

Eimskipafélag Íslands hf.
Condensed Consolidated Interim Financial Statements
1 January to 30 September 2021
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

Operations and significant matters

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services. Eimskip specializes in shipping, logistics and supply chain management and offers its customers solutions on land, sea and air with special emphasis on the handling and storing of any type of temperature-controlled cargo, frozen or chilled, and dry cargo.

Net earnings for the first nine months of the year 2021 amounted to EUR 26.7 million according to the Consolidated Income Statement. Total equity at 30 September 2021 amounted to EUR 246.9 million according to the Statement of Financial Position.

The operational performance of the third quarter of 2021 was driven by strong performance in the liner services, where volume growth and active revenue management contributed positively, as well as the international forwarding services, which had a very good quarter. Global transportation markets are challenging and the situation is affecting both revenue and cost with the net effect being positive in the quarter.

In June 2021, Eimskip and the Competition Authority reached a settlement regarding the competition case that had been under investigation since 2013. As a result, Eimskip agreed to pay a fine amounting to 1.5 billion ISK or approximately EUR 10 million. The settlement was expensed in Q2 but the payment date was in Q3. Please refer to note 13 for further information.

The Annual General Meeting of Eimskip approved on 25 March 2021 shareholder distributions which consisted of a dividend payment, reduction of treasury shares in relation to previous share buy back programs and a share capital reduction with a payment to shareholders. Please refer to note 14 for further information.

Statement by the Board of Directors and the CEO

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 2021 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.

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 2021, its assets, liabilities and consolidated financial position as at 30 September 2021 and its consolidated cash flows for the nine month period ended 30 September 2021.

Further, in our opinion the Condensed Consolidated Financial Statements and the Endorsement by the Board of Directors and the CEO give a fair view of the development and performance of Eimskip's operations and its position and describe the principal risks and uncertainties faced by Eimskip.

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 2021 and confirm them by means of their signatures.

Reykjavík, 9 November 2021

Board of Directors:

Baldvin Thorsteinsson, Chairman

Guðrún Ó. Blöndal

Margrét Guðmundsdóttir

Ólöf Hildur Pálsdóttir

CEO:

Vilhelm Már Thorsteinsson

Consolidated Income Statement

1 January to 30 September 2021

	Notes	2021 1.7. - 30.9.	2020 1.7. - 30.9.	2021 1.1. - 30.9.	2020 1.1. - 30.9.
Revenue					
Operating revenue	5	236,607	170,378	627,969	492,663
Expenses					
Operating expenses		170,220	123,686	455,715	361,077
Settlement with the Icelandic Competition Authority		0	0	10,219	0
Salaries and related expenses		29,611	25,282	89,455	84,837
	5	199,831	148,968	555,389	445,914
Operating profit, EBITDA		36,776	21,410	72,580	46,749
Depreciation and amortization		(12,962)	(10,964)	(37,002)	(32,862)
Results from operating activities, EBIT		23,814	10,446	35,578	13,887
Finance income		130	199	458	515
Finance expense		(1,983)	(2,015)	(5,764)	(5,887)
Net foreign currency exchange loss		(1,056)	(943)	(859)	(2,429)
Net finance expense	6	(2,909)	(2,759)	(6,165)	(7,801)
Share of profit of equity accounted investees		4,071	201	5,249	357
Net earnings before income tax		24,976	7,888	34,662	6,443
Income tax		(4,256)	(1,724)	(7,990)	(2,775)
Net earnings for the period		20,720	6,164	26,672	3,668
Net earnings for the period attributable to:					
Equity holders of the Company		20,111	6,161	25,449	3,655
Non-controlling interest		609	3	1,223	13
		20,720	6,164	26,672	3,668
Earnings per share:					
Basic and diluted earnings per share (EUR per share)	7	0.1148	0.0341	0.1438	0.0202

The notes on pages 9 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

1 January to 30 September 2021

	Notes	2021 1.7. - 30.9.	2020 1.7. - 30.9.	2021 1.1. - 30.9.	2020 1.1. - 30.9.
Net earnings for the period		20,720	6,164	26,672	3,668
Other comprehensive income:					
Items that are or may subsequently be reclassified to the income statement					
Foreign currency translation difference of foreign operations		974	(1,202)	3,317	(3,470)
Effective portion of changes in fair value of cash flow hedges, net of income tax		(356)	1,057	862	(792)
Fair value changes of non-controlling put option liability		(138)	(75)	(376)	(223)
Total other comprehensive income (loss) for the period		480	(220)	3,803	(4,485)
Total comprehensive income (loss) for the period		21,200	5,944	30,475	(817)
Total comprehensive income (loss) for the period attributable to:					
Equity holders of the Company		20,501	5,997	29,107	(588)
Non-controlling interest		699	(53)	1,368	(229)
		21,200	5,944	30,475	(817)

The notes on pages 9 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

as at 30 September 2021

	Notes	30.9.2021	31.12.2020
Assets:			
Property, vessels and equipment		232,866	247,582
Right-of-use assets		92,111	67,376
Intangible assets		62,063	63,728
Equity accounted investees		16,008	11,649
Finance assets		4,143	7,354
Deferred tax assets		984	2,744
Total non-current assets		408,175	400,433
Inventories		7,362	4,606
Trade and other receivables	8	157,358	115,452
Cash and cash equivalents		25,081	15,640
Total current assets		189,801	135,698
Total assets		597,976	536,131
Equity:			
Share capital		1,085	1,123
Share premium		137,236	148,369
Reserves		42,817	9,061
Retained earnings		60,194	67,847
Total equity attributable to equity holders of the parent company		241,332	226,400
Non-controlling interest		5,542	4,257
Total equity		246,874	230,657
Liabilities:			
Loans and borrowings	9	138,025	145,781
Lease liabilities	10	71,544	53,292
Other long-term liabilities		5,603	5,227
Deferred tax liability		4,765	4,186
Total non-current liabilities		219,937	208,486
Loans and borrowings	9	12,620	15,236
Lease liabilities	10	20,125	10,861
Trade and other payables	11	98,420	70,891
Total current liabilities		131,165	96,988
Total liabilities		351,102	305,474
Total equity and liabilities		597,976	536,131

The notes on pages 9 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity 1 January to 30 September 2021

	Attributable to equity holders of the Company											
	Notes	Share capital	Share premium	Reserves				Un-distributed profits	Retained earnings	Total	Non-controlling interest	Total equity
				Trans-lation reserve	Hedging reserve	Fair value changes of minority put options						
Changes in Equity 1 January to 30 September 2020:												
Equity at 1 January 2020		1,137	149,713	(6,707)	(585)	150	25,293	56,947	225,948	4,920	230,868	
Treasury shares purchased		(8)	(1,520)						(1,528)		(1,528)	
Treasury shares received	15	(6)	6						0		0	
Reversal of prior year dividend of treasury shares received			170						170		170	
Other changes in non-controlling interest									0	(567)	(567)	
Total comprehensive loss for the period				(3,228)	(792)	(223)		3,655	(588)	(229)	(817)	
Profit of subsidiaries net of dividend received							4,697	(4,697)	0		0	
Equity at 30 September 2020		1,123	148,369	(9,935)	(1,377)	(73)	29,990	55,905	224,002	4,124	228,126	
Reserves							18,605					
Changes in Equity 1 January to 30 September 2021:												
Equity at 1 January 2021		1,123	148,369	(9,413)	193	(577)	18,858	67,847	226,400	4,257	230,657	
Share capital reduction	14	(38)	(11,133)						(11,171)		(11,171)	
Dividend declared (0,0166 EUR per share)	14							(3,004)	(3,004)		(3,004)	
Other changes in non-controlling interest									0	(83)	(83)	
Total comprehensive income for the period				3,172	862	(376)		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)	1,055	(953)	48,956	60,194	241,332	5,542	246,874	
Reserves							42,817					

The notes on pages 9 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

1 January to 30 September 2021

	Notes	2021 1.7. - 30.9.	2020 1.7. - 30.9.	2021 1.1. - 30.9.	2020 1.1. - 30.9.
Cash flows from operating activities:					
Net earnings for the period		20,720	6,164	26,672	3,668
Adjustments for:					
Depreciation and amortization		12,962	10,964	37,002	32,862
Net finance expense	6	2,909	2,759	6,165	7,801
Share of profit of equity accounted investees		(4,071)	(201)	(5,249)	(357)
Change in deferred taxes		1,509	1,101	2,330	(167)
Other changes		(131)	124	(1,025)	(124)
		33,898	20,911	65,895	43,683
Changes in current assets and liabilities:					
Inventories, change		(443)	177	(2,641)	1,096
Receivables, change		(4,899)	(8,053)	(37,775)	(2,640)
Payables, change		464	3,893	27,770	2,426
Change in current assets and liabilities		(4,878)	(3,983)	(12,646)	882
Interest paid		(1,983)	(1,367)	(5,736)	(5,145)
Interest received		121	426	428	944
Taxes paid		(116)	(500)	(1,207)	(1,730)
Net cash from operating activities		27,042	15,487	46,734	38,634
Cash flows used in investing activities:					
Acquisition of property, vessels and equipment		(1,629)	(5,164)	(5,246)	(29,267)
Acquisition of intangible assets		(530)	(483)	(1,573)	(2,131)
Proceeds from the sale of property, vessels and equipment		438	2,189	2,392	11,973
Proceeds from sale of equity accounted investees		0	0	0	588
Dividend received from equity accounted investee		1,555	0	1,555	0
Changes in finance assets		3,315	6	3,751	(281)
Net cash used in (provided by) investing activities		3,149	(3,452)	879	(19,118)
Cash flows used in financing activities:					
Share capital reduction paid		0	0	(11,171)	0
Dividend paid to equity holders of the Company		0	0	(3,004)	0
Treasury shares purchased		0	0	0	(1,528)
Dividend paid to non-controlling interest		(117)	(213)	(631)	(1,010)
Proceeds from non-current loans and borrowings		9,406	777	18,886	25,489
Repayment of non-current loans and borrowings		(22,474)	(9,160)	(29,417)	(27,902)
Repayment of lease liabilities		(6,307)	(4,809)	(12,733)	(12,881)
Short term borrowings, change		(747)	(26)	(102)	(72)
Net cash used in financing activities		(20,239)	(13,431)	(38,172)	(17,904)
Changes in cash and cash equivalents		9,952	(1,396)	9,441	1,612
Cash and cash equivalents at the beginning of the period		15,385	23,904	15,640	20,737
Effects of exchange rate fluctuations on cash held		(256)	(613)	0	(454)
Cash and cash equivalents at the end of the period		25,081	21,895	25,081	21,895
Investing and financing activities not affecting cash flows:					
Acquisition of right-of-use assets		(28,756)	(1,808)	(44,361)	(33,144)
New or renewed leases		28,756	1,808	44,361	33,144
Reversal of prior year dividend of treasury shares received		0	0	0	170
Payables, change		0	0	0	(170)
Investment in finance assets		0	0	0	(5,409)
Proceeds from the sale of property, vessels and equipment		0	0	0	5,409

The notes on pages 9 to 14 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 Reykjavik. The Condensed Consolidated Interim Financial Statements of the Company for the period 1 January to 30 September 2021 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) 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 2020, 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 9 November 2021.

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 2020. IFRS standards effective as at 1 January 2021 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 2020.

The Company has, from the beginning of the COVID-19 pandemic, strived to secure the safety and health of employees and to maintain and secure the logistic chain and customer services. The impact of the pandemic on global economies, including in the North-Atlantic Region which is the Company's core market area, remains uncertain. The pandemic could have a significant impact on the estimates and assumptions within the current financial year and risk of causing a material adjustments to the carrying amounts of assets and liabilities as discussed below. As to date, it is management's assessment that assumptions applied in the 2020 financial statements remain unchanged but would like to emphasize the following:

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 2020. Please refer to note 13 in the Financial Statements of 2020. To date, there is no indication of impairment but management would like to point out the increased uncertainty due to COVID-19 which may affect future valuation of intangible assets.

Notes

4. Use of estimates and judgements, continued

Impairment loss on trade receivables and finance

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. As to date, there has not been any development indicating increase in payment defaults and therefore there have not been made any specific loss provisions on credit losses due to COVID-19 but management closely monitors collections.

5. Segment reporting

Business segments

	Liner services	Forwarding services	Un-allocated*	Consolidated
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 (loss) earnings for the period	21,485	15,406	(10,219)	26,672
1 January to 30 September 2020				
Revenue, external	297,908	194,755	0	492,663
Inter-segment revenue	9,881	20,506	0	30,387
Total	307,789	215,261	0	523,050
Expenses, external	(258,372)	(187,542)	0	(445,914)
Inter-segment expense	(20,506)	(9,881)	0	(30,387)
EBITDA	28,911	17,838	0	46,749
Depreciation and amortization	(27,737)	(5,125)	0	(32,862)
EBIT	1,174	12,713	0	13,887
Net finance expense	(5,812)	(1,989)	0	(7,801)
Share of (loss) profit of equity accounted investees	270	87	0	357
Income tax	19	(2,794)	0	(2,775)
Net (loss) earnings for the period	(4,349)	8,017	0	3,668

	Liner services	Forwarding services	Consolidated
Information on assets and liabilities			
Segment assets as at 30 September 2021	454,891	143,085	597,976
Segment assets as at 31 December 2020	410,675	125,456	536,131
Segment liabilities as at 30 September 2021	256,746	94,356	351,102
Segment liabilities as at 31 December 2020	225,130	80,344	305,474
Non-lease capital expenditure for the period 1 January to 30 September 2021	6,279	540	6,819
Non-lease capital expenditure for the period 1 January to 30 September 2020	30,948	450	31,398

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 2021	539,652	88,317	627,969
Revenue, external for the period 1 January to 30 September 2020	456,155	36,508	492,663
Geographical location of assets as at 30 September 2021	584,062	13,914	597,976
Geographical location of assets as at 31 December 2020	520,482	15,649	536,131
Non-lease capital expenditure for the period 1 January to 30 September 2021	6,769	50	6,819
Non-lease capital expenditure for the period 1 January to 30 September 2020	31,358	40	40

6. Finance income and expense

Finance income is specified as follows:

	2021 1.7. - 30.9.	2020 1.7. - 30.9.	2021 1.1. - 30.9.	2020 1.1. - 30.9.
Interest income	130	199	344	475
Dividend received	0	0	114	45
Gain (loss) on sale of shares	0	0	0	(5)
Finance income	130	199	458	515

Finance expense is specified as follows:

Interest on long-term loans	(747)	(662)	(2,232)	(2,140)
Interest on lease liabilities	(1,023)	(921)	(2,848)	(2,902)
Other finance expense	(213)	(432)	(684)	(845)
Finance expense	(1,983)	(2,015)	(5,764)	(5,887)
Net foreign currency exchange loss	(1,056)	(943)	(859)	(2,429)
Net finance expense	(2,909)	(2,759)	(6,165)	(7,801)

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. Diluted earnings per share is equal to earnings per share whereas Eimskip has not issued convertible bonds nor granted stock options. Calculations are as follows:

	2021 1.7. - 30.9.	2020 1.7. - 30.9.	2021 1.1. - 30.9.	2020 1.1. - 30.9.
Net profit attributable to equity holders of the Company	20,111	6,161	25,449	3,655
Number of issued shares at the beginning of period	175,168	187,000	187,000	187,000
Effect of treasury shares at the beginning of period in thousands ..	0	(4,122)	(6,133)	(4,122)
Effect of share capital reduction	0	(2,011)	(3,842)	(1,620)
Weighted average number of outstanding shares in thousands	175,168	180,867	177,025	181,258
Basic and diluted earnings per share (EUR)	0.1148	0.0341	0.1438	0.0202

Notes

8. Trade and other receivables

Trade and other receivables are specified as follows:

	30.9.2021	31.12.2020
Trade receivables	135,375	102,534
Restricted cash	665	442
Other receivables	21,318	12,476
Trade and other receivables total	157,358	115,452

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:

	30.9.2021	31.12.2020
Secured bank loans	150,636	160,906
Bank overdraft and short term borrowing	9	111
Total loans and borrowings	150,645	161,017
Current maturities of secured bank loans	(12,611)	(15,125)
Bank overdraft and short term borrowing	(9)	(111)
Current loans and borrowings	(12,620)	(15,236)
Non-current loans and borrowings	138,025	145,781

The loan agreements of Eimskip contain restrictive covenants. At the end of September 2021 and at the year-end 2020 Eimskip complied with all restrictive covenants.

Secured bank loans

Secured bank loans are as follows:

	30.9.2021		31.12.2020	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR	1.4%	145,220	1.6%	154,369
Loans in USD	5.4%	3,086	5.4%	3,725
Loans in ISK	2.0%	1,511	1.6%	1,809
Loans in other currencies	-	819	-	1,003
Total secured bank loans		150,636		160,906

Aggregated annual maturities of secured bank loans are as follows:

	30.9.2021	31.12.2020
On demand or within 12 months	12,611	15,125
12 - 24 months	12,987	13,337
24 - 36 months	10,754	13,123
36 - 48 months	10,598	11,380
48 - 60 months	10,493	11,275
After 60 months	93,193	96,666
Total secured bank loans	150,636	160,906

Notes

10. Lease liabilities

Lease liabilities are as follows:

	30.9.2021	31.12.2020
Lease Liabilities in NOK	27,169	26,666
Lease Liabilities in ISK	17,577	10,526
Lease Liabilities in USD	29,907	10,778
Lease Liabilities in EUR	9,243	7,236
Lease Liabilities in other currencies	7,773	8,947
Total	91,669	64,153
Current maturities	(20,125)	(10,861)
Non-current maturities	71,544	53,292

Maturity analysis:

	30.9.2021	31.12.2020
Within 12 months	20,125	10,861
12 - 24 months	16,809	6,863
24 - 36 months	9,724	5,419
36 - 48 months	3,015	3,811
48 - 60 months	1,940	1,953
After 60 months	40,056	35,246
Total	91,669	64,153

11. Trade and other payables

Trade and other payables are attributable to the following:

	30.9.2021	31.12.2020
Trade payables	60,106	43,003
Income tax payable	3,771	1,763
Other payables	34,543	26,125
Total	98,420	70,891

12. Group entities

At period-end the Company owned directly nine subsidiaries that are all included in the consolidation. The direct subsidiaries owned 62 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 30.9.2021	Ownership Interest 31.12.2020
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. Other matters

Investigation of the Icelandic Competition Authority

In June 2021, Eimskip and the Competition Authority reached a settlement regarding the competition case that had been under investigation since 2013, where the main period of investigation was 2008 to 2013. As a result, Eimskip agreed to pay a fine amounting to 1.5 billion ISK or approximately EUR 10 million. The fine was expensed in Q2 but the payment date was July 15th 2021. This settlement concludes the investigation towards Eimskip and there will be no further investigation or proceedings against the Company or its employees on behalf of the Icelandic Competition Authority regarding the matter.

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.

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.

Impact of COVID-19

Under current funding structure, current financial position and assuming no major disruptions or significant decrease in demand for cargo flow, there is insignificant risk that Eimskip's loan covenants will be breached. Eimskip has good liquidity headroom with positive short-term outlook. Currently, Eimskip has its revolver facilities fully undrawn and in Q1 Eimskip completed extending such facilities to be able to meet any future setbacks in its operations due to COVID-19.

14. Shareholder distributions

Dividend payment

The Annual General Meeting of Eimskip approved on 25 March 2021 a dividend payment of ISK 2.47 per share to shareholders. The dividend payment amounted to ISK 446.7 million or EUR 3.0 million. The payment date was 15 April 2021.

Reduction of treasury shares in relation to previous share buy back programs

The reduction of treasury shares was executed on April 7th. The Company's treasury shares were reduced by ISK 6,100,000, or from ISK 187,000,000 to ISK 180,900,000 nominal value.

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 5,700,000 million shares or from 180,900,000 to 175,200,000 issued shares with a payment to shareholders in the amount of ISK 1,675.0 million or EUR 11.2 million. The payment date was 30 April 2021.

Subsequent to the shareholder distributions above share capital is ISK 175,200,000 and each share is divided into one ISK. Treasury shares are ISK 32,757 and outstanding shares are ISK 175,167,243. Prior to the reduction in treasury shares they amounted to 3.28% of total issued shares, but is after the reduction 0.00018% of total issued share capital.

15. Subsequent events

There are no subsequent events to report.

Quarterly statements

Year 2021	Q1 2021	Q2 2021	Q3 2021
Revenue	180,228	211,134	236,607
Expenses*	163,919	191,639	199,831
Operating profit, EBITDA	16,309	19,495	36,776
Depreciation and amortization	(11,797)	(12,243)	(12,962)
Results from operating activities, EBIT	4,512	7,252	23,814
Net finance expense	(1,196)	(2,060)	(2,909)
Share of profit of equity accounted investees	221	957	4,071
Net earnings before income tax	3,537	6,149	24,976
Income tax	(703)	(3,031)	(4,256)
Net earnings	2,834	3,118	20,720

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

Year 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Revenue	161,670	160,615	170,378	175,653	668,316
Expenses	152,332	144,614	148,968	160,724	606,638
Operating profit, EBITDA	9,338	16,001	21,410	14,929	61,678
Depreciation and amortization	(10,932)	(10,966)	(10,964)	(11,728)	(44,590)
Results from operating activities, EBIT	(1,594)	5,035	10,446	3,201	17,088
Net finance expense	(2,640)	(2,402)	(2,759)	(773)	(8,574)
Share of (loss) earnings of equity accounted investees	(317)	473	201	(95)	262
Net earnings (loss) before income tax	(4,551)	3,106	7,888	2,333	8,776
Income tax	(400)	(651)	(1,724)	(1,550)	(4,325)
Net (loss) earnings	(4,951)	2,455	6,164	783	4,451