company has chosen IAS 39 as interpretation for impairment of financial receivables. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash

Cash comprise cash and short-term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January - 31 December

Notes to the financial statements

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability respectively.

Deferred tax is measured according to the rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets recognised at the expected value of their utilisation; either as a set-off against tax on future income or as set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} * 100}{\text{Revenue}}$
Current Ratio	$\frac{\text{Current Assets} * 100}{\text{Current liabilities}}$
Equity Ratio	$\frac{\text{Equity Year-end} * 100}{\text{Total equity and liabilities, year-end}}$
Return on Equity	$\frac{\text{Profit/Loss for the year after tax} * 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2. Events after the Balance Sheet date

No events after Balance Sheet date.

3. Segment Information

No difference in segment as all revenues are generated through Transfer Pricing agreements.

Types of Revenue (USD '000)	2022	2021
Network Transportation Income	574,636	465,650
Management Fees	15,521	14,071
Salaries I/C Recharges	13,391	6,391
Agency Rebates	8	262
Other Income	14,496	0
	618,052	486,374

Geographical Split

Regions (USD '000)	2022	2021
Africa	11,011	11,778
Asia Pacific	337,768	12,554
Europe	102,459	349,554
Latin America	27,306	23,233
North America	80,259	60,220
West & Central Asia	59,249	29,035
	618,052	486,374

4. Financial income (USD '000)

Interest receivable, group entities	11,295	9,222
Exchange gain	0	38,402
Other financial income	76	4,321
	11,371	51,945

Financial Statements 1 January - 31 December

Notes to the financial statements

5. Financial expenses (USD '000)

Interest expenses, group entities	17,461	6,601
Other interest expenses	2	2
Other financial expenses	71	21
Exchange loss	5,310	0
	<u>22,844</u>	<u>6,624</u>

6. Tax for the year (USD '000)

Current tax charge for the year	23,196	33,870
Tax adjustments, prior years	-3,802	5,196
Deferred Tax for the year	0	0
	<u>19,394</u>	<u>39,066</u>

7. Intangible Assets

Group (USD '000)	Software	Acquired trademarks	Development Projects in Progress	Total
Cost at 1 January 2022	44,393	48,010	10,072	102,476
Net Effect from Mergers & Acquisition	0	0	0	0
Additions for the year	106,951	0	11,397	118,348
Transfers for the year	0	0	0	0
Cost at 31 December 2022	151,344	48,010	21,469	220,823
Impairment Losses and Amortization at 1 January 2022	-10,821	-10,885	0	-21,707
Impairment losses for the year	0	0	0	0
Amortization for the year	-26,175	-8,100	0	-34,275
Impairment Losses and Amortization at 31 December	-36,996	-18,985	0	-55,981
Carrying Amount at 31 December 2022	114,348	29,025	21,469	164,842

Development Projects in Progress majorly relate to The New Supply Chain Platform program that will drive and embed the strategic improvement of Maersk's capabilities for Supply Chain Management (SCM). The expected Project go-live date for NSCP is in 2023 post which cost will be capitalized and moved from Asset under Construction to Intangible Asset account.

8. Investments

Investments (USD '000)	Investment in subsidiaries	Other Investments	Total
Cost at 1 January 2022	2,141,725	258	2,141,983
Additions	5,683,441	0	5,683,441
Cost at 31 December 2022	7,825,166	258	7,825,424
Value adjustments at 1 January 2022	-864,824	0	-864,824
Impairment	-74,212	0	-74,212
Reversal	27,256	0	27,256
Value adjustments at 31 January 2022	-914,836	0	-914,836
Carrying amount at 31 December 2022	6,910,330	258	6,910,588

Financial Statements 1 January - 31 December

Notes to the financial statements

8. Investments (Continued)

Name Subsidiaries	Domicile	Interest	Equity USD '000	Profit/Loss USD '000
Damco China Limited	China	100%	52,695	2,149
Damco (UAE) FZE	UAE	100%	5,901	92
Damco (Angola) Transitorios E agente De Navegação, Lda	Angola	90%	-2,387	327
Damco Argentina S.A.	Argentina	95%	61	13
Damco Australia Pty. Ltd.	Australia	100%	25,418	311
APM Global Logistics Bangladesh Ltd.	Bangladesh	95%	3,146	311
Damco Belarus	Belarus	99%	3,615	-79
Damco Switzerland GMBH	Switzerland	100%	2,346	364
Damco Colombia Ltda.	Colombia	100%	686	686
Damco Czech Republic, S.R.O.	Czech	100%	9,605	1,053
Damco Germany GmbH	Germany	100%	6,653	912
Damco Denmark A/S	Denmark	100%	4,466	393
Damco A/S	Denmark	100%	4,417	0
Damco Egypt Ltd.	Egypt	99%	1,003	-102
Damco Spain, S.L.	Spain	100%	4,404	239
Damco France S.A.S.	France	100%	5,607	339
Damco UK Limited	UK	100%	9,491	-2,117
DAMCO HONG KONG LIMITED	Hong Kong	100%	15,660	367
Maersk Logistics Honduras, S.A.	Honduras	100%	-306	-6
Damco D.O.O.	Croatia	100%	638	103
Damco Hungary KFT	Hungary	100%	123	-3
P.T. Maersk Indonesia	Indonesia	99%	3,571	37
Damco Logistics Ireland Limited	Ireland	100%	3,506	79
Damco Logistics Israel Ltd.	Israel	100%	900	188
Damco International A/S Jordan LLC	Jordan	100%	573	14
Damco Logistics Kenya Limited	Kenya	100%	1,418	82
Damco Logistics Korea Limited	Korea	100%	721	349
Maersk Maroc S.A.	Morocco	100%	2,826	2,518
Damco Logistics Mali S.A.	Mali	100%	180	-234
Damco Logistics Myanmar Limited	Myanmar	100%	428	156
Damco Logistics (Mauritius) Limited	Mauritius	100%	2,921	-52
Damco Logistics Mexico S.A. de C.V.	Mexico	100%	12,346	-537
DL Multiservicios SA de CV	Mexico	98%	343	46
Damco Logistics Services Sdn. Bhd.	Malaysia	100%	458	9
Damco Logistics Malaysia Sdn. Bhd.	Malaysia	100%	2,912	533
Maersk Logistics Nicaragua, S.A.	Nicaragua	100%	162	0
Damco Netherlands B.V.	Netherlands	100%	15,063	176
Damco International B.V.	Netherlands	100%	81,990	-5,937
Damco New Zealand Limited	New Zealand	100%	22,761	26
Damco Panama S.A.	Panama	100%	-195	203

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Notes to the financial statements

8. Investments (Continued)

Name Subsidiaries	Domicile	Interest	Equity USD '000	Profit/Loss USD '000
Damco Latin America Sem, S.A.	Panama	100%	493	78
Damco Peru S.A.	Peru	100%	63	11
Damco Philippines, Inc.	Philippines	100%	1,296	283
Damco Pakistan (Private) Limited	Pakistan	100%	227	522
Damco Poland Sp. z o.o.	Poland	100%	8,343	400
Damco Logistics Portugal, Lda.	Portugal	100%	5,025	497
Damco Romania S.r.L.	Romania	100%	-177	0
Damco Rus LLC	Russia	99%	7,161	5,410
Damco Sweden AB	Sweden	100%	3,250	149
Damco Logistics Singapore Pte. Ltd.	Singapore	100%	2,984	239
Damco Logistika D.O.O.	Slovenia	100%	557	21
Damco Slovakia, S.R.O.	Slovakia	100%	113	7
Damco Logistics (Thailand) CO. Ltd.	Thailand	100%	4,407	-43
Damco Transport CO., Ltd.	Thailand	100%	61	1
Damco Uluslararası Tasimacilik ve Lojistik A.S.	Turkey	99%	437	181
Damco Taiwan Co., Ltd.	Taiwan	100%	1,908	248
Damco Tanzania Limited	Tanzania	99%	-1,327	0
DAMCO Eastern Europe ApS	Denmark	100%	53	-34
Damco Ukraine Ltd.	Ukraine	100%	-1,226	-178
Damco Logistics Uganda Ltd.	Uganda	100%	-1,288	-49
Damco USA Inc.	USA	100%	2,633,906	-9,334
APM Global Logistics Uruguay S.A.	Uruguay	100%	18	-3
Damco Zambia Limited	Zambia	99%	-525	-21
Maersk Logistics & Services Brasil Ltda.	Brazil	100%	3,454	-6,303
Damco Chile S.A	Chile	100%	-113	-110
Maersk Container Industry San Antonio SpA	Chile	100%	4,365	-57
B2C Europe Holding B.V.	Netherlands	100%	82,026	-3,493
LF Logistics Holdings Limited	Bermuda	100%	289,260	68
Maersk Logistics & Services Chile S.p.A	Chile	100%	6,219	92
BLUE DRAGON MEISHAN LOGISTICS CO., LTD	China	50%	12,332	1,245
Senator International Spedition GmbH	Germany	100%	441,710	23,339
KGH Customs Software A/S	Denmark	100%	213	20
KGH Customs Services Aps	Denmark	100%	2,747	35
OPERADORA DEL PACIFICO S.A.	Ecuador	100%	3,721	-488
Pacific Container Transport S.A.	Ecuador	100%	1,066	69
Damco Ecuador S.A	Ecuador	100%	94	27
Maersk Logistics Warehousing China Company Ltd	Hong Kong	100%	16,465	-310
Apm Terminals India Private Limited	India	100%	20,711	5,715
Damco Logistics Pvt. Ltd.	Sri Lanka	100%	460	53
Damco Lanka Pvt. Ltd.	Sri Lanka	100%	106	3
Maersk Integrated Logistics (FZC) SPC	Oman	100%	102	2
Maersk Logistics & Services Peru S.A.	Peru	61%	17,662	5,849
Maersk Logistics & Services d.o.o. Beograd	Serbia	100%	70	7

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Notes to the financial statements

8. Investments (Continued)

Profit/loss for the period and equity are disclosed as per the latest official financial statements in accordance with the requirement in the Danish Financial Statements Act where available and required. For some entities, the numbers are derived from internal reporting.

9. Deferred tax assets

USD'000	2022	2021
Deferred tax at 1 January	-64	-64
Movement during the year	0	0
Deferred tax at 31 December	-64	-64
Deferred tax relates to :		
Provisions	-64	-64
	-64	-64

The company expects to utilize the tax asset with the next tax years

10. Share Capital

DKK'000	2022	2021
Analysis of the Share Capital:		
103,000 shares of DKK 1,000 nominal value each	103,000	103,000
	103,000	103,000

11. Other Provisions

USD '000	2022	2021
Opening Balance 1 January	0	81
Provisions utilized in the year	0	-81
Provisions added during the year	1,000	0
Other Provisions at 31 December	1,000	0

12. Contractual obligations and contingencies, etc.

Contingent Asset

Contingent Asset represent a Tax receivable of USD 859,148, receivable from India related to the Tax Deducted at Source towards Centre Charges paid by Damco India in FY 2011-12 and FY 2012-13.

Other contingent liabilities

The Company is jointly taxed with all other Danish companies in the A.P. Møller Holding A/S. As a consolidated entity, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish corporation tax and withholding tax on dividends, interest and royalties within the jointly taxed companies

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13. Derivative Financial Instruments

Derivative financial instruments contracts in the form of forward exchange contracts. At the Balance Sheet date, the fair value of the derivative financial instrument amount to:

USD'000	2022	2021
Other receivables	4,559	917

The hedging relates to the funding for the acquisition of Martin Bencher.

14. Related Parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the Parent Company's consolidated financial statements
A.P. Møller Holding A/S	Esplanaden 50, 1263 Copenhagen K	www.maersk.com
A.P. Møller - Mærsk A/S	Esplanaden 50, 1263 Copenhagen K	www.maersk.com

Related Party transactions

All transactions with related parties are carried through on normal market terms

Ownership

The following shareholders are registered in the Company's register of shareholders as holding - minimum 5% of the votes or minimum 5% of the share capital

Name	Domicile
A.P. Møller - Mærsk A/S	Esplanaden 50, 1263 Copenhagen K

15. Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements A.P. Møller Holding A/S.