Annual Report 2023

Hapag-Lloyd

SUMMARY OF KEY FIGURES

		2023	2022	Change absolute
Liner Shipping Segment				
Total vessels[1]		266	251	15
Aggregate capacity of vessels[1]	TTEU	1,972	1,797	175
Aggregate container capacity[1]	TTEU	2,975	2,972	4
Freight rate (average for the period)	USD/TEU	1,500	2,863	–1,362
Transport volume	TTEU	11,907	11,843	63
Revenue	million EUR	17,762	34,523	–16,761
EBITDA	million EUR	4,415	19,331	–14,916
EBIT	million EUR	2,513	17,428	–14,915
Segment Terminal & Infrastruktur				
Umsatzerlöse	million EUR	187	23	164
EBITDA	million EUR	46	98	–52
EBIT	million EUR	19	97	–78
Group financial figures				
Revenue	million EUR	17,930	34,543	–16,613
EBITDA	million EUR	4,461	19,429	–14,968
EBIT	million EUR	2,532	17,525	–14,993
Group profit/loss	million EUR	2,951	17,043	–14,092
Earnings per share	EUR	16.70	96.89	–80
Cash flow from operating activities	million EUR	4,966	19,503	–14,537
Group return figures				
EBITDA margin	%	24.9	56.2	–31
EBIT margin	%	14.1	50.7	–37
ROIC[2]	%	15.6	114.3	–98.7 ppt
Group balance sheet figures[1]				
Equity	million EUR	18,767	27,911	–9,144
Equity ratio	%	64.7	72.1	–7.4 ppt
Financial debt and lease liabilities	million EUR	5,031	5,437	–406
Cash and cash equivalents	million EUR	5,810	15,236	–9,426
Net liquidity[3]	million EUR	2,625	12,587	–9,962

[1] Figures as per 31 December of the respective financial year
[2] In the first quarter of 2023, changes were made in the calculation of ROIC, the previous year's figures were adjusted accordingly. The changes are explained in the chapter "Important financial performance indicators".
[3] Including the financial investments recognised in other financial assets (strategic liquidity reserve)

For computational reasons, rounding differences may occur in some of the tables and charts of this financial report.

This report was published on 14 March 2024.

MAIN DEVELOPMENTS IN THE 2023 FINANCIAL YEAR

- The 2023 financial year was characterised by initially weak demand and significantly lower freight rates for container transport, resulting in negative effects on the Group's revenue and earnings trend.
- Group revenue in the 2023 financial year declined by 48% to EUR 17.9 billion (2022: EUR 34.5 billion).
- As expected, Group EBITDA of EUR 4.5 billion was significantly below the previous year's figure of EUR 19.4 billion due to the normalisation of supply chains and the freight rate level. Likewise, Group EBIT decreased significantly to EUR 2.5 billion (2022: EUR 17.5 billion).
- Following the completed acquisition of the terminal business of Sociedad Matriz SAAM S.A. on 1 August 2023, the business activities have been separated into the Liner Shipping and Terminal & Infrastructure segments.
- In the Liner Shipping segment, the transport volume rose by 0.5% to 11.9 million TEU (2022: 11.8 million TEU). Due to the decline in the average freight rate to USD 1,500 TEU (2022: USD 2,863 TEU), the segment's EBITDA decreased to EUR 4.4 billion (2022: EUR 19.3 billion) and its EBIT fell to EUR 2.5 billion (2022: EUR 17.4 billion).
- In the 2023 financial year, the Terminal & Infrastructure segment recorded an EBITDA of EUR 46.0 million (2022: EUR 97.9 million) and EBIT of EUR 19.0 million (2022: EUR 96.7 million).
- Due to the negative operating development, earnings per share dropped to EUR 16.70, from EUR 96.89 in the prior year period.
- Free cash flow was again clearly positive at EUR 3.3 billion (2022: EUR 15.4 billion).
- Net liquidity decreased to EUR 2.6 billion as at 31 December 2023 (31 December 2022: EUR 12.6 billion) after distribution of a dividend of EUR 11.1 billion and investments in the fleet and the terminal portfolio.
- The Executive Board and Supervisory Board will propose to the Annual General Meeting on 30 April 2024 that a dividend of EUR 9.25 per share be paid for the 2023 financial year (previous year: EUR 63). This represents a distribution ratio in relation to the Group profit of 55% (previous year: 65%).
- For the 2024 financial year, the Executive Board expects Group EBITDA to range between EUR 1.0 to 3.0 billion and Group EBIT to range between EUR –1.0 to 1.0 billion. Against the backdrop of very volatile freight rates and major geopolitical challenges, the forecast is subject to a high degree of uncertainty.

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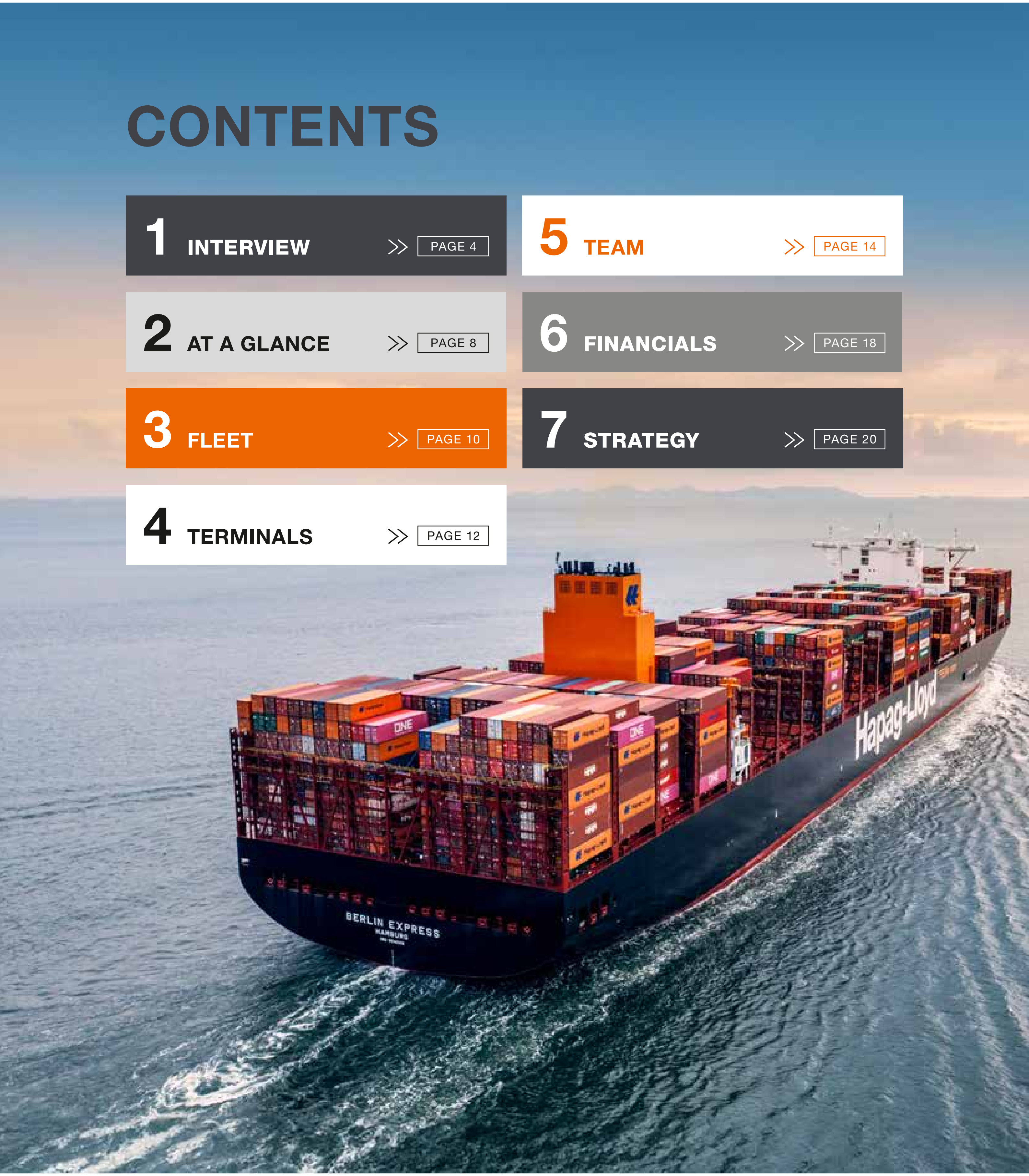


You can find our online report here:
https://hlag-2023.corporate-report.net/en/home.html

Rolf Habben Jansen, CEO

Michael Kastl, Managing Director Treasury, Finance & Investor Relations, speaks with the Chief Executive Officer of Hapag-Lloyd AG about business developments in 2023

Michael Kastl: Rolf, how do you view the 2023 financial year?
Rolf Habben Jansen: All in all, the financial year was in line with our expectations. We started the year off with a lot of tailwind because long-term contracts allowed us to still benefit from the extraordinary market climate of recent years. However, given the lifting of COVID restrictions worldwide and a cooling of the economy, it was already foreseeable that the supply-chain situation would ease and that things would start to normalise. The growing number of ship deliveries in the market put additional pressure on the freight rates, with the result that they were unsatisfactory in many trades in the second half of the year. This prompted us to take countermeasures on the cost side at an early stage. The freight rates then recovered in some trades towards the end of the year, partly due to capacity bottlenecks triggered by the tense situation in the Red Sea.

How did this influence the company's financial performance, and will there be a dividend once again this year?
Thanks especially to a still very good first half of the year, we achieved a Group net result of EUR 3 billion in 2023. As expected, this is significantly below the level of the exceptionally strong 2022 financial year – but it's still the third-best result in the history of our company. Our shareholders should also benefit from this. For this reason, our Executive Board and our Supervisory Board will jointly propose to the Annual General Meeting to pay out a dividend of EUR 9.25 per share – which corresponds to a total of 1.6 billion, or the third-highest amount that we have ever paid out.

How has Hapag-Lloyd made progress in strategic terms?
We once again made good progress in the reporting year, which enabled us to successfully bring our Strategy 2023 to a close. For example, we were able to significantly boost customer satisfaction again through quality improvements, and we made good progress on our digitalisation efforts, such as with our Track & Trace devices, with which we will equip our entire container fleet and offer new services. At the same time, we expanded our terminal portfolio and bundled these activities in a second business segment, called Terminal & Infrastructure, which will enable us to further strengthen our core container-transport business in key markets in the medium to long term.

"We once again made good progress in the reporting year, which enabled us to successfully bring our Strategy 2023 to a close. "

Michael Kastl speaks with Rolf Habben Jansen.

Michael Kastl, Managing Director Treasury, Finance & Investor Relations

We now have equity stakes in 20 terminals on five continents, and we have continued to make gains in our strategic growth markets of India and Africa. On top of that, we have reduced our carbon footprint and thereby gained a lot of momentum in terms of our sustainability efforts, such as by putting new state-of-the-art large container ships into service, pressing ahead with our Fleet Optimisation Programme and bunkering biofuels.

How is Hapag-Lloyd responding to the tense geopolitical situation and the challenging market environment in the current financial year?
We will stay vigilant and agile, as geopolitical developments, such as the current situation in the Red Sea, are once again causing more and more problems in global supply chains and forcing us to make flexible adjustments to our service network. At the same time, we expect the market environment to continue to be difficult given the large number of ship deliveries this year.

Given these facts, we need to further reduce our per-unit costs in order to remain profitable and competitive going forward, such as through savings on the procurement side and adjustments to our service network. In addition, we have finalised our Strategy 2030 and will now gradually roll it out with our teams – internally and externally. While doing so, we will considerably intensify our focus on quality and sustainability. Our Gemini Cooperation recently agreed with Maersk will also help us in this respect, as we will be creating a flexible ocean network with industry-leading reliability. In parallel, we would like to continue to grow in our new Terminal & Infrastructure business segment as well as significantly expand our share and portfolio of hinterland transports. What's more, we need to reinforce our top 5 position on the global market and realise improvements in terms of cost efficiency and productivity.

Does this also mean that more investments will be made?
Yes, that will be a crucial part of our Strategy 2030. We are naturally talking in particular about investments in terminals and infrastructure, in our ship and container fleets, and in the corresponding decarbonisation measures, which will help us to achieve climate neutrality by 2045. However, we are also making targeted investments in new IT technologies, more efficient data processing and artificial intelligence, as well as in the skills of our employees, such as with our Hapag-Lloyd Academy, with which we are creating a new learning ecosystem and giving our employees access to a wide range of in-person and digital resources. These will help them to continuously develop, to keep an eye on major trends, and to create added value for both our customers and Hapag-Lloyd.

"With our Strategy 2030 we will considerably intensify our focus on quality and sustainability."

And that brings us full circle to the issue of quality ...
Absolutely. We aim to become the undisputed number one for quality for our customers. That will only work if we continually enhance our skills and foster an appealing working environment, which also will also keep us internationally competitive when it comes to attracting the best talent. Every day, our teams around the world do their utmost to keep our customers' supply chains running as smoothly as possible – and we are very confident that we will be able to tackle all future challenges with this top-notch team. In doing so, we will keep the interests of our shareholders and customers – as well as of our employees – firmly in mind. I would like to express my sincere thanks to all of them for their intense cooperation as well as for their faith in our work and the strategic course we have set.

2 AT A GLANCE

Hapag-Lloyd is a leading container liner shipping company with a global liner service network that connects more than 600 ports on five continents. At the same time, we are continuously expanding our involvement in the terminal sector so that we can provide our customers with even faster and more reliable transport from port to port and door to door.

Liner Shipping

> 260 container vessels

> 2.9 million TEU container fleet

> 400 locations worldwide

> 13,400 employees

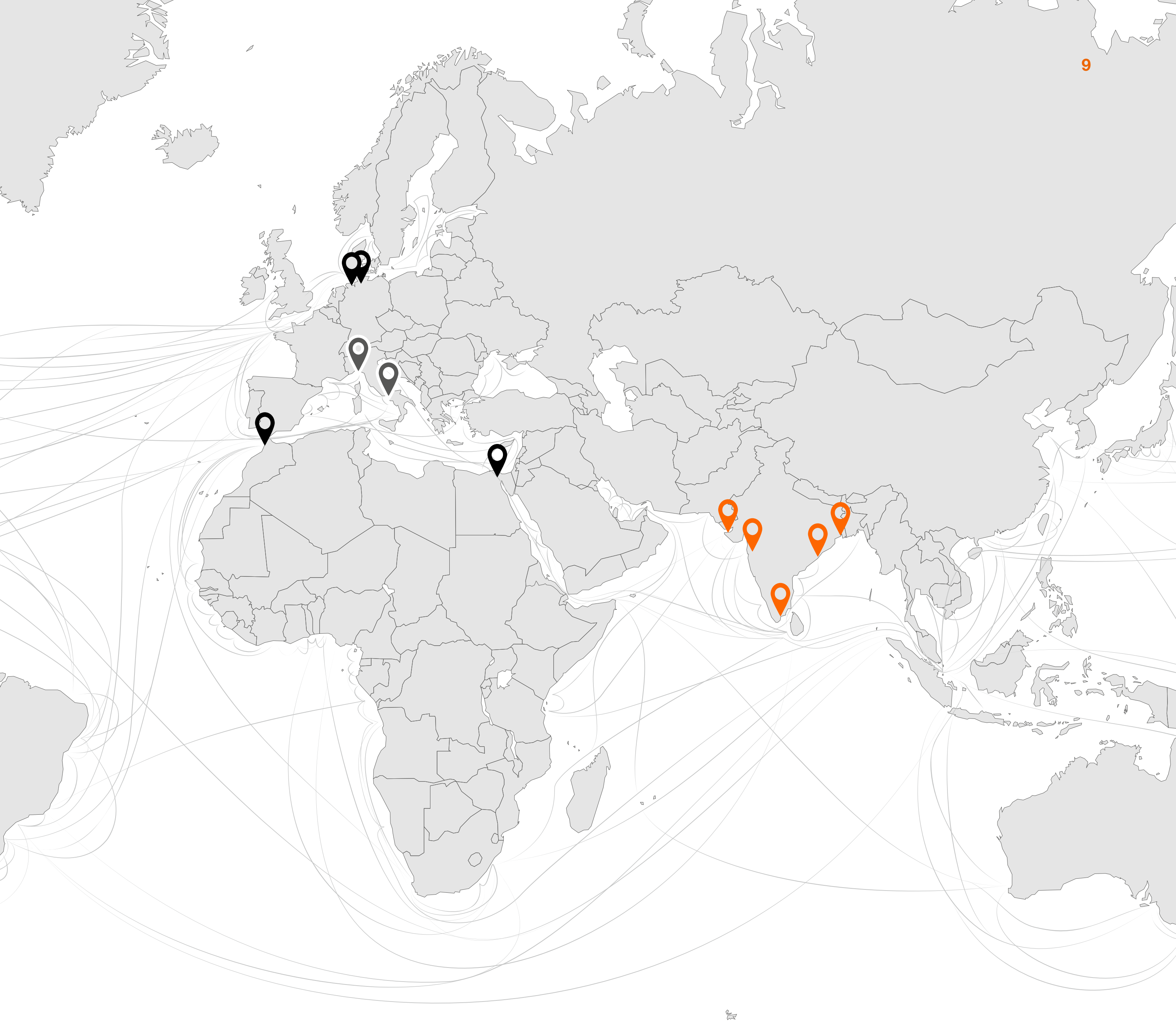
> 110 liner services

Terminals & Infrastructure

20 container terminals

> 2,800 employees

11 countries



Terminal holdings

SAAM Terminals

Gruppo Spinelli

J M Baxi

Various Hapag-Lloyd investments

Berlin Express in the port of Yantian

3
FLEET

The Hapag-Lloyd fleet comprises more than 260 container vessels with a capacity of 2.0 million TEU. To sustain our competitiveness and achieve our ambitious climate protection targets, we have been undertaking an extensive modernisation of our fleet in recent years.

In June 2023, we placed the “Berlin Express” into service, the first of 12 new vessels in the “Hamburg Express” class. With a length of almost 400 metres and a TEU capacity for 23,664 standard containers, it is the largest cargo ship ever to have sailed under the German flag. Its innovative dual-fuel propulsion enables significant reductions in the emission of CO_2 and other pollutants. At the same time, we are also modernising our existing fleet by increasing TEU capacity and lowering fuel consumption. We have already converted 82 vessels successfully since 2022. This number will increase to more than 150 by 2028.

Video „Berlin Express“
Interview with Bosun Erwin Duran Ramos, a look behind the scenes of our new dual-fuel ship

Dheeraj Bhatia, Chief Terminal & Infrastructure Officer (CTIO)

"Investing in container terminals is a perfect complement to the liner shipping business, as it improves the quality of our network and creates synergies with regard to revenue and costs."

Since 2023, Hapag-Lloyd has combined its growing terminal activities under its new Terminal & Infrastructure segment. We are now invested in 20 terminals worldwide and offer supplementary logistics services in addition to pure container handling at selected locations.

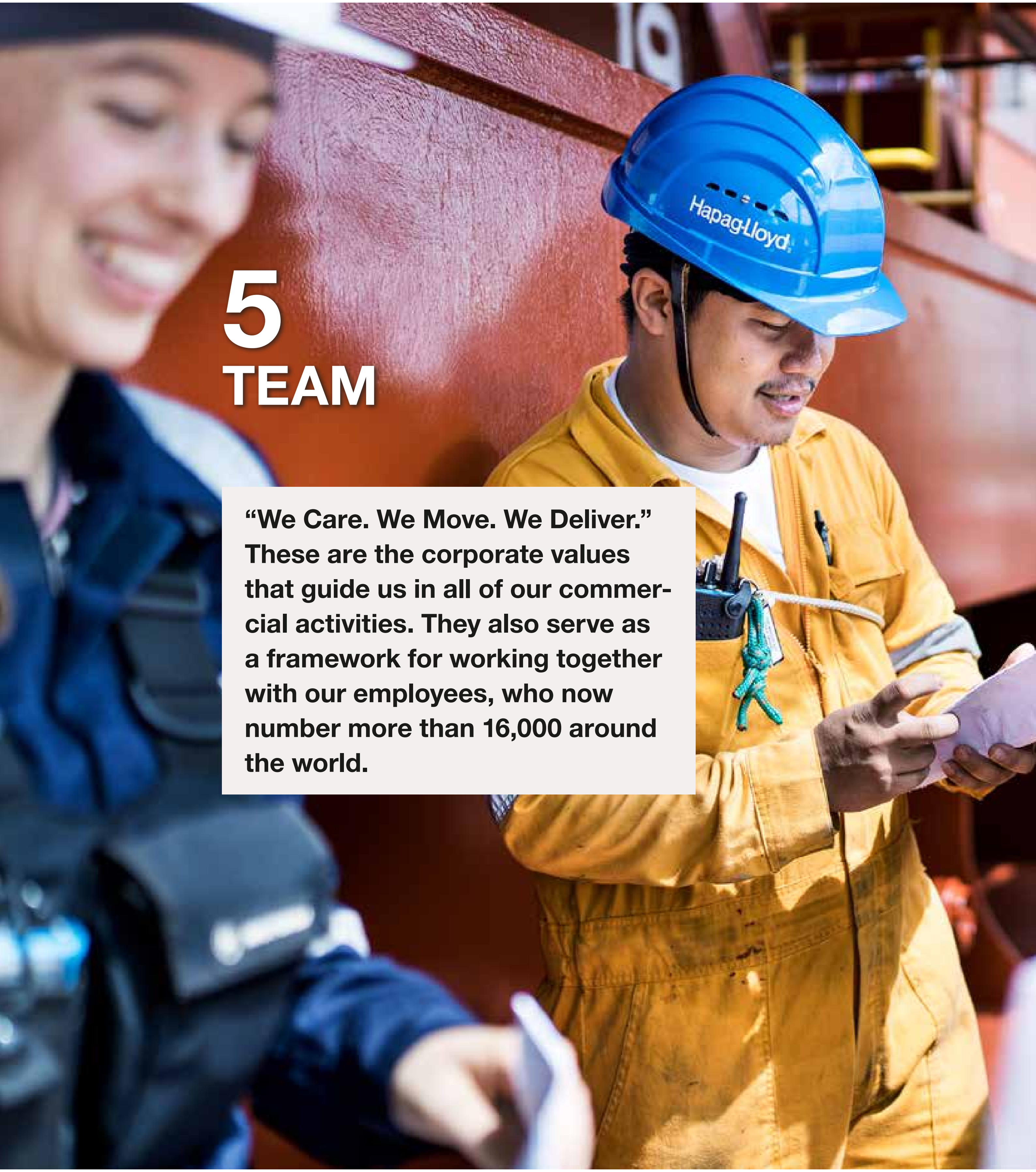
Loading of a reefer container

During the reporting year, we took a decisive step as we establish our terminal activities. With our acquisition of holdings in the Italian Spinelli Group and the Indian company J M Baxi as well as the terminal portfolio of the Latin American SM SAAM Group, we have secured long-term access to key ports in our liner service network. These investments will enable us to optimise interactions between our fleet of vessels and the terminals, thereby reducing delays and lowering costs. At the same time, we can make use of our partners' extensive logistics network within the hinterland to offer our customers seamless transport from door to door.

In response to the growing importance of our terminal business, Dheeraj Bhatia was appointed as Chief Terminal & Infrastructure Officer (CTIO) with effect from 1 January 2024, becoming the fifth member of the Executive Board of Hapag-Lloyd AG. He is simultaneously CEO of the newly established Terminal Holding, based in Rotterdam, where the infrastructure holdings of Hapag-Lloyd AG will be managed in the future.

4 TERMINALS

Hapag-Lloyd vessel in front of the Indian Visakha Container Terminal



5 TEAM

"We Care. We Move. We Deliver." These are the corporate values that guide us in all of our commercial activities. They also serve as a framework for working together with our employees, who now number more than 16,000 around the world.

As an international liner shipping company, we operate in a highly competitive environment that demands a great deal from our employees. In line with our corporate values “We Care. We Move. We Deliver.” we are not just a company that offers quality to our customers, but also one that provides a fair and appreciative working environment for our team. The welfare and safety of our staff on land and at sea is the utmost priority for us in this regard. For this reason, we decided at the end of 2023 not to sail any more vessels through the Red Sea as long as the safety of our seafaring staff cannot be guaranteed.

To maintain our position as a quality leader in the industry, we continuously invest in the skills of our team. With the establishment of the in-house Hapag-Lloyd Academy in the reporting year, we have paved the way for a sustainable learning ecosystem. Our goal is to create a learning pathway for every Hapag-Lloyd employee that is customised to their individual needs, role and commercial influence. The arrival of our new LNG-operated large vessels has also presented our teams with new challenges. For this reason, we have provided our crew members with comprehensive training on the safe operation of these 400-metre-long vessels.

Bosun Erwin Duran Ramos on the Berlin Express

Navigational Officer Romil Lomoljo at the digital route planning monitor of the Berlin Express

6 FINANCIALS

TRANSPORT VOLUME

11.9 million TEU

2022: 11.8 million TEU PAGE 65

REVENUE

17.9 billion EUR

2022: 34.5 billion EUR PAGE 62

FREE CASHFLOW

3.3 billion EUR

2022: 15.4 billion EUR SEITE 73

NET LIQUIDITY

2.6 billion EUR

2022: 12.6 billion EUR PAGE 72

More on the earnings position » PAGE 61

EBITDA

4.5 billion EUR

2022: 19.4 billion EUR PAGE 62

EQUITY

18.8 billion EUR

2022: 27.9 billion EUR PAGE 75

7 STRATEGY

In 2018, we presented our new medium-term “Strategy 2023”. Since then, we have been working continuously on being the number one for our customers in terms of quality. We have made notable progress in customer satisfaction and bolstered our financial strength. We have consolidated our position as a global player through organic growth and targeted acquisitions and advanced the decarbonisation of our fleet. With our new “Strategy 2030”, we will continue to pursue this course in essence, but also shift our focus as a result of the significant change in market conditions since 2018 and adapt our approach in those areas in particular where we have so far been unable to achieve the desired success.

STRATEGY 2023

PROFITABILITY

Profitability throughout the entire economic cycle

GLOBAL PLAYER

Growth in attractive markets and safe-guarding of our position as a global player

NUMBER ONE FOR QUALITY

Differentiation by focusing on quality and customer satisfaction

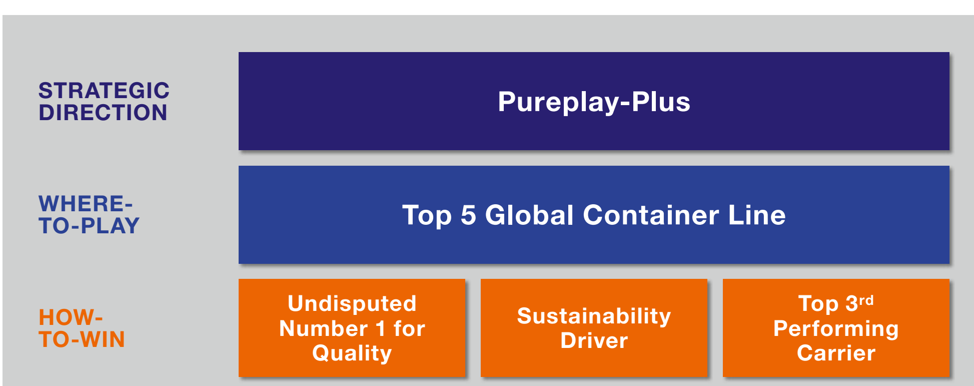
SUSTAINABILITY

Making climate-neutralshipping a reality – together

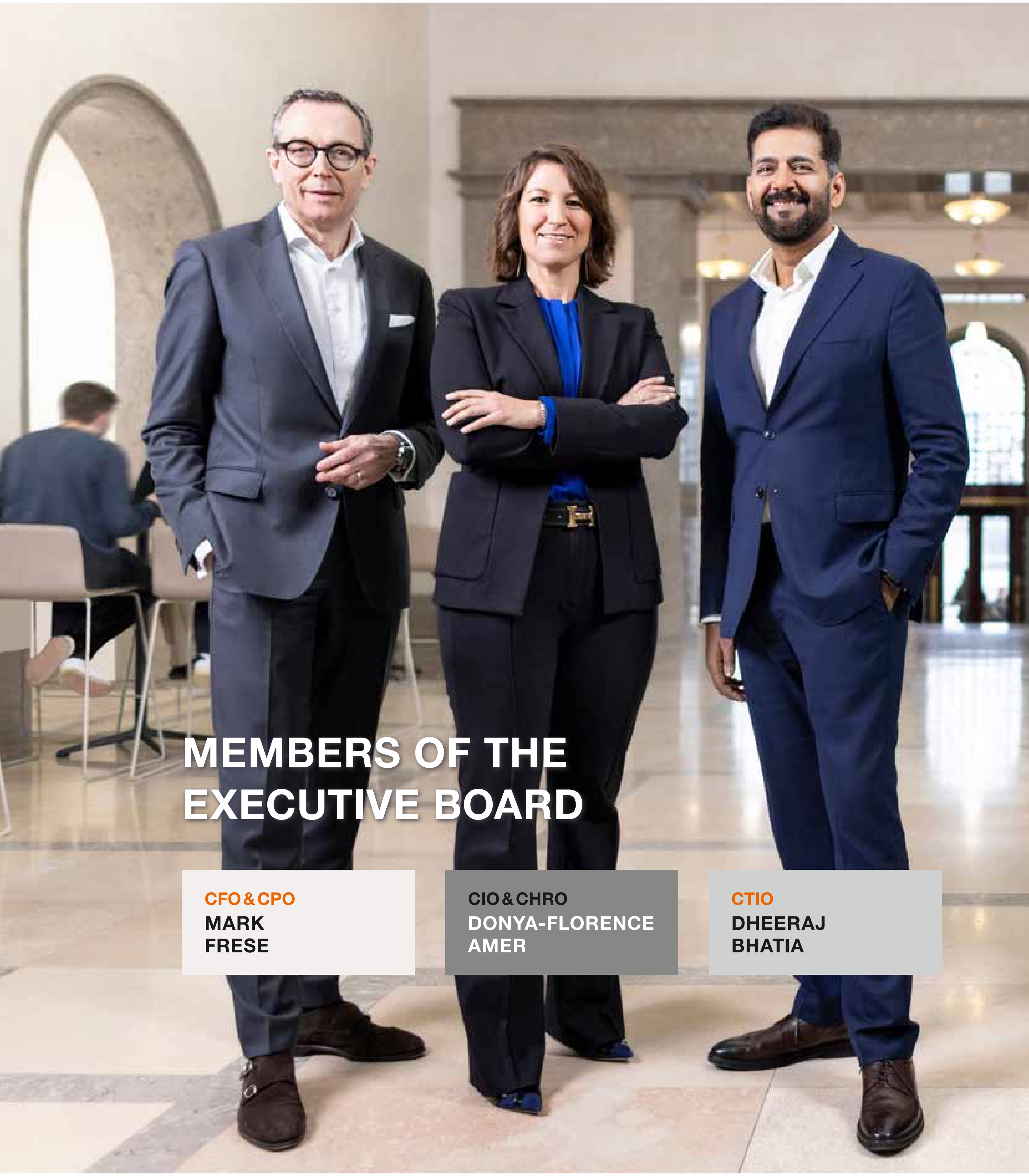
STRATEGY
2030

NEW MEDIUM-TERM “STRATEGY 2030”

With the development of “Strategy 2030”, we have further refined our strategic targets and adapted them to the changed market conditions. We are remaining true to our core business of liner shipping in this regard, while also enhancing and strengthening it as part of our “Pureplay-Plus” model. The establishment of our new Terminal & Infrastructure segment will enable us to further expand our activities in terminal operations and hinterland connections in the coming years. Within our core business, we want to continue growing and to consolidate our position among the world’s top five liner shipping companies, in particular by consistently focusing on quality. We will put the customer at the centre of our actions, improve our service quality and, in particular, enhance the quality of our operating performance in order to become the undisputed “number one for quality”. This will enable us to offer our customers transport solutions that are even more convenient and reliable while also providing us with access to key markets. To ensure that we remain one of the world’s most profitable and efficient container liner shipping companies, we will prioritise strict cost controls, a strong team and modern IT infrastructure. At the same time, we will intensify our efforts to decarbonise our fleet by 2045 and have ourselves measured by the internationally recognised 1.5 degree target.



More on the strategy » PAGE 36



MEMBERS OF THE EXECUTIVE BOARD

CFO & CPO
MARK FRESE

CIO & CHRO
DONYA-FLORENCE AMER

CTIO
DHEERAJ BHATIA


CEO
ROLF
HABBEN JANSEN
COO
DR MAXIMILIAN
ROTHKOPF

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,
In the 2023 financial year, the Supervisory Board of Hapag-Lloyd AG properly and conscientiously performed all of the tasks for which it is responsible in accordance with the applicable laws, articles of association and rules of procedure. The Supervisory Board monitored the Executive Board as it managed the Company and diligently advised it on a regular basis. Its main priority at all times was to protect the interests of Hapag-Lloyd AG, the primary operating unit responsible for the Group's performance.

Cooperation between the Supervisory Board and the Executive Board
In the 2023 financial year, the Executive Board informed the Supervisory Board regularly, comprehensively and promptly about the competitive environment, the planned business policies, all strategic and fundamental operating decisions and the risk management system. The Executive Board also discussed with the Supervisory Board the most important financial indicators as a means of assessment for the Company's economic position. The reports and discussions focused in particular on falling demand and the establishment of the new Terminal & Infrastructure segment. The Executive Board reported both orally and in writing to the Supervisory Board at its meetings, providing comprehensive responses to all of the Supervisory Board's questions. Outside of the meetings, regular reports on the Group's performance and on the most important transactions at Hapag-Lloyd AG also ensured that the Supervisory Board was kept well informed. Furthermore, frequent discussions on the current business environment took place between the Chair of the Supervisory Board and the Chief Executive Officer. The Chair of the Supervisory Board also attended Executive Board meetings on a regular basis in the 2023 financial year. As a result, the Supervisory Board was fully up to date at all times. The reports by the Executive Board complied with legal requirements and those of the Supervisory Board and adhered to the principles of good corporate governance.

The Executive Board involved the Supervisory Board at an early stage in decisions with a significant influence on the position and performance of the Company. The Supervisory Board thus monitored the Executive Board's management of the Company at all times on the basis of legality, correctness, appropriateness and viability.

«

Michael Behrendt
(Chairman of the
Supervisory Board)

Meetings of the Supervisory Board and matters addressed

The Supervisory Board met four times in the reporting period. These meetings were held on 1 March 2023, 3 May 2023, 13 September 2023 and 8 November 2023. The average attendance rate at Supervisory Board meetings and committee meetings was as follows:

- Meetings of the Supervisory Board: 98.4%
- Meetings of the Presidential and Personnel Committee: 96.7%
- Meetings of the Audit and Financial Committee: 93.3%

Attendance of the Supervisory Board members in the 2023 financial year

Meeting	Meetings by the Supervisory Board				Meetings by the Presidential and Personnel Committee			Meetings by the Audit and Financial Committee			
Name	1.3.2023	3.5.2023	13.9.2023	8.11.2023	1.3.2023	13.9.2023	8.11.2023	28.2.2023	1.5.2023	9.8.2023	7.11.2023
Mr Albrecht	✓	✓	✓	✓	✓	✓	✓				
Mr Alnowaiser	✓	✓	✓	✓	✓	✓	✓				
Sheikh Al-Thani	✓	✓	✓	✓				✓	✓	✓	✓
Mr Behrendt	✓	✓	✓	✓	✓	✓	✓				
Mr Gernandt	O	✓	✓	✓	O	✓	✓	O	✓	✓	✓
Mr Graeser											
Mr Hasbún	✓	✓	✓	✓				✓	✓	✓	✓
Ms Kröger	✓	✓	✓	✓				✓	✓	✓	✓
Ms Lehmköster	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Neumann			✓	✓							
Ms Nieswand	✓	✓	✓	✓	✓	✓	✓				
Ms Niklas	✓	✓	✓	✓	✓	✓	✓	✓	✓	O	✓
Mr Pérez	✓	✓	✓	✓	✓	✓	✓				
Mr Rittstieg	✓	✓	✓	✓							
Mr Schroeter	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Schwiegershausen-Güth	✓	✓	✓	✓							
Ms Stawars	✓	✓	✓	✓							
Mr Zimmermann	✓	✓			✓			✓	✓		

✓ Meeting attendance
O Did not attend the meeting
Was not a member of the Supervisory Board or the committee at the time of the meeting

Supervisory Board meeting on 1 March 2023

In its meeting on 1 March 2023, the Supervisory Board began by adapting the existing remuneration system for board members following a recommendation by the Presidential and Personnel Committee. It was also decided to modify the existing Executive Board contracts in line with the new remuneration system. The Supervisory Board subsequently focused primarily on the annual financial statements. Following its own review and the recommendation of the Audit and Financial Committee, it approved the annual and consolidated financial statements as well as the combined management report for the 2022 financial year. In addition, the Supervisory Board decided to propose to the Annual General Meeting that a dividend be paid, and also decided in this context to follow the recommendation of the Audit and Financial Committee regarding its proposal for the selection of the external auditors of the annual and consolidated financial statements. The Supervisory Board also reviewed and adopted the non-financial report prepared in accordance with Sections 289b (3) and 315b (3) of the German Commercial Code (HGB) and the Declaration of Conformity with the German Corporate Governance Code (GCGC) in accordance with Section 161 of the German Stock Corporation Act (AktG). The Supervisory Board went on to approve the agenda for the Company's Annual General Meeting on 3 May 2023 and adopted its proposed resolutions regarding the agenda items. The Supervisory Board subsequently reported on the current business environment.

Supervisory Board meeting on 3 May 2023
At the start of the meeting, the Supervisory Board obtained information from the Executive Board about the current business environment and in particular discussed with the Executive Board the effects of the incipient market normalisation in the first quarter of 2023. The earnings forecast for the 2023 financial year was subsequently discussed, taking into consideration the falling demand. This was followed by a report on the development of the new corporate strategy. The Supervisory Board concluded the meeting with a discussion of preparations for the Company's ordinary Annual General Meeting, which took place after the meeting.

Based on a resolution passed outside of a meeting, on 13 July 2023 the Supervisory Board decided on the recommendation of the Audit and Financial Committee to propose to the 2024 Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, be selected as the external auditors for the 2025 financial year.

Based on a resolution passed outside of a meeting, on 22 August 2023 the Supervisory Board approved the conclusion of time charter agreements for four vessels for a duration of approximately eight years.

Supervisory Board meeting on 13 September 2023
At the start of the meeting, the Supervisory Board appointed Mr Dheeraj Bhatia as an Executive Board member with effect from 1 January 2024 and modified the plan outlining the division of responsibilities for the Executive Board. In connection with this, responsibility for the newly created Terminal & Infrastructure segment was assigned to Mr Bhatia. The Supervisory Board then reviewed the Executive Board's report on the current business environment. The Executive Board reported on the announcement by the Free and Hanseatic City of Hamburg that the competitor MSC was to acquire an indirect interest in Hamburger Hafen und Logistik Aktiengesellschaft. It also reported on the Company's solid first half-year in a very challenging market. The remaining discussions focused on the revision of the earnings outlook for the 2023 financial year and the main planning assumptions for the 2024 financial year. In addition, the Executive Board provided information on the strategy development and the implementation of the EU initiatives. Finally, the Company's Chief Compliance Officer provided a report.

Supervisory Board meeting on 8 November 2023
At the start of the meeting, the Executive Board reported on the current business environment against the backdrop of the challenging market situation. The meeting then focused on the third forecast for the 2023 financial year as well as the annual budget for 2024, including the business plan of Hapag-Lloyd AG. The Executive Board gave a precise account of the corresponding planning and went into detail on the underlying assumptions. On the recommendation of the Audit and Financial Committee, the Supervisory Board approved the Executive Board's annual budget for 2024, including the financial and investment planning for 2024. The current status of the strategy development was then discussed, followed by a report by the Labour Director. Finally, the newly created Terminal & Infrastructure segment was presented.

Meetings of the committees and matters addressed
The work of the Supervisory Board was prepared and supported by its committees. The following committees, with the members listed beside them, were active in the reporting year:

Presidential and Personnel Committee: Michael Behrendt (Chairman), Felix Albrecht (until 29 November 2023, from 16 February 2024), Turqi Alnowaiser, Karl Gernandt, Peter Graeser (from 16 February 2024), Silke Lehmköster (until 29 November 2023), Sabine Nieswand (until 29 November 2023, from 16 February 2024), Dr Isabella Niklas, José Francisco Pérez Mackenna, Klaus Schroeter (until 29 November, from 16 February 2024), Maya Schwiegershausen-Güth (from 16 February 2024), Uwe Zimmermann (until 31 May 2023).

Audit and Financial Committee: Oscar Eduardo Hasbún Martínez (Chairman), Sheikh Ali bin Jassim Al-Thani, Karl Gernandt, Annabell Kröger (until 29 November 2023, from 16 February 2024), Silke Lehmköster (until 29 November 2023 from 16 February 2024), Martina Neumann (from 16 February 2024), Dr Isabella Niklas, Klaus Schroeter (until 29 November 2023, from 16 February 2024), Uwe Zimmermann (until 31 May 2023).

Mediation Committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG): Michael Behrendt (Chairman), Felix Albrecht (until 29 November 2023), Sabine Nieswand (from 16 February 2024), José Francisco Pérez Mackenna, Klaus Schroeter (until 29 November 2023, from 16 February 2024).

Nomination Committee: Michael Behrendt (Chairman), Turqi Alnowaiser, Karl Gernandt, Dr Isabella Niklas, José Francisco Pérez Mackenna.

The specific tasks assigned to these committees are described in detail as part of the declaration by the Executive Board and Supervisory Board on corporate governance.

The Presidential and Personnel Committee met three times in 2023, on 1 March 2023, 13 September 2023 and 8 November 2023.

Besides discussing the preparations for the Supervisory Board's meeting on the same day, the Presidential and Personnel Committee's meeting of 1 March 2023 also focused on the remuneration system for the Executive Board members.

In its meeting on 13 September 2023, the Presidential and Personnel Committee dealt with the preparation of the subsequent Supervisory Board meeting and the appointment of Mr Dheeraj Bhatia as an Executive Board member with effect from 1 January 2024. In addition, the modification of the plan outlining the division of responsibilities for the Executive Board was discussed. Responsibility for the newly created Terminal & Infrastructure segment was assigned to Mr Bhatia with effect from 1 January 2024.

In its meeting on 8 November 2023, the Presidential and Personnel Committee dealt with the preparation of the subsequent Supervisory Board meeting.

The Audit and Financial Committee convened four meetings in the financial year, on 28 February 2023, 10 May 2023, 9 August 2023 and 7 November 2023.

In the meeting on 28 February 2023, the discussions centred on issues relating to the annual financial statements, including the external auditors' report on the annual and consolidated financial statements for the 2022 financial year (see also "Annual and consolidated financial statements 2022" in the 2022 annual report). The dependency report and the proposal for the election of the external auditors were discussed, and a corresponding proposal to the Supervisory Board was passed (see also "Review of the report by the Executive Board on relationships with affiliated companies" in the 2022 annual report). In addition, the Audit and Financial Committee dealt with the tender for the selection of the external auditors for the 2025 financial year.

The second meeting on 10 May 2023 was dominated by a discussion on the financial report for the first quarter and the forecast for the second quarter. The internal control system (ICS) was also discussed, as were the strategic risks, progress on the tender for the selection of the external auditors for the 2025 financial year and an overview of the current acquisition projects.

Based on a resolution passed outside of a meeting, on 12 June 2023 the Audit and Financial Committee recommended two candidates as external auditors for the 2025 financial year to the Supervisory Board on the basis of its own detailed analysis.

In the meeting on 9 August 2023, the discussion centred on the half-year financial report and the forecast for the second half. The Audit and Financial Committee also dealt with hedging transactions within the Group, strategic projects and the report by the Corporate Audit department. In addition, the revised Group guideline on non-auditing services was approved.

In its fourth meeting on 7 November 2023, the focus was on the presented 2024 annual budget, including Hapag-Lloyd AG's business plan. The financial report for the third quarter and the focal points of the external audit were also discussed, as was an overview of the strategic projects.

The Nomination Committee and the Mediation Committee did not meet in the financial year.

Training and development measures for members of the Supervisory Board
Members of the Supervisory Board participate in independent training and development measures that are useful for the performance of their tasks, the Company supports them in this.

Informational events are held to present the business model of Hapag-Lloyd AG to new members of the Supervisory Board.

Personnel changes in the Supervisory Board and the Executive Board
Ms Martina Neumann was court-appointed as an employee representative to the Supervisory Board with effect from 11 July 2023, as Mr Uwe Zimmermann retired from the Company on 31 May 2023.

With effect from 29 November 2023, Mr Felix Albrecht, Ms Annabell Kröger, Ms Silke Lehmköster, Ms Martina Neumann, Ms Sabine Nieswand, Mr Klaus Schroeter and Ms Maya Schwiegershausen-Güth were re-elected by the employees, and Mr Peter Graeser was elected to the Supervisory Board for the first time. Ms Svea Stawars' term as a Supervisory Board member ended with effect from 29 November 2023.

In accordance with a resolution of the Supervisory Board on 13 September 2023, Mr Dheeraj Bhatia was appointed as an Executive Board member with effect from 1 January 2024.

Corporate governance
The Supervisory Board is committed to the principles of good corporate governance and dealt with them continuously in the 2023 financial year. An essential basis of our corporate governance at the beginning of the financial year was the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version of 16 December 2019 and published in the official section of the Federal Gazette (Bundesanzeiger) on 20 March 2020, which were applicable to the Company up until the Declaration of Conformity in March 2023, and subsequently the recommendations and suggestions of the German Corporate Governance Code in the version of 28 April 2022 and published in the official section of the Federal Gazette (Bundesanzeiger) on 27 June 2022 (GCGC 2022), which were applicable to the Company from March 2023. Good corporate governance does not preclude deviating from the recommendations of the Code in individual justified aspects. As a listed company, Hapag-Lloyd AG is subject to the obligation to declare, in accordance with Section 161 of the German Stock Corporation Act (AktG), that the recommendations of the GCGC have been and are being complied with or which recommendations have not been or are not being applied and why not (Declaration of Conformity). The Executive Board and Supervisory Board adopted a Declaration of Conformity in March 2023, which is available on the company's website at https://www.hapag-lloyd.com/en/company/ir/corporate-governance/compliance-statement.html. Further details on corporate governance can be found in the declaration on corporate governance.

The members of the Supervisory Board of Hapag-Lloyd AG are obliged to disclose to the Chairman of the Supervisory Board any conflicts of interest, in particular those that might arise as a result of consulting or board functions with customers, suppliers, lenders or other third parties. In accordance with the recommendation of the GCGC, the Supervisory Board provides information in its report to the Annual General Meeting on any conflicts of interest that have arisen and how they have been dealt with. There were no indications of actual or potential conflicts of interest in the 2023 financial year.

Audit of the 2023 annual and consolidated financial statements
The Executive Board submitted the annual financial statements, the consolidated financial statements and the combined management report of Hapag-Lloyd AG and the proposal on the appropriation of profits to the Supervisory Board within the specified time.

KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited the annual financial statements as at 31 December 2023 prepared by the Executive Board in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with Section 315e HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union, as well as the combined management report and issued each of them with an unqualified auditor's opinion.

Before the Audit and Financial Committee made a decision on its recommendation to the Supervisory Board regarding the proposal of the external auditors to the Annual General Meeting, the external auditors declared that there were no business, financial, personal or other relationships between the auditors, their corporate bodies and their lead auditors on one side and the Company and the members of its corporate bodies on the other side that could raise doubts about the auditors' independence. This declaration also disclosed the extent to which other services had been provided to the Company in the previous financial year or contractually agreed for the following year. Within this context, the Audit and Financial Committee verified and confirmed that the required independence exists. The Supervisory Board was informed of the result of this verification process before making its decision on the proposal of the external auditors to the Annual General Meeting.

The audit engagement for the annual financial statements of the Company and the Group was awarded by the Chairman of the Supervisory Board's Audit and Financial Committee in accordance with the resolution of the Annual General Meeting on 3 May 2023.

The documents relating to the annual and consolidated financial statements and the appropriation of retained earnings were examined and discussed at length at the meeting of the Audit and Financial Committee on 12 March 2024 in preparation for the audit and the handling of these documents by the Supervisory Board in the presence of the external auditors, who gave an account of the results of their audit, and in the presence of the Executive Board; this included questions to the external auditors regarding the manner and scope of the audit as well as the audit result. As a result, the Audit and Financial Committee was convinced of the correctness of the audit and the audit report. In particular, it was also satisfied that the audit report – as well as the audit performed by the external auditors themselves – complied with all legal requirements.

Within this context, the external auditors also confirmed to the Audit and Financial Committee that no circumstances existed which would lead to concerns about their impartiality. Furthermore, the Audit and Financial Committee obtained a report from the external auditors on the audit of the risk early-warning system. The external auditors stated that the Executive Board has appropriately implemented the measures required under Section 91 (2) of the German Stock Corporation Act (AktG), in particular regarding the establishment of a monitoring system, and that the monitoring system is suitable in all material respects to provide reasonable assurance about the early identification of developments that may affect the Company's ability to continue as a going concern. The Audit and Financial Committee agrees with this assessment. The Audit and Financial Committee made a recommendation to the Supervisory Board to acknowledge and approve the result of the audit performed by the external auditors, and since it had no objections of its own to the documents for the annual financial statements and consolidated financial statements along with the combined management report submitted by the Executive Board, to approve the annual financial statements, the consolidated financial statements and the combined management report.

The aforementioned financial statement documents, the Executive Board's proposal on the appropriation of retained earnings and the audit reports of the external auditors were provided to all members of the Supervisory Board in time to prepare for the Supervisory Board's meeting on 13 March 2024.

In its meeting on 13 March 2024, the Supervisory Board discussed the result of the audit performed by the external auditors and the recommendation of the Audit and Financial Committee and conducted its own in-depth review of them after the Executive Board had explained the documents submitted. This meeting was also attended by the external auditors, who reported on the main results of their audit and answered questions from the Supervisory Board about the manner and scope of the audit and the audit results. The discussion also included the risk early-warning system. The Supervisory Board agrees with the Audit and Financial Committee's understanding of the effectiveness of this system. It also obtained a report from the Audit and Financial Committee on its monitoring of the external auditors' independence, taking into account the non-audit services provided, and its assessment that the external auditors continue to have the necessary independence. The Supervisory Board fully observed its increased monitoring duties, in particular with regard to the independence of the external auditors, using its corresponding guideline for the approval of non-auditing services provided by the external auditors.

The Supervisory Board was satisfied that the external auditors had correctly performed the audit and that both the audit and the audit reports complied with the legal requirements. Following its own thorough review of the annual financial statements, the consolidated financial statements and the combined management report (including the declaration on corporate governance), the Supervisory Board declares that it has no objections to the annual financial statements and consolidated financial statements or the combined management report. Following the recommendation of the Audit and Financial Committee, the Supervisory Board acknowledged and agreed with the external auditors' findings. The Supervisory Board therefore approved the annual financial statements and the consolidated financial statements in its meeting on 13 March 2024.

The annual financial statements of Hapag-Lloyd AG have thereby been adopted. The Supervisory Board agrees with the Executive Board's assessment of the state of the Company and the Group as expressed in the combined management report. The Supervisory Board discussed the Executive Board's proposal on the appropriation of retained earnings, which includes a dividend of EUR 9.25 per dividend-eligible share, from the perspectives of the dividend policy and the shareholders' interests. The remaining retained earnings of EUR 11,319.8 million will be carried forward to the subsequent year. The Supervisory Board concurred with the Executive Board's proposal on the appropriation of retained earnings on 13 March 2024.

Review of the Executive Board report on relationships with affiliates

The Executive Board submitted its report on relationships with affiliated companies in the 2023 financial year (dependency report) to the Supervisory Board in a timely manner.

The external auditors audited the dependency report and issued the following unqualified auditor's opinion:

"Following our mandatory audit and assessment, we hereby confirm that:
1. the actual disclosures in this report are accurate
2. the payments made by the Company for the legal transactions detailed in the report were not unreasonably high."

The audit report of the external auditors was also submitted to the Supervisory Board. The dependency report and the corresponding audit report were sent to all members of the Supervisory Board in a timely manner to enable them to prepare for the discussions in the Supervisory Board meeting on 13 March 2024.

In preparation for the Supervisory Board's review and decision-making process, the Audit and Financial Committee assessed the aforementioned documents in detail. The members of the Executive Board explained the dependency report to the Audit and Financial Committee in detail in its meeting on 12 March 2024. They also answered questions from committee members. The meeting was also attended by the external auditors, who reported on their audit, in particular their audit focal points and the main results of their audit and explained their audit report. The members of the Audit and Financial Committee took note of the audit report and the auditor's opinion, critically examined them, and discussed these documents as well as the audit itself with the external auditors. This included questions about the manner and scope of the audit and the audit results. Consequently, the Audit and Financial Committee was able to satisfy itself of the correctness of the audit and the audit report. In particular, it was satisfied that the audit report – as well as the audit performed by the external auditors themselves – complied with all legal requirements. The Audit and Financial Committee made a recommendation to the Supervisory Board to approve the result of the audit performed by the external auditors, and since it had no objections to the Executive Board's statement on the dependency report, to decide on a corresponding assessment.

The Supervisory Board performed the final review in its meeting on 13 March 2024, taking into consideration the resolution and recommendation of the Audit and Financial Committee as well as the audit report of the external auditors. The Executive Board explained the dependency report in this meeting and answered questions from Supervisory Board members. The external auditors also attended this meeting, reported on their audit of the dependency report and their main audit results, explained their audit report, and answered questions from Supervisory Board members, in particular regarding the manner and scope of the dependency report audit and the audit results. Based on this, the Supervisory Board reviewed the legal transactions detailed in the report on the relationships with affiliates to determine whether the payments made by the Company were not unreasonably high in consideration of the circumstances that were known at the time they were made or whether disadvantages had been offset. To enable this, the Supervisory Board obtained an explanation of the most important legal transactions, which formed the basis for the payments made by the Company and the services received in return. In doing so, and on the basis of the report provided by the Audit and Financial Committee, the Supervisory Board was convinced of the correctness of the dependency report audit and the audit report. In particular, it was satisfied that the audit report – as well as the audit performed by the external auditors themselves – complied with all legal requirements. The Supervisory Board reviewed the dependency report with regard to its accuracy in particular and also verified that the affiliates were identified with the necessary diligence and that all precautions necessary for recording legal transactions and measures which are subject to reporting requirements were taken. This review did not identify any reasons for objections to the dependency report. Following the recommendation of the Audit and Financial Committee, the Supervisory Board agreed with the result of the dependency report audit by the external auditors. Based on the final results of the Supervisory Board's own review of the dependency report, there are no objections to the Executive Board's statement on the dependency report.

The Supervisory Board thus performed its own review of the Executive Board's dependency report and the external auditors' audit report.

Audit of the non-financial report 2023

The Executive Board submitted the separate non-financial report of Hapag-Lloyd AG for the financial year 2023 to the members of the Supervisory Board in good time for them to prepare their own audit. The Supervisory Board commissioned an external audit of the content of the non-financial report within the context of obtaining limited assurance. KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, performed an external audit of the non-financial report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) within the context of providing limited assurance and issued an unqualified auditor's opinion. After conducting its own independent review of the non-financial report 2023, the Supervisory Board raised no objections.

In its meeting on 13 March 2024, the Supervisory Board addressed the result of the audit of the non-financial report and conducted its own in-depth review of it after the Executive Board had explained the documents submitted and in the presence of the auditors, who gave an account of the results of their audit. Consequently, the Supervisory Board was able to satisfy itself of the correctness of the audit and the audit report. It thus acknowledged and agreed with the auditors' findings and adopted the non-financial report in its meeting on 13 March 2024.

At the same meeting, the Supervisory Board also awarded the audit engagement for the non-financial report for the current financial year to an external auditor.

Acknowledgement

The Supervisory Board would like to express its sincere thanks to the employees and the Executive Board of the Hapag-Lloyd Group for their great personal commitment and their very successful work over the last financial year.

Adoption of the report

The Supervisory Board adopted this report by a resolution on 13 March 2024 in accordance with Section 171 (2) AktG.

Hamburg, 13 March 2024

For the Supervisory Board

Michael Behrendt
(Chairman of the Supervisory Board)

OBJECTIVES, VALUES AND STRATEGY

The prime strategic objective of the Hapag-Lloyd Group is to achieve long-term profitable growth measured on the basis of the developments in transport volume in the Liner Shipping segment, the key performance indicators EBITDA and EBIT as well as the return on invested capital (ROIC) for the Group.

Values

Hapag-Lloyd is a multicultural company, with approximately 16,300 employees on six continents. To ensure all our employees have a shared understanding of “who we are” and “who we want to be”, Hapag-Lloyd has worked together with its employees, customers and various other interest groups to formulate a number of company values. Specifically, these values are:

- **We Care:** We look after ourselves, our colleagues, our business partners and our environment.
- **We Move:** We are open to change and are always looking to deliver improvements, for ourselves and for our customers.
- **We Deliver:** We keep our promises.

Our shared values help to guide and support us in our day-to-day work. They are also designed to motivate and inspire us on our journey to our long-term objective of being number one for quality.

Strategy 2023

Between 2014 and 2018, the container liner shipping industry underwent a period of extensive consolidation, as a result of which the ten largest competitors now hold a global market share of more than 80%. Through its mergers with CSAV and UASC, Hapag-Lloyd has also been able to significantly increase its competitiveness with regard to costs and expand its market shares. Following the end of the consolidation phase, we first presented our new medium-term strategy "Strategy 2023" in 2018 and have continued to develop it since then.

The core objectives of Strategy 2023 were:

Profitability
Profitability throughout the entire economic cycles

Global Player
Growth in attractive markets and securing our position as a global player

Number one for quality
Differentiation by focusing on quality and customer satisfaction

Sustainability
Making climate-neutral shipping a reality together

Profitability

Profitable growth throughout the entire economic cycle is one of the core objectives of Strategy 2023. We have significantly improved our profitability and financial solidity since 2018. This positive development was initially attributable to successful cost-cutting measures and the realisation of synergies from the merger with UASC. Then, in the last three financial years, a sharp rise in freight rates caused by the shortage of transport capacity has led to exceptional profits in the industry overall. As a result of our increased profitability, we distributed more than EUR 18 billion in dividends to our shareholders in the period from 2018 to 2023. At the same time, we have eliminated our net debt from a figure of EUR 5.5 billion at the end of 2018 and, as at year-end 2023, we had net liquidity of EUR 2.6 billion. This positive development is also reflected in a significant increase in Hapag-Lloyd's credit rating. The credit ratings issued to Hapag-Lloyd by the international rating agencies Standard & Poor's and Moody's were BB+ and Ba2 respectively at the end of the year (2018: B+ and B2 respectively).

Strategic financial targets

Category	Target	Target achievement in 2023
Profitability	ROIC > WACC	15.6% ROIC > 9.4% WACC
Net leverage	≤ 3x Net leverage/EBITDA	Net liquidity: EUR 2.6 bn
Liquidity	~USD 1.1 bn	EUR 5.8 bn
Equity ratio	> 45%	65%
Dividend policy	≥ 30% of Group profit	55% of 2023 Group profit [1]

[1] Proposal to the 2024 Annual General Meeting

Global player

By investing in our vessel and container fleet and acquiring regional competitors, we have further consolidated our position as a global player with a global market share of around 10% (excluding Intra-Asia). The capacity of our vessel fleet has grown by 25% since the start of 2018. We have continuously expanded our presence and gained market shares in the rapidly growing markets of Africa and India in particular, as well as our business in attractive niche markets such as reefer container transport. Furthermore, through acquisitions and investments we have built up a global container terminal portfolio that now comprises 20 terminals and forms Hapag-Lloyd's second operating segment.

Number one for quality

Our goal is no less than to be the number one for quality in our industry by providing a high level of service quality at all times and offering our customers added value through innovative solutions when it comes to booking, tracking and processing shipments. We measure our service quality based on the quality promises formulated by us. These include timely and accurate booking documentation, a high level of adherence to schedules compared with competitors, accessibility of customer service at all times and swift handling of enquiries and claims. The success of our focus on quality is reflected in a significant increase in customer satisfaction, which we regularly measure using the Net Promoter Score (NPS). This stood at 58 at the end of 2023, a very good level. While we have made great improvements to quality since implementing Strategy 2023, we have not yet reached our goal as we see it with regard to adherence to schedules and the expansion of our hinterland business in particular. For this reason, we are further intensifying our efforts in these areas by optimising our network, establishing dedicated teams for hinterland transport and reorganising our partnerships on land and at sea.

Sustainability

At the centre of our sustainability activities is the decarbonisation of our vessels. In 2023, we reduced the greenhouse gas emissions of our fleet by more than 800,000 tonnes compared with the previous year. We achieved this through operating efficiency measures, technical retrofits to vessels in our existing fleet and investments in new vessels. To reach our target of net-zero greenhouse gas emissions by 2045, we are also increasingly prioritising alternative propulsion technologies and low-emission fuels. For example, our use of biofuels has made it possible for our customers to book low-emission transport since 2023. Furthermore, we have expanded our corporate citizenship activities through numerous initiatives such as Hapag-Lloyd Cares as well as measures to protect biodiversity, for example by installing ballast water treatment systems on all of our vessels.

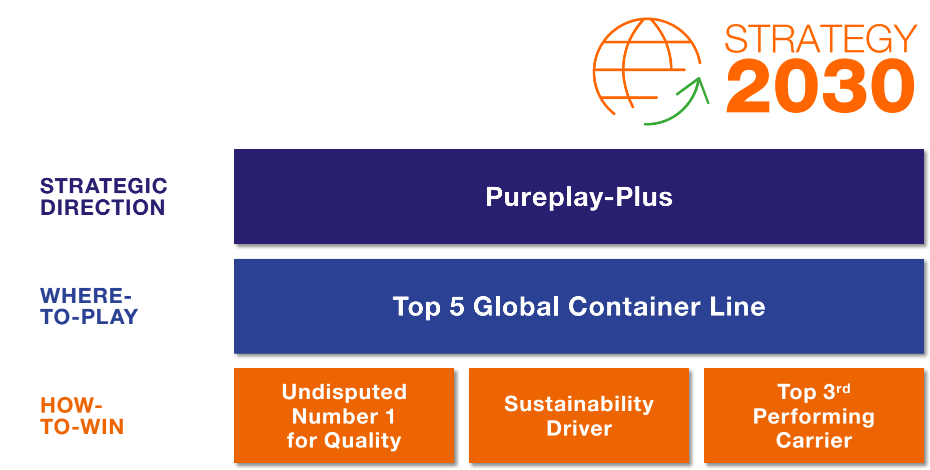
Strategic non-financial targets

Category	Target	Target achievement in 2023
Customer Satisfaction	Best in class Net Promoter Score (NPS)	★★★
Schedule Reliability	Top 3rd in the industry	★☆☆
CO_2-Reduction	–30% CO_2e-reduction (EEOI) until 2030 vs. 2019	★★☆
Superior Landside	40% share of transports with inland component	★★☆
Attractive Markets	≥ 10% global market share (excl. Intra-Asia)	★★★

New medium-term "Strategy 2030"

With the development of "Strategy 2030", we have further refined our strategic targets and adapted them to the changed market conditions. We are remaining true to our core business of liner shipping in this regard, while also enhancing and strengthening it as part of our "Pureplay-Plus" model. The establishment of our new Terminal & Infrastructure segment will enable us to further expand our activities in terminal operations and hinterland connections in the coming years. Within our core business, we want to continue growing and to consolidate our position among the world's top five liner shipping companies, in particular by consistently focusing on quality. We will put the customer at the centre of our actions, improve our service quality and, in particular, enhance the quality of our operating performance in order to become the undisputed "number one for quality". This will enable us to offer our customers transport solutions that are even more convenient and reliable while also providing us with access to key markets. To ensure that we remain one of the world's most profitable and efficient container liner shipping companies, we will prioritise strict cost controls, a strong team and modern IT infrastructure. At the same time, we will intensify our efforts to decarbonise our fleet by 2045 and have ourselves measured by the internationally recognised 1.5 degree target.

Core pillars of Strategy 2030



Combined management report

BASIC PRINCIPLES OF THE GROUP

The management report of Hapag-Lloyd AG and the Group management report have been combined in accordance with Section 315 (5) in conjunction with Section 298 (2) of the German Commercial Code (HGB). The disclosures specific to Hapag-Lloyd AG are presented in the chapter “Notes to the individual financial statements of Hapag-Lloyd AG (German Commercial Code (HGB))”.

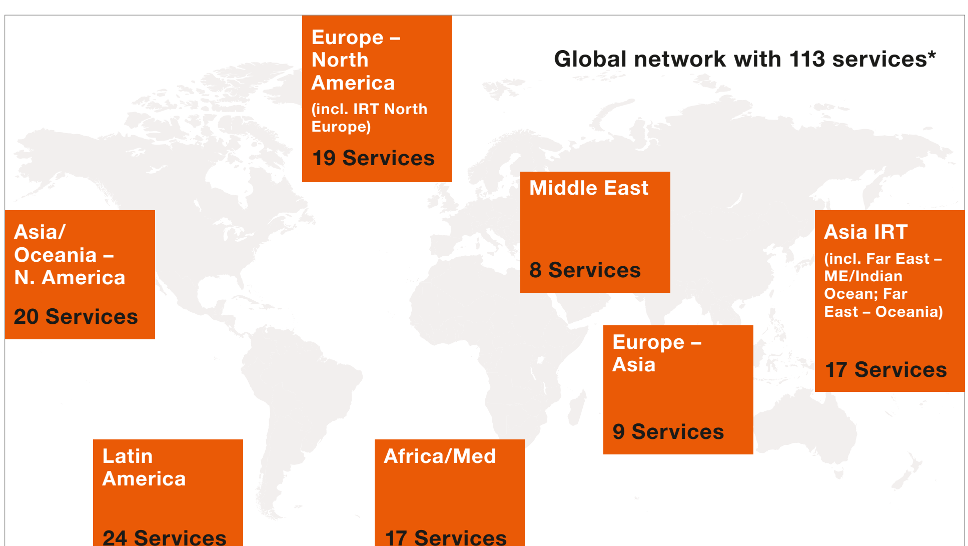
OPERATING ACTIVITIES

The Hapag-Lloyd Group is one of the world’s leading container liner shipping companies. The Group’s core business encompasses the shipping of containers from port to port using both owned and chartered vessels as well as the associated hinterland transport from door to door. As part of Strategy 2023, Hapag-Lloyd is also continuously expanding its activities in the terminal sector. Following the acquisition of SAAM Ports S.A. and SAAM Logistics S.A. as well as an associated real estate portfolio (jointly SAAM Terminals) in August 2023, the business activities have been separated into the Liner Shipping and Terminal & Infrastructure segments.

Liner Shipping segment

As at 31 December 2023, Hapag-Lloyd’s fleet consisted of 266 container vessels (31 December 2022: 251) with a transport capacity of 2.0 million TEU (31 December 2022: 1.8 million TEU). The segment has 403 sales offices in 140 countries (31 December 2022: 400 sales offices in 135 countries) and offers its customers access to a network of 113 services (31 December 2022: 119 services) worldwide. In the 2023 financial year, the segment served approximately 30,900 customers around the world (2022: approximately 33,800).

Network of Hapag-Lloyd services



Source: Company data
Note: *FP1 service included twice (Asia–North America/Europe–Asia)

Terminal & Infrastructure segment

Hapag-Lloyd is the majority owner of five seaport terminals in the USA and Latin America. In addition, Hapag-Lloyd has holdings in terminals in Latin America, Europe, North Africa and India. Along with the terminal activities, complementary logistics services are offered at some locations.

Hapag-Lloyd terminals and terminal holdings

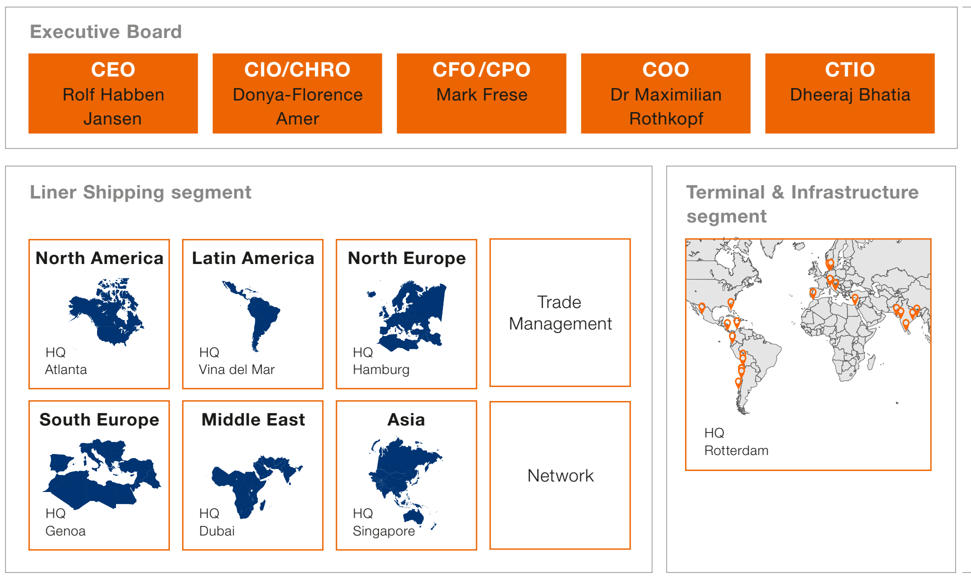
Functional currency of the Group

The Hapag-Lloyd Group operates in an international business environment. Transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities and the corresponding financing of investments.

The Hapag-Lloyd Group's functional currency is the US dollar. The reporting currency of the consolidated financial statements of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the balance sheet date (closing date rate) using the mean rate of that day. The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The currency translation differences are recognised directly in the Group's other comprehensive income. If required, hedging transactions are conducted in the Hapag-Lloyd Group to hedge against the USD/EUR exchange rate.

GROUP STRUCTURE

Hapag-Lloyd AG is the parent company of the Hapag-Lloyd Group and also the largest single operating company within the Group. In terms of operations, the Group structure of Hapag-Lloyd AG as at 1 January 2024 is as follows:



The organisational structures of all six regions in the Liner Shipping segment are identical. The "blueprint organisational structure", used together with a uniform IT system that covers the entire transport chain, allows for standardised exchange of information between head office and the regions.

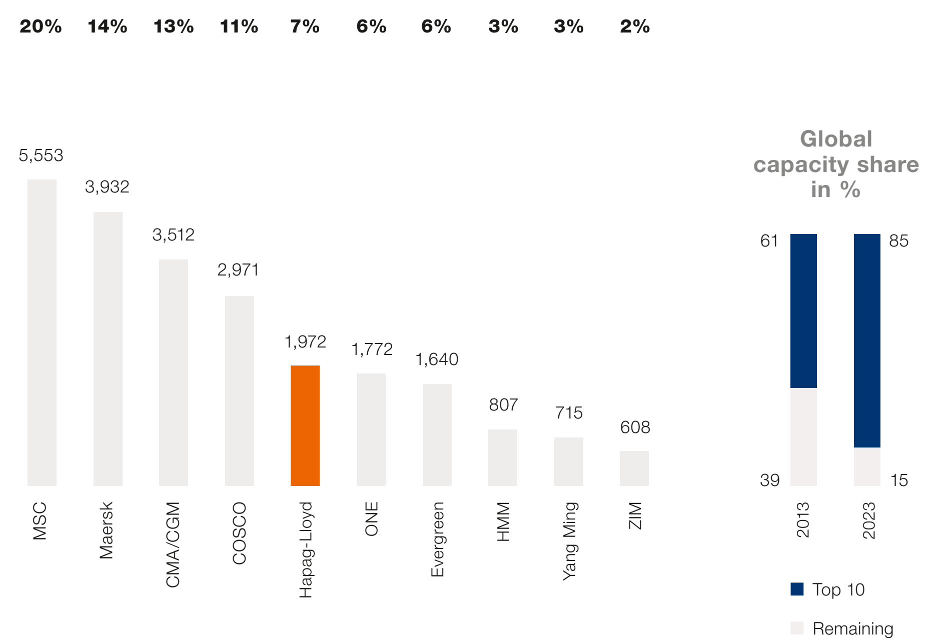
The Group's terminal activities were combined into the new Terminal & Infrastructure segment in the third quarter of 2023 and are managed by Hapag-Lloyd Terminal Holding, which is based in Rotterdam. Since 1 January 2024, Dheeraj Bhatia has been responsible for the segment as a member of Hapag-Lloyd AG's Executive Board.

BUSINESS AND COMPETITIVE ENVIRONMENT

Liner Shipping segment

The liner shipping industry is essentially dominated by ten major container liner shipping companies that operate globally and have a combined market share of approximately 85% of the world's total capacity (31 December 2023: approximately 85%). In addition to them, there is a large number of small and medium-sized competitors which are primarily specialised in intra-continental routes.

Fleet capacity and market share of the top container liner shipping companies in TTEU in 2023



Source: Drewry, Q4 2023; MDS Transmodal, January 2024

Alliances and vessel-sharing agreements are an essential part of the container liner shipping industry as they facilitate a more comprehensive range of liner services and help to reduce unit costs and greenhouse gas emissions through better capacity utilisation. Hapag-Lloyd operates “THE Alliance” together with ONE, HMM and Yang Ming. As at 31 December 2023, “THE Alliance” covered all East–West trades with 254 container ships and 25 services (31 December 2022: 258 container ships and 30 services). In addition to it, there are two other global alliances, the “2M Alliance”, comprising the two market leaders MSC and Maersk, and the “Ocean Alliance”, consisting of CMA CGM, COSCO, including its subsidiary OOIL, and Evergreen. On 17 January 2024, Hapag-Lloyd and Maersk announced that they had reached an agreement on a new, long-term operating partnership called “Gemini Cooperation” which is scheduled to start in February 2025 and will be confined to the major East–West trades between the Far East, North America and Europe. As a result of the new partnership, Hapag-Lloyd will leave “THE Alliance” in January 2025. Maersk and MSC had already announced in January 2023 that the “2M Alliance” would end in January 2025.

Capacity share of alliances in East–West trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	37	26	46
Ocean Alliance	35	36	19
THE Alliance	**24**	**28**	**27**
Other	4	10	9

Source: Alphaliner, December 2023

Terminal & Infrastructure segment

In recent years, many container liner shipping companies have increasingly invested in logistics companies and the expansion of their terminal portfolios. The biggest container liner shipping companies are now among the biggest operators of container terminals via their globally operating terminal companies, such as China COSCO Shipping, APM Terminals (Maersk) and TIL (MSC). In addition to them, there are a few major global terminal operators, such as PSA International, Hutchinson Ports and DP World, as well as a large number of smaller private and state-owned providers, most of which only operate in one country or on one continent.

The demand for container transport is heavily dependent on the performance of the global economy and global trade as well as the import and export market in the relevant catchment area. The competitive position of the individual terminals is furthermore affected by a range of local factors, such as the number of competitors in the catchment area, the depth of the port basin and access, the distance to the main recipients of the goods transported, and the quality of the hinterland connections by rail, road and inland waterway.

Regulatory framework

Hapag-Lloyd's business is subject to multiple international and country-specific regulatory and legal provisions. In order to engage in business operations, it is necessary to have authorisations, licences and certificates.

Liner Shipping segment

With regard to liner shipping, compliance with the ISM Code (International Safety Management), which regulates the measures required for ensuring safe ship operations, the ISPS Code (International Ship and Port Facility Security) and the MLC (Maritime Labour Convention) must be given particular emphasis. The ISPS stipulates what measures are to be taken to prevent hazards on board vessels and in ports, thereby contributing to supply chain security. The MLC sets out basic employment and social rights of marine personnel. There are also numerous country-specific rules, such as "advance manifest rules", which stipulate certain disclosure obligations in relation to the vessel's cargo. Compliance with international regulations and provisions, such as embargo and sanctions regulations, is a basic requirement for the provision of services.

The business is additionally subject to numerous national and international environmental regulations, in particular those for the protection of the oceans and the reduction of air pollution. For example, stricter thresholds for sulphur dioxide emissions have been applicable worldwide since 2020 (IMO 2020) and require the use of either low-sulphur fuels or exhaust gas cleaning systems (EGCSs). Furthermore, the introduction of the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) at the beginning of 2023 resulted in new, globally applicable energy efficiency regulations aimed at steadily reducing the CO_2 emissions of commercial vessels. Hapag-Lloyd launched an optimisation programme for more than 150 vessels in 2022 in order to meet these new requirements. Depending on requirements, the vessels will receive more efficient propellers, a drag-reducing underwater coating and flow-optimised bulbous bows by 2025. The use of low-CO_2e or CO_2e-neutral fuels is also to be expanded gradually. “Slow steaming” is another option to be able to meet the increasing energy efficiency regulations.

Several countries and international institutions are also discussing a possible surcharge for the CO_2e emitted by commercial vessels by means of a levy or similar instruments. At the end of 2022, the European Union agreed to gradually include commercial shipping in the European Emissions Trading System (ETS) beginning in 2024. This affects all voyages within the European Economic Area (EEA), as well as 50% of the route between EEA ports and non-EEA ports. Beginning in 2024, 40% of relevant CO_2e emissions will initially be included in EU emissions trading, followed by 70% beginning in 2025 and 100% in 2026, then also including CH_4 and N_2O emissions. Part of the revenues from the ETS will be used, via the EU innovation Fund, for research and development for improving the energy efficiency of vessels and ports, innovative technologies and infrastructure and the use of sustainable, alternative fuels and emission-free propulsion technologies.

Terminal & Infrastructure segment

The relevant legal framework and regulations for container terminals are often made at a national or even local level. An important exception to this is the ISPS Code (International Ship and Port Facility Security), which is also applicable to international shipping and which regulates the measures needed to organise a safe and secure maritime transport chain.

In the individual countries where the terminals are located, there is a legal framework whose purpose is to regulate the industry, promote investment and ensure the productivity and competitiveness of the sector. An important aspect here is the concession system for private operators that exists in many countries. Under this system, the terminals operate based on the landlord model, as it is called, whereby the port, the port administration or the state is the owner of the port areas and takes charge of the construction, development and maintenance of the infrastructure. The private terminal operators, on the other hand, are responsible for the development and maintenance of the suprastructure (buildings and facilities). Port and state authorities oversee the concessionaires, particularly in matters of free competition and non-discriminatory access to the terminals for shipping companies.

Other important legal requirements pertain to workplace safety as well as environmental and climate protection.

CORPORATE MANAGEMENT

Key performance indicators
The financial key performance indicators for the Group as well as for both segments are EBITDA and EBIT. While EBIT is an important indicator for measuring sustainable earnings, EBITDA is an important indicator for measuring gross cash flows, and is also used as an important key performance indicator for investment and financial decisions.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are calculated by adding the revenue, the other operating income, the earnings from companies accounted for using the equity method and earnings from investments and securities generated within a certain period less operating expenses, not including depreciation and amortisation. To calculate earnings before interest and taxes (EBIT), EBITDA is adjusted for depreciation and amortisation.

Important factors influencing the development of results are the transport volume, freight rate and transport expenses in the Liner Shipping segment as well as the handling volume and terminal expenses in the Terminal & Infrastructure segment. The exchange rate between the US dollar and the euro is also a relevant factor, as a large share of the payment procedures are invoiced in US dollars (functional currency of the Group), although the euro is used for Group reporting.

The following explanations of the key performance indicators relate to the Liner Shipping segment. A standardised control system for the Terminal & Infrastructure segment is currently being developed.

Freight rates in the Liner Shipping segment can be managed only to a limited degree because they are heavily dependent on market capacity and market demand. The Group follows a yield management approach, according to which individual container shipments are examined using profitability criteria. It attempts to continuously reduce the proportion of less profitable cargo through targeted yield management. The use of a standardised IT system that covers the entire transport chain supports business processes worldwide. The transport volume is dependent both on the competitive situation in liner shipping and on global economic performance and the resulting demand for transport services.

Efficient cost management provides essential control over the important EBITDA and EBIT values. The system of cost management is supported by an integrated IT solution which provides essential and up-to-date data required for management, as well as for implementing and maintaining cost reduction measures. The cost base is, however, largely dependent on external influencing factors. Due to the global nature of the Group’s business operations, exchange rate fluctuations can have a considerable influence on costs.

Operating costs in liner shipping are also influenced by bunker price changes. The bunker price correlates with the development of crude oil prices and is subject to substantial fluctuations. Depending on the competitive situation, a proportion of the fluctuations can be compensated for via the freight rate in the form of bunker surcharges. However, the extent to which bunker surcharges can be implemented is heavily dependent on the prevailing market situation. Part of the Group's likely bunker fuel needs can be hedged using options in order to lessen the risk of changes in the bunker price due to rising prices. However, no such hedges existed during and at the end of the 2023 financial year.

PRINCIPLES AND PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The important financial performance indicators for the Hapag-Lloyd Group and the segments are EBITDA and EBIT. The development of the financial performance indicators in the 2023 financial year is presented in the section "Group earnings position and earnings position in the segments".

Return on invested capital

Hapag-Lloyd aims to be profitable throughout the entire economic cycle, i.e., to achieve a return on invested capital that is at least equal to the company's weighted average cost of capital. For this reason, return on invested capital (ROIC) is used as an additional strategic performance indicator.

ROIC compares net operating profit after tax (NOPAT), defined as EBIT less related taxes, with the average invested capital for the reporting period. Invested capital is defined as assets excluding cash, cash equivalents and interest-bearing assets less liabilities excluding financial debt and lease liabilities. Average invested capital is calculated as the mean of the invested capital at the beginning and end of the reporting period. To facilitate comparison with other international shipping and terminal companies, the return on invested capital is calculated and presented exclusively on the basis of the functional currency, the US dollar.

Calculation of return on invested capital on a Group basis

	million EUR		million USD	
	2023	2022	**2023**	2022
Non-current assets[1]	18,777.0	16,894.7	20,798.0	18,034.8
Inventory	454.3	440.0	503.2	469.7
Accounts receivables	1,657.0	2,895.0	1,835.4	3,090.4
Other current assets[1]	468.8	433.8	519.2	463.0
Assets	**21,357.1**	**20,663.4**	**23,655.8**	**22,057.9**
Provisions	1,447.2	1,268.5	1,603.0	1,354.2
Accounts payable	2,487.4	2,615.7	2,755.2	2,792.2
Other liabilities	1,280.2	1,455.2	1,417.7	1,553.2
Liabilities	**5,214.9**	**5,339.4**	**5,775.9**	**5,699.6**
Invested Capital				
at end of period	16,142.3	15,324.0	17,880.0	16,358.4
at beginning of period	15,324.0	13,935.8	16,358.4	15,772.5
Average Invested Capital	15,733.1	14,629.9	17,119.2	16,065.5
EBIT	2,531.7	17,524.5	2,738.0	18,467.3
Income Taxes (EBIT related)[2]	58.7	102.0	63.5	107.5
Net Operating Profit after Tax (NOPAT)	**2,473.0**	**17,422.6**	**2,674.5**	**18,359.7**
Return on Invested Capital (ROIC, annualised, in %)			**15.6**	**114.3**

[1] Excluding interest-bearing assets
[2] Excluding taxes related to income from interest-bearing assets

From the first quarter of 2023, only taxes related to EBIT are deducted in NOPAT (previously: all income taxes). Further-more, average invested capital across the Group is used (previously: invested capital as at the balance sheet date). The changes should lead to greater consistency in the parameters underlying ROIC.

The return on invested capital (ROIC) in the 2023 financial year was 15.6%, following 114.3% in 2022. Due to the still above-average NOPAT, the return on capital in 2023 is again significantly above the average cost of capital. The cost of capital after income taxes is 9.4% as at the balance sheet date (31 December 2022: 9.1%)[1]. The increase in the weighted cost of capital can be attributed to an increase in the average equity ratio of the liner shipping peer group companies.

NON-FINANCIAL PRINCIPLES

In addition to the financial performance indicators, the optimum utilisation of the available vessel and container capacities has a substantial influence on whether Hapag-Lloyd achieves long-term profitable growth.

Sustainable and quality-conscious corporate governance and highly qualified and motivated employees are also important parameters for Hapag-Lloyd's long-term profitable corporate growth. The following non-financial parameters are important for understanding Hapag-Lloyd as a container liner shipping company and terminal operator. However, they are not used by the company as performance indicators. As part of Strategy 2023, further non-financial parameters, such as quantifiable quality targets in particular, have been successively implemented. The customer is provided with Hapag-Lloyd's performance in relation to these quality promises.

[1] The cost of capital corresponds to the estimated weighted average cost of capital for the liner shipping industry.

Fleet and capacity development
As at 31 December 2023, Hapag-Lloyd's fleet comprised a total of 266 container vessels (31 December 2022: 251). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The TEU capacity of the entire Hapag-Lloyd fleet as at 31 December 2023 was 1,972 TTEU and is thus 9.7% higher than as at 31 December 2022 (1,797 TTEU). Based on the TEU capacities, 61% of the fleet was owned by the Group as at 31 December 2023 (31 December 2022: 62%). In the 2023 financial year, seven newbuilds (four owned vessels and three on long-term charters) with a total capacity of 125 TTEU were commissioned, including the Berlin Express, the first 23,664 TEU vessel with a high-pressure dual-fuel engine that can run on both LNG and conventional fuel.

As at 31 December 2023, Hapag-Lloyd's order book comprised nine newbuilds of 23,664 TEU and two newbuilds of 13,288 TEU each. The total capacity of the newbuilds is 240 TTEU. The delivery of the vessels is planned in 2024 and 2025. In addition to the newbuilds owned by the company, Hapag-Lloyd will add another vessel of a size of 13,288 TEU to its fleet as a long-term chartered vessel in 2024.

As at 31 December 2023, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 11.2 years (31 December 2022: 11.2 years) and thus slightly above the average of the world's ten largest container liner shipping companies of 10.9 years (31 December 2022: 10.8 years). The average vessel size within the Hapag-Lloyd Group fleet is 7.4 TTEU (31 December 2022: 7.2 TTEU), which is approximately 10% above the comparable average figure for the ten largest container liner shipping companies worldwide of 6.7 TTEU (31 December 2022: 6.5 TTEU; source: MDS Transmodal) and around 63% above the average vessel size in the global fleet of 4.5 TTEU (31 December 2022: 4.4 TTEU; source: MDS Transmodal).

As at 31 December 2023, Hapag-Lloyd owned and rented 1.7 million containers (31 December 2022: 1.8 million) with a capacity of 3.0 million TEU (31 December 2022: 3.0 million TEU) for shipping cargo. The capacity-weighted proportion of owned containers as at 31 December 2023 is 60% (31 December 2022: around 58%). In the 2023 financial year, new container construction orders were placed for 28,300 reefers with a capacity of 55,850 TEU, 7,400 special purpose containers with a capacity of 13,750 TEU and 107,300 general purpose containers with a capacity of 202,300 TEU.

Hapag-Lloyd's service network comprised 113 services as at 31 December 2023 (31 December 2022: 119 services).

Structure of Hapag-Lloyd's ship and container fleets

	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Number of vessels	266	251	253	237
thereof				
Own vessels [1]	123	121	113	112
Chartered vessels	143	130	140	125
Aggregate capacity of vessels (TTEU)	1,972	1,797	1,769	1,719
Aggregate container capacity (TTEU)	2,975	2,972	3,058	2,704
Number of services	113	119	126	122

[1] Including lease agreements with a purchase option/obligation at the end of the term

An essential criterion for assessing a container vessel fleet is the vessel's bunker consumption. In the 2023 financial year, bunker consumption by Hapag-Lloyd's fleet totalled 4.0 million tonnes, which was down 4.1% from the previous year (prior year period: 4.1 million tonnes). Bunker consumption decreased despite a slight rise in transport volumes due to the clearing of congestion in front of ports and lower vessel sailing speeds. Bunker consumption per TEU transported decreased by 4.6%, from 0.35 t/TEU in 2022 to 0.33 tonnes in 2023. Compared with the reference year 2009, bunker consumption per TEU has been cut by 63%. Bunker consumption per slot (as measured by the annual average container storage capacity) was 2.12 t/slot, which was 10% below the previous year's figure of 2.35 t/slot (reference year 2009: 5.8 t/slot).

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and liquefied natural gas (LNG) bunkers decreased from 87% in 2022 to 81% in the 2023 financial year due to the fitting of more vessels with scrubbers. Biofuel use increased by 80%, from 0.1 million tonnes in 2022 to 0.2 million tonnes in 2023.

Bunker consumption of the Hapag-Lloyd Group

Tons (t)	2023	2022
MFO (High Sulphur)	752,437	527,611
MDO, MFO (Low Sulphur) [1]	3,196,549	3,607,570
LNG	22,769	4,582
Total bunker consumption	**3,971,754**	**4,139,762**

[1] Including biofuel

The energy efficiency regulations for ships applicable globally since the start of 2023, the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), are further important criteria for assessing the efficiency of the ship fleet in use. For this reason, in 2022 Hapag-Lloyd launched an optimisation programme for more than 150 vessels. Depending on requirements, the vessels will receive more efficient propellers, a drag-reducing underwater coating and flow-optimised bulbous bows by 2025. The use of low-CO_2e or CO_2e-neutral fuels is also to be expanded gradually. “Slow steaming” is another option to be able to meet the increasing energy efficiency regulations. Since the optimisation programme began, structural and technical improvements have been made to 82 vessels.

Efficient transport services

In container liner shipping, the flow of goods to and from different regions varies in terms of size and structure. This is due to volume differences in the import and export of goods. Most trades therefore have a "dominant leg" with a higher cargo volume and a "non-dominant leg" with a lower transport volume.

Imbalances in the world's biggest trades

Cargo value in TTEU	2023	2022
Transpacific		
Asia – North America	18,654	21,756
North America – Asia	5,421	5,689
Far – East		
Asia – Europe	16,349	16,369
Europe – Asia	5,298	5,516
Atlantic		
Europe – North America	3,036	3,333
North America – Europe	1,379	1,487

Source: Accenture Cargo, December 2023. Figures rounded

Transport capacity must be planned to meet the volumes on the dominant leg. The relevant performance indicator in this regard is the capacity utilisation of the Hapag-Lloyd container vessel fleet on the dominant leg, measured on the basis of total TEU capacity. In the reporting period, capacity utilisation was 90.4% (prior year period: 93.1%).

The return transport of empty containers produces costs. The relevant performance indicator here is the ratio of loaded containers on the dominant leg to the number of loaded containers on the non-dominant leg. The objective is to keep the number of empty container transport operations low or balance the ratio to the greatest possible extent. Furthermore, empty containers should be redeployed to the regions with high demand via the shortest, quickest and cheapest route.

Hapag-Lloyd reduces imbalances better than the market[1]

	Hapag-Lloyd AG	Industry average
Transpacific	3.6	2.9
Far – East	4.7	3.2
Atlantic	6.1	4.5

[1] Number of full containers on the non-dominant leg per ten full containers on the dominant leg. (The higher the rate, the lower the imbalance in the respective trade.)

Source: Accenture Cargo, December 2023; Hapag-Lloyd 2023

The number of loaded containers transported by Hapag-Lloyd on the non-dominant leg on the key trades is above the market average.

Another important factor in connection with the fleet's capacity utilisation is the turnaround frequency of the containers. Here the average number of deployments per container per year is calculated. The objective is to increase the turnaround frequency and to boost productivity. On average, each container was handled 4.1 times in 2023 (prior year period: 3.9 times). The reason for the improvement compared to the prior year period is the drop in round voyage times due to easing bottlenecks in the supply chains.

Customers and customer orientation

Hapag-Lloyd's aim in its liner shipping activities is to maintain a diversified customer portfolio consisting of direct customers and freight forwarders, with the latter ensuring a permanent regular supply of cargo volumes. Contractual relationships of up to 36 months generally exist with direct customers. Direct customers allow Hapag-Lloyd to plan the required transport capacity better because of the framework agreements concluded with them. Hapag-Lloyd has a balanced customer base, as demonstrated by the fact that its 50 largest customers represent considerably less than 50% of its cargo volume. In total, transports were completed for approximately 30,900 customers in the 2023 financial year (prior year period: approximately 33,800 customers).

A breakdown of the goods shipped according to product category shows a relatively balanced distribution. No individual product category accounted for a share of over 12% during the past financial year (prior year period: 13%).

Transport volume by product category in 2023

Product Category	Share 2023 in %	Share 2022 in %
Plastics & rubber	12	13
Machinery	10	10
Foodstuff and beverages	10	10
Agriculture	9	9
Chemicals	8	8
Metals and minerals	8	8
Textiles	7	7
Automotive	6	6
Paper and forest products	6	7
Electronics	5	5
Furniture	5	6
Other products	13	12
Total	**100**	**100**

This means that the influence of economic cycles in individual sectors on the development of the transport volume is relatively low. Assuming normal economic conditions, this ensures a continuous development of the transported volume.

Customers in the Terminal & Infrastructure segment are primarily the globally operating container shipping companies as well as large importers and exporters. Hapag-Lloyd's Liner Shipping segment is therefore one of the biggest customers of the Terminal & Infrastructure segment.

RESEARCH AND DEVELOPMENT

Development activities at Hapag-Lloyd are focused on the Liner Shipping segment and can be divided into the areas IT & digitalisation as well as ship technology and the testing of new fuels and propulsion technologies as part of the decarbonisation strategy. With the Fleet Analytics & Technical Optimization department, there is an R&D department in the Fleet division responsible for the development and implementation of efficiency-enhancing technical solutions such as new propeller designs. In addition, the use of new fuels and propulsion technologies to reduce CO_2e emissions is tested in coordination with the Sustainability department. The holistic approach to continuously improve the carbon footprint for the fulfilment of the transport task also includes an increase in cargo capacities as well as flexibility in the stowage and handling of cargo.

Digital transformation is a strategic priority for Hapag-Lloyd and runs through all business areas. In close cooperation between the IT department and other specialist departments, integrated solutions are created using modern technologies such as artificial intelligence, robotic process automation, cloud-based solutions and blockchain platforms. Special priority is given to the extensive automation of business processes with the goal of excellent service quality and efficiency. Together with the Digital Business and Transformation department and the regions, we have succeeded in making new, digitally available services and business models available to our customers. The necessary capacity and expertise are constantly being expanded at the Hamburg and Gdańsk locations, and since 2023 also in Chennai, as well as with partners. Having already fitted much of its reefer container fleet with remote monitoring technology, Hapag-Lloyd began equipping all of its standard containers with GPS tracking devices as well in 2022. As at 31 December 2023, around 1 million of the around 1.5 million standard containers have been fitted with tracking devices. The tracking devices are able to transmit data from containers in real time, thereby increasing transparency and efficiency in the supply chain. They can supply GPS-based location data, measure the surrounding temperature and monitor any sudden shaking of the container.

There were no significant research and development activities in the Terminal & Infrastructure segment in the reporting year.

EMPLOYEES

The Hapag-Lloyd Group employed 16,295 employees as at 31 December 2023 (31 December 2022: 14,248 employees). Of this total, 13,426 were in the Liner Shipping segment, of whom 12,121 were shore-based employees (31 December 2022: 12,180), while 1,305 people were employed in the marine division (31 December 2022: 1,802). The reduction of marine employees resulted from the transfer of the operation of some vessels and their crew to an external vessel management company.The new Terminal & Infrastructure segment employed 2,869 people (31 December 2022: 266).

Number of employees

	31.12.2023	31.12.2022	31.12.2021
Liner Shipping	13,426	13,982	14,106
thereof marine personnel	1,305	1,802	1,964
Terminal & Infrastructure	2,869	266	n. a.
Total	**16,295**	**14,248**	**14,106**

There is a strong focus on vocational training and qualifications for both the shore-based and marine employees in the Liner Shipping segment. Hapag-Lloyd attaches particular importance to extensive, high-quality training. The proportion of those offered jobs at the end of their training is generally between 80% and 90% (2023: 83%). As at 31 December 2023, Hapag-Lloyd employed a total of 231 apprentices in the Liner Shipping segment (31 December 2022: 228), of whom 134 were in shore-based positions and 97 were at sea (31 December 2022: 130 shore-based and 98 at sea).

SHAREHOLDER STRUCTURE AND DIVIDEND

Shareholder structure of Hapag-Lloyd AG

The shareholder structure of Hapag-Lloyd AG is dominated by its five major shareholders, which hold 96.4% of the company's share capital between them. These include Kühne Maritime GmbH together with Kühne Holding AG (Kühne), CSAV Germany Container Holding GmbH (CSAV), Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), and Qatar Holding Germany GmbH on behalf of the Qatar Investment Authority (QIA) and Public Investment Fund of the Kingdom of Saudi Arabia (PIF). In addition, CSAV, Kühne Maritime GmbH and HGV have agreed under a shareholders' agreement to exercise their voting rights from the shares in Hapag-Lloyd AG by issuing a common voting proxy, thereby making important decisions together.

As at 31 December 2023, the shareholder structure of Hapag-Lloyd AG was unchanged compared to 31 December 2022:

in %	31.12.2023
Kühne Holding AG and Kühne Maritime GmbH	30.0
CSAV Germany Container Holding GmbH	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9
Qatar Holding Germany GmbH	12.3
Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.6
Total	**100.0**

Dividend policy and dividend proposal

Hapag-Lloyd aims to distribute a dividend of at least 30% of the Group's profit for the year as far as legally and financially possible. Hapag-Lloyd AG's retained earnings under German commercial law form the basis for determining the distribution of dividends. Under German law, the Annual General Meeting decides how the retained earnings are to be used. For the 2023 financial year, the Executive Board and Supervisory Board of Hapag-Lloyd AG propose to the Annual General Meeting that a dividend of EUR 9.25 per share be paid (previous year: EUR 63.00 per share). This represents a distribution ratio in relation to Group profits of around 55% (previous year: around 65%).

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

The pace at which the global economy grows and, by extension, at which global trade develops is a significant factor that influences demand for container shipping services and terminal services.

Despite the wide-ranging adverse effects and uncertainties as a result of geopolitical crises and high inflation, the performance of the global economy was robust in 2023. Year-on-year growth of 3.1% was driven by the services sector, which benefited from catch-up effects following the restrictions imposed by the COVID-19 pandemic, while the manufacturing sector developed weakly (IMF World Economic Outlook, October 2023 and January 2024). Supply chain disruptions eased, while war-related dislocations in energy and food markets, triggered by Russia's war of aggression against Ukraine, receded. Nevertheless, inflation remains at a heightened level in many regions of the world. Most central banks therefore maintained their tight monetary policy.

The economy of the People's Republic of China recorded growth of 5.2% in 2023 compared to the previous year. The growth driver was the services sector, which recorded an increase of 5.8% compared to the prior year period. Industrial production rose by 5.0%. While exports of goods increased slightly by 0.6%, imports fell by 0.3% compared to the previous year (National Bureau of Statistics of China, January 2024).

The main recipients of Chinese goods are the USA and Europe. The US economy grew in the fourth quarter of 2023 by 3.1% compared with Q4 2022, thus making the fourth quarter the year's strongest quarter in terms of growth. In the first three quarters of 2023, the US economy had already grown by 1.7%, 2.4% and 2.9% year-on-year. Economic growth for the full year was 2.5%, significantly higher than the previous year's growth rate (1.9%). Growth was driven by rising government spending and private consumption. The US economy thus recorded the strongest growth among industrialised nations, which only grew by an average of 1.6%. In the first eleven months of 2023, exports rose slightly by 1.0% year-on-year while imports dropped significantly by 3.6%. The lower commodity prices weakened both exports and imports. In addition, the high inventory levels and changes in consumer behaviour led to lower imports of consumer goods (U.S. Department of Commerce, January 2024).

The EU economy grew by just 0.2% in the fourth quarter of 2023 compared to Q4 2022. In the first quarter of 2023, the EU economy grew by 1.1%, in the second quarter by 0.5% and in the third quarter by 0% compared to the same quarters of the previous year. Exports of goods from the EU stagnated at the previous year's level in the first eleven months of 2023 compared to the prior year period. While exports of machinery and automobiles rose by 9.1%, energy and commodity exports in particular decreased sharply due to lower prices, with chemical exports also dropping significantly compared with the prior year period. Imports of goods fell significantly by 16.1%, mainly due to lower prices for energy and commodity imports. All categories of goods recorded year-on-year decreases (Eurostat, January 2024).

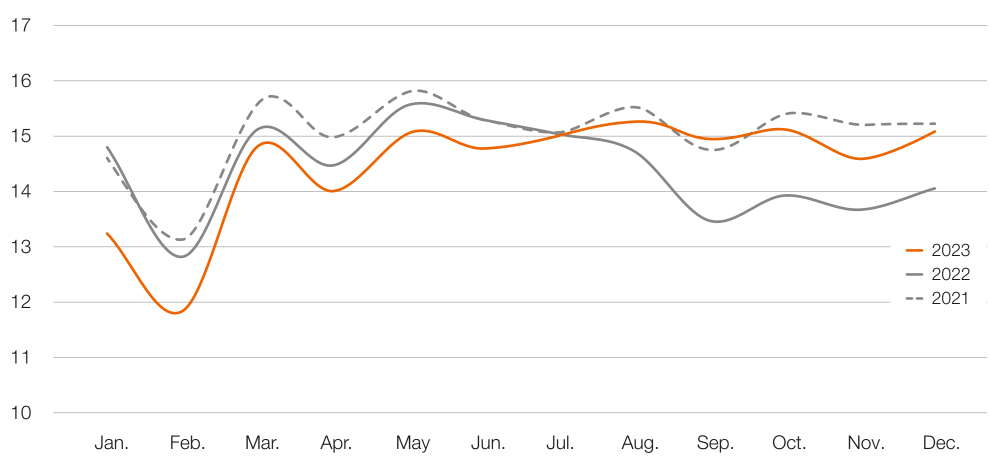
The economy of the countries of Latin America recorded growth of 2.5% in 2023, following 4.2% in 2022 (IMF, January 2024). The development of imports and exports of goods was weak. Imports of goods increased in 2023 by 0.8%, following growth of 5.8% in the previous year, while exports of goods fell slightly by 0.5%, following an increase of 6.3% in 2022.

SECTOR-SPECIFIC CONDITIONS

The Liner Shipping and Terminal & Infrastructure segments are both fundamentally affected by the same economic developments, in particular in international trade.

The global container transport volume in 2023 was at the same level as the same period of the previous year with an increase of merely 0.2% (CTS, February 2024). A fall in demand at the start of the financial year was followed by a noticeable recovery in the second half of the year. Growth was recorded in particular on the Far East to Europe trade as well as on most of the routes to and from India Despite a significant recovery in demand at the end of the year, transport volumes from a full-year perspective were lower on the two biggest trades, Intra-Asia and from the Far East to North America.

Monthly global container transport volumes (in million TEU)

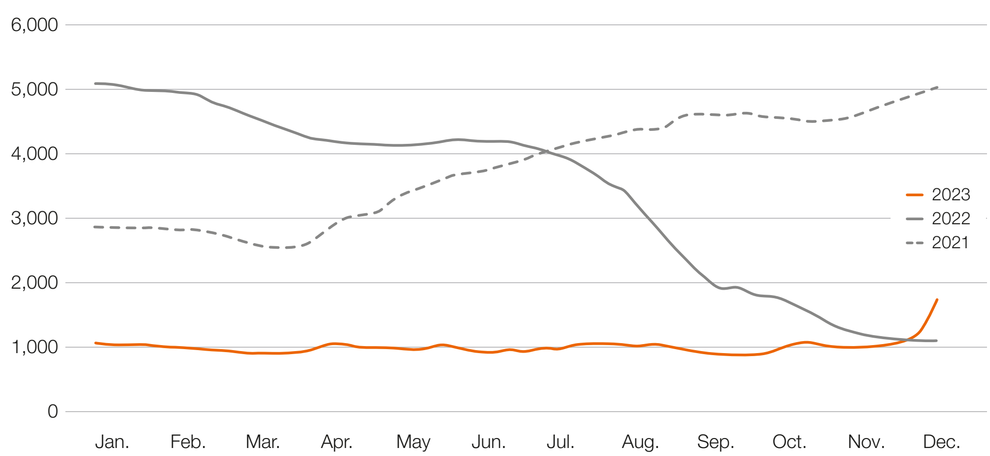


Source: CTS, February 2024

Liner Shipping segment

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rate rates on Shanghai's major trade routes, was significantly down on the previous year's level for almost the entire financial year. Against the background of a growing number of attacks on ships in the Red Sea by Houthi rebels, many liner shipping companies began rerouting their vessels around the Cape of Good Hope in mid-December. The longer journey times are leading to a shortage of ship capacities and rising transport costs. As a result, there was a sharp jump in spot freight rates at the end of 2023. The SCFI was quoted at USD 1,760/TEU at the end of 2023 (previous year: USD 1,108/TEU).

Development of the Shanghai Containerized Freight Index (in USD/TEU)



Source: Shanghai Shipping Exchange, January 2024

The proportion of idle vessels as at the end of December 2023 was lower than a year previously (31 December 2022: 0.66 million TEU; 2.6%, Alphaliner Weekly, January 2024), at 0.29 million TEU or 1.0% of the world fleet, despite weaker demand. The increased demand for ship capacity due to the rerouting of vessels around the Cape of Good Hope from mid-December 2023 led to a slight reduction in the idle fleet in the final days of the year.

Based on figures from MDS Transmodal, a total of 319 container vessels with a transport capacity of approximately 2.3 million TEU were placed into service in 2023 (prior year period: 178 ships with a transport capacity of approximately 1.0 million TEU). According to Clarksons, only 83 small container vessels with a total of 0.2 million TEU were scrapped in the same period (prior year period: eight vessels, 0.1 TTEU).

In 2023, orders were placed for the construction of 188 container vessels with a transport capacity totalling around 1.6 million TEU, significantly less than the approximately 2.7 million TEU in the prior year period (Clarksons Research, January 2024). According to MDS Transmodal, the tonnage of container vessels on order fell to around 6.7 million TEU at the end of December 2023, compared with around 7.2 million TEU at the end of December 2022. Accordingly, the ratio of order backlog to current world container fleet capacity remained at a high level of 24.4%, but well below the peak of around 61% reached in 2007.

Low-sulphur bunker was quoted at USD 523/t in Rotterdam at year-end, almost unchanged from the price of USD 514/t at the end of the previous year (MFO 0.5%, FOB Rotterdam). From a full-year perspective, however, bunker prices were significantly lower and less volatile in the 2023 financial year than in the previous year, when Russia's attack on Ukraine led to a temporary price shock on the energy markets (S&P Global Commodity Insights, Bloomberg).

Terminal & Infrastructure segment
With the end of the pandemic and a simultaneous weakening of demand, the congestion at ports and in the hinterland largely resolved itself in the first half of 2023. As a result of this, container dwell times at ports decreased to a normal level, which led to a significant drop in the revenue generated from storage charges at many terminals. At the same time, terminal operators recorded significant increases in costs in the 2023 financial year, in particular for personnel and energy. It was only possible to pass these on to customers in part or with a delay.

EARNINGS, FINANCIAL AND NET ASSET POSITION

GROUP EARNINGS POSITION

Business performance of Hapag-Lloyd Group
The 2023 financial year was characterised by weak demand, the normalisation of supply chains and the resulting significant drop in freight rates for container transport. This had a corresponding dampening effect on the Group's revenue and earnings.

Revenue in the Hapag-Lloyd Group in the 2023 financial year fell by 48.1% to EUR 17,929.5 million (prior year period: EUR 34,542.7 million). At EUR 4,460.9 million, the Hapag-Lloyd Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) in the reporting year were far below the previous year's figure of EUR 19,428.7 million. Likewise, the Hapag-Lloyd Group's earnings before interest and taxes (EBIT) decreased significantly to EUR 2,531.7 million (prior year period: EUR 17,524.5 million). The Group net result came to EUR 2,950.6 million (prior year period: EUR 17,042.6 million).

Consolidated income statement

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	17,929.5	34,542.7
Transport – and terminal expenses	11,928.9	13,730.7
Personnel expenses	1,029.7	982.0
Depreciation, amortisation and impairment	1,929.3	1,904.2
Other operating result	–526.2	–491.3
Operating result	**2,515.5**	**17,434.6**
Share of profit of equity-accounted investees	13.9	90.0
Result from investments	2.2	–
Earnings before interest and taxes (EBIT)	**2,531.7**	**17,524.5**
Interest result and other financial result	351.5	22.6
Other financial items	151.6	–303.9
Income taxes	84.2	200.6
Group profit/loss	**2,950.6**	**17,042.6**
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	2,935.4	17,030.1
thereof profit/loss attributable to non-controlling interests	15.2	12.5
Basic/diluted earnings per share (in EUR)	16.70	96.89
EBITDA	**4,460.9**	**19,428.7**
EBITDA margin (%)	**24.9**	**56.2**
EBIT	**2,531.7**	**17,524.5**
EBIT margin (%)	**14.1**	**50.7**

Revenue in the Group

The Hapag-Lloyd Group's revenue fell by EUR 16,613.2 million to EUR 17,929.5 million in the 2023 financial year (prior year period: EUR 34,542.7 million), representing a decrease of 48.1%. This decline was mainly due to the continuing fall in demand for container transport. The weaker US dollar compared with the euro also contributed to the decline in revenue in the Hapag-Lloyd Group. Adjusted for exchange rate changes, revenue would have decreased by EUR 15.7 billion or 46.7%. Further details on revenue can be found in the section "Earnings position in the segments".

Operating expenses in the Group

Transport and terminal expenses fell by EUR 1,801.8 million in the 2023 financial year to EUR 11,928.9 million (prior year period: EUR 13,730.7 million). This corresponds to a decrease of 13.1%. The continuing normalisation of global supply chains and a lower bunker consumption price compared to the prior year period were the main reasons for the decrease. The weaker US dollar compared with the euro also reduced expenses in the Hapag-Lloyd Group. Adjusted for exchange rate changes, transport expenses would have decreased by EUR 1,5 billion or 10.8%.

Personnel expenses rose by EUR 47.7 million to EUR 1,029.7 million in the 2023 financial year (prior year period: EUR 982.0 million). The increase was mainly attributable to an adjustment in the bonus system and the rise in the number of employees, in particular due to the acquisition of the SAAM terminals companies.

Depreciation and amortisation in the 2023 financial year were roughly unchanged year-on-year and came to EUR 1,929.3 million (prior year period: EUR 1,904.2 million). The amortisation of right-of-use assets relating to leased assets (essentially vessels and containers) led to amortisation of EUR 1,036.4 million (prior year period: EUR 1,030.9 million).

Other operating result

The other operating result of EUR –526.2 million (prior year period: EUR –491.3 million) comprised the net balance of other operating income and expenses. Other operating expenses came to a total of EUR 690.1 million in the 2023 financial year (prior year period: expenses of EUR 615.5 million). This mainly included IT and communication expenses (EUR 282.4 million; prior year period: EUR 253.4 million), fees for consultancy and other professional services (EUR 114.6 million; prior year period: EUR 85.4 million), office and administrative expenses (EUR 50.2 million; prior year period: EUR 40.4 million) and expenses for training and other personnel expenses (EUR 47.6 million; prior year period: EUR 43.6 million).

Interest result and other financial result

In the 2023 financial year, the interest result and other financial result amounted to EUR 351.5 million (prior year period: EUR 22.6 million). The year-on-year increase in interest income in the amount of EUR 329.0 million was mainly due to the significantly higher interest rate level, income from the higher volume of money market transactions in the amount of EUR 140.2 million (prior year period: EUR 52.4 million) and interest income from financial instruments of the special fund “HLAG Performance Express” which was newly set up in the reporting year in the amount of EUR 41.5 million (prior year period: EUR 0.0 million). The rise in interest expenses to EUR 242.3 million (prior year period: EUR 229.7 million) resulted essentially from the increased interest expenses from charter, lease and concession agreements in the amount of EUR 107.5 million (prior year period: EUR 89.0 million).

Other financial items

The result for other financial items amounted to EUR 151.6 million in the 2023 financial year (prior year period: EUR –303.9 million). The main reasons for this change were the realised exchange rate gains (prior year period: exchange rate losses) from the currency forward contracts for the dividend distribution in euros in May 2023 and the realised foreign currency gains (prior year period: foreign currency losses) from the corresponding dividend payment.

Income taxes
The year-on-year decline in income tax expenses of EUR 116.4 million to EUR 84.2 million (prior year period: EUR 200.6 million) was essentially due to the recognition of higher deferred tax assets in relation to the German income taxes of Hapag-Lloyd AG (prior year period: deferred tax liabilities). One of the main reasons for this is the tax treatment of unrealised currency effects in relation to capital investments outside of tonnage taxation. This effect from deferred taxes was partly offset by an increase in current income taxes in Germany. In addition, foreign current income taxes were significantly lower in the financial year compared with the previous year. This was due to the general deterioration of the Group's earnings position in the financial year, which also could not be fully offset by the first-time consolidation of the SAAM Terminals group companies.

Group profit
Overall, Group profit was lower than in the previous year at EUR 2,950.6 million (prior year period: EUR 17,042.6 million). Earnings after taxes consist of the earnings attributable to shareholders of the parent company of EUR 2,935.4 million (prior year period: EUR 17,030.1 million) and the earnings attributable to non-controlling interests of EUR 15.2 million (prior year period: EUR 12.5 million)

The total comprehensive income of EUR 1,888.5 million (prior year period: EUR 17,948.7 million) comprises Group profit of EUR 2,950.6 million (prior year period: EUR 17,042.6 million) and other comprehensive income of EUR –1,062.1 million (prior year period: EUR 906.1 million). Other comprehensive income essentially comprises a result from currency translation of EUR –1,033.5 million (prior year period: EUR 750.3 million), a result from the remeasurement of defined benefit pension plans of EUR –18.6 million (prior year period: EUR 115.8 million) due to a rise in the market interest rate, and earnings effects from hedging instruments in cash flow hedges of EUR –17.1 million (prior year period: EUR 39.1 million).

Earnings position in the segments
Since 30 September 2023, the Hapag-Lloyd Group's business activities have been divided into the Liner Shipping and Terminal & Infrastructure segments. This took place as part of the acquisition of SAAM's terminal and logistics business in August 2023 as well as the existing holdings in terminals in Europe, India and North Africa and other infrastructure participations.

Liner Shipping segment
The Liner Shipping segment recorded a sharp decline in revenue and earnings in the financial year 2023 due to a significant drop in the freight rate. Revenue fell by 48.5% to EUR 17,762.3 million (prior year period: EUR 34,523.1 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Liner Shipping segment were EUR 4,414.9 million, following EUR 19,330.7 million in the prior year period, while earnings before interest and taxes (EBIT) were EUR 2,512.6 million (prior year period: EUR 17,427.8 million).

Income statement for Liner Shipping

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	17,762.3	34,523.1
Transport expenses	11,909.3	13,734.1
thereof:		
Bunker	2,253.9	2,984.6
Handling and haulage	5,630.1	6,617.3
Equipment and repositioning[1]	1,526.3	1,588.4
Vessels and voyages (excluding bunker)[1]	2,430.4	2,548.2
Change in transport expenses for pending voyages[2]	–68.6	4.4
Depreciation, amortisation and impairment	1,902.3	1,903.0
Other income and expenses	–1,438.1	–1,458.3
EBITDA	**4,414.9**	**19,330.7**
EBITDA margin (%)	**24.9**	**56.0**
EBIT	**2,512.6**	**17,427.8**
EBIT margin (%)	**14.1**	**50.5**

1 Including lease expenses for short-term leases
2 The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as transport expenses for completed voyages.

Operating performance of Liner Shipping

Transport volume per trade

TTEU	1.1.–31.12.2023	1.1.–31.12.2022
Atlantic	2,031	2,116
Transpacific	1,871	1,735
Far East	2,180	2,230
Middle East	1,426	1,514
Intra-Asia	769	634
Latin America	2,908	2,933
Africa	721	681
Total	**11,907**	**11,843**

The transport volume of 11,907 TTEU in the 2023 financial year was 0.5% up on the previous year's level (previous year: 11,843 TTEU). In contrast to the market trend, the transport volume rose on the Intra-Asia, Transpacific and Africa trades due to an increase in the available vessel capacity as a result of the normalisation of global supply chains, among other factors. The weak development of transport volumes on the remaining trades is due in particular to restrained global demand for container transport.

Freight rates per trade

USD/TEU	1.1.–31.12.2023	1.1.–31.12.2022
Atlantic	1,903	2,948
Transpacific	1,675	3,835
Far East	1,322	3,134
Middle East	985	2,077
Intra-Asia	755	1,845
Latin America	1,664	2,718
Africa	1,612	2,549
Total (weighted average)	**1,500**	**2,863**

The average freight rate in the 2023 financial year was USD 1,500/TEU, which was USD 1,363/TEU, or 47.6%, down on the prior year period (USD 2,863/TEU).

The lower average freight rate is mainly due to a decline in demand for container transport and a simultaneous normalisation of existing transport capacities due to easing disruptions in global supply chains.

Result performance of Liner Shipping

Revenue

Revenue in the Liner Shipping segment fell by EUR 16,760.8 million to EUR 17,762.3 million in the 2023 financial year (prior year period: EUR 34,523.1 million), representing a decrease of 48.5%. This was mainly due to a decrease in the average freight rate of 47.6% compared to the prior year period. The weakening of the US dollar against the euro also reduced revenue. Adjusted for exchange rate movements, revenue would have fallen by approximately EUR 15.9 billion, or 47.2%.

Revenue per trade

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Atlantic	3,572.7	5,920.5
Transpacific	2,897.8	6,314.8
Far East	2,664.3	6,634.1
Middle East	1,298.9	2,982.7
Intra-Asia	536.6	1,110.1
Latin America	4,472.6	7,565.2
Africa	1,075.3	1,646.6
Revenue not assigned to trades	1,244.2	2,349.1
Total	**17,762.3**	**34,523.1**

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers and compensation payments for shipping space. Income from demurrage and detention decreased due to easing disruptions in global supply chains in particular. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Transport expenses

Transport expenses fell by EUR 1,824.8 million in the 2023 financial year to EUR 11,909.3 million (prior year period: EUR 13,734.1 million). This corresponds to a decrease of 13.3%. Lower expenses for demurrage and detention for containers and a lower bunker consumption price compared to the prior year period primarily contributed to the decrease in transport expenses. The weaker US dollar compared with the euro also led to a reduction in transport expenses. Adjusted for exchange rate changes, transport expenses would have decreased by EUR 1,473.0 million or 11.0%. The decrease was counteracted by higher port and canal costs, as well as higher equipment and repositioning expenses compared to the prior year period.

In the 2023 financial year, the average bunker consumption price for Hapag-Lloyd was USD 614/t, which is USD 139/t (18.5%) below the figure of USD 753/t for the prior year period. This led to a decrease in fuel expenses of EUR 730.7 million to EUR 2,253.9 million (prior year period: EUR 2,984.6 million).

Container handling expenses fell in the reporting year by EUR 987.1 million to EUR 5,630.1 million (prior year period: EUR 6,617.3 million). This decline was due in particular to lower demurrage and detention expenses for containers as a result of the steady normalisation of global supply chains.

The decrease in expenses for vessels and voyages (excluding fuel) mainly resulted from lower expenses for vessels on short-term charter and container slot charter costs on third-party vessels. By contrast, port and canal costs in particular were up compared to the prior year period due to higher prices.

Depreciation, amortisation and impairment

In the 2023 financial year, there was a year-on-year fall in depreciation and amortisation of EUR 0.7 million to EUR 1,902.3 million (prior year period: EUR 1,903.0 million). This was largely related to scheduled depreciation and amortisation of vessels and containers in the amount of EUR 1,752.0 million (prior year period: EUR 1,765.6 million).

Operating result

Earnings before interest and taxes (EBIT) of EUR 2,512.6 million were achieved in the Liner Shipping segment in the 2023 financial year (prior year period: EUR 17,427.8 million).

Terminal & Infrastructure segment

The earnings position figures of the Terminal & Infrastructure segment for the financial year can only be compared with those of the previous year to a limited extent, as the activities in this segment, reclassified when the new segments were formed, only had a very small scope in the previous year. As a result, the operating performance of the Terminal & Infrastructure segment has not been presented either.

At EUR 46.0 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Terminal & Infrastructure segment were lower than the previous year’s figure of EUR 97.9 million. Likewise, earnings before interest and taxes (EBIT) decreased to EUR 19.0 million (prior year period: EUR 96.7 million).

Income statement for Terminal & Infrastructure

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	187.1	23.0
Terminal expenses	44.2	–
thereof:		
Material expenses	10.0	–
Container terminal expenses	21.3	–
Terminal equipment expenses	12.4	–
Personnel expenses	64.1	7.4
Share of profit of equity-accounted investees	17.9	87.9
Other income and expenses	–77.8	–6.9
EBITDA	**46.0**	**97.9**
EBITDA margin (%)	**24.6**	**425.0**
Depreciation, amortisation and impairment	27.0	1.2
EBIT	**19.0**	**96.7**
EBIT margin (%)	**10.1**	**419.8**

Result performance of Terminal & Infrastructure

Revenue

In the 2023 financial year, revenue of EUR 187.1 million (prior year period: EUR 23.0 million) was generated in particular from the handling of containers and other cargo and was mainly attributable to the SAAM companies newly included in the group of consolidated companies.

Operating expenses

Operating expenses in the Terminal & Infrastructure segment in the 2023 financial year resulted primarily from expenses for the operation of terminals and handling of containers in the amount of EUR 44.2 million (prior year period: EUR 0.0 million), as well as from personnel expenses of EUR 64.1 million (prior year period: EUR 7.4 million).

Share of profit of equity-accounted investees

In the 2023 financial year, the share of profit of equity-accounted investees amounted to EUR 17.9 million (prior year period: EUR 87.9 million). The lower share of profit of equity-accounted investees compared to the prior year period resulted from the difference, recognised as income in the previous year, between the initially recognised value of the shares of EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (CTW) and Rail Terminal Wilhelmshaven GmbH (RTW) and the lower cost of acquisition. Additional disclosures on the share of profit of equity-accounted investees can be found in the section “Investments in equity-accounted investees” in the Notes to the consolidated financial statements.

Other income and expenses

Other income and expenses in the 2023 financial year mainly resulted from the other operating result in the amount of EUR –53.0 million (prior year period: EUR –6.4 million) and EUR 14.2 million related to non-capitalisable transaction costs and other expenses in connection with the company acquisitions of the entities of SAAM Terminals in the reporting year and the acquisition of a shareholding in J M Baxi Ports & Logistics Limited. The remaining amount resulted from other administrative expenses. Depreciation and amortisation amounted to EUR 27.0 million (prior year period: EUR 1.2 million).

Operating result

Earnings before interest and taxes (EBIT) of EUR 19.0 million were achieved in the Terminal & Infrastructure segment in the 2023 financial year (prior year period: EUR 96.7 million).

GROUP FINANCIAL POSITION

Principles and objectives of financial management

The Hapag-Lloyd Group's financial management is conducted on a centralised basis by Hapag-Lloyd AG and aims to ensure the permanent solvency of the company and thus its ability to maintain financial stability at all times. In addition to making sure there is a sufficient supply of liquidity, financial risks are limited by means of the hedging of net positions in foreign currency, the use of derivative financial instruments (currencies and interest), the implementation of a cash pooling system and the optimisation of loan conditions.

Maintaining an appropriate minimum liquidity level is a deciding factor. Efficient financial management is primarily based on optimising short and medium-term cash outflows. This is based on budgetary planning for a number of years and a rolling monthly liquidity plan that spans a period of one year. Hapag-Lloyd AG secures its short-term liquidity reserve by means of syndicated credit facilities and bilateral bank credit lines, as well as its portfolio of cash and cash equivalents. In addition, there is a risk-optimised investment strategy for excess liquidity with diversified counterparties of high creditworthiness. Liquidity is invested on a rolling and staggered basis for periods of up to six months using standard money market instruments (time deposits, money market funds, etc.). To reduce counterparty/concentration risks, investments are broadly diversified with banks and financial institutions in the "investment grade" rating category. Each counterparty is allocated a maximum investment limit, the amount of which is determined by various creditworthiness parameters. The development of these parameters is monitored daily.

The Hapag-Lloyd Group is an international company that is active around the world. It is exposed to operational financial transaction risks which result from the business operations of Hapag-Lloyd AG. In particular, these risks include bunker price change risk, currency risk and interest rate risk.

Changes in commodity prices have an impact on the Hapag-Lloyd Group, particularly with regard to the cost of procuring fuel such as bunker oil. Insofar as it is possible, the risk of bunker price changes is passed on to the customer based on contractual agreements.

The transactions of the Group companies are conducted mainly in US dollars. The euro, Canadian dollar (CAD), Pakistani rupee (PKR) and Argentinian peso (ARS) are also significant currencies. Transactional risks also exist from the financial debt denominated in euros (particularly issued bonds).

Derivative hedging transactions are entered into to partially hedge against these euro exchange rate risks. Interest rate risks which arise as a result of liquidity procurement on the international money and capital markets are centrally managed within the scope of interest rate management and are partly limited using derivative interest rate hedging instruments.

The use of derivative hedging is strictly transaction-related; derivatives are not used for speculation purposes.

Other disclosures about hedging strategies and risk management, as well as financial transactions and their scope as at the reporting date, can be found in the risk report contained within the combined management report, and in Note (28) Financial instruments in the Notes to the consolidated financial statements.

Issuer ratings

Rating/Outlook	31.12.2023	31.12.2022
Standard & Poor's	BB+/Stable	BB+/Stable
Moody's	Ba2/Positive	Ba2/Positive

The international rating agencies Standard & Poor's and Moody's regularly assess the financial strength of Hapag-Lloyd AG. Hapag-Lloyd AG's issuer rating was affirmed as "BB+" by Standard & Poor's rating agency on 3 February 2023. The outlook remained "stable". On 12 December 2023, Moody's affirmed the company's "Ba2" rating and the "positive" outlook.

Financing

The Group covers its financing requirements with cash inflows from operating activities and by assuming short-, medium- and long-term financial debt.

The financing mix in terms of borrowing is designed to optimise financing conditions, create a balanced range of maturities and achieve investor diversification.

Financing activities in the 2023 financial year essentially comprised the drawdown of financing under concluded financing agreements in connection with the delivery of newbuilds.

Further disclosures about the maturity profile of existing financing arrangements, as well as financial transactions and their scope as at the reporting date, can be found in Note (28) Financial instruments in the Notes to the consolidated financial statements.

Financing and investing activities

The Group executed the following major financing and investing activities in the Container Shipping and Terminal & Infrastructure segments in the 2023 reporting year:

Liner Shipping segment

Containers

- During the 2023 financial year, Hapag-Lloyd AG purchased new containers and container equipment amounting to EUR 729.2 million (prior year period: EUR 143.5 million). The containers were delivered to Hapag-Lloyd by the end of the reporting year.
- The investments in containers and container equipment in the 2023 financial year were financed using the free liquidity of Hapag-Lloyd AG.

Vessels

- The purchase obligation (nominal value) as at 31 December 2023 for investments in the new construction and acquisition of 11 container vessels was EUR 770.4 million (31 December 2022: EUR 1,436.8 million). The vessels are scheduled for delivery in 2024 and 2025. Four container vessel newbuilds were delivered in total in the 2023 financial year.
- As part of the delivery of three container vessel newbuilds, loans totalling EUR 387.3 million were taken out under financing agreements already concluded. For the purchase obligation in relation to a further nine container vessels in the amount of EUR 641.3 million, there are loan commitments in the form of mortgage financing to be utilised when the vessels are received.

Terminal & Infrastructure segment

- In January of the 2023 financial year, Hapag-Lloyd AG indirectly acquired 49% of the shares in the Italian logistics company Spinelli S.r.l. The Spinelli family continues to hold the majority of shares.
- In April 2023, Hapag-Lloyd successfully acquired 40% of the shares in the Indian company J M Baxi Ports & Logistics Limited (JMBPL). The transaction was agreed in January 2023 with JMBPL's majority owner, the Kotak family, and with a Bain Capital Private Equity company, which had a 35% investment in JMBPL.
- The 100% acquisition of the terminal business of the South American company SAAM and associated logistics services was successfully completed in August 2023.

The investments made in the Terminal & Infrastructure segment in the financial year totalled EUR 1,636.4 million.

Hapag-Lloyd had bank loans and finance leases of EUR 5,030.6 million as at the balance sheet date. The biggest share of these related to vessel and container financing.

Covenant clauses of a type customary on the market have been arranged for the existing financing of Hapag-Lloyd AG. These clauses primarily concern the equity, liquidity and certain loan-to-value ratios for the financing of ship investments. All of the covenants were complied with for the 2023 financial year.

Net liquidity

Financial solidity

million EUR	31.12.2023	31.12.2022
Financial debt and lease liabilities	5,030.6	5,436.8
Cash and cash equivalents	5,809.8	15,236.1
Money market transactions/money market funds and time deposits as well as special fund securities (other financial assets)	1,845.5	2,787.8
Net liquidity[1]	**2,624.7**	**12,587.1**
Unused credit lines	**654.5**	**679.2**
Equity ratio (%)	**64.7**	**72.1**

[1] Cash and cash equivalents plus money market transactions/money market funds and time deposits as well as assets of the special funds (other financial assets) less financial debt and lease liabilities

The Group's net liquidity amounted to EUR 2,624.7 million as at 31 December 2023 (31 December 2022: EUR 12,587.1 million). This represents a fall of EUR 9,962.4 million compared to net liquidity as at 31 December 2022 (31 December 2022: EUR 10,360.8 million). The decrease was mainly due to the dividend payment and the acquisition of terminal investments. This was offset by a positive operating cash flow.

The equity ratio decreased by 7.4 percentage points, from 72.1% as at 31 December 2022 to 64.7%. This reduction was largely attributable to the lower annual net result. Equity decreased by EUR 9,202.8 million compared to 31 December 2022 and amounted to EUR 18,766.9 million as at 31 December 2023. A detailed overview of the change in equity is provided in the consolidated statement of changes in equity in the consolidated financial statements.

Liquidity analysis

The Hapag-Lloyd Group's solvency was guaranteed at all times in the last financial year by cash inflows from operating activities, a portfolio of cash and cash equivalents, and bilateral and syndicated loan agreements with banks. The Company had a liquidity reserve (cash and cash equivalents, money market transactions/money market funds as well as assets of the special funds and unused credit lines) totalling EUR 8,309.8 million (previous year: EUR 15,915.3 million). Notes regarding restrictions on cash and cash equivalents can be found in Note (17) Cash and cash equivalents in the Notes to the consolidated statement of changes in equity in the financial statement.

Statement of cash flows and capital expenditure

Condensed statement of cash flows

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
EBITDA	**4,460.9**	**19,428.7**
Working capital changes	720.4	328.4
Other effects	–215.3	–253.8
Cash flow from operating activities	4,966.0	19,503.3
Cash flow from investing activities	–1,648.2	–4,065.4
Free cash flow	**3,317.8**	**15,437.9**
Cash flow from financing activities	–12,176.5	–8,229.7
Cash-effective changes in cash and cash equivalents	**–8,858.7**	**7,208.2**

The statement of cash flows shows the development of cash and cash equivalents, with a separate presentation of cash inflows and outflows from operating, investing and financing activities.

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 4,966.0 million in the 2023 financial year (prior year period: EUR 19,503.3 million). The decrease in the cash flow from operating activities was primarily due to lower earnings in the 2023 financial year.

Cash flow from investing activities

In the 2023 financial year, the cash outflow from investing activities totalled EUR 1,648.2 million (prior year period: EUR 4,065.4 million). This includes cash outflows for share acquisitions of EUR 1,636.4 million (prior year period: EUR 135.2 million) and payments for investments, mainly for vessels, vessel equipment and for new containers, of EUR 1,704.6 million (prior year period: EUR 1,440.6 million). This was mainly offset by cash inflows from changes in money market transactions and money market funds, as well as assets of the special funds of net EUR 924.8 million (prior year period, time deposits with a maturity of more than three months: EUR 2,824.1 million) and interest received of EUR 587.0 million (prior year period: EUR 194.6 million).

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 12,176.5 million in the current reporting period (prior year period: EUR 8,229.7 million). The cash outflow essentially resulted from the dividend payment to the shareholders of Hapag-Lloyd AG of EUR 11,072.9 million (prior year period: EUR 6,151.6 million). The interest and redemption payments from lease liabilities in accordance with IFRS 16 totalled EUR 1,133.9 million in the current financial year (prior year period: EUR 1,144.3 million). In the 2023 financial year, EUR 532.8 million was paid for interest and redemption payments for vessel and container financing (prior year period: EUR 624.3 million). This was offset by cash inflows from loans taken out to finance vessels amounting to EUR 476.3 million (prior year period: EUR 46.7 million) and cash inflows essentially from hedging transactions of dividend payments of EUR 159.2 million (prior year period, cash outflows: EUR 280.0 million).

Developments in cash and cash equivalents

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Cash and cash equivalents at beginning of period	**15,236.1**	**7,723.4**
Changes due to exchange rate fluctuations	–567.6	304.5
Net changes	–8,858.7	7,208.2
Cash and cash equivalents at end of period	**5,809.8**	**15,236.1**

Overall, cash outflow totalled EUR 8,858.7 million in the 2023 financial year, with the result that, after accounting for exchange rate-related effects in the amount of EUR –567.6 million, cash and cash equivalents at the end of the reporting period on 31 December 2023 amounted to EUR 5,809.8 million (31 December 2022: EUR 15,236.1 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item “Cash and cash equivalents”. In addition, there are unused credit lines of EUR 654.5 million (31 December 2022: EUR 679.2 million) and money market transactions/money market funds as well as assets of the special funds (other financial assets) of EUR 1,845.5 million, resulting in a total liquidity reserve of EUR 8,309.8 million (31 December 2022: EUR 15,915.3 million).

The detailed statement of cash flows is contained in the consolidated financial statements.

Off-balance-sheet obligations

Information about off-balance-sheet obligations can be found in Note (33) Other financial obligations in the Notes to the consolidated financial statements.

GROUP NET ASSET POSITION

Changes in the asset structure

million EUR	31.12.2023	31.12.2022
Assets		
Non-current assets	18,779.9	16,894.7
of which fixed assets	18,511.0	16,746.1
Current assets	10,232.5	21,792.7
of which cash and cash equivalents	5,809.8	15,236.1
Total Assets	**29,012.4**	**38,687.3**
Equity and liabilities		
Equity	18,766.9	27,911.1
Borrowed capital	10,245.5	10,776.2
of which non-current liabilities	4,342.9	4,379.3
of which current liabilities	5,902.6	6,397.0
of which financial debt and finance lease liabilities	5,030.6	5,436.8
of which non-current financial debt and finance lease liabilities	3,772.8	4,044.9
of which current financial debt and finance lease liabilities	1,257.8	1,392.0
Total equity and liabilities	**29,012.4**	**38,687.3**
Net liquidity	2,624.7	12,587.1
Equity ratio (%)	64.7	72.1

As at 31 December 2023, the Group's total assets amounted to EUR 29,012.4 million and were EUR 9,674.9 million lower than at year-end 2022. The change was mainly due to the decrease in cash and cash equivalents and the lower equity as a result of the dividend payment. The USD/EUR exchange rate was quoted at 1.11 on 31 December 2023 (31 December 2022: 1.07).

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 1,764.8 million to EUR 18,511.0 million (31 December 2022: EUR 16,746.1 million), in particular due to the investments in vessels, vessel equipment and containers in the amount of EUR 1,719.1 million (prior year period: EUR 1,319.1 million), the addition to fixed assets as a result of the acquisition of SAAM Terminals in the amount of EUR 1,043.1 million and the investments in holdings in Spinelli S.r.l. and J M Baxi Ports & Logistics Limited and other equity-accounted investees in the amount of EUR 842.5 million. Newly received and extended rights of use for lease assets of EUR 745.5 million (prior year period: EUR 1,206.3 million) also contributed to the increase. Scheduled depreciation and amortisation amounting to EUR 1,929.3 million (prior year period: EUR 1,909.4 million) as well as exchange rate effects of EUR 624.0 million as at the reporting date (prior year period: increase of EUR 881.9 million) had an offsetting effect. This includes an amount of EUR 1,036.4 million (prior year period: EUR 1,030.9 million) for the depreciation of capitalised rights of use relating to lease assets.

The increase in deferred tax assets of EUR 153.5 million compared to the previous year was due to the first-time recognition of deferred tax assets on unrealised exchange rate effects on investments (EUR 126.7 million). Corresponding offsetting effects from temporary differences were considered in the calculation of current income taxes for the 2023 financial year. The addition of deferred tax assets from SAAM Terminals entities totalling EUR 23.3 million also contributed to the increase.

The decrease in current other financial assets totalling EUR 983.9 million resulted mainly from the repayment of time deposits in the amount of EUR 2,787.8 million. This was offset by the subscription to the special fund “HLAG Performance Express” in April 2023. Hapag-Lloyd acquired USD 2,000.0 million of shares in the investment fund, which was concluded for an indefinite period. As at the reporting date, current other financial assets include financial instruments for the special fund (excluding interests) in the amount of EUR 1,841.5 million.

Cash and cash equivalents decreased to EUR 5,809.8 million compared to year-end 2022 (EUR 15,236.1 million) mainly due to the dividend payment for the 2022 financial year on 8 May 2023 in the amount of EUR 11,072.9 million. The positive operating cash flow amounting to EUR 4,966.0 million counteracted this decline.

On the liabilities side, equity (including non-controlling interests) declined by EUR 9,144.2 million to EUR 18,766.9 million. Despite the Group profit of EUR 2,950.6 million (prior year period: EUR 17,042.6 million) recognised in the retained earnings, the dividend paid from the previous year’s retained earnings in the amount of EUR 63.0 (previous year: EUR 35.0) per dividend-eligible individual share, i.e. a total of EUR 11,072.9 million, and the unrealised losses from currency translation recognised in other comprehensive income in the amount of EUR 1,033.5 million (prior year period: gains of EUR 750.3 million), led to a decrease. The equity ratio as at 31 December 2023 came to 64.7% (31 December 2022: 72.1%).

The Group’s borrowed capital fell only slightly by EUR 530.8 million in comparison to the 2022 financial year. The slight increase in financial liabilities and lease liabilities primarily resulted from the redemption payments totalling EUR 1,500.8 million (prior year period: EUR 1,585.7 million) and exchange rate effects as at the reporting date in the amount of EUR 182.6 million (prior year period: increase of EUR 341.5 million), which were offset, however, by newly added or extended charter and lease agreements of EUR 658.3 million (prior year period: EUR 1,188.4 million) as well as new bank loans in connection with vessel financing of EUR 387.3 million (prior year period: EUR 0.0 million) and the addition of financial liabilities and lease liabilities of EUR 104.3 million (prior year period: EUR 0.0 million) as part of the acquisitions of companies made in the 2023 financial year.

Contract liabilities decreased significantly by EUR 386.4 million to EUR 566.5 million (31 December 2022: EUR 952.9 million), particularly as a result of continued lower freight rates for transport orders on pending voyages as at the reporting date.

The increase in other current provisions to EUR 1,101.2 million (31 December 2022: EUR 964.6 million) was primarily due to pending legal disputes arising from country-specific matters.

The increase in deferred tax liabilities of EUR 160.1 million compared to the previous period is mainly due to the purchase price allocation of the SAAM Terminals Group totalling EUR 117.9 million, the addition of deferred tax liabilities from significant SAAM Terminals entities in the amount of EUR 29.8 million as well as the recognition of deferred tax liabilities on future tax charges on profit distributions in the amount of EUR 8.7 million and on the valuation difference of the special fund in the amount of EUR 5.4 million.

As at 31 December 2023, net liquidity, including cash and cash equivalents, money market transactions, money market funds and assets of the special funds included in the item of other financial assets, as well as financial debt and lease liabilities, amounted to EUR 2,624.7 million (31 December 2022: EUR 12,587.1 million).

For further information on significant changes in individual balance sheet items, please refer to Notes (10) to (29) in the Notes to the consolidated statement of financial position within the Notes to the consolidated financial statements.

ACCURACY OF FORECAST

The development of earnings in the 2023 financial year was within the forecast published on 2 March 2023 and refined on 9 November 2023. At 11.9 million TEU, transport volume was on previous years' level and therefore below expectations. This is due in particular to longer sailing times for some liner services, which had to be rerouted around the Cape of Good Hope due to the attacks on ships in the Red Sea at the end of 2023.

Overview of forecasts and target achievement in 2023

	Actual Value 2022	Forecast as of 2 March 2023	Forecast as of 9 November 2023	Actual Value 2023
Transport volume	11.8 m TEU	Increasing slightly	Increasing slightly	11.9 m TEU
Average bunker consumption price	753 USD/t	Decreasing clearly	Decreasing clearly	614 USD/t
Average freight rate	2,863 USD/TEU	Decreasing clearly	Decreasing clearly	1,500 USD/TEU
EBITDA	EUR 19.4 bn	EUR 4.0 – 6.0 bn	EUR 4.1 – 5.0 bn	EUR 4.5 bn
EBIT	EUR 17.5 bn	EUR 2.0 – 4.0 bn	EUR 2.2 – 3.1 bn	EUR 2.5 bn

EXECUTIVE BOARD'S STATEMENT ON OVERALL ECONOMIC PERFORMANCE

Hapag-Lloyd generated a significantly lower Group net result in the 2023 financial year. At year-end, both Group EBITDA and Group EBIT were far below the previous year's level but within the forecast ranges.

The 2023 financial year was characterised by an initially restrained demand situation and the steady normalisation of global supply chains, which also led to transport capacities being freed up. The increase in the supply of container vessel capacity as part of vessel newbuilds intensified this effect. Overall, this was reflected in a significant decline in average freight rates in 2023. The tense situation in the Red Sea at the end of the year had a slightly positive effect on spot freight rates in the relevant trade lanes, but a negative impact on transport volumes and cost trends.

Despite the significant decrease in average freight rates, the Executive Board considers the 2023 financial year to have been positive.

OUTLOOK, RISK AND OPPORTUNITY REPORT

The outlook, risk and opportunity report explains the expected future development of Hapag-Lloyd's key performance indicators and the framework conditions for business development. Risks and opportunities that could cause a deviation from the forecast are also described.

OUTLOOK

General economic outlook

For 2024, the International Monetary Fund expects global economic growth of 3.1%, similar to the previous year's figure. The forecast is thus below the historical average of 3.8% from 2000 to 2019. This prediction is based in particular on more restrictive monetary policy, the withdrawal of fiscal support and lower productivity growth. For industrialised countries, slightly weaker growth is forecast in 2024, while growth in developing and emerging markets is expected to be stable.

World trade is predicted to grow by 3.3% in 2024, which is lower than the historical average of 4.9%. Increasing trade distortions and geo-economic fragmentation will likely continue to have an adverse impact on world trade (IMF World Economic Outlook, January 2024).

Developments in global economic growth (GDP) and world trade volume

in %	2025e	2024e	2023	2022	2021
Global economic growth	3.2	3.1	3.1	3.5	6.3
Industrialised countries	1.8	1.5	1.6	2.6	5.6
Developing and newly industrialised countries	4.2	4.1	4.1	4.1	6.9
World trade volume (goods and services)	3.6	3.3	0.4	5.2	10.9

Source: IMF World Economic Outlook, January 2024

Sector-specific outlook

The Liner Shipping and Terminal & Infrastructure segments are both fundamentally affected by the same economic developments, in particular in international trade.

After global container transport volumes declined by 4.0% in 2022 and rose by just 0.2% in 2023, the consulting firm Accenture Cargo now expects container transport volumes to grow again by 3.8% in 2024. All the sub-markets of the international container transport market will record growth, according to its forecast. The lowest levels of growth are expected on the Atlantic and Middle East trades, both at 3.3%, while the strongest growth is predicted on the Transpacific trade, at 4.7%. The effects of the conflict in the Red Sea are not included in this forecast by Accenture Cargo.

Global growth of container transport volume

	2025e	2024e	2023	2022	2021
Growth rate (in %)	3.4	3.8	0.2	–4.0	6.9

Sources: CTS, February 2024: 2021–2023; Accenture Cargo, December 2023: 2024–2025

According to MDS Transmodal, the tonnage of commissioned container vessels fell to around 6.7 million TEU at the end of December 2023, compared with around 7.2 million TEU at the end of December 2022. Accordingly, the ratio of order backlog to current world container fleet capacity remained at a high level of 24.4%, but well below the peak of around 61% reached in 2007.

As in 2023, a very high number of deliveries of vessels is anticipated again in 2024. Drewry expects the globally available container vessel fleet to grow by 1.9 million TEU, or 6.8%, year-on-year after scrapping and postponement of deliveries.

Expected development of global container fleet capacity

million TEU	2025e	2024e	2023	2022	2021
Existing fleet (beginning of the year)	29.6	27.7	25.8	24.7	23.6
Planned deliveries	3.0	3.5	2.5	1.0	1.2
Expected scrappings	0.7	0.6	0.2	0.0	0.0
Postponed deliveries and other changes	0.9	1.1	0.4	–0.1	0.1
Net capacity growth	**1.4**	**1.9**	**2.0**	**1.0**	**1.1**
Net capacity growth (in %)	4.8	6.8	7.7	4.2	4.5

Source: Drewry Container Forecaster Q4 2023. Expected nominal capacity based on planned deliveries.
Based on existing orders and current predictions for scrapping and postponed deliveries.
Figures rounded.

Expected business development of Hapag-Lloyd

As expected, Hapag-Lloyd recorded a significant decline in earnings in 2023, which was primarily due to a sharp fall in freight rates. Due to the precarious security situation in the Red Sea, there was another significant increase in spot freight rates in many trade lanes at the end of 2023, as the rerouting of ships around the Cape of Good Hope led to a reduction of shipping capacity and rising transport costs. At the time the forecast was prepared, it was unclear when the Red Sea passage would be safe again. Regardless of the outcome of the conflict, the high number of ship deliveries in the current financial year will lead to a gradual increase in transport capacity which is likely to have a negative impact on freight rate development.

Against this backdrop, the Executive Board of Hapag-Lloyd AG expects Group EBITDA for the current 2024 financial year to be in the range of EUR 1.0 to 3.0 billion (previous year: EUR 4.5 billion) and Group EBIT in the range of EUR –1.0 to 1.0 billion (previous year: EUR 2.5 billion). In US dollars, this corresponds to an expected Group EBITDA in the range of USD 1.1 to 3.3 billion (previous year: USD 4.8 billion) and a Group EBIT in the range of USD –1.1 to 3.3 billion (previous year: USD 2.7 billion). Based on the expected normalisation of freight rates during 2024, it is assumed that a large part of the projected result will be generated in the first half of the year.

The earnings expectation for the 2024 financial year is based in particular on the assumptions that transport volumes can be increased slightly while the average freight rate is likely to fall significantly. Increased transport expenses in connection with longer voyage times around the Cape of Good Hope and the first-time inclusion of shipping in the European Emissions Trading System (ETS) are expected to more than offset the planned cost-cutting measures. The bunker consumption price is expected to remain at the previous year's level. The earnings forecast is also based on the assumption of an average exchange rate of USD 1.11/EUR (financial year 2023: USD 1.08/EUR).

In view of the highly volatile development of freight rates and major geopolitical challenges, the forecast is subject to a high degree of uncertainty. The earnings forecast does not take into account impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2023 financial year, which are currently not expected but cannot be ruled out.

Key benchmark figures for the 2024 Outlook

	Actual 2023	Forecast 2024
Global economic growth (IMF, Jan 2024)	3.1%	3.1%
Increase in global trade (IMF, Jan 2024)	0.4%	3.3%
Increase in global container transport volume (CTS, Feb. 2024; Accenture Cargo, Dec. 2023)	0.2%	3.8%
Transport volume[1]	11.9m TEU	Increasing slightly
Average freight rate[1]	USD 1,500/TEU	Decreasing clearly
Average bunker consumption price[1]	USD 614/t	At previous year´s level
Group EBITDA	EUR 4.5 bn	EUR 1.0–3.0 bn
Group EBIT	EUR 2.5 bn	EUR –1.0–1.0 bn

[1] Liner Shipping segment

The most significant risks and opportunities that could cause business development to deviate from the forecast are described in detail below in the risk and opportunity report. The main risks to the Group's sales and earnings performance are, in particular, a slowdown in the growth of the global economy and global trade volumes, also due to international crises and geopolitical disputes as well as a further escalation of the conflicts in the Middle East, and the resulting lower growth in transport volumes as well as a sustained decline in the average freight rate beyond the decline assumed in the forecast. The risk of cyberattacks on information technology and security is also one of the most significant risks.

The occurrence of one or more of these risks could have a significant negative impact on the industry and thus also on the business performance of Hapag-Lloyd in the 2024 financial year, resulting in negative effects on liquidity and also impairments of goodwill and other intangible assets and property, plant and equipment.

RISK AND OPPORTUNITY REPORT

Risk management and the strategic focus on business opportunities contribute to the steady and sustainable enhancement of the Company's value, the attainment of its medium- and long-term goals and to safeguarding its permanent existence as a going concern. The risk management system (RMS) comprises potential risks and opportunities, though it focuses primarily on risks.

OPPORTUNITIES

At Hapag-Lloyd, recognising and exploiting opportunities are integral elements of strategic management. The basis for the identification of opportunities is the systematic observation and analysis of developments on the markets relevant to the Group and general economic and sector-specific trends from which opportunities can be derived and assessed. This analysis and assessment form the basis for the adoption of measures which are geared towards long-term sustainable growth and are designed to contribute to a sustainable increase in the Company's value. As one of the world's leading container liner shipping companies, Hapag-Lloyd is subject to a wide range of developments in regional and international markets. The general conditions described in this management report and the information regarding market, competition and business developments reveal a diversity of potential opportunities.

By utilising and enhancing its own strengths and competitive advantages, Hapag-Lloyd strives to exploit any potential opportunities that arise to the greatest possible extent.

RISK MANAGEMENT

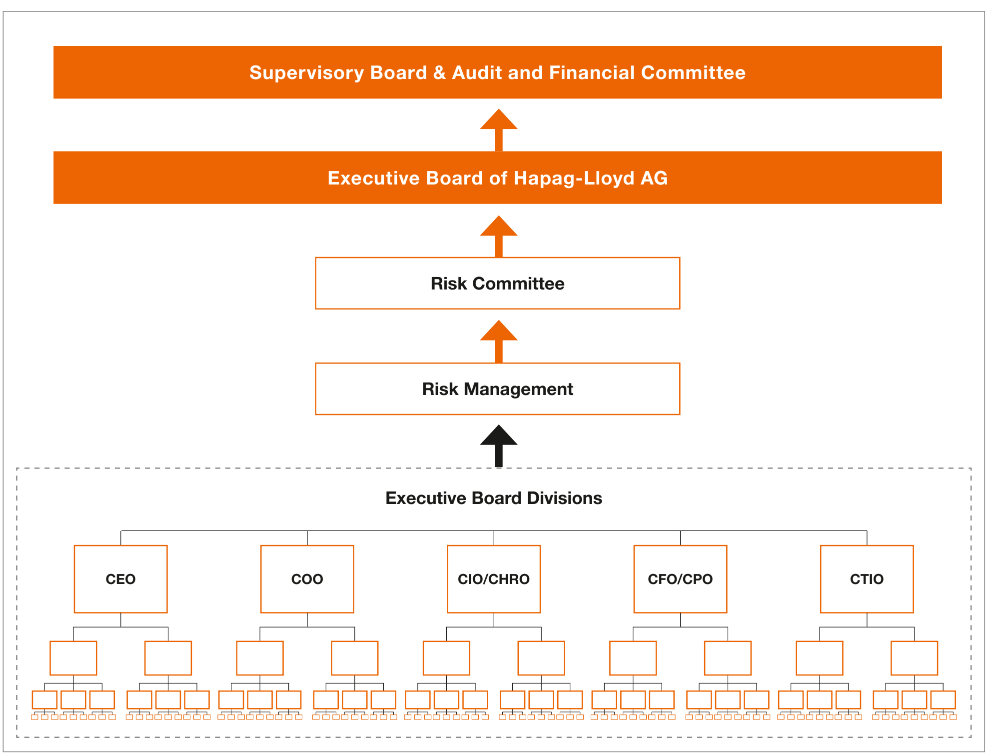
The objective of risk management is to recognise and analyse risks at an early stage and to develop and implement adequate risk responses to lower the risk to an acceptable risk level and therefore secure the achievement of Hapag-Lloyd's business objectives. Thanks to monitoring and control systems installed throughout the Group, business developments and associated risks are regularly recorded, assessed and monitored with regard to their effects on Hapag-Lloyd. Risk management is decentralised in accordance with Hapag-Lloyd's organisational structure. The structure of the iterative risk management process is an adaptation of the internationally recognised risk management standard "COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management – Integrating with Strategy and Performance".

Segregation of duties and the associated role concept have been designed based on the Three Lines Model of the Institute of Internal Auditors. These and other principles, roles and responsibilities, processes and thresholds of risk management are defined in a Group guideline which is valid for the entire Group. Within the context of the decentralised structure of risk management, risk managers are appointed across the Group and are responsible for continuously identifying, assessing, managing and monitoring risks in the various business and central departments. These risk managers document the risks identified and their assessment, including the risk responses as part of quarterly risk reporting.

The risk assessment by the decentralised roles is carried out based on at least one scenario. Further scenarios can be added as optional to enhance the risk quantification. The quantitative description of the scenarios includes an assessment of the probability of occurrence as well as the potential impacts. Starting with the initial gross assessment, the net assessment is derived, taking account of the risk responses which have already been implemented and influence the risks. Based on this, the risks are divided into standardised size categories, which are then used to divide the risks internally into relevance classes and monitor them. Risk reports are usually submitted on a quarterly basis to the risk management function in the central Accounting department. The unscheduled reporting to the risk management function is mandatory if risks are newly identified or newly assessed, with the result that reporting thresholds are exceeded, or extraordinary events occur which could cause potentially critical damage (ad-hoc reports).

The risk management function monitors the regular reporting by risk managers, enhances the portfolio view and summarises the key risks for the Risk Committee on a quarterly basis and, if urgent, on an unscheduled basis. The Risk Committee discusses the risks present and subsequently reports on the overall risk situation to the Executive Board. In particular, it reports on the risk status of significant factors, such as the current development of freight rates and transport volumes during the year, on the potential effects of significant fluctuations in these factors, on significant individual risks and on geographic or thematic risk concentrations.

Hapag-Lloyd risk management system



The newly created Terminal & Infrastructure division (CTIO) as of 1 January 2024 was integrated into the risk management system from that date.

In risk management, the methods and systems are adapted according to the type of risk and are regularly checked, enhanced and adapted to the constantly changing business and regulatory conditions. The Corporate Audit department audits the risk management processes including the risk early-warning system annually, focusing on different aspects each time.

Insurance policies are concluded to cover claims and various other risks that arise in everyday business activity, insofar as these are economically justifiable. The Group also holds a number of insurance policies which are customary in the industry and tailored to the requirements of Hapag-Lloyd. These include third-party liability, property and personal insurance, as well as shipping insurance. The policies are examined regularly and adjusted if required.

RISKS AND OPPORTUNITIES

The key risks and opportunities and their potential impact on the earnings, financial and net asset position of Hapag-Lloyd, including their probability of occurrence, are listed in the following section "Summarised overview of Group risks and opportunities". The subsequent sections provide qualitative descriptions of these and other relevant events that are subject to a high degree of uncertainty and could influence business developments, although the probability of their occurrence and their effects have not been assessed for risk management purposes, unless otherwise stated. Taking the current outlook into consideration, no new key risks have been identified in comparison with the risk reporting in the previous year.

Summarised overview of Group risks and opportunities

In the view of Hapag-Lloyd's Executive Board, the key risks relate to a possible decline in transport volume growth and a noticeably negative trend in the average freight rate. The key risks also include the risk of cyberattacks on information technology and security, as well as an impairment of goodwill and other intangible assets.

In the opinion of Hapag-Lloyd's Executive Board, the key opportunities relate to a positive trend in the average freight rate, a sharper than expected increase in transport volume and a reduction in the bunker consumption price.

These and further potential for opportunities are regularly analysed and discussed in Hapag-Lloyd's management bodies as an integral part of corporate management and in regard to the implementation of the strategic objectives. The Executive Board informs the Supervisory Board about the potential impact of the opportunities on corporate development in its scheduled meetings and in individual discussions.

Risks are assigned to internally defined relevance classes according to the net perspective of their impact and probability of occurrence, i.e. after including the effect of risk responses. Opportunities are categorised on the basis of the same relevance classes.

The financial net impact on the Group's targets, mainly EBIT, in the 2024 financial year is classified as follows:	Risk impact class	Opportunity impact class	Financial impact ranges
	Bearable	Low	≤USD 100 million
	Severe	Medium	>USD 100 million ≤USD 250 million
	Critical	High	>USD 250 million

The net probability of risks and opportunities occurring based on the planning assumptions for the 2024 financial year as at the time of preparation of the combined management report is classified as follows:	Probability class	Probability ranges
	Remote	<10%
	Low	≥10% ≤25%
	Medium	>25% ≤50%
	High	>50%

In addition, the probability of occurrence for the risks and opportunities was compared with the previous year's assessment.

The assessment of the risks and opportunities compared to the previous year results from the change in the probability of occurrence:	Change class	Change probability of occurrence
	Lower	significant lower
	Equal	unchanged
	Higher	significant higher

Key risks and opportunities

	Risks			Opportunities		
Risks and opportunities	Potential impact	Probability of occurrence	Probability of occurrence in 2024 in comparison to the previous year	Potential impact	Probability of occurrence	Probability of occurrence in 2024 in comparison to the previous year
Fluctuation in average freight rate	Critical	Medium	Equal	High	Low	Equal
Fluctuation in transport volume	Severe	Medium	Equal	Medium	Low	Equal
Impairment of goodwill and other intangible assets	Critical	Low	Equal	–	–	–
Risks arising from investements	Critical	Low	Equal	–	–	–
Information technology & security – cyberattack	Severe	Medium	Equal	–	–	–
Fluctuation in bunker consumption price	Severe	Low	Equal	Medium	Low	Equal

Economic risks and opportunities

General economic development

Container transport services are heavily dependent on the general prevailing conditions within and between economies worldwide and are subject to a high level of uncertainty of being affected to an above-average degree by fluctuations in the economic climate and crisis events. The development of freight rates, which has a significant influence on Hapag-Lloyd's financial and earnings position, is particularly dependent on the demand for container transport services and capacity supply on routes. The location and condition of the port infrastructure and the quality of the hinterland connections are essential factors, which can also be influenced by the economic developments in individual regions.

Developments in the global economy and, by extension, the expected volumes of container transport remain subject to a high degree of uncertainty in 2024. A detailed forecast can be found in the "General economic conditions" chapter as well as in the "Outlook" section.

The pace at which the global economy grows and the resulting increase in global trade is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes and the terminal operators' throughput volumes. Local crises and extraordinary global events could have a sustained negative impact on growth expectations. At the start of 2024, the prospect of a worldwide economic upturn remains subdued, especially because of the ongoing geopolitical centres of conflict such as the Russia-Ukraine war and the conflict in Middle East, against the backdrop of which the high level of the raw material prices and cost of living worldwide has not noticeably relaxed. The resulting uncertainties regarding further economic development cannot be estimated conclusively for the remainder of the year.

Accenture Cargo believes that the volume of global container shipments will rise by 3.8% in 2024. If the economic upturn and, by extension, the demand for container shipping services progresses at a faster rate than forecast in the current year, this would present an opportunity to achieve additional transport volume growth together with positive impacts on the earning's position.

Trade flows and changes in general political conditions

The utilisation of the Group's transport and container capacities is influenced by the development of the trade flows between the various geographic regions. In the case of transport between regions comprising net exporters and regions comprising net importers, capacity utilisation in the two directions is divergent. This results in empty legs and associated costs. An increasing imbalance in global trade could further push up the costs associated with empty legs and therefore have a negative impact on the earnings position. In addition, tighter import restrictions and escalating trade disputes could lead to a temporary weakening and relocation of Asian imports and exports. As a consequence, this could result in a transport volume decline together with negative impacts on the earning's position.

Hapag-Lloyd is active in many countries around the world. Its commercial activities can be hindered by political tension, wars, terrorism, and economic and social crises such as raw materials shortages and supply bottlenecks. This can result in disruptions to the production and supply chains of its customers or have adverse effects on its own liner services and terminal and infrastructure activities. As a further consequence of such disruptions, the use of ports and major water ways, in particular shipping channels like the Panama Canal or the Suez Canal, might be restricted. Individual countries could, as a consequence of financial or economic crises, by resorting to protectionist measures, for example by introducing import or foreign exchange restrictions. Other countries could initiate countermeasures, thereby prompting the fragmentation of global trade relationships and encouraging protectionism. This would have a negative impact on the development of container shipping, resulting in a directly negative effect on Hapag-Lloyd's revenue and earnings.

The increasing industrialisation of the emerging economic regions in Latin America, Asia and Africa, and the rising prosperity in these countries may result in more goods being exchanged between each other and with industrialised nations. This could offer additional opportunities for growth in liner shipping and terminal operations in 2024 as a result of new economic and trade agreements. Hapag-Lloyd is endeavouring to participate in these growth markets with a suitable service network, which could have a positive impact on the transport volume beyond the expectation considered in the outlook as well as on the throughput volumes.

Sector- and company-specific risks and opportunities

Fluctuation in average freight rate and transport volume

In respect of the development of freight rates and transport volumes in the Liner Shipping segment, there are differences between the various trades in which Hapag-Lloyd is active. Freight rates and transport volumes in container shipping are traditionally subject to sharp seasonal fluctuations. Freight rate developments are largely determined by the transport capacities available and in demand within a trade. Utilising resources of other liner shipping companies e.g., in the form alliances, cooperations or container capacities aboard vessels is beneficial to cover all the key trades and offer a global service network. This means the Company is better able to capitalise on opportunities arising from developments in transport volumes and vessel capacities. The development of transport volumes depends heavily on economic activity in the regions linked together by the trades. Hapag-Lloyd is working continuously on the further development of IT-based forecast models in order to minimise empty legs and reduce the costs incurred because of them. This results in cost advantages if efforts to reduce the empty leg ratio to below the market average prove to be successful, which could have a positive effect on the earnings position.

In view of the fact that transport capacities in the market are set to increase, due to new vessel orders among other things, intensified competition between shipping companies and stagnating demand for transport services may again lead to greater price competition in individual trades. If freight rates or transport volumes do not deliver the expected contribution to earnings, this could have a negative effect on Hapag-Lloyd's earnings position and liquidity.

A possible expansion of the services, for example into hinterland transport, could provide additional growth opportunities and therefore have a positive impact on Hapag-Lloyd's earnings position.

Fluctuation in bunker consumption price

The Liner Shipping segment's business activity exposes it to market price risks arising from the procurement of fuels (bunker fuel) for the container vessel fleet. Bunker fuel expenditure accounts for a substantial proportion of overall operating costs. Fluctuations in bunker consumption prices have a delayed effect on transport expenses, depending on when the bunker fuel was purchased and subsequently consumed. The bunker consumption price is the most important factor influencing fuel costs, which is one of the main cost components for the container shipping industry. In the 2023 financial year, the cost of the vessels' fuel amounted to 12.6% of the Hapag-Lloyd Group's revenue.

As a rule, changes in the price of bunker fuel are usually aligned with the price of crude oil, which has been subject to substantial fluctuations and influenced by a number of economic and geopolitical factors in the past. From the middle of 2023, a steady price increase was recorded, which, however, differed for the individual types of bunker, and fell slightly again at the end of the year. With the expansion of the conflicts in the Middle East at the beginning of the year 2024, an increase in bunker prices took hold again. If this trend continues further, it is likely to cause fuel costs to increase more sharply than forecast. Decreasing bunker prices would have an opposite effect.

To limit the effect that rising bunker consumption prices have on its shipping costs, Hapag-Lloyd is endeavouring to offset a portion of the fluctuations in raw materials prices by means of the Marine Fuel Recovery (MFR) mechanism on freight rates. In addition to various parameters, the MFR mechanism takes account of price fluctuations with an optimised coverage of upward and downward movements in fuel market prices. However, the extent to which this can be implemented depends heavily on the prevailing market situation. If the cost increases cannot be passed on to customers, or can only be passed on in part, this will have a negative impact on earnings. In general, price risks emanating from fuel procurement can be hedged by means of hedging transactions in accordance with the internal strategy. However, these hedging transactions do not exist at present.

Information technology and security

Information and communication technologies are indispensable to Hapag-Lloyd for executing, managing, documenting and developing its business processes globally. The availability of IT systems enables continuous processing of data to ensure efficient management of business processes and costs.

An IT systems failure, for example due to defective hardware and software components, or also a temporary total failure of the IT infrastructure due to a cyberattack could hinder business processes and lead to higher costs as a result of business interruptions. To respond to these risks, the IT systems are protected in several ways. Hapag-Lloyd also maintains an information security management system. Accounting for these and other risk responses, the negative impact on the financial and earnings position both from cyberattacks as well as from an unplanned, restricted availability of central IT systems is considered severe and the probability of occurrence of such events is classified as medium.

Digital transformation projects

To continue to be able to offer innovative products and attractive services in the future, efficient processes and high-performance technologies are essential. Hapag-Lloyd pursues the further development of existing IT systems and the expansion and modernization of the digital infrastructure within the scope of various initiatives and projects. The, in part, high complexity due to the interdependencies of different systems and technologies, but also due to constantly changing customer and user needs, can result in delays and unplanned cost increases in transformation projects.

Risks from capacity bottlenecks at ports and in regional logistics chains

Over the past few years, capacities in container shipping have grown more quickly than the number of available berths at the ports. If transport and container capacities were increased further, the loss of time at the ports concerned could be even greater. Furthermore, imbalances in trade flows could culminate in regional bottlenecks in the availability of vessel and container capacities. This, along with temporary (partial) closures of container terminals due to crisis events, could lead to waiting times at the ports in question and result in a sometimes considerable amount of lost time during loading and unloading of the vessels as well as higher warehousing costs. If these cost increases for longer dwell times of containers cannot be fully passed on to customers and the delays in the transport chains cannot be reduced, this will have a negative impact on earnings and on transport volumes.

Labour disputes at the ports could likewise make it difficult to adhere to timetables and possibly result in substantial additional costs, with negative effects on Hapag-Lloyd's earnings position. This could put pressure on Hapag-Lloyd's operating result and financial position.

Fluctuation in charter rates

Within the framework of a charter contract, a vessel owner puts a vessel at the disposal of a container liner shipping company for a contractually agreed period. The owner usually also provides the crew, insures the vessel and takes responsibility for maintenance. As charter rates are subject to severe fluctuations influenced by how market participants anticipate that supply of and demand for vessel capacities will develop in the future – especially for short-term contracts – chartering vessels in periods of increasing demand can be more expensive than operating own vessels.

As a rule, charter rates shadow the trend in freight rates, which are dependent on expectations regarding the future development of the supply of and demand for transport capacities, with a time lag of several months. This time lag in adjusting charter rates is caused by the contractual bond between the vessel's owner and the liner shipping company. This means that in the event of increasing demand, the owner cannot raise their charter rates before the contract expires. If demand is weakening, on the other hand, the shipping company cannot reduce its charter rates before existing contracts expire. In this case, because of price competition among others but also due to a decrease of the transport volume as a consequence of declining demand for transport services, falling freight rates accompanied by fixed charter rates can lead to a decrease in revenue, particularly after a phase of high demand for transport services and vessel chartering. As a result, Hapag-Lloyd may be unable to reduce its portfolio of chartered vessels with above-average charter rates in comparison to the spot market for several months as a response to falling freight rates.

It cannot be ruled out that rising charter rates and according cost increases cannot be fully passed on to customers in the form of higher freight rates. The market fluctuations between the supply of and demand for transport services can lead to opportunities as a result of the achievement of cost advantages and increasing freight rates. If there is a large inventory of chartered vessels, there may be cost advantages lasting several months if vessels are chartered at favourable rates and the freight rates increase as a result of higher demand. This could have a positive effect on the Liner Shipping segment's earnings and net asset position.

Risks from the operation of vessels and terminals

The operation of vessels and terminals involves particular risks which include accidents, collisions, total loss of a vessel, environmental damage, fire, explosions, loss of or damage to the cargo, damage caused by material defects, human error, war, terrorism, piracy, political activities in individual countries, loss of certification of vessels, difficult weather conditions and delays resulting from strikes by the crews or dock workers.

All of the points listed above can prevent vessels from operating, impede a shipment's progress or lead to the death or injury of people as well as to pollution of the environment and the loss of or damage to property e.g. port facilities and terminal equipment. This could damage the reputation of the Company and put pressure on customer relationships. As far as possible, Hapag-Lloyd has concluded economically appropriate insurance policies to counter these risks. However, it cannot be ruled out that the existing insurance policies do not cover the full amount of all types of financial damage. This could have a significant negative impact on Hapag-Lloyd's earnings and net asset position.

Risks arising from the loss of the US flag business

Hapag-Lloyd is one of three international container liner shipping companies that provide container transport services for the governmental organisations of the USA (US flag business). If Hapag-Lloyd no longer meets the requirements for this, it could have a negative impact on its earnings position. The US flag business is operated through the company Hapag-Lloyd USA LLC.

Financial risks and opportunities

Management of financial risks

Within the scope of its ordinary, global business activities, Hapag-Lloyd is primarily exposed to currency risks and liquidity risks, which can have a significant impact on its net asset, financial and earnings position. Further information on the Group's financial position and the management of financial risks can be found in the economic report.

Liquidity and access to capital markets

The financial management is managed centrally at Hapag-Lloyd and aims to ensure the permanent solvency of the Company and thus its ability to maintain financial stability at all times. The Company pursues the goal of securing a sufficient liquidity reserve for itself by means of syndicated credit facilities and bilateral bank loans credit facilities, as well as its portfolio of cash and cash equivalents. In addition, lending limits (so-called loan-to-value ratios) are typically agreed in vessel loans, which are reviewed continuously (usually every 6 months) by the lenders. Failure to meet these loan-to-value ratios generally means that adequate replacement collateral has to be procured or a corresponding unscheduled repayment has to be made under the loan. Should this not be possible, the undercutting of the quotas could have a negative impact on the liquidity supply and the financial position of Hapag-Lloyd. As at the reporting date, the used-market prices for vessels provide a sufficient buffer in the loan-to-value ratios of the Company's vessel loans. Covenant clauses of a type customary on the market have been arranged for existing financing. These clauses primarily concern equity and liquidity of the Group along with certain loan-to-value ratios. Non-compliance with the agreed reporting covenants would lead to a tightening of reporting requirements and non-compliance. Non-compliance with the agreed minimum covenants would also entitle the financial institutions concerned to call in the outstanding loan amounts immediately. This would have a negative impact on liquidity supply and Hapag-Lloyd's financial position. The probability of occurrence of this risk in the outlook period is classified as very remote.

Any change to Hapag-Lloyd AG's rating or that of the bond it issues could result in modified conditions for raising new funds and could adversely affect the price and the fungibility of the securities it has already issued. A downgrade of the rating could therefore have negative effects on the financing costs of Hapag-Lloyd, which in turn would adversely affect the Group's earnings position. A rating upgrade would have the opposite effect.

Risks arising from the impairment of goodwill and other intangible assets

In the event that an impairment test identifies the need to recognise an impairment charge for goodwill or for other intangible assets, this could have a significant negative effect on Hapag-Lloyd's earnings position and equity base. The impairment tests as at 31 December 2023 did not identify any need for an impairment charge. Against the background of the uncertainties in the macroeconomic environment e.g., changes in the interest rate level, the probability of a potential need for an impairment of goodwill or other intangible assets is classified as low at the time of reporting.

Risks arising from investments

Hapag-Lloyd holds stakes in various companies and joint ventures worldwide, particularly in the terminal and logistics industry, and has also entered into agreements to acquire further stakes in companies. The earnings position, and therefore the dividend distributions and investment value of the company holdings, are dependent on among others the demand for relevant services of the respective company. A demand decrease for example in container transport services in the terminal business would have a negative impact on the earnings position of the investments and therefore also on the earnings and asset position of Hapag-Lloyd. The probability of occurrence of a need for an impairment of investments in equity-accounted investees is assessed as low.

US dollar exchange rate fluctuations

In international container shipping, the US dollar is the currency in which the bulk of services are usually invoiced. This applies to freight and charter rates, fuel, and the financing of containers and vessels. The US dollar is the functional currency within the Hapag-Lloyd Group. However, the Group is a business which conducts its operations worldwide and is therefore exposed to the risk of exchange rate fluctuations because various currencies account for its income and expenses. This also applies to financial debt assumed in euros.

The reporting currency for the Hapag-Lloyd Group and the individual financial statements of Hapag-Lloyd AG is the euro. Changes in the USD/EUR exchange rate thus have a considerable impact on the key financial indicators reported in the group, annual and quarterly financial statements. As a result, the key financial indicators reported in euros can diverge significantly from the key financial indicators for the operating activities reported in US dollars.

The materiality of exchange rate fluctuations is monitored on an ongoing basis. If necessary, the Group hedges a portion of its net cash outflows using a rolling hedge with the aim of limiting currency risks in the consolidated financial statements. Despite this, fluctuations in exchange rates can have an influence on Hapag-Lloyd's earnings position.

Interest rate fluctuations

Interest rate fluctuations may arise as a result of raising new funds or in the case of monetary investments. Potential interest rate increase for financial debt are reduced with a balanced portfolio of fixed and variable interest rate structures. Interest rate hedges can be implemented further, if necessary. In the case of monetary investments, however, an increase in the interest rate represents an opportunity, while a decrease in the interest rate would have a negative impact on the expected interest result. The probability of occurrence of this risk in the outlook period is classified as low and the impact on earnings position and liquidity as bearable.

Credit default risks

To prevent or reduce bad debt losses, Hapag-Lloyd operates a uniform, centrally controlled receivables management system. Its components include a standardised approval procedure for granting loans, complete with a creditworthiness risk check, securing the customer receivables by means of credit insurance, and a centrally managed reporting system for monitoring the outstanding amounts, including their age structure and the guidelines and rules of receivables management. Please refer to Note (13) Trade accounts receivable and other financial assets of the consolidated financial statements for information on the scope and type of credit risks as at the balance sheet date.

Bank default risk management covers the Hapag-Lloyd Group's derivative financial instruments and financial investments. The maximum default risk of the derivative financial instruments concluded is restricted to the sum of the positive market values of all of these instruments because the financial damages in the event of their non-fulfilment by the contractual partners would not exceed this amount. No default risks are expected as derivative financial instruments have been concluded with different borrowers of impeccable credit standing. Nonetheless, the counterparty risk is managed by means of internal bank limits and monitored constantly to restrict the risk position by adjusting the limit if necessary.

Legal risks and opportunities

Legal and regulatory frameworks

As a global container transport service provider, Hapag-Lloyd is subject to numerous regulations with domestic and international applicability. The alteration or broadening of such regulations and the necessity of obtaining further authorisations and the expansion of requirements in relation to documentation and proof could be a burden on the course of business and possibly increase the complexity of business processes due to the adjustments required.

These regulations include numerous safety, security and customs regulations in the respective countries of origin, transit and destination as well as monitoring, reporting and control regulations for example emission measurement systems. The Company could face considerable fines if it infringes applicable regulations.

In connection with this, customs duties could be levied or fines imposed on exporters, importers, terminal operators or the shipping company. Based on current and foreseeable regulatory frameworks, there are no discernible factors that could lead to restrictions affecting the Group's commercial activity.

Against the background of the extraordinary market conditions in container shipping during the COVID-19 pandemic and their impact on global supply chains, regulatory measures could be taken to promote transparency and ensure fair conditions of competition especially with regard to the passing the increased detention and demurrage charges. A financial risk as a consequence of investigations into potential distortions of competition exists in the form of costs for legal disputes, the ordering of fines as well as possible retroactive claims from customers.

In the age of digitalisation, data protection and data security are crucial in maintaining confidence between customers and companies. The introduction of the General Data Protection Regulation (GDPR) has bolstered the trend towards more stringent data protection regulations and stricter penalties, particularly in Asia, Latin America and the Middle East. In addition to conventional data protection regulation, some countries and multinational organisations are seeking greater standardisation in the area of IT security and the regulation of data sovereignty.

Furthermore, the increasing digitalisation of business processes is altering Hapag-Lloyd's risk exposure, which means that the additional risks relating to data protection law must be continuously assessed and managed. The probability of occurrence of such risks is classified as low and the net impact on Hapag-Lloyd's earnings before interest and taxes (EBIT) as bearable.

Sustainability-related risks

Achieving the 1.5-degree target of the Paris climate protection agreement involves major research and investment efforts. The maritime industry has invested in climate and environmental protection in recent years and will intensify such activities in the future. To ensure standardised and effective instruments, the specification of existing regulations and the development of further measures by the International Maritime Organization (IMO) and supranational institutions are to be expected.

A tightening of existing legal requirements or regulatory timeframes to reduce greenhouse gas emissions could bring transition risks with them, including in the form of higher costs and a need for greater investment in technological innovations. This, in turn, could have a negative impact on the earnings, financial and net asset position.

The legal anchoring of corporate due diligence obligations with respect to international supply chains entails an expansion of the scope of responsibility of companies as well as increasing requirements, among other things, for the integration of corresponding monitoring and risk mitigation processes for respecting human rights and compliance with labour rights standards. There is a risk that Hapag-Lloyd could face considerable fines in the event of a breach of due diligence obligations. In addition, with the entry into force of the European Directive on corporate due diligence with regard to sustainability, in the current draft version, the requirements for corporate due diligence and liability claims would be expanded in the future. The associated increase in the range of fines would increase the risk exposure accordingly.

Risks relating to legal disputes as well as tax and customs regulations

Hapag-Lloyd AG and some of its subsidiaries are currently involved in legal disputes. These include among others disputes with foreign tax authorities, claims asserted by former employees and disputes arising from contractual relationships with suppliers, former agents and customers. Even if the Company is successful in legal disputes, they can involve higher expenses with a negative impact on the earning’s position if uninsured, and can damage the Company’s reputation. The impact is classified as bearable and the probability of occurrence of these risks is classified as low from an overall perspective.

Hapag-Lloyd is also subject to regular tax audits in various countries where the Group conducts large-scale business activities (e.g. Germany, India, Turkey, USA). These tax audits may lead to the payment of tax arrears. To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions. The probability of occurrence of these risks is classified as low from an overall perspective.

Strategic risks

In the following, those developments are described as strategic risks which, in addition to the above-mentioned risks, could negatively affect the medium and long-term business development, i.e., after the forecast period, and in retrospect, could represent strategic inflection points of the industry. Depending on the manifestation of the underlying drivers, these strategic risks may negatively impact the earnings, financial and net asset position, and the achievement of the core objectives of the strategy and the long-term financial and non-financial targets included therein. To achieve the Company's strategic objectives, a catalogue of measures was developed.

Structural demand & supply imbalance

Unlike the economic and sector-specific risks described above in connection with supply and demand for container transport services, this risk describes the manifestation of a systemic imbalance of supply and demand. A sudden increase in transport and container capacities could, on the one hand, be limited in its efficiency by the fact that transport infrastructures on land are not created and expanded to the same extent. On the other hand, a simultaneous onset of structurally stagnant or declining transport demand could result from, for example, the reorganisation of supply chains due to shifts in sourcing and production locations against the backdrop of geopolitical conflicts and macro- and microeconomic deteriorations in leading and emerging economies.

Viability of core liner business model

Hapag-Lloyd's business model as globally operating liner shipping company is dependent on various internal, but also external influencing factors, whose technological as well as regulatory reform harbours uncertainty. The ability to respond quickly to customer needs for technological innovations and process improvements is a critical success factor, as is the rapid adoption of disruptive transport technologies and technological innovations. In addition, further consolidation among liner shipping companies and ongoing consolidation of the transport sector, e.g. in the form of vertical transport chain integration, could have an equally negative impact on Hapag-Lloyd's business development as the fragmentation of the competitive field due to the market entry of new, non-traditional competitors. In addition, the equal tax treatment of container transport services in the competitive environment, both locally and globally, also contributes to the viability of Hapag-Lloyd's business model. A change in the existing legal framework with regard to the continuation of the tonnage tax or even the introduction of a global minimum taxation could have a negative impact on the profitability of the liner shipping business model.

Regulatory limitation to shipping line cooperation

Regulations, such as the U.S. Ocean Shipping Act, form a significant part of the legal framework for cooperation between container liner shipping companies in the form of alliances and other standard market practices of cooperation. A repeal or more restrictive reform of these and other competition law regulations, but also a strategic realignment of competitors and alliances could lead to restricted cooperation opportunities regionally and globally. This could have a mediate negative impact on cost efficiencies, business processes and operational structures.

Response to global warming

The advancing global warming, the resilience of the implementation timeframe for climate change-related regulations and the possible acceleration of this timeframe as well as possibly insufficient contributions of the Company's sustainability measures to the achievement of climate-neutral business operations could have a negative impact on Hapag-Lloyd's business performance. The resulting uncertainty is driven in particular by climate change-related physical risks such as increase in extreme weather events and transition risks in the form of insufficient technological progress in the development and regional availability of climate-neutral fuels and also globally inconsistent emissions pricing and taxation regulations.

Black swan

Black swan describes an extremely rare and unforeseen event that ripples through systems with complex dependencies and thus creates an impact of unexpected magnitude. Root causes for these events are diverse and can originate from natural hazards e.g., in the form of geological, meteorological, hydrological, and biological events, or could arise as a consequence of anthropogenic hazards e.g., damages to the environment or other disaster events.

OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of Hapag-Lloyd's overall risk picture is the result of a consolidated analysis of all of the Group's key individual risks and opportunities. After the reporting date of 31 December 2023, there are currently no indications of any risks, either alone or in combination with other risks, which endanger the continued existence of Hapag-Lloyd as a going concern. The occurrence of one or more of these risks could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd in the 2024 financial year, which could also lead to impairments on goodwill, other intangible assets and property, plant and equipment.

The main risk facing Hapag-Lloyd in 2024 continues to be a market environment characterised by a strong level of competition, an imminent oversupply of transport capacities and volatile fuel prices, which could lead to a further intensification of the pressure on freight rates and on transport volumes. This, in turn, could have a significant potential impact on the earnings position. The outlook for global economic performance is positive, and this should lead to increasing global trade and therefore to growing demand for container transport services. This outlook for the year is subject to uncertainties especially in view of the current situation in the Middle East and its consequences as well as due to the sustainable recovery of economic developments and therefore also on the development of the container transport volume, which still cannot be conclusively assessed.

Description of the significant characteristics of the internal control system

Concept and objectives

Hapag-Lloyd has established an internal control system (ICS) based on the internationally acknowledged framework "COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework". The issue of compliance is addressed separately in compliance management.

The primary objectives of the accounting-related ICS are, on the one hand, to decrease the risk of significant errors that have an impact on income, costs and liquidity, or to detect and correct such errors promptly if they occur as well as, on the other hand, to decrease the risk of substantially incorrect statements in financial and non-financial reporting, to detect substantially incorrect valuations and to ensure compliance with applicable accounting regulations.

The principles, procedures and measures implemented to this end are regularly checked and enhanced. Irrespective of its form or structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved.

Structure and monitoring

A central ICS coordination unit exists for the continuous further development and securing of the ICS. A central technical platform also exists.

The ICS platform contains the key controls defined for the ICS in a central risk control matrix. By defining the persons responsible for the controls and organisations, it also contains the organisational structure established for the ICS. In addition to controls to ensure that operating company objectives are achieved, this ICS also includes the accounting-related ICS.

Hapag-Lloyd has put in place an annual standard procedure to confirm the establishment of the ICS. During the year, both a global internal self-assessment of the controls in the ICS is conducted and an external assessment for part of these controls. The results are recorded and the remediation of identified weaknesses is tracked.

On this basis, the status of the internal controls is agreed on in the main central departments and subsidiaries of Hapag-Lloyd AG with the responsible management as at the reporting date of 31 December.

The companies SAAM Ports S.A. and SAAM Logistics S.A. acquired in August 2023, as well as their consolidated subsidiaries, were included for the first time through an ICS confirmation by their responsible management as at the reporting date of 31 December 2023.

The ICS results are subsequently summarised and evaluated as part of the preparation of the annual ICS report, including an evaluation of the Compliance Management System. On this basis, the Executive Board informs the Hapag-Lloyd AG Finance and Audit Committee about the ICS.

General internal control activities

Potential effects on the corporate objectives are often already taken into consideration in the organisational environment – e.g. before being approved by the Executive Board, significant investments and financing should already be agreed on, in particular with the Controlling department in light of their operational effects, and with the Accounting department in relation to their presentation in the financial statements – and are critically assessed.

Further risks are also identified and evaluated by having a broad participation of the heads of the central departments in the Risk Committee, allowing to identify and assess significant developments or events within the Group and their potential operational and accounting-related effects can be identified and assessed at an early stage.

In concrete terms, monitoring is performed by means of internal controls. Some of these are integrated into processes, while others are established independently of them. These internal controls encompass preventive as well as detective activities.

Segregation of duties and a four-eye principle are established as fundamental process-integrated controls to ensure the effectiveness, efficiency and appropriateness of the main business processes and accounting. For example, financial entries and payments are authorised by internal approval and release procedures. The access controls that have been implemented in the IT systems shall ensure that the main business and booking systems can only be accessed by authorised employees. In addition, reports concerning changes and exceptions are verified, for example, as detective control activities for selected areas.

The Corporate Audit department has a fundamental monitoring role to play in the process-independent control measures. The Corporate Audit department reports to the CFO of Hapag-Lloyd AG and has a wide range of information, audit, and access rights to enable it to fulfil its role as an internal auditor and advisor. The subjects examined by the Corporate Audit department are systematically selected using a risk-based audit approach. They regularly include significant units, processes, and internal controls. The Corporate Audit department is subject to independent quality assessments in the commonly applied intervals, examining compliance with the professional standards issued by the German Institute of Internal Auditors (DIIR), most recently in 2021.

Organisation and significant processes in accounting and consolidation

Hapag-Lloyd AG prepares its annual financial statements in accordance with German accounting standards and its consolidated financial statements in accordance with the requirements of IFRS. An IFRS accounting guideline is applied and further details in the form of specific accounting instructions. Changes to the legal provisions and standards are constantly monitored and the accounting guidelines and instructions are examined promptly for any adjustments that might be required.

The central Accounting department has overall responsibility for the consolidation process, the preparation of the financial statements and the Group and of the individual reporting of Hapag-Lloyd AG. Information is obtained from other departments and processed in the course of preparing the financial statements. This includes information from the central Treasury & Finance department for the reporting of hedge relationships and financial derivatives, and information on the business planning from the central Controlling department pertaining to Company planning in relation to the impairment tests.

Individual items are accounted for based on external advise and expert opinions, such as actuaries for pension valuation. The process of preparing the financial statements is carried out in accordance with a detailed time schedule (the financial statements calendar), which is agreed with the departments and subsidiaries. The central Accounting department is responsible for ensuring that these time limits are adhered to. Accounting throughout the Group is supported by means of suitable and commonly used accounting systems at Hapag-Lloyd AG and its subsidiaries. The subsidiaries send Group reporting packages needed for the preparation of the consolidated financial statements. The consolidated financial statements are prepared on the basis of these packages by using the SAP Financial Consolidations (FC) system. The necessary steps to be taken in the consolidation process are performed by the central Accounting department.

DECLARATION ON CORPORATE GOVERNANCE

PRINCIPLES OF CORPORATE GOVERNANCE AND CORPORATE STRUCTURE

Corporate governance comprises all principles relating to the management and monitoring of a company. Within this meaning, corporate governance is an expression of good and responsible corporate management and, as such, is an integral part of Hapag-Lloyd's management philosophy. In this declaration on corporate governance, Hapag-Lloyd therefore reports on the Company's governance in accordance with Sections 289f (1) and 315d of the German Commercial Code (HGB). The principles of corporate governance pertain, in particular, to cooperation within the Executive Board, the Supervisory Board, and between the two boards as well as between the corporate bodies and the shareholders, in particular, in the Annual General Meeting. They also pertain to the relationship between the Company and other persons and institutions that have a business relationship with Hapag-Lloyd.

Commitment to the German Corporate Governance Code
Hapag-Lloyd AG is a listed corporation in accordance with German law. For Hapag-Lloyd, the starting point for ensuring responsible management and control of the Company that is geared towards sustainable appreciation is, in addition to compliance with the applicable laws, a commitment to the German Corporate Governance Code (GCGC).

As in the past, the Executive Board and Supervisory Board of Hapag-Lloyd AG gave a great deal of attention to the corporate governance system of the Company in the reporting year. The Executive Board and the Supervisory Board are committed to responsible corporate governance and identify with the objectives of the GCGC. The basis for this were at the start of the financial year the recommendations and suggestions of the GCGC in the version of 16 December 2019 that was published in the official section of the Federal Gazette *(Bundesanzeiger)* on 20 March 2020 (GCGC 2020), which were applicable to the Company up until the Declaration of Conformity in March 2023, and subsequently the recommendations and suggestions of the German Corporate Governance Code in the version of 28 April 2022 that was published in the official section of the Federal Gazette *(Bundesanzeiger)* on 27 June 2022 (GCGC 2022), which were applicable to the Company from March 2023. According to the preamble of the GCGC 2020/2022, in the interests of good corporate management and an active corporate governance culture, responsible corporate governance does not preclude non-compliance with individual provisions of the code if the deviations are justified due to the specifics of the Company.

INFORMATION ON CORPORATE MANAGEMENT AND CORPORATE GOVERNANCE

Declaration of Conformity with the German Corporate Governance Code (GCGC) pursuant to Section 161 of the German Stock Corporation Act (AktG)

Section 161 of the German Stock Corporation Act (AktG) requires the Executive Board and Supervisory Board of Hapag-Lloyd AG to issue an annual statement indicating that the recommendations by the "Government Commission for the German Corporate Governance Code", published by the German Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette *(Bundesanzeiger)* were and are being complied with, or which recommendations were not or are not being followed and why. The statement must be made permanently available to the public on the Company's website.

Statement by the Executive Board and the Supervisory Board of Hapag-Lloyd Aktiengesellschaft on the recommendations of the German Corporate Governance Code Commission pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of Hapag-Lloyd Aktiengesellschaft hereby declare that the Company has, since its last Declaration of Conformity in March 2022, complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019 (GCGC 2020) published in the official section of the Federal Gazette *(Bundesanzeiger*) on March 20, 2020 with the following exceptions:

- Purely as a precaution, a deviation from Recommendations C.7, C.10 sentence 1 var. 2, sentence 2 and D.4 sentence 1 GCGC 2020 is declared.

  According to Recommendation C.7 GCGC 2020, more than half of the shareholder representatives on the Supervisory Board shall be independent from the Company and its Executive Board. When assessing the independence of their members from the company and its Executive Board, the shareholder representatives shall in particular take into account whether the Supervisory Board member (i) holding a position of responsibility at a company outside the group currently has or has had a significant business relationship with the company or a company controlled by the latter or (ii) has been a member of the Supervisory Board for more than 12 years. Of the eight shareholder representatives on the Supervisory Board of Hapag-Lloyd Aktiengesellschaft, four hold positions of responsibility (in group companies) of the core shareholders of Hapag-Lloyd Aktiengesellschaft: Dr Isabella Niklas being Spokesperson of the Management Board of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), José Francisco Pérez Mackenna being Chief Executive Officer of Quiñenco S.A. in Chile (Quiñenco), Oscar Eduardo Hasbún Martínez being Chief Executive Officer of Compañía Sudamericana de Vapores S.A. in Chile (CSAV) and Karl Gernandt being Executive Chairman of Kühne Holding AG in Switzerland (Kühne). Hapag-Lloyd Aktiengesellschaft maintains a material business relationship with group companies of HGV, Quiñenco-group, to which CSAV belongs, and the Kühne-group. Moreover, Mr Gernandt has been a member of the Supervisory Board of Hapag-Lloyd Aktiengesellschaft for more than 12 years. These circumstances indicate that Dr Isabella Niklas, José Francisco Pérez Mackenna, Oscar Eduardo Hasbún

Martínez and Karl Gernandt, respectively, lack independence from the Company within the meaning of the GCGC 2020. A deviation from Recommendation C.7 GCGC 2020 is therefore declared as a precautionary measure.

Moreover, according to Recommendation C.10 sentence 1 var. 2, sentence 2 and D.4 sentence 1 GCGC 2020, the Chair of the Audit Committee shall be independent from the Company and the Executive Board as well as independent from the controlling shareholder. The Chair of the Audit and Financial Committee of Hapag-Lloyd Aktiengesellschaft, Karl Gernandt, is also the managing director of a shareholder with a significant direct interest in Hapag-Lloyd Aktiengesellschaft with whom, as described above, there exists also a significant business relationship. Against the background of the unclear prerequisites of the concept of independence from a controlling shareholder and the indicators of a lack of independence from the Company fulfilled in the present case, a deviation from Recommendation C.10 sentence 1 var. 2, sentence 2 and D.4 sentence 1 GCGC 2020 is declared as a precautionary measure as well. The Supervisory Board is convinced that the exercise of the office of Chair of the Audit and Financial Committee by Mr Gernandt is in the interest of the Company and all its shareholders, as Mr Gernandt is perfectly suited to chair the Audit and Financial Committee. In addition, it is to be assumed that other candidates for the Chair of the Audit and Financial Committee may lack the required independence within the meaning of Recommendation C.10 sentence 1 var. 2, sentence 2 and D.4 sentence 1 GCGC 2020 for similar reasons.

Besides, there are no doubts as to the independent exercise of their offices by the four aforementioned members of the Supervisory Board.

- Recommendation G.10 GCGC 2020 is not complied with. According to this Recommendation, the variable remuneration granted to the Executive Board shall be predominantly invested in Company shares by the respective Executive Board member. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years. Due to the low level of free float, the remuneration system of the Company's Executive Board does neither provide for any share-based remuneration, nor for any multi-year holding obligation.

Hapag-Lloyd Aktiengesellschaft currently complies and will in future comply with the Recommendations of the "Government Commission on the German Corporate Governance Code" in the version of April 28, 2022 (GCGC 2022) published in the official section of the Federal Gazette *(Bundesanzeiger)* on June 27, 2022, with the following exceptions:

- Purely as a precaution, a deviation from Recommendations C.7 and C.10 sentence 1 var. 2, sentence 2 GCGC 2022 is declared.

According to Recommendation C.7 GCGC 2022, more than half of the shareholder representatives on the Supervisory Board shall be independent from the company and its Executive Board. When assessing the independence of their members from the company and its Executive Board, the shareholder representatives shall in particular take into account whether the Supervisory Board member (i) holding a position of responsibility at a company outside the group currently has or has had a significant business relationship with the company or a company controlled by the latter or (ii) has been a member of the Supervisory Board for more than 12 years. Of the eight shareholder representatives on the Supervisory Board of Hapag-Lloyd Aktiengesellschaft, four hold positions of responsibility in (group companies of) the core shareholders of Hapag-Lloyd Aktiengesellschaft: Dr Isabella Niklas being Spokesperson of the Management Board of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH in Germany (HGV), José Francisco Pérez Mackenna being Chief Executive Officer of Quiñenco S.A. in Chile (Quiñenco), Oscar Eduardo Hasbún Martínez being Chief Executive Officer of Compañía Sudamericana de Vapores S.A. in Chile (CSAV), and Karl Gernandt being Executive Chairman of Kühne Holding AG in Switzerland (Kühne). Hapag-Lloyd Aktiengesellschaft maintains a material business relationship with group companies of HGV, Quiñenco-group, to which CSAV belongs, and the Kühne-group. Moreover, Mr Gernandt has been a member of the Supervisory Board of Hapag-Lloyd Aktiengesellschaft for more than 12 years. These circumstances indicate that Dr Isabella Niklas, José Francisco Pérez Mackenna, Oscar Eduardo Hasbún Martínez and Karl Gernandt, respectively, lack independence from the Company within the meaning of the GCGC 2022. A deviation from Recommendation C.7 GCGC 2022 is therefore declared as a precautionary measure.

Moreover, according to Recommendation C.10 sentence 1 var. 2, sentence 2 GCGC 2022, the Chair of the Audit Committee shall be independent from the Company and the Executive Board as well as independent from the controlling shareholder. The Chair of the Audit and Financial Committee of Hapag-Lloyd Aktiengesellschaft, Oscar Eduardo Hasbún Martínez, is also the managing director of a shareholder with a significant direct interest in HapagLloyd Aktiengesellschaft, with whom, as described above, there exists also a significant business relationship. Against the background of the unclear prerequisites of the concept of independence from a controlling shareholder and the indicators of a lack of independence from the Company fulfilled in the present case, a deviation from Recommendation C.10 sentence 1 var. 2, sentence 2 GCGC 2022 is declared as a precautionary measure as well. The Supervisory Board is convinced that the exercise of the office of Chair of the Audit and Financial Committee by Mr Hasbún Martínez is in the interest of the Company and all its shareholders, as Mr Hasbún Martínez is perfectly suited to chair the Audit and Financial Committee. In addition, it is to be assumed that other candidates for the Chair of the Audit and Financial Committee may lack the required independence within the meaning of Recommendation C.10 sentence 1 var. 2, sentence 2 GCGC 2022 for similar reasons.

Besides, there are no doubts as to the independent exercise of their offices by the four aforementioned members of the Supervisory Board.

- Recommendations G.6 and G.7 sentence 1 GCGC 2022 are not expected to be complied with for 2023. According to recommendation G.6 GCGC 2022, the variable compensation resulting from the achievement of long-term targets should exceed the share resulting from short-term targets. According to recommendation G.7 sentence 1 DCGK 2022, the Supervisory Board shall determine the performance criteria for all variable compensation components for each member of the Executive Board for the upcoming financial year, which – in addition to operational objectives – shall primarily be based on strategic objectives. In the financial years 2022 and 2023, the focus was and will continue to be on the acquisition of various (inter-)national terminal operations.

For the sustainable and long-term development of the Company, it is important to integrate these terminal operations (after a closing of the respective transaction currently still outstanding has occurred, as the case may be) into the Company in a timely manner. In order to reflect the strategic importance of this integration and the associated entrepreneurial challenge also in the remuneration, the Executive Board remuneration is to be supplemented by a remuneration component limited in time to the financial year 2023 on the basis of a correspondingly amended remuneration system of the Executive Board proposed to the Annual General Meeting. Taking this additional compensation component into account, the variable compensation from the pursuit of long-term goals will not make up the majority of the variable compensation if the targets are achieved in full. However, this is limited solely to the remuneration for the financial year 2023, whereby the relevant performance criteria will not be defined until 2023 and therefore not before the start of the financial year.

- Recommendation G.10 GCGC 2022 is not complied with. According to this Recommendation, the variable remuneration granted to the members of the Executive Board shall be predominantly invested in Company shares by the respective Executive Board member. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years. Due to the low level of free float, the remuneration system of the Company's Executive Board does neither provide for any sharebased remuneration nor for any multi-year holding obligation.

In the case of any inconsistency, the German version of this declaration prevails over the English one.

Hamburg, March 2023
Executive Board and Supervisory Board
Hapag-Lloyd Aktiengesellschaft

The current Declaration of Conformity can be found at https://www.hapag-lloyd.com/en/company/ir/corporate-governance/compliance-statement.html

In addition to compliance with these accepted principles, Hapag-Lloyd's own guidelines and standards contribute to good corporate management and sustainable corporate development of the Company as well.

Through the global Code of Ethics Hapag-Lloyd articulates its commitment to act lawfully, sustainably and with integrity, and displays social responsibility. The global Code of Ethics is subject to regular review and is currently being revised comprehensively. It is intended to serve employees as a guideline in performing their responsibilities and defines the basic values of the Company. It serves, in particular, as a guideline on how to treat customers, suppliers and competitors fairly and also addresses conduct within the Company.

Hapag-Lloyd believes that it is not only important that its employees are responsible and comply with high legal and ethical standards, but also views itself as a company that particularly values environmental protection, high quality standards, economic viability, and the health and safety of its employees.

This ethos is firmly anchored in the Company's sustainability policy. The Company's sustainability policy can be found at https://www.hapag-lloyd.com/en/company/responsibility/sustainability/strategy.html

The significant importance of quality and environmental protection at Hapag-Lloyd is also reflected in the globally applicable integrated quality and environmental management system (ISO 9001 and ISO 14001). Hapag-Lloyd uses this system to cover all the activities along its global transportation chain. Detailed information about Hapag-Lloyd's quality and environmental protection programmes can be found at https://www.hapag-lloyd.com/en/company/responsibility/sustainability/environment.html

Information on relevant corporate management practices

Corporate governance

Apart from the exceptions mentioned and justified in the Declaration of Conformity, the Company follows the recommendations of the German Corporate Governance Code (see above).

Compliance

At Hapag-Lloyd, compliance has top priority, as do high quality standards, proactive environmental protection and sustainability in management and all operational processes. The Company expressly commits to fair competition as well as compliance with all national and international laws that apply to Hapag-Lloyd, in particular with regard to corruption, bribery, sanctions, and embargos as well as price fixing. Any internal or external violations of applicable law are strictly opposed and are not tolerated in any way. Hapag-Lloyd will under no circumstances accept any such legal violations and will legally pursue them. Hapag-Lloyd has a global Code of Ethics which clearly spells out the respective conduct instructions (see above and below).

To prevent breaches of compliance, the Executive Board has implemented a range of measures as part of the compliance management system. These include mandatory compliance training, which every employee worldwide must complete, as well as a whistle-blower system, which allows violations to be reported anonymously. Hapag-Lloyd's speak-up-line, as part of the whistle-blower system, in addition allows employees but also third parties to report on potential violations or unethical behavior.

The compliance programme of Hapag-Lloyd AG, the implementation of which is seen to by the compliance organisation and the legal department, primarily consists of anti-competition and antitrust law, combating corruption, preventing fraud, and compliance with applicable embargoes and sanctions.

Compliance organisation

The central Global Compliance team, which reports directly to the Chief Executive Officer of Hapag-Lloyd AG, as well as the compliance officers in the regional centres and the national affiliates, ensure that the Hapag-Lloyd compliance programme is implemented across the Group, for example through online as well as on-site training sessions. The Executive Board and the Supervisory Board are regularly updated via compliance reports.

The compliance organisation of Hapag-Lloyd makes it possible to fundamentally implement measures as part of the compliance management system which ensure that the Company complies with laws and internal and external guidelines.

Compliance organisation

Code of Ethics

The global Code of Ethics reflects the corporate culture of Hapag-Lloyd and defines the basic values and expectations regarding the conduct of executives and employees, with regard to both internal and external relationships. This code summarises the principles governing fair dealings with each other as well as with the customers and business partners of Hapag-Lloyd (see above).

Statement on the appropriateness and effectiveness of the management systems geared to the company's risk situation

As described in the risk & opportunity report and the declaration on corporate governance, the process and organisational structure of the internal control system, the compliance and the risk management system are organised throughout the Group and are examined for improvement as part of regular monitoring. In addition, weaknesses identified on the basis of assessments by internal audit or external audits are also taken into account in the continuous development of the systems.

Due to the multi-layered process landscape and far-reaching changes resulting from to the increasing requirements under non-financial disclosure obligations, the maturity level of the internal control system regarding sustainability-related aspects does not yet correspond to that of the (Group) accounting-related internal control system. At the same time, the integration of the non-financial risk reporting into the existing risk management system is currently being implemented.

At the time of the report, the regular consultation of the management with the financial control system, the compliance and risk management system in all material respects did not provide any findings that called into question the appropriateness and effectiveness of these systems in the 2023 reporting year.

None of the management systems geared to the company's risk situation – even if they have been deemed as be appropriate and effective – can rule out with absolute certainty circumstances which could impinge upon the early identification of risks or prevent erroneous statements in financial reporting, irrespective of their manifestation.

Corporate responsibility

Hapag-Lloyd, with its long-standing tradition as a global company, bears a social responsibility towards its customers, employees, investors and the general public. Hapag-Lloyd therefore regards compliance with individual rights, laws and internal guidelines as the foundation of its own corporate and economic activities. The global focus and strategy of profitable growth require a common system of values and principles which serves as a code of conduct for all employees.

Hapag-Lloyd's compliance organisation helps to incorporate and permanently embed the aforementioned values in the corporate structure. It ensures that the compliance programme is implemented globally.

The important documents that outline the approach of the Hapag-Lloyd Group can be found online at https://www.hapag-lloyd.com/en/company/responsibility/compliance/overview.html

Transparency

Informing the general public in a timely and consistent manner is an important element of good corporate governance for Hapag-Lloyd. The business development, corporate strategy and business model of Hapag-Lloyd are explained in particular in the financial reports, the annual report and investor relations presentations. In addition, details about the shareholder structure, Hapag-Lloyd's share and the terms and conditions of Hapag-Lloyd's issued bond are available. For this purpose, extensive information is available on the Hapag-Lloyd website in the Investor Relations section (https://www.hapag-lloyd.com/en/company/ir.html).

Our financial calendar provides a quick overview of the key publication dates. The most up-to-date financial calendar is available at https://www.hapag-lloyd.com/en/company/ir/calendar-events/financial-calendar.html

Mandatory publications under capital market law – such as ad-hoc notifications, voting right notifications and information about managers' transactions – can be found at https://www.hapag-lloyd.com/en/company/ir/financial-news/financial-news.html

Composition and functioning of the Executive Board and Supervisory Board
The German Stock Corporation Act (AktG) is the legal basis of the corporate governance of Hapag-Lloyd AG. It is further enhanced by the Company's articles of association and the provisions of the GCGC 2022 (see above).

The Executive Board manages the business of Hapag-Lloyd AG and represents the Company. It manages the Company under its own responsibility for the benefit of the Company, i.e. taking into consideration the interests of shareholders, employees and all other groups associated with the Company (stakeholders) and pursues the goal of sustainable value creation. It also develops the corporate strategy and controls and manages its implementation. The Executive Board ensures that the legal provisions and internal guidelines are complied with and that the Group companies follow them (compliance). It has also implemented an internal control and risk management system. It closely collaborates with the other corporate bodies for the benefit of the Company.

The Supervisory Board has issued rules of procedure for the Executive Board. These rules stipulate the division of responsibilities within the Executive Board and the transactions and measures that require a resolution by the entire Executive Board. The rules of procedure also include a list of transactions that may only be performed with the approval of the Supervisory Board.

The Executive Board had four members as at the balance sheet date. The Executive Board members work together cooperatively and continually update each other about important measures and events in their business areas. In general, the Executive Board passes resolutions during regularly scheduled meetings. One member, Mr Rolf Habben Jansen, was appointed Chief Executive Officer. The Chief Executive Officer coordinates the work of the Executive Board members and the provision of information to the Supervisory Board. He also keeps in regular contact with the Chair of the Supervisory Board. Resolutions require a simple majority. If the vote is tied, the Chief Executive Officer has the casting vote.

As at 31 December 2023, the members of the Executive Board were Rolf Habben Jansen (Chief Executive Officer), Mark Frese, Dr Maximilian Rothkopf and Donya-Florence Amer. Up-to-date information about the Executive Board members' responsibilities and their CVs can be found on the company website at https://www.hapag-lloyd.com/en/company/about-us/management/overview.html

Members of the Executive Board of Hapag-Lloyd AG (31 December 2023)

Mr Rolf Habben Jansen Born in 1966	**Chairman of the Executive Board/CEO**
First appointment:	Member of the Executive Board of Hapag-Lloyd AG since 2014 Chief Executive Officer of Hapag-Lloyd AG since 2014
Current appointment:	Until 31 March 2027

Mr Mark Frese Born in 1964	**Member of the Executive Board/CFO, CPO**
First appointment:	Member of the Executive Board of Hapag-Lloyd AG since 2019
Current appointment:	Until 30 November 2027

Mr Dr Maximilian Rothkopf Born in 1980	**Member of the Executive Board/COO**
First appointment:	Member of the Executive Board of Hapag-Lloyd AG since 2019
Current appointment:	Until 30 April 2027

Ms Donya-Florence Amer Born in 1972	**Member of the Executive Board/CIO, CHRO**
First appointment:	Member of the Executive Board of Hapag-Lloyd AG since 2022
Current appointment:	Until 31 January 2025

According to a resolution of the Supervisory Board on 13 September 2023, Mr Dheeraj Bhatia was appointed as a new Executive Board member with effect from 1 January 2024. Mr Bhatia takes charge of the newly created Terminal & Infrastructure ressort as of 1 January 2024 and is also appointed as Managing Director of HL Terminal Holding B.V., located in Rotterdamm, in which the infrastructure holdings of Hapag-Lloyd are pooled.

The Supervisory Board works with the Executive Board to ensure that there is long-term succession planning for the Executive Board. When examining candidates for an Executive Board position, the Supervisory Board believes that the key suitability criteria are the candidates' specialist qualifications for the position in question, leadership qualities, previous performance and knowledge of the Company's business model. The Supervisory Board has adopted a diversity concept for the composition of the Executive Board that takes account of the recommendations of the GCGC 2022 and ensures that diversity is taken into consideration with regard to the composition of the Executive Board. For new appointments to Executive Board positions, most recently with the addition of the position of Chief Terminal & Infrastructure Officer to the Executive Board in the 2023 financial year, the diversity concept adopted for the Executive Board has been taken into account. The current composition of the Executive Board reflects its diversity concept.

The diversity concept for the Executive Board comprises the following components:

- The target set by the Supervisory Board for the percentage of women on the Executive Board in accordance with Section 111 (5) of the German Stock Corporation Act (AktG);
- Appointments as a member of the Executive Board should end one year after the member's 65th birthday as a rule. However, this age will increase in line with changes to the regulatory age limit in the statutory retirement pension system, and the Supervisory Board reserves the right to make exceptions in individual cases;
- Executive Board members should have long-standing managerial experience and, if possible, experience from a range of different professions;
- At least two Executive Board members should have international managerial experience;
- The Executive Board as a whole should have long-standing experience in the areas of finance and human resource management.

The Executive Board and the Supervisory Board of Hapag-Lloyd AG work together closely and in confidence for the benefit of the Company. The Executive Board and the Supervisory Board are jointly responsible for ensuring that the Supervisory Board is provided with adequate information. The Executive Board reports to the Supervisory Board pursuant to Section 90 of the German Stock Corporation Act (AktG) and in accordance with the rules of procedure of the Supervisory Board and Executive Board. It informs the Supervisory Board regularly, promptly and comprehensively about all questions relevant to the Company and the Group relating to strategy, planning, business development, the internal control and risk management system, and adherence to compliance guidelines. If the course of business deviates from the set plans and objectives, the Executive Board addresses this and provides reasons.

The Executive Board agrees the strategic orientation of the Company with the Supervisory Board and they regularly discuss the status of the strategy implementation. Furthermore, the Executive Board promptly submits to the Supervisory Board the transactions and measures that require the approval of the Supervisory Board pursuant to the articles of association or the rules of procedure of the Executive Board such as the Group's annual budget. The Supervisory Board may make other transactions and measures subject to its approval.

The Executive Board members must act in the interest of the Company. Members of the Executive Board may not pursue personal interests in their decision-making or use for their own advantage business opportunities that have arisen for the Company.

Executive Board members are subject to a comprehensive non-compete agreement while working for the Company. They may only enter into other commitments, especially positions on supervisory boards at companies that are not associated companies of Hapag-Lloyd AG, with the approval of the Supervisory Board. If they do accept such offices with the approval of the Supervisory Board, the Executive Board member in question performs the role in a personal capacity – adhering to their strict obligation of confidentiality and the strict separation of their activities as a member of the Company's Executive Board. Each Executive Board member is required to immediately disclose any conflict of interest to the Supervisory Board and the Chief Executive Officer and to inform the other Executive Board members as well.

No conflicts of interest arose among members of the Executive Board of Hapag-Lloyd AG in the 2023 financial year.

All transactions between the Company or one of its Group companies on one side and the Executive Board members and persons or undertakings close to them on the other side must adhere to customary industry standards (related party transactions). Related party transactions that require the approval of the Supervisory Board in accordance with Sections 111a et seq. of the German Stock Corporation Act (AktG) must be disclosed.

Hapag-Lloyd AG has taken out pecuniary damage liability insurance (D&O insurance) for the members of the Executive Board and the Supervisory Board. For the Executive Board members, an excess of 10% of the damages up to 1.5 times the fixed annual remuneration of the Executive Board member in question has been agreed. Finally, a D&O insurance policy is in place for the members of the Supervisory Board. This covers statutory liability arising from their Supervisory Board activities. A deductible is provided for the insured event.

The Supervisory Board of Hapag-Lloyd AG advises the Executive Board on the management of the Company and monitors its business administration. It appoints the members of the Executive Board, removes them if necessary, and appoints one of the members as the Chief Executive Officer. It determines the remuneration of the Executive Board members. It reviews the annual financial statements and the consolidated financial statements and is responsible for their approval and adoption. It also reviews the Executive Board’s proposal on the appropriation of profits as well as the combined management report. The Supervisory Board has issued rules of procedure that govern its work. These can be found at https://www.hapag-lloyd.com/en/company/ir/corporate-governance/rules-of-procedure-for-the-supervisory-board.html

In accordance with Recommendation D.12 GCGC 2022, the Supervisory Board regularly assesses how effectively the Supervisory Board and its committees fulfil their tasks. Based on an evaluation questionnaire that was filled out by the Supervisory Board members in advance, the results of the previous self-assessment were discussed in the Supervisory Board meeting on 27 May 2021. The assessment established that overall, a constructive working relationship exists that is based on mutual trust between Supervisory Board members and also with the Executive Board. Suggestions submitted in the self-assessment are taken into consideration in the ongoing work of the Supervisory Board. The Supervisory Board also evaluates its work and that of the committees on an ongoing basis. The Supervisory Board members last received an evaluation questionnaire in December 2023. The results of this new self-assessment will be discussed in one of the Supervisory Board meetings in the 2024 financial year.

The Executive Board requires the approval of the Supervisory Board for decisions of an important and fundamental nature that are specified in a list of business transactions requiring approval. These include, for example:

- The approval of the business plan and annual budget;
- Investments of over EUR 100 million, unless already included in the annual budget;
- Access to assets with a value of more than EUR 75 million, unless already included in the annual budget;
- Legal transactions between the Company or a subsidiary of the Company and an affiliated company within the meaning of Section 15 et seq. of the German Stock Corporation Act (AktG), insofar as these are not part of regular business operations or are not conducted at arm's length;
- Borrowing outside of the annual budget with an amount of more than EUR 75 million;
- Acceptance of sureties, guarantees or similar liabilities as well as the provision of collateral, in each case for third-party liabilities outside of regular business operations, if the value in individual cases exceeds EUR 2 million;
- Conclusion, amendment or termination of contracts with businesses within the meaning of Sections 291 et seq. of the German Stock Corporation Act (AktG) in which the Company has an investment;
- Related party transactions that require approval within the meaning of Sections 111a et seq. of the German Stock Corporation Act (AktG).

The Supervisory Board currently consists of 16 members.

The Supervisory Board is subject to the German Co-Determination Act (MitbestG). Accordingly, the eight shareholder representatives are generally elected by the Annual General Meeting and the eight employee representatives are elected in accordance with the provisions of the German Co-Determination Act (MitbestG). The company elections initiated in August 2022 were completed on 29 November 2023.

Each member of the Supervisory Board is required to act in the interest of the Company and may not pursue personal interests in their decision-making or use for their own advantage business opportunities that have arisen for the Company. Supervisory Board members must disclose any conflict of interest to the Chair of the Supervisory Board. This member is excluded from participating in resolutions at Supervisory Board meetings involving the matter where the conflict of interest exists. The Supervisory Board will outline any conflicts of interest that have arisen and how they were dealt with in its report to the Annual General Meeting. If a Supervisory Board member has a conflict of interest which is significant and not just temporary, this should lead to the termination of their position.

Any consulting agreements or other service agreements between a Supervisory Board member and the Company require the approval of the Supervisory Board. Such agreements and conflicts of interest among Hapag-Lloyd AG Supervisory Board members did not exist in the 2023 financial year. The Supervisory Board has issued rules of procedure that also govern the formation and responsibilities of the committees. The rules of procedure can be found on the Company's website. Two ordinary Supervisory Board meetings are held in every calendar half-year. In addition, Supervisory Board meetings may be convened as needed and/or resolutions passed by the Supervisory Board outside of meetings. If voting on the Supervisory Board is tied and a second vote results in another tie, the Chair of the Supervisory Board has the casting vote.

Composition goals and diversity concept for the Supervisory Board
The composition of the Supervisory Board must ensure that the body as a whole has the necessary knowledge, abilities and specialist experience to perform its roles properly. Each member of the Supervisory Board must ensure that they have enough time to perform their Supervisory Board role.

The Supervisory Board has set itself goals for its composition and drawn up a competence profile for the body. Together with the statutory gender quota, these composition goals form the diversity concept, which ensures that the body has a diverse composition. When proposing resolutions to the Annual General Meeting for regular Supervisory Board elections and the election of a new Supervisory Board member, the composition goals and the diversity concept must be taken into consideration.

Goals for the composition of the Supervisory Board (until 13 March 2024)
The Supervisory Board set the following goals for its composition:

- At least one seat on the Supervisory Board on the shareholder side for one person with no potential conflicts of interest who is independent within the meaning of Recommendations C.6 and C.7 (1) GCGC 2022;
- The Supervisory Board should not have more than two former members of the Executive Board in accordance with Recommendation C.11 GCGC 2022;
- In general, persons who have reached the age of 70 or who have been on the Supervisory Board of the Company for more than 20 years at the time of the election should not be considered for nomination.

Competence profile for the Supervisory Board (until 13 March 2024)

The Supervisory Board drew up the following competence profile for itself:

- At least two Supervisory Board seats for individuals with in-depth knowledge and/or experience of regions outside of Germany in which the Hapag-Lloyd Group conducts a substantial volume of business, due to their background or professional experience with an international relevance;
- At least one Supervisory Board seat for an individual who has expert knowledge within the fields of accounting or auditing and is thus regarded as a financial expert in accordance with Section 100 (5) of the German Stock Corporation Act (AktG);
- At least two Supervisory Board seats for individuals with in-depth knowledge of and experience in the fields of risk management and controlling;
- At least two Supervisory Board seats for individuals with knowledge of the shipping sector;
- At least two Supervisory Board seats for individuals with experience in managing or controlling a major company;
- At least two Supervisory Board seats for individuals with particular knowledge in the fields of corporate governance and compliance;
- At least two Supervisory Board seats for individuals with particular knowledge of human resources;
- At least one Supervisory Board seat for an individual with particular knowledge of information technology or digitalisation.
- The fields of accounting and auditing, shipping sector as well as governance and compliance are understood to include the sustainability issues related to the aforementioned areas and relevant to the Company.

The fields of accounting and auditing, shipping sector as well as governance and compliance are understood to include the sustainability issues related to the aforementioned areas and relevant to the Company.

Diversity concept for the Supervisory Board

The diversity concept for the Supervisory Board comprises the following components:

- Goals for the composition of the Supervisory Board;
- Competence profile for the Supervisory Board;
- The gender quota of 30%, which is already legally required for the composition of the Supervisory Board of Hapag-Lloyd AG in accordance with Section 96 (2) of the German Stock Corporation Act (AktG) and must be complied with accordingly.

As per a self-assessment by the Supervisory Board, it conformed with these goals for its composition on the reporting date of 31 December 2023. The implementation status of the competence profile as of 31 December 2023 is reflected in the qualification matrix below.

	Michael Behrendt	Klaus Schröter	Karl Gernandt	Felix Albrecht	Turqi Alnowaiser	S.E. Sheikh Ali Bin Jassim Al-Thani	
Length of Membership							
Member of the Supervisory Board since	3.12.2014	26.8.2016	23.3.2009	11.3.2019	23.2.2018	29.5.2017	
Personal aptitude							
Independence within the meaning of GCGC 2022	✓	n. a. [1]		n. a. [1]	✓	✓	
Former Member of the Executive Board	✓						
Diversity							
Year of Birth	1951	1959	1960	1987	1977	1960	
Gender	male	male	male	male	male	male	
Nationality	German	German	German	German	Saudi Arabian	Qatari	
Professional aptitude							
International Expertise/ Background	✓		✓		✓	✓	
Finance Expert within the meaning of sec. 100 (5) Stock Corporation Act (Akt) and Recommendation D.3 GCGC 2022	✓		✓		✓	✓	
Risk Management/Controlling	✓		✓		✓	✓	
Sector Knowledge (Shipping)	✓	✓	✓	✓		✓	
Managing/Controlling Major Company	✓		✓		✓	✓	
Governance/Compliance	✓	✓	✓		✓	✓	
Human Resources	✓	✓			✓	✓	
IT/Digitalisation					✓	✓	

✓ Criterion is met, based on a self-assessment by the Supervisory Board. This means at least "good knowledge" and therefore the aptitude, on the basis of already existing qualifications and professional expertise, to understand and decide on the relevant issues within the tasks of the Supervisory Board of Hapag-Lloyd AG.

[1] In accordance with the German Corporate Governance Code, an indication of indepence for the employee representatives is not necessary.

	Peter Graeser	Oscar Eduardo Hasbún Martínez	Annabell Kröger	Silke Lehmköster	Martina Neumann	Sabine Nieswand	Dr Isabella Niklas	José Francisco Pérez Mackenna	Dr Andreas Rittstieg	Maya Schwiegershausen-Güth
	29.11.2023	3.12.2014	10.6.2017	14.9.2022	11.7.2023	26.8.2016	5.6.2020	3.12.2014	25.5.2022	26.10.2018
	n. a. [1]		n. a. [1]	n. a. [1]	n. a. [1]	n. a. [1]				n. a. [1]
	1960	1969	1965	1986	1960	1964	1972	1958	1956	1984
	male	male	female	female	female	female	female	male	male	female
	German	Chilean	German	German	German	German	German	Chilean	German	German
		✓		✓			✓		✓	✓
		✓	✓				✓			
		✓					✓	✓		
	✓	✓		✓	✓	✓	✓	✓		✓
		✓					✓	✓	✓	
		✓					✓	✓	✓	✓
			✓	✓		✓	✓	✓		✓
										✓

In particular, the Supervisory Board fulfilled the goal requiring that at least one representative on the shareholder side be independent on the reporting date. In this regard, the shareholder representatives Mr Turqi Alnowaiser, H.E. Sheikh Ali bin Jassim Al-Thani and Mr Michael Behrendt were classified as independent within the meaning of GCGC 2022. Moreover, the Supervisory Board is in conformity with the Recommendation D.3. GCGC 2022, according to which at least one member of the Audit and Financial Committee must have expertise in the field of accounting, at least one other member of the Audit and Financial Committee must have expertise in the field of auditing and the chair of the Audit and Financial Committee shall have appropriate expertise in one of the two areas. Mr Oscar Eduardo Hasbún Martínez, currently chairing the Audit and Financial Committee, has expertise in the field of accounting as well as auditing, due to his longtime position as Chief Executive Officer of a listed company as well as his positions in various supervisory bodies and other management functions. In addition, especially Mr Karl Gernandt, member of the Audit and Financial Committee, has expertise in both fields, due to many years in management positions in companies, including management positions in a listed company. The expertise of the aforementioned Supervisory Board members extends to the reporting on sustainability as well as its auditing.

For the election proposals to the Annual General Meeting, the Supervisory Board and its Nomination Committee will ensure that the objective continues to be fulfilled. The CVs of the Supervisory Board members can be found on the company website at https://www.hapag-lloyd.com/en/company/about-us/management/supervisory-board.html

The Supervisory Board, in its meeting on 13 March 2024, adopted a revised competence profile and amended its goals for its composition. In particular, the Supervisory Board made the requirements for the expertise on sustainability related matters more transparent and, in light of the new segment Terminal & Infrastructure, added a new area of expertise. The newly applicable goals for its composition and the revised competence profile are reflected below.

Goals for the composition of the Supervisory Board (as of 13 March 2024)
The Supervisory Board set the following goals for its composition:

- At least one seat on the Supervisory Board on the shareholder side for one person with no potential conflicts of interest who is independent within the meaning of Recommendations C.6 and C.7 (1) GCGC 2022;
- The Supervisory Board should not have more than two former members of the Executive Board in accordance with Recommendation C.11 GCGC 2022;
- In general, persons who have reached the age of 75 or who have been on the Supervisory Board of the Company for more than 20 years at the time of the election should not be considered for nomination.

Competence profile for the Supervisory Board (as of 13 March 2024)

- At least four Supervisory Board seats for individuals with in-depth knowledge of regions outside of Germany in which the Hapag-Lloyd Group conducts a substantial volume of business, due to their background and/or professional experience with an international relevance;
- At least one Supervisory Board seat for an individual who has expert knowledge within the field of accounting and at least one Supervisory Board seat for an individual who has expert knowledge within the field of auditing, each of which is therefore regarded as a financial expert in accordance with Section 100 (5) of the German Stock Corporation Act (AktG), whereas accounting and auditing also include sustainability reporting and its audit and assurance;

- At least two Supervisory Board seats for individuals with in-depth knowledge of and experience in the fields of risk management and controlling;
- At least two Supervisory Board seats for individuals with knowledge of the shipping sector, including the sustainability issues associated with this area and relevant to the Company;
- At least two Supervisory Board seats for individuals with sector knowledge in the area of port terminals and infrastructure, including the sustainability issues associated with this area and relevant to the Company;
- At least two Supervisory Board seats for individuals with experience in managing or controlling a major company;
- At least two Supervisory Board seats for individuals with knowledge and experience in the areas of corporate strategy development and implementation;
- At least two Supervisory Board seats for individuals with particular knowledge in the fields of corporate governance and compliance, including social and environmental corporate governance;
- At least two Supervisory Board seats for individuals with particular knowledge of human resources;
- At least one Supervisory Board seat for an individual with particular knowledge of information technology or digitalisation (including IT security).

Members of the Supervisory Board of Hapag-Lloyd AG:

Michael Behrendt
(Chair of the Supervisory Board)

Klaus Schroeter
Tariff Coordinator, Department of Public and Private Services, Social Security and Transport, ver.di – Vereinte Dienstleistungsgewerkschaft (service workers' union), Berlin
(First Deputy Chair of the Supervisory Board until 29 November 2023 and since 16 February 2024)

Karl Gernandt
President of the Board of Directors
Kühne Holding AG, Schindellegi, Switzerland
(Second Deputy Chair of the Supervisory Board)

Felix Albrecht
Chair of the Marine Works Council
Hapag-Lloyd AG, Hamburg

Turqi Alnowaiser
Deputy Governor and Head of International Investments
Public Investment Fund, Riyadh, Kingdom of Saudi Arabia

H. E. Sheikh Ali bin Jassim Al-Thani
Advisor to the CEO
Qatar Investment Authority, Doha, Qatar

Peter Graeser (since 29 November 2023)
Marine Works Council
Hapag-Lloyd AG, Hamburg

Oscar Eduardo Hasbún Martínez
Chief Executive Officer
Compañía Sud Americana de Vapores S.A., Santiago de Chile, Chile

Annabell Kröger
Commercial Clerk
Hapag-Lloyd AG, Hamburg

Silke Lehmköster
Head of Fleet Management
Hapag-Lloyd AG, Hamburg

Martina Neumann (since 11 July 2023)
Works Council
Hapag-Lloyd AG, Hamburg

Sabine Nieswand
Chair of the Works Council
Hapag-Lloyd AG, Hamburg

Dr Isabella Niklas
Spokeswoman of the Management
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg

José Francisco Pérez Mackenna
Chief Executive Officer
Quiñenco S.A., Santiago de Chile, Chile

Dr Andreas Rittstieg
Lawyer, Hamburg

Maya Schwiegershausen-Güth
Head of National Aviation & Maritime Section, ver.di Federal Administration, Berlin

Svea Stawars (until 29 November 2023)
Commercial Clerk
Hapag-Lloyd AG, Hamburg

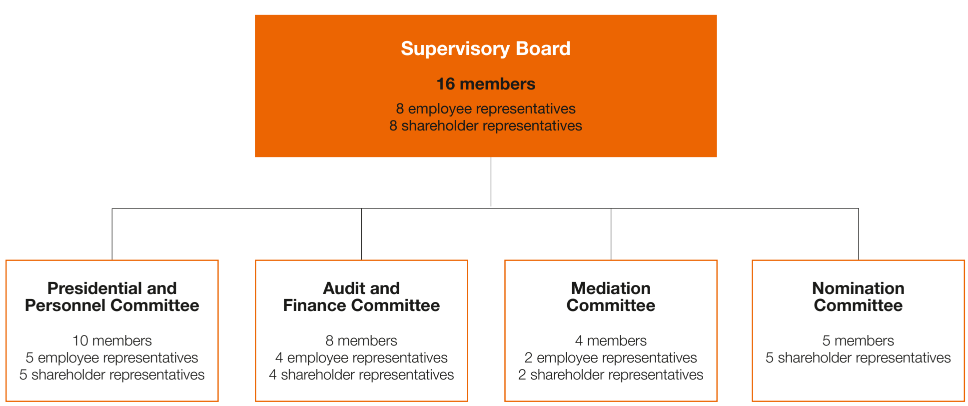
Uwe Zimmermann (until 31 May 2023)
Commercial Clerk
Hapag-Lloyd AG, Düsseldorf

Supervisory Board committees

During the past financial year, the Supervisory Board formed the following committees:

In order to efficiently handle its responsibilities, the Supervisory Board has set up a total of four committees that prepare the resolutions of the Supervisory Board and the topics to be discussed during board meetings. To the extent this is legally permitted, the Supervisory Board may in certain situations transfer decision-making authority to its committees. The Supervisory Board has established a Presidential and Personnel Committee, an Audit and Financial Committee, a Nomination Committee and a Mediation Committee in accordance with Section 27 (3) of the German Co-Determination Act (MitbestG) as permanent committees.

Supervisory Board and committees of Hapag-Lloyd AG



(1) The **Presidential and Personnel Committee** coordinates the work of the Supervisory Board and its committees. It generally prepares the Supervisory Board meetings and monitors the execution of the resolutions passed by the Supervisory Board. The Presidential and Personnel Committee also prepares the Supervisory Board's decisions on the appointment and dismissal of Executive Board members and on the Executive Board's remuneration and decides on the conclusion, amendment and termination of employment contracts with Executive Board members, although the decision on remuneration rests with the Supervisory Board.

Members:
Michael Behrendt (Chair), Felix Albrecht (until 29 November 2023 and since 16 February 2024), Turqi Alnowaiser, Karl Gernandt, Peter Graeser (since 16 February 2024), Silke Lehmköster (until 29 November 2023), Sabine Nieswand (until 29 November 2023 and since 16 February 2024), Dr Isabella Niklas, José Francisco Pérez Mackenna, Klaus Schroeter (until 29 November 2023 and since 16 February 2024), Maya Schwiegershausen-Güth (since 16 February 2024), Uwe Zimmermann (until 31 May 2023)

(2) The **Audit and Financial Committee** of the Supervisory Board handles the financial planning and reviews the investment projects of the Hapag-Lloyd Group. It is responsible for performing the preliminary examination of the documents for the annual financial statements and the consolidated financial statements, including the respective management reports and the Executive Board's proposal on the appropriation of profits. It prepares the adoption of the annual financial statements and the approval of the consolidated financial statements by the Supervisory Board, as well as its decision on the Executive Board's proposed resolution on the appropriation of profits. The Audit and Financial Committee also submits a substantiated recommendation to the Supervisory Board for the selection of the external auditors at the Annual General Meeting and handles the awarding of the audit engagement to the external auditors and the fee agreement. It also monitors the external auditors' independence and regularly assesses the quality of the external audit. In addition to the above, it is responsible for monitoring the effectiveness of the internal control system, the risk management system, compliance and the internal auditing system.

Members:
Oscar Eduardo Hasbún Martínez (Chair), Sheikh Ali bin Jassim Al-Thani, Karl Gernandt, Annabell Kröger (until 29 November 2023 and since 16 February 2024), Silke Lehmköster (until 29 November 2023 and since 16 February 2024), Martina Neumann (since 16 February 2024), Dr Isabella Niklas, Klaus Schroeter (until 29 November 2023 and since 16 February 2024), Uwe Zimmermann (until 31 May 2023)

(3) The **Nomination Committee** makes proposals to the Supervisory Board regarding suitable candidates to act as shareholder representatives on the Supervisory Board. In turn, the Supervisory Board submits proposals to the Annual General Meeting. In line with the recommendation of the GCGC, the Nomination Committee consists solely of shareholder representatives.

Members:
Michael Behrendt (Chair), Sheikh Ali bin Jassim Al-Thani, Karl Gernandt, Dr Isabella Niklas, José Francisco Pérez Mackenna

(4) There is also a **Mediation Committee**, which was established in accordance with Section 27 (3) of the German Co-Determination Act (MitbestG). This committee submits proposals to the Supervisory Board for the appointment of Executive Board members if the necessary two-thirds majority of votes by Supervisory Board members is not reached in the first round of voting.

Members:
Michael Behrendt (Chair), Felix Albrecht (until 29 November 2023), José Francisco Pérez Mackenna, Sabine Nieswand (since 16 February 2024), Klaus Schroeter (until 29 November 2023 and since 16 February 2024)

The Mediation Committee and the Nomination Committee only meet when needed. All other committees meet regularly and also on specific occasions in accordance with their respective responsibilities as per the Supervisory Board's rules of procedure. The activities of the Supervisory Board and its committees in the last financial year are detailed in the Report of the Supervisory Board. It also provides information about the attendance of Supervisory Board members at meetings.

Share transactions and shareholdings of members of the Executive Board and the Supervisory Board

In accordance with the Market Abuse Regulation (MAR) (Article 19 MAR), persons who perform management functions, in other words the members of executive boards and supervisory boards, as well as persons closely related to them (including spouses, registered partners and dependent children) are required to report any transactions of their own involving the shares of Hapag-Lloyd AG or any related financial instruments to Hapag-Lloyd AG, and the German Federal Financial Supervisory Authority (BaFin) if the total amount of the transactions of an executive board member or supervisory board member and persons closely related to them reaches or exceeds EUR 20,000.00 in the calendar year. The transactions reported have been published on the website of Hapag-Lloyd AG at https://www.hapag-lloyd.com/en/company/ir/financial-news/managers-transactions.html

As at the reporting date, the total volume of shares in Hapag-Lloyd AG and related financial instruments held by all members of the Executive Board and Supervisory Board was less than 1% of issued shares.

Executive Board and Supervisory Board remuneration

An important component of responsible corporate governance is a remuneration system structure for the Executive Board and the Supervisory Board that provides incentives and rewards good performance.

On 1 March 2023, the Supervisory Board decided on changes to the remuneration system for the Executive Board. The remuneration system satisfies the requirements of the German Stock Corporation Act (AktG) and fundamentally takes account of the recommendations of the GCGC. The changes to the remuneration system were approved by the Annual General Meeting on 3 May 2023.

The remuneration of the Supervisory Board members was most recently set by the Annual General Meeting on 25 May 2022 through an amendment to Article 12 of the Company's articles of association. On 25 May 2022, the Annual General Meeting confirmed the remuneration system on which the remuneration of the Supervisory Board members is based.

The basic features of the remuneration system and the Executive Board and Supervisory Board members' remuneration are outlined in the remuneration report. The remuneration report, the external auditors' opinion in accordance with Section 162 of the German Stock Corporation Act (AktG) and the remuneration systems for the members of the Executive Board and Supervisory Board that were approved and confirmed by the Annual General Meeting, in addition to the resolutions passed by the Annual General Meeting, are publicly available at https://www.hapag-lloyd.com/en/company/ir/corporate-governance/remuneration.html

Shareholders

The shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting selects the external auditors, elects the shareholder representatives to the Supervisory Board and passes resolutions on the discharge of the members of the Executive Board and the Supervisory Board, the appropriation of profits, capital measures and changes to the articles of association. The shares are registered. Shareholders who are recorded in the share register and have registered in time before the Annual General Meeting are entitled to attend the Annual General Meeting and exercise their voting rights. Shareholders can either exercise their voting right at the Annual General Meeting themselves or have it exercised by a proxy of their choice or by a voting representative of the Company who is required to follow their instructions. Each share grants one vote.

In the 2023 financial year, the Company's Annual General Meeting took place physically. In addition, properly registered shareholders or their proxies were able to join the virtual Annual General Meeting and exercise their voting right by absentee voting as well as issue their proxy instruction. Shareholders who did not register also had the possibility to follow the Annual General Meeting live in picture and sound via the Online Service.

As at 31 December 2023, the shareholders of Hapag-Lloyd AG were (unchanged from 31 December 2022):

in %	31.12.2023
Kühne Holding AG and Kühne Maritime GmbH	30.0
CSAV Germany Container Holding GmbH	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9
Qatar Holding Germany GmbH	12.3
Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.6
Total	**100.0**

Accounting and auditing

The Executive Board prepares the annual financial statements of Hapag-Lloyd AG in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), as applicable within the European Union, and the German legal provisions applicable in accordance with Section 315e (1) of the German Commercial Code (HGB). The combined management report is prepared in accordance with the provisions of the German Commercial Code (HGB). The annual and consolidated financial statements as well as the combined management report are examined by the external auditors and by the Supervisory Board.

At the proposal of the Supervisory Board, the Annual General Meeting on 3 May 2023 selected KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg (KPMG) as the external auditors of the annual and consolidated financial statements as well as the combined management report of Hapag-Lloyd AG for the 2023 financial year, among other publications. The Supervisory Board had previously verified the independence of the external auditors. The signatory auditors of the annual and consolidated financial statements of Hapag-Lloyd AG are Andreas Modder (since the 2022 financial year) and Markus Lippmann (since the 2023 financial year). The audits covered the risk early-warning system in addition to the accounting system.

Risk management and internal control system (ICS)
The Hapag-Lloyd Group's risk management system, including the ICS as it relates to the accounting process, is detailed in the risk report.

Information on statutory diversity requirements
As a listed company which is also subject to the German Co-Determination Act (MitbestG), a fixed gender quota applies to the Supervisory Board of Hapag-Lloyd AG. This means that the Supervisory Board must consist of at least 30% women and at least 30% men. As at 31 December 2023, there were six women on the Supervisory Board of Hapag-Lloyd AG. This means that 38% of the Supervisory Board members were women as at the reporting date. The statutory requirements have thus been fulfilled.

Hapag-Lloyd will also take the statutory regulations into account for new appointments in the future so that it fulfils the corresponding requirements.

The Supervisory Board had decided on a target of 20% for the Executive Board by 30 June 2027. This target is met. Furthermore, Hapag-Lloyd AG satisfies the requirements of the German Stock Corporation Act (AktG) in the version of the Second Management Positions Act (Zweites Führungspositionen-Gesetz), whereby at least one woman and at least one man must be a member of the Executive Board of a listed company if it has more than three members.

For the first two management levels below the Executive Board, the Executive Board set a target for the percentage of women of 25% for the first management level below the Executive Board and a target of 35% for the second management level by 30 June 2027.

Offices held by members of the Executive Board in supervisory boards and other comparable supervisory bodies of commercial companies

Rolf Habben Jansen
J M Baxi Ports & Logistics Limited (since 19 April 2023)
Stolt-Nielsen Limited
World Shipping Council – Deputy Chair

Donya-Florence Amer
EA Technologies FZCO
Fiege Logistik Holding Stiftung & Co. KG (since 1 April 2023)

Dheeraj Bhatia (since 1 Januar 2024)
EA Technologies FZCO
J M Baxi Ports & Logistics Limited

Mark Frese
x+bricks S.A.

Dr Maximilian Rothkopf
The Britannia Steam Ship Insurance Association Ltd.
Stiftelsen DNV – Det Norske Veritas

Offices held by members of the Supervisory Board in other supervisory boards and other comparable supervisory bodies of commercial companies

H. E. Sheikh Ali bin Jassim Al-Thani
SCI Elysees 26
Libyan Qatari Bank – Deputy Chair
Qatar Insurance and Re-Insurance Co.
Al Rayan Bank

Turqi Alnowaiser
Lucid Motors – Chairman (since 24 April 2023)
Sanabil Investments
Saudi Information Technology Company (SITCO)
Manara Minerals Investment Company – Chairman (since 6 June 2023)
Azimut-Benetti S.p.A. (since 15 June 2023)
King Saud University (since 18 September 2023)
Uber Technologies, Inc. (since 27 November 2023)

Michael Behrendt
Barmenia Versicherungen a.G. – Deputy Chair
Barmenia Allgemeine Versicherungs AG – Deputy Chair
Barmenia Krankenversicherung AG – Deputy Chair
Barmenia Lebensversicherung a.G. – Deputy Chair
ExxonMobil Central Europe Holding GmbH
MAN Energy Solutions SE
MAN Truck & Bus SE

Karl Gernandt
Hochgebirgsklinik Davos AG
Kühne + Nagel International AG – Deputy Chair
Kühne Holding AG – President/Chair
Kühne + Nagel (AG & Co.) KG – Chair
Kühne & Nagel A.G., Luxembourg – Chair
Kühne Logistics University
Kühne Real Estate AG – Chair
Signa Prime Selection AG
Deutsche Lufthansa AG (since 9 May 2023)

Oscar Eduardo Hasbún Martínez
Florida International Terminal LLC (until 1 August 2023)
Invexans S.A.
Nexans S.A.
San Antonio Terminal Internacional S.A. (until 1 August 2023)
San Vicente Terminal Internacional S.A. (until 1 August 2023)
SM-SAAM S.A. – Chair
Sociedad Portuaria De Caldera (SPC) S.A. (until 1 August 2023)
Sociedad Portuaria Granelera De Caldera (SPGC) S.A. (until 1 August 2023)
Barú Offshore de México S.A.P.I. de C.V.
EOP Crew Management de México S.A. de C.V.
SAAM Towage Colombia S.A.S.
Intertug México S.A. de C.V.

José Francisco Pérez Mackenna
Banchile Corredores de Seguros Limitada
Banco de Chile
Compañía Cervecerías Unidas S.A.
Compañía Cervecerías Unidas Argentina S.A.
Cervecera CCU Limitada
Central Cervecera de Colombia SAS
Compañía Pisquera de Chile S.A.
Compañía Sud Americana de Vapores S.A. – Chair
Embotelladoras Chilenas Unidas S.A.
Empresa Nacional de Energía Enex S.A. – Chair
Enex Corporation Ltd
Enex CL Ltd
Invexans S.A. – Chair
Invexans Ltd.
Inversiones IRSA Limitada
Inversiones LQ-SM Limitada
Inversiones y Rentas S.A.
LQ Inversiones Financieras S.A.
Nexans S.A.
Sociedad Matríz SAAM S.A.
Tech Pack S.A. – Chair
Viña San Pedro Tarapacá S.A.
Zona Franca Central Cervecera S.A.S.

Dr Isabella Niklas
Exchange Council of the Hanseatic Stock Exchange Hamburg
Bucerius Law School (since 1 October 2023)
Gasnetz Hamburg GmbH
GMH Gebäudemanagement Hamburg GmbH
HADAG Seetouristik und Fährdienst AG
HHLA Hamburger Hafen und Logistik AG (until 31 December 2023)
Stromnetz Hamburg GmbH
Hamburger Energiewerke GmbH
SBH Schulbau Hamburg

Dr Andreas Rittstieg
Brenntag SE – Deputy Chair
Hubert Burda Media Holding Geschäftsführung SE
Kühne Holding AG
Huesker Holding GmbH

Maya Schwiegershausen-Güth
EUROGATE Geschäftsführungs-GmbH & Co. KGaA

The Executive Board and Supervisory Board members not listed above do not hold any offices on other legally required supervisory boards or comparable supervisory bodies of commercial companies.

OTHER MANDATORY DISCLOSURES

DISCLOSURES AND NOTES RELEVANT TO THE TAKEOVER

REPORT PURSUANT TO SECTION 315A AND SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

1. Composition of subscribed capital

The Company's subscribed capital totalled EUR 175,760,293.00 as at the reporting date. It is divided into 175,760,293 no-par registered shares, with each individual share representing EUR 1.00 of the share capital. The shares are ordinary shares, without exception. Different share classes are not issued and are not provided for in the articles of association. Each share is eligible for voting rights and dividends from the time that it is created. Each share grants one vote at the Annual General Meeting (Section 15 (1) of the articles of association).

2. Restrictions which affect voting rights or the transfer of shares

A shareholder agreement (the "Shareholders' Agreement") is in force between CSAV Germany Container Holding GmbH, Hamburg ("CG Hold Co"), HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg ("HGV") and Kühne Maritime GmbH, Hamburg ("Kühne") (CG Hold Co, HGV and Kühne are referred to collectively as the "Anchor Shareholders"). Under the Shareholders' Agreement, the Anchor Shareholders have agreed to uniformly exercise their voting rights by issuing a common voting proxy and giving binding instructions to an agent. To ensure uniform voting, the Anchor Shareholders intend to pass a resolution on how the pooled votes shall be cast prior to Annual General Meetings. If the Anchor Shareholders are unable to pass a unanimous resolution on their voting for any agenda item, the decision will be transferred to the decision-makers of the Anchor Shareholders' ultimate shareholders. If the ultimate shareholders cannot pass a unanimous decision either, the Anchor Shareholders should cast the votes (a) against the measure with regard to resolutions requiring a 75% majority of the votes cast or of the subscribed capital present at the time of adoption of the resolution pursuant to mandatory law or the articles of association or (b) each at their own discretion regarding the respective shares of each of the Anchor Shareholders on resolution proposals which, pursuant to mandatory law or the articles of association, require a simple majority.

By coordinating their voting rights, the Anchor Shareholders will be in a position to exert a significant influence on the Annual General Meeting and, consequently, on matters decided by the Annual General Meeting, including the appointment of the shareholder representatives to the Company's Supervisory Board, the distribution of dividends or proposed capital increases.

Although the Shareholders' Agreement shall have a fixed term until 31 December 2026, the Anchor Shareholders are free to dispose of their shares. The parties to the Shareholders' Agreement have granted each other a right of first refusal in the event that one party would like to sell shares representing a certain portion of voting rights (over-the-counter).

3. Investments in capital which exceed 10% of the voting rights

At the time of preparation of the financial statements, the Company had received the following information about investments subject to mandatory disclosure pursuant to Section 160 (1) No 8 of the German Stock Corporation Act (AktG). The following voting right notifications from 2015 do not take account of the total number of voting rights at the end of the reporting period:

CSAV Germany Container Holding GmbH, Hamburg, Germany, notified us on 5 November 2015 pursuant to Section 21 (1a) of the German Securities Trading Act (WpHG) that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are held directly by the Company. 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH.

Compañía Sud Americana de Vapores S.A., Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, of which 3% or more are assigned in each case.

The Luksburg Stiftung, Vaduz, Liechtenstein, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A., Quiñenco S.A., Andsberg Inversiones Limitada, Ruana Copper A.G. Agencia Chile and Inversiones Orengo S.A., of which 3% or more are assigned in each case.

Inversiones Orengo S.A., Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Ruana Copper A.G. Agencia Chile, Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Quiñenco S.A., Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH and Compañía Sud Americana de Vapores S.A., of which 3% or more are assigned in each case.

Andsberg Inversiones Limitada, Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Kühne Maritime GmbH, Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) of the German Securities Trading Act (WpHG) that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 19.58% of the voting rights (corresponding to 23,128,073 voting rights) are held directly by the Company. 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH.

Mr Klaus-Michael Kühne, Switzerland, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that his share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 72.20% (corresponding to 85,274,291 voting rights). 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to

Mr Kühne pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. 20.22% of the voting rights (corresponding to 23,878,073 voting rights) are attributable to him pursuant to Section 22 (1) (1) (1) WpHG through Kühne Holding AG and Kühne Maritime GmbH, of which 3% or more are assigned in each case.

Kühne Holding AG, Schindellegi, Switzerland, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 72.20% (corresponding to 85,274,291 voting rights). 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. 19.58% of the voting rights (corresponding to 23,128,073 voting rights) are attributable to the Company through Kühne Maritime GmbH pursuant to Section 22 (1) (1) (1) WpHG, of which 3% or more are assigned.

HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 20.63% of the voting rights (corresponding to 24,363,475 voting rights) are held directly by the Company. 50.94% of the voting rights (corresponding to 60,160,816 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and Kühne Maritime GmbH.

The Free and Hanseatic City of Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 50.94% of the voting rights (corresponding to 60,160,816 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and CSAV Germany Container Holding GmbH. 20.63% of the voting rights (corresponding to 24,363,475 voting rights) are attributable to the Company through HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH pursuant to Section 22 (1) (1) (1) WpHG, of which 3% or more are assigned.

The Public Investment Fund of the Kingdom of Saudi Arabia, Riyadh, Saudi Arabia, notified us on 24 May 2017 pursuant to Section 21 (1) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany as at 24 May 2017 was 10.14% (corresponding to 16,637,197 voting rights).

The State of Qatar, acting through the Qatar Investment Authority, Doha, Qatar, notified us on 24 May 2017 pursuant to Section 21 (1) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany as at 24 May 2017 was 14.43% (corresponding to 23,663,648 voting rights). All of the aforementioned voting rights are attributable to the State of Qatar, acting through the Qatar Investment Authority, Doha, Qatar pursuant to Section 22 (1) WpHG. The companies through which the voting rights are held are (starting with the top subsidiary): Qatar Holding LLC, Doha, Qatar, Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Qatar Holding Netherlands B.V., Amsterdam, Netherlands, Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

4. Holders of shares with special rights
There are no shares with special rights that confer powers of control.

5. Type of voting right control for employee investments
The Company is not aware of any employees who hold an interest in its capital and do not exercise their control over voting rights directly.

6. Rules on appointing and discharging members of the Executive Board and on amending the articles of association
The guidelines on the appointment and discharge of members of the Executive Board are based on Sections 84 and 85 of the German Stock Corporation Act (AktG) and on Section 31 of the German Co-Determination Act (MitbestG) in conjunction with Section 7 (1) of the articles of association. Pursuant to Section 7 (1) of the articles of association, the Executive Board shall comprise at least two members. The Supervisory Board determines the number of members of the Executive Board, taking into account the minimum required number of members, it may appoint one member of the Executive Board as the Chairperson and may appoint deputy members of the Executive Board.

The articles of association can only be amended by a resolution of the General Meeting in accordance with Section 179 of the German Stock Corporation Act (AktG). The resolution of the General Meeting requires a majority of at least three quarters of the share capital represented when the resolution is being adopted (insofar as the articles of association do not contain any stricter requirements); Sections 179 et seq. of the German Stock Corporation Act (AktG) are applicable. In accordance with Section 20 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association which only affect the wording. The Supervisory Board is also entitled to amend the wording of the articles of association after expiry of the authorisation period (2 May 2028).

7. Powers of the Executive Board, in particular regarding the option of issuing or buying back shares
In accordance with Section 5 (3) of the articles of association, the Executive Board, subject to the approval of the Supervisory Board, is authorised to increase the Company's share capital by up to EUR 6,000,000.00, fully or in partial amounts, on one or more occasion up to 2 May 2028 by issuing up to 6,000,000 new no-par registered shares against cash contributions and/or contributions in kind (Authorised Capital 2023).

Section 71 of the German Stock Corporation Act (AktG) includes rules regarding the acquisition of own shares. Furthermore, there is no authorisation of the Executive Board granted by the Annual General Meeting to buy back own shares.

8. Significant agreements of the Company which are subject to the condition of a change of control following a takeover bid, and the resulting effects
The following significant agreements which are subject to the condition of a change of control are in place at the Company:

a) As part of the bond issued by the Company with a value totalling EUR 300 million, the Company is obliged to offer to buy back the bonds from the bondholders at an amount equal to 101% of the respective nominal value plus interest accrued if, among other reasons, a third party who is not an Anchor Shareholder, IDUNA Vereinigte Lebensversicherung auf

Gegenseitigkeit für Handwerk, Handel und Gewerbe, HanseMerkur Krankenversicherung AG, HanseMerkur Lebensversicherung AG, M.M.Warburg & CO Gruppe (GmbH & Co) KGaA (jointly also referred to as the “Key Shareholders”), Qatar Holding LLC or the Public Investment Fund of the Kingdom of Saudi Arabia, directly or indirectly acquires more than 50% of the voting rights of the Company’s shares.

b) As part of various vessel, container and other bank financing arrangements with outstanding repayment amounts and the fixed financing commitments regarding the newbuilds with a value totalling approximately EUR 3,449 million (approximately USD 3,820 million), the respective lenders have an extraordinary right of termination and/or full mandatory repayment in the event of a qualified change of control at the Company. If the outstanding amounts after the termination and/or mandatory repayment that may be due cannot be settled or refinanced, the creditors will have, among other options, recourse to the financed assets if necessary.

c) As part of syndicated credit facilities not utilised as at the reporting date with a value totalling around EUR 655 million (around USD 725 million), the respective lenders are entitled to terminate the loan commitment and/or seek repayment of the amounts already utilised in the event of a qualified change of control at the Company. If the outstanding amounts after the termination and/or mandatory repayment that may be due cannot be settled or refinanced, the creditors will have recourse to the collateralised assets to a certain extent.

The qualified change of control mentioned in b) and c) occurs if:

- the voting percentage jointly held in the Company by the Key Shareholders[1] and other shareholders who have entered into a voting agreement or a comparable agreement with a Key Shareholder[2] (“Other shareholders with a voting agreement”) (i) falls to 25% or less, or (ii) falls below the percentage held by a third-party shareholder or by persons or groups acting together with this third-party shareholder within the meaning of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG); or
- the voting percentage jointly held by the Key Shareholders[3] falls below the voting percentage held by another shareholder with a voting agreement; or
- one of the Anchor Shareholders (including all of its affiliated companies) individually (directly or indirectly) holds 50% or more of the voting rights in the Company.

9. Company compensation agreements with Executive Board members or employees in the event of a takeover bid

Company compensation agreements which are entered into with the members of the Executive Board or employees in the event of a takeover bid are not in place.

[1] For some of the financing, the voting percentage of TUI AG was added here.
[2] For some of the financing, reference was made to TUI AG in addition to the Key Shareholders.
[3] For some of the financing, the voting percentage of TUI AG was added here.

NON-FINANCIAL GROUP DECLARATION AS PER GERMAN CSR GUIDELINE IMPLEMENTATION ACT (CSR-RICHTLINIE-UMSETZUNGSGESETZ)

In addition to the non-financial principles already outlined, sustainable economic, ecological and social action is regarded as a basic commercial principle for Hapag-Lloyd.

The separate non-financial Group report as per Section 315b (3) of the German Commercial Code (HGB) is contained in the sustainability report, which can be retrieved from Hapag-Lloyd AG's website via the following link: https://www.hapag-lloyd.com/en/company/responsibility/sustainability/sustainability-report.html#tabnav, and is not part of the management report.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS OF HAPAG-LLOYD AG

GENERAL PRINCIPLES/PRELIMINARY REMARKS

The Hapag-Lloyd Group is essentially defined by the activities of the parent company Hapag-Lloyd AG, domiciled in Hamburg. The subsidiaries of Hapag-Lloyd AG mainly act as agencies on behalf and for the account of Hapag-Lloyd AG.

The business development of Hapag-Lloyd AG is fundamentally subject to the same risks and opportunities as the Hapag-Lloyd Group's shipping segment. The outlook for this segment of the Hapag-Lloyd Group largely reflects the expectations for Hapag-Lloyd AG due to the interrelationships between Hapag-Lloyd AG and its subsidiaries and the importance of Hapag-Lloyd AG within the Group. For this reason, the preceding comments apply to the Hapag-Lloyd Group as well as to Hapag-Lloyd AG.

The factors influencing Hapag-Lloyd AG's earnings before interest and taxes and those of the Group differ mainly as a result of the accounting principles used (IFRS and HGB) and particularly in relation to the different functional currencies (euro and US dollar) in this regard. Accordingly, Hapag-Lloyd AG is subject to exchange rate risks resulting in particular from financial debt denominated in USD, cash in hand and cash investments in foreign currencies, while currency risks arise within the Group from financial debt obtained in EUR and EUR cash in hand and cash investments.

The annual financial statements of Hapag-Lloyd AG are prepared in accordance with the German Commercial Code (HGB) and in accordance with the supplementary provisions of the German Stock Corporation Act (AktG) and were audited by the external auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg. It is published in the company register.

Hapag-Lloyd AG has the following key branch offices active in the areas of sales and operations: Hapag-Lloyd Rotterdam (Rotterdam, Netherlands), Hapag-Lloyd Antwerp (Antwerp, Belgium), Hapag-Lloyd Denmark (Holte, Denmark).

As at 31 December 2023, Hapag-Lloyd AG's fleet consisted of 253 container ships, of which 110 were owned, including leases with a purchase option/obligation at the end of the term (previous year: 243 ships, of which 88 were owned). The number of employees of Hapag-Lloyd AG was 4,070 on the reporting date (previous year: 4,106).

ECONOMIC REPORT

Report on Hapag-Lloyd AG's development in 2023 compared with the forecast

In the Hapag-Lloyd Group's Combined Management Report 2022, a significant weakening of the result from operating activities before the effects of foreign currency measurement was forecast for Hapag-Lloyd AG in the 2023 financial year. With earnings from operating activities of EUR 2,143.6 million in the 2023 financial year, the result was significantly lower than the previous year's figure of EUR 16,718.6 million. The deterioration in earnings is due in particular to the sharp drop in freight rates in the 2023 financial year with transport volumes at the previous year's level. The main reasons for these developments are described in detail in the economic report of the Group's combined management report and the following earnings, financial and net assets position of Hapag-Lloyd AG.

Earnings, financial and net asset position

The general economic and sector-specific conditions of Hapag-Lloyd AG are essentially the same as those of the Group and are described in the Economic report of the combined management report. The expansion of the Hapag-Lloyd Group's terminal activities in the 2023 financial year was mapped and managed in particular in the Rotterdam-based subsidiary HL Terminal Holding B.V. The comparability of the two financial years is not impaired in this respect and any significant effects on earnings, financial and net asset position have been pointed out were appropriate.

Earnings position

The 2023 financial year was characterised by weak demand combined with a significant drop in freight rates. Another significant drop in bunker prices and the further normalisation of transport chains also led to a significant reduction in transport costs. Hapag-Lloyd AG's transport volume in the 2023 financial year was at the previous year's level. In addition, there were negative effects on earnings from the weaker USD/EUR exchange rate of USD 1.11/EUR as at 31 December 2023 (previous year: USD 1.07/EUR). At USD 1.08/EUR, the average USD/EUR exchange rate was three cents higher than the USD/EUR exchange rate in the same period of the previous year (USD 1.05/EUR). These developments caused the net result from operating activities to fall by EUR 14,575.0 million to EUR 2,143.6 million. In total, Hapag-Lloyd AG recorded a net profit of EUR 3,013.5 million in the 2023 financial year (previous year period: EUR 17,565.2 million).

Notes to the income statement

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	18,289.4	34,985.0
Increase/decrease in capitalised expenses for unfinished voyages	62.1	–60.8
Other own work capitalised	21.2	7.2
Other operating income	1,157.5	2,081.4
Transport expenses	–13,901.3	–16,186.4
Personnel expenses	–454.6	–446.7
Depreciation, amortisation and impairment	–693.5	–567.4
Other operating expenses	–2,337.2	–3,093.9
Operating result	**2,143.6**	**16,718.6**
Financial result	1,084.2	1,085.6
thereof interest result	423.2	222.4
Taxes on income	–143.8	–108.9
Result after taxes	**3,084.0**	**17,695.3**
Other taxes	–70.5	–130.1
Net gain for the year	**3,013.5**	**17,565.2**
Retained earnings brought forward	9,932.1	3,439.8
Balance sheet profit	**12,945.6**	**21,005.0**
EBIT	**2,709.3**	**17,450.7**
EBIT margin (%)	**14.8**	**49.9**
EBITDA	**3,402.8**	**18,018.1**
EBITDA margin (%)	**18.6**	**51.5**

Revenue fell by around 48% to EUR 18,289.4 million in the 2023 financial year (previous year: EUR 34,985.0 million). This was due to the sharp fall in the average freight rate as a result of weak demand, with transport volumes at the previous year’s level. Hapag-Lloyd AG transported a total of 11,809 TTEU in the current financial year (prior year period: 11,745 TTEU), an increase of 64 TTEU or 0.5%. The average freight rate for the 2023 financial year was USD 1,496/TEU (prior-year period: USD 2,863/TEU) and therefore fell by USD 1,367/TEU or 47.7%. The pressure on freight rates increased over the course of the 2023 financial year, leading to a continuous decline in freight rates.

Other operating income fell in the current reporting year from EUR 2,081.4 million to EUR 1,157.5 million. This was mainly due to the year-on-year decrease in exchange rate gains totalling EUR 650.6 million (previous year: EUR 1,742.2 million), which resulted primarily from the valuation of foreign currency items as at the reporting date due to the USD/EUR exchange rate development.

In the 2023 financial year, transport expenses decreased by EUR 2,285.1 million to EUR 13,901.3 million (previous year: EUR 16,186.4 million), which corresponds to a percentage decrease of around 14%. Within transport expenses, expenses for raw materials, consumables and supplies fell by EUR 730.6 million to EUR 2,241.8 million (prior year period: EUR 2,972.4 million), in particular due to the significant drop in the average bunker consumption price. The decrease in the cost of purchased services by EUR 1,554.4 million to EUR 11,659.5 million resulted in particular from the normalisation of supply chains and the associated lower demurrage and storage fees for containers. Charter expenses fell by EUR 740.3 million due to the intra-Group transfer of 29 ocean-going vessels from UASC Ltd. to Hapag-Lloyd AG, which also contributed to the reduction in the cost of purchased services.

At EUR 454.6 million (previous year: EUR 446.7 million), personnel expenses were around 2% lower than in the same period of the previous year, which is mainly due to an increase in the number of employees. In the 2023 reporting year, Hapag-Lloyd employed an average of 4,107 people (including trainees) (previous year: 4,000 employees). The ratio of personnel expenses to sales revenue increased from 1.3% to 2.5% compared to the 2022 financial year.

Depreciation, amortisation and impairment of EUR 693.5 million was recorded in the 2023 financial year (previous year: EUR 567.4 million). The increase in depreciation and amortisation was mainly the result of higher scheduled depreciation and amortisation due to the intra-Group acquisition of 29 ocean-going vessels from the subsidiary UASC Ltd. in the period from November 2022 to June 2023 as well as investments made in ocean-going vessels and containers during the financial year.

The fall in other operating expenses by EUR 756.7 million to EUR 2,337.2 million resulted in particular from lower exchange rate losses, including bank charges, totalling EUR 849.9 million (previous year: EUR 1,631.5 million). These resulted largely from the valuation of foreign currency amounts as at the reporting date and lower realised losses from derivative financial instruments.

Earnings from operating activities in the last financial year were EUR 2,143.6 million (previous year: EUR 16,718.6 million). Earnings before interest and taxes (EBIT) also include income from profit and loss transfer agreements, income from investments, write-ups and write-downs of financial assets and marketable securities, expenses from loss absorption and other taxes and totalled EUR 2,709.3 million as at the balance sheet date (previous year: EUR 17,450.7 million). Compared to the Group's EBIT of EUR 2,531.7 million, the HGB result is slightly higher. This was due to investment income included in Hapag-Lloyd AG's separate financial statements, which totalled EUR 682.1 million in the current financial year (previous year: EUR 992.8 million). This was offset in particular by the inclusion of the subsidiary results in the Group and different accounting and valuation methods under IFRS and HGB. At EUR 3,402.8 million (previous year: EUR 18,018.1 million), earnings before interest, taxes, depreciation and amortisation (EBITDA), defined as EBIT plus depreciation and amortisation, were below the Group level of EUR 4,460.9 million (previous year: EUR 19,428.7 million).

At EUR 1,084.2 million, the financial result is almost unchanged compared to the previous financial year (EUR 1,085.6 million). This includes a decrease of EUR 173.8 million in foreign currency-related write-downs on marketable securities to EUR 11.6 million and an improvement in net interest income by EUR 200.8 million to EUR 423.2 million. Interest income increased by EUR 202.9 million to EUR 556.0 million, in particular due to the higher volume of money market transactions and a higher interest rate level. In contrast, the decrease in income from investments by EUR 310.7 million to EUR 682.1 million had a negative impact on the financial result. In particular, this includes investment income from the subsidiary UASC Ltd. totalling EUR 585.0 million (previous year: EUR 879.0 million).

A net profit of EUR 3,013.5 million was reported in the 2023 financial year (previous year: EUR 17,565.2 million). Including retained earnings carried forward of EUR 11,072.9 million after distribution of a dividend of EUR 9,932.1 million, the Company recorded retained earnings of EUR 12,945.6 million (previous year: EUR 21,005.0 million).

Financial and net asset position

Changes in the asset structure

million EUR	31.12.2023	31.12.2022
Assets		
Fixed assets	15,675.7	10,203.8
thereof property, plant and equipment	10,220.5	7,113.8
Current assets	8,152.5	22,357.1
thereof cash-in-hand, bank balances and cheques	4,369.6	12,978.0
Prepaid expenses	46.6	37.3
Total Assets	**23,874.9**	**32,598.3**
Equity and liabilities		
Equity	15,619.3	23,678.7
Provisions	2,116.9	2,143.4
Financial liabilities	998.0	727.1
thereof short-term	151.6	126.4
Sundry liabilities	5,137.0	6,045.4
thereof short-term	3,691.2	4,712.5
Deferred income	3.7	3.7
Total equity and liabilities	**23,874.9**	**32,598.3**
Net financial position (liquid assets incl. securities less financial debt)	6,191.4	12,250.8
Equity ratio (%)	65.4	72.6

Compared to the previous year, Hapag-Lloyd AG's balance sheet total decreased by EUR 8,723.4 million, from EUR 32,598.3 million to EUR 23,874.9 million as at 31 December 2023. This change is made up of an increase in fixed assets of EUR 5,471.9 million to EUR 15,675.7 million and an offsetting decrease in current assets of EUR 14,204.6 million to EUR 8,152.5 million.

Within fixed assets, property, plant and equipment increased by EUR 3,106.7 million to EUR 10,220.5 million. This included investments totalling EUR 3,786.6 million, which mainly related to additions to ocean-going vessels in the amount of EUR 2,686.2 million, container newbuilds in the amount of EUR 725.3 million and prepayments mainly made on vessel newbuilds and upgrades in the amount of EUR 285.5 million. The additions to ocean-going vessels comprised intra-Group purchases totalling EUR 2,265.0 million (previous year: EUR 560.4 million). The situation in the 2022 financial year made it possible to repay the financial liabilities of the subsidiary UASC Ltd. ahead of schedule, which led to the elimination of the financing restrictions for the vessels recognised in UASC Ltd. To simplify ship management, it was decided in the 2022 financial year to transfer all 29 ships from UASC Ltd. to Hapag-Lloyd AG by the end of the second quarter of 2023. The first six vessels were transferred by 31 December 2022, the remaining vessels were transferred in the reporting period. Property, plant and equipment were reduced in particular by scheduled depreciation totalling EUR 596.5 million. On the balance sheet date, there was a purchase commitment for investments totalling EUR 942.1 million due to contractual agreements, of which EUR 689.7 million will fall due in the 2024 financial year. The order commitments related to new vessels totalling EUR 641.3 million. The financial obligations in connection with the newly built vessels are covered by financing, some of which is being drawn down during the construction period and some upon delivery of the vessels.

Financial assets increased by EUR 2,435.1 million to EUR 4,612.2 million in the financial year. This increase was mainly due to a EUR 591.7 million increase in shares in affiliated companies and the first-time recognition of acquired shares in a special investment fund as non-current securities in the amount of EUR 1,840.0 million as at the balance sheet date of 31 December 2023. The change in shares in affiliated companies mainly related to the equity capitalisation of the subsidiary HL Terminal Holding B.V. for the investments made in the Hapag-Lloyd Group's terminal business (EUR 1,469.5 million) and the acquisition of the stake in the Spinelli Group (EUR 249.4 million), as well as the offsetting reduction in the carrying amount of the investment in UASC Ltd. due to capital reductions (EUR 1,252.2 million).

The decrease in current assets by EUR 14,204.6 million to EUR 8,152.5 million was mainly due to the reduction in cash and cash equivalents totalling EUR 8,608.3 million and marketable securities totalling EUR 3,773.3 million, which were used for the dividend payment to shareholders in the 2023 financial year, among other things. In addition, receivables and other assets fell by EUR 1,916.0 million to EUR 2,107.8 million, mainly due to the decline in freight rates compared to the previous year.

As at 31 December 2023, Hapag-Lloyd AG had equity totalling EUR 15,619.3 million (previous year: EUR 23,678.7 million). The change compared to the previous year resulted from the dividend payment totalling EUR 11,072.9 million and the significantly lower net profit for the year of EUR 3,013.5 million (previous year: EUR 17,565.2 million). Taking into account a distribution from the previous year's retained earnings in the amount of EUR 11,072.9 million and remaining retained earnings carried forward from the previous year of EUR 9,932.1 million, as at 31 December 2023 there were retained earnings of EUR 12,945.6 million (previous year: EUR 21,005.0 million). The equity ratio was approximately 65% as at 31 December 2023 (previous year: approximately 73%).

Provisions decreased in the reporting period from EUR 2,143.4 million to EUR 2,116.9 million. This figure included an increase in tax provisions of EUR 102.8 million to EUR 293.1 million due to higher income subject to regular taxation that did not fall under tonnage tax and an offsetting decrease in other provisions of EUR 146.1 million to EUR 1,531.4 million.

Financial liabilities came to EUR 998.0 million at the reporting date (previous year: EUR 727.1 million). They comprise a euro bond issued by Hapag-Lloyd AG and liabilities to banks. The increase in financial liabilities resulted in particular from the payment of vessel financing totalling EUR 387.3 million for the three newbuilds commissioned in the 2023 financial year as well as offsetting regular and unscheduled repayments totalling EUR 165.8 million during the reporting year. More detailed information on individual financing activities is provided under Group financial position.

Other liabilities decreased from EUR 6,045.4 million to EUR 5,137.0 million. This decrease was mainly due to lower liabilities to affiliated companies totalling EUR 935.9 million.

For further details on the type and maturity structure of the liabilities in particular, we refer to Note (11) Liabilities in the Notes to the annual financial statements of Hapag-Lloyd AG.

Hapag-Lloyd AG manages the Hapag-Lloyd Group's liquidity centrally, based on a Group-wide liquidity concept. This concept requires that a significant portion of the Group's liquidity is concentrated within Hapag-Lloyd AG. An important instrument of this is the cash reserve located at Hapag-Lloyd AG. The amount of Hapag-Lloyd AG's liquidity item therefore reflects the global business activities of Hapag-Lloyd AG and other Group companies.

Hapag-Lloyd AG's solvency was fully guaranteed at all times in the last financial year by cash inflows from operating activities, a portfolio of cash and cash equivalents, and both bilateral and syndicated credit facilities. The liquidity reserve (consisting of cash and cash equivalents, current and non-current securities and unused credit lines) totalled EUR 7,843.9 million as at 31 December 2023 (previous year: EUR 13,657.1 million).

Hapag-Lloyd AG is subject to transaction risks resulting in particular from financial debt denominated in US dollars as well as cash investments.

To hedge euro exchange rate risks, derivative hedging transactions are concluded, the hedging effect of which is only felt within the Group. Interest rate risks which arise as a result of liquidity procurement on the international money and capital markets are centrally managed within the scope of interest rate management and are partly limited using derivative interest rate hedging instruments.

The use of derivative hedging is strictly transaction-related; derivatives are not used for speculation purposes.

The off-balance-sheet obligations of Hapag-Lloyd AG are presented in Notes (13) Contingencies and (14) Other financial obligations in the Notes to the annual financial statements of Hapag-Lloyd AG.

OUTLOOK, RISK AND OPPORTUNITY REPORT

The outlook for the Liner Shipping segment of the Hapag Lloyd Group largely reflects the expectations for Hapag-Lloyd AG due to the interrelationships between Hapag-Lloyd AG and its subsidiaries and the significance of Hapag-Lloyd AG within the Group. For this reason, the comments on the outlook for the Hapag-Lloyd Group presented in the outlook, risk and opportunity report also apply in principle to Hapag-Lloyd AG. The factors influencing Hapag-Lloyd AG's operating result and that of the Group differ mainly as a result of the accounting principles used (IFRS and HGB) and of the different functional currencies (euro and US dollar).

Due to the development of the operating result from Hapag-Lloyd AG's operating activities before the effects of foreign currency measurement as at the balance sheet date in 2023, a significant decline in the result from operating activities should be expected, assuming an unchanged USD/EUR exchange rate as at the balance sheet date of 31 December 2024. This statement is to be considered in connection with the outlook for the Hapag-Lloyd Group for the 2024 financial year.

The business development of Hapag-Lloyd AG is generally subject to the cross-segment risks and opportunities of the Hapag-Lloyd Group as well as the same risks and opportunities of the Liner Shipping segment, which are described in detail in the outlook, risk and opportunity report in the combined management report. Furthermore, the following deviating or supplementary risks exist:

- As a rule, Hapag-Lloyd AG participates in the risks and opportunities of its investments. The negative impact on Hapag-Lloyd AG's earnings and asset position are categorised as critical and the probability of occurrence is classified as low.
- From the perspective of Hapag-Lloyd AG's separate financial statements in accordance with the German Commercial Code (HGB), a strengthening of the US dollar – particularly for the measurement effects of financial debt denominated in US dollars as at the reporting date – represents a further risk. The probability of occurrence is classified as low and the impact of such exchange rate fluctuations on Hapag-Lloyd AG's earnings before interest and taxes (EBIT) is classified as bearable. By contrast, any weakening of the US dollar against the euro represents an opportunity. The opposite applies to the opportunities and risks relating to Hapag-Lloyd AG's financial investments in US dollars are the same; a weakening of the US dollar represents a risk, while a strengthening represents an opportunity.
- A sustained deterioration in the earnings position could lead to an impairment of the capitalised goodwill in Hapag-Lloyd AG's statement of financial position and an impairment of the carrying amounts of the investments. The negative effects on the earnings and net asset position of Hapag-Lloyd AG are classified as critical. In view of the uncertainties in the macroeconomic environment, e.g. changes in interest rates, the probability of occurrence of such risks is classified as low.

Hapag-Lloyd AG is included in the Group-wide risk management system and the internal control system of the Hapag-Lloyd Group. For more detailed information, please refer to the risk and opportunity report in the combined management report.

REPORT BY THE EXECUTIVE BOARD ON RELATIONSHIPS WITH AFFILIATED COMPANIES

Pursuant to Section 312 of the German Stock Corporation Act (AktG), the Executive Board of Hapag-Lloyd AG prepared a report on relationships with affiliated companies for the period from 1 January to 31 December 2023, which contains the following conclusion: “Our Company received appropriate compensation for each legal transaction listed in the report on relationships with affiliated companies in accordance with the circumstances known to us when the legal transactions were conducted. No actions required by or in the interests of the controlling companies or their affiliated companies subject to a reporting obligation were taken or omitted.”

Hamburg, 27 February 2024

Hapag-Lloyd Aktiengesellschaft
Executive Board

Rolf Habben Jansen

Donya-Florence Amer | Dheeraj Bhatia | Mark Frese | Dr Maximilian Rothkopf

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

of Hapag-Lloyd AG for the period 1 January to 31 December 2023

million EUR	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	(1)	17,929.5	34,542.7
Transport and terminal expenses	(2)	11,928.9	13,730.7
Personnel expenses	(3)	1,029.7	982.0
Depreciation, amortisation and impairment	(4)	1,929.3	1,904.2
Other operating result	(5)	–526.2	–491.3
Operating result		**2,515.5**	**17,434.6**
Share of profit of equity-accounted investees	(12)	13.9	90.0
Result from investments	(12)	2.2	–
Earnings before interest and taxes (EBIT)		**2,531.7**	**17,524.5**
Interest income and other finance income	(6)	593.8	252.3
Interest expenses and other finance expenses	(6)	242.3	229.7
Other financial items	(7)	151.6	–303.9
Earnings before taxes		**3,034.8**	**17,243.2**
Income taxes	(8)	84.2	200.6
Group profit/loss		**2,950.6**	**17,042.6**
thereof attributable to shareholders of Hapag-Lloyd AG	(9)	2,935.4	17,030.1
thereof attributable to non-controlling interests	(21)	15.2	12.5
Basic/diluted earnings per share (in EUR)	**(9)**	**16.70**	**96.89**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of Hapag-Lloyd AG for the period 1 January to 31 December 2023

million EUR	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Group profit/loss		**2,950.6**	**17,042.6**
Items that will not be reclassified to profit and loss:			
Remeasurements from defined benefit plans after tax	(20)	–18.6	115.8
Remeasurements from defined benefit plans before tax		–20.4	116.8
Tax effect		1.8	–1.0
Currency translation differences (no tax effect)	(20)	–1,033.5	750.3
Items that may be reclassified to profit and loss:			
Cash flow hedges (no tax effect)	(20)	–17.1	39.1
Effective share of the changes in fair value		15.7	19.0
Reclassification to profit or loss		–31.8	20.6
Currency translation differences on cash flow hedges		–1.0	–0.5
Cost of hedging (no tax effect)	(20)	1.8	0.8
Changes in fair value		–3.2	–2.9
Reclassification to profit or loss		5.1	3.8
Currency translation differences on cost of hedging		–0.1	–
Financial assets at fair value through other comprehensive income		5.3	–
Other comprehensive income		**–1,062.1**	**906.1**
Total comprehensive income		**1,888.5**	**17,948.7**
thereof attributable to shareholders of Hapag-Lloyd AG		1,874.2	17,935.4
thereof attributable to non-controlling interests	(21)	14.3	13.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of Hapag-Lloyd AG as at 31 December 2023

ASSETS

million EUR	Notes	31.12.2023	31.12.2022
Goodwill	(10)	1,841.1	1,712.1
Other intangible assets	(10)	1,840.7	1,540.4
Property, plant and equipment	(11)	13,547.5	13,140.2
Investments in equity-accounted investees	(12)	1,281.7	353.4
Other financial assets	(13)	56.0	49.9
Other non-financial assets	(14)	18.7	22.7
Derivative financial instruments	(15)	1.4	37.3
Receivables from income taxes	(8)	6.1	5.7
Deferred tax assets	(8)	186.5	33.0
Non-current assets		**18,779.9**	**16,894.7**
Inventories	(16)	454.3	440.0
Trade accounts receivable	(13)	1,657.0	2,895.0
Other financial assets	(13)	2,083.1	3,067.1
Other non-financial assets	(14)	202.6	132.5
Derivative financial instruments	(15)	11.8	5.5
Income tax receivables	(8)	13.8	16.4
Cash and cash equivalents	(17)	5,809.8	15,236.1
Current assets		**10,232.5**	**21,792.7**
Total assets		**29,012.4**	**38,687.3**

EQUITY AND LIABILITIES

million EUR	Notes	31.12.2023	31.12.2022
Subscribed capital	(18)	175.8	175.8
Capital reserves	(18)	2,637.4	2,637.4
Earned consolidated equity	(19)	15,305.6	23,447.3
Cumulative other equity	(20)	571.8	1,632.9
Equity attributable to shareholders of Hapag-Lloyd AG		**18,690.6**	**27,893.4**
Non-controlling interests	(21)	76.4	17.7
Equity		**18,766.9**	**27,911.1**
Provisions for pensions and similar obligations	(22)	247.0	212.5
Other provisions	(23)	86.6	80.9
Financial debt	(24)	2,318.9	2,319.4
Lease liabilities	(24)	1,454.0	1,725.4
Other financial liabilities	(25)	35.1	–
Other non-financial liabilities	(26)	0.5	0.2
Deferred tax liabilities	(8)	200.8	40.8
Non-current liabilities		**4,342.9**	**4,379.3**
Provisions for pensions and similar obligations	(22)	12.4	10.5
Other provisions	(23)	1,101.2	964.6
Income tax liabilities	(8)	239.3	165.9
Financial debt	(24)	451.2	457.3
Lease liabilities	(24)	806.5	934.7
Trade accounts payable	(25)	2,487.4	2,615.7
Contract liabilities	(25)	566.5	952.9
Other financial liabilities	(25)	176.0	177.2
Other non-financial liabilities	(26)	51.3	81.2
Derivative financial instruments	(27)	10.8	37.0
Current liabilities		**5,902.6**	**6,397.0**
Total equity and liabilities		**29,012.4**	**38,687.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

of Hapag-Lloyd AG for the period 1 January to 31 December 2023

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Group profit/loss	2,950.6	17,042.6
Income tax expenses (+)/income (–)	84.2	200.6
Other finacial Items	–151.6	303.9
Interest result	–351.5	–22.6
Depreciation, amortisation and impairment (+)/ write-backs (–)	1,929.2	1,904.2
Profit (–)/loss (+) from disposals of non-current assets	–41.8	–64.8
Income (–)/expenses (+) from equity accounted investees and dividends from other investments	–16.2	–90.8
Other non-cash expenses (+)/income (–)	–18.6	–37.3
Increase (–)/decrease (+) in inventories	–22.9	–81.8
Increase (–)/decrease (+) in receivables and other assets	1,148.6	302.3
Increase (+)/decrease (–) in provisions	245.4	421.2
Increase (+)/decrease (–) in liabilities (excl. financial debt)	–650.7	–313.3
Payments received from (+)/made for (–) income taxes	–138.7	–60.9
Cash inflow (+)/outflow (–) from operating activities	**4,966.0**	**19,503.3**
Payments received from disposals of property, plant and equipment and intangible assets	110.6	112.6
Payments received from dividends of equity accounted investees	57.6	35.1
Payments received from the disposal of assets held for sale	15.0	–
Payments made for investments in property, plant and equipment and intangible assets	–1,704.6	–1,440.6
Payments made for investment in financial assets	–	–8.0
Net cash inflow (+)/outflow (–) from acquisition	–762.8	–169.8
Payments received for the redemption of issued loans	0.7	–
Payments made for the issuing of loans	–2.9	–
Payments received from the acquisition of shares of equity accounted investees	–	50.6
Payments made for the acquisition of shares of equity accounted investees	–873.5	–15.9
Change of financial assets and financial assets held for investment	924.8	–2,824.1
Payments received for interest	587.0	194.6
Cash inflow (+)/outflow (–) from investing activities	**–1,648.2**	**–4,065.4**

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Payments made from changes in ownership interests in subsidiaries	–	–36.5
Payments made for dividends	–11,088.3	–6,165.0
Payments received from raising financial debt	484.8	46.8
Payments made for the redemption of financial debt	–474.3	–530.4
Payments made for the redemption of lease liabilities	–1,026.5	–1,055.3
Payments made for interest and fees	–231.5	–209.3
Payments received (+) and made (–) from hedges for financial debt	159.2	–280.0
Cash inflow (+)/outflow (–) from financing activities	**–12,176.5**	**–8,229.7**
Net change in cash and cash equivalents	**–8,858.7**	**7,208.2**
Cash and cash equivalents at beginning of period	**15,236.1**	**7,723.4**
Change in cash and cash equivalents due to exchange rate fluctuations	–567.6	304.5
Net change in cash and cash equivalents	–8,858.7	7,208.2
Cash and cash equivalents at end of period	**5,809.8**	**15,236.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Hapag-Lloyd AG for the period 1 January to 31 December 2023

	Equity attributable		
million EUR	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2022	**175.8**	**2,637.4**	**12,608.8**
Total comprehensive income	**–**	**–**	**17,030.1**
thereof			
Group profit/loss	–	–	17,030.1
Other comprehensive income	–	–	–
Transactions with shareholders	**–**	**–**	**–6,191.6**
thereof			
Distribution to shareholder	–	–	–6,151.6
Distribution to non-controlling interests	–	–	–4.9
Acquisition of shares from non-controlling interests without change of control	–	–	–35.1
As at 31.12.2022	**175.8**	**2,637.4**	**23,447.3**
As at 1.1.2023	**175.8**	**2,637.4**	**23,447.3**
Total comprehensive income	**–**	**–**	**2,935.4**
thereof			
Group profit/loss	–	–	2,935.4
Other comprehensive income	–	–	–
Transactions with shareholders	**–**	**–**	**–11,077.0**
thereof			
Distribution to shareholder	–	–	–11,072.9
Distribution to non-controlling interests	–	–	–
Addition of shares of non-controlling interests from first-time consolidation	–	–	–
Acquisition of shares from non-controlling interests without change of control	–	–	–4.1
Reclassification from reserve for remeasurements from defined benefit pension plans	**–**	**–**	**–0.2**
As at 31.12.2023	**175.8**	**2,637.4**	**15,305.6**

to shareholders of Hapag-Lloyd AG									
Remeasure-ments from defined benefit pension plans	Reserve for cash flow hedges	Reserve for cost of hedging	Financial assets at fair value through other com-prehensive income	Translation reserve	Reserve for put options on non-controlling interests	Cumulative other equity	**Total**	Non-controlling interests	**Total equity**
–149.6	**–0.1**	**0.6**	**–**	**876.7**	**–0.5**	**727.1**	**16,149.1**	**12.9**	**16,162.0**
115.8	**39.1**	**0.8**	**–**	**749.6**	**–**	**905.3**	**17,935.4**	**13.3**	**17,948.7**
–	–	–	–	–	–	–	17,030.1	12.5	17,042.6
115.8	39.1	0.8	–	749.6	–	905.3	905.3	0.8	906.1
–	**–**	**–**	**–**	**–**	**0.5**	**0.5**	**–6,191.2**	**–8.5**	**–6,199.7**
–	–	–	–	–	–	–	–6,151.6	–	–6,151.6
–	–	–	–	–	–	–	–4.9	–8.5	–13.4
–	–	–	–	–	0.5	0.5	–34.7	–	–34.7
–33.8	**39.0**	**1.5**	**–**	**1,626.3**	**–**	**1,632.9**	**27,893.4**	**17.7**	**27,911.1**
–33.8	**39.0**	**1.5**	**–**	**1,626.3**	**–**	**1,632.9**	**27,893.4**	**17.7**	**27,911.1**
–18.6	**–17.1**	**1.8**	**5.3**	**–1,032.7**	**–**	**–1,061.3**	**1,874.2**	**14.3**	**1,888.5**
–	–	–	–	–	–	–	2,935.4	15.2	2,950.6
–18.6	–17.1	1.8	5.3	–1,032.7	–	–1,061.3	–1,061.3	–0.8	–1,062.1
–	**–**	**–**	**–**	**–**	**–**	**–**	**–11,077.0**	**44.4**	**–11,032.7**
–	–	–	–	–	–	–	–11,072.9	–	–11,072.9
–	–	–	–	–	–	–	–	–15.0	–15.0
–	–	–	–	–	–	–	–	59.7	59.7
–	–	–	–	–	–	–	–4.1	–0.4	–4.5
0.2	**–**	**–**	**–**	**–**	**–**	**0.2**	**–**	**–**	**–**
–52.3	**21.8**	**3.3**	**5.3**	**593.6**	**–**	**571.8**	**18,690.6**	**76.4**	**18,766.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FUNDAMENTAL ACCOUNTING PRINCIPLES

General information
Hapag-Lloyd is an international Group whose primary purpose is to provide ocean container liner shipping activities, logistical services, all associated business operations and services, and transshipment facilities (terminals).

Hapag-Lloyd Aktiengesellschaft (Hapag-Lloyd AG), domiciled in Hamburg at Ballindamm 25, Hamburg, Germany, is the parent company of the Hapag-Lloyd Group and a listed company in accordance with German law. The Company is registered in commercial register B of the District Court in Hamburg under the registration number HRB 97937. The Company's shares are traded on the Frankfurt and Hamburg Stock Exchanges.

The Declaration of Conformity with the German Corporate Governance Code (GCGC) required under Section 161 of the German Stock Corporation Act (AktG) has been issued by the Executive Board and Supervisory Board, and has been made permanently available on the Company's website (www.hapag-lloyd.com).

The consolidated financial statements are reported and published in euros (EUR). All amounts recognised for the financial year are reported in millions of euros (EUR million) unless otherwise stated. In individual cases, rounding differences may occur in the tables and charts included in these consolidated financial statements. Such differences arise for computational reasons.

These consolidated financial statements encompass the financial year from 1 January to 31 December 2023 and were approved by the Executive Board of Hapag-Lloyd AG for passing on to the Supervisory Board on 27 February 2024. The Supervisory Board plans to review and approve the consolidated financial statements on 13 March 2024.

Accounting principles
The consolidated financial statements of Hapag-Lloyd AG were prepared in accordance with the International Financial Reporting Standards (IFRS) laid out by the International Accounting Standards Board (IASB), including the interpretations of the IFRS Interpretations Committee (IFRIC), as they are to be applied in the European Union (EU). In addition, the German commercial law provisions that must be observed pursuant to Section 315e (1) of the German Commercial Code (HGB) in the version applicable in the financial year have also been taken into consideration. The consolidated financial statements are published in the online version of the German Federal Gazette.

New accounting standards

The following changes to existing standards published by the IASB, which have already been endorsed, had to be applied for the first time in the 2023 financial year:

- IFRS 17: Insurance Contracts and Amendments to IFRS 17
- Amendments to IFRS 17: Comparative information regarding the first-time application of IFRS 17 and IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction and Simplifications in the Accounting of Deferred Taxes from the Global Minimum Taxation (International Text Reform – Pillar II Model Rules)

The standards to be applied for the first time in the 2023 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

Standards that were not yet mandatory in the financial year

The following amended standards and interpretations had been adopted by the IASB at the time these consolidated financial statements were prepared, but were not yet mandatory in the 2023 financial year.

Standard/ Interpretation		Mandatory application as per	Adopted by EU Commission
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1.1.2024	Endorsed
IFRS 16	Amendments to IFRS 16: Lease Liabilities in a Sale and Leaseback	1.1.2024	Endorsed
IAS 7/IFRS 7	Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	1.1.2024	Pending
IAS 21	Amendments to IAS 21: Lack of Exchangeability	1.1.2025	Pending

None of these regulations will be applicable until the 2024 financial year or later. The Hapag-Lloyd Group has decided against early adoption of these standards. Only those provisions relevant to the Hapag-Lloyd Group are explained below. Unless stated otherwise, the Group does not currently expect there to be any significant effects on the consolidated financial statements as a result of these standards.

EU endorsement has already been given

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Long-Term Liabilities with Credit Conditions (Covenants)

The amendments to IAS 1 relate to an adjustment of the criteria for classification of liabilities as current or non-current. They clarify that the classification of liabilities as current should be based on the right of an enterprise, at the end of the reporting period, to defer settlement of the liability by at least 12 months: If the entity has such rights, the liability is to be classified as non-current. The right to defer settlement of the liability under such circumstances must be substantial. If the entity is required to fulfil certain conditions for the exercise of such a right, these must be fulfilled at the end of the reporting period; otherwise, the liability must be classified as current. In addition, the amendments clarify that it is irrelevant for the classification of a liability whether the management intends or expects the liability to be settled within 12 months of the end of the reporting period. Only the rights in place at the end of the reporting period to defer settlement of the liability by at least 12 months should affect the classification of a liability. This also applies in the event of settlement within the balance sheet measurement period.

Following other amendments dating from July 2020 that temporarily postponed the date at which the original amendments were to be applied for the first time from 1 January 2022 to 1 January 2023, the amendments were clarified by a further amendment to IAS 1 in October 2022. The latest amendment affects the classification of debts subject to covenants. As part of this amendment, the IASB also makes clear that covenants that must be fulfilled prior to the balance sheet date can affect whether debts are classified as short-term or long-term. Covenants that only have to be fulfilled after the balance sheet date, on the other hand, do not affect the classification. Instead of being taken into account as part of the classification procedure, these covenants should be published in the explanatory notes. This change is intended to help recipients of financial statements to assess the extent to which long-term liabilities might prove to be repayable within 12 months.

Amendments to IFRS 16: Leasing Liabilities in a Sale and Leaseback Transaction

The amendment to IFRS 16 affects the way leasing liabilities from sale and leaseback transactions are recognised. It stipulates that, following a sale, a lessee must measure the leasing liability such that they do not record any amount as profit or loss that relates to the retained right of use. The recently added paragraphs also include, among other things, a series of examples illustrating possible ways of complying with this requirement, especially in relation to variable lease payments.

EU endorsement still pending

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments relate to disclosure requirements related to supplier financing agreements, including supply chain financing, trade accounts payable financing or reverse factoring arrangements. The new requirements complement the requirements already contained in the IFRS standards and are intended to increase the transparency of such agreements and their impact on liabilities, cash flows and liquidity risks in enterprises’ financial statements.

Amendments to IAS 21: Effect of Changes in Exchange Rates

The amendments add detailed rules to IAS 21, to determine whether two currencies can be exchanged between each other and how conversion rates are to be determined if they cannot be exchanged. In addition, the disclosure requirements will be introduced to enable users of the financial statements to assess the actual or expected impact of the inability to exchange on the enterprise's net asset, financial and earnings position.

Consolidation principles and methods

All significant subsidiaries, joint ventures and associated companies are included in the consolidated financial statements.

Subsidiaries

Subsidiaries are all companies that are subject to direct or indirect control by Hapag-Lloyd AG. Control exists if Hapag-Lloyd AG has the power to make decisions due to voting rights or other rights, is exposed to positive or negative variable returns from the subsidiary, and can influence these returns through its power to make decisions. Significant subsidiaries are fully consolidated from the time at which control over the significant subsidiary is acquired. If the control agreement comes to an end, the companies in question leave the Group of consolidated companies.

A subsidiary is consolidated for the first time using the acquisition method. To begin with, a complete fair value measurement of all the subsidiary's identifiable assets, liabilities and contingent liabilities at the time of acquisition is performed. The consideration measured at fair value for the acquisition of the investment share is offset against the equity relating to the share acquired. Any positive difference is recognised as goodwill and is recorded as an asset. Any negative difference is recognised directly through profit or loss at the time when it occurs and is reported in other operating result. The option to capitalise the proportionate goodwill on non-controlling interests is not applied. Transaction costs incurred in connection with a business combination are recognised as expenses.

Any resulting goodwill is examined for impairment at least once a year at the end of the planning process or, if there are any indications of a possible impairment in value in the subsequent periods, is examined for its recoverable amount and, in the event of impairment, is written down to the lower recoverable amount (impairment test). Any impairments of this kind are recognised separately in the consolidated income statement as impairment of goodwill.

The individual financial statements of Hapag-Lloyd AG and its subsidiaries form the basis for the consolidated financial statements, which are prepared using the standard Group accounting and measurement principles.

Intercompany receivables and liabilities, as well as expenses and income, are eliminated during the process of consolidation. Intercompany profits and losses are eliminated insofar as they are not of minor significance for the Group. Deferred taxes are reported for consolidation measures with an impact on income taxes.

Minority interests in the equity of a subsidiary are recognised as non-controlling interests within Group equity. The share of Group profit which is attributable to non-controlling interests is reported separately as such in the consolidated income statement and the consolidated statement of comprehensive income. Transactions whereby the Hapag-Lloyd Group acquires additional shares in or sells shares in an existing subsidiary without prompting a change of control are recognised as equity transactions between shareholders. The difference between the consideration received and/or transferred and the shares sold and/or received is recognised in retained earnings.

Joint arrangements and associated companies

Joint arrangements are contractual arrangements based on which two or more parties establish a commercial activity that they jointly control. Joint control exists if the two parties must work together to manage the relevant activities, and decisions must be made unanimously. If the Hapag-Lloyd Group jointly controls a company together with other parties, an assessment is made as to whether this is a joint operation or a joint venture. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. In a joint venture, the jointly controlling parties only have rights to the equity. Interests in joint ventures are included in the consolidated financial statements using the equity method. The joint arrangements within the Hapag-Lloyd Group currently include joint ventures only.

Companies in which Hapag-Lloyd Group is able to exert a significant influence over the business and financial policy (associated companies) are included in the consolidated financial statements using the equity method. Hapag-Lloyd is assumed to exert significant influence if Hapag-Lloyd AG directly or indirectly holds between 20% and 50% of the voting rights.

Where the comparison of the cost of acquiring the acquired shares with the proportional fair value of the acquired assets, liabilities and contingent liabilities at the acquisition date produces a positive difference, this difference is included as goodwill as part of the carrying amount ascribed to the associated company or joint venture. A negative difference is recognised as revenue in the income statement under “Share of profit of companies accounted for at equity.”

The Hapag-Lloyd Group’s share of the result for the period or other income from associated companies or joint ventures is reported in the consolidated income statement or in the Group’s other comprehensive income. The cumulative changes since the acquisition date increase or decrease the carrying amount of the associated company or joint venture. Proportional losses that exceed the investment carrying amount of the associated company or joint venture in the Group are not recognised unless further instruments are issued to the company.

Group of consolidated companies

In addition to Hapag-Lloyd AG, a total of 151 (previous year: 121) companies are included in the consolidated financial statements for the 2023 financial year:

	Fully consolidated		Equity method		
	domestic	foreign	domestic	foreign	Total
31.12.2022	7	105	3	6	121
Additions	0	28	0	12	40
Disposal	0	10	0	0	10
31.12.2023	**7**	**123**	**3**	**18**	**151**

As a result of the investment in Spinelli S.r.l., Genoa, one fully consolidated and one at-equity consolidated company have been added to the Group of consolidated companies. The investment in J M Baxi Ports & Logistics Limited, Mumbai, has brought another at-equity consolidated company into the Group.

As part of the acquisition of the Chilean companies SAAM Ports S.A. and SAAM Logistics S.A., 19 fully consolidated and nine at-equity companies have been added to the Group of consolidated companies.

In addition, nine companies were newly founded in the 2023 financial year (thereof eight fully consolidated companies and one at-equity consolidated company).

Four companies were liquidated during the financial year, four were merged with other Group companies, and two companies were de-consolidated because they were not significant in respect of the Group's net asset, financial and earnings position. These deconsolidations have not had any significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

The following companies are fully consolidated as Hapag-Lloyd AG has majority voting rights (despite a shareholding of 50% or less) and therefore exerts full control over them.

Company	Registered office	Shareholding in %
Hapag-Lloyd (Angola) – Agencia de Navegacao Lda.	Luanda	49.0
Hapag-Lloyd (Egypt) Shipping S.A.E.	Alexandria	49.0
Hapag-Lloyd (Jordan) Private Limited Company	Amman	50.0
Hapag-Lloyd (Thailand) Ltd.	Bangkok	49.9
Hapag-Lloyd Bahrain Co. WLL	Manama	49.0
Hapag-Lloyd Bangladesh Private Limited	Dhaka	40.0
Hapag-Lloyd Cote d'Ivoire SAS	Abidjan	0.0
Hapag-Lloyd Ecuador S.A.	Guayaquil	45.0
Hapag-Lloyd Qatar WLL	Doha	49.0
Hapag-Lloyd Shipping Company – State of Kuwait K.S.C.C.	Kuwait City	49.0
Hapag-Lloyd Ukraine LLC	Odessa	50.0
Middle East Container Repair Company LLC	Dubai	49.0
Nile Dutch (Angola) – Agencia de Navegacao Lda.	Luanda	49.0

In addition, although Hapag-Lloyd AG only holds 48.95% of the voting shares in the fully consolidated CSAV Austral SpA, Valparaíso, Chile, it accounts for the majority of the members of the decision-making body. Hapag-Lloyd AG also holds 100% of the shares entitled to dividend payments. As such, control of the company is held by Hapag-Lloyd AG.

Details of non-controlling interests can be found in Note (21).

In the reporting year, 11 fully consolidated companies and two enterprises accounted for using the equity method had a financial year that differed from that of the Group. The values carried forward as at 31 December are used for purposes relating to inclusion in the consolidated financial statements. All other companies have financial years that correspond with that of Hapag-Lloyd AG.

A list of the subsidiaries and associated companies in the Hapag-Lloyd Group is provided in Note (39).

Business acquisition

On 1 August 2023, Hapag-Lloyd acquired 100% of the shares and voting rights in the Chilean companies SAAM Ports S.A. and SAAM Logistics S.A., as well as an associated real estate portfolio (jointly SAAM Terminals). The seller belongs to Chilean-based Quiñenco S.A. group, which indirectly holds a 30% stake in Hapag-Lloyd via CSAV S.A. The contracting parties are therefore related parties. The transaction concerns all SAAM terminal business and associated logistics services. The terminal business comprises ten terminals in six countries in North, Central and South America with around 4,000 employees and a container throughput of more than 3.0 million TEU in 2022. The container logistics sector complements the terminal business at five locations in Chile with around 300 employees. With the acquisition of SAAM Terminals, Hapag-Lloyd is expanding its strategic terminal interests and further strengthening its liner shipping business in Latin America. Investments in terminal infrastructure are a key component of Hapag-Lloyd's strategic agenda.

A cash amount equivalent to EUR 891.0 million was transferred as consideration for the business acquisition.

Acquisition-related costs were incurred in the amount of EUR 13.8 million. These costs were recognised as other operating expenses and mainly result from consultancy fees.

The provisional fair values recognised for the acquired assets and assumed liabilities at the acquisition date are summarised below:

million EUR	
Other intangible assets	439.1
Property, plant and equipment	298.7
Investments in equity-accounted investees	113.3
Trade accounts receivable	0.7
Other assets	16.1
Derivative financial instruments	0.7
Deferred tax assets	23.3
Non-current assets	**891.9**
Inventories	8.0
Trade accounts receivable	42.7
Other assets and receivables	21.5
Derivative financial instruments	0.1
Income tax receivables	3.0
Cash and cash equivalents	122.9
Assets classified held for sale	0.2
Current assets	**198.4**
Total assets	**1,090.3**
Provisions for pensions and similar obligations	8.7
Other provisions	4.4
Financial debt	44.0
Lease liabilities	6.5
Other liabilities	33.7
Deferred tax liabilities	150.5
Non-current liabilities	**247.8**
Provisions for pensions and similar obligations	0.6
Other provisions	8.3
Income tax liabilities	10.9
Financial debt	27.0
Lease liabilities	5.4
Trade accounts payable	19.5
Contract liabilities	2.1
Other liabilities	9.5
Current liabilities	**83.3**
Total liabilities	**331.1**
Acquired net assets	759.2
Non-controlling interests	60.1
Acquired net assets attributable to Hapag-Lloyd AG shareholders	**699.1**
Consideration transferred	**891.0**
Goodwill	191.9

At the preparation date of the consolidated financial statements, the independent measurement of the fair values of other intangible assets, which include terminal concessions and customer relationships in particular, as well as investments in equity-accounted investees, had not yet been completed due to the high level of complexity involved. The measurement of these assets, the related deferred tax liabilities and consequently the goodwill is therefore incomplete.

Goodwill includes in particular synergies from combined activities and non-separable intangible assets, such as employee expertise, and is not expected to be deductible for tax purposes.

In the course of the acquisition, receivables with a fair value of EUR 84.0 million were recognised. The gross amount is EUR 85.1 million, of which EUR 1.1 million is likely to be uncollectable.

Since the date of acquisition, SAAM Terminals has generated revenue of EUR 148.8 million and earnings (EBIT) of EUR 5.2 million.

Had the acquisition taken place on 1 January 2023 (pro forma consideration), Group revenue would have amounted to EUR 18,113.2 million and earnings (EBIT) would have been EUR 2,544.5 million. In calculating these amounts, it was assumed that the fair values at the time of acquisition would also have been valid if the acquisition had occurred on 1 January 2023. The pro forma analysis is based on the available information and on assumptions. Based on these assumptions, the presented pro forma amounts do not necessarily equate to the Group revenue and Group earnings (EBIT) that the Group would have generated had the acquisition of SAAM Terminals in fact been closed on 1 January 2023.

Currency translation

The annual financial statements are prepared in the functional currency of the respective company. The respective functional currency of a company corresponds to the currency of the primary economic environment in which the company operates. The functional currency of Hapag-Lloyd AG and the majority of its subsidiaries is the US dollar. Its reporting currency, however, is the euro.

For purposes relating to their inclusion in the consolidated financial statements, the assets and liabilities of the Hapag-Lloyd Group are translated into euros at the average exchange rate applicable as at the balance sheet date (closing rate). The transactions listed in the consolidated statement of cash flows and the expenses and income shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

Transactions in foreign currency are recorded at the applicable exchange rate as at the date of the transaction. As at the reporting date, monetary items are translated at the closing rate at year-end, while non-monetary items are translated at the historical rate. Any differences arising during translation are recognised through profit or loss. Exceptions to this rule are changes in the value of derivative financial instruments that are designated as qualified cash flow hedges. These are recognised in other comprehensive income.

Exchange rate-related gains and losses associated with operating business are reported in other operating result, while exchange rate-related gains and losses associated with income taxes are reported in the income taxes item. Exchange rate-related gains and losses resulting from accounting for financial debt are shown in other financial items.

Exchange rates of significant currencies:

	Closing rate		Average rate	
per EUR	**31.12.2023**	31.12.2022	**2023**	2022
US dollar	1.10765	1.06750	1.08150	1.05380
Canadian dollar	1.46686	1.44689	1.45922	1.37173
Pakistani rupee	311.87326	241.95421	302.57898	215.71833
Argentine peso	894.53700	189.69700	320.60358	137.43416

Accounting and measurement

The annual financial statements of the subsidiaries included in the Group are prepared in accordance with consistent accounting and measurement principles.

Goodwill

Goodwill is not amortised, but is tested for impairment once a year. For detailed information about the impairment test, see the section "Impairment testing."

Other intangible assets

Trademark rights, concessions and customer bases acquired as part of business combinations are recognised at their fair value as at the acquisition date. Individually acquired software is recognised at cost of acquisition.

Development costs that are directly attributable to the design and testing of identifiable company-specific custom software products controlled by the Group are recognised as intangible assets, provided that the relevant conditions are met. The capitalised production costs are calculated on the basis of direct costs and overheads, as well as directly attributable production costs.

In principle, the Hapag-Lloyd Group recognises an intangible asset from a service concession arrangement when it has a right to charge a fee for the use of the infrastructure facility of the concession. The intangible asset is initially measured at fair value corresponding to the fair value of the services provided and, if applicable, at the present value of the contractually arranged fixed concession fees. Borrowing costs are capitalised as part of the cost of acquisition if the conditions are met.

In the Hapag-Lloyd Group, intangible assets with a finite useful life are subsequently recognised at cost less accumulated amortization and impairment losses. The amortisation takes place on a straight-line basis over the following periods, i.e. expected company-specific useful lives:

	Useful life in years
Customer base	3–30
Concessions	3–32
Hapag-Lloyd brand	indefinite
Computer software	2–8

For intangible assets with finite useful lives, their useful life is reviewed at least at the end of every financial year.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment on an annual basis, as is the case with goodwill. In addition, impairment tests are conducted if there are any indications of impairment. For detailed information about the impairment testing, see the following section “Impairment testing”.

For intangible assets with indefinite useful lives, an annual check is carried out as to whether the assessment of an indefinite useful life can be maintained. Any changes in the anticipated useful life are treated prospectively as changes in estimates.

The global container liner service is operated under the acquired brand “Hapag-Lloyd,” which, due to national and international declaration and registration, is subject to indefinite legal protection. The indefinite useful life is the result of the brand recognition already being maintained by international operations, meaning that additional measures or investments for the conservation of the value of the brand are not necessary.

Property, plant and equipment

Property, plant and equipment are measured at depreciated cost of acquisition or production. The cost of acquisition comprises all costs incurred to purchase an asset and prepare it for its intended use. The cost of production is determined on the basis of direct costs and appropriate allocations of overheads.

Borrowing costs as defined by IAS 23 which are directly associated with the acquisition, construction or production of qualifying assets are included in the cost of acquisition or production until the asset in question is put into operation.

Subsequent expenditure is capitalised as subsequent cost of acquisition or production where there is a physical addition and it is probable that the future economic benefit associated with this expenditure will accrue to the Hapag-Lloyd Group.

The scheduled amortisation takes place on a straight-line basis over the following expected company-specific useful lives:

	Useful life in years
Buildings and constructions	20–80
Vessels	24–29
Containers	15
Technical equipment and machinery	5–15
Other equipment	3–10

Dry dock work carried out to obtain an operating licence (vessel classification costs) is depreciated as a separate component over a period of five years. The same applies to the installation of exhaust gas cleaning systems (scrubbers) in vessels. These must be considered as a separate component and have a useful economic life of seven years. Furthermore, the level of depreciation is determined by the residual values expected at the end of the useful economic life of an asset. The residual value of container ships is determined on the basis of their scrap values. For containers, the residual value is based on a fixed portion of the acquisition and production costs, which are usually in line with the original purchase price of each container. Useful economic lives and assumed residual values are both reviewed on an annual basis during the preparation of the financial statements.

Impairment tests are conducted if there are any indications of a potential loss in value of the assets. For detailed information about the impairment test, see the section “Impairment testing.”

In principle, rights of use as defined in IFRS 16 are measured individually upon recognition and, in the relevant asset categories, in the amount of the respective lease liability, less the value of any lease incentives received and with the addition of any initial direct costs. The right-of-use asset is amortised over the term of the lease and, in case of impairment, is reduced in accordance with this impairment. Please see the “Leases” section for detailed information on the recognition of rights of use.

Impairment testing

Intangible assets with finite useful lives, property, plant and equipment as well as investments in equity-accounted investees are tested for impairment when there are any indications of a possible need for impairment. Intangible assets with indefinite useful lives are tested for impairment on an event-driven basis, but at least annually at the end of the financial year. The recoverable amount of the asset to be tested is compared to its carrying amount. If an asset’s carrying amount exceeds its recoverable amount, an impairment is recognised.

If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset in question can be allocated and which can generate cash inflows largely independently of other assets (cash-generating unit).

Goodwill arising from a business combination is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. These units, or groups of units, must represent the lowest level within the entity at which goodwill is monitored for internal management purposes and must not be larger than a segment, which is determined in accordance with IFRS 8 Operating Segments. Goodwill is tested for impairment at least once a year. Impairment testing is also conducted if events or circumstances occur that indicate that the carrying amount may be impaired.

An impairment loss is recognised if the recoverable amount is lower than the cash-generating unit's carrying amount. If a need for impairment has been determined, the goodwill is impaired first. Any additional impairment loss is then allocated to the remaining assets in proportion to their carrying amounts. The carrying amount of an asset must not fall below its fair value less costs of disposal, its value in use or zero.

If, following an impairment recognised in previous years, the asset or cash-generating unit has subsequently a higher recoverable amount, a reversal of the impairment to no higher than the amortised cost is carried out. Reversals of impairment of goodwill are not permitted.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the individual asset, the cash-generating unit or the group of cash-generating units. If one of these amounts is greater than the carrying amount, it is not necessary to calculate both values.

The fair value is the price that independent market participants would pay at the reporting date under normal market conditions if the asset or cash-generating unit were sold. The value in use is determined by discounting the cash flows expected from future operational use as well as final disposal.

Leases

A lease is a contract under which the right of use of an asset (the leased asset) is transferred for an agreed period of time in return for payment of a charge. The definition of a lease under IFRS 16 is applied by Hapag-Lloyd to agreements which were concluded or changed on or after 1 January 2019.

Lessee

In accordance with the single accounting model of IFRS 16, at the beginning of each lease, Hapag-Lloyd recognises a right-of-use asset and a lease liability in its statement of financial position unless (in each case an option), either (1), the lease term is for 12 months or less, or (2), the subject of the lease is a low-value asset.

Leased items within the Hapag-Lloyd Group can be divided into significant asset classes as follows:

(1) rented container vessels
(2) rented containers
(3) rented property, buildings and other equipment.

As with the Group's own assets, rights of use for the above asset classes are recognised in the statement of financial position under property, plant and equipment.

If the above-mentioned practical expedients provided in IFRS 16 are not applied, the rights of use are measured at the cost of acquisition based on the amount of the lease liability at the beginning of the lease. These costs increase by the amounts of any lease payments made before or when the leased assets are provided, as well as by any initial direct costs incurred by Hapag-Lloyd. The subsequent measurement occurs at cost of acquisition less cumulative depreciation, amortisation, impairment and certain remeasurements of the lease liability due to modifications and revaluations.

The lease liability is measured at the beginning at the fair value of the future lease payments. The lease payments are discounted using the interest rate implicitly specified in the leases or, in most cases, the incremental interest rate.

Depending on the asset class, term and securitisation, Hapag-Lloyd applies a discount rate to a portfolio of similarly structured leases. The discount rate corresponds to the incremental borrowing rate applicable to the three defined asset classes. In addition to the rented container vessels, which are essentially combined according to a similar remaining term, this assumption affects the container leases, which are combined according to container type and remaining term, and the rented land, buildings and other equipment.

Hapag-Lloyd takes account of unilateral and bilateral rights of extension and termination in the agreements examined in accordance with IFRS 16. In the case of unilateral rights of extension or termination which may exist for Hapag-Lloyd, particularly for container vessel agreements and rented land, buildings and other equipment, the probability of exercising the existing option is assessed while taking account of economic factors and on an individual basis in order to determine the term of the agreement.

Bilateral rights of termination essentially exist for a large number of container leases. These rights of termination can be exercised by both parties on a flexible and independent basis. When determining the term of these container leases for accounting purposes, Hapag-Lloyd must assess in accordance with IFRS 16.B34 whether significant penalties may be incurred when containers are returned or if these container leases are terminated. Hapag-Lloyd also assesses possible economic disadvantages in this regard. If Hapag-Lloyd also believes from an economic perspective that termination of these agreements will not result in any significant disadvantages, the term of the agreement is determined while taking account of the termination notice period in the respective agreement and a possible transition period in accordance with IFRS 16. If Hapag-Lloyd believes that there are significant disadvantages, this is taken into account when assessing the term of the agreement, and the term of the agreement until such time as the disadvantages no longer obtain. This assessment has significant effects on the amount of the lease liabilities and the rights of use.

A portion of the container lease agreements is recognised on the basis of a portfolio approach. This is because the individual lease agreements in the portfolio have similar characteristics.

For lease agreements which include a lease, Hapag-Lloyd separates a lease component and non-lease component and allocates the contractual consideration of each lease and non-lease component based on their relative stand-alone price. Hapag-Lloyd does not make use of the practical expedient that removes the obligation to separate the lease and non-lease component.

The provisions of IFRS 16 are not applied for leases of intangible assets.

Financial instruments

In the Hapag-Lloyd Group, in view of its business model and the cash flow criterion, financial assets are classified as “measured at amortised cost” (AC), “measured at fair value through profit and loss” (FVTPL) and, for the first time in the 2023 financial year, “measured at fair value through other comprehensive income” (FVOCI). Neither the fair value option nor the OCI option is made use of.

Primary financial liabilities are measured either at amortised cost or at fair value through profit and loss. They will be measured at fair value through profit and loss if they are held for trading or, upon initial recognition, they have been designated – subject to certain preconditions – as “at fair value through profit and loss” (FV option).

Derivative financial instruments that are not part of an effective hedging relationship under IFRS 9 (hedge accounting) but are held for trading must be allocated to the category “measured at fair value through profit and loss.”

Non-derivative host contracts which are not financial assets within the scope of IFRS 9 are analysed in terms of whether embedded derivatives exist. Embedded derivatives are to be recognised separately from the host contract as an independent financial instrument if, among other features, the two components have different economic characteristics which are not closely linked to each other. In case of an obligation to separate them, embedded derivatives are to be measured at fair value through profit and loss.

The Hapag-Lloyd Group only reclassifies financial assets if the asset’s business model changes. In the 2023 financial year, as in the previous financial year, there were no reclassifications within the individual measurement categories.

Primary financial assets

Primary financial assets are reported at fair value upon initial recognition. In the case of primary financial assets which are not allocated to the "fair value through profit and loss" category, transaction costs directly attributable to the purchase are also included in the initial measurement. Trade accounts receivable without a significant financing component are measured at their transaction price upon initial recognition. They are initially recognised when the goods are handed over to the freight company, thus giving rise to the unconditional right to payment.

Trade accounts receivable, most other financial receivables, and most other financial instruments covered under cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

Expected credit losses on financial assets measured at amortised cost are recognised as loss allowances. For trade accounts receivable without a significant financing component, loss allowances are always measured in the amount of the life-time expected credit losses.

To measure the expected credit losses from trade accounts receivable that are not credit-impaired, these losses are grouped according to the common credit risk characteristics of "geographic region" and "customer rating" using provision matrices. The probabilities of default used are forward-looking and are verified using historical credit losses. Trade accounts receivable are assumed to be credit-impaired if it is unlikely that the customer will fulfil its obligations or if trade accounts receivable are more than 90 days overdue. To measure the expected credit losses from these receivables, maturity structures, credit standing, geographic region and historical defaults are considered, while taking into account predicted future economic conditions.

A financial asset is deemed to be in default if it has not been possible to collect the contractual payments and it is assumed that they cannot be recovered.

Some other financial receivables and a certain portion of cash and cash equivalents are recognised at fair value through profit and loss. These comprise securities, on the one hand, and long-term equity investments, on the other hand. Gains and losses from measurement of such financial instruments are recognised in the consolidated income statement as interest income and other financial income/interest expenses for the former, and in the result from investments for the latter.

Primary financial assets are derecognised if the contractual rights in relation to the cash flows from the financial asset expire or if the rights to receive the cash flows are transferred by means of a transaction through which all of the key risks and opportunities associated with ownership of the financial asset are likewise transferred. If all the key risks and opportunities associated with ownership of a financial asset are neither transferred nor retained, and if control over the transferred asset is not retained, the asset will likewise be derecognised. In addition, financial assets that are deemed to be in default will be derecognised if all of the collection measures have proved unsuccessful.

Transactions in which reported assets are transferred but all of the risks and opportunities, or all of the key risks and opportunities, resulting from the transferred assets are retained will not result in any derecognition of the transferred assets.

Cash and cash equivalents

Cash and cash equivalents encompass cash on hand, cheques, short-term bank deposits and other short-term, highly liquid financial investments with an original maturity of up to three months that are readily convertible to known cash amounts and are only subject to insignificant risk of changes in value. These investments also include money market funds and reverse repo transactions. Money market funds are investments that primarily invest in various short-term and liquid money market instruments and securities, such as term deposits, reverse repo transactions and bonds. Reverse repo transactions are purchases of securities with an agreement to resell them at a fixed date in the future, including interest. Economically, they are investments collateralised by securities. Cash equivalents are held for the purpose of meeting short-term cash commitments.

Cash and cash equivalents, except for money market funds, are recognised at amortised cost. Interest income is recognised in the consolidated income statement under interest income and other finance income. Money-market funds are measured at fair value through profit and loss. Price gains and losses, as well as dividend income from money market funds, are recognised in the consolidated income statement under interest income and other finance income or, respectively, under interest expenses and other finance expenses.

Utilised overdraft facilities are not netted but reported as liabilities to financial institutions under current financial debt.

Due to the short-term nature of bank deposits and other investments and the strong credit rating of the contracting banks, the expected credit losses bank deposits and other investments are low (low credit risk at reporting date) and are not recognised.

Primary financial liabilities

The initial recognition of a primary financial liability is carried out at fair value, taking account of directly allocable transaction costs. In subsequent measurements, primary financial liabilities are generally measured at amortised cost using the effective interest method.

Primary financial liabilities are written off if contractual obligations have been settled, annulled or expired. If a review of changes in contractual conditions using quantitative and qualitative criteria leads to the assessment that both contracts are substantially the same, the old liability will continue to exist subject to the new conditions. This is ensured by adjusting the carrying amount in profit and loss. The new carrying amount of the liability is calculated on the basis of the present value of the modified cash flows, which are discounted using the original effective interest rate.

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially measured at their fair values on the day the agreement was concluded. Subsequent measurement is also carried out at the fair value applicable on the respective reporting date. The method used to record gains and losses depends on whether the derivative financial instrument is designated as a hedge and on the type of hedging relationship.

Hedging relationships in accordance with IFRS 9 (Hedge Accounting) were exclusively shown as cash flow hedges in the reporting year.

Upon inception of a hedging relationship in accordance with IFRS 9, both the hedging relationships between the hedging instrument and the hedged items and between the risk management goal and the underlying strategy are documented. In addition, at the beginning of the hedging relationship and on a continual basis documentation is provided as to the extent to which the derivatives used in the hedging relationship compensate for the changes in the fair values or cash flows of the hedged items.

The effective portion of changes in the fair value of derivatives which are designated as cash flow hedges is recognised in the reserve for cash flow hedges in other comprehensive income. The ineffective portion of such changes in fair value is recognised immediately in profit and loss. The non-designated portion of the derivative is recognised in a separate reserve for hedging costs under other comprehensive income. In the Hapag-Lloyd Group, the changes in the value of the forward component of currency forward contracts are excluded from the hedging relationship.

If the hedged transaction later leads to the recognition of a non-financial item, the accumulated amount recognised under equity is reclassified from the separate equity component and is recognised with the initial costs or other carrying amount for the hedged asset or hedged liability as a basis adjustment.

For all other cash flow hedges, however, the accumulated amount recognised under equity for the period or periods where the hedged cash flows affect profit and loss (P&L) is reclassified as reclassification amounts in profit and loss.

If a hedge expires, is sold or no longer meets the criteria for hedge accounting, the cumulative gain or loss remains in other comprehensive income and is not recognised with effect on the consolidated income statement until the transaction occurs. If the future transaction is no longer expected to occur, the cumulative gains or losses recognised outside the scope of the consolidated income statement must immediately be recognised through profit and loss.

Changes in the fair values of derivative financial instruments not meeting the criteria for hedge accounting, including embedded derivatives which must be separated, are recognised directly through profit and loss in the consolidated income statement.

Inventories

The inventories are recognised at their acquisition cost or the lower net realisable value as at the reporting date, which is itself determined on the basis of the sales market. The Hapag-Lloyd Group applies the floating average method to measure acquisition costs.

A devaluation on inventories is recorded at the reporting date if the market price is below the carrying amount.

In May 2023, the European Union decided to include maritime transport in the EU Emissions Trading System (EU ETS). The EU Emissions Trading System is a scheme that regulates and limits greenhouse gas emissions from certain sectors in the EU. The shipping emissions will be included in the EU ETS from 2024. Therefore, for the financial years from 2024 onwards, Hapag-Lloyd will have to acquire EU allowances (EUAs) for CO_2 emissions, which will initially cover 40% of emissions with successive increases in subsequent years. In the third quarter of 2023, the Group acquired EUAs for the first time. Since emission allowances are effectively an input that is consumed in the service delivery process, the Group recognises the EUAs as inventories. In addition, inventories consist primarily of raw materials, consumables and supplies, and particularly of fuel supplies (bunkers).

Pensions and similar obligations

The valuation of defined benefit plans from pension obligations and other post-employment benefits upon termination of the employment position (e.g. healthcare benefits) is carried out in accordance with IAS 19 Employee Benefits using the projected unit credit method. The actuarial obligation (defined benefit obligation, DBO) is calculated annually by an independent actuarial expert. The present value of the DBO is calculated by discounting the expected future outflows at the interest rate of first-rate corporate bonds. The corporate bonds are issued in the currency of the payment to be made and have matching maturities with the pension obligations.

Differences between the assumptions made and the actual developments, as well as changes in the actuarial assumptions for the valuation of defined benefit pension plans and similar obligations, lead to actuarial gains and losses. As with the difference between calculated interest income and the actual return on plan assets, these are reported in full in other comprehensive income, i.e. not in the consolidated income statement.

If the benefits accruing from a plan are changed or cut, both the part of the change in benefits which relates to previous periods (past service cost) and the gains or losses arising from the plan cuts are immediately recognised through profit or loss. Gains or losses arising from a defined benefit plan being cut or paid out are recognised at the time at which the cut or payment is made.

If individual pension obligations are financed using external assets (e.g. through qualified insurance policies), provisions for pensions and similar obligations which match the present value of defined benefit obligations on the balance sheet date are recorded after deducting the fair value of the plan assets.

A negative net pension obligation resulting from advance payments for future contributions is included as an asset only insofar as it leads to a reimbursement from the plan or a reduction in future contributions.

With defined benefit contribution plans, the Group makes contributions to statutory or private pension insurance plans on the basis of a legal, contractual or voluntary obligation. The Group does not have any further payment obligations on top of the payment of the contributions. The contributions are recorded as personnel expenses when they fall due.

Other provisions

Provisions are recognised for all legal or constructive obligations resulting from a past event and impending losses from pending transactions insofar as their utilisation is probable and their amount and date can be reliably determined. Provisions are recorded at the best commercial estimate of their repayable amount and take account of cost and price increases. The present value is assessed for provisions with terms exceeding one year. Over the course of time, the provisions are adjusted on the basis of new knowledge gained.

Releases of provisions are generally recorded in the same consolidated income statement position that was originally used for the expense. Exceptions to this rule are significant releases of provisions, which are recorded under other operating result.

A provision is recognised for transports not yet completed at the end of the reporting period and which are associated with onerous contracts. The amount to be provisioned is calculated taking into consideration the variable costs allocable to the transports as well as the pro rata fixed costs.

The long-term remuneration plans granted from the 2020 financial year onwards constitute “other long-term employee benefits” as defined in IAS 19. In relation to these remuneration plans, the Group recognises liabilities and expenses on the basis of a formula that takes fulfilment of certain KPIs into account, whereby the liability accounted for as at the relevant reporting date includes the benefits earned to date.

Provisions for guarantee, warranty and liability risks are created on the basis of existing or estimated future damages.

Realisation of revenue and contract liabilities

In the Liner Shipping segment, revenue is mainly generated in connection with transport services within the scope of revenue resulting from contracts with customers. Under IFRS 15, there is one performance obligation per shipment, which is rendered on a period-related basis, i.e. for the duration of transport. As a variable component of the transaction price, the performance obligation also includes demurrage and detention for containers. Combining several shipments on a single ship journey produces essentially the same results in terms of the amount and timing of revenue recognition as revenue recognition based on each individual shipment. Revenue is recognised in accordance with the input-oriented method for measurement of performance progress.

A contract liability reflects the actual performance obligation still to be provided as at reporting date in connection with unfinished voyages. The performance obligation is determined based on the unconditional right to payment of the transport price and will be recognised starting from the handover of the goods to the transport agent, in line with the related trade account receivable.

The contract liability will subsequently be released pro rata in accordance with transport progress against revenue. In determining voyage progress, the ratio of expenses incurred up to the reporting date to the expected total expenses per voyage is relevant. Determining both the transport expenses incurred as at the reporting date in connection with unfinished voyages and the relevant margin for the recognition of revenue involves a high degree of complexity. In the course of the financial year, the Group conducted a review to estimate the progress of the transport for unfinished voyages and adjusted the calculation in order to improve its economic presentation.

Revenue in the Terminal & Infrastructure segment mainly consists of port-related services (quay fees, stowage and unloading of containers, general cargo and bulk cargo), which are generally provided within a short period of time. These port-related services are contracted with customers as a single transaction and have a high degree of integration. Accordingly, port-related services constitute a performance obligation. Revenue from contracts with customers are realised at the time the services are provided to the customer. For revenue recognition, the Hapag-Lloyd Group determines the transaction price in accordance with the tariffs published by the port authorities in certain countries or agreed with customers.

The Terminal & Infrastructure segment also provides services related to the storage of containers based on the usage time of the storage space, which constitute a separate performance obligation. Revenues from container storage services are recorded over a period of storage days.

If Hapag-Lloyd provides construction or upgrade services, the consideration received for these services is generally recognised in accordance with IFRS 15. Revenue associated with construction or upgrade services under a service concession arrangement is generally recognised over a period of time.

Taxes

As a liner shipping company, Hapag-Lloyd AG, the largest company in the Hapag-Lloyd Group, has opted for taxation in accordance with tonnage. Tax liability for tonnage taxation is not calculated using the actual profits, but rather depends on the net tonnage and the operating days of the Company's fleet. All profits in direct connection with the operating of merchant vessels in international trade are essentially subject to tonnage tax. Income from capital and equity investments is taxed according to the normal rules. The same applies to vessels that do not meet the requirements of tonnage taxation. Current income taxes for the reporting period and for previous periods are measured as the amount at which their payment to or rebate from the tax authority is anticipated. They are calculated on the basis of the company's tax rates as at the reporting date, but do not include interest payments, refunds of interest or penalties for late tax payments. In the event that the amounts recognised in the tax returns are unlikely to be realised (e.g. for uncertain tax positions), tax liabilities are recorded. The relevant amount is calculated on the basis of the best available estimate of the expected tax payment (i.e. the expected value and/or the most likely value for the uncertain tax position). Tax demands arising from uncertain tax positions are recorded in the statement of financial position when it is overwhelmingly likely (and thus sufficiently certain) that they can be realised. The exception to this rule is where there are tax losses carried forward, in which case no current tax liabilities or tax demands are recorded in the statement of financial position for these uncertain tax positions. Instead, the deferred tax assets for the still unused tax losses carried forward are adjusted accordingly. Income tax liabilities are netted against the corresponding tax rebate claims if they apply in the same fiscal territory and are of the same type and maturity.

Deferred taxes are recognised in accordance with IAS 12 on the basis of the balance-sheet liabilities method. They result from temporary differences between the recognised amounts of assets and liabilities in the consolidated statement of financial position and those in the tax balance sheet.

Expected tax savings from temporary differences or from the use of tax loss carry-forwards are capitalised if they are estimated to be recoverable in the future. In their valuation, time limitations on the loss carry-forwards are taken into account accordingly. In order to evaluate whether deferred tax assets from tax loss carry-forwards can be used, i.e. recovered, the tax-related budget of the Group is consulted. The tax-related budget is based on the medium-term budget for 2024 to 2028, which has been extended to ten years for tax purposes.

Deferred taxes are charged or credited directly to other comprehensive income if the tax relates to items likewise recognised directly in other comprehensive income.

Their valuation takes account of the respective national income tax rates prevailing when the differences are recognised.

Deferred tax claims (tax assets) and deferred tax debts (tax liabilities) are netted insofar as the Company has the right to net current income tax assets and liabilities against each other and if the deferred tax assets and liabilities relate to current income taxes.

Hapag-Lloyd falls within the scope of the OECD model scheme for global minimum taxation (Pillar II). The Pillar II legislation was enshrined in law on 27 December 2023 in Germany, the jurisdiction in which Hapag-Lloyd AG is resident for tax purposes as the parent company of the Group, and will come into force from 1 January 2024. Since the Pillar II legislation was not yet in force at the reporting date, Hapag-Lloyd is not subject to any additional tax burden for the reporting period. Hapag-Lloyd is making use of the exemption from the accounting for deferred taxes in connection with Pillar II income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

According to the regulations on the global minimum tax, Hapag-Lloyd must pay an additional tax for each country in the amount of the difference between the consolidated national effective tax rate and the minimum tax rate of 15% – calculated on the basis of the so-called GloBE regulations – in which one or more so-called constituent entities are attributable to Hapag-Lloyd.

Hapag-Lloyd has conducted an initial analysis of the impact of Pillar II on the overall tax burden, in particular regarding the exemption for income from international maritime transport. Based on the circumstances of previous years, the company assumes that the majority of profit or loss will be covered by the exemption.

The exemption applies in particular to Hapag-Lloyd AG and Hapag-Lloyd (USA) LLC. However, the income retained by those companies, which does not fall within the scope of the exemption from the minimum taxation, was subject to taxation of more than 15% in previous years or was of minor importance overall.

In addition, with regard to the countries and constituent entities for which there is no income from international shipping, Hapag-Lloyd has conducted an analysis with regard to the so-called Safe Harbour regulations on the basis of the qualified country-by-country report of previous years, with the result that approximately half of the countries in which Hapag-Lloyd constituent entities are attributable have already been calculated on the basis of the de minimis test (revenue and profit according to country-by-country report rules below the de minimis threshold).

A further analysis of the effective tax rates based on the country-by-country report of previous years has shown that many jurisdictions that cannot already be excluded on the basis of the de minimis test will fall outside the scope of the minimum tax, as the effective tax rate in these jurisdictions is greater than 15%.

In summary, Hapag-Lloyd anticipates that only a few countries are expected to fall below the minimum tax rate and that the minimum tax rate will not have a significant impact on Hapag-Lloyd’s Group tax rate.

Application of judgements and estimates

In order to produce the consolidated financial statement, accounting estimates need to be applied. By definition, these estimates rarely correspond with actual results. In addition, the application of the Group's accounting policies is also subject to the judgement of management. In the following section we provide a summary of more complex issues, or issues associated with more approximate valuations, which could be significantly revised if the estimates and assumptions underlying them change over the course of the coming financial year. Full details of these estimates and judgements are included with the other notes. This section also sets out the adjustments made in the course of this year as a result of changes to previous estimates. For further details of significant judgement-based decisions with the potential to exercise a significant influence on contracts with customers, either by virtue of their timing or the funds involved, please refer to Note (1).

Judgements in the identification of cash-generating units and the allocation of goodwill for impairment testing purposes

For impairment testing purposes, recognised goodwill must be allocated to cash-generating units (CGUs) or groups of CGUs. This allocation is judgemental and is presented in Section (10) Intangible assets.

The identification of CGUs differs depending on the business activity. In container liner shipping, all maritime assets are deployed in an integrated liner network, meaning that operating cash flows are not allocated to individual assets and therefore the Liner Shipping segment as a whole is defined as a single cash-generating unit. Within the Terminal & Infrastructure segment, each terminal is considered a separate CGU.

SAAM Terminals was acquired in the 2023 financial year, as disclosed in Section Business acquisitions. The synergies from the acquisition of SAAM Terminals will mainly benefit the CGU Liner Shipping, which is why the majority of goodwill resulting from this business combination was mainly allocated to the CHU Liner Shipping, see Section (10) Intangible assets.

Goodwill impairment testing estimates

The recoverable amount of the cash-generating unit Liner Shipping is based on the estimate of discounted cash flows. The cash flows are based on the planning approved by management. It is in the nature of planning that it is based on the assumptions that are subject to uncertainty. The values assigned to the key assumptions represent management's assessment of the future developments of container liner shipping and are based on internal and external sources.

The consistency of the planning with regard to estimates is ensured by centralised processes involving central Group functions. The discount rates used reflect the time value of the money and the specific business risks associated with the underlying cash flows.

The key assumptions underlying the estimate of the recoverable amount are described in Section (10) Intangible assets.

Judgement-based decisions with a view to setting the terms of leases with extension and termination options and mutual cancellation rights

Within the scope of the exercise of extension and termination options for leases, judgements are made on the probability of the exercise of existing options. Hapag-Lloyd also assesses current market conditions and possible economic disadvantages in this regard. If, from an economic perspective, termination of agreements where there is a mutual right of termination will not result in any significant disadvantages, the term of the agreement is determined while taking account of the termination notice period in the respective agreement and a possible transition period. If Hapag-Lloyd believes that there are significant disadvantages, this is taken into account when assessing the term of the agreement, and the term of the agreement until such time as the disadvantages no longer obtain.

For container rental agreements constructed in a similar way, the terms of the agreements and, in principle, any fixed payments on the basis of a portfolio approach to be treated as lease payments, are determined and applied uniformly to all lease payments in the portfolio.

For detailed explanations, see Note (29) Leasing.

Estimating the useful lives and residual values of property, plant and equipment

Useful lives and residual values for property, plant and equipment are estimated on the basis of past experience. The management regularly reviews the estimated useful lives and residual values for individual assets or groups of assets with similar characteristics based on changes in the quality of maintenance programmes, amended environmental requirements or legal restrictions, and technical developments or other market enforcements (e.g. implementation of the EU's Sustainable Finance Strategy). In the case of significant changes, it adjusts the useful lives and residual values.

The estimation of residual values of container vessels is affected by uncertainties and fluctuations due to the long useful life of vessels, the uncertainties regarding future economic developments and the future price of steel, which is a significant parameter for determining the residual values of container vessels. As a rule, the residual value of a container vessel or a class of container vessels is determined by its scrap value. The scrap value is calculated on the basis of a container ship's empty weight and the average price of steel. The residual values of container ships are adjusted if the change in the residual value is significant as at the reporting date.

Disclosures on the estimated useful lives can be found in the "Accounting and measurement" section. The carrying amounts of property, plant and equipment are shown in Note (11), "Property, Plant and Equipment".

Estimating obligations in relation to defined benefit pension plans
The valuation of provisions for pensions and similar obligations is based on, among other things, assumptions regarding discount rates, anticipated future increases in salaries and pensions and mortality tables. These assumptions may diverge from the actual figures due to changes in external factors such as economic conditions or the market situation as well as mortality rates.

For more detailed information, please see Note (22) Provisions for pensions and similar obligations.

Judgements regarding the presentation of money market funds as cash equivalents
Hapag-Lloyd AG has invested liquid funds in money market funds. Money market funds have neither a limited maturity nor a fixed repayment amount. They are measured at fair value through profit or loss. Due to their specific features, the shares in the money market funds held by Hapag-Lloyd AG nevertheless meet the definition of cash equivalents and are therefore reported in the balance sheet and cash flow statement under cash and cash equivalents. This classification was made for money market funds on the basis of an assessment of relevant characteristics of the fund and the instruments held by the fund, such as volatility, yield, credit quality, maturity and diversification, although these assessments are partly subject to judgement.

Risks and uncertainties
Influencing factors which can result in deviations from expectations comprise not only macroeconomic factors such as exchange rates, interest rates and bunker prices, but also the future development of container shipping.

SEGMENT REPORTING

The Hapag-Lloyd Group is one of the world's leading container liner shipping companies. The acquisition of SAAM's terminal and logistics business in August 2023 further expanded the company's involvement in the terminal sector. As the main decision-making body, the Executive Board is responsible for allocating resources and assessing the profitability of Hapag-Lloyd Group's business segments. The primary business activities are divided into the Liner Shipping and Terminal & Infrastructure segments for the first time as at 30 September 2023. The information for the previous year has been adjusted accordingly. The differentiation of the segments as well as the selection of key performance indicators are made in accordance with the internal management and reporting systems (management approach).

Liner Shipping segment

The business activity within the Liner Shipping segment comprises the maritime transport of containers, and the related hinterland transport. Consequently, the globally generated revenue results from income from the shipping and handling of containers and from related services and commissions. The allocation of resources (use of vessels and containers) and the management of the sales market and key customers are done on the basis of the entire liner service network and deployment of all of the maritime assets. The primary performance indicators regularly provided to the Executive Board of Hapag-Lloyd Group for decision-making on the allocation of resources to this segment and the measurement of its profitability are EBIT and EBITDA, as well as the freight rate and transport volume for the individual trades.

Terminal & Infrastructure segment

The business activity within the Terminal & Infrastructure segment mainly comprises the operation of terminals, the associated handling of containers and other freight. The relevant performance indicators regularly provided to the Executive Board of Hapag-Lloyd Group as a basis for decision-making on the allocation of resources to this segment and the measurement of its profitability are EBIT and EBITDA.

Accounting and measurement principles

The accounting and measurement principles for segment reporting are based on the IFRS used in the consolidated financial statements. For further explanations, please refer to the section "Accounting and measurement".

Segment reporting information

The following table shows the performance indicators used by the Executive Board of Hapag-Lloyd Group to assess the performance of the operating segments, as well as additional segment-related indicators. The revenue of the Hapag-Lloyd Group results from the consolidated revenue of the individual segments and the adjustment of inter-segment revenue.

	1.1.–31.12.2023			
million EUR	Liner Shipping	Terminal & Infrastructure	Transition	Hapag-Lloyd Group
Revenues	**17,762.3**	**187.1**	**–19.8**	**17,929.5**
thereof inter-segment revenues	0.5	19.4	–19.8	–
thereof external revenues	17,761.8	167.7	–	17,929.5
Share of profit from equity-accounted investees	–4.0	17.9	–	13.9
EBITDA	**4,414.9**	**46.0**	**0.1**	**4,460.9**
EBITDA margin (in %)	24.9	24.6	–0.5	24.9
Depreciation of intangible assets and property, plant and equipment	–1,902.3	–27.0	–	–1,929.3
EBIT	**2,512.6**	**19.0**	**0.1**	**2,531.7**
EBIT margin (in %)	14.1	10.1	–0.5	14.1
Interest income and other finance income	591.3	3.3	–0.7	593.8
Interest expenses and other finance expenses	–235.8	–6.6	0.7	–241.7
Income tax	–82.2	–2.1	–	–84.2
EAT	2,937.4	13.1	0.1	2,950.6

	1.1.–31.12.2022			
million EUR	Liner Shipping	Terminal & Infrastructure	Transition	Hapag-Lloyd Group
Revenues	**34,523.1**	**23.0**	**–3.4**	**34,542.7**
thereof inter-segment revenues	–	3.4	–3.4	–
thereof external revenues	34,523.1	19.6	–	34,542.7
Share of profit from equity-accounted investees	2.1	87.9	–	90.0
EBITDA	**19,330.7**	**97.9**	**0.1**	**19,428.7**
EBITDA margin (in %)	56.0	425.0	–1.9	56.2
Depreciation of intangible assets and property, plant and equipment	–1,903.0	–1.2	–	–1,904.2
EBIT	**17,427.8**	**96.7**	**0.1**	**17,524.5**
EBIT margin (in %)	50.5	419.8	–1.9	50.7
Interest income and other finance income	252.3	0.1	–	252.3
Interest expenses and other finance expenses	–229.6	–0.1	–	–229.7
Income tax	–200.4	–0.1	–	–200.6
EAT	16,946.0	96.5	0.1	17,042.6

Information on geographical regions

The allocation of property, plant and equipment and intangible assets to individual countries depends on the beneficial ownership structure within the Hapag-Lloyd Group and on the registered office of the Group companies. For existing holdings in joint ventures and associates that have been included in the consolidated financial statements using the equity method, the allocation is made on the basis of the respective registered office of the holding companies.

The following table shows non-current assets per geographical area.

million EUR	31.12.2023	31.12.2022
Germany	16,097.9	14,192.8
Third country	2,413.0	2,553.3
United Arab Emirates	n/a	1,960.7
Hapag-Lloyd Group	**18,511.0**	**16,746.1**

Net freight revenues are allocated on the basis of completed voyages the destination of the voyage. Proceeds from demurrage and detention of containers are allocated based on the location of the ports where the affected containers were located. Revenue from chartering of vessels as well as from the provision of container slots on vessels are allocated depending on the registered office of the charter company. The revenue resulting from the terminal business is allocated depending on the registered office of the terminal companies.

The table below shows the externally generated revenue per geographical area.

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Domestic	853.6	1,879.8
Third country	17,075.9	32,662.9
USA	4,101.6	8,600.4
Hapag-Lloyd Group	**17,929.5**	**34,542.7**

Revenues in the Liner Shipping segment per trade[1] are shown in the following table.

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Atlantic	3,572.7	5,920.5
Transpacific	2,897.8	6,314.8
Far East	2,664.3	6,634.1
Middle East	1,298.9	2,982.7
Intra-Asia	536.6	1,110.1
Latin America	4,472.6	7,565.2
Africa	1,075.3	1,646.6
Revenue not assigned to trades	1,244.2	2,349.1
Total	**17,762.3**	**34,523.1**

[1] The revenue shown relates to the Liner Shipping segment. The revenue of the Terminal & Infrastructure segment totalling EUR 187.1 million (prior year period: EUR 23.0 million) represents only a minor share in the total Group revenues.

Revenue not assigned to the trades mainly includes income from demurrage and detention charges for containers as well as compensation payments for shipping space. Revenue from demurrage and detention fell, in particular due to the easing of disruptions in global supply chains. Also, realised revenue for unfinished voyages are included in the revenue not assigned to the trades.

Information about products and services

Revenue with external customers for the groups of comparable products and services performed as follows:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Segment Liner Shipping	**17,761.8**	**34,523.1**
Container transport service	16,309.9	31,791.0
Other	1,451.9	2,732.1
Segment Terminal & Infrastructure	**167.7**	**19.6**
Container handling	117.0	–
Other	50.7	19.6
Hapag-Lloyd Group	**17,929.5**	**34,542.7**

Information on important customers

There was no dependency on individual customers in the 2023 financial year.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Revenue

Revenue streams

The Hapag-Lloyd Group's services comprise the shipping of containers by sea and associated hinterland transport for customers, thus providing transport services from door to door, as well as terminal services. As a result, the Hapag-Lloyd Group primarily generates revenue from sea freight, inland container transport and terminal handling charges.

Revenue is broken down by geographical regions as well as products and services in the Hapag-Lloyd Group. This breakdown can be found in the "Segment reporting" section.

In the first half of the 2023 financial year, Hapag-Lloyd Group's revenue decreased by EUR 16,613.2 million to EUR 17,929.5 million (previous year: EUR 34,542.7 million) equaling a decrease of 48.1%.

This was primarily due to a reduction in average freight rates of 47.6% compared with the previous year. The strengthening of the US dollar against the euro (measured by the average exchange rate) also caused revenue to increase. Adjusted for exchange rate movements, revenue would have fallen by approximately EUR 15.7 billion, or 46.7%. The transport volume was almost the same as in the previous year and thus had only an immaterial impact on the development of revenues. The positive effect on earnings from the change in the estimation of transport progress made in the financial year amounts to EUR 83.8 million.

Contract liabilities

Contract liabilities essentially comprise the remaining performance obligation as at the reporting date in connection with shipments on pending voyages. The revenue recorded in the reporting period and included in the balance of contract liabilities at the start of the 2023 financial year came to EUR 952.9 million (previous year: EUR 1,445.8 million).

Hapag-Lloyd also has contracts with customers with terms of more than one year in accordance with IFRS 15. However, considering the recognition of the associated revenue over the course of time, it can be concluded that the terms of the contracts have no effect on the time-related recognition of revenue within one year. The reason for this is that the maximum duration of a vessel voyage is less than one year. This means that the recognition of revenue for an individual shipment will not exceed a period of one year. With regard to the recognition of income, the Hapag-Lloyd Group therefore only has contracts with a short-term perspective of less than one year. On this basis, in accordance with IFRS 15.121 (a) in conjunction with IFRS 15.122, no further information is provided on transaction costs attributable to remaining performance obligations.

Performance obligations and methods for recognising revenue

The Hapag-Lloyd Group measures revenue based on the consideration specified in a contract with a customer. The revenue in the Liner Shipping segment is recognised by the Hapag-Lloyd Group when the transport service is rendered. The performance obligation is fulfilled and the revenue is recognised in the period when the transport service is rendered by the Hapag-Lloyd Group, i.e. they are period-based.

The recognition of revenue is determined by performance progress. To determine the performance progress in connection with shipments on voyages pending as at the reporting date, Hapag-Lloyd uses the input-based method while taking account of the expenses incurred up until the reporting date. Due to the transport-related expenses allocated over the itinerary, the procedure is considered reliable and suitable. The determination of performance progress is influenced by assumptions regarding the expected contribution margin for each transport. These assumptions are judgement-based.

In the Terminal & Infrastructure segment, revenue from terminal services and the associated performance obligation is realised on a point-in-time basis. Services related to the storage of containers are carried out over time, based on the useful life of the storage space.

Payment terms at Hapag-Lloyd vary at the local level. The payment term predominantly used by the Group constitutes payment within 30 days of receipt of the outgoing invoice.

Transaction price and transaction price components

With regard to the rendering of transport services in accordance with a customer's shipment contract, Hapag-Lloyd has a performance obligation as per IFRS 15.22 (a), as the commitment made to the customer only comprises a distinguishable service. This is the commitment to transport goods from a specific origin to an agreed destination. A fixed transaction price is agreed for the transport service as part of a contract. The transaction price also includes variable components such as demurrage and detention for containers. These are recorded based on past experience as soon as the lease period of a container exceeds the agreed period in the contract.

Other transaction price components in the Hapag-Lloyd Group include discounts of any kind, e.g. cash payment discounts, volume discounts or special discounts. This pertains to both manifested and non-manifested discounts. The latter are deducted from the transaction price on a monthly basis, thereby reducing revenue, and are based on set discount conditions, which make sure that the variable consideration is limited. They therefore lead to a reduction in the transaction price. Since the discount is granted afterwards by means of a payment to the customer, a trade account payable (refund liability) is recognised on a monthly basis for the expected utilisation. For manifested discounts, on the other hand, the discount is granted earlier, when the receivables are booked. As a result, the revenue recognised has already been reduced by the amount of the discounts.

(2) Transport and terminal expenses

Transport expenses

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Transport expenses for finished voyages	11,816.4	13,735.1
Bunker	2,253.9	2,984.6
Handling and haulage	5,618.5	6,617.3
Equipment and repositioning [1]	1,515.5	1,585.0
Vessel and voyage (excluding bunker) [1]	2,428.4	2,548.2
Change in transport expenses for pending voyages [2]	–68.6	4.4
Total	**11,884.9**	**13,730.7**

1 Including lease expenses for short-term leases

2 The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous period are presented in the current financial year as incurred transport expenses.

In the 2023 financial year, transport expenses fell by EUR 1,845.8 million to EUR 11,884.9 million (prior year period: EUR 13,730.7 million). This represents a drop of 13.4%. Lower expenses for demurrage and detention for containers and a lower bunker consumption price compared to the prior year period primarily contributed to the decrease in transport expenses. The weaker US dollar compared with the euro also led to a reduction in transport expenses. Adjusted for exchange rate changes, transport expenses would have decreased by EUR 1,494.1 million or 11.2%. The increase was counteracted by higher port and canal costs, as well as higher equipment and repositioning expenses compared to the same period in the prior year period.

In the 2023 financial year, the average bunker consumption price for Hapag-Lloyd was USD 614/t, which is USD 139/t (18.5%) below the figure of USD 753/t for the same period in the previous year. This led to a decrease in fuel expenses of EUR 730.7 million to EUR 2,253.9 million (prior year period: EUR 2,984.6 million).

Container handling expenses fell in the first half of the reporting year by EUR 998.7 million to EUR 5,618.5 million (prior year period: EUR 6,617.3 million). This decline was due in particular to lower demurrage and detention expenses for containers as a result of the steady normalisation of global supply chains.

The decrease in expenses for vessels and voyages (excluding fuel) mainly resulted from lower expenses for vessels on short-term charter and container slot charter costs on third-party vessels. By contrast, port and canal costs in particular increased compared to the prior year period due to higher prices.

Terminal expenses

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Containerterminal expenses	21.1	–
Terminal equipment expenses	12.4	–
Material expenses	10.0	–
Total	**43.9**	**–**

Operating expenses in the Terminal & Infrastructure segment in the 2023 financial year resulted primarily from expenses for the operation of terminals and handling of containers in the amount of EUR 43.9 million (prior year period: EUR 0.0 million).

The gross earnings margin (ratio of revenue less transport and terminal expenses to revenue) for the 2023 financial year in the Hapag-Lloyd Group was 33.5% (prior year period: 60.3%).

(3) Personnel expenses

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Wages and salaries	860.4	831.6
Social security costs, pension costs and other benefits	169.3	150.3
Total	**1,029.7**	**982.0**

Personnel expenses rose by EUR 47.7 (4.9%) million to EUR 1,029.7 million in the first quarter of the 2023 financial year (prior year period: EUR 982.0 million). In comparison to the previous year, the increase was mainly attributable to an adjustment in the bonus system and the rise in the number of employees, in particular due to the acquisition of the SAAM Terminals companies.

Adjusted for exchange rate movements, personnel expenses would have risen by EUR 72.9 million.

Pension costs include, among others, expenses for defined benefit and defined contribution pension obligations. A detailed presentation of pension commitments is provided in Note (22) Provisions for pensions and similar obligations. Personnel expenses were effectively reduced by government assistance in the form of grants amounting to EUR 11.9 million (previous year: EUR 9.7 million), which were recognised in profit and loss. For further details, please refer to Note (29) Government assistance.

The average number of employees was as follows:

	1.1.–31.12.2023	1.1.–31.12.2022
Liner shipping	13,619	14,267
Marine personnel	1,327	1,842
Shore-based personnel	12,066	12,194
Apprentices	226	231
Terminal & Infrastructure	2,911	268
Total	**16,530**	**14,535**

(4) Depreciation, amortisation and impairment

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Scheduled amortisation/depreciation	1,929.3	1,903.6
Amortisation of intangible assets	110.4	92.9
Depreciation of property, plant and equipment	1,818.8	1,810.7
Reversal of impairments/Impairments	–	0.5
Total	**1,929.3**	**1,904.2**

The amortisation of intangible assets are mostly attributable to the customer base.

The scheduled depreciation and amortisation of property, plant and equipment was largely accounted for by ocean-going vessels and containers. The amortisation of rights of use relating to leased assets (especially vessels, containers, buildings) led to amortisation of EUR 1,036.4 million (prior year period: EUR 1,030.9 million). A break-down of depreciation and amortisation can be found in the Notes to the respective balance sheet item.

(5) Other operating result

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Other operating income	**164.0**	**124.2**
Income from the derecognition of expired liabilities	55.7	30.5
Gains from disposal of assets	44.7	64.7
Income from own cost capitalised	21.8	9.5
Miscellaneous operating income	41.7	19.4
Other operating expenses	**690.1**	**615.5**
IT and Communication expenses	282.4	253.4
Fees for consultancy and other professional services	114.6	85.4
Exchange rate gains/losses	51.3	33.0
Office and Administration expenses	50.2	40.4
Training and other personnel expenses	47.6	43.6
Insurance expenses	37.5	15.6
Other taxes	25.6	30.1
Car and Travel expenses	21.7	15.9
Marketing expenses	19.9	16.3
Bank charges	11.9	9.2
Miscellaneous operating expenses	27.5	72.6
Total	**–526.2**	**–491.3**

Miscellaneous operating income comprises items that cannot be allocated to any of the items mentioned above. Income under this heading also includes other income from derecognition of expired liabilities.

Net exchange rate gains and losses are shown under other operating expenses and can be primarily attributed to exchange rate variations affecting assets and liabilities (excluding financial debt).

Miscellaneous operating expenses comprise items that cannot be allocated to any of the items mentioned above.

(6) Interest result and other financial result

The interest and other financial result was as follows:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Interest income and other finance income	**593.8**	**252.3**
Other interest and similar income	432.4	199.9
Other financial income	161.4	52.4
Interest expenses and other finance expenses	**243.3**	**226.7**
Other interest and similar expenses	118.2	133.8
Interest expenses for lease liabilities	107.5	89.0
Other financial expenses	9.2	–
Net interest expenses from the valuation of pensions and similar obligations	8.4	3.9
Effects from the result of embedded derivatives	**1.0**	**–3.0**
Total	**351.5**	**22.6**

Other interest and similar income mainly comprise income from interest on money market transactions and interest income from the financial instruments of the "HLAG Performance Express" special fund. The increase in other interest and similar income in the reporting year is mainly due to the significant increase in interest rates, the high volume of money market transactions at the beginning of the reporting year and interest income from the securities of the special fund, which did not yet exist in the prior year period. Other financial income includes realised and unrealised rate gains and distributions from money market funds. Other interest and similar expenses mainly comprise interest for bonds and loans as well as interest from other financial debt. The reduction in other interest and similar expenses in comparison to the prior year period primarily results from the measurement and realisation effects associated with interest rate swaps.

For information on the interest expenses in relation to lease liabilities, please refer to Note (29) Leasing.

(7) Other financial items

The other financial items, which amounted to EUR 151.6 million (prior year period: EUR –303.9 million), primarily comprise realised exchange rate effects arising from currency forward contracts for the euro dividends paid in May 2023, alongside the realised foreign currency gains from the corresponding dividend payment. The other financial items in the previous year, which amounted to EUR –303.9 million, primarily comprise realised exchange rate effects arising from currency forward contracts for the euro dividends paid in May 2022, alongside the realised foreign currency losses from the corresponding dividend payment.

(8) Income taxes

The taxes on income and earnings actually paid or owed in the individual countries are disclosed as income taxes. As in the previous year, corporate entities based in Germany are subject to a corporate income tax rate of 15.0% and a solidarity surcharge of 5.5% of the corporate income tax owed. Additionally, these companies are subject to trade earnings tax, which for the years 2023 and 2022 is at 16.5% for the Group, corresponding to the specific applicable municipal assessment rate. The combined income tax rate for domestic companies is therefore 32.3%. Furthermore, comparable actual income taxes are disclosed for foreign subsidiaries. Tax rates within the Group in 2023 ranged from 8.0% to 35.0% (previous year: 7.2% to 39.0%).

In addition, deferred taxes are recognised in this item for temporary differences in carrying amounts between the statement of financial position prepared in accordance with IFRS and the tax balance sheet as well as on consolidation measures and, where applicable, realisable loss carry-forwards in accordance with IAS 12 Income Taxes.

Income taxes were as follows:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Actual income taxes	201.6	181.2
thereof domestic	147.5	108.1
thereof foreign	54.1	73.1
Deferred tax income/expenses	–117.4	19.4
thereof from temporary differences	–116.7	19.9
thereof from loss carry-forwards	–0.7	–0.5
Total	**84.2**	**200.6**

The year-on-year decrease of EUR 116.4 million in income tax expenses is mainly due to the first-time recognition of deferred tax assets on unrealized exchange rate effects outside of the tonnage tax scope of Hapag-Lloyd AG, as a result the company recorded total income from deferred tax assets of EUR 112.0 million in the financial year (including adjustments for previous years). This effect from deferred taxes was partially offset by an increase in current income taxes in Germany. In addition, foreign current income taxes were significantly reduced in the financial year compared to the previous year. The reason for this is the generally lower earnings of the Hapag-Lloyd Group in the financial year, which could not be fully compensated by the first-time consolidation of the SAAM Terminals companies.

Domestic income taxes include tax expenses amounting to EUR 4.7 million, which are attributable to tonnage taxation (prior year period: EUR 4.5 million).

The increase in domestic current income tax expenses of EUR 39.4 million compared to the previous year is mainly due to the reassessment of the tax treatment of expenses and income from capital investments which are not in the scope of tonnage profit calculation. Unrealised exchange rate effects not considered for tax purposes only have an effect on domestic tax at the time of realisation. The high current income tax expenses in Germany were therefore offset by the recognition of deferred tax assets.

In addition, the current income taxes include tax expenses relating to other periods amounting to EUR 41.5 million (previous year: income of EUR 2.5 million) which also result from the reassessment of tax treatment of domestic capital investment activities of Hapag-Lloyd AG. The adjustments to tax expenses in previous periods are offset by a correspondingly higher current income tax expense in the current financial year, as this mainly relates to period shifts in the recognition of exchange rate effects for tax purposes.

As Hapag-Lloyd AG has opted for tonnage taxation, temporary measurement differences do not affect taxation, with the result that no deferred taxes are calculated. For domestic income which is not subject to tonnage taxation, a combined income tax rate of 32.3% was used both in 2023 and 2022 to calculate the deferred taxes.

For foreign-based companies, the tax rates of the respective country were used to calculate the deferred taxes. The income tax rates applied for foreign-based companies in 2023 ranged from 8.2% to 35.0% (previous year: between 8.2% and 35.0%).

The following table shows a reconciliation statement from the expected to the reported income tax expense. To calculate the expected tax expense, the Group net result is first divided between the result that falls under tonnage taxation and the result that is subject to regular taxation. The result that is subject to regular taxation is multiplied by the statutory income tax rate of 32.3% prevailing for Hapag-Lloyd AG in the financial year, as the bulk of the Group net result was generated by Hapag-Lloyd AG.

Reconciliation statement

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Earnings before taxes	3,034.8	17,243.2
thereof under tonnage tax	2,861.3	16,060.7
thereof under regular income tax	173.5	1,182.4
Expected income tax expense (+)/income (–) (tax rate 32.3%)	**56.0**	**381.6**
Difference between the actual tax rates and the expected tax rates	–32.6	–222.0
Effects of income not subject to income tax	–13.8	16.3
Non-deductible expenses and trade tax additions and reductions	27.5	20.9
Effects from reassessments	7.2	21.5
Effective tax expenses and income relating to other periods	41.5	2.5
Tax effect from equity-acounted investees	–20.5	–23.6
Exchange rate differences	2.4	–1.8
Other differences	11.8	0.7
Income tax expense under regular income tax	**79.5**	**196.1**
Income tax expense under tonnage tax	4.7	4.5
Reported income tax expenses (+)/income (–)	**84.2**	**200.6**

Effects due to deviating tax rates for domestic and foreign taxes from the income tax rate of Hapag-Lloyd AG are disclosed in the above reconciliation statement under the difference between the actual tax rates and the expected tax rates.

The position “Effects from reassessments” includes income of EUR 5.4 million (previous year: EUR 2.1 million) from the change in unrecognised corporate income tax loss carryforwards in Germany and abroad. Furthermore, unrecognised income of EUR 1.8 million (previous year: EUR 0.0 million) relates to unrecognised deferred tax assets from temporary differences.

The other differences include EUR 2.9 million in foreign withholding taxes for dividends, which are non-deductible (prior year period: EUR 2.7 million). This position also includes expenses for the current period from the increase in deferred tax liabilities on future transfers of cash and cash equivalents by a Chilean Group company (EUR 8.7 million).

Deferred tax assets and deferred income tax liabilities result from temporary differences and tax loss carry-forwards as follows:

	31.12.2023		31.12.2022	
million EUR	Asset	Liabillity	Asset	Liabillity
Recognition and measurement differences for property, plant and equipment and other non-current assets	2.2	194.9	1.7	46.6
Recognition differences for receivables and other assets	135.5	8.6	2.4	1.9
Measurement of pension provisions	4.9	0.8	3.1	0.8
Recognition and measurement differences for other provisions	12.2	0.3	8.3	0.2
Other transactions	31.8	5.8	17.6	0.7
Capitalised tax savings from recoverable loss carry-forwards	9.5	–	9.3	–
thereof utilised by tonnage tax base	–	–	–	–
Netting of deferred tax assets and liabilities	–9.6	–9.6	–9.4	–9.4
Balance sheet recognition	**186.5**	**200.9**	**33.0**	**40.8**

The change in deferred taxes in the statement of financial position is recognised as follows:

million EUR	As per 1.1.2022	Change in the group of consolidated companies	Recognised as taxes in the income statement	Recognised in other comprehensive income	Recognised as an exchange rate difference	As per 31.12.2022
Recognition and measurement differences for property, plant and equipment and other non-current assets	–17.1	–	–27.2	–	–0.6	–44.9
Recognition differences for receivables and other assets	0.8	–	–0.4	–	0.1	0.5
Measurement of pension provisions	2.5	–	0.7	–1.0	0.1	2.3
thereof recognised directly in equity	3.4	–	–	–1.0	–	2.4
Recognition and measurement differences for other provisions	5.4	–	2.4	–	0.3	8.1
Other transactions	12.0	–	4.6	–	0.3	16.9
Capitalised tax savings from recoverable loss carry-forwards	8.3	–	0.5	–	0.5	9.3
Balance sheet recognition	**11.9**	**–**	**–19.4**	**–1.0**	**0.7**	**–7.8**

million EUR	As per 1.1.2023	Change in the group of consolidated companies	Recognised as taxes in the income statement	Recognised in other comprehensive income	Recognised as an exchange rate difference	**As per 31.12.2023**
Recognition and measurement differences for property, plant and equipment and other non-current assets	–44.9	–139.6	–10.7	–	2.5	–192.7
Recognition differences for receivables and other assets	0.5	5.4	120.7	–	0.3	126.9
Measurement of pension provisions	2.3	1.9	–1.8	1.9	–	4.3
thereof recognised directly in equity	2.4	–	–	1.9	–0.1	4.2
Recognition and measurement differences for other provisions	8.1	–8.1	12.5	–	–0.6	11.9
Other transactions	16.9	13.4	–4.0	–	–0.6	25.7
Capitalised tax savings from recoverable loss carry-forwards	9.3	–	0.7	–	–0.5	9.5
Balance sheet recognition	**–7.8**	**–127.0**	**117.4**	**1.9**	**1.1**	**–14.4**

Deferred tax liabilities of EUR 8.7 million (previous year: EUR 24.8 million) were recognised for temporary differences between the net assets and the carrying amount of subsidiaries for tax purposes, whereby the reversal of the temporary differences is likely in the foreseeable future. The increase is due to a change in the future cash repatriation strategy at a subsidiary. The increase is based on a change in the future cash repatriation strategy at a subsidiary in Chile.

No deferred tax liabilities were recognised for the remaining taxable differences between the net assets and the carrying amount of subsidiaries for tax purposes amounting to EUR 73.0 million (previous year: EUR 96.9 million), as Hapag-Lloyd is able to steer how the temporary differences are reversed over time and no reversal of the temporary differences is likely in the near future. Deferred tax assets and liabilities are classified as non-current in the statement of financial position in accordance with IAS 1, irrespective of their expected realisation date.

Deferred tax assets are recognised for temporary differences and tax loss carry-forwards if their realisation seems certain in the near future. The loss carry-forwards not recognised relate primarily to foreign subsidiaries that are not covered by tonnage taxation. The amounts of unutilised tax losses and the capacity to bring forward the tax losses for which no deferred tax assets were recognised are as follows:

million EUR	31.12.2023	31.12.2022
Loss carry-forwards for which deferred tax assets were recognised	**26.9**	**27.6**
Loss carry-forwards for which no deferred tax assets were recognised	**1,325.4**	**1,344.8**
thereof loss carry-forwards forfeitable in more than 5 years	–	0.1
Non-forfeitable loss carry-forwards	1,325.4	1,344.7
Total of unutilised loss carry-forwards	**1,352.3**	**1,372.4**

(9) Earnings per share

	1.1.–31.12.2023	1.1.–31.12.2022
Profit/loss attributable to shareholders in million EUR	2,935.4	17,030.1
Weighted average number of shares in million	175.8	175.8
Basic earnings per share in EUR	**16.70**	**96.89**

Basic earnings per share is the quotient of the Group net result attributable to the shareholders of Hapag-Lloyd AG and the weighted average of the number of shares in circulation during the financial year.

There were no dilutive effects in the 2023 financial year or in the previous year.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(10) Intangible assets

million EUR	Goodwill	Customer base	Con-cessions	Brand	Software	Payments on account and assets under construction	Total
Historical cost							
As at 1.1.2022	1,597.2	1,825.1	–	226.8	130.1	23.5	3,802.8
Addition from business combination	18.8	21.7	–	–	–	–	40.5
Additions	–	–	–	–	0.3	10.0	10.3
Disposals	–	–	–	–	0.9	–	0.9
Transfers	–	–	–	–	11.7	–11.7	–
Exchange rate differences	96.1	110.0	–	13.7	7.7	1.4	228.8
As at 31.12.2022	**1,712.1**	**1,956.8**	**–**	**240.5**	**148.9**	**23.3**	**4,081.6**
Accumulated amortisation							–
As at 1.1.2022	–	575.3	–	–	120.2	–	695.5
Additions	–	88.0	–	–	5.0	–	92.9
Disposals	–	–	–	–	0.1	–	0.1
Exchange rate differences	–	33.5	–	–	7.2	–	40.7
As at 31.12.2022	**–**	**696.8**	**–**	**–**	**132.3**	**–**	**829.0**
Carrying amounts 31.12.2022	**1,712.1**	**1,260.1**	**–**	**240.5**	**16.6**	**23.3**	**3,252.5**
Historical cost							
As at 1.1.2023	1,712.1	1,956.8	–	240.5	148.9	23.3	4,081.6
Addition from business combination	191.9	193.2	243.2	–	2.6	–	630.9
Additions	–	–	–	–	1.0	26.8	27.8
Transfers	–	–	–	–	14.2	–14.2	–
Exchange rate differences	–62.8	–71.8	–1.6	–8.7	–5.8	–1.1	–151.9
As at 31.12.2023	**1,841.1**	**2,078.2**	**241.7**	**231.7**	**161.0**	**34.8**	**4,588.5**
Accumulated amortisation							–
As at 1.1.2023	–	696.8	–	–	132.3	–	829.0
Additions	–	91.7	11.9	–	6.9	–	110.4
Exchange rate differences	–	–27.4	–0.5	–	–5.0	–	–32.9
As at 31.12.2023	**–**	**761.0**	**11.5**	**–**	**134.2**	**–**	**906.7**
Carrying amounts 31.12.2023	**1,841.1**	**1,317.2**	**230.2**	**231.7**	**26.8**	**34.8**	**3,681.8**

Intangible assets not subject to amortisation comprise goodwill in the amount of EUR 1,841.1 million (previous year: EUR 1,712.1 million) and the Hapag-Lloyd brand in the amount of EUR 231.7 million (previous year: EUR 240.5 million).

For the purposes of impairment testing, goodwill and the Hapag-Lloyd brand were allocated to the Group's cash-generating units as of 31 December 2023 as follows:

Cash generating unit (CGU) or group of CGUs in million EUR	**Goodwill**	**Hapag-Lloyd brand**
Liner Shipping	1,811.6	231.7
Multiple units or groups of units without significant goodwill	29.6	
Carrying amount	**1,841.1**	**231.7**

This allocation is based on judgement set forth in Section Application of judgments and estimates.

The recoverable amount of the cash-generating unit Liner Shipping is based on the value in use estimated by discounted cash flows. The cash flow projections include specific estimates for five years and the extrapolation of a terminal value thereafter.

The key assumptions used to estimate the recoverable amount are set out below.

Based on the growth targets defined in the corporate strategy and the capacities available according to the investment plan, the management plans for the detailed planning period to increase transport volumes above the market growth estimated by industry experts. In doing so, the management has adjusted and supplemented the externally estimated development of global container shipping with experiences and estimates of the Group's own competitive position on its individual trades. In particular, the planning takes into account the focus on growth and niche markets as well as Hapag-Lloyd's quality position in the competitive environment. Investment planning also takes into account the development of external sustainability requirements and internal sustainability goals.

Freight rates are affected by various economic factors and are subject to significant fluctuations. One of these factors is the development of bunker prices, which is also uncertain and subject to fluctuations. Therefore, the freight rate is planned ex bunker, i.e. the expected freight rate after deduction of the expected bunker costs. The normalisation of the container liner shipping business in 2024 will lead to a significant decrease in freight rates compared to 2023, which has been taken into account by management in the budget for 2024. In the planning period 2025 to 2028, continued growth in freight rates was planned. The freight rate expected by management in the final plan year 2028 is lower than the freight rate in 2023.

The weighted average cost of capital after income taxes as used for discounting purposes is 9.4% for the planning period. This was estimated on the basis of historical weighted industry-average cost of capital. Due to the tonnage taxation, the cost of capital before income taxes corresponds to the capital cost rate after income taxes. In order to extrapolate the planning beyond the planning period, a growth rate of 2.0% was taken into consideration, so that the weighted average cost of capital for the sustainable period is 7.4%.

The growth rate of 2.0% p.a. corresponds to the growth rate in the terminal value. It was determined on the basis of various external sources and takes into account future inflation, efficiency and competitive expectations. The assumed sustainable growth rate in the terminal value is well below the long-term average growth rate for global container volumes expected by industry experts.

The EBIT margin in the terminal value corresponds to the expected average long-term performance of the industry. It is within the range of EBIT margins in the detailed planning period and has been validated using external sources. The present value of the free cash flow in the terminal value is affected by the EBIT margin in the terminal value and all other key assumptions. In this respect, a sensitivity analysis of the free cash flow in the terminal value considers the volatility of the key assumptions on transport volumes, freight rates and bunker costs on the one hand and the fact that changes in these key assumptions can occur simultaneously on the other hand.

The estimated recoverable amount of the CGU Liner Shipping exceeds its carrying amount by EUR 2.1 billion. The value in use is equal to the carrying amount in the event of the following reasonably possible changes in key assumptions or the following change in the free cash flow in the terminal value:

- With a 0.7 percentage point higher cost of capital rate.
- With a 1.0 percentage point lower growth rate in the terminal value.
- With a 11.9% lower free cash flow in the terminal value.

The changes have been separately determined with otherwise unchanged assumptions and relate to the value in use. If the value in use is lower than the carrying amount, this would not necessarily result in an impairment as the fair value less costs to sell could still be higher than the carrying amount.

Development expenses in the financial year totalled EUR 100.0 million (prior year period: EUR 62.0 million). Investments in internally generated intangible assets requiring capitalisation in 2023 amounted to EUR 21.5 million (previous year: EUR 10.2 million). These are presented under software and as payments on account and assets under construction.

(11) Property, plant and equipment

million EUR	Vessels	Containers, chassis	Property, buildings and other equipment	Payments on account and assets under construction	Total
Historical cost					
As at 1.1.2022	11,976.2	5,033.6	463.5	381.9	17,855.2
Addition from business combination	104.3	–	36.9	–	141.2
Additions	1,594.4	296.8	84.8	474.7	2,450.7
Disposals	234.5	157.2	63.6	–	455.4
Transfers	48.5	–	1.3	–49.8	–
Exchange rate differences	701.6	301.4	21.3	17.5	1,041.8
As at 31.12.2022	**14,190.5**	**5,474.5**	**544.2**	**824.4**	**21,033.6**
Accumulated depreciation					
As at 1.1.2022	4,085.8	1,783.2	221.5	–	6,090.4
Additions	1,321.2	444.5	51.5	–	1,817.2
Impairments	–	–	0.5	–	0.5
Reversal of impairments	–	–	5.8	–	5.8
Disposals	214.1	111.2	30.6	–	355.8
Exchange rate differences	231.7	103.1	12.1	–	346.9
As at 31.12.2022	**5,424.6**	**2,219.6**	**249.2**	**–**	**7,893.4**
Carrying amounts 31.12.2022	**8,765.8**	**3,254.9**	**295.0**	**824.4**	**13,140.2**
Historical cost					
As at 1.1.2023	14,190.5	5,474.5	544.2	824.4	21,033.6
Addition from business combination	–	–	289.6	9.2	298.8
Additions	1,267.6	853.8	82.0	332.2	2,535.6
Disposals	356.1	295.7	53.3	–	705.1
Transfers	184.1	8.3	14.6	–206.9	–
Exchange rate differences	–540.0	–211.8	–18.7	–32.6	–803.0
As at 31.12.2023	**14,746.0**	**5,829.1**	**858.4**	**926.3**	**22,359.8**
Accumulated depreciation					
As at 1.1.2023	5,424.6	2,219.6	249.2	–	7,893.4
Additions	1,300.3	456.8	61.7	–	1,818.8
Disposals	322.2	217.1	46.0	–	585.3
Exchange rate differences	–219.6	–86.1	–8.9	–	–314.6
As at 31.12.2023	**6,183.1**	**2,373.2**	**256.1**	**–**	**8,812.3**
Carrying amounts 31.12.2023	**8,562.9**	**3,456.0**	**602.3**	**926.3**	**13,547.5**

The carrying amount of the property, plant and equipment subject to restrictions of ownership was EUR 4,842.7 million as at the reporting date (previous year: EUR 4,847.1 million). Restrictions of ownership exist in the form of ship mortgages for container ships and in the form of collateral for financed ships and containers transferred by way of security.

The developments in the rights of use for each investment class in the financial year are presented in Note (29) Leases.

Capitalisation of borrowing costs

During the 2023 financial year, borrowing costs of EUR 35.2 million (previous year: EUR 17.2 million) from general, i.e. non-dedicated, external financing sources were capitalised for vessels under construction. The capitalisation rate used to determine the capitalisation of borrowing costs is calculated every quarter and amounts to between 4.8% and 5.4% p.a. for the 2023 financial year (previous year: between 3.2% and 4.2% p.a.).

Directly attributable borrowing costs of EUR 2.6 million (previous year: EUR 1.0 million) were also capitalised during the 2023 financial year. As in the previous year, the interest rate for the relevant loans is 2.5% p.a.

(12) Investments in equity-accounted investees

The following companies were incorporated into the Hapag-Lloyd Group using the equity method as at 31 December 2023.

Name of the company	Registered office	Proportion of ownership in the group (in %) 2023	2022
Joint venture			
Consorcio Naviero Peruano S.A.	Lima	47.93	47.93
Damietta Alliance Container Terminals S.A.E.	Damietta	39.00	39.00
Eurogate Container Terminal Wilhelmshaven GmbH & Co. KG	Wilhemshaven	30.00	30.00
J M Baxi Ports & Logistics Limited	Mumbai	40.00	–
Norcoast Logistica S.A.	São Paulo	50.00	–
Rail Terminal Wihelmshaven GmbH	Wilhemshaven	50.00	50.00
Texas Stevedoring Services LLC	Wilmington	50.00	50.00
Associated companies			
Antofagasta Terminal Internacional S.A.	Antofagasta	35.00	–
Djibouti Container Services FZCO	Dschibuti	19.06	19.06
HHLA Container Terminal Altenwerder GmbH	Hamburg	25.10	25.10
Hapag-Lloyd Lanka (Pvt) Ltd.	Colombo	40.00	40.00
EA Technologies FZCO	Dubai	61.59	61.59
Inmobiliaria Sepbio Ltda	Talcahuano	50.00	–
Muellaje del Maipo S.A.	San Antonio	50.00	–
Portuaria Corral S.A.	Valdivia	50.00	–
Puerto Buenavista S.A.	Cartagena	33.33	–
San Antonio Terminal Internacional S.A.	San Antonio	50.00	–
San Vicente Terminal Internacional S.A.	Talcahuano	50.00	–
Servicios Portuarios y Extraportuarios Bio Bio Ltda	Talcahuano	50.00	–
Spinelli S.r.l.	Genua	49.00	–
Transportes Fluviales Corral S.A.	Valdivia	50.00	–

Joint ventures

On 19 April 2023, Hapag-Lloyd AG indirectly acquired 40% of the shares in J M Baxi Ports & Logistics Limited, Mumbai, India. J M Baxi Ports & Logistics Limited, together with its associated companies as a group (J M Baxi), operates container terminals and a multi-purpose terminal, as well as inland container depots and container freight stations. It is also engaged in various other logistics-related activities, such as providing rail-based services across India. The investment in J M Baxi will allow Hapag-Lloyd to strengthen its position in the strategic growth market of India. The shares are accounted for using the equity method as an investment in a joint venture. The shares have initially been recognised at cost of acquisition (EUR 574.3 million). The acquisition costs comprise expenses directly attributable to the acquisition and were settled in cash. The financial year of J M Baxi Ports & Logistics Limited ends as at 31 March of a year.

On 13 September 2023, the Hapag-Lloyd Group aquired 50% of the shares in Norcoast Logista S.A., domiciled in São Paulo, Brazil. Norcoast Logista S.A. is active in the area of container logistics business and offers integrated logistics and transport services in Brazilian coastal water transport. The shares are accounted for using the equity method as an investment in a joint venture. The shares have initially been recognised at cost of acquisition (EUR 3.4 million). The acquisition costs comprise expenses directly attributable to the acquisition and were settled in cash.

Proportionate cumulative losses joint ventures accounted for using the equity method of EUR 16.1 million (previous year: EUR 0.1 million) were not taken into consideration in the financial year. No impairment losses are included in the proportionate equity result.

Associated companies

On 12 January 2023, Hapag-Lloyd AG indirectly acquired 49% of the shares in Spinelli S.r.l., based in Genoa, Italy. Spinelli S.r.l., together with its affiliates as the Spinelli Group (Spinelli), operates in the container logistics business, offering integrated services along the entire logistics value chain, including terminal services, transport services, warehousing, depots for customs clearance and container repair and sales, among others for the Hapag-Lloyd Group. The shares are accounted for as investments in an associate using the equity method and are initially recognised at cost, including directly attributable incidental costs totalling EUR 264.8 million. These were settled in cash.

Hapag-Lloyd AG indirectly acquired shares in nine associates as part of the acquisition of SAAM Ports S.A. and SAAM Logistics S.A. as well as an associated real estate portfolio (jointly SAAM Terminals) on 1 August 2023. SAAM Terminals is active in the area of terminal business. Its business activity is the development, maintenance and operation of terminal infrastructure. In addition, SAAM Terminals offers integrated services along the logistics value chain with transport services and warehousing for the Hapag-Lloyd Group, among others. The shares are accounted for as an investment in associates using the equity method. The shares are initially recognised at cost, including directly attributable incidental costs totalling EUR 129.1 million. These were settled in cash.

Proportionate cumulative losses for joint ventures accounted for using the equity method of EUR 14.3 million (previous year: EUR 0.0 million) in the financial year remained disregarded. No impairment losses are included in the proportionate equity result.

Financial information

The tables below summarise the financial information of the material joint ventures and associates of the Hapag-Lloyd Group. The financial information of J M Baxi Port & Logistics Limited presented in the table is based on the most recently available financial statements as of 30 September 2023 and has been updated to 31 December 2023. The tables also contain a reconciliation of the summarised financial information to the carrying amounts of the shares at the end of the financial year.

	HHLA Container Terminal Altenwerder GmbH	Spinelli S.r.l.
million EUR	2023	2023
Statement of comprehensive income		
Revenues	274.2	179.0
Annual result	49.7	16.3
Dividend payments to Hapag-Lloyd Group	–41.3	–12.5
Balance sheet		
Current assets	138.6	80.5
Non-current assets	104.7	132.2
Current liabilities	35.1	81.8
Non-current liabilities	78.0	26.4
Non-controlling interests	–	5.8
Net assets	**130.2**	**98.7**
Group share in net assets	32.7	48.4
Goodwill	276.8	211.8
Result related to other period	13.1	–
Carrying amount of the participation at the end of the financial year	**322.6**	**260.2**

million EUR	HHLA Container Terminal Altenwerder GmbH 2022	Spinelli S.r.l. 2022
Statement of comprehensive income		
Revenues	308.0	195.6
Annual result	84.1	24.0
Dividend payments to Hapag-Lloyd Group	–33.4	–
Balance sheet		
Current assets	187.0	80.0
Non-current assets	92.5	55.4
Current liabilities	38.2	83.0
Non-current liabilities	76.8	4.7
Net assets	**164.5**	**47.7**
Group share in net assets	41.3	–
Goodwill	276.8	–
Disproportionate share of profit	16.6	–
Result related to other period	–0.9	–
Carrying amount of the participation at the end of the financial year	**333.8**	**–**

million EUR	J M Baxi Ports & Logistics Limited 2023
Statement of comprehensive income	
Revenues	178.6
Depreciation and amortisation	33.7
Interest income	–
Interest expenses	14.2
Income taxes	0.4
Annual result	0.8
Other comprehensive income	–0.4
Total comprehensive income	0.3
Dividend payments to Hapag-Lloyd Group	–
Balance sheet	
Current assets	172.7
thereof Cash and cash equivalents	56.7
Non-current assets	1,033.9
Current liabilities	60.4
thereof current financial liabilities	32.3
Non-current liabilities	440.2
thereof non-current financial liabilities	239.3
Net assets	**705.9**
Group share in net assets	282.4
Goodwill	288.7
Exchange rate differences	–10.9
Carrying amount of the participation at the end of the financial year	**560.2**

At the preparation date of the consolidated financial statements, the independent measurement of the fair values of certain assets included in non-current assets, namely terminal concessions, customer relationships and investments in equity-accounted investees, had not yet been completed due to the high level of complexity involved. The measurement of these assets, the related deferred tax liabilities and consequently the goodwill is therefore incomplete.

The recognised share of all individually non-material joint ventures and associates accounted for using the equity method developed as follows:

	Non-material associated companies		Non-material Joint Ventures	
million EUR	2023	2022	2023	2022
Participation 1.1.	17.3	2.3	2.2	0.5
Additions from acquisition of investments	55.2	15.0	3.4	1.3
Pro-rata share of earnings after taxes	–7.7	2.4	–16.3	0.2
Dividend payments	–1.6	–1.7	–	–
Change recognised directly in equity	3.8	–	26.2	–
Exchange rate differences	–1.0	–0.7	–0.1	0.2
Participation 31.12.	**65.9**	**17.3**	**15.4**	**2.2**

(13) Trade accounts receivable and other receivables, other financial assets

	31.12.2023		31.12.2022	
million EUR	Total	Remaining term more than a year	Total	Remaining term more than a year
Trade accounts receivable	**1,657.0**	**–**	**2,895.0**	**–**
Other financial assets	**2,139.2**	**56.0**	**3,116.9**	**49.9**
Government bonds, corporate bonds and money market instruments	1,841.5	–	–	–
Receivables relating to offset or advanced payments	107.6	–	111.4	–
Receivables from insurance compensation	61.4	21.9	71.5	25.3
Receivables from deposits and prepayments	25.8	3.7	14.7	3.9
Receivables from loans and other financial receivables	17.3	8.1	5.4	4.7
Investments and securities	14.3	14.3	14.8	14.8
Interest receivables	4.0	2.9	57.6	–
Time deposits	–	–	2,787.8	–
Sundry financial assets	67.3	5.3	53.7	1.2
Total financial assets	**3,796.2**	**56.0**	**6,011.9**	**49.9**

As at 31 December 2023, in relation to vessel financing, there were assignments on earnings of a type customary on the market for trade accounts receivable resulting from revenue.

In addition to this, trade accounts receivable were pledged as part of the programme to securitise receivables. These kinds of receivables have not been derecognised by the Group, but are held according to the business model in order to collect contractual cash flows (held to collect).

Other financial assets primarily comprise the securities of the special fund “HLAG Performance Express” subscribed in the financial year amounting to EUR 1,841.5 million (previous year: EUR 0.0 million). The fund was subscribed in April 2023 and concluded for an indefinite period. The fund is focused on fixed-income instruments with the aim of establishing a structured, low-risk platform for investing surplus financial resources and creating a long-term liquidity reserve. Hapag-Lloyd is the sole shareholder in the investment fund, and there are no restrictions on daily redemption.

Credit risks

The gross carrying amounts of trade accounts receivable and other financial assets that fall within the scope of impairments under IFRS 9 amounted to EUR 1,990.7 million as at 31 December 2023 (previous year: EUR 6,050.5 million) and are mostly exposed to a low to medium credit risk. As at the reporting date, credit impairments and/or high credit risks applied to gross carrying amounts totalling EUR 212.1 million (previous year: EUR 253.2 million). Securities were in place for gross carrying amounts totalling EUR 470.5 million (previous year: EUR 957.6 million).

Along with the risk categorisation presented above, the following table provides information about the age structure of trade accounts receivable and other financial assets that fall within the scope of impairments under IFRS 9:

million EUR	31.12.2023	31.12.2022
Trade accounts receivable and other financial assets		
Not overdue	1,689.6	5,502.1
Overdue up to 30 days	151.0	299.9
Overdue between 31 and 90 days	69.6	121.9
Overdue for more than 90 days	80.6	126.5
Gross carrying amount	**1,990.7**	**6,050.5**
Loss allowance	–50.8	–54.1
Carrying amount	**1,940.0**	**5,996.4**

Loss allowances

The loss allowances on trade accounts receivable and on other financial assets that fall within the scope of impairments under IFRS 9 developed as follows:

million EUR	2023	2022
Loss allowances on trade accounts receivable and other financial assets		
Loss allowances as of 1.1.	**54.1**	**29.6**
Utilisation	0.6	0.9
Change of Loss allowances	–0.9	23.9
Change of translation reserve	–1.9	1.5
Loss allowances as of 31.12.	**50.8**	**54.1**

Loss allowances as at 31 December 2023 are EUR 50.8 million, of which EUR 45.1 million are attributable to credit-impaired receivables (previous year: EUR 48.6 million).

(14) Other non-financial assets

	31.12.2023		31.12.2022	
million EUR	Total	Remaining term more than a year	Total	Remaining term more than a year
Other non-financial assets				
Claims arising from the refund of other taxes	139.7	0.8	75.4	0.6
Commitment fees for loans	17.0	8.9	22.5	13.8
Prepaid expenses	50.3	0.7	42.2	1.1
Sundry non-financial assets	14.4	8.4	15.1	7.1
Total	**221.4**	**18.7**	**155.2**	**22.7**

(15) Derivative financial instruments

	31.12.2023		31.12.2022	
million EUR	Total	Remaining term more than a year	Total	Remaining term more than a year
Receivables from derivative financial instruments	13.3	1.4	42.8	37.3
thereof derivatives in hedge accounting [1]	3.5	0.0	42.4	36.8
thereof derivatives not included in hedge accounting	9.8	1.4	0.4	0.4

[1] The market values of the non-designated forward components are also recognised here, the changes in which are recognised in the reserve for hedging costs.

Derivative financial instruments are recognised at fair value (market value). They serve to hedge currency risks and interest rate risks in the area of financing. This item also contains embedded derivatives in the form of buy-back options for issued bonds. A detailed description of the derivative financial instruments follows within the explanation of the financial instruments (Note (28).

(16) Inventories

The inventories were as follows:

million EUR	31.12.2023	31.12.2022
Raw materials and supplies	454.0	437.4
Prepayments	0.3	2.5
Total	**454.3**	**440.0**

Raw materials, consumables and supplies primarily comprised fuel and lubricant oil inventories, which declined from EUR 434.7 million in the previous year to EUR 420.8 million.

Raw materials, consumables and supplies also include EU-allowances (EUA) totalling EUR 22.8 million (previous year: EUR 0.0).

Expenses of EUR 2,253.9 million for fuels were recognised in the reporting period (previous year: EUR 2,984.6 million). Impairments for fuel inventories in the amount of EUR 11.2 million were also recognised in the financial year (previous year: EUR 15.2 million). As in the previous year, there were no reversals of impairments.

(17) Cash and cash equivalents

million EUR	31.12.2023	31.12.2022
Cash on hand, cheques, demand deposits and overnights	670.3	647.5
Reverse repo transactions	2,920.3	4,683.8
Term deposits with up to 3-month-term	1,239.7	5,140.6
Money market funds	979.5	4,764.2
Total	**5,809.8**	**15,236.1**

Due to local restrictions, the Hapag-Lloyd Group has limited access to cash and cash equivalents of EUR 85.2 million (previous year: EUR 51.6 million) at individual subsidiaries. These funds are not readily available to Hapag-Lloyd AG or its other subsidiaries for general use.

Demand deposits include an amount of EUR 10.9 million (previous year: EUR 13.7 million) subject to usage restrictions arising from contractual agreements with third parties. Although this amount can be called up from the bank at any time without penalty, Hapag-Lloyd is obliged by contractual obligations to keep a total sum of EUR 10.9 million in certain demand deposits as collateral for the lending banks.

The development of cash and cash equivalents is set out in the Group management report, and specifically in the section on the Group’s financial position.

(18) Subscribed capital and capital reserves

As at 31 December 2023, Hapag-Lloyd AG's subscribed capital was divided into 175.8 million no-par registered shares with equal rights, as in the previous year. As in the previous year, each individual share represents EUR 1.00 of the share capital.

Authorised capital

To ensure that the Group remains able to react to future developments and to cover its financial needs quickly and flexibly, new authorised capital of the parent company was approved. Accordingly, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital once or several times by up to EUR 6 million in total in the period to 2 May 2028 by issuing up to six million new no-par registered shares in exchange for cash and/or non-cash contributions (Authorised Share Capital 2023). The shareholders must generally be granted subscription rights. The new shares can also be taken up by one or more banks, with the obligation to offer them to the shareholders for subscription. Subject to the approval of the Supervisory Board, the Executive Board is authorised, subject to certain conditions, to determine the further details of the capital increase, including the further content of the share rights and the condition of the share issue.

The Executive Board was authorised, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 23.0 million in the period to 30 April 2022 by issuing up to 23 million new no-par registered shares in exchange for cash and/or non-cash contributions (Authorised Share Capital 2017). The authorised capital that had not been used by the end of the 2021 financial year, amounting to EUR 11.3 million, lapsed in the 2022 financial year.

The Authorised Share Capital still amounted to EUR 6 million as at 31 December 2023.

(19) Retained earnings

Retained earnings essentially comprise earnings from the financial year and previous years as well as reclassifications from the capital reserves.

Dividend distribution 2023

On 3 May 2023, a dividend of EUR 63.00 (previous year EUR 35.00) per dividend-eligible individual share was paid out to the shareholders of Hapag-Lloyd AG, amounting to a total payment of EUR 11,072.9 million (previous year: EUR 6,151.6 million).

Use of retained earnings

In accordance with the German Stock Corporation Act (AktG), the Annual General Meeting passes resolutions regarding use of the retained earnings reported in the annual financial statements of Hapag-Lloyd AG prepared according to the German Commercial Code. Taking into account the profit of EUR 9,932.1 million carried forward from 2022 and an annual net profit of EUR 3,013.5 million, the annual financial statements of Hapag-Lloyd AG reported retained earnings of EUR 12,945,6 million. A proposal will be made at the Annual General Meeting that the retained earnings be used to pay a dividend of EUR 9.25 per dividend-eligible share and after the distribution in the total amount of EUR 1,625.8 million the remaining profit of EUR 11,319.8 million be carried forward to the subsequent year.

(20) Cumulative other equity

Cumulative other equity includes the reserve for remeasurement from defined benefit pension plans, the cash flow hedge reserve, the reserve for cost of hedging, the reserve for the development of financial assets at the corresponding fair value and the translation reserve.

The reserve for remeasurements from defined benefit pension plans (31 December 2023: EUR –52.3 million; 31 December 2022: EUR –33.8 million) contains gains and losses from the remeasurement of pension obligations and plan assets recognised cumulatively in other comprehensive income, among other things due to the change in actuarial and financial parameters in connection with the valuation of pension obligations and the associated fund assets. The effect from the remeasurement of pension obligations and the associated plan assets recognised in other comprehensive income in the 2023 financial year resulted in a decrease of EUR 18.6 million in the negative reserve (prior year period: EUR 115.8 million).

The reserve for cash flow hedges contains changes in the cash component of currency forward contracts and changes in the market value of interest rate swaps that are recognised in other comprehensive income and amounted to EUR 21.8 million as at 31 December 2023 (31 December 2022: EUR 39 million). In the 2023 financial year, the resulting gains and losses totalling EUR 15.7 million were recognised in other comprehensive income as an effective part of the hedging relationship (previous year: EUR 19 million), while gains and losses of EUR –31.8 million (prior year period: EUR 20.6 million) were reclassified and recognised through profit or loss.

The reserve for cost of hedging comprises changes in the forward component of currency forward contracts recognised in other comprehensive income and amounts to EUR 3.3 million as at 31 December 2023 (31 December 2022: EUR 1.5 million). In the 2023 financial year, the resulting gains and losses totalling EUR –3.2 million were recognised in other comprehensive income (prior year period: EUR –2.9 million), while gains and losses of EUR 5.1 million (prior year period: EUR 3.8 million) were reclassified and recognised through profit or loss.

The reserve for the development of financial assets at fair value contains changes in special fund instruments that are recognised in other comprehensive income and amounted to EUR 5.3 million as at 31 December 2023 (31 December 2022: EUR 0.0 million). The effect recognised in other comprehensive income in the 2023 financial year is EUR 5.3 million (prior year period: EUR 0.0 million).

The translation reserve of EUR 593.6 million (31 December 2022: EUR 1,626.3 million) includes differences from currency translation. The differences from currency translation of EUR –1,033.5 million recognised in other comprehensive income in the 2023 financial year (prior year period: EUR 750.3 million) were due to the translation of the financial statements of Hapag-Lloyd AG and its subsidiaries into the reporting currency. Currency translation differences are recognised in the statement of comprehensive income under the items that are not reclassified and recognised through profit or loss, because the currency translation effects of subsidiaries with the same functional currency as the parent company cannot be recycled.

(21) Non-controlling interests

Non-controlling interests rose from EUR 17.7 million to EUR 76.4 million in the 2023 financial year, mainly as a result of the acquisition of SAAM Terminals. The non-controlling interests within the Hapag-Lloyd Group are not material from a quantitative or qualitative perspective.

(22) Provisions for pensions and similar obligations

Defined benefit pension plans

Hapag-Lloyd AG maintains domestic and foreign defined benefit pension plans.

In the current financial year, Hapag-Lloyd Aktiengesellschaft has created a new pension scheme for its employees in land and sea operations, consequently introducing a new model for the company pension scheme. It is a defined contribution pension scheme with a defined contribution payment. The pensions scheme contains entitlements to retirement, reduced earning capacity and survivors' benefits.

Benefits are essentially calculated on the basis of a basic amount, which is measured according to pensionable earnings. Furthermore, employees have the option of paying additional monthly contributions, which are taken into account with an additional employer contribution. Employee contributions can also be paid from variable remuneration.

With the allocation of the first contribution, a pension account exists for each employee, in which the pension assets are kept. The pension assets are the result of contributions invested within the scope of a capital investment and the resulting positive or negative performance. The capital investment is made according to the company's specifications. The allocated contributions are invested no later than the last day of the following month in accordance with a capital investment concept defined by the company. Hapag-Lloyd grants a nominal contribution guarantee, i.e. that at least the sum of the total pension contributions allocated to the pension account up to the occurrence of the benefit event is available at the time of maturity.

The outstanding pension benefits are secured both by the Pensions-Sicherungs-Verein and by means of a Contractual Trust Agreement between Hapag-Lloyd and a trustee to the extent of the fund's existing assets. In the management trust, the paid-in contributions are managed in trust and invested by the external asset manager in accordance with the investment concept and existing guidelines.

Furthermore, there are individually agreed pension commitments with entitlements to pension, survivorship annuity and disability benefits, the amount of which is specified in the corresponding agreements. A small number of people also have the option of forgoing their bonuses in favour of a company pension.

Pension commitments are provided to former Executive Board members based on a separate defined benefit plan. These also include entitlements to pension, survivorship annuity and disability benefits, the amount of which is based on an individually specified percentage of the pensionable emoluments. In some cases, they are also secured by plan assets in the form of reinsurance policies. With one exception, serving Executive Board members do not receive any commitments for a company defined-benefit pension. For one Executive Board member, there is a commitment for pension, survivorship annuity and disability benefits, the amount of which is determined by a fixed amount. Retirement benefits are paid out in the form of monthly pension payments.

Foreign defined benefit pension plans primarily relate to plans in the United Kingdom, the Netherlands and Mexico. These likewise include entitlements to pension, survivorship annuity and disability benefits. The amount of the benefits corresponds to a defined percentage together with the eligible years of service and emoluments. The net income generated from the amounts paid in is also taken into account. Plan assets exist for these plans. Contributions to the foreign plans are paid by Hapag-Lloyd and its employees. In Mexico, the contributions are paid solely by the employer. Benefits abroad are usually paid out in the form of monthly pension payments. However, in Mexico employees have the option of choosing between ongoing pension payments and one-time payments. The additional employee benefits mainly comprise statutory claims for employee termination benefits.

The Company is exposed to a variety of risks associated with defined benefit pension plans. Aside from general actuarial and financial risks such as longevity risks and interest rate risks, the Company is exposed to currency risk and investment/capital market risk.

Financing status of the pension plans

million EUR	31.12.2023	31.12.2022
Domestic defined benefit obligations		
Net present value of defined benefit obligations	213.8	192.1
Less fair value of plan assets	12.0	8.7
Deficit (net liabilities)	**201.8**	**183.4**
Foreign defined benefit obligations		
Net present value of defined benefit obligations	160.2	142.2
Less fair value of plan assets	109.6	110.2
Deficit (net liabilities)	**50.6**	**32.0**
Total	**252.4**	**215.4**

Composition and management of plan assets

The Group's plan assets are as follows:

million EUR	31.12.2023	31.12.2022
Equity instruments		
with quoted market price in an active market	25.1	21.4
without quoted market price in an active market	1.1	1.3
Government bonds		
with quoted market price in an active market	25.3	29.7
Corporate bonds		
with quoted market price in an active market	6.3	3.4
Other debt instruments		
(other) asset-backed securities		
with quoted market price in an active market	0.6	0.9
Derivatives		
with quoted market price in an active market	19.7	16.0
without quoted market price in an active market	5.3	5.8
Pension plan reinsurance	8.4	8.5
Real estate	0.8	0.9
Cash and cash equivalents	8.0	4.5
Other	21.0	26.3
Fair value of plan assets	**121.6**	**118.9**

The plan assets have been entrusted to independent external financial service providers for investment and management. The plan assets contain neither the Group's own financial instruments nor real estate used by the Group itself. All bonds in the plan assets had a rating of at least AA as at the reporting date.

Committees (trustees) exist in the United Kingdom and Mexico to manage the foreign plan assets; these consist of plan participants and representatives of Hapag-Lloyd management.

When plan assets are invested in these countries, legally independent financial service providers are called in to provide advice and support. They make a capital investment proposal to the respective committee, complete with risk and success scenarios. The committee is then responsible for taking the investment decision in close consultation with Hapag-Lloyd AG; their decisions tally with their respective investment strategy. The investment strategy first and foremost focuses on reducing the interest rate risk and on safeguarding liquidity and optimising returns. To this end, the anticipated pension payments, which will be incurred in a specific time frame, are aligned with the maturity of the capital investments. In the case of maturities from eight to 12 years, low-risk investment forms are chosen, e.g. fixed-interest or index-linked government and corporate bonds. For any other obligations falling due, investments are made in forms with a higher risk, but which have a greater expected return.

In the Netherlands, an independent financial service provider is responsible both for managing the plan assets and for deciding how to invest them.

The financing conditions in the United Kingdom are set by the regulatory body for pensions together with the corresponding laws and regulations. Accordingly, a valuation is carried out in line with local regulations every three years, which usually leads to a greater obligation compared to measurement pursuant to IAS 19. Based on the most recent technical valuation, the defined benefit plan in the United Kingdom has a financing deficit. The Company and trustees have agreed on a plan to reduce the deficit, which includes additional annual payments for a limited period.

Development of the present value of defined benefit obligations

The present value of defined benefit obligations has developed as follows:

million EUR	2023	2022
Net present value of defined benefit obligations as at 1.1.	**334.3**	**485.7**
Current service cost	13.4	11.6
Interest expenses	13.9	7.0
Remeasurements:		
Gains (–)/losses (+) from changes in demographic assumptions	–1.4	–1.4
Gains (–)/losses (+) from changes in financial assumptions	15.0	–165.1
Gains (–)/losses (+) from changes due to experience	1.4	8.2
Past service cost	0.1	0.5
Contributions by plan participants	0.5	0.8
Benefits paid	–14.6	–11.8
Exchange rate differences	1.9	–1.2
Additions from change in the group of consolidated companies	9.6	0.2
Net present value of defined benefit obligations as at 31.12.	**374.0**	**334.3**

The weighted average maturity of defined benefit obligations was 15.3 years as at 31 December 2023 (previous year: 15.7 years).

Development of the fair value of the plan assets

The fair value of the plan assets has developed as follows:

million EUR	2023	2022
Fair value of plan assets as at 1.1.	**118.9**	**165.1**
Interest income	5.7	3.1
Return and losses on plan assets (excluding interest income)	–4.8	–44.2
Employer contributions	4.9	2.6
Contributions by plan participants	0.1	0.1
Benefits paid	–5.6	–5.3
Exchange rate differences	2.3	–2.6
Additions from change in the group of consolidated companies	0.1	–0.0
Fair value of plan assets as at 31.12.	**121.6**	**118.9**

Net pension expenses

Net pension expenses reported in the income statement for the period are as follows:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Current service cost	13.4	11.6
Interest expenses	13.9	7.0
Interest income	–5.7	–3.1
Past service cost	0.1	0.5
Net pension expenses	**21.8**	**15.9**

The expenses incurred in connection with pensions and similar obligations are contained in the following items in the consolidated income statement:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Personnel expenses	13.5	12.1
Interest expenses	8.2	3.9
Total	**21.8**	**15.9**

Actuarial assumptions

The valuation date for pension provisions and plan assets is generally 31 December. The measurement date for current net pension expenses is generally 1 January. The parameters established for the calculation of the pension provisions and the interest rate to determine interest income on plan assets to be reported in the consolidated income statement vary in accordance with the prevailing market conditions in the currency region in which the pension plan was set up.

The 2018 G mortality tables devised by Heubeck served as the demographic basis for calculating the domestic pension provisions. The following significant financial and actuarial assumptions were also used:

percentage points	2023	2022
Discount factors	3.20	3.60
Expected rate of pension increases	2.20	2.20

Demographic assumptions based on locally generally applicable guidance tables were used to measure the significant foreign pension provisions. The following financial and actuarial assumptions were also used:

percentage points	2023	2022
Discount factors for pension obligations		
United Kingdom	5.20	4.80
Netherlands	3.20	3.60
Mexico	9.68	9.42
Expected rate of pension increases		
United Kingdom	2.74	2.77
Netherlands	2.20	2.00
Mexico	3.50	3.50

The discount factors for the pension plans are determined annually on the basis of first-rate corporate bonds with maturities and values matching those of the pension payments. An index based on corporate bonds with relatively short terms is used for this purpose. The resultant interest rate structure is extrapolated on the basis of the yield curves for almost risk-free bonds, taking account of an appropriate risk premium, and the discounting rate is determined in accordance with the duration of the obligation.

Remeasurements

Remeasurements from defined benefit pension plans recognised in other comprehensive income amounted to EUR –20.4 million before tax as at 31 December 2023 for the 2023 financial year (previous year: EUR 116.8 million) and can be broken down as follows:

million EUR	31.12.2023	31.12.2022
Actuarial gains (+)/losses (–) from		
Changes in demographic assumptions	1.4	1.4
Changes in financial assumptions	–15.0	165.1
Changes from experience	–1.4	–8.2
Return on plan assets (excluding interest income)	–4.8	–44.2
Exchange rate differences	–0.7	2.6
Remeasurements	**–20.4**	**116.8**

The cumulative amount of remeasurements recognised in other comprehensive income after taxes totalled EUR –52.3 million as at 31 December 2023 (previous year: EUR –33.8 million).

Future contribution and pension payments

For 2024, the Group is planning to make contributions to pension plan assets amounting to EUR 7.9 million (previous year: EUR 0.9 million). Payments for unfunded pension plans, including employee termination costs, are anticipated in the amount of EUR 3.1 million in 2024 (previous year: EUR 7.4 million).

Sensitivity analyses

An increase or decrease in the significant actuarial assumptions would have the following effects on the present value of pension provisions as at 31 December 2023:

	Δ Present value	Δ Present value
million EUR	31.12.2023	31.12.2022
Discount factor 0.8% points higher	–39.5	–37.1
Discount factor 0.8% points lower	48.1	45.2
Expected rate of pension increase 0.2% higher	6.6	6.3
Expected rate of pension increase 0.2% lower	–6.3	–6.0
Life expectancy 1 year longer	10.6	9.6

The sensitivity calculations are based on the average maturity of pension provisions determined as at 31 December 2023. In order to present the effects on the present value of pension provisions as at 31 December 2023 separately, the calculations for the key actuarial parameters were performed individually. Correlations between the effects and valuation assumptions were not considered either. Given that sensitivity analyses are based on the average duration of the anticipated pension provisions and, as a result, the expected payout date is not considered, they only provide approximate information and indications of trends.

Defined contribution pension plans

At Hapag-Lloyd, the expenses for defined contribution pension plans relate predominantly to the contributions to the statutory retirement pension system. In the period from 1 January to 31 December 2023, expenses incurred in connection with defined contribution plans totalled EUR 53.3 million (previous year: EUR 45.8 million).

Hapag-Lloyd has two defined contribution pension plans operated by multiple employers. Specifically, these plans are a retirement- and healthcare plan for the USA and the Merchant Navy Officer’s Pension Fund (MNOPF), which is registered in the United Kingdom and was set up for officers of the British Merchant Navy around the world.

As the joint plans do not provide sufficient information regarding the development of the entitlement of employees of the Group or the Group’s share in the plan assets, these plans have been recognised as contribution plans since then.

The two pension plans operated by multiple employers are not significant for the Hapag-Lloyd Group in either quantitative or qualitative terms.

(23) Other provisions

Other provisions developed as follows in the financial year and previous year:

million EUR	As per 1.1.2022	Addition from business combination	Utilisa-tion	Release	Addition	Exchange rate differences	As per 31.12.2022
Risks from pending transactions	227.7	–	237.0	–	325.5	12.6	328.7
Personnel costs	214.4	0.1	158.3	7.5	194.6	7.5	250.8
Guarantee, warranty and liability risks	120.6	–	31.8	–	51.0	7.0	146.8
Restructuring	26.0	–	11.7	4.4	–0.0	0.8	10.6
Insurance premiums	18.1	–	7.1	1.4	9.7	1.1	20.4
Provisions for other taxes	10.3	–	1.0	–	7.2	0.5	17.0
Other provisions	82.9	2.1	5.8	2.4	193.0	1.4	271.3
Other provisions	**699.9**	**2.3**	**452.7**	**15.8**	**780.8**	**31.0**	**1,045.6**

million EUR	As per 1.1.2023	Addition from business combination	Utilisa-tion	Release	Addition	Exchange rate differences	**As per 31.12.2023**
Risks from pending transactions	328.7	1.0	317.4	0.4	308.6	–11.7	308.7
Personnel costs	250.8	7.6	164.7	17.5	237.5	–5.2	308.4
Guarantee, warranty and liability risks	146.8	–	37.6	11.5	39.6	–5.1	132.2
Provisions for other taxes	20.4	3.9	10.0	2.8	1.0	–0.5	12.0
Insurance premiums	17.0	–	4.8	0.3	11.5	–0.8	22.7
Restructuring	10.6	–	4.3	3.2	9.8	–0.2	12.7
Other provisions	271.3	0.3	40.0	5.6	182.4	–17.3	391.0
Other provisions	**1,045.6**	**12.7**	**578.8**	**41.3**	**790.3**	**–40.8**	**1,187.8**

The risks from pending transactions primarily relate to existing performance obligations in connection with transport orders for unfinished voyages.

Provisions for personnel costs comprise provisions for bonuses not yet paid, leave not yet taken, severance compensation, anniversary payments and share-based payment agreements which are part of the Executive Board’s variable remuneration. Details of the long-term incentive plans are outlined in Note (31). Provisions for insurance premiums include outstanding premiums for general and business insurance policies entered into with insurers outside the Group.

Provisions for guarantee, warranty and liability risks relate primarily to maintenance obligations in connection with leased containers and to obligations to compensate for uninsured damage to cargo. Other assets were capitalised for associated, virtually secure recourse claims against insurance agencies with an amount of EUR 38.2 million (previous year: EUR 53.9 million).

Miscellaneous provisions comprise items that cannot be allocated to any of the items already mentioned and include in particular provisions for pending legal disputes resulting from country-specific risks.

The maturities of the other provisions are as follows:

	31.12.2023				31.12.2022			
		Remaining terms				Remaining terms		
million EUR	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Risks from pending transactions	308.7	307.2	1.5	–	328.7	327.8	0.9	–
Personnel costs	308.4	279.2	21.3	7.9	250.8	221.1	20.0	9.7
Guarantee, warranty and liability risks	132.2	87.3	43.9	1.0	146.8	102.9	42.7	1.3
Provisions for other taxes	12.0	8.1	–	3.9	20.4	20.4	–	–
Insurance premiums	22.7	22.7	–	–	17.0	17.0	–	–
Restructuring	12.7	12.7	–	–	10.6	10.6	–	–
Other Provisions	391.0	384.0	4.8	2.3	271.3	264.9	4.3	2.1
Other Provisions	**1,187.8**	**1,101.2**	**71.4**	**15.2**	**1,045.6**	**964.6**	**67.9**	**13.1**

(24) Financial debt and lease liabilities

	31.12.2023				31.12.2022			
	Remaining terms				Remaining terms			
million EUR	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Financial debt	2,770.1	451.2	1,834.8	484.0	2,776.7	457.3	1,657.4	662.0
Liabilities to financial institutions[1]	1,672.1	342.2	1,116.9	213.0	1,604.5	302.1	1,202.1	100.3
Bonds	301.1	1.5	299.6	–	300.9	1.5	–0.5	300.0
Other financial debt	797.0	107.5	418.4	271.0	871.3	153.6	455.8	261.8
Lease liabilities	2,260.5	806.5	1,097.5	356.5	2,660.1	934.7	1,430.4	295.0
Total	**5,030.6**	**1,257.8**	**2,932.3**	**840.5**	**5,436.8**	**1,392.0**	**3,087.8**	**957.0**

[1] This includes liabilities which result from sale and leaseback transactions that are accounted for as loan financing in accordance with IFRS 16 in conjunction with IFRS 15, insofar as the liabilities are to financial institutions or special purpose entities, which are established and financed by financial institutions.

Financial debt by currency exposure

million EUR	31.12.2023	31.12.2022
Denoted in USD (excl. transaction costs)	4,548.2	4,949.3
Denoted in EUR (excl. transaction costs)	406.2	410.9
Denoted in other currencies (excl. transaction costs)	92.2	92.9
Interest liabilities	19.5	12.3
Transaction costs	–35.5	–28.6
Total	**5,030.6**	**5,436.8**

Financial debt includes liabilities to financial institutions, bonds and other financial debt. Leasing liabilities include liabilities in the form of leases.

Liabilities to financial institutions and other financial debt

Liabilities to financial institutions and other financial debt primarily comprise loans and sale and leaseback agreements that are accounted for as loans to finance the fleet of vessels and containers.

Significant elements of the liabilities to financial institutions are collateralised with vessel mortgages. Additional collateral includes mortgages associated with the Ballindamm premises.

The weighted average nominal interest rate on financial debt is 5.4% (previous year: 4.9%).

In the 2023 financial year, new bank loans were taken out in connection with the delivery of three newbuilds totalling EUR 387.3 million (prior year period: EUR 0.0 million).

There are also liabilities in the form of Chinese leases (sale-and leaseback transactions). These are set up by leasing companies without the direct involvement of financial institutions and, therefore, fall into the category of other financial liabilities. In the 2023 financial year, construction instalments of EUR 90.1 million (prior year period: EUR 49.5 million) were drawn down under existing financing commitments in the form of Chinese leases. There are also other lease financing arrangements, which are also recognised in liabilities to financial institutions. As at the reporting date, liabilities to financial institutions totalling EUR 881.2 million (31 December 2022: EUR 1,068.9 million) and other financial liabilities totalling EUR 788.8 million (31 December 2022: EUR 861.6 million) resulted from sale and leaseback transactions.

Bonds

In 2021, Hapag-Lloyd issued a sustainability-linked euro bond with a total volume of EUR 300.0 million. The bond has a maturity of seven years and a coupon of 2.5%, which would increase by 0.25%-points from 15 October 2025 if the sustainability performance targets are not met. The proceeds of the issue were used for the early redemption of Hapag-Lloyd's existing 5.125% euro bond, which had an original maturity in 2024.

Lease liabilities

Details of lease liabilities within the Hapag-Lloyd Group are given in Note (29) Leases.

Credit facilities

The Hapag-Lloyd Group had total unused credit lines of EUR 654.5 million as at 31 December 2023 (31 December 2022: EUR 679.2 million).

Reconciliation of the changes in debt with the cash flow from financing activities

	Financial debt			Lease liabilities	Liabilities (+)/ assets (–) from derivative financial instruments in hedge accounting		
million EUR	Liabilities to financial institutions	Bonds	Other financial liabilities		Forward exchange contracts	Interest rate swaps	Total
As at 1 January 2022	**1,902.5**	**300.8**	**870.7**	**2,423.1**	**16.0**	**1.3**	**5,514.4**
Changes of liabilities from financing cash flows							
Payments received from raising financial debt	0.1	–	46.7	–	–	–	46.8
Payments made for redemption of financial debt	–427.0	–	–103.4	–	–	–	–530.4
Payments made for redemption of lease liabilities	–	–	–	–1,055.3	–	–	–1,055.3
Payments received (+)/ made (–) from hedges for finacial debt	–	–	–	–	–279.3	–0.7	–280.0
Payments made for interest and fees	–72.4	–7.3	–40.6	–89.0	–	–	–209.3
Total cash-effective changes of liabilities from financing cash flows	**–499.3**	**–7.3**	**–97.3**	**–1,144.3**	**–279.3**	**–0.7**	**–2,028.2**
Effect of changes in exchange rates	115.6	0.1	60.5	140.1	0.7	0.6	317.6
Changes in fair value	–	–	–	–	297.5	–41.5	256.0
Other changes [1]	85.8	7.3	37.4	1,241.2	–	–	1,371.7
As at 31 December 2022	**1,604.6**	**300.9**	**871.3**	**2,660.1**	**34.9**	**–40.3**	**5,431.5**

1 The other changes to lease liabilities can be attributed primarily to current income from IFRS 16 amounting to EUR 1,453.2 million as well as changes in the group of consolidated companies.

	Financial debt			Lease liabilities	Liabilities (+)/ assets (–) from derivative financial instruments in hedge accounting		
million EUR	Liabilities to financial institutions	Bonds	Other financial liabilities		Forward exchange contracts	Interest rate swaps	**Total**
As at 1 January 2023	**1,604.6**	**300.9**	**871.3**	**2,660.1**	**34.9**	**–40.3**	**5,431.5**
Changes of liabilities from financing cash flows							
Payments received from raising financial debt	393.8	–	91.0	–	–	–	484.8
Payments made for redemption of financial debt	–338.2	–	–136.1	–	–	–	–474.3
Payments made for redemption of lease liabilities	–	–	–	–1,026.5	–	–	–1,026.5
Payments received (+)/made (–) from hedges for finacial debt	–	–	–	–	109.7	49.5	159.2
Payments made for interest and fees	–59.7	–7.5	–56.9	–107.5	–	–	–231.6
Total cash-effective changes of liabilities from financing cash flows	**–4.1**	**–7.5**	**–102.1**	**–1,134.0**	**109.7**	**49.5**	**–1,088.4**
Changes arising from obtaining or losing control of subsidiaries or other business	71.0	–	21.4	11.9	–	–0.7	103.6
Effect of changes in exchange rates	–57.4	–	–38.4	–86.9	–0.5	0.8	–182.4
Changes in fair value	–	–	–	–	–143.9	–9.7	–153.6
Other changes [1]	58.0	7.7	44.7	809.4	–	–	919.8
As at 31 December 2023	**1,672.1**	**301.1**	**796.9**	**2,260.6**	**0.2**	**–0.4**	**5,030.5**

1 The other changes to lease liabilities can be attributed primarily to current income from IFRS 16 amounting to EUR 1,188.4 million.

(25) Trade accounts payable and other financial liabilities

	31.12.2023				31.12.2022			
	Remaining terms				Remaining terms			
million EUR	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Trade accounts payable	**2,487.4**	**2,487.4**	**–**	**–**	**2,615.7**	**2,615.7**	**–**	**–**
Other financial liabilities	**211.1**	**176.0**	**28.2**	**6.9**	**177.2**	**177.2**	**–**	**–**
Other liabilities to employees	7.2	7.2	–	–	3.2	3.2	–	–
Liabilities from offsetting or overpayment	52.8	52.8	–	–	43.7	43.7	–	–
Liabilities from Terminal concession	38.3	7.5	23.8	6.9	–	–	–	–
Sundry financial liabilities	112.8	108.5	4.3	–	130.2	130.2	–	–
Total financial liabilities	**2,698.5**	**2,663.4**	**28.2**	**6.9**	**2,792.9**	**2,792.9**	**–**	**–**

(26) Contract and other non-financial liabilities

	31.12.2023				31.12.2022			
	Remaining terms				Remaining terms			
million EUR	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Contract liabilities	**566.5**	**566.5**	**–**	**–**	**952.9**	**952.9**	**–**	**–**
Other non-financial liabilities	**51.7**	**51.3**	**0.5**	**–**	**81.4**	**81.2**	**0.2**	**–**
Other liabilities as part of social security	22.3	22.3	–	–	25.6	25.6	–	–
Other liabilities from other taxes	28.1	28.1	–	–	54.9	54.9	–	–
Prepaid income	1.3	0.8	0.5	–	0.9	0.7	0.2	–
Sundry non-financial liabilities	–	–	–	–	–	–	–	–
Total non-financial liabilities	**618.2**	**617.7**	**0.5**	**–**	**1,034.3**	**1,034.1**	**0.2**	**–**

(27) Derivative financial instruments

million EUR	31.12.2023 Total	31.12.2023 Remaining term more than 1 year	31.12.2022 Total	31.12.2022 Remaining term more than 1 year
Liabilities from derivative financial instruments	10.8	–	37.0	–
thereof derivatives in hedge accounting [1]	1.4	–	37.0	–
thereof derivatives not included in hedge accounting	9.4	–	–	–

[1] The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.

Liabilities from derivative financial instruments are solely the result of currency forward contracts. A detailed description of the derivative financial instruments follows within the explanation of the financial instruments (Note (28)).

(28) Financial instruments

Financial risks and risk management

Risk management principles

The Hapag-Lloyd Group's global business activity exposes it to market risks. The market risks include, in particular, currency risk, fuel price risk and interest rate risk. The objective of financial risk management is to reduce market risks. For this purpose, selected derivative financial instruments are deployed at Hapag-Lloyd AG; these are used solely as an economic hedging measure and not for trading or other speculative purposes.

In addition to market risks, the Hapag-Lloyd Group is subject to liquidity risks and default risks, which reflect the risk of the Group itself, or one of its contractual partners, being unable to meet its contractually agreed payment obligations.

The basic features of financial risk management have been established and described in a financial management guideline approved by the Executive Board. The guideline stipulates areas of responsibility, describes the framework for action and the reporting function, and establishes the strict separation of trading and handling with binding force.

The derivative financial instruments used to limit market risks are acquired only through financial institutions with first-rate creditworthiness. The hedging strategy is approved by the Executive Board of Hapag-Lloyd AG. Implementation, reporting and ongoing financial risk management are the responsibility of the Treasury department. The derivative financial instruments employed to reduce market risks are consistent with the payment dates and the relevant risks ("Underlying") of the hedged items. Accordingly, the financial instruments designated as cash flow hedges serve to hedge the cash flows, and, as a result, increase financial security. Accounting for the hedging relationships leads to a reduction in the volatility reported in the consolidated income statement, as the effect of the hedged item on profit or loss is matched by the corresponding opposite change in the fair value of the hedging instrument in the same reporting periods in the same line items of the income statement.

Market risk

Market risk is defined as the risk that the fair values or future cash flows of a primary or derivative financial instrument fluctuate as a result of underlying risk factors.

The causes of the existing market price risks to which the Hapag-Lloyd Group is exposed lie particularly in the significant cash flows in foreign currencies at the level of Hapag-Lloyd AG, fuel consumption and interest rate risks that result from external financing.

In order to portray the market risks, IFRS 7 demands sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on profit or loss for the period and equity. The hypothetical changes in these risk variables relate to the respective portfolio of primary and derivative financial instruments on the balance sheet date.

The analyses of the risk reduction activities outlined below and the amounts determined using sensitivity analyses constitute hypothetical and therefore risky and uncertain information. Due to unforeseeable developments on the global financial markets, actual events may deviate substantially from the information provided.

Currency risk

Currency risks are hedged as far as they exert a significant influence on the Hapag-Lloyd Group's cash flow. The objective of currency hedging is the fixing of cash flows based on hedging rates in order to protect against future disadvantageous fluctuations of the currency exchange rate.

The Hapag-Lloyd Group's functional currency is the US dollar. Currency risks mainly result from incoming or outgoing payments in currencies other than the US dollar and from financial debt taken on in euros. Apart from the euro, the Canadian dollar (CAD), Pakistani rupee (PKR) and Argentinian peso (ARS) are also significant currencies for the Group.

If necessary, currency hedges are conducted, while taking account of internal guidelines. The Group hedges a portion of its operating cost exposure denominated in Canadian Dollars, using currency forward contracts on a 13-week basis with the aim of limiting currency risks. The hedging quota for costs denominated in CAD is up to 80%.

The repayment of euro-denominated financial debt is hedged up to as much as 100%. The risks are hedged by making use of derivative financial instruments in the form of currency forward contracts and instruments that have a natural hedging effect (e.g. euro money market investments). Forward contracts used to hedge euro-denominated debt have a term to maturity of less than one year.

In order to hedge foreign currency risks arising from purchase price obligations in Indian rupees, the Group has entered into a transaction-based US dollar/Indian rupee currency forward contract (Deal Contingent Forward) with a nominal amount of INR 13.5 billion and accounted for as a cash flow hedge.

In addition, pension obligations denominated in euros are hedged in full. Currency forward contracts and euro-denominated money market deposits are also used for hedging purposes in the same way as euro-denominated financial debt.

Hapag-Lloyd only designates the spot price element of the currency forward contracts. The change in the fixed-term components is recognised within equity in the reserve for hedging costs.

An economic relationship must exist between the hedging instrument and the hedged item. This relationship is always present when the derivative compensates for the changes in the cash flows of the hedged item as a result of a change in a common risk factor, and not when it simply results from a purely statistical correlation.

Ineffectiveness in hedging relationships can arise in particular for the following reasons:

- Discrepancies in timing between the hedged item and the hedging instrument.
- Designation of currency forward contracts which already have a market value (off-market derivatives).

The following sensitivity analysis contains the Hapag-Lloyd Group's currency risks in relation to primary and derivative financial instruments. It reflects the risk that arises in the event that the US dollar as the functional currency appreciates or depreciates by 10% against the major Group currencies (EUR, CAD, PKR) at the reporting date. The analysis is depicted on the basis of a posted foreign currency exposure of USD –280.5 million.

	31.12.2023			31.12.2022		
million USD	Effect on earnings	Reserve for cash flow hedges (equity)	Reserve for cost of hedging (equity)	Effect on earnings	Reserve for cash flow hedges (equity)	Reserve for cost of hedging (equity)
USD/EUR						
+10%	11.9	–	–0.5	22.2	–	–0.3
–10%	–11.9	–	0.5	–22.2	–	0.3
USD/CAD						
+10%	–5.5	2.1	–	n/a	n/a	n/a
–10%	5.5	–2.1	–	n/a	n/a	n/a
USD/PKR						
+10%	3.9	–	–	n/a	n/a	n/a
–10%	–3.9	–	–	n/a	n/a	n/a

Risks at the level of Hapag-Lloyd AG's consolidated financial statements arise from the translation of the US dollar consolidated financial statements into the reporting currency, the euro (translation risk). This risk has no impact on the Group's cash flow; instead, it is reflected in equity and is not currently hedged.

Fuel price risk

As a result of its operating activities, the Hapag-Lloyd Group is exposed to a market price risk for the procurement of bunker fuel.

Derivative financial instruments in the form of commodity options and swaps were previously used to hedge against price fluctuations. The last of these instruments expired at the end of 2021. This means that, as in the previous year, none of these instruments were still in existence as at the balance sheet date.

The company’s increased capacity for risk and the Marine Fuel Recovery (MFR) included in freight contracts led to a change in risk management strategy in 2021. Since that date, Hapag-Lloyd no longer concludes agreements on derivative financial instruments as a means of hedging against fuel prices. Hedging against forecast bunker requirements might resume in the future depending on the company’s capacity for risk.

Interest rate risk

The Hapag-Lloyd Group is exposed to interest rate risks affecting cash flow, particularly from financial debt based on variable interest rates. In order to minimise the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable and fixed interest rates. Interest rate swaps are also used to hedge against the interest rate risk. In addition, non-cash interest rate risks relating to the measurement of separately recognised embedded derivatives exist in the form of early buy-back options for issued bonds. Effects from the market valuation of these financial instruments are also reflected in the interest result. In order to reduce interest rate risk, Hapag-Lloyd designates interest swaps as hedges of the variable element of interest rate payments of hedged items. Some interest swaps hedge a portion of the nominal volume only. In this way, certain hedged items are not designated in full, but only certain risk components are hedged.

The variations in the cash flows of the hedged item are primarily affected by changes in the variable interest rate.

An economic relationship must exist between the hedging instrument and the hedged item. This relationship is always present when the derivative compensates for the changes in the cash flows of the hedged item as a result of a change in a common risk factor, and not when it simply results from a purely statistical correlation. As a rule, the nominal volume, benchmark interest rate and interest rate fixing dates of the hedged items and the hedging instrument are matched.

Ineffectiveness in hedging relationships can arise in particular for the following reasons:

- Differences in the timing of payments between the hedged item and hedging instrument.
- Designation of interest rate swaps which already have a market value (off-market derivatives).

In order to present the interest rate risks pursuant to IFRS 7, a sensitivity analysis was performed and used to determine the effects of hypothetical changes in market interest rates on interest income and expenses. The market interest rate as at 31 December 2023 was increased or decreased by +/–100 basis points. Taking into account the low interest rate level, hypothetical, negative changes in interest rates were only made up to a maximum of 0. The determined effect on earnings relates to financial debt with a variable interest rate amounting to EUR 1,301.0 million that existed at the balance sheet date (previous year: EUR 1,173.8 million), the fair value of interest rate swaps of EUR 0.4 million (previous year: EUR 40.3 million) and the market value of embedded derivatives totalling EUR 1.4 million (previous year: EUR 0.4 million). It is assumed that this exposure also constitutes a representative figure for the next financial year.

million EUR	31.12.2023		31.12.2022	
Change in variable interest rate	+100 base points	–100 base points	+100 base points	–100 base points
Reserve for cash flow hedges	0.1	–0.1	9.0	–9.2
Earnings before taxes	–9.8	10.3	–12.3	12.0

In most cases, as part of the IBOR reform, the previous reference interest rates (the interbank offered rates – IBOR) were replaced by alternative risk-free interest rates by the end of 2021. This deadline has been extended until 30 June 2023 for the USD LIBOR maturities of relevance for Hapag-Lloyd (3M, 6M, 12M etc.). To ensure that hedging relationships can still be recognised in financial statements, Hapag-Lloyd adopted the resulting amendments to IFRS 9, IAS 39 and IFRS 7 from 1 January 2020. In the Hapag-Lloyd Group, only the hedging relationships for interest rate risks are directly affected by these amendments. The reference interest rate that the hedged variable cash flows are based on is the USD LIBOR, which is set to be replaced by the Secured Overnight Financing Rate (SOFR). The changeover to the new benchmark interest rate took place on 30 June 2023. The nominal volume of the variable financing affected by this change was USD 1,228.6 million. In the 2023 financial year, Hapag-Lloyd Group fixed all variable-interest loans on the basis of the new SOFR benchmark interest rate. The associated cashflow hedges designed to mitigate the interest-rate risks arising from this variable-rate financing were dissolved when the reference rate changed. This ensured that no ineffectiveness arose from hedging relationships as a result of the switch.

Credit risk

In addition to the market risks described above, the Hapag-Lloyd Group is exposed to credit risks. Credit risk constitutes the risk that a contract partner will be unable to meet its contractual payment obligations. It refers to both the Hapag-Lloyd Group's operating activities and the counterparty risk vis-à-vis external banks.

Generally, a risk of this kind is minimised by the creditworthiness requirements which the respective contracting partners are required to fulfil. With regard to its operating activities, the Group has an established credit and receivables management system at area, regional and head office level which is based on internal guidelines. Payment periods for customers are determined and continuously monitored within the framework of a credit check. This process takes account of both internal data based on empirical values and external information on the respective customer's creditworthiness and rating. In addition, collective factors such as country risks are taken into account. There are also credit insurance arrangements and bank guarantees in place at the balance sheet date which provide protection against credit risk.

The Hapag-Lloyd Group is not exposed to major default risk from an individual counterparty. The concentration of the default risk is limited due to the broad and heterogeneous customer base.

Analyses of the maturity structure of trade accounts receivable and other assets and information on the loss allowances recorded against these financial assets are provided in Note (13) and in the description of accounting and measurement methods for primary financial instruments.

The portfolio of primary financial assets is reported in the statement of financial position. The carrying amounts of the financial assets correspond to the maximum default risk.

With regard to derivative financial instruments, all the counterparties must have a credit rating or, alternatively, a corresponding internal credit assessment determined according to clear specifications. The maximum risk corresponds to the sum total of the positive market values as at the balance sheet date, as this is the extent of the loss that would have to be borne.

For the derivative financial instruments with positive market values totalling EUR 11.9 million (previous year: EUR 42.4 million) and negative market values totalling EUR –10.8 million (previous year: EUR –37.0 million), there is the potential to offset financial assets and financial liabilities in the amount of EUR 8.4 million (previous year: EUR –10.0 million), taking into account the German Master Agreement for Financial Derivatives and the ISDA Framework Agreement. The market values of embedded derivatives linked to the buy-back option of issued bonds totalling EUR 1.4 million (previous year: EUR 0.4 million) were not taken into account here.

Liquidity risk

Generally, liquidity risk constitutes the risk that a company will be unable to meet its obligations resulting from financial liabilities. Permanent solvency is ensured and refinancing costs are continuously optimised as part of central financial management.

To ensure solvency at all times, the liquidity requirements are determined by means of multi-year financial planning and a monthly rolling liquidity forecast and are managed centrally. Liquidity needs were covered by liquid funds and confirmed lines of credit at all times over the past financial year.

The bonds issued entail certain limitations with regard to possible payments to the shareholders and subordinated creditors. In addition, there are termination clauses which are customary in the market relating to much of the financial debt in the event that more than 50% of the Company's shares are acquired by a third party.

Further explanatory notes regarding the management of liquidity risks are included in the risk and opportunity report of the combined management report.

Current undiscounted contractually fixed cash flows from both primary financial liabilities (interest and redemption) and derivative financial instruments are as follows:

Cash flows of financial instruments (31.12.2022)

	Cash inflows and outflows				
million EUR	2023	2024	2025–2027	from 2028	Total
Primary financial liabilities					
Liabilities to financial institutions	–370.6	–357.4	–987.8	–105.1	–1,820.8
Bonds	–7.5	–7.5	–22.5	–303.8	–341.3
Lease liabilities	–1,019.0	–770.3	–789.4	–326.8	–2,905.5
Other financial liabilities	–269.1	–122.8	–385.1	–301.4	–1,078.3
Trade accounts payable	–2,615.7	–	–	–	–2,615.7
Other financial liabilities	–177.2	–0.0	–	–	–177.2
Total primary financial liabilities	**–4,459.1**	**–1,257.9**	**–2,184.7**	**–1,037.0**	**–8,938.7**
Total derivative financial liabilities	**–37.5**	**–**	**–**	**–**	**–37.5**

Cash flows of financial instruments (31.12.2023)

	Cash inflows and outflows				
million EUR	2024	2025	2026–2028	from 2029	Total
Primary financial liabilities					
Liabilities to financial institutions	–411.2	–400.1	–854.7	–257.5	–1,923.5
Bonds	–7.5	–7.5	–318.8	–	–333.8
Lease liabilities	–890.2	–608.7	–631.3	–394.3	–2,524.5
Other financial liabilities	–289.1	–106.9	–315.2	–235.8	–947.0
Trade accounts payable	–2,487.4	–	–	–	–2,487.4
Other financial liabilities	–176.0	–	–28.2	–6.9	–211.1
Total primary financial liabilities	**–4,261.3**	**–1,123.2**	**–2,148.1**	**–894.5**	**–8,427.2**
Total derivative financial liabilities	**9.8**	**–**	**–**	**–**	**9.8**

In principle, it is not expected that the cash outflows in the maturity analysis will occur at points in time that differ significantly or in amounts that differ significantly.

All financial instruments for which payments had already been contractually agreed as at the reporting date of 31 December 2023 were included. Amounts in foreign currencies were translated at the spot rate as at the reporting date. In order to ascertain the variable interest payments arising from the financial instruments, the interest rates fixed on the balance sheet date were used for the following periods as well.

Cash outflows from derivative financial instruments include the undiscounted market values of the currency forward contracts used as at the balance sheet date.

Derivative financial instruments and hedging relationships

Derivative financial instruments are generally used to hedge existing or planned hedged items and serve to reduce foreign currency and interest rate risks, which occur in day-to-day business activities and in the context of investment and financial transactions.

Currency risks are currently hedged by means of currency forward contracts. Interest rate swaps are used to hedge interest rate risks.

Derivative financial instruments are recorded as current or non-current financial assets or liabilities according to their remaining terms.

The positive and/or negative fair values of derivative financial instruments are shown as follows:

	31.12.2023		31.12.2022	
million EUR	Positive market values	Negative market values	Positive market values	Negative market values
Hedging instruments acc. to IFRS 9 (Hedge accounting)				
Currency forward contracts	3.1	–1.4	2.1	–37.0
Interest rate swaps	0.4	–	40.3	–
Hedges [1]	**3.5**	**–1.4**	**42.4**	**–37.0**
Derivative financial instruments (FVTPL)				
Currency forward contracts	8.4	–9.4	–	–
Embedded derivatives	1.4	–	0.4	–
Other derivative financial instruments	**9.8**	**–9.4**	**0.4**	**–**
Total	**13.3**	**–10.8**	**42.8**	**–37.0**

[1] The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.

The fair value determined for the derivative financial instruments is the price at which a contracting party would assume the rights and/or obligations of the other contracting party.

Currency forward contracts are measured on the basis of their market-traded forward price as at the reporting date. The fair value of the interest rate swaps is calculated as the present value of the anticipated future cash flows. The estimates of future cash flows from variable interest payments are based on quoted swap rates and interbank interest rates. The estimate of the fair value is adjusted by the credit risk of the Group and the counterparty.

An analysis of the host contracts conducted on the bonds issued by Hapag-Lloyd resulted in the identification of embedded derivatives in the form of early buy-back options. These are presented at their fair values as separate derivatives independently of the underlying contract. The market value of the embedded derivatives is calculated using the Hull-White model in combination with a trinomial decision tree based on current market values.

Hedging relationships in accordance with IFRS 9 in the reporting year wholly consist of cash flow hedges.

The following table shows the nominal values and the average prices or spot rates of the hedging instruments by risk category:

	31.12.2023			31.12.2022		
	Remaining terms			Remaining terms		
	up to 1 year	more than 1 year	Total	up to 1 year	more than 1 year	Total
Currency risk						
Hedged nominal in million EUR	323.9	–	323.9	325.9	–	325.9
Hedged nominal in million CAD	52.5	–	52.5	52.5	–	52.5
Hedged nominal in million INR	13,500.5	–	13,500.5	–	–	–
Average hedged rate USD/EUR	1.10	–	1.10	1.19	–	1.19
Average hedged rate USD/CAD	0.74	–	0.74	0.74	–	0.74
Average hedged rate USD/INR	83.11	–	83.11	–	–	–
Interest rate risk						
Hedged nominal in million USD	8.00	4.4	12.4	270.3	438.8	709.2
Average fixed interest rate	3.31%	5.30%	4.02%	2.91%	0.51%	1.43%

The hedging instruments designated for use in hedging relationships have the following effect on the consolidated statement of financial position:

	31.12.2022				
Hedge of cash flows	Nominal amount	Carrying amount asset in million EUR [1]	Carryig amount liability in million EUR [1]	Line item in the statement of financial position	Change in fair value used as measurment of the ineffectiveness in the reporting period in million EUR
Currency risk					
Currency forward contracts (USD/EUR)	EUR 325.9 million	2.0	36.9	Derivative financial instru-ments	–30.0
Currency forward contracts (USD/CAD)	CAD 52.5 million	0.1	0.2	Derivative financial instru-ments	–0.1
Interest rate risk					
Interest rate swaps	USD 709.2 million	40.3	–	Derivative financial instru-ments	40.3

	31.12.2023				
Hedge of cash flows	Nominal amount	Carrying amount asset in million EUR [1]	Carryig amount liability in million EUR [1]	Line item in the statement of financial position	Change in fair value used as measurment of the ineffectiveness in the reporting period in million EUR
Currency risk					
Currency forward contracts (USD/EUR)	EUR 325.9 million	2.2	–	Derivative financial instru-ments	5.7
Currency forward contracts (USD/CAD)	CAD 52.5 million	0.9	–	Derivative financial instru-ments	0.9
Currency forward contracts (USD/INR)	INR 13.500.5 mil-lion	–	1.4	Derivative financial instru-ments	–2.5
Interest rate risk					
Interest rate swaps	USD 12.4 million	0.4	–	Derivative financial instru-ments	0.4

1 The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.

The hedged items designated to hedging relationships have the following effect on the consolidated statement of financial position:

Hedge of cash flows million EUR	31.12.2022 Change in value used as measurement of the ineffectiveness	Reserve for cash flow hedges
Currency risk		
Repayment of financial debt in EUR	30.0	–
Operational costs in CAD	0.1	–0.1
Interest rate risk		
Interest payments of variable rate loans	–40.3	39.1

Hedge of cash flows million EUR	**31.12.2023** Change in value used as measurement of the ineffectiveness	Reserve for cash flow hedges
Currency risk		
Repayment of financial debt in EUR	–5.7	–
Purchase price payment in INR	2.5	–2.7
Operational costs in CAD	–0.9	0.4
Interest rate risk		
Interest payments of variable rate loans	–0.4	24.2

The hedging relationships described above have the following effect on the Group's income statement or other comprehensive income:

	31.12.2022				
Hedge of cash flows million EUR	Hedging gains or losses recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Line item in the income statement	Amount reclassified from the other comprehensive income into profit or loss	Line item in the income statement
Currency risk					
Repayment of financial debt in EUR	–20.1	–	–	20.1	Other financial items
Repayment of pension obligations in EUR	0.1	–	–	–0.1	Other financial items
Operational costs in CAD	–2.5	–	–	2.4	Transport expenses/ other operating result
Interest rate risk					
Interest payments of variable rate loans	41.5	–	–	–1.8	Interest expenses

	31.12.2023				
Hedge of cash flows million EUR	Hedging gains or losses recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Line item in the income statement	Amount reclassified from the other comprehensive income into profit or loss	Line item in the income statement
Currency risk					
Repayment of financial debt in EUR	13.0	–	–	–13.0	Other financial items
Repayment of pension obligations in EUR	–	–	–	–	Other financial items
Purchase price payment in INR	–2.7	–2.3	Interest expenses	–	Other financial items
Operational costs in CAD	0.8	–	–	–0.4	Transport expenses/ other operating result
Interest rate risk					
Interest payments of variable rate loans	4.7	–	–	–18.5	Interest expenses

The following table shows a reconciliation of the equity reserves which result from accounting for hedging relationships:

	2023		2022	
Cash flow hedges million EUR	Reserve for cash flow hedges	Reserve for cost of hedging	Reserve for cash flow hedges	Reserve for cost of hedging
Balance at 1.1.	**39.0**	**1.5**	**–0.1**	**0.6**
Change in fair value:	15.7	–3.2	19.0	–2.9
Currency risk [1]	11.0	–3.2	–22.5	–2.9
Interest rate risk	4.7	–	41.5	–
Reclassification into profit or loss:	–31.8	5.1	20.6	3.8
Currency risk [1]	–13.3	5.1	22.4	3.8
Interest rate risk	–18.5	–	–1.8	–
Currency translation differences:	–1.0	–0.1	–0.5	–
Currency risk [1]	0.1	–0.1	–	–
Interest rate risk	–1.1	–	–0.5	–
Balance at 31.12.	**21.8**	**3.3**	**39.0**	**1.5**

[1] The currency risk shown in the reserve for cost of hedging includes only amounts in connection with forward components in currency forward contracts which are used to hedge against primarily time-period related hedged items.

Financial instruments – additional disclosures, carrying amounts and fair values
The fair value of a financial instrument is the price that would be received for an asset or that would be paid for the transfer of a liability on the measurement date in the course of a normal transaction between market participants.

Where financial instruments are quoted in an active market, as with bond issues in particular, the fair value of the financial instrument corresponds to the respective market price on the balance sheet date.

The carrying amounts of trade accounts receivable, trade accounts payable and significant portions of other financial assets and other financial liabilities are a suitable approximation of the fair values, as are the carrying amounts for the amounts of cash and cash equivalents measured at amortised costs.

Other financial assets include the financial instruments for the special fund subscribed in the financial year, with a market value of EUR 1,841.5 million. The assets of the special funds in the amount of EUR 1,831.5 million are “recognised at fair value through other comprehensive income” and in the amount of EUR 10.1 million “recognised at fair value through profit and loss”. In addition, other financial assets include further securities with a fair value of EUR 0.6 million (31 December 2022: EUR 0.6 million), which belong to the “recognised at fair value through profit and loss” category, because their prices are quoted on an active market. Other financial assets also include unlisted investments in the “measured at fair value through profit or loss” category, for which there are no quoted market prices in an active market. As there is insufficient current information to determine the fair value, these investments are measured at cost of acquisition of EUR 13.7 million (31 December 2022: EUR 14.2 million) as the best estimate of fair value. A disposal of the holdings is not planned at present.

The cash and cash equivalents include money market funds “recognised at fair value through profit and loss” of EUR 979.5 million (31 December 2022: EUR 4,764.2 million). A portion of these money market funds are measured on the basis of their quoted market prices. There are no quoted underlying prices for the remainder of the money market funds in respect of which dividend payments are made on an ongoing basis. For these funds, the fair value is taken from the amount invested in each individual case, plus the clearly defined dividend payments, which are themselves measured with the help of a dividend factor published daily on the market.

For liabilities to financial institutions and other non-current financial liabilities, the fair value is determined as the net present value of the future cash flows taking account of yield curves and the relevant credit spreads. Traded bonds are measured at the market price as at the balance sheet date.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2022

		Carrying amount 31.12.2022	Amount recognised in the balance sheet under IFRS 9				
million EUR	Classification category according to IFRS 9	**Total**	Amortised acquisition cost	Fair value with no effect on profit or loss	Fair value through profit and loss	Amount recognised in the balance sheet under IFRS 16	Fair value of financial instruments
Assets							
Other financial assets	AC	**3,101.4**	3,101.4	–	–	–	3,101.4
	n/a[2]	**0.7**	–	–	–	–	–
	FVTPL	**14.8**	–	–	14.8	–	14.8
Derivative financial instruments							
Derivatives (FVTPL)	FVTPL	**0.4**	–	–	0.4	–	0.4
Hedges (Hedge accounting)[1]	n/a[2]	**42.4**	–	42.4	–	–	42.4
Trade accounts receivable	AC	**2,895.0**	2,895.0	–	–	–	2,895.0
Cash and cash equivalents	AC	**10,471.9**	10,471.9	–	–	–	10,471.9
	FVTPL	**4,764.2**	–	–	4,764.2	–	4,764.2
Liabilities							
Financial debt	FLAC	**2,776.7**	2,776.7	–	–	–	2,673.6
	FVTPL	**–**	–	–	–	–	–
Lease liabilities	n/a[2]	**2,660.1**	–	–	–	2,660.1	–
Other financial liabilities	FLAC	**177.2**	177.2	–	–	–	177.2
Derivative financial liabilities							
Hedges (Hedge accounting)[1]	n/a[2]	**37.0**	–	37.0	–	–	37.0
Trade accounts payable	FLAC	**2,615.7**	2,615.7	–	–	–	2,615.7
Thereof aggregated according to IFRS 9 classification category							
Financial Assets measured at Amortised Cost (AC)		**16,468.4**	16,468.4	–	–	–	–
Financial Assets and Liabilities measured at Fair Value through Profit and Loss (FVTPL)		**4,779.3**	–	–	4,779.3	–	–
Financial Liabilities measured at Amortised Cost (FLAC)		**5,569.6**	5,569.6	–	–	–	–

1 The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.
2 N/A means that there is no measurement category under IFRS 9 and/or that the financial instrument concerned falls outside the scope of IFRS 9.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2023

		Carrying amount 31.12.2023	Amount recognised in the balance sheet under IFRS 9				
million EUR	Classification category according to IFRS 9	Total	Amortised acquisition cost	Fair value with no effect on profit or loss	Fair value through profit and loss	Amount recognised in the balance sheet under IFRS 16	Fair value of financial instruments
Assets							
Other financial assets	AC	**282.9**	282.9	–	–	–	282.9
	n/a[2]	**0.5**	–	–	–	–	–
	FVTPL	**24.3**	–	–	24.3	–	24.3
	FVOCI	**1,831.5**	–	1,831.5	–	–	1,831.5
Derivative financial instruments							
Derivatives (FVTPL)	FVTPL	**9.8**	–	–	9.8	–	9.8
Hedges (Hedge accounting)[1]	n/a[2]	**3.5**	–	3.5	–	–	3.5
Trade accounts receivable	AC	**1,657.0**	1,657.0	–	–	–	1,657.0
Cash and cash equivalents	AC	**4,830.2**	4,830.2	–	–	–	4,830.2
	FVTPL	**979.5**	–	–	979.5	–	979.5
Liabilities							
Financial debt	FLAC	**2,770.1**	2,770.1	–	–	–	2,722.4
Lease liabilities	n/a[2]	**2,260.5**	–	–	–	2,260.5	–
Other financial liabilities	FLAC	**211.1**	211.1	–	–	–	211.1
Derivative financial liabilities							
Derivatives (FVTPL)	FVTPL	**9.4**	–	–	9.4	–	9.4
Hedges (Hedge accounting)[1]	n/a[2]	**1.4**	–	1.4	–	–	1.4
Trade accounts payable	FLAC	**2,487.4**	2,487.4	–	–	–	2,487.4
Thereof aggregated according to IFRS 9 classification category							
Financial Assets measured at Amortised Cost (AC)		**6,770.2**	6,770.2	–	–	–	–
Financial Assets and Liabilities measured at Fair Value through Profit and Loss (FVTPL)		**1,023.0**	–	–	1,023.0	–	–
Financial Assets and Liabilities measured at Fair Value through Other Comprehensive Income (FVOCI)		**1,831.5**	–	1,831.5	–	–	–
Financial Liabilities measured at Amortised Cost (FLAC)		**5,468.6**	5,468.6	–	–	–	–

1 The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.

2 N/A means that there is no measurement category under IFRS 9 and/or that the financial instrument concerned falls outside the scope of IFRS 9.

The fair values are allocated to different levels of the fair value hierarchy based on the input factors used in the valuation methods. An explanation of the individual levels from 1 to 3 of the fair value hierarchy can be found in the chapter "Accounting and measurement" in the Notes to the consolidated financial statements. There were no transfers between levels 1 to 3 in the previous financial year.

The following table shows the classification of the financial instruments measured at fair value in the three levels of the fair value hierarchy. In addition to the fair value of the financial instruments that are recognised at fair value under IFRS 9, the table also includes financial instruments that are recognised at amortised cost and whose fair value differs from this.

million EUR	Classification category according to IFRS 9	31.12.2022			
		Level 1	Level 2	Level 3	Total
Assets					
Securities/investments	FVTPL	0.6	–	14.2	14.8
Derivative financial instruments (Hedge accounting)	n/a[2]	–	42.4	–	42.4
Derivative financial instruments (Trading)	FVTPL	–	0.4	–	0.4
Cash and cash equivalents	FVTPL	4,764.2	–	–	4,764.2
Liabilities					
Derivative financial instruments (Hedge accounting)	n/a[2]	–	37.0	–	37.0
Financial debt	FLAC	263.7	2,409.9	–	2,673.6
Liabilities from put options[1]	FLAC	–	–	–	–

million EUR	Classification category according to IFRS 9	31.12.2023			
		Level 1	Level 2	Level 3	Total
Assets					
Securities/investments	FVTPL	10.6	–	13.7	24.3
Securities/investments	FVOCI	1,831.5	–	–	1,831.5
Derivative financial instruments (Hedge accounting)	n/a[2]	–	3.5	–	3.5
Derivative financial instruments (Trading)	FVTPL	–	9.8	–	9.8
Cash and cash equivalents	FVTPL	979.5	–	–	979.5
Liabilities					
Derivative financial instruments (Hedge accounting)	n/a[2]	–	1.4	–	1.4
Derivative financial instruments (Trading)	FVTPL	–	9.4	–	9.4
Financial debt	FLAC	282.0	2,440.4	–	2,722.4

1 Part of other liabilities
2 N/A means that this is not a financial instrument and thus a measurement category according to IFRS 9 is not applicable.

Net earnings

The net earnings of the financial instruments by classification category pursuant to IFRS 9 are as follows:

	31.12.2023			31.12.2022		
million EUR	From interest	Other net earnings	**Net earnings**	From interest	Other net earnings	Net earnings
Financial assets measured at amortised cost	389.2	–42.2	347.0	199.0	–195.0	4.0
Financial liabilities measured at amortised cost	–125.3	3.8	–121.5	–126.3	83.3	–43.0
Financial assets measured at fair value through other comprehensive income	53.9	–0.6	53.3	–	–	–
Financial assets and liabilities measured at fair value through profit or loss	140.4	144.8	285.2	49.3	–275.1	–225.9
Total	**458.2**	**105.8**	**564.0**	**122.0**	**–386.8**	**–264.9**

The net earnings are essentially composed of interest and other financial income from money market transactions, money market funds, special funds and the foreign currency valuation of financial assets. The net earnings also include interest expenses from liabilities to financial institutions, other financial liabilities and the realised and unrealised result from derivative financial instruments that are not part of a hedging relationship in accordance with IFRS 9.

Capital management

The prime strategic objective of the Hapag-Lloyd Group is to achieve long-term profitable growth, measured on the basis of the developments in transport volume, the key performance indicators EBITDA and EBIT as well as the return on invested capital (ROIC) as an indicator of the performance within a period. The aim is to generate a return on invested capital at least equal to the weighted average cost of capital (WACC) of the Group across one economic cycle in the medium term. To facilitate comparison with other international shipping companies, the return on invested capital is calculated and presented exclusively on the basis of the functional currency, the US dollar.

The Hapag-Lloyd Group strives to achieve an adequate financial profile in order to guarantee the continuation of the Company and its financial flexibility and independence. The goal of its capital management is to safeguard the capital base over the long term. It intends to achieve this with a healthy balance of financing requirements for the desired profitable growth.

Covenant clauses of a type customary on the market have been arranged for existing financing. These clauses primarily concern certain equity and liquidity indicators of the Group along with loan-to-value ratios. As at 31 December 2023, these covenants were fulfilled for the existing financing. Based on current planning, the Executive Board expects that these covenants will also be adhered to during the subsequent period.

OTHER NOTES

Service Concession Arrangements

Hapag-Lloyd is the majority owner of several companies that have been granted exclusive rights to develop, maintain and use a total of five seaport terminals in the USA and Latin America under concession arrangements. The concession arrangements include the right to charge the users of the terminals for the port services provided.

In the Hapag-Lloyd Group, both arrangements with construction and upgrade works by Hapag-Lloyd as concession operator, and arrangements under which Hapag-Lloyd makes fixed (minimum) payments to the concession grantor for existing infrastructure facilities are relevant. In addition, there are arrangements within the Hapag-Lloyd Group that represent a combination of the two aforementioned arrangements.

The remaining terms of the concession arrangements are between two and 48 years. In some cases, there are unilateral extension options for the companies of the Hapag-Lloyd Group.

As a general rule, at the time of termination of the concession, all assets specified in the concession arrangements and related to the operation of the terminals or the provision of services must be transferred to the concession grantors without delay, in good condition and free of encumbrances. In one case, the concession grantor has the option of acquiring the infrastructure at a residual value at the end of the concession period.

Two concession arrangements do not meet the definition of a service concession arrangement under IFRIC 12 and are therefore accounted for in accordance with IFRS 16. All other concession arrangements are accounted for in accordance with IFRIC 12.

(29) Leases

Lessee

As a lessee, Hapag-Lloyd mainly leases container ships, containers, land, buildings and other equipment.

Charter agreements for container vessels are nearly always structured as time charter contracts, i.e. in addition to the capital costs, the charterer bears all of the vessel operating costs, which are reimbursed as part of the charter rate. Non-lease components which are included in the price structure of the charter rates are not part of the lease liability. These costs are recognised in the (consolidated) income statement based on the time at which they are incurred. A portion of the charter agreements includes renewal options. These options allow Hapag-Lloyd to react flexibly to changes on the market and to secure the use of the container vessels. Exercising the relevant options to extend, which were not taken into account on the balance sheet as at the reporting date, as their execution is not considered sufficiently reliable in each case, would give rise to potential lease payments amounting to EUR 840.2 million (previous year: EUR 730.4 million).

The structure of the container lease contracts varies. Many of the contracts contain mutual rights of termination. These rights of termination allow Hapag-Lloyd to react quickly and flexibly to changes on the market. If these rights of termination are not exercised, this could give rise to potential lease payments amounting to EUR 132.7 million (previous year: EUR 134.9 million). The potential lease payments have not yet been recognised as part of the lease liability.

The recovery of supply chains destroyed by the COVID-19 pandemic and the concomitant normalisation of the global market situation were taken into account as of the reporting date, in that the maturities of the container leasing agreements featuring mutual rights of termination were revised to take account of circumstances at the time. This process resulted in a reduction of lease liabilities and right-of-use assets amounting to EUR 17.8 million. In the previous year, the adjustment of the terms of these contracts led to a reduction of lease liabilities and right-of-use assets amounting to EUR 46.8 million.

The structure of lease contracts for land, buildings and other equipment also varies. Many of the lease contracts contain unilateral rights of termination. In addition, some of the lease contracts include options to extend. Exercising the relevant options to extend, which were not taken into account on the balance sheet as at the reporting date, would give rise to potential lease payments amounting to EUR 102.1 million (previous year: EUR 101.2 million).

The contracts for land related to terminal concessions, which do not fall within the scope of a service concession arrangement in accordance with IFRIC 12 include right-of-use assets of EUR 17.9 million (previous year: EUR 0.0) and lease liabilities of EUR 6.7 million (previous year: EUR 0.0). Usually, the terms are based on the contractual agreements of the terminal concessions. In one case, there are extension options of a total of ten years with a potential volume of EUR 46.4 million (previous year: EUR 0.0). This contract includes variable payments depending on the volume of containers handled and averages EUR 3.5 million per year (previous year: EUR 0.0).

For further details of the way leases are recognised within the Hapag-Lloyd Group in accordance with IFRS 16, please refer to the “Accounting and measurement” section.

The lease contracts for the aforementioned asset classes have terms ranging from one year (e.g. vessels) to 24 years (buildings).

Hapag-Lloyd has leases with terms of less than 12 months in place for rented containers and container vessels, as well as for rented land, buildings and other equipment. No rights of use and no lease liabilities are recognised in the consolidated statement of financial position for these short-term leases.

Hapag-Lloyd excludes IT contracts and contracts for intangible assets from the scope of application of IFRS 16.

The table below shows the change in right-of-use assets in the 2023 financial year, broken down by significant asset class. No right-of-use assets were recognised in the 2023 financial year for non-material asset classes, which include rented vehicles and other business equipment.

million EUR	Chartered vessels	Rented containers	Rented land, buildings and other equipment	Total
Carrying amount of right-of-use assets as at 1.1.2022	**1,636.1**	**623.2**	**91.5**	**2,350.9**
Depreciation in prior year period	–766.0	–234.3	–30.7	–1,030.9
Additions in prior year period	992.8	147.2	66.2	1,206.3
Additions from business combination	–	6.1	–	6.1
Disposals in prior year period	–13.9	–20.2	–1.0	–35.1
Transfers	–	–12.1	–12.1	–24.2
Exchange rate differences	95.8	39.0	5.2	140.0
Carrying amount of right-of-use assets as at 31.12.2022	**1,944.9**	**548.9**	**119.2**	**2,613.0**
Carrying amount of right-of-use assets as at 1.1.2023	**1,944.9**	**548.9**	**119.2**	**2,613.0**
Depreciation in reporting period	–793.4	–218.9	–31.1	–1,043.3
Additions in reporting period	589.0	107.6	31.8	728.4
Additions from business combination	–	–	22.5	22.5
Disposals in reporting period	–	–14.3	–1.6	–15.9
Transfers	7.2	–16.2	–0.1	–9.0
Exchange rate differences	–65.8	–16.9	–4.2	–86.9
Carrying amount of right-of-use assets as at 31.12.2023	**1,681.9**	**390.2**	**136.6**	**2,208.7**

The rights of use for the significant asset classes listed are reported under the item “property, plant and equipment.” They are also included in the table at Note (11) Property plant and equipment.

The remaining terms of the lease liabilities as at 31 December 2023 are presented in the table on financial debt in Note (24) Financial debt and lease liabilities.

The following table shows the effects of IFRS 16 Leases on the consolidated income statement in the 2023 financial year:

million EUR	1.1.–31.12.2023	1.1.–31.12.2022
Revenue/Other operating income	17,929.5	34,542.7
Transport and terminal expenses	11,928.9	13,730.7
Expenses from short-term leases	65.3	126.4
Planned depreciation of tangible and intangible assets	1,929.3	1,909.4
Depreciation of right-of-use assets	1,036.1	1,030.9
Interest expenses and other finance expenses	243.3	226.7
Interest expenses on lease liabilities	107.5	89.0

Total cash outflows for leases came to EUR 1.5 billion in the 2023 financial year (prior year period: EUR 1.6 billion). Expenses of EUR 1.6 million (prior year period: EUR 0.0 million) relate to variable lease payments that are not included in lease liabilities.

As at 31 December 2023, future commitments under short-term leases totalled EUR 75.4 million (previous year: EUR 14.2 million).

For disclosures on future cash outflows from leases which Hapag-Lloyd has already entered into but which have not commenced yet, please refer to Note (30) Other financial obligations.

Lessor

Hapag-Lloyd acts as lessor in the context of operating lease contracts only to a limited degree. In the 2023 financial year, container ships and other items were leased under operating lease contracts, along with other items, but only to an insignificant extent.

(30) Other financial obligations

The Hapag-Lloyd Group's other financial obligations totalled EUR 975 million as at 31 December 2023 and comprised purchase obligations (nominal values)

- for investments in newbuilding and acquiring 14 container ships, amounting to EUR 770.4 million,
- for investments in containers amounting to EUR 93.0 million,
- for investments in equipping the container fleet with real-time tracking amounting to EUR 2.9 million,
- for investments in the acquisition of new propellers, expanding the capacity of container ships and the renovation of the bulbous bow of container vessels amounting to EUR 74.8 million;
- for investments in exhaust gas cleaning systems (EGCS) on container vessels amounting to EUR 24.9 million;
- for further investments on container ships totalling EUR 6.3 million
- as well as for investments in machinery in the Terminal segment of EUR 2.8 million.

The Hapag-Lloyd Group's other financial obligations as at 31 December 2022 amounted to EUR 1,664.3 million in total. They were composed primarily of purchase obligations (nominal values) for investments in large container ships amounting to EUR 1,436.8 million.

The future cash outflows from leases which Hapag-Lloyd has already entered into but which have not yet commenced and are therefore not yet recognised as at the reporting date totalled EUR 1,524.2 million (31 December 2022: EUR 1,915.9 million).

(31) Other long-term employee benefits

Executive Board members

The long-term variable remuneration paid to Executive Board members underwent a structural change with effect from 1 January 2020 as part of the 2020 long-term incentive plan ("2020 LTIP"), and revised with effect from 1 January 2022 ("2020 LTIP ESG") as well as from 1 January 2023 ("2023 LTIP ESG"). The altered long-term variable remuneration (i.e. "2020 LTIP", "2020 LTIP ESG" and "2023 LTIP") is recognised according to the rules set out in IAS 19 and constitutes "other long-term employee benefits".

However, with regard to the long-term variable remuneration granted until the 2019 financial year, the existing conditions continue to apply unchanged. In light of this, the long-term variable remuneration granted as and from the 2020, 2022 and 2023 financial year (2020 long-term incentive plan – "2020 LTIP", "2020 LTIP ESG" and "2023 LTIP") is presented first below. The long-term variable remuneration granted until the 2019 financial year (2015 long-term incentive plan – "2015 LTIP"), which is recognised in accordance with IFRS 2, is outlined subsequently.

Under the 2020 LTIP, a specified euro amount is granted to the Executive Board members per calendar year ("allocation amount"). The allocation amount granted is divided equally into a retention component and a performance component. As a rule, the vesting period is three years. The payment amount for the retention component after three years is calculated by multiplying half of the allocation amount by the respective target achievement. As a rule, the target achievement for the retention component is calculated using the three-year average of the Group's EBITDA in the vesting period (for the 2021 tranche: 2021 to 2023) compared to the Group's EBITDA in the reference period (for the 2021 tranche: 2018 to 2020). The target achievement for the retention component is capped at 150% and has a minimum value of 0%. The target achievement for the performance component is calculated in the same way as outlined above and adjusted upwards or downwards based on the three-year average of the ROIC in the vesting period using a defined matrix. The target achievement for the performance component is likewise capped at 150% and has a minimum value of 0%. The payment amount for the performance component after three years is calculated by multiplying half of the allocation amount by the target achievement as outlined above. As an additional condition for payment of the performance component, the total of the annual earnings after taxes in the consolidated financial statements of Hapag-Lloyd that relate to the vesting period must be greater than 0 (zero). The payment amount calculated on this basis falls due on 30 April of the year following the end of the vesting period and is payable as a gross amount.

If an Executive Board member steps down from their position without cause or if their employment contract is extraordinarily terminated by Hapag-Lloyd for cause pursuant to Section 626 of the German Civil Code (BGB) ("bad leaver"), the performance component and the retention component are forfeited in full. If the employment contract of an Executive Board member has only been in place for a period of 12 months or less, the performance component and the retention component are likewise forfeited in full.

If the employment contract of an Executive Board member expires, the employment contract of an Executive Board member ends by mutual consent, the employment contract is extraordinarily terminated with effect by an Executive Board member for cause pursuant to Section 626 of the German Civil Code (BGB), an Executive Board member retires or the employment contract ends due to the disability or death of an Executive Board member, the vesting period ceases with the end of the employment contract. The retention and performance components granted up until this time are non-forfeitable when the vesting period ends.

If the vesting period ends during the year, the following rule applies when calculating the relevant EBITDA and ROIC indicators in the year in which the employment contract ends. If the employment contract ends in the first half of the calendar year, the relevant EBITDA and ROIC indicators for the previous year should be used as a basis when calculating the payment amount. If the employment contract ends in the second half of the calendar year, the relevant EBITDA and ROIC indicators for the full calendar year in which the employment contract ends are used as a basis when calculating the payment amount. The amount is paid at the latest on 30 April of the year following the end of the vesting period.

If an employment contract starts or ends during a financial year, the allocation amount is reduced on a pro rata basis for the respective year. Exceptions to this can be made on an individual basis.

With effect from 1 January 2022, the 2020 LTIP was amended for future tranches such that an additional objective covering the environment, social responsibility and governance (ESG) would also be taken into account ("2020 LTIP ESG").

As part of the 2020 LTIP ESG, the annual amount allocated is split up, with 40% being linked to a retention component, 40% linked to a performance component and 20% linked to an ESG component. The vesting period remains three years. The payment amount for the relevant components after three years is calculated by multiplying the proportionate allocation amount by the respective target achievement. The method for determining the target achievement in relation to the retention and performance components has also remained unchanged. The target achievement for the ESG component is determined using an ESG performance criterion set centrally. This benchmark represents the average efficiency ratio (AER), which is used to measure the carbon footprint of the Group's fleet. For this purpose, the Supervisory Board sets a value based on HLAG's sustainability-linked bond framework – a value that corresponds to a target achievement of 100% – and sets a concrete target achievement curve. The payment amounts for the three components are limited to 150% of the individual allocation amount.

Similarly to the provisions of the 2020 LTIP, if an Executive Board member steps down from their position without cause, if their employment contract is extraordinarily terminated by Hapag-Lloyd for cause pursuant to Section 626 of the German Civil Code (BGB) ("bad leaver"), or if an Executive Board member's contract of employment runs for a period of 12 months or less, the performance, retention and ESG components are all forfeited in full. In all other cases, the performance, retention and ESG components all lapse only if the contract of employment comes to an end in the year of the award. In this situation, they lapse proportionally on the basis of the portion of the full financial year represented by the period between the end of the contract of employment and the end of the financial year. This proportionate lapse in benefits does not apply if the fact the contract of employment comes to an end during the financial year has already been taken account of in the amount to be awarded. Provided the performance, retention and ESG components do not lapse, the original three-year vesting period remains in place.

With effect from 1 January 2023, the 2020 LTIP ESG was amended for future tranches such that the components EBIT, EBITDA and return on invested capital (ROIC) as well as an objective covering the environment, social responsibility and governance (ESG) would also be relevant ("2023 LTIP").

As part of the 2023 LTIP, the annual amount allocated is split up, with 25% being linked to an EBIT component, 25% linked to an ROIC component, 25% linked to an EBITDA component and 25% linked to an ESG component. The vesting period remains three years.

The payment amount for the relevant components after three years is calculated by adding up the payment amounts of the individual components. As a rule, the target achievement for the EBIT component is calculated using the three-year average of the Group's EBIT in the vesting period (for the 2023 tranche: 2023 to 2025) compared to the arithmetic average of the correspondingly calculated EBIT margin of suitable peer group companies whose activities are focused on maritime shipping within the transport and logistics sector. The target achievement for this component is capped at 200% and has a minimum value of 0%. The payment amount from the EBIT component is determined by multiplying the percentage of the target achievement as calculated above by the 25% of the allocation amount pertaining to the EBIT component. As a rule, the target achievement for the ROIC component is calculated using the three-year average of the Group's ROIC in the vesting period (for the 2023 tranche: 2023 to 2025) and is adjusted upwards or downwards based on a defined matrix. The target achievement for this component is likewise capped at 200% and has a minimum value of 0%. The payment amount for the ROIC component after three years is calculated by multiplying 25% of the allocation amount by the target achievement as outlined above. The target achievement for the EBITDA component is calculated using the three-year average of the Group's EBITDA (performance EBITDA) in the vesting period (for the 2023 tranche: 2023 to 2025). The payment amount is calculated by multiplying the Group's EBITDA actually achieved in the vesting period by a sharing factor. This sharing factor is determined based on the target value for the performance EBITDA which has a minimum value of EUR 0.00 and is capped at 200% of the EBITDA target value. The EBITDA target value for the 2023 financial year and until further notice is EUR 1,950,000,000.00. The sharing factor is the percentage of this EBITDA target value that corresponds to the allocation amount pertaining to the EBITDA component and is calculated based on values set by the Supervisory Board. The target achievement for the ESG component is determined using an ESG performance criterion set centrally. This benchmark represents the average efficiency ratio (AER), which is used to measure the carbon footprint of the Group's fleet. For this purpose, the Supervisory Board sets a value based on HLAG's sustainability-linked bond framework – a value that corresponds to a target achievement of 100% – and sets a concrete target achievement curve. The payment amounts for the three components are limited to 200% of the individual allocation amount. The payment amount for the ESG component after three years is calculated by multiplying 25% of the allocation amount by the target achievement as outlined above.

The payment amount calculated on this basis falls due on 30 April of the year following the end of the vesting period and is payable as a gross amount.

Similarly to the provisions of the 2020 LTIP and the 2020 LTIP ESG, if an Executive Board member steps down from their position without cause, if their employment contract is extraordinarily terminated by Hapag-Lloyd for cause pursuant to Section 626 of the German Civil Code (BGB) ("bad leaver"), or if an Executive Board member's contract of employment runs for a period of 12 months or less, the EBIT, ROIC, EBITDA and ESG components are all forfeited in full. In all other cases, the EBIT, ROIC, EBITDA and ESG components all lapse only if the contract of employment comes to an end in the year of the award. In this situation, they lapse proportionally on the basis of the portion of the full financial year represented by the period between the end of the contract of employment and the end of the financial year. This proportionate lapse in benefits does not apply if the fact the contract of employment comes to an end during the financial year has already been taken account of in the amount to be awarded. Provided the EBIT, ROIC, EBITDA and ESG components do not lapse, the original three-year vesting period remains in place.

Under the 2015 LTIP, which was in place until the 2019 financial year, a specified euro amount (allocation amount), which was contractually agreed on an individual basis, was allocated to each Executive Board member at the start of every calendar year. This amount reflected performance in the current financial year and the following three financial years (performance period). This allocation amount was converted into virtual shares in the Company based on the average price of the Hapag-Lloyd AG share over the 60 trading days preceding the day on which the shares were granted. The virtual shares are divided equally into performance share units and retention share units.

Entitlements under the long-term incentive plan take effect on a pro rata basis when the performance period ends. The retention share units automatically become non-forfeitable when the vesting period expires. They then depend entirely on the respective Executive Board member's length of service.

The number of performance share units relevant for the payment depends on a target achievement (performance factor). This factor is calculated by comparing the performance of the Hapag-Lloyd share (total shareholder return – TSR) with a specific, industry-based reference index – the DAXglobal Shipping Index – over the four-year performance period. The number of performance share units can be a maximum of 1.5 times and a minimum of 0, as measured by a performance factor, when the performance period ends. If the performance factor is 0, all of the performance share units are forfeited. Since the start of July 2021, the DAXglobal Shipping Index has no longer been calculated and published. However, Hapag-Lloyd has entered into a contractual agreement with a service provider under which an identical index will continue to be calculated for Hapag-Lloyd as a substitute as long as this index is needed as a performance criterion as per the requirements of the 2015 LTIP.

When the performance period ends and the performance share units have been calculated, payments under the 2015 LTIP are automatically made. The number of non-forfeitable virtual shares is converted into a euro amount by multiplying the non-forfeitable virtual retention and performance shares by the relevant share price. This share price is equal to the average share price over the last 60 trading days before the performance period ends.

The amount calculated in this way is paid to the respective Executive Board member as a gross amount up to a specific, individually agreed limit on 31 March of the year following the end of the performance period.

In the event that an Executive Board member's activities cease, the performance period and the employment contract will end simultaneously, insofar as the employment contract is not terminated for cause attributable to the Executive Board member or by the Executive Board member without cause. In the latter case, all entitlements under the 2015 LTIP are forfeited.

If capital measures which affect the value of real shares are carried out during the term of the 2015 LTIP, the conditions of the plan state that the Executive Board members must generally be treated in the same way as owners of real shares. In the event of an ordinary capital increase, the stake in the Company held by owners of real shares is diluted. However, they are granted subscription rights to new shares in return. Under the conditions of the plan, the Executive Board members are not automatically granted a subscription right in the event of an ordinary capital increase. To compensate them for being treated differently to owners of real shares, for all 2015 LTIP tranches belonging to Executive Board members which are in existence when a capital increase is carried out, the number of shares is adjusted by a value equal to the subscription rights that an owner of real shares with the same number of shares is entitled to. The additional virtual shares here are valued at the arithmetical share price on the day before trading of the subscription rights commences (ex-subscription rights). The rule must be applied separately to all 2015 LTIP tranches in existence at the time of the capital measure. The additional virtual shares are based directly on the existing virtual shares of the respective 2015 LTIP tranches. As a result, the additional virtual shares are given the same parameters as were defined in the conditions of the plan and at the time the respective tranche was granted. The additional virtual shares are consequently a component of the respective tranche.

The measurement of the virtual shares at the time they are granted is based on the allocation amount. As at 31 December 2023, there are no longer any virtual shares (previous year: 66,497 shares). In the previous year, the fair value was EUR 12.4 million.

In the reporting period, EUR 0.0 million (previous year: EUR 0.6 million) was recognised for share-based payments to Executive Board members through profit or loss. The provision for share-based payments to Executive Board members amounted to EUR 0.0 million as at 31 December 2023 (previous year: EUR 2.2 million). In the 2023 financial year, the 2019 LTIP was paid out in full, resulting in the utilisation of the 2022 provision amount.

Upper management levels

The long-term variable remuneration paid to upper management levels was changed with effect from 1 January 2020 as part of the 2020 long-term incentive plan ("2020 LTIP"). The material provisions regarding the altered procedure for awarding long-term variable remuneration to staff at upper management levels are in line with the provisions regarding the payment of long-term variable remuneration to the members of the Executive Board, although the alterations made in the 2022 financial year ("2020 LTIP ESG") were not adopted. In the 2023 financial year, a further agreement was again entered into which again essentially corresponds to the remuneration of the Executive Board ("2023 LTIP"). The long-term variable remuneration paid to staff at upper management levels is recognised in accordance with the provisions of IAS 19.

(32) Government assistance

The Federal Maritime and Hydrographic Agency awarded training subsidies and subsidies for marine personnel totalling EUR 8.5 million in the 2023 reporting year (prior year period: EUR 7.3 million) according to the guideline for lowering indirect labour costs in the German marine industry. In total, the Hapag-Lloyd Group received government assistance subsidies amounting to EUR 11.9 million (prior year period: EUR 9.7 million), recognised through profit and loss as offset against personnel expenses in the 2023 financial year.

In addition, Hapag-Lloyd USA, a wholly owned subsidiary of Hapag Lloyd AG, receives government funding as part of the Maritime Security Program (MSP). Government grants in the 2023 reporting year totalled EUR 24.5 million (prior year period: EUR 27.2 million). These grants have been recognised through profit and loss as a deduction from transport expenses.

(33) Legal disputes

Hapag-Lloyd AG and several of its foreign subsidiaries are involved in legal proceedings. These encompass a range of topics, such as disputes with foreign tax authorities, claims asserted by departed employees and disputes arising from contractual relationships with customers, former agents and suppliers.

Naturally, the outcomes of the legal disputes cannot be predicted with any certainty. It is possible that the outcomes of individual proceedings may result in payment obligations, the amounts of which could not be foreseen with sufficient accuracy as at 31 December 2023 and do not have significant impact on the Group's economic situation. As at the reporting date, there was EUR 6.6 million in contingent liabilities from legal disputes not classified as probable (previous year: EUR 8.3 million).

Hapag-Lloyd is subject to regular tax audits in various countries where the Group conducts large-scale business activities (e. g. Germany, India, USA). These tax audits may lead to the payment of tax arrears. In addition, Hapag-Lloyd regularly analyses and assesses potential tax risks within the Group (e.g. in the area of transfer pricing). To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions. As at the reporting date, there are also EUR 189.6 million in contingent liabilities from tax risks not classified as probable (previous year: EUR 98.4 million). The main reasons for the increase are newly identified risks, updated risk assessments and currency translation effects for the South Europe and Latin America regions.

(34) Contingencies

Contingencies are contingent liabilities not accounted for in the statement of financial position which are recognised in accordance with their amounts repayable estimated as at the balance sheet date.

As at 31 December 2023, there were no sureties or guarantees requiring disclosure.

(35) Utilisation of Section 264 (3) of the German Commercial Code (HGB)

The following corporate entities, which are affiliated consolidated subsidiaries of Hapag-Lloyd AG and for which the consolidated financial statements of Hapag-Lloyd AG are the exempting consolidated financial statements, utilise the exempting option provided by Section 264 (3) of the German Commercial Code (HGB):

- Hapag-Lloyd Grundstücksholding GmbH, Hamburg
- Hapag-Lloyd Schiffsvermietungsgesellschaft mbH, Hamburg.
- Zweite Hapag-Lloyd Schiffsvermietungsgesellschaft mbH, Hamburg.
- Hamburg-Amerika Linie GmbH, Hamburg

(36) Services provided by the auditors of the consolidated financial statements

In the 2023 financial year, the following fees were paid to the external auditors KPMG AG Wirtschaftsprüfungsgesellschaft within the global KPMG network, in accordance with Section 314 of the German Commercial Code (HGB) and Institute of Public Auditors in Germany (IDW) RS HFA 36:

	1.1.–31.12.2023		1.1.–31.12.2022	
million EUR	Total	Domestic	Total	Domestic
Fees for annual audit	4.5	3.1	4.2	2.8
Fees for other assurance services	0.4	0.4	0.3	0.3
Fees for tax consultancy	0.0	–	–	–
Fees for other services	0.0	0.0	0.0	–
Total	**4.9**	**3.5**	**4.5**	**3.1**

The fee for audit services rendered by KPMG AG Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the annual financial statements of Hapag-Lloyd AG including legal contractual amendments and audits of the financial statements of subsidiaries. Activities integral to the audit were also performed in relation to audit reviews of interim financial statements.

Other attestation services relate primarily to services in connection with the audit of the combined separate non-financial report, agreed investigatory activity relating to financial covenants, the audit of the remuneration report and other procedures agreed upon.

Other services relate to general legal and other advisory services.

(37) Related party disclosures
In carrying out its ordinary business activities, Hapag-Lloyd AG maintains direct and indirect relationships with related parties as well as with its own subsidiaries included in the consolidated financial statements.

In the 2022 financial year, CSAV Germany Container Holding GmbH (CSAV) held a 30.0% stake in Hapag-Lloyd, while Kühne Maritime GmbH, together with Kühne Holding AG (Kühne), also held a 30.0% stake. The stake held by Qatar Holding Germany GmbH was 12.3%. The number of shares did not change during the reporting period as compared with the previous year and the shareholder structure of Hapag-Lloyd remained the same. As at 31 December 2023, CSAV, HGV and Klaus-Michael Kühne (including companies attributable to him, in particular through Kühne Maritime) therefore together held around 74% of the share capital of Hapag-Lloyd.

In the following disclosures on transactions with shareholders, the relationships with Kühne and CSAV and their respective related parties are outlined. During the reporting period, Hapag-Lloyd conducted legal transactions within the scope of its ordinary activities with Kühne and CSAV and their respective related parties. These comprise terminal and transport services in particular. Performance and consideration have been agreed on the basis of normal market conditions.

With regard to HGV and its shareholder, the Free and Hanseatic City of Hamburg, as well as its Group companies, the Hapag-Lloyd Group applies the practical expedients of IAS 24 regarding government-related entities. This relates mainly to port and terminal services as well as inland transport services.

Voting rights

in %	2023	2022
Kühne Holding AG/Kühne Maritime GmbH	30.0	30.0
CSAV Germany Container Holding GmbH	30.0	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9	13.9
Qatar Holding Germany GmbH	12.3	12.3
Public Investment Fund of the Kingdom of Saudi Arabia	10.2	10.2
Free Float	3.6	3.6
Total	**100.0**	**100.0**

Transactions with related parties (excluding management in key positions):

	Delivered goods and services and other income recognised		Goods and services received and other expenses recognised	
million EUR	1.1.– 31.12.2023	1.1.– 31.12.2022	1.1.– 31.12.2023	1.1.– 31.12.2022
Shareholders	905.1	2,025.5	171.3	128.4
Affiliated non-consolidated companies	–	–	–	–
Associated companies and Joint Ventures	5.5	43.7	239.5	215.0
Total	**910.6**	**2,069.2**	**410.9**	**343.4**

	Receivables		Liabilities	
million EUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Shareholders	63.6	141.4	7.7	16.1
Affiliated non-consolidated companies	2.0	–	0.2	0.2
Associated companies and Joint Ventures	–	–	35.1	27.4
Total	**65.6**	**141.4**	**42.9**	**43.7**

The amounts arising from transactions with related parties contained in the above table result from services rendered (EUR 910.6 million; previous year: EUR 2,069.2 million).

At EUR 410.9 million (previous year: EUR 343.4 million), the goods and services received and other expenses shown above are mainly for operational (transport-related) services.

In addition, the acquisition of SAAM Terminals represents a transaction with a related party. Further details can be found in the section “Business acquisitions”.

Remuneration of key management personnel

The remuneration of key management personnel in the Group to be disclosed under IAS 24 encompasses the remuneration paid to the current members of the Executive Board and Supervisory Board of Hapag-Lloyd AG.

The active members of the Executive Board and the Supervisory Board were remunerated as follows:

	Executive Board		Supervisory Board	
million EUR	2023	2022	2023	2022
Short-term benefits	9.6	6.4	3.1	2.7
Other long-term employee benefits	3.7	4.2	–	–
Post-employment benefits	–	–	–	–
Share based benefits	–	0.6	–	–
Total	**13.3**	**11.3**	**3.1**	**2.7**

In the 2023 financial year, the employee representatives on the Supervisory Board received EUR 0.6 million (previous year: EUR 0.6 million) as part of their employment contracts, in addition to their Supervisory Board emoluments. These are included in the remuneration for members of the Supervisory Board pursuant to IAS 24.

Additional disclosures concerning total remuneration pursuant to Section 315e of the German Commercial Code (HGB)

	Executive Board		Supervisory Board	
million EUR	2023	2022	2023	2022
Active board members	9.6	6.4	2.5	2.2
Former board members	1.0	1.1	–	–
Total	**10.6**	**7.4**	**2.5**	**2.2**

In the 2023 financial year, commitments related to long-term variable remuneration plans (Long-Term Incentive Plan –2023 “LTIP 2023”) were made to active Executive Board members in the amount of EUR 3.6 million (previous year: EUR 3.2 million), as well as a one-off integration bonus of EUR 2.3 million for the 2023 financial year for the prompt and successful integration of the terminal investments. For further information on these long-term variable remuneration plans, please refer to Note (31).

The total remuneration paid to active members of the Executive Board includes annual one-off payments to a funded pension fund associated with the Executive Board members’ pension schemes. Beyond the annual one-off payments, Hapag-Lloyd has no further obligations from these pension commitments to the Executive Board members due to the reinsurance.

A total of EUR 22.8 million was allocated to pension provisions for former Executive Board members as at 31 December 2023 (previous year: EUR 21.6 million).

As in the previous year, no loans or advance payments were granted to members of the Executive Board and Supervisory Board in the reporting year.

(38) Declaration of Conformity with the German Corporate Governance Code (GCGC) pursuant to Section 161 of the German Stock Corporation Act (AktG)

The declaration required under Section 161 of the German Stock Corporation Act (AktG) was issued by the Executive Board and Supervisory Board in March 2023 and has been made permanently available to shareholders on the Company's website: www.hapag-lloyd.com in the "Our Company" area in the "Investor Relations" section under "Corporate Governance": https://www.hapag-lloyd.com/en/company/ir/corporate-governance/compliance-statement.html.

(39) Significant events after the balance sheet date

No significant transactions took place after the balance sheet date.

(40) List of holdings pursuant to Section 315e of the German Commercial Code (HGB)

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Affiliated consolidated companies			
Liner Shipping			
Head office			
Hamburg-Amerika Linie GmbH	Hamburg	EUR	100.00
Hapag-Lloyd Grundstücksholding GmbH	Hamburg	EUR	94.90
Hapag-Lloyd Schiffsvermietungsgesellschaft mbH	Hamburg	EUR	100.00
Zweite Hapag-Lloyd Schiffsvermietungsgesellschaft mbH	Hamburg	EUR	100.00
North Europe			
Hapag-Lloyd (Austria) GmbH	Vienna	EUR	100.00
Hapag-Lloyd (France) S.A.S.	Paris	EUR	100.00
Hapag-Lloyd (Ireland) Ltd.	Dublin	EUR	100.00
Hapag-Lloyd Knowledge Center Sp.z.o.o.	Gdánsk	EUR	100.00
Hapag-Lloyd (Schweiz) AG	Basel	CHF	100.00
Hapag-Lloyd (Sweden) AB	Gothenburg	SEK	100.00
Hapag-Lloyd (UK) Ltd.	Barking	GBP	100.00
Hapag-Lloyd Polska Sp.z.o.o.	Gdánsk	PLN	100.00
Hapag-Lloyd Special Finance DAC	Dublin	USD	100.00
NileDutch Africa Line B.V.	Rotterdam	EUR	100.00
Oy Hapag-Lloyd Finland AB	Helsinki	EUR	100.00
South Europe			
Hapag-Lloyd Denizasiri Nakliyat A.S.	Izmir	TRY	65.00
Hapag-Lloyd (Egypt) Shipping S.A.E.	Alexandria	EGP	49.00 [4]
Hapag-Lloyd (Italy) S.R.L.	Assago	EUR	100.00
Hapag-Lloyd Morocco SAS	Casablanca	MAD	50.08
Hapag-Lloyd Portugal LDA	Lisbon	EUR	100.00
Hapag-Lloyd Romania S.r.l.	Bucharest	RON	70.00
Hapag-Lloyd Spain S.L.	Barcelona	EUR	90.00
Hapag Lloyd Tasimacilik Destek Servis Merkezi A.S.	Izmir	TRY	100.00
Hapag-Lloyd Ukraine LLC	Odessa	UAH	50.00
Norasia Container Lines Ltd.	Valletta	USD	100.00

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Asia			
CSAV Group (China) Shipping Co. Ltd.	Shanghai	CNY	100.00
Hapag-Lloyd (Australia) Pty. Ltd.	Pyrmont	AUD	100.00
Hapag-Lloyd Business Services (Suzhou) Co. Ltd.	Suzhou	CNY	100.00
Hapag-Lloyd Business Services (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR	100.00
Hapag-Lloyd (Cambodia) Co., Ltd.	Phnom Penh	KHR	100.00
Hapag-Lloyd (China) Ltd.	Hong Kong	HKD	100.00
Hapag-Lloyd (China) Shipping Ltd.	Shanghai	CNY	100.00
Hapag-Lloyd (Japan) K.K.	Tokyo	JPY	100.00
Hapag-Lloyd (Korea) Ltd.	Seoul	KRW	100.00
Hapag-Lloyd (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR	100.00
Hapag-Lloyd (New Zealand) Ltd.	Auckland	NZD	100.00
Hapag-Lloyd Pte. Ltd.	Singapore	USD	100.00
Hapag-Lloyd (Taiwan) Ltd.	Taipei	TWD	100.00
Hapag-Lloyd (Thailand) Ltd.	Bangkok	THB	49.90
Hapag-Lloyd (Vietnam) Ltd.	Ho Chi Minh City	VND	100.00
UASC (Thailand) Ltd.	Bangkok	THB	74.97
United Arab Shipping Agency Co. (Asia) Pte. Ltd.	Singapore	USD	100.00
United Arab Shipping Co. (Asia) Pte. Ltd.	Singapore	SGD	100.00
Middle East			
Hapag-Lloyd Africa (PTY) Ltd.	Durban	ZAR	100.00
Hapag-Lloyd (Angola) – Agencia de Navegacao Lda.	Luanda	AOA	49.00 [1]
Hapag-Lloyd Bahrain Co. WLL	Manama	BHD	49.00
Hapag-Lloyd Bangladesh Private Limited	Dhaka	BDT	40.00 [9]
Hapag-Lloyd Business Services LLP	Mumbai	INR	100.00
Hapag-Lloyd Congo S.A.	Pointe-Noire	XAF	70.00 [7]
Hapag-Lloyd (Ghana) Ltd.	Tema	GHS	100.00
Hapag-Lloyd Global Services Pvt. Ltd.	Thane	INR	100.00
Hapag-Lloyd India Private Ltd.	Mumbai	INR	100.00
Hapag-Lloyd Cote D'Ivoire SAS	Abidjan	XOF	0.00 [10]
Hapag-Lloyd (Jordan) Private Limited Company	Amman	JOD	50.00
Hapag-Lloyd Kenya Ltd.	Nairobi	KES	100.00
Hapag-Lloyd Middle East Shipping LLC	Dubai	AED	100.00
Hapag-Lloyd Nigeria Shipping Limited	Lagos	NGN	100.00
Hapag-Lloyd Pakistan (Pvt.) Ltd.	Karachi	PKR	100.00
Hapag-Lloyd Qatar WLL	Doha	QAR	49.00
Hapag-Lloyd Quality Service Centre Mauritius	Ebène	MUR	100.00
Hapag-Lloyd Saudi Arabia Ltd.	Jeddah	SAR	100.00
Hapag-Lloyd Senegal SASU	Dakar	XOF	100.00
Hapag-Lloyd Shipping Company – State of Kuwait (K.S.C.C.)	Kuwait City	KWD	49.00 [1]
Hapag-Lloyd Technology Center Pvt.Ltd	Chennai	INR	51.00
NileDutch (Angola) – Agencia de Navegacao Lda.	Luanda	AOA	49.00 [1]
NileDutch Cameroun S.A.	Douala	XAF	90.00 [6]
NileDutch Congo Forwarding & Logistics S.A.	Pointe-Noire	XAF	75.00 [8]
OISP Holding Limited	Dubai	USD	100.00

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Simba Africa Maritime (Pty) Ltd	Durban	ZAR	100.00
United Arab Shipping Company Ltd.	Dubai	USD	100.00
United Arab Shipping Company for Maritime Services LLC	Baghdad	IQD	100.00
North America			
Florida Vessel Management LLC	Wilmington	USD	75.00
Hapag-Lloyd (America) LLC	Wilmington	USD	100.00
Hapag-Lloyd (Canada) Inc.	Montreal	CAD	100.00
Hapag-Lloyd USA LLC	Wilmington	USD	100.00
Latin America			
Agencias Grupo CSAV Mexico S.A. de C.V.	Mexico City	MXN	100.00
Andes Operador Multimodal Ltda.	São Paulo	BRL	100.00
Compañía Libra de Navegación (Uruguay) S.A.	Montevideo	UYU	100.00
CSAV Austral SpA	Santiago de Chile	USD	49.00
CSAV Ships S.A.	Panama City	USD	100.00
Hapag-Lloyd Argentina S.R.L.	Buenos Aires	ARS	100.00
Hapag-Lloyd Bolivia S.R.L.	Santa Cruz de la Sierra	BOB	100.00
Hapag-Lloyd Chile SpA	Santiago de Chile	USD	100.00
Hapag-Lloyd Colombia Ltda.	Bogotá	COP	100.00
Hapag-Lloyd Costa Rica S.A.	San José	CRC	100.00
Hapag-Lloyd Ecuador S.A.	Guayaquil	USD	45.00
Hapag-Lloyd Guatemala S.A.	Guatemala City	GTQ	100.00
Hapag-Lloyd Mexico S.A. de C.V.	Mexico City	MXN	100.00
Hapag-Lloyd (Peru) S.A.C.	Lima	USD	100.00
Hapag-Lloyd Quality Service Center Bogotá S.A.S.	Bogotá	COP	100.00
Hapag-Lloyd Uruguay S.A.	Montevideo	UYU	100.00
Hapag-Lloyd Venezuela C.A.	Caracas	VEF	100.00
Libra Serviços de Navegação Limitada	São Paulo	BRL	100.00
Norasia Alya S.A.	Panama City	USD	100.00
Rahue Investment Co. S.A.	Panama City	USD	100.00
Other			
Aenaos Container Carrier S.A.	Majuro	USD	100.00
Aristos Container Carrier S.A.	Majuro	USD	100.00
Empros Container Carrier S.A.	Majuro	USD	100.00
Al Jowf Ltd.	Valletta	USD	100.00
Al Qibla Ltd.	Valletta	USD	100.00
CSBC Hull 900 Ltd.	Douglas	USD	100.00
Hull 1975 Co. Ltd.	Majuro	USD	100.00
Hull 1976 Co. Ltd.	Majuro	USD	100.00

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Terminal & Infrastructure			
CMR Container Maintenance Repair Hamburg GmbH	Hamburg	EUR	100.00
COSEM S.A.	Valparaíso	CLP	100.00
Florida International Terminal LLC	Miami	USD	70.00
Hapag-Lloyd Damietta GmbH	Hamburg	EUR	100.00
HL Terminal Holding B.V.	Rotterdam	EUR	100.00
HL Terminals GmbH	Hamburg	EUR	100.00
HLTH Holding Chile Uno SpA	Santiago de Chile	USD	100.00
HLTH Holding Chile Dos SpA	Santiago de Chile	USD	100.00
Inarpi S.A.	Guayaquil	USD	100.00
Inversiones San Marco Ltda	Santiago de Chile	CLP	100.00
Iquique Terminal Internacional S.A.	Iquique	CLP	100.00
Lighthouse (Italy) S.r.l.	Milan	EUR	100.00
Middle East Container Repair Company LLC	Dubai	AED	49.00[2]
Muellaje ITI S.A.	Iquique	CLP	100.00
SAAM Extraportuarios S.A.	Valparaíso	CLP	100.00
SAAM Florida Inc.	Miami	USD	100.00
SAAM Logistics S.A.	Santiago de Chile	CLP	100.00
SAAM Operadora de Puertos Empresa de Estiba y Desestiba Costa Rica S.A.	San José	CRC	100.00
SAAM Ports S.A.	Santiago de Chile	CLP	100.00
SAAM Puertos S.A.	Valparaíso	CLP	100.00
SEPSA S.A.	Valparaíso	CLP	100.00
Sociedad Portuaria de Caldera (SPC) S.A.	Caldera – Puntarenas	CRC	51.00
Sociedad Portuaria Granelera de Caldera (SPGC) S.A.	Caldera – Puntarenas	CRC	51.00
Terminal El Colorado S.A.	Iquique	CLP	100.00
Terminal Las Golondrinas S.A.	Valparaíso	CLP	100.00
Terminal Marítima de Mazatlán S.A. de C.V	Mexico City	MXN	100.00
TPG Transportes S.A.	Guayaquil	CLP	100.00
Joint Venture			
Liner Shipping			
Consorcio Naviero Peruano S.A.	Lima	USD	47.93[5]
Norcoast Logistica S.A.	São Paulo	BRL	50.00
Terminal & Infrastructure			
Damietta Alliance Container Terminals S.A.E.	Damietta	USD	39.00
EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG	Wilhelmshaven	EUR	30.00
J M Baxi Ports & Logistics Limited	Mumbai	INR	40.00
Rail Terminal Wilhelmshaven GmbH	Wilhelmshaven	EUR	50.00
Texas Stevedoring Services LLC	Wilmington	USD	50.00

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Associated companies			
Liner Shipping			
Hapag-Lloyd Lanka (Private) Ltd.	Colombo	LKR	40.00
EA Technologies FZCO	Dubai	AED	61.59
Terminal & Infrastructure			
Antofagasta Terminal Internacional S.A.	Antofagasta	CLP	35.00
Djibouti Container Services FZCO	Djibouti	DJF	19.06[3]
HHLA Container Terminal Altenwerder GmbH	Hamburg	EUR	25.10
Inmobiliaria Sepbio Ltda	Talcahuano	CLP	50.00
Muellaje del Maipo S.A.	San Antonio	USD	50.00
Portuaria Corral S.A.	Valdivia	CLP	50.00
Puerto Buenavista S.A.	Cartagena	COP	33.33
San Antonio Terminal Internacional S.A.	San Antonio	CLP	50.00
San Vicente Terminal Internacional S.A.	Talcahuano	USD	50.00
Servicios Portuarios y Extraportuarios Bio Bio Ltda	Talcahuano	CLP	50.00
Spinelli S.r.l.	Genoa	EUR	49.00
Transportes Fluviales Corral S.A.	Valdivia	CLP	50.00
Affiliated non-consolidated companies			
Ain Esnan Ltd.	Valletta	EUR	100.00
Al Dahna Ltd.	Valletta	EUR	100.00
Al Nefud Ltd.	Valletta	EUR	100.00
Barzan Ltd.	Valletta	EUR	100.00
Brunswick Investment Co. Inc.	Nassau	USD	100.00
Chacabuco Shipping Ltd.	Majuro	USD	100.00
CSBC Hull 898 Ltd.	Douglas	USD	100.00
EUROGATE Container Terminal Wilhelmshaven Beteiligungsgesellschaft mbH	Wilhelmshaven	EUR	30.00
Hamburg-Amerikanische-Packetfahrt-Gesellschaft mbH	Hamburg	EUR	100.00
Hapag-Lloyd Agency (Pty) Ltd.	Durban	ZAR	100.00
Hapag-Lloyd Container (No. 3) Ltd.	Barking	EUR	100.00
Hapag-Lloyd Ships (No. 2) Ltd.	Barking	EUR	100.00
Hapag-Lloyd Ships Ltd.	Barking	EUR	100.00
Hapag-Lloyd Transport South Africa (Pty) Ltd.	Durban	ZAR	100.00
HLAG Vessel Holding Limited	Valletta	EUR	100.00
Hull 1794 Co. Ltd.	Majuro	USD	100.00
Hull 2082 Co. Ltd.	Majuro	USD	100.00
Norddeutscher Lloyd GmbH	Bremen	EUR	100.00
Palena Shipping Ltd.	Majuro	USD	100.00
Servicios de Procesamiento Naviero S.R.L. i.L.	Montevideo	USD	100.00

Name of the company	Registered office	Currency unit (CU)	Shareholding in %
Tihama Ltd.	Valletta	EUR	100.00
UASC Holding (Thailand) Ltd.	Bangkok	THB	49.95
UASC Vessel Holding Limited	Valletta	EUR	100.00
Umm Salal Ltd.	Valletta	EUR	100.00
United Arab Shipping Agency Co. (Egypt) S.A.E.	Alexandria	EGP	49.00[1]
United Arab Shipping Agency Company (Thailand) Ltd.	Bangkok	THB	49.00
UASAC Uruguay (S.A.)	Montevideo	UYU	94.00
United Arab Shipping Agency Company (Vietnam) Ltd.	Ho Chi Minh City	VND	100.00
Verwaltung DAL Schiffahrts-Agentur GmbH	Hamburg	EUR	100.00

1 A further 51.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
2 A further 5.64 % is held by a trustee on behalf of the Hapag-Lloyd Group.
3 A further 2.19 % is held by a trustee on behalf of the Hapag-Lloyd Group.
4 A further 16.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
5 A further 2.07 % is held by a trustee on behalf of the Hapag-Lloyd Group.
6 A further 10.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
7 A further 30.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
8 A further 25.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
9 A further 60.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.
10 100.00 % is held by a trustee on behalf of the Hapag-Lloyd Group.

Hamburg, 27 February 2024

Hapag-Lloyd Aktiengesellschaft
Executive Board

Rolf Habben Jansen

Donya-Florence Amer | Dheeraj Bhatia | Mark Frese | Dr Maximilian Rothkopf

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 297 (2) AND SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements of Hapag-Lloyd AG give a true and fair view of the net asset, financial and earnings position of the Group and that the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 27 February 2024

Hapag-Lloyd Aktiengesellschaft
Executive Board

Rolf Habben Jansen

Donya-Florence Amer | Dheeraj Bhatia | Mark Frese | Dr Maximilian Rothkopf

INDEPENDENT AUDITOR'S REPORT

To Hapag-Lloyd Aktiengesellschaft, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Hapag-Lloyd Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Hapag-Lloyd Aktiengesellschaft and the Group (hereinafter referred to as the "combined management report") for the financial year from 1 January to 31 December 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Accounting for unfinished voyages

For further information on the accounting policies applied, please refer to the disclosures in the notes to the consolidated financial statements under "Fundamental accounting principles – Realisation of income and expense" and "Notes to the consolidated income statement – (1) Revenue".

THE FINANCIAL STATEMENT RISK

Revenue for unfinished voyages is recognised by Hapag-Lloyd by reference to the voyage progress at the reporting date. In determining voyage progress, the ratio of expenses incurred up to the reporting date to the expected total expenses per voyage is relevant. Determining the transport costs incurred in connection with the voyages unfinished as at the reporting date and the margins underlying revenue recognition is a highly complex process.

There is the risk for the financial statements that revenue for unfinished voyages is not accurately recognised in respect of the cut-off reporting date.

OUR AUDIT APPROACH

We assessed the design, implementation and effectiveness of the controls that are to ensure accurate recognition cut-off of revenue as at the reporting date. We assessed the accounting policies applied by Hapag-Lloyd for revenue recognition in terms of their compliance with the requirements of IFRS 15. In addition, we assessed whether the policies defined by Hapag-Lloyd for recognition cut-off are appropriately structured to ensure the recognition of revenue on an accrual basis. We assessed the reliability of the analyses from the accounting system on an accrual basis by examining representative samples of the underlying documents and the actual voyage data. We assessed the method of calculating the margins for revenue recognition and the required cut-off procedures at the reporting date and inspected the model for computational accuracy.

OUR OBSERVATIONS

Hapag-Lloyd's approach with respect to revenue recognition cut-off is appropriate.

Recoverability of goodwill for the "Liner Shipping" cash-generating unit

Please refer to the disclosures in the notes to the consolidated financial statements in the 'Impairment testing' section and the disclosures on the judgements made by management in the section on 'Application of discretionary decisions and estimates' for further information on the accounting policies applied. Disclosures on the amount of goodwill and the key assumptions used for the estimate of the recoverable amount are to be found in the notes to the consolidated financial statements in the section "Notes to the consolidated statement of financial position" – (10) Intangible assets.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 1,841 million as at 31 December 2023.

Goodwill is tested once a year at the level of the "Liner Shipping" cash-generating unit for impairment without specific cause. If impairment triggers arise during the year, an ad hoc/indicator-based goodwill impairment test is also performed during the year. For goodwill impairment testing, the carrying amount is compared with the recoverable amount of the cash-generating unit. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised. The recoverable amount is the higher amount of fair value less costs to sell and value in use of the cash-generating unit. The recoverable amount was determined based on the value in use. The cut-off date for impairment testing is 31 December 2023.

Impairment testing of goodwill is complex and based on a number of assumptions requiring judgement. These include the expected business and earnings performance of the cash-generating unit, in particular the assumed EBIT margin in the terminal value as well as the growth rate of revenue in the terminal value and the free cash flows in the terminal value derived therefrom as well as the weighted average cost of capital used.

As a result of the performed impairment testing, Hapag-Lloyd AG did not identify any need to recognise an impairment loss. The sensitivity analyses of Hapag-Lloyd AG showed that a reasonably possible change to cash flows in the terminal value would cause a reduction in the value in use.

There is the risk for the financial statements that impairment existing as of the reporting date was not identified. There is also the risk that the related disclosures in the notes to the consolidated financial statements are not appropriate.

OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as the Company's valuation models. For this purpose we discussed the expected business and earnings performance, in particular the assumed EBIT margin in the terminal value and the growth rate of revenue in the terminal value as the base for free cash flows in the terminal value with those responsible for planning. In addition, we reconciled the projected business and earnings performance with the management planning prepared by the Executive Board and approved by the Supervisory Board. We also evaluated the consistency of the assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations. We compared the assumptions and data underlying the weighted average cost of capital – in particular the risk-free rate, the market risk premium and the beta factor – with our own assumptions and publicly available information.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analysed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the EBIT margin in the terminal value and the growth rates of revenue in the terminal value as the base for free cash flows in the terminal value as well as the weighted average cost of capital in the terminal value on the value in use by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes to the consolidated financial statements regarding the impairment of goodwill are appropriate. This also included an assessment of the appropriateness of disclosures in the notes according to IAS 36.134(f) on sensitivity in the event of a reasonably possible change in the key assumptions used for measurement.

OUR OBSERVATIONS
The underlying valuation models used for the impairment testing of goodwill are appropriate and consistent with the applicable accounting principles. The assumptions and data used by the Company for measurement are reasonable. The related disclosures in the notes to the consolidated financial statements are appropriate.

Other Information
The Executive Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the separate combined non-financial report of the Company and the Group, which is referred to in the combined management report and
- the combined corporate governance statement for the Company and Group, which is included in a separate section of the combined management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems.
- Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. 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 to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "hapaglloydaktiengesellschaft–2023–12–31-de.zip" (SHA 256 hash value: e045af2daddb9057c7c941b174b8fd6c8feb407da86341f80414f0280d739c62) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2023, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's Executive Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Executive Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor at the Annual General Meeting on 3 May 2023. We were engaged by the Chairman of the Audit and Financial Committee of the Supervisory Board on 9 August 2023. We have been the group auditor of Hapag-Lloyd Aktiengesellschaft without interruption since financial year 2010, of this period nine financial years during which the Company fulfilled without interruption the definition of a public interest entity as defined by Section 316a sentence 2 HGB.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Modder.

Hamburg, 5 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Modder	Lippmann
German Public Auditor	German Public Auditor

FINANCIAL CALENDAR

30 APRIL 2024
Annual general meeting

15 MAY 2024
Publication of quarterly financial report Q1 2024

14 AUGUST 2024
Publication of quarterly financial report H1 2024

14 NOVEMBER 2024
Publication of quarterly financial report 9M 2024

IMPRINT

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Hapag-Lloyd, March 2024

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