

Eimskipafélag Íslands hf.
Condensed Consolidated Interim Financial Statements
1 January to 30 September 2022
EUR

Eimskipafélag Íslands hf.
Sundabakka 2
104 Reykjavík
Iceland

Reg. no. 690409-0460



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Endorsement and Statement by the Board of Directors and the CEO

Eimskip is a leading transportation Company in the North Atlantic providing container and reefer liner services with connections to international markets as well as worldwide freight forwarding solutions with focus on frozen and chilled commodities. Eimskip offers its customers a broad range of services related to shipping, logistics and supply chain management solutions on land, sea and air. Eimskip currently operates 56 offices in 20 countries and has 1.711 full-time employees. The Condensed Consolidated Interim Financial Statement of the Group includes the financials of the parent Company and its subsidiaries. The Group consists of a total of 67 companies in addition to six foreign branches.

The Condensed Consolidated Interim Financial Statements of Eimskipafélag Íslands hf. and its subsidiaries (together referred to as "Eimskip" or the "Group") for the period 1 January to 30 September 2022 are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU and additional requirements for listed Icelandic companies. The Financial Statements are presented in thousands of EUR. The Condensed Consolidated Interim Financial Statements have not been audited or reviewed by the Company's independent auditors.

Net earnings for the first nine months of the year 2022 amounted to EUR 63.5 million according to the Consolidated Income Statement. Total equity at 30 September 2022 amounted to EUR 296.2 million according to the Statement of Financial Position.

Operations and significant matters

In the third quarter of 2022, revenue grew by 23.5% from previous year and operating expenses increased by 21.4% with the net effect being an EBITDA of EUR 49.6 million, which is an increase of EUR 12.8 million from the same quarter last year or 34.8%.

The strong financial results in the third quarter of 2022 were driven generally good performance of all business segments. Eimskip's liner services delivered EUR 37.6 million in EBITDA in the quarter, which is an increase of EUR 12.9 million from same quarter last year. The results are driven by good utilization of the Company's sailing system combined with healthy margins. Liner volume was generally strong this quarter, especially in import to Iceland and in the Trans-Atlantic services. The Trans-Atlantic services has in recent years become a third pillar in the container liner system along with Iceland and Faroe Islands services. Financial contribution from this increasingly important trade lane was substantially higher this quarter than same time last year, with volumes and rates that reflect the high demand for transportation from Europe to North America. Furthermore, high activity and good contribution from all services supporting the liner system such as land transportation, warehousing and cold storage and custom services.

The international forwarding business also continues to perform well with EBITDA of EUR 11.9 million in the quarter, which is a minor decrease of EUR 0.1 million from same quarter last year. Since the supply chain disruption caused by Covid hit, the forwarding business has benefitted financially from high international demand for transportation services while the operational environment has been challenging due to space and equipment shortage. Recently, we have seen a slowdown in demand combined along with easing of port congestion, which has caused global freight rates to decrease substantially. The decrease in prices will affect Eimskip's forwarding although improved availability of space and equipment should allow for some increase in volume, partly offsetting the rate reduction.

Current macro-economic outlook is marked by uncertainty and global inflation which combined with high volatility in commodity markets is considered a key risk factor by the management.

A long-term incentive program for employees, in form of a share option plan, was approved at the Annual General Meeting on 17 March 2022. The Board of Directors has since allocated share options to certain key employees. Please refer to note 14 for further information.

The Annual General Meeting furthermore approved a dividend payment to shareholders as well as a share capital reduction with a cash payment to shareholders. Please refer to note 13 for further information.

On 30 May 2022 the Board of Directors initiated a share buy-back program in accordance with the approval of Eimskip shareholders' meeting on 17 March. The number of shares to be acquired under the buy-back program were up to 1,730,000. During the second quarter Eimskip purchased all the shares with a purchase price of ISK 830.7 million or EUR 5.5 million. The share buy-back was completed on 30 June 2022. The main purpose of the share buy-back was to reduce the Company's share capital and to fulfill the Company's obligation in accordance with the stock option plan of the Company.

Endorsement and Statement by the Board of Directors and the CEO

Operations and significant matters, continued

On 18 August 2022 the Board of Directors initiated a share buy-back program in accordance with the approval of Eimskip shareholders' meeting on 17 March. The number of shares to be acquired under the buy-back program were up to 1,700,000. During the third quarter Eimskip purchased shares with a purchase price of ISK 734.6 million or EUR 5.7 million. The share buy-back was completed on 11 October 2022. The main purpose of the share buy-back was to reduce the Company's share capital.

Statement by the Board of Directors and the CEO

According to the best of our knowledge, it is our opinion that these Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of Eimskip for the nine months ended 30 September 2022, its assets, liabilities and consolidated financial position as at 30 September 2022 and its consolidated cash flows for the nine month period ended 30 September 2022.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Eimskipafélag Íslands hf. for the period 1 January to 30 September 2022 and confirm them by means of their signatures.

Reykjavík, 3 November 2022

Board of Directors:

Óskar Magnússon, Chairman

Margrét Guðmundsdóttir, Vice-Chairman

Guðrún Ó. Blöndal, Board Member

Lárus L. Blöndal, Board Member

Ólöf Hildur Pálsdóttir, Board Member

CEO:

Vilhelm Már Thorsteinsson

Consolidated Income Statement

1 January to 30 September 2022

	Notes	2022 1.7. - 30.9.	2021 1.7. - 30.9.	2022 1.1. - 30.9.	2021 1.1. - 30.9.
Revenue					
Operating revenue	5	292,173	236,607	814,972	627,969
Expenses					
Operating expenses		209,170	170,220	589,581	455,715
Settlement with the Icelandic Competition Authority		0	0	0	10,219
Salaries and related expenses		33,425	29,611	100,674	89,455
	5	242,595	199,831	690,255	555,389
Operating profit, EBITDA		49,578	36,776	124,717	72,580
Depreciation and amortization		(15,501)	(12,962)	(45,727)	(37,002)
Results from operating activities, EBIT		34,077	23,814	78,990	35,578
Finance income		274	130	730	458
Finance expense		(2,321)	(1,983)	(6,242)	(5,764)
Net foreign currency exchange loss		(617)	(1,056)	(1,588)	(859)
Net finance expense	6	(2,664)	(2,909)	(7,100)	(6,165)
Share of earnings of equity accounted investees		3,866	4,071	8,327	5,249
Net earnings before income tax		35,279	24,976	80,217	34,662
Income tax		(7,142)	(4,256)	(16,721)	(7,990)
Net earnings for the period		28,137	20,720	63,496	26,672
Net earnings for the period attributable to:					
Equity holders of the Company		27,740	20,111	61,769	25,449
Non-controlling interest		397	609	1,727	1,223
		28,137	20,720	63,496	26,672
Earnings per share:					
Basic earning per share (EUR per share)	7	0.1622	0.1148	0.3572	0.1438
Diluted earning per share (EUR per share)	7	0.1622	0.1148	0.3572	0.1438

The notes on pages 10 to 16 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

1 January to 30 September 2022

	Notes	2022 1.7. - 30.9.	2021 1.7. - 30.9.	2022 1.1. - 30.9.	2021 1.1. - 30.9.
Net earnings for the period		28,137	20,720	63,496	26,672
Other comprehensive income:					
Items that are or may subsequently be reclassified to the income statement					
Foreign currency translation difference of foreign operations		3,626	974	5,921	3,317
Effective portion of changes in fair value of cash flow hedges, net of income tax		229	(356)	2,454	862
Fair value changes of non-controlling put option liability		(92)	(138)	(227)	(376)
Other comprehensive income for the period		3,763	480	8,148	3,803
Total comprehensive income for the period		31,900	21,200	71,644	30,475
Total comprehensive income for the period attributable to:					
Equity holders of the Company		31,486	20,501	69,607	29,107
Non-controlling interest		414	699	2,037	1,368
		31,900	21,200	71,644	30,475

The notes on pages 10 to 16 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

as at 30 September 2022

	Notes	30.9.2022	31.12.2021
Assets:			
Property, vessels and equipment		228,408	229,916
Right-of-use assets		98,818	120,514
Intangible assets	4	62,116	61,830
Equity accounted investees		29,177	18,187
Finance assets		3,705	3,941
Deferred tax assets		1,242	1,331
Total non-current assets		423,466	435,719
Inventories		11,969	8,945
Trade and other receivables	8	195,136	152,674
Cash and cash equivalents		46,554	36,986
Total current assets		253,659	198,605
Total assets		677,125	634,324
Equity:			
Share capital		1,048	1,085
Share premium		118,460	137,236
Reserves		97,661	38,293
Retained earnings		71,318	78,366
Total equity attributable to equity holders of the parent company		288,487	254,980
Non-controlling interest		7,702	6,485
Total equity	13	296,189	261,465
Liabilities:			
Loans and borrowings	9	124,651	133,230
Lease liabilities	10	75,073	91,768
Other long-term liabilities		3,073	2,846
Deferred tax liability		6,224	5,410
Total non-current liabilities		209,021	233,254
Loans and borrowings	9	13,513	13,603
Lease liabilities	10	30,695	28,229
Trade and other payables	11	114,387	93,211
Income tax payable		13,320	4,562
Total current liabilities		171,915	139,605
Total liabilities		380,936	372,859
Total equity and liabilities		677,125	634,324

The notes on pages 10 to 16 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity

1 January to 30 September 2022

	Attributable to equity holders of the Company									
	Notes	Share capital	Share premium	Reserves			Retained earnings	Total	Non-controlling interest	Total equity
				Trans-lation reserve	Other reserves*	Un-distributed profits				
Changes in Equity 1 January to 30 September 2021:										
Equity at 1 January 2021		1,123	148,369	(9,413)	(384)	18,858	67,847	226,400	4,257	230,657
Share capital reduction		(38)	(11,133)					(11,171)		(11,171)
Dividend declared (0.0166 EUR per share)							(3,004)	(3,004)		(3,004)
Other changes in non-controlling interest								0	(83)	(83)
Total comprehensive loss for the period				3,172	486		25,449	29,107	1,368	30,475
Profit of subsidiaries net of dividend received						30,098	(30,098)	0		0
Equity at 30 September 2021		1,085	137,236	(6,241)	102	48,956	60,194	241,332	5,542	246,874
Reserves						42,817				
Changes in Equity 1 January to 30 September 2022:										
Equity at 1 January 2022		1,085	137,236	(4,806)	(86)	43,185	78,366	254,980	6,485	261,465
Share capital reduction	13	(15)	(7,576)					(7,591)		(7,591)
Dividend declared (0.0998 EUR per share)	13						(17,477)	(17,477)		(17,477)
Purchased treasury shares	13	(22)	(11,200)					(11,222)		(11,222)
Changes in share options reserve	14				190			190		190
Other changes in non-controlling interest								0	(820)	(820)
Total comprehensive income for the period				5,611	2,227		61,769	69,607	2,037	71,644
Profit of subsidiaries net of dividend received						51,340	(51,340)	0		0
Equity at 30 September 2022		1,048	118,460	805	2,331	94,525	71,318	288,487	7,702	296,189
Reserves						97,661				

* Other reserves includes hedging reserve, share option reserve and reserve for fair value changes of minority put options.

The notes on pages 10 to 16 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

1 January to 30 September 2022

	Notes	2022 1.7. - 30.9.	2021 1.7. - 30.9.	2022 1.1. - 30.9.	2021 1.1. - 30.9.			
Cash flows from operating activities:								
Net earnings for the period		28,137	20,720	63,496	26,672			
Adjustments for:								
Depreciation and amortization		15,501	12,962	45,727	37,002			
Net finance expense	6	2,664	2,909	7,100	6,165			
Share of earnings of equity accounted investees	(3,866)	(4,071)	(8,327)	(5,249)
Change in deferred taxes	(213)	1,509	797	2,330			
Adjustments for other non-cash income and expenses	(15)	(131)	(462)	(1,025)
		42,208	33,898	108,331	65,895			
Changes in current assets and liabilities:								
Inventories, change	(258)	(443)	(3,860)	(2,641)
Receivables, change	(708)	(4,899)	(29,490)	(37,775)
Payables, change	(723)	464	30,599	27,770			
Change in current assets and liabilities	(1,689)	(4,878)	(2,751)	(12,646)
Interest paid	(2,149)	(1,983)	(6,242)	(5,736)
Interest received		250	121	730	428			
Taxes paid	(1,416)	(116)	(2,787)	(1,207)
Net cash from operating activities		37,204	27,042	97,281	46,734			
Cash flows used in investing activities:								
Acquisition of property, vessels and equipment	(9,763)	(1,629)	(15,899)	(5,246)
Acquisition of intangible assets	(796)	(530)	(3,479)	(1,573)
Proceeds from the sale of property, vessels and equipment		186	438	1,105	2,392			
Dividend received from equity accounted investee		0	1,555	0	1,555			
Changes in finance assets	(623)	3,315	(511)	3,751		
Net cash (used in) provided by investing activities	(10,996)	3,149	(18,784)	879		
Cash flows from financing activities:								
Share capital reduction paid		0	0	(7,591)	(11,171)	
Dividend paid to equity holders of the Company		0	0	(17,477)	(3,004)	
Purchased treasury shares	(5,675)	0	(11,222)	0		
Dividend paid to non-controlling interest	(280)	(117)	(904)	(631)
Proceeds from non-current loans and borrowings		330	9,406	330	18,886			
Repayment of non-current loans and borrowings	(2,779)	(22,474)	(9,708)	(29,417)
Repayment of lease liabilities	(8,675)	(6,307)	(23,210)	(12,733)
Short term borrowings, change	(353)	(747)	(374)	(102)
Net cash used in financing activities	(17,432)	(20,239)	(70,156)	(38,172)
Changes in cash and cash equivalents		8,776	9,952	8,341	9,441			
Cash and cash equivalents at the beginning of the period		36,852	15,385	36,986	15,640			
Effects of exchange rate fluctuations on cash held		926	(256)	1,227	0		
Cash and cash equivalents at the end of the period		46,554	25,081	46,554	25,081			
Investing and financing activities not affecting cash flows:								
Acquisition of right-of-use assets	(709)	(28,756)	(3,539)	(44,361)
New or renewed leases		709	28,756	3,539	44,361			
Reclassified fixed assets	(1,351)	0	(1,351)	0		
Inventory, change		1,351	0	1,351	0			

The notes on pages 10 to 16 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Consolidated Financial Statements

1. Reporting entity

Eimskipafélag Íslands hf. (the "Company" or the "Parent Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Sundabakki 2, 104 Reykjavík. The Condensed Consolidated Interim Financial Statements of the Company for the period 1 January to 30 September 2022 comprise the Company and its subsidiaries (together referred to as "Eimskip" or the "Group"). The Parent Company is an investment company focused on investments in shipping and logistics services. The Company's shares are listed at Nasdaq Iceland.

2. Basis of preparation

a. Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (ISA34) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial information of listed companies in accordance with Icelandic Financial Statements Act No. 3/2006 and rules for issuers of financial instruments on Nasdaq Iceland.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of consolidated annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Company as at and for the year ended 31 December 2021, which is available on the Company's website, www.eimskip.com, and in the company news release distribution network of Nasdaq Nordic.

The Condensed Consolidated Interim Financial Statements were approved and authorized for issue by the Company's Board of Directors on 3 November 2022.

b. Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand.

3. Significant accounting policies

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2021. IFRS standards effective as at 1 January 2022 had immaterial effects on the Consolidated Financial Statements.

4. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statements as at and for the year ended 31 December 2021.

Intangible assets

Eimskip annually tests whether the carrying amount of intangible assets is impaired. At the end of each reporting period, the Company assesses whether there is any indication of impairment. Management has reviewed the impairment tests performed at year-end 2021. Please refer to note 12 in the Financial Statements of 2021. To date, there is no indication of impairment. However due to rising interest rates sensitivity has increased and thus further increases may lead to impairment in future periods.

Currently five individual CGU's are sensitive for impairment. If one or more of the following assumptions change it leads, for each CGU, to a maximum impairment in the range EUR 0.3 - 4.1 million or a maximum of EUR 11.1 million accumulated for all the CGU's.

- Future growth rate decreases by 0-1 percentage points
- EBITDA decreases by 0-10 percentage points
- WACC increases by 0-1 percentage points

Notes

4. Use of estimates and judgements, continued

Impairment loss on trade receivables and finance assets

Eimskip establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and finance assets. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

5. Segment reporting

Business segments

	Liner services	Forwarding services	Un- allocated*	Consoli- dated
1 January to 30 September 2022				
Revenue, external	495,150	319,822	0	814,972
Inter-segment revenue	10,960	23,388	0	34,348
Total	506,110	343,210	0	849,320
Expenses, external	(390,986)	(299,269)	0	(690,255)
Inter-segment expense	(23,388)	(10,960)	0	(34,348)
EBITDA	91,736	32,981	0	124,717
Depreciation and amortization	(40,245)	(5,482)	0	(45,727)
EBIT	51,491	27,499	0	78,990
Net finance expense	(8,171)	1,071	0	(7,100)
Share of profit of equity accounted investees	8,363	(36)	0	8,327
Income tax	(9,644)	(7,077)	0	(16,721)
Net earnings for the period	42,039	21,457	0	63,496
1 January to 30 September 2021				
Revenue, external	361,835	266,134	0	627,969
Inter-segment revenue	12,780	22,137	0	34,917
Total	374,615	288,271	0	662,886
Expenses, external *	(296,712)	(248,458)	(10,219)	(555,389)
Inter-segment expense	(22,137)	(12,780)	0	(34,917)
EBITDA	55,766	27,033	(10,219)	72,580
Depreciation and amortization	(31,862)	(5,140)	0	(37,002)
EBIT	23,904	21,893	(10,219)	35,578
Net finance expense	(4,305)	(1,860)	0	(6,165)
Share of profit of equity accounted investees	5,143	106	0	5,249
Income tax	(3,257)	(4,733)	0	(7,990)
Net earnings for the period	21,485	15,406	(10,219)	26,672

* The unallocated segment represents the settlement with the Icelandic Competition Authority.

	Liner services	Forwarding services	Consoli- dated
Information on assets and liabilities			
Segment assets as at 30 September 2022	497,020	180,105	677,125
Segment assets as at 31 December 2021	481,178	153,146	634,324
Segment liabilities as at 30 September 2022	279,259	101,677	380,936
Segment liabilities as at 31 December 2021	277,298	95,561	372,859
Non-lease capital expenditure for the period 1 January to 30 September 2022 ..	17,920	1,458	19,378
Non-lease capital expenditure for the period 1 January to 30 September 2021 ..	6,279	540	6,819

Notes

5. Segment reporting, continued

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of assets.

	North Atlantic	Other territories	Consoli- dated
Revenue, external for the period 1 January to 30 September 2022	714,144	100,828	814,972
Revenue, external for the period 1 January to 30 September 2021	539,652	88,317	627,969
Geographical location of assets as at 30 September 2022	643,375	33,750	677,125
Geographical location of assets as at 31 December 2021	603,365	30,959	634,324
Non-lease capital expenditure for the period 1 January to 30 September 2022 ..	19,244	134	19,378
Non-lease capital expenditure for the period 1 January to 30 September 2021 ..	6,769	50	6,819

	2022 1.7. - 30.9.	2021 1.7. - 30.9.	2022 1.1. - 30.9.	2021 1.1. - 30.9.
6. Finance income and expense				
Finance income is specified as follows:				
Interest income	166	130	475	344
Dividend received	108	0	255	114
Finance income	274	130	730	458
Finance expense is specified as follows:				
Interest on long-term loans	(765)	(747)	(2,082)	(2,232)
Interest on lease liabilities	(1,357)	(1,023)	(3,442)	(2,848)
Other finance expense	(199)	(213)	(718)	(684)
Finance expense	(2,321)	(1,983)	(6,242)	(5,764)
Net foreign currency exchange (loss) gain	(617)	(1,056)	(1,588)	(859)
Net finance expense	(2,664)	(2,909)	(7,100)	(6,165)

7. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share was based on earnings attributable to shareholders and a weighted average number of shares outstanding during the period. Eimskip has one category of dilutive potential ordinary shares: stock options. The average stock price since the issuance of the stock options is below the exercise price of the options and therefore as at 30 Sept 2022 diluted earnings per share were equal to earnings per share. Calculations are as follows:

	2022 1.7. - 30.9.	2021 1.7. - 30.9.	2022 1.1. - 30.9.	2021 1.1. - 30.9.
Net profit attributable to equity holders of the Company	27,740	20,111	61,769	25,449
Number of issued shares at the beginning of the period in thousands	173,050	175,168	175,200	187,000
Effect of treasury shares at the beginning of the period in thousands	(1,629)	0	(31)	(6,133)
Effect of share capital reduction	0	0	(1,457)	(3,842)
Effect of treasury shares purchased in thousands	(419)	0	(765)	0
Weighted average number of outstanding shares in thousands	171,002	175,168	172,947	177,025
Adjustments for stock options	0	0	0	0
Weighted average number of outstanding shares for diluted earning per share in thousands	171,002	175,168	172,947	177,025
Basic earnings per share (EUR)	0.1622	0.1148	0.3572	0.1438
Diluted earnings per share (EUR)	0.1622	0.1148	0.3572	0.1438

Notes

8. Trade and other receivables	30.09.2022	31.12.2021
Trade and other receivables are specified as follows:		
Trade receivables	165,322	135,107
Restricted cash	589	1,485
Other receivables	29,225	16,082
Trade and other receivables total	195,136	152,674

9. Loans and borrowings

This note provides information on the contractual terms of Eimskip's interest bearing loans and borrowings.

Loans and borrowings consist of the following:	30.09.2022	31.12.2021
Secured bank loans	137,969	146,264
Bank overdraft and short term borrowing	195	569
Total loans and borrowings	138,164	146,833
Current maturities of secured bank loans	(13,318)	(13,034)
Bank overdraft and short term borrowing	(195)	(569)
Current loans and borrowings	(13,513)	(13,603)
Non-current loans and borrowings	124,651	133,230

The loan agreements of Eimskip contain restrictive covenants. At the end of September 2022 and at the year-end 2021 Eimskip complied with all restrictive covenants.

Secured bank loans

Secured bank loans are as follows:

	30.9.2022		31.12.2021	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR	1.7%	134,030	1.4%	141,568
Loans in USD	5.4%	2,321	5.4%	2,858
Loans in ISK	4.3%	1,227	2.0%	1,426
Loans in other currencies	-	391	-	412
Total secured bank loans		137,969		146,264

Aggregated annual maturities of secured bank loans are as follows:

	30.09.2022	31.12.2021
On demand or within 12 months	13,318	13,034
12 - 24 months	12,579	13,387
24 - 36 months	11,330	11,451
36 - 48 months	11,243	11,363
48 - 60 months	11,242	11,239
After 60 months	78,257	85,790
Total secured bank loans	137,969	146,264

Notes

10. Lease liabilities

Lease liabilities are as follows:

	30.09.2022	31.12.2021
Lease Liabilities in USD	48,381	53,786
Lease Liabilities in NOK	25,577	27,520
Lease Liabilities in ISK	16,439	18,340
Lease Liabilities in EUR	6,927	11,310
Lease Liabilities in other currencies	8,444	9,041
Total	105,768	119,997
Current maturities	(30,695)	(28,229)
Non-current maturities	75,073	91,768

Maturity analysis:

	30.09.2022	31.12.2021
Within 12 months	30,695	28,229
12 - 24 months	19,833	25,992
24 - 36 months	12,797	15,601
36 - 48 months	2,540	7,850
48 - 60 months	1,432	2,219
After 60 months	38,471	40,106
Total	105,768	119,997

11. Trade and other payables

Trade and other payables are attributable to the following:

	30.09.2022	31.12.2021
Trade payables	75,200	55,644
Other payables	39,187	37,567
Total	114,387	93,211

12. Group entities

At period-end the Company owned directly nine subsidiaries that are all included in the consolidation. The direct subsidiaries owned 57 subsidiaries at period-end. The Company holds the majority of voting power in all of its subsidiaries. Assets, liabilities, revenues and expenses in Consolidated Financial Statements that include a non-controlling interest are immaterial to the Group.

The Group's direct subsidiaries are as follows:

	Country of incorporation	Ownership Interest 30.6.2022	Ownership Interest 31.12.2021
Eimskip Ísland ehf.	Iceland	100%	100%
TVG-Zimsen ehf.	Iceland	100%	100%
Eimskip USA, Inc.	USA	100%	100%
Eimskip UK Ltd.	England	100%	100%
Eimskip Holding B.V.	The Netherlands	100%	100%
Eimskip Asia B.V.	The Netherlands	80%	80%
P/f Skipafélagid Føroyar	Faroe Islands	100%	100%
Harbour Grace CS Inc.	Canada	51%	51%
Sæferdir ehf.	Iceland	100%	100%

Notes

13. Shareholder distributions

Dividend payment

The Annual General Meeting of Eimskip approved on 17 March 2022 a dividend payment of ISK 14.27 per share to shareholders. The dividend payment amounted to ISK 2,499,6 million or EUR 17.5 million. The payment date was 20 April 2022.

Reduction of share capital with a payment to shareholders

The share capital reduction with a payment to shareholders consisted of a share capital reduction of 2,100,000 million shares or from 175,150,000 to 173,050,000 issued shares with a payment to shareholders in the amount of ISK 1,075.0 million or EUR 7.6 million. The payment date was 27 April 2022.

Subsequent to the shareholder distributions above share capital is ISK 173,050,000 and each share is divided into one ISK. Treasury shares are ISK 3,063,724 they increased by 3,032,417 due to share buy-back programs and outstanding shares are ISK 169,986,276.

14. Allocation of share options

Share Option Plan was approved by the Company's Annual General Meeting on 17 March 2022, and the Board of Directors decided on 29 March 2022 to allocate share options to certain key employees of the Company globally, amounting to 1,839,600 shares which constitutes 1.05% of the Company's share capital when the share option plan was approved. Thereof 1,090,620 shares were allocated to the CEO and Executive Management and the respective agreements signed.

The exercise price of the share options is ISK 546 pr. share, i.e. the Company's average share price in ISK for the last 10 business days, as recorded on Nasdaq Iceland prior to the allocation date. The exercise price shall be adjusted (for reduction) for future dividend payments and corresponding capital allocation to the shareholders from the Company's assets on a krona-to-krona basis. The exercise price shall also be adjusted (upwards) with 3% annual interest, added to risk free interest until the first day of each exercise period. Vesting time is three (3) years from the date of allocation and exercise period is immediately upon the conclusion of the minimum vesting period (3 years from the date of allocation), whereas the option holder can exercise 33.33% of total options (period 1), a year thereafter, the option holder can exercise 33.33% of total options (period 2) and a year thereafter, the option holder can exercise 33.33% of total options (period 3).

The total cost according to the Black & Scholes method is estimated EUR 1,4 million (ISK 205 million) during the vesting period as which accrued costs amounting to 189,68 EUR (ISK 26.3 million) were recognized during the year.

15. Other matters

Tax related matters

The Icelandic Directorate of Internal Revenue ruled in December 2017 regarding the taxation of the operation of foreign vessel subsidiaries of Eimskip. The Internal Revenue Board confirmed the ruling in March 2019. Due to this ruling Eimskip expensed EUR 3.4 million in the Income Statement in the first quarter of 2019 and has paid EUR 0.7 million as well as utilized EUR 2.7 million of tax-losses carried forward.

Eimskip disagreed with the ruling of the Internal Revenue Board and referred the case to Reykjavik District Court which ruled against claims made by the Company on April 8th 2021 which had no effect on the Company's financial statements. The Company decided on April 29th 2021 to refer the case to the Court of Appeal and the oral proceedings were held last June.

On 24 June 2022 Eimskip received a judgement of the Court of Appeal on the matter which ruled against claims made by the Company. Eimskip, as a shipping operator in international markets, disagrees with this judgement and did refer this case to the Supreme Court of Iceland.

On 5 September 2022 Eimskip received the decision of the Supreme Court which rejected the Company's request to appeal the case to the court, which was the end of the matter.

Notes

15. Other matters, continued

The Environment Agency of Iceland

The Environment Agency of Iceland reported the Company to the District Prosecutors for alleged violation of the Icelandic Waste Management Act due to the vessels Godafoss and Laxfoss being recycled in India. The Company rejects these allegations as the Company complied with all laws and regulations in the sale process. On 20 June 2022 the COO of Eimskipafélag Íslands hf. received a status of a defendant from the Icelandic District Prosecutor in the investigation regarding the sale and went to the District Prosecutor for formal questioning. The CEO of the Company also went to the District Prosecutor for formal questioning in the investigation, but as a representative of the Company itself, as he is not suspected of a criminal conduct. The Company believes that it complied with laws and regulations in the sales process and sold the vessels for further trading but not to recycling. Eimskip will diligently provide all the information requested by the Icelandic District Prosecutor.

Investigation of the Danish Competition Authority

On 20 June 2022, the Danish competition authorities conducted a dawn raid in Aalborg at a Danish subsidiary of Eimskip Holding B.V., which is owned by Eimskipafélag Íslands hf. This was done according to court ruling. The object of the dawn raid was to examine whether Atlantic Trucking, which is a part of Eimskip Denmark A/S, has been a party to actions in violation of Danish competition law. The dawn raid was a part of an investigation in the domestic trucking market in Denmark and concerns more companies in that market. Atlantic trucking is assisting the competition authorities in their investigation, granting them access to the requested information.

16. Subsequent events

There are no subsequent events to report.

Quarterly statements

Year 2022	Q1 2022	Q2 2022	Q3 2022
Revenue	239,684	283,115	292,173
Expenses	209,298	238,362	242,595
Operating profit, EBITDA	30,386	44,753	49,578
Depreciation and amortization	(15,298)	(14,928)	(15,501)
Results from operating activities, EBIT	15,088	29,825	34,077
Net finance expense	(2,060)	(2,376)	(2,664)
Share of earnings of equity accounted investees	803	3,658	3,866
Net earnings before income tax	13,831	31,107	35,279
Income tax	(3,376)	(6,203)	(7,142)
Net earnings	10,455	24,904	28,137

Year 2021	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Revenue	180,228	211,134	236,607	254,748	882,717
Expenses*	163,919	191,639	199,831	223,269	778,658
Operating profit, EBITDA	16,309	19,495	36,776	31,479	104,059
Depreciation and amortization	(11,797)	(12,243)	(12,962)	(14,008)	(51,010)
Results from operating activities, EBIT	4,512	7,252	23,814	17,471	53,049
Net finance expense	(1,196)	(2,060)	(2,909)	(1,390)	(7,555)
Share of earnings of equity accounted investees	221	957	4,071	1,919	7,168
Net earnings before income tax	3,537	6,149	24,976	18,000	52,662
Income tax	(703)	(3,031)	(4,256)	(4,281)	(12,271)
Net earnings	2,834	3,118	20,720	13,719	40,391

* Expenses in Q2 2021 included settlement with the Icelandic Competition Authority in the amount of EUR 10.2 million.

Key figures by quarter

Amounts are in thousands of EUR

OPERATING RESULTS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	292,173	283,115	239,684	254,748	236,607	211,134	180,228
Expenses	242,595	238,362	209,298	223,269	199,831	191,639	163,919
<i>Salaries and related expense</i>	33,586	34,943	32,306	32,850	29,611	30,613	29,231
<i>Settlement with ICA</i>	-	-	-	-	-	10,219	0
EBITDA	49,578	44,753	30,386	31,479	36,776	19,495	16,309
EBIT	34,077	29,825	15,088	17,471	23,814	7,252	4,512
Net earnings for the period	28,137	24,904	10,455	13,719	20,720	3,118	2,834
EBITDA ratio	17.0%	15.8%	12.7%	12.4%	15.5%	9.2%	9.0%
EBIT ratio	11.7%	10.5%	6.3%	6.9%	10.1%	3.4%	2.5%
Profit ratio	9.6%	8.8%	4.4%	5.4%	8.8%	1.5%	1.6%
Basic earning per share (in EUR)	0.1622	0.1395	0.0567	0.0731	0.1148	0.0157	0.0143
Diluted earning per share (in EUR)	0.1622	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Average FTE's	1,681	1,660	1,634	1,624	1,623	1,623	1,607
BALANCE SHEET	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.6.2021	31.3.2021
Assets	677,125	663,618	655,891	634,324	597,976	567,930	552,539
Equity	296,189	270,090	251,032	261,465	246,874	225,669	222,022
Liabilities	380,936	393,528	404,859	372,859	351,102	342,261	330,517
Interest-bearing debt	243,932	252,790	260,767	266,830	242,314	234,644	225,176
<i>Loans and borrowings</i>	138,164	140,608	144,061	146,833	150,645	164,442	159,003
<i>Lease liabilities</i>	105,768	112,182	116,706	119,997	91,669	70,202	66,173
Net debt	192,436	212,325	205,891	225,994	213,234	215,253	203,649
Equity ratio	43.7%	40.7%	38.3%	41.2%	41.3%	39.7%	40.2%
Leverage ratio	1.23	1.48	1.60	1.98	2.18	2.98	2.97
Current ratio	1.48	1.38	1.27	1.42	1.45	1.39	1.28
CASH FLOW	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net cash from operating activities	37,204	31,298	28,779	28,835	27,042	12,336	7,770
Net cash used in investing activities	(10,996)	(4,528)	(3,260)	(6,581)	3,149	(2,522)	(162)
Net cash used in financing activities	(17,432)	(41,570)	(11,154)	(10,405)	(20,239)	(11,709)	(6,224)
Cash and cash equivalents at the end of the period	46,554	36,852	51,234	36,986	25,081	15,385	17,212
New investments	6,103	498	255	1,587	84	593	(13)
Maintenance capex	5,016	4,616	4,100	4,409	3,861	3,292	1,568
Distribution to shareholders	0	25,068	0	0	0	14,175	0
Share buy back	5,674	5,548	0	0	0	0	0