

Accounting policies

2023

Note 1.1 § General accounting policies

Basis of preparation

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

ESEF/iXBRL reporting

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

Consolidation

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

Subsidiaries are entities controlled by A.P. Møller - Mærsk A/S. Control is based on the power to direct the relevant activities of an entity and the exposure, or right, to variable returns arising from it. In that

connection, relevant activities are those that significantly affect the investee's returns. Control is usually achieved by directly or indirectly owning or in other ways controlling more than 50% of the voting rights or by other rights, such as agreements on management control.

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

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

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

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

Foreign currency translation

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

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

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

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

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

Statement of comprehensive income

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

On disposal or discontinuation of an entity, A.P. Møller - Maersk's share of the accumulated exchange rate adjustments relating to the relevant entity with a functional currency other than USD, is reclassified to the income statement. Accumulated value adjustments of

equity instruments classified as equity instruments at fair value through other comprehensive income will remain in equity upon disposal.

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

Balance sheet

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

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

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

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

Note 1.1 ⓘ General accounting policies – continued

Climate-related risks

When preparing the consolidated financial statements, Management considers climate-related risks, where these could potentially impact reported amounts materially.

The areas in which A.P. Møller - Maersk has assessed climate-related risks at the end of 2023 are included in the individual notes outlined below:

Note 3.2 – Property, plant and equipment

New financial reporting requirements

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

Amendments to IAS 12 Income Taxes

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

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