

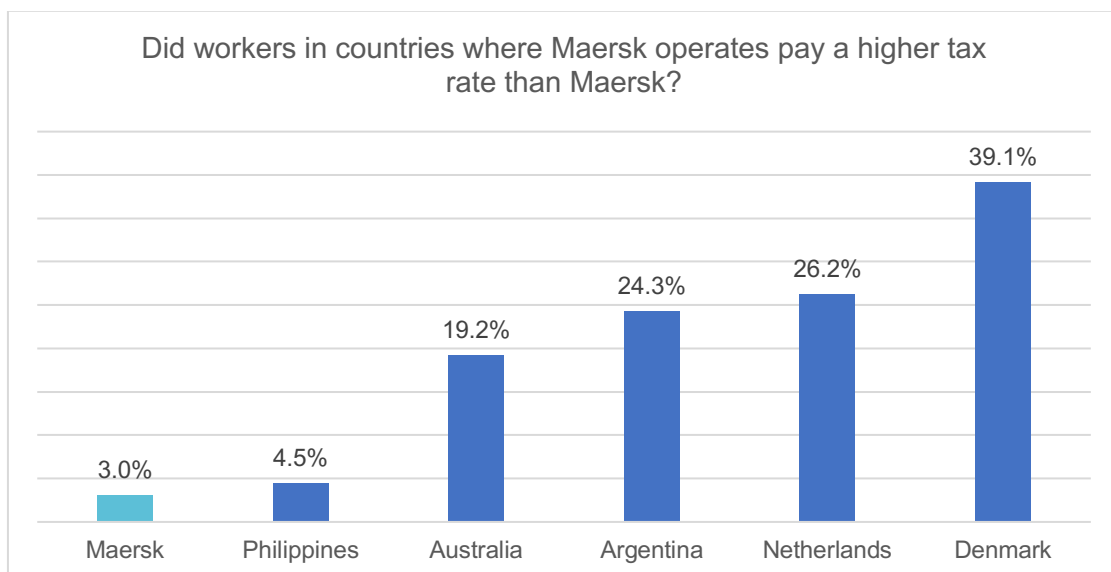
Do workers pay more tax than Maersk?

For major firms in the transport and logistics industry, post-covid supply chain pressure led to a surge in profits. Maersk, the largest shipping company in the world, saw profits increase by more than **26 times in a two-year period**, earning **US\$49 billion in profit 2021 and 2022**.

At the same time, because the Danish Government levies a tonnage tax rather than a company tax, Maersk's tax rate fell to just **3 percent in 2022**. If the Danish Government had levied the company tax rate these years, it would have gained another **USD \$9.4 billion in tax**.

Maersk's 3 percent tax rate in 2022 is substantially **lower than the tax rates (including social security, healthcare and pension contributions) faced by workers in the countries Maersk operates:**

- In the **Philippines**, an average income worker paid no income tax but paid PHP 8,370 in social security contributions on PHP 186,338 in income, a 4.5% labour tax rate. This tax rate is **50% higher than the tax Maersk paid in 2022**.
- In **Australia**, a median income worker paid AUD 11,994.49 in tax (AUD 10,746.49 in income tax and AUD 1,248 in medicare levies) on income of AUD \$62,400, a 19.2% tax rate. This tax rate is **541% higher than Maersk's in 2022, or six times higher**.
- In **Argentina**, an average income worker paid ARS 150,773 in tax (ARS 45,197 in income tax and 105,576 in social security contributions) on income of ARS 621,033, a 24.3% tax rate. This tax rate is **709% higher than Maersk's in 2022, or eight times higher**.
- In the **Netherlands**, an average income worker paid €10,057 in tax (€14,238 in income tax and €1,657 in healthcare contributions, less €5,839 in general and labour tax credits) on income of €38,380, a 26.2% tax rate. This tax rate is **774% higher than Maersk's in 2022, or nine times higher**.
- In **Denmark**, where Maersk is headquartered, an average income worker paid DKK 213,313 in tax (DKK 212,177 in income tax and DKK 1,136 in social security contributions) on income of DKK 545,772, a 39.1% tax rate. This tax rate is **1203% higher than the tax rate Maersk paid in 2022, or thirteen times higher**.



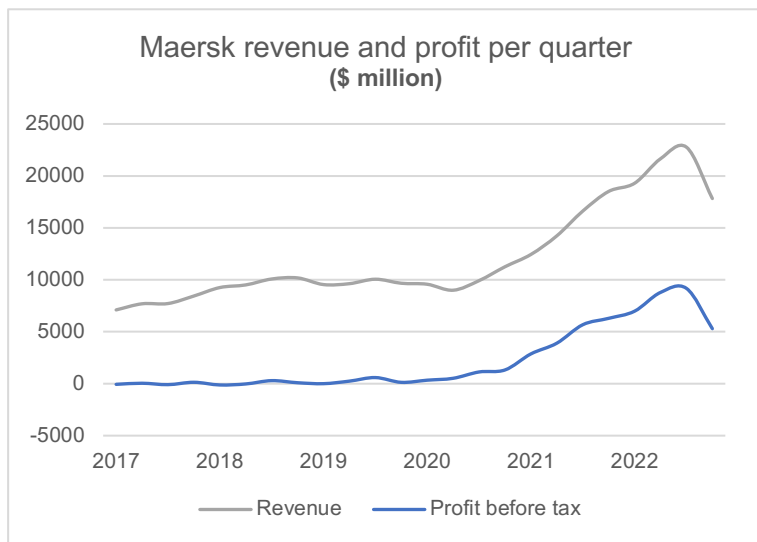


Maersk’s pandemic profit surge

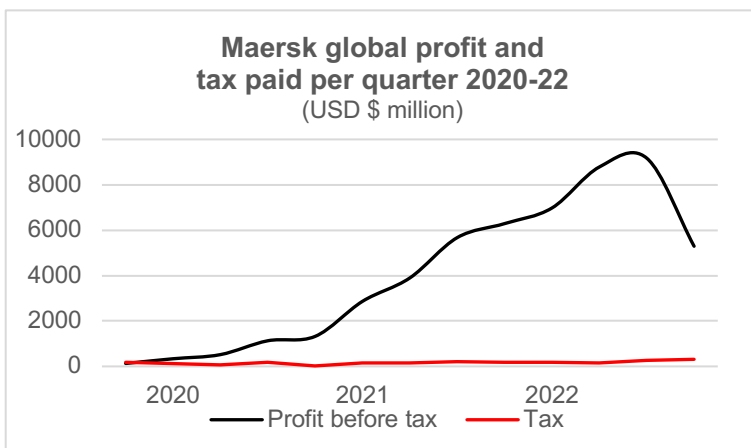
AP-Moller Maersk (‘Maersk’) is the second largest shipping company in the world and is headquartered in Denmark. Since 2001, instead of levying standard corporate tax on shipping companies, Denmark has levied a tonnage tax that is determined by a fixed amount per net tonne. The approach is recommended by the European Union and is often favoured by governments, because it delivers tax revenue regardless of whether shipping companies make a profit or a loss. However, as shipping is a highly cyclical industry where profits regularly rise to high levels, tonnage taxes mean that governments regularly miss out on significant potential tax revenue.

Post-covid supply chain pressure has been very good for Maersk. The combined impact of varying covid-related social restrictions across borders and labour shortages have led to significant supply chain disruptions, that Maersk was able to capitalise on:

- From the third quarter of 2020 until the third quarter of 2022, **quarterly revenue increased by 130%**, from \$9.9 billion a quarter to \$22.7 billion a quarter.
- From the first quarter of 2020 until the third quarter of 2022, **quarterly profit before tax increased by more than 26 times**, from \$337 million a quarter to \$9.2 billion a quarter.
- In 2021 and 2022, Maersk earned **\$49 billion in profit before tax**.



The tonnage tax model means tax collection has remained largely consistent over this period, with the increase (from around \$100 million per quarter in 2020 to around \$200-250 million in 2022) reflecting changing demand patterns for shipping services during the pandemic. While this increase seems significant, it pales alongside the 26-fold increase in pre-tax profit over the same period.



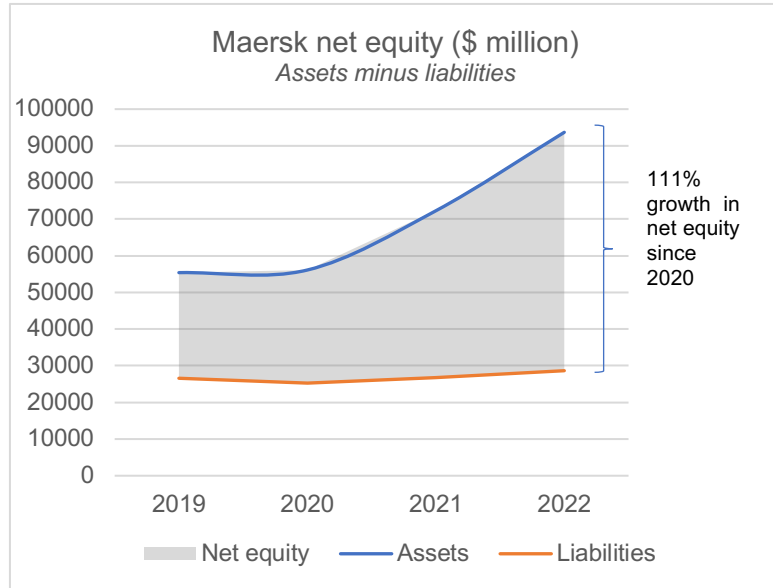
As a result, Maersk’s tax rate declined drastically, to less than 2% of net profit before tax in the second quarter of 2022. Across 2022, tonnage tax paid by Maersk equaled only 3% of pre-tax profit.

Over the years 2020 to 2022, using the tonnage tax model rather than Denmark’s standard 22% company tax rate, Denmark has lost an **estimated \$9.4 billion in tax revenue**.



In 2021 and 2022, Maersk distributed **\$7.8 billion in dividends to shareholders.**

Maersk's profit surge sent them off on a shopping spree that will help secure a dominant position in the market. That included that acquisition of a slew of ecommerce logistics suppliers (Visible Supply Chain Management, B2C Europe and HUUB) in 2021, as well as the \$3.6 billion purchase of Hong Kong-based LF Logistics last year.



These acquisitions have helped increase the total value of Maersk's assets to \$93.6 billion, while liabilities have hardly moved. This represents a **111% increase (\$34.2 billion) in net equity in just two years**, to \$65 billion.
