FINANCIAL STATEMENTS


IRISH FERRIES

Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Irish Continental Group plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2022 set out on pages 124 to 193, contained within the reporting package 635400FQKB6QXERQOC74-2022-12-31-en.zip, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows; Company Statement of Financial Position, Company Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders on 12 May 2021. The period of total uninterrupted engagement is the year ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Group's process around the going concern assessment performed by management;
- Agreeing the underlying cash flow projections to Board approved forecasts, understanding how these forecasts are compiled;
- Testing of the clerical accuracy of management's going concern model;
- Evaluating the key assumptions within management's forecasts;
- Assessing whether the plausible downside scenario prepared by management appropriately considered the principal risks facing the business;
- Evaluating the feasibility of management's mitigating actions in the plausible downside scenario;
- Evaluating management's assessment of the Group's ability to comply with debt covenants; and
- Assessing the appropriateness of the going concern disclosures by evaluating the consistency with management's assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims;
- Inquiring of directors, the Audit Committee and internal audit as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Inquiring of directors and the Audit Committee regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud;
- Inspecting selected regulatory and legal correspondence;
- Reading Board and Audit Committee minutes;
- Considering remuneration incentive schemes and performance targets for management; and
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation, taxation legislation etc. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental regulation, maritime law, liquidity and certain aspects of company legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

Independent Auditor's Report to the Members of Irish Continental Group plc
Continued

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation;
- Evaluating the business purpose of significant unusual transactions;
- Assessing significant accounting estimates for bias; and
- Assessing the disclosures in the financial statements.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2021):

Group key audit matters
Valuation of vessels – Group €320.3m (2021: €294.1m) and Company €138.8m (2021: €144.4m)

Refer to note 2 (accounting policy), note 3 (Critical accounting judgements and key sources of estimation uncertainty) and notes 12 and 39 (Group and Company financial disclosures respectively)

The key audit matter	How the matter was addressed in our audit
Property, plant and equipment amounted to €362.3 million (Company: €139.1 million) as of 31 December 2022, of which €320.3 million (Company: €138.8 million) related to owned vessels. The vessel-related depreciation charge for the year ended 31 December 2022 was €34.7 million (Company: €5.7 million). We identified the valuation of vessels as a key audit matter. This matter consists of: 1. the evaluation of the key assumptions used in estimating the periodic depreciation of vessels, including the key assumptions relating to useful economic life and expected residual values; and 2. the identification of the Group's ferry fleet as a single Cash Generating Unit and the assessment of the recoverable value of the Group's vessels as part of the impairment review, including the selection of key assumptions regarding future revenue and future costs.	We obtained and documented an understanding of the Group's process and tested the design and implementation of the relevant control in place over the Group's process to value vessels including the control relating to the development of the assumptions in relation to the useful economic life and expected residual values together with the calculation of the recoverable values of vessels. In respect of part 1) of the key audit matter, we assessed the estimated useful lives and estimated residual values assumptions by comparing; • the estimated useful lives to the Group's own experience of disposals of vessels and to industry benchmarks relating to the lives of ships that were scrapped during the financial year, and • the estimated residual values of vessels to industry benchmarks relating to the value of scrap metal. In respect of part 2) of the key audit matter, we assessed the accuracy of the Group's calculations used in assessing those assets subject to impairment testing and considered whether the assumptions and methodology applied to the assets tested were reasonable and appropriate. We evaluated the key assumptions used in the Group's value in use calculations with regard to those assets subject to impairment assessment by: • Challenging the Group's identification of its ferry fleet as a single Cash Generating Unit by assessing its basis and conclusions for same including the nature of the assets, the interdependence of the vessels and the routes they are used for, and the transferability of the vessels between routes; • Assessing the reasonability of the key assumptions made by the Group regarding future revenue and future costs, including in particular container vessel charter rates and fuel costs; • Comparing the future cash flow projections used in the value in use calculation to the projections used in the Group's going concern and Viability Statement analyses; • Assessing other non key inputs used in the value in use calculation in respect of future revenues, costs and other cash flows by comparing them to past performance and known contracted future cash flows, and performing reasonability assessments on uncontracted future cash flows; • Challenging the completeness of future cash outflows given known future industry developments, including those relating to climate change mitigation measures and other related regulations; • Assessing the reasonability of the discount rate used in calculating the present value of the future cash flows with reference to the Group's cost of capital.

Independent Auditor's Report to the Members of Irish Continental Group plc
Continued

The key audit matter	How the matter was addressed in our audit
	We performed sensitivity analysis over the Group's key assumptions with regard to cash flows and discount rate, to assess the impact of changes to those key assumptions on the Group's determination of the recoverability of vessels. We inspected asset valuations obtained from experts engaged by the Group and considered whether they supported the Group's assessment of impairment at 31 December 2022. We evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty. As a result of our work performed, we found that the judgements made by the Group in relation to: • the key assumptions used in estimating the periodic depreciation of vessels relating to the expected useful life, the expected residual values; and • the identification of the Group's ferry fleet as a single Cash Generating Unit and assessment of the recoverable value of vessels including key assumptions regarding future revenue and future costs were reasonable. We found the related disclosures to be appropriate.

Valuation of net defined benefit pension asset – Group only
Refer to note 2 (accounting policy), note 3 (Critical accounting judgements and key sources of estimation uncertainty) and note 31 (financial disclosures)

Valuation of the net defined benefit pension asset of €33.2m consisting of pension assets of €124.8m and liabilities of €91.6m (2021 – net pension asset of €5.3m consisting of pension assets of €145.8m and liabilities of €140.5m)

The key audit matter	How the matter was addressed in our audit
The Group operates a number of defined benefit pension schemes. The valuation of such schemes requires judgement and is subject to volatility arising from movements in actuarial assumptions and the selection of same. We consider that the valuation of the net defined benefit pension assets includes estimation uncertainty in relation to the key assumptions used, in particular the discount rate. In addition, the valuation of the net defined benefit pension asset is sensitive to changes in those key assumptions applied.	We obtained and documented our understanding of the process in place to value the defined benefit pension schemes, including the selection of actuarial assumptions used, in particular the discount rate used. We engaged internal KPMG actuarial specialists to inspect the valuation assessments and key assumptions applied throughout the Group. We made inquiries of management to understand the key assumptions made in calculating the net defined benefit pension asset and we tested the design and implementation of the relevant control in place. We challenged, with the support of our actuarial specialist, the key actuarial assumptions applied in the calculation of the valuation of the defined benefit pension asset. The most significant judgements related to the evaluation of the appropriateness of the discount rates assumptions. We also assessed the inflation rates and mortality/life expectancies used. This included a comparison of these assumptions against externally available benchmarks. We also considered the adequacy of the Group's disclosures in respect of the sensitivity of the net defined benefit pension asset to these assumptions. We found the assumptions used in, and the resulting valuation of the net defined benefit pension asset to be reasonable and the related disclosures to be adequate.

Company key audit matter

In addition to the two matters noted above which applied to the Group and Company, the following additional key audit matter applied to the Company only:

Valuation of investment in subsidiaries €16.5m (2021: €14.4m)

Refer to note 37 (accounting policy) and note 41 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
Investments in subsidiary undertakings are carried on the Company balance sheet at cost less impairment. There is a risk of impairment in respect of the carrying value of these investments if the future performance and cashflows of such subsidiaries is not sufficient to support the carrying value of the Company's investments. We focused on this matter due to the materiality of the balance in the context of the Company balance sheet and the uncertainty associated with assumptions used in forecasting future performance and cashflows.	We obtained and documented our understanding of management's process in place for monitoring the carrying values of investments in subsidiaries. We considered management's assessment of impairment indicators by comparing the carrying value of investments in the Company's Balance Sheet to the net assets of the subsidiary financial statements and to the market capitalisation of the Company. We compared the carrying value of investments in the Company's subsidiary undertakings to the net assets of each subsidiary and to the market capitalisation of the Company. We considered the audit procedures performed in relation to the impairment testing performed by management over the carrying value of vessels as outlined in the key audit matter above, in particular the assumptions relating to the forecasting of future performance and cashflows. As a result of our audit work performed, we found that management's assessment of the valuation of investments in subsidiary undertakings to be appropriate.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements and Company financial statements as a whole was set at €2.85m (2021: €2.5m) and €1.5m (2021: €1.5m) respectively, determined with reference to benchmarks of profit before tax (2021: total revenue) for the Group and total assets for the Company (of which it represents 5% of profit before tax (2021: 0.75% of total revenue) and 0.9% (2021: 0.5%) respectively.

In applying our judgement to determine the most appropriate benchmark, the factor, which had the most significant impact was our understanding that the principal item on which the attention of the users of the Group's financial statements tends to be focused on is, profit before tax. Profit before tax is the principal item used by Management in assessing performance. In applying our judgement in determining the percentage to be applied to the benchmark, we considered that the Group has a high public profile and operates in a regulated environment and has debt arrangements which include covenants linked to operating results.

We consider profit before tax to be the most appropriate benchmark for 2022 and the most representative benchmark for the financial performance of the Group. This represents a change from the prior year. We used total revenue as the benchmark in 2021 due to the impact of Covid-19 on the Group's performance. However, as performance fluctuations and associated uncertainties eased in 2022, we reverted to profit before tax as the most appropriate benchmark for investors.

In applying our judgement in determining the most appropriate benchmark for Company materiality, we considered the elements of the financial statements and the nature of the Company and the fact that the Company is an investment holding company for the Group.

In applying our judgement in determining the percentage to be applied to the benchmark, we considered that the Company is listed and has a high public profile.

Performance materiality for the Group financial statements and Company financial statements was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to €2.1m (2021: €1.9m) and €1.25m (2021: €1.25m) respectively. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall

Independent Auditor's Report to the Members of Irish Continental Group plc
Continued

materiality. In applying our judgement in determining performance materiality, we considered a number of factors including; the low number and value of misstatements detected and the low number and severity of deficiencies in control activities identified in the prior year financial statement audit.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €150,000 (2021: €150,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 12 reporting components, we subjected all to full scope audits for group purposes. The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's components. We performed comprehensive audit procedures, including those in relation to the key audit matters as set out above, on those transactions accounted for at Group and component level. Our audits covered 100% of total Group revenue and 100% of Group total assets, including 100% of the Company's revenue and total assets. The work on all components was performed by the Group team.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €27,000 to €2.2 million. The Group audit team were also auditors to all of the Group's significant components.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' Report, the Strategic Report, the Corporate Governance Report and the Investor and Other Information. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Report

We have reviewed the directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Report relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review by the Listing Rules of Euronext Dublin and the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 93;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 93;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 93;
- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 93;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 62;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and;
- Section describing the work of the Audit Committee set out on page 91.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Report on pages 78 to 90, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017. We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Report.

  We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Report.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2021.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 113, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. 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 financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Colm O'Sé
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

9 March 2023

Consolidated Income Statement
for the year ended 31 December 2022

	Notes	2022 €m	2021 €m
Revenue	4	584.9	334.5
Depreciation and amortisation	9	(60.5)	(52.5)
Employee benefits expense	5	(26.8)	(20.8)
Other operating expenses	9	(430.9)	(261.4)
Operating profit / (loss)		**66.7**	**(0.2)**
Finance income	6	0.1	0.1
Finance costs	7	(4.3)	(4.0)
Profit / (loss) before tax		**62.5**	**(4.1)**
Income tax expense	8	(2.7)	(0.8)
Profit / (loss) for the financial year: all attributable to equity holders of the parent	9	**59.8**	**(4.9)**
Earnings per share – expressed in euro cent per share			
Basic	11	33.6	(2.6)
Diluted	11	33.2	(2.6)

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 €m	2021 €m
Profit / (loss) for the financial year		59.8	(4.9)
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		(2.5)	1.3
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit obligations	31 viii	29.4	7.1
Deferred tax on defined benefit obligations	24	(2.4)	(0.9)
Other comprehensive income for the financial year		24.5	7.5
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**84.3**	**2.6**

Consolidated Statement of Financial Position
as at 31 December 2022

	Notes	2022 €m	2021 €m
Assets			
Non-current assets			
Property, plant and equipment	12	362.3	328.2
Intangible assets	13	1.9	1.9
Right-of-use assets	14	41.4	57.2
Retirement benefit surplus	31 iv	33.6	6.7
Finance lease receivable	15	10.5	13.6
Deferred tax asset	24	0.1	0.1
		449.8	**407.7**
Current assets			
Inventories	16	5.2	3.8
Trade and other receivables	17	79.9	61.9
Cash and cash equivalents	18	39.0	38.5
		124.1	**104.2**
Total assets		**573.9**	**511.9**
Equity and liabilities			
Equity			
Share capital	19	11.1	11.9
Share premium	20	20.5	20.4
Other reserves	20	(8.2)	(8.1)
Retained earnings		237.4	225.5
Equity attributable to equity holders of the parent		**260.8**	**249.7**
Non-current liabilities			
Borrowings	21	160.4	115.8
Lease liabilities	22	30.7	37.5
Deferred tax liabilities	24	3.6	1.3
Provisions	26	1.1	0.2
Retirement benefit obligation	31 iv	0.4	1.4
		196.2	**156.2**
Current liabilities			
Borrowings	21	7.3	7.3
Lease liabilities	22	11.7	20.1
Trade and other payables	25	96.2	75.5
Provisions	26	1.7	3.1
		116.9	**106.0**
Total liabilities		**313.1**	**262.2**
Total equity and liabilities		**573.9**	**511.9**

The Financial Statements were approved by the Board of Directors on 8 March 2023 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital €m	Share Premium €m	Undenominated Capital Reserves €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2022	**11.9**	**20.4**	**7.8**	**4.7**	**(20.6)**	**225.5**	**249.7**
Profit for the financial year	-	-	-	-	-	59.8	59.8
Other comprehensive income	-	-	-	-	(2.5)	27.0	24.5
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**(2.5)**	**86.8**	**84.3**
Employee share-based payments expense	-	-	-	3.0	-	-	3.0
Share issue	-	0.1	-	-	-	-	0.1
Dividends	-	-	-	-	-	(24.2)	(24.2)
Share buyback	(0.8)	-	0.8	-	-	(49.2)	(49.2)
Settlement of employee equity plans through market purchase	-	-	-	-	-	(2.9)	(2.9)
Transferred to retained earnings on exercise of share options	-	-	-	(1.4)	-	1.4	-
Reserve movements in the year	**(0.8)**	**0.1**	**0.8**	**1.6**	**(2.5)**	**11.9**	**11.1**
Balance at 31 December 2022	**11.1**	**20.5**	**8.6**	**6.3**	**(23.1)**	**237.4**	**260.8**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital €m	Share Premium €m	Undenominated Capital Reserves €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2021	**12.2**	**19.7**	**7.5**	**5.1**	**(21.9)**	**243.3**	**265.9**
Loss for the financial year	-	-	-	-	-	(4.9)	(4.9)
Other comprehensive income	-	-	-	-	1.3	6.2	7.5
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**1.3**	**1.3**	**2.6**
Employee share-based payments expense	-	-	-	1.3	-	-	1.3
Share issue	-	0.7	-	-	-	-	0.7
Share buyback	(0.3)	-	0.3	-	-	(19.8)	(19.8)
Settlement of employee equity plans through market purchase	-	-	-	-	-	(1.0)	(1.0)
Transferred to retained earnings on exercise of share options	-	-	-	(1.7)	-	1.7	-
Reserve movements in the year	**(0.3)**	**0.7**	**0.3**	**(0.4)**	**1.3**	**(17.8)**	**(16.2)**
Balance at 31 December 2021	**11.9**	**20.4**	**7.8**	**4.7**	**(20.6)**	**225.5**	**249.7**

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2022

	Notes	2022 €m	2021 €m
Profit / (loss) for the financial year		**59.8**	**(4.9)**
Adjustments for:			
Finance costs (net)		4.2	3.9
Income tax expense		2.7	0.8
Retirement benefit scheme movements	33	1.1	0.6
Depreciation of property, plant and equipment		38.5	31.9
Amortisation of intangible assets		0.4	0.3
Depreciation of right-of-use assets		21.6	20.3
Share-based payment expense		3.0	1.3
(Decrease) / increase in provisions		(0.5)	1.1
Working capital movements	33	1.2	11.7
Cash generated from operations		**132.0**	**67.0**
Income taxes paid		(1.7)	(0.8)
Interest paid		(4.0)	(8.4)
Net cash inflow from operating activities		**126.3**	**57.8**
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		3.0	2.8
Lease inception costs		-	(0.3)
Purchases of property, plant and equipment and intangible assets	33	(75.7)	(55.2)
Net cash outflow from investing activities		**(72.7)**	**(52.7)**
Cash flow from financing activities			
Share buyback		(49.2)	(19.8)
Dividends		(24.2)	-
Repayments of leases liabilities	33	(21.0)	(19.8)
Repayments of bank loans		(7.6)	(87.5)
Drawdown of bank loans		52.0	10.0
Settlement of employee equity plans through market purchases		(2.9)	(1.0)
Proceeds on issue of ordinary share capital		0.1	0.7
Net cash outflow from financing activities		**(52.8)**	**(117.4)**
Net increase / (decrease) in cash and cash equivalents		0.8	(112.3)
Cash and cash equivalents at beginning of year		38.5	150.4
Effect of foreign exchange rate changes		(0.3)	0.4
Cash and cash equivalents at end of year	18	**39.0**	**38.5**

Notes Forming Part of the Consolidated Financial Statements
for the financial year ended 31 December 2022

1. General information

Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland (Company registration number: 41043) and listed on Euronext Dublin and the London Stock Exchange. The addresses of its registered office and principal places of business are disclosed on the inside back cover of the Annual Report.

The Group carries passengers and cars, RoRo freight and container LoLo freight, on routes between Ireland, Britain and Continental Europe. The Group also operates container terminals in the ports of Dublin and Belfast.

The Company charters vessels and is the holding Company of a number of subsidiary companies.

2. Summary of accounting policies

Statement of Compliance
The consolidated and the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFR Interpretations Committee (IFRIC) as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation. The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented the Company Income Statement, which forms part of the Company's financial statements, to its members and the Registrar of Companies.

Basis of preparation
The Financial Statements have been prepared on the going concern basis and the historical cost convention, as modified by:

- measurement at fair value of share based payments at initial date of award;
- recognition of the defined benefit surplus as plan assets less the present value of the defined benefit obligation

All figures presented in the Financial Statements are in euro and are rounded to the nearest one hundred thousand except where otherwise indicated.

Basis of consolidation
The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

New standards and interpretations
New and revised accounting standards and interpretations have been issued which are set out below. These will be adopted by the Group from the effective dates.

2. Summary of accounting policies (continued)

Standards effective for the Group from 1 January 2022

Standard	Description	Effective date for periods commencing
IFRS 16 (amendment)	Covid-19 related rent concessions beyond 30 June 2021	1 April 2021
IAS 37 (amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018–2020		1 January 2022
IAS 16 (amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
IFRS 3 (amendments)	Reference to the Conceptual Framework	1 January 2022

The above amended standards have been applied in the preparation of the financial statements for the year ended 31 December 2022 but did not have any material impact on the results or financial position of the Group.

Standards effective for the Group from 1 January 2023 or later

Standard	Description	Effective date for periods commencing
IAS 1 (amendments)	Classification of liabilities as current or non-current	1 January 2023 *
IAS 1 (amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 1 (amendments)	Non-current Liabilities with Covenants	1 January 2023 *
IFRS 17	Insurance Contracts	1 January 2023
IAS 8 (amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (amendments)	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	1 January 2023 *
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD *

* Not yet endorsed by the EU

The above standards and amendments to standards have not been applied in the preparation of the financial statements for the year ended 31 December 2022. They are not expected to have a material impact on the results or financial position of the Group when applied in future periods.

Accounting policies applied in the preparation of the Financial Statements for the financial year ended 31 December 2022:

Revenue recognition
Revenue is measured based on the consideration specified in a contract concluded with a customer and excludes any amounts collected on behalf of third parties including taxes.

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies (continued)

The principal activities from which the Group generates its revenue are set out below.

Ferries Division

Product or Service	Nature and satisfaction of performance obligation
Passenger Transport	Passenger revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue where the single performance obligation from the departure point to destination point are subsequently released to revenue over the elapsed time taken to complete the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking. Where a customer is eligible to participate in loyalty programmes, the price is allocated based on the relative stand-alone selling price or expected selling price based on company data. Deferred revenue is reduced for any refund paid to a customer where the Company is unable to complete the performance obligation. Ticket breakage, i.e. deferred untravelled revenue for no shows, is recognised in full once the original booked travel date has expired based on a no refund policy.
RoRo Freight	RoRo freight revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue which are subsequently released to revenue over the elapsed time taken to complete the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking or is otherwise variable if the customer has an active rebate arrangement. The contract price less the estimates of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue until paid.
Onboard Sales	Revenue from sales in bars and restaurants is recognised at the time of sale. The Group recognises a single contract for all goods and services in a transaction basket at the time of transaction with payment received at the same time. There is a single identifiable obligation to transfer title with the price fixed at the time of transaction.
Retail Concessions	Revenues earned from retail concessions is recognised over time based on declarations received up to the reporting date. For each concession the Group recognises a single contract involving the grant of a licence or creation of a right to provide services onboard vessels creating a single identifiable obligation. The price is variable being based on a profit share model.

Container and Terminal Division

Product or Service	Nature and satisfaction of performance obligation
Container Shipping	LoLo container shipping revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue which are subsequently released to revenue over the time based on effort expended on each activity (collection, shipping and delivery) undertaken in fulfilment of the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking.
Stevedoring	Stevedoring revenue is recognised over time in line with the number of containers loaded or discharged onto vessels in fulfilment of obligations. Contracts are concluded with customers covering services to be provided over time with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised once the performance obligations are satisfied i.e. the loading or discharge of a vessel. The price is fixed at the time of contract or is otherwise variable if the customer has an active rebate arrangement. The contract price less the best estimate of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue. As rebates are paid to customers, amounts included in deferred revenue are released with experience adjustments included as revenue.

2. Summary of accounting policies (continued)

Leasing

Identifying a lease

Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is treated as a lease.

a) As Lessee

Where the Group acts as a lessee, the Group recognises a right-of-use asset and lease liability at the lease commencement date, which is the date the underlying asset is available for our use.

Right-of-use assets are initially measured at cost plus initial direct costs incurred in arranging a lease, and subsequently measured at cost less any accumulated depreciation and impairment losses (if any) and adjusted for certain remeasurement of lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term. Right-of-use assets are subject to impairment under IAS 36 Impairment of assets. Right-of-use assets are presented as a separate line item in the Statement of Financial Position.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. In the Consolidated Statement of Cash Flows the payments made are separated into the principal portion (presented within financing activities), and interest (presented in operating activities). Lease liabilities are remeasured and a corresponding adjustment is made to right of use assets if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. The Group also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the lease. The Group also avails of practical expedients permitted under IFRS 16 Leases. The portfolio approach is applied to leases of containers where a master leasing agreement exists and in relation to the time charter of vessels does not separate non-lease components from lease components treating each time charter as a single component.

b) As Lessor

The Group treats bareboat hire purchase sale agreements in relation to the disposal of vessels as finance leases where it transfers substantially all the risks and rewards incidental to ownership of the underlying vessel to the charterer. The sales proceeds recognised at the commencement of the lease term by the Group are that implied by the fair value of the asset, which together with any initial direct costs equal to the net investment in the lease and are presented as a finance lease receivable in the Statement of Financial Position. Loss allowances on the finance lease receivables are estimated at an amount equal to lifetime expected credit losses. Following initial measurement finance lease income is recognised in revenue and is allocated to accounting periods so as to reflect a constant periodic rate of return on the outstanding net investment.

Lease payments receivable arising from the grant of a right-of-use vessel which do not meet the requirement of a finance lease are recognised as revenue on a straight-line basis over the term of the relevant charter. The provision of operation and maintenance services is recognised on a daily basis at the applicable daily rate under the terms of the charter.

Concession and Licence agreements

Payments made under concession arrangements, where the Group benefits from the use of an asset or right and the obligation to make the payments has not been recognised in the Statement of Financial Position as a lease obligation, are charged to the Consolidated Income Statement as the rights conferred under the terms of the arrangement are consumed.

Benefits received and receivable as an incentive to enter into a concession agreement are also spread on a straight-line basis over the agreement term as a reduction of the expense.

The Group does not recognise that element of a contract as a lease in the Statement of Financial Position where the right to control the use of an identified asset for a period of time is based on variable consideration based on activity levels. In these circumstances any variable consideration is expensed to the Income Statement as the right is consumed.

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies (continued)

Non-trading items
The Group treats material items either individually or, if of a similar type, in aggregate, that derive from events or transactions that fall outside the ordinary activities of the Group as non-trading items. Non-trading items are presented separately on the face on the Consolidated Income Statement, separately disclosing any tax effects.

Foreign currencies
The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in euro, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the Consolidated Income Statement for the financial year and presented in euro.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in euro using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising on the translation of foreign currency subsidiaries, if any, are recognised in the Consolidated Statement of Comprehensive Income and accumulated in equity in the translation reserve. On disposal of a foreign subsidiary the cumulative translation difference for that foreign subsidiary is transferred to the Consolidated Income Statement as part of the gain or loss on disposal.

In order to hedge its exposure to certain foreign exchange risks, the Group may, from time to time, enter into forward contracts and options.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in the Statement of Other Comprehensive Income and accumulated in equity.

Finance costs
Finance costs comprises interest expense on borrowings, negative interest on bank deposits, interest on lease obligations and interest on net defined benefit pension scheme liabilities. All borrowing costs are recognised in the Consolidated Income Statement under finance costs using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Consolidated Income Statement in the financial year in which they are incurred.

Finance Income
Finance income comprises interest income on bank deposits, interest earned on finance lease receivables, interest on the net defined benefit pension scheme assets and interest on any other interest bearing financial assets. Interest income is recognised in the Consolidated Income Statement under finance income using the effective interest method.

2. Summary of accounting policies (continued)

Retirement benefit schemes

Defined benefit obligations

For defined benefit obligations, the cost of providing the benefits and the liabilities of the schemes are determined using the projected unit credit method with assets valued at bid price and actuarial valuations being carried out by independent and professionally qualified actuaries at each reporting date. Current service costs, past service cost, or credit, and net interest expense or income are recognised in the Consolidated Income Statement. Adjustments in respect of a settlement, a curtailment and past service cost, or credit, are recognised in the Consolidated Income Statement in the period of a plan amendment. Remeasurement comprising actuarial gains and losses is reflected in the Statement of Financial Position with a charge or credit recognised in the Consolidated Statement of Comprehensive Income in the period in which they occur.

The net interest income on defined benefit obligations has been recorded in the Consolidated Income Statement under finance income. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In addition to the pension schemes operated by the Group, certain former employees are members of the Merchant Navy Officers Pension Fund (MNOPF). As the Group has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit obligation and its liability recognised accordingly. The Group's share of the MNOPF deficit as advised by the trustees is included with the other Group schemes.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit obligations. Any surplus resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution pension schemes

Payments to defined contribution pension schemes are recognised as an expense as they fall due. Any contributions outstanding at the period end are included as an accrual in the Consolidated Statement of Financial Position.

Employee benefits expense

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. A liability for a termination benefit is recognised at the earlier of when an entity can no longer withdraw the offer of the termination benefit and the entity recognises any related restructuring costs.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares expected to vest as a result of the effect of non-market based vesting conditions.

For awards where vesting will be determined by market based vesting conditions, those granted prior to 1 January 2019 were fair value measured using a binomial pricing model. Monte-Carlo modelling was used for awards granted after 1 January 2019.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies (continued)

A proportion of the Group's profits fall within the charge to tonnage tax, under which regime taxable profits are relieved to an amount based on the tonnage of vessels employed during the year. In accordance with the IFRIC guidance on IAS 12 Income Taxes, the tonnage tax charge is included within other operating expenses in the Consolidated Income Statement.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to the Consolidated Statement of Comprehensive Income or is dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment
Vessels
Vessels are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on vessels is charged so as to write off the cost less residual value over the estimated economic useful life on a straight-line basis. The amount initially recognised in respect of Ropax vessels less estimated residual value, is allocated between hull and machinery and hotel and catering elements for depreciation purposes. In respect of LoLo vessels, all value is attributed to hull and machinery.

In considering residual values of vessels, the Directors have taken into account the valuation of the scrap value of the ships per light displacement tonne. Residual values are reviewed annually and updated if required. Estimations of economic life of vessels are a key accounting judgement and estimate in the financial statements. Any change in estimates are accounted for prospectively.

The estimated economic useful lives of vessels are as follows:

Hull and Machinery	
• Conventional Ropax vessels	30 - 35 years
• Fast ferries	15 - 25 years
• LoLo	25 years
Hotel and Catering	10 years

For conventional ferries, hull and machinery components are depreciated over an initial estimated useful life of 30 years but this is reviewed on a periodic basis for vessels remaining in service 25 years after original construction.

2. Summary of accounting policies (continued)

Drydocking
Costs incurred in renewing the vessel certificate are capitalised as a separate component under vessels in property, plant and equipment and depreciated over the period to the next expected drydocking required for certificate renewal. Costs and accumulated depreciation relating to expired certificates are treated as disposals. The estimated useful lives for drydock assets are as follows:

Passenger vessels	1 – 2 years
Container vessels	1 – 5 years

Estimations of economic life and residual values are reassessed at each reporting date. Any change in estimates are accounted for prospectively.

Other assets
Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost and is not depreciated. Cost comprises purchase price and directly attributable costs.

The amount initially recognised in respect of an item of other assets is allocated to its significant parts and each such part is depreciated separately. In respect of stevedoring equipment related costs are allocated between superstructure and plant.

With the exception of freehold land and assets under construction, depreciation on property, plant and equipment is charged so as to write off the cost over the estimated economic useful lives, using the straight-line method, on the following bases:

Buildings	10 – 100 years
Plant, equipment and vehicles	4 – 25 years
Plant superstructure	12 – 20 years

Assets under construction, the construction of which takes a substantial period of time are recorded at the cost incurred to date less any impairment loss and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use. Cost includes borrowing costs capitalised in accordance with the Group's accounting policies. Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of the assets up to the date of substantial completion.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale. Income is accounted for when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

Intangible assets
Costs incurred on the acquisition and commissioning of computer software are capitalised, as are costs directly associated with developing computer software programmes, if it is probable that the expected future economic benefits that are attributable to these assets will flow to the Group and the cost of these assets can be measured reliably. Computer software costs recognised as assets are written off on a straight-line basis over their estimated useful lives, which is normally five years.

Impairment of property, plant and equipment and intangible assets
At each reporting date, the Group performs a review to ascertain whether there are any indications of impairment which may affect carrying amounts of its property, plant and equipment and intangible assets. If any such indications exist, the recoverable amount of the asset is estimated in order to determine whether the affected assets have actually suffered an impairment loss. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets (cash generating units) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost represents suppliers' invoiced cost net of any related discounts etc. determined on a first in, first out basis. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Treasury shares
Consideration paid to purchase the Company's equity share capital is deducted from the total shareholders' equity and classified as treasury shares until such shares are cancelled. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

Where shares are cancelled an amount equivalent to the nominal value of the cancelled shares is transferred from retained earnings to the undenominated capital reserve.

Financial instruments
Financial assets and financial liabilities are recognised on the Group and Company's Statement of Financial Position when the Group and Company becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade and other receivables are initially recognised at transaction price and subsequently carried at amortised cost, net of allowance for expected credit losses. Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

The Group applies the simplified approach to providing for expected credit losses (ECL) under IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECL of trade receivables based on its credit loss rates. Expected loss rates are based on historical payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables. The Group has determined the ECL default rate using market default risk probabilities with regards to its key customers. Balances are written off when the probability of recovery is assessed as being remote.

Trade receivables are derecognised when the Group no longer controls the contractual rights that comprise the receivables, which is normally the case when the asset is sold or the rights to receive cash flows from the asset have expired, and the Group has not retained substantially all the credit risks and control of the receivable has transferred.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and on demand deposits.

2. Summary of accounting policies (continued)

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of transaction costs incurred. Overdrafts are set off against cash balances in accordance with the contractual terms of any set off agreement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are expensed in the Consolidated Income Statement using the effective interest rate method and any unamortised costs at the reporting date are deducted from the carrying amount of the instrument. Bank borrowings are classified as financial liabilities and are measured subsequently at amortised cost using the effective interest rate method.

Trade payables
Trade payables are classified as other financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received in share capital with any premium over nominal value recorded in the share premium account. Any associated issue costs are deducted from retained earnings.

Contingent liability
A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

Financial guarantee contracts
Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time it becomes probable that the Group will be required to make a payment under the guarantee.

Distributions
Distributions are accounted for when they are paid, through retained earnings. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividends received from fellow subsidiaries are eliminated on consolidation.

Operating profit
Operating profit is stated after non-trading items arising from continuing operations.

Notes Forming Part of the Consolidated Financial Statements
Continued

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these amounts. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Estimates

Post-employment benefits

The Group's and Company's total obligation in respect of defined benefit pension obligations is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Group and Company. Further details are set out in note 31. Many of the actuarial assumptions are dependent on market developments and are outside the control of the Company and Group and movements may give rise to material adjustments in future estimates of post-employment obligations.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF was in surplus at the most recent valuation date of 31 March 2021. Under the rules of the fund all employers are jointly and severally liable for the deficit. The deficit included in the financial statements for the Group and Company represents an apportionment of the overall scheme deficit based on the most recent notification received from the trustees dated May 2013 and which was 1.04% for the Group and 0.33% for the Company, less any deficit payments made. Should other participating employers' default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Useful lives for property, plant and equipment

Long lived assets comprising primarily of property, plant and equipment represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated useful lives of each type of asset. Management regularly reviews these useful lives and change them, if necessary, to reflect current conditions. In determining these useful lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the asset. Changes in the useful lives may have a significant impact on the annual depreciation and amortisation charge. Details of the useful lives are included in the accounting policy headed property, plant and equipment. Further details are set out in note 12.

In relation to one vessel which had reached 25 years from date of construction, the remaining useful life was increased from five years to ten years. This decision was taken following a rigorous review which considered the record and condition of the vessel, expected future regulation including environmental regulations, recent capital expenditure and the result of the fleet impairment review. The effect of the increase in useful life was to reduce the depreciation charge in the reporting period by €1.5 million.

Critical accounting judgements

Impairment

The Group does not hold any assets, including goodwill, which requires an annual assessment of recoverable amount.

In line with the requirements of IAS36: Impairment of assets, the Group assessed its property, plant and equipment and intangible assets to determine if there were any indications of impairment. Factors considered in identifying whether there were any indications of impairment included the economic performance of assets, technological developments, new rules and regulations including environmental regulation, shipbuilding costs and carrying value versus market capitalisation of the Group.

During 2020 and 2021, the Group experienced a reduced level of passenger carryings due to the imposition of government restrictions placed on travel in the jurisdictions that we offer services. These restrictions, first introduced in March 2020 were fully removed in January 2022. The profitability of the Irish Ferries branded operations was materially affected in financial years 2021 and 2020, which was subsequently assessed as an indication of impairment. Having completed a recoverability assessment at 31 December 2021 and 2020, no impairment charges were recognised.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Following the lifting of all travel restrictions in early 2022, passenger carryings recovered but remained behind pre-pandemic 2019 levels, which was in line with management expectations as previously modelled in the prior year recoverability assessments.

The Group revenues are generated from passenger traffic, including tourism, and freight movements between Ireland and Britain, Ireland and continental Europe and Britain and Continental Europe. The performance of these markets are in turn dependent to a significant degree on macro-economic factors including economic growth both local and global, inflation, interest rates and exchange rates. These same factors feed into our input costs. Current geo-political issues including the war in Ukraine and post-pandemic recovery have resulted in a significant increase in energy costs, leading to higher general inflation, with policy makers increasing interest rates in response. The Group also notes the progress of negotiations concerning the Northern Ireland Protocol and trade negotiations between the United Kingdom and the European Union. These have created uncertainty around the short-term economic growth rates in the markets in which the Group operates and hence the likely growth rates to be achieved in our businesses. While the Group acknowledges that it cannot control macro-economic factors, it has demonstrated as part of its business model its capacity to pass increased costs through the logistics chain. Unlike the circumstances of the Covid-19 pandemic, the Group views the current uncertainty as a more normal part of conducting business.

The Directors also considered known and expected environmental regulation expected over the remaining life of its existing fleet. While the Group has mapped known requirements against the current status of its fleet, it is not in a position to cost compliance as in many cases technological solutions are currently not commercially available or developed. Given the current low rate of renewal of global fleets, partially related to the absence of proven pathways to compliance with new regulation, the Directors consider that the additional regulation will not lead to accelerated obsolescence of its fleet but may result in increased costs. The most significant item in the short term is the introduction by the EU of an Emissions Trading System applicable to vessel operators, with a similar scheme expected to be endorsed by the United Kingdom. The EU system will be effective for CO2 emissions from 1 January 2024, which will require the payment of a levy based on the volume of emissions. Similar to the actions taken in relation to the IMO2020 regulations which required the consumption of more expensive fuel oils, the maritime sector has been signalling to the market that the costs of the Emission Trading Systems will be passed through to customers. Given the experience of the Group with the previous IMO2020 levies, the Group will be passing through the increased cost of these regulations to our customers.

In the first half of 2022, the container vessel charter market performed strongly with charter rates continuing the rise experienced throughout 2021. However, in the second half of the year, rates plateaued before declining in the last quarter, a trend which has continued into early 2023. This has created uncertainty around future renewal rates and consequently likely future market value of vessels.

The Group has undertaken an impairment test to assess the recoverable value of its fleet assets based on the conditions and information available at the reporting date.

The Group engaged independent shipbroker Simsonship AB and Ernst Russ Shipbrokers GMBH & Co KG to provide valuations on its fleet. These valuations are prepared on standard market terms on the assumption of assets being encumbrance free with a willing buyer and seller. The Group adjusted these valuations for an estimate of disposal costs to arrive at a fair value less cost of disposal (FVLCOD) valuation of the fleet. The Group was satisfied that the carrying value of the fleet was strongly supported by the FVLCOD estimate at 31 December 2022.

Notwithstanding the headroom over carrying value indicated by the FVLCOD estimate, the Group acknowledges the potential shortcoming limitations of such valuation estimates where there are limited transactions and certain vessels in the Group's fleet are bespoke to its requirements and true value can only be assessed if offered for sale to one or more willing purchasers. Against that background, the Group sought to derive its own valuations through performance of a value in use exercise. Due to the inter-dependence of ferries across routes and transferability of vessels between routes, the Group considers its ferries to comprise a single cash generation unit. Such inter-dependence is not as evident in respect of the container vessels due to contractual arrangements and these vessels were individually assessed.

Notes Forming Part of the Consolidated Financial Statements
Continued

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

The value in use exercise involved projecting cash flows over a ten year period and discounting these to a present value using an estimate of the weighted average cost of capital. Vessels were assigned a terminal value at the end of the projection period based on the unexpired portion of the year end broker valuations based on a straight line write down of those valuations over the remaining useful life of the vessel. The starting position for projecting cashflows was to use the 2023 budget, as approved by the Board. For 2024 and subsequent years, the passenger revenues and freight revenues were projected to increase based on market growth assumptions and expected strategic positioning of the Group. Energy costs were based of crude oil prices of $88 per barrel over the projection period. Fuel price movements are mitigated through surcharge mechanisms which are included in certain contracts. Charter revenues at next renewal were estimated at rates below indicative charter rates at 31 December 2022. The cash flows included an allowance for maintenance capital principally comprising estimated drydock costs based on each vessel's maintenance plan. The cashflow projections for years 1 to 5 were consistent with the base scenario used in the viability assessment.

Sensitivity on this base scenario was performed for a number of downside scenarios flexing the revenue growth rates, fuel costs, the discount rate and terminal values. The Directors have concluded that any reasonably possible movement in the assumptions used in the impairment test at 31 December 2022 would not result in the identification of an impairment.

The Directors are satisfied that the value in use projections robustly supported the broker valuations and consequently the carrying value of the fleet at 31 December 2022. The Directors have reviewed the methodology, key assumptions and the results of the impairment testing as described above.

Consequently, the Directors concluded that the recoverability assessment described above, supported the carrying value of the Group's fleet assets and that no provision for impairment was required at 31 December 2022.

Going Concern
The Financial Statements have been prepared on the going concern basis. The Directors report that, after making inquiries, they have a reasonable expectation at the time of approving the Financial Statements, that the Group and Company are going concerns, having adequate financial resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have considered the future cash requirements of the Group and Company in the context of the economic environment at the reporting date, the principal risks and uncertainties facing the Group (pages 65 to 69), the Group's 2023 budget plan and the medium-term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which are available to the Group and Company.

The introduction of measures in response to Covid-19 by governments in the jurisdictions in which we operate services in March 2020 materially affected the Group's financial results for both years ended 31 December 2021 and 2022. This was particularly concentrated on our passenger business where international travel was affected resulting in a material reduction in passenger revenues compared to pre pandemic levels. In early 2022, these restrictions were removed and passenger carrying increased significantly over the prior year, broadly in line with the Directors post-recovery expectations. Other revenue streams from the Group's RoRo, LoLo, chartering and port stevedoring services had been largely unaffected by the Covid-19 measures.

The Group generated cash from operations of €132.0 million (2021: €67.0 million) in financial year 2022, with free cash flow of €108.0 million (2021: €44.3 million) after maintenance capital expenditure. The Group retained cash balances and committed undrawn facilities at 31 December 2022 of €67.4 million. The leverage covenant level at 31 December 2022 calculated in accordance with the lending agreements, was 1.2 times EBITDA, within maximum permitted levels of 3.0 times.

In making their going concern assessment, the Directors have considered a number of trading scenarios. including a re-imposition of travel restrictions. The base scenario assumptions assume no re-emergence of community borne infections resulting in imposition of travel restrictions. Taking into consideration current macro-economic uncertainty around growth rates in the economies in which we provide services and continuing inflationary pressures, the downside has considered lower activity levels across our businesses. Notwithstanding this lower activity, the downside modelling assumed a full schedule of services being maintained by the Group. The modelling further assumed that there were no changes to the Group's existing contractual financing arrangements, with earliest maturities occurring in late 2024. Based on this modelling, the Directors believe the Group retains sufficient liquidity to operate for at least the period up to March 2024.

4. Segmental information

Business segments

The Executive Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organised into two operating segments; Ferries and Container and Terminal. These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group.

The Ferries segment derives its revenue from the operation of combined RoRo passenger ferries and the chartering of vessels. The Container and Terminal segment derives its revenue from the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services.

Segment information about the Group's operations is presented below.

	Ferries	Container & Terminal	Inter- segment	Total
	€m	€m	€m	€m
Revenue				
2022				
External revenue	364.6	220.3	-	584.9
Inter-segment revenue	35.3	1.2	(36.5)	-
Total	**399.9**	**221.5**	**(36.5)**	**584.9**
2021				
External revenue	161.7	172.8	-	334.5
Inter-segment revenue	13.8	1.2	(15.0)	-
Total	**175.5**	**174.0**	**(15.0)**	**334.5**

Inter-segment revenue is at best estimates of prevailing market prices. The inter-segment revenue in the Ferries Division in 2022 of €35.3 million (2021: €13.8 million) primarily relates to container vessels which are on time charter to the Group's container shipping subsidiary, Eucon.

Revenue has been disaggregated into categories which reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. As revenues are recognised over short time periods of no more than days, a key determinant to categorising revenues is whether they principally arise from a business to customer (passenger contracts) or a business to business relationship (freight and charter contracts) as this impacts directly on the uncertainty of cash flows.

	Ferries		Container & Terminal		Total	
	2022	2021	2022	2021	2022	2021
	€m	€m	€m	€m	€m	€m
Revenue						
Passenger	162.7	59.0	-	-	162.7	59.0
Freight	184.7	94.6	220.3	172.8	405.0	267.4
Chartering	17.2	8.1	-	-	17.2	8.1
Total	**364.6**	**161.7**	**220.3**	**172.8**	**584.9**	**334.5**

For the year ended 31 December 2022, €553.3 million was recognised over time (2021: €323.6 million) and €31.6 million was recognised at a point in time (2021: €10.9 million). No single external customer in the current or prior financial year amounted to 10 per cent or more of the Group's revenues. Of total Group revenues of €584.9 million (2021: €334.5 million), €16.6 million (2021: €7.4 million), all of which relates to the Ferries Division, is recognised under IFRS 16 with the remainder being recognised as revenue under IFRS 15.

Notes Forming Part of the Consolidated Financial Statements
Continued

4. Segmental information (continued)

	Ferries		Container & Terminal		Total	
	2022	2021	2022	2021	2022	2021
	€m	€m	€m	€m	€m	€m
Result						
Operating profit / (loss)	46.4	(17.4)	20.3	17.2	66.7	(0.2)
Finance income	0.1	-	-	0.1	0.1	0.1
Finance costs	(3.1)	(2.0)	(1.2)	(2.0)	(4.3)	(4.0)
Profit / (loss) before tax	43.4	(19.4)	19.1	15.3	62.5	(4.1)
Income tax expense	(1.3)	(0.1)	(1.4)	(0.7)	(2.7)	(0.8)
Profit / (loss) for the financial year	**42.1**	**(19.5)**	**17.7**	**14.6**	**59.8**	**(4.9)**
Statement of Financial Position						
Assets						
Segment assets	422.5	367.0	112.4	106.4	534.9	473.4
Cash and cash equivalents	34.5	29.9	4.5	8.6	39.0	38.5
Consolidated total assets	**457.0**	**396.9**	**116.9**	**115.0**	**573.9**	**511.9**
Liabilities						
Segment liabilities	66.7	49.8	36.3	31.7	103.0	81.5
Borrowings and lease liabilities	174.6	140.0	35.5	40.7	210.1	180.7
Consolidated total liabilities	**241.3**	**189.8**	**71.8**	**72.4**	**313.1**	**262.2**
Consolidated net assets	**215.7**	**207.1**	**45.1**	**42.6**	**260.8**	**249.7**
Other segment information						
Capital additions	68.1	44.0	6.7	2.6	74.8	46.6
Right-of-use asset additions	3.0	22.0	3.2	16.8	6.2	38.8
Depreciation and amortisation	49.3	40.6	11.2	11.9	60.5	52.5

	Ferries		Container & Terminal		Total	
	2022	2021	2022	2021	2022	2021
	€m	€m	€m	€m	€m	€m
Other operating expenses						
Fuel	104.6	43.1	19.4	12.0	124.0	55.1
Labour	48.3	28.7	12.6	9.7	60.9	38.4
Port costs	69.0	44.0	35.2	33.7	104.2	77.7
Haulage	-	-	56.6	50.0	56.6	50.0
Other	61.3	20.7	60.4	34.5	121.7	55.2
Inter-segment	(1.2)	(1.2)	(35.3)	(13.8)	(36.5)	(15.0)
Total other operating expenses	**282.0**	**135.3**	**148.9**	**126.1**	**430.9**	**261.4**

4. Segmental information (continued)

Geographic analysis of revenue by origin of booking

	2022 €m	2021 €m
Revenue		
Ireland	202.4	135.6
United Kingdom	142.2	64.1
Netherlands	99.7	73.7
Belgium	47.7	36.7
France	20.2	4.5
Poland	18.8	4.5
Austria	10.8	0.8
Other	43.1	14.6
Total	**584.9**	**334.5**

For the year ended 31 December 2022, the 'other' revenue balance of €43.1 million did not contain revenue attributable to any single country in excess of €10.8 million.

Geographic location of non-current assets

	2022 €m	2021 €m
At Sea and in transit		
Vessels	327.9	315.8
Containers	9.9	9.9
	337.8	325.7
On Shore		
Ireland	60.2	51.6
Other	7.6	10.0
	67.8	61.6
Carrying amount at 31 December	**405.6**	**387.3**

Non-current assets exclude financial assets, retirement benefit assets and deferred tax assets. Due to the mobile nature of certain assets in property, plant and equipment, their geographic location is not always fixed.

5. Employee benefits expense

The average number of employees during the financial year was as follows:

	2022	2021
Ferries	202	197
Container and Terminal	86	86
	288	283
The number of employees at financial year-end was	**288**	**284**

Notes Forming Part of the Consolidated Financial Statements
Continued

5. Employee benefits expense (continued)

Aggregate costs of employee benefits were as follows:

	2022 €m	2021 €m
Wages and salaries	19.7	17.2
Covid-19 government subsidies	-	(1.4)
Social insurance costs	2.0	1.7
Defined benefit obligations – current service cost (note 31 vii)	1.7	1.7
Defined contribution pension scheme – pension cost (note 31)	0.4	0.3
Share-based payment expense (note 30)	3.0	1.3
Total employee benefit costs incurred	**26.8**	**20.8**

There were no staff costs capitalised during the financial year (2021: €nil) in relation to management and supervision of the contracts for the construction of new vessels.

6. Finance income

	2022 €m	2021 €m
Net interest income on defined benefit assets (note 31 vii)	0.1	0.1
Total finance income	**0.1**	**0.1**

7. Finance costs

	2022 €m	2021 €m
Interest on bank overdrafts and loans	3.0	2.7
Interest on lease obligations	1.3	1.3
Total finance costs	**4.3**	**4.0**

8. Income tax expense

	2022 €m	2021 €m
Current tax	2.7	0.7
Deferred tax (note 24)	-	0.1
Total income tax expense for the financial year	**2.7**	**0.8**

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax scheme. Under the tonnage tax scheme, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the vessels utilised. In accordance with the IFRIC clarification of tonnage taxes issued May 2009, the tonnage tax charge is not considered an income tax expense under IAS 12 Income Taxes, and has been included in other operating expenses in the Consolidated Income Statement.

Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax scheme. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax expense for the year includes a current tax charge of €2.7 million (2021: €0.7 million) and a deferred tax charge of €nil (2021: €0.1 million).

The total tax expense for the financial year is reconciled to the accounting profit as follows:

	2022 €m	2021 €m
Profit / (loss) before tax	62.5	(4.1)
Tax at the domestic income tax rate of 12.5% (2021: 12.5%)	7.8	-
Losses not eligible for surrender under loss provisions	-	2.4
Effect of tonnage relief	(6.6)	(2.2)
Difference in effective tax rates	0.3	0.8
Other items	1.2	(0.2)
Income tax expense recognised in the Consolidated Income Statement	**2.7**	**0.8**

Notes Forming Part of the Consolidated Financial Statements
Continued

9. Profit / (loss) for the year

	2022 €m	2021 €m
Profit / (loss) for the year arrived at after charging:		
Depreciation of property, plant and equipment (note 12)	38.5	31.9
Amortisation of intangible assets (note 13)	0.4	0.3
Depreciation of right-of-use assets (note 14)	21.6	20.3
Net depreciation and amortisation costs	**60.5**	**52.5**
Fuel	124.0	55.1
Labour	60.9	37.2
Port costs	104.2	77.7
Haulage	56.6	50.0
Other	85.2	41.4
Other operating expenses	**430.9**	**261.4**
Foreign exchange losses / (gains)	**1.9**	**(0.5)**
Expenses relating to lease payments not included in the measurement of the lease liability		
Short-term leases	0.9	2.2
Variable lease payments	2.4	2.1
Group Auditor's remuneration:	€'000	€'000
The audit of the Group financial statements	275.0	260.0
Other assurance services	40.0	40.0
Tax advisory and compliance	105.0	45.0
	420.0	**345.0**

The portion of the above audit fees attributable to the Company financial statements payable to KPMG was €79,000 (2021: €75,000).

10. Dividends

	2022 €m	2021 €m
Final dividend of 9c per ICG Unit RE: financial year ended 31 December 2021 (2020: nil)	16.1	-
Interim dividend of 4.64c per ICG Unit RE: the financial year ended 31 December 2022 (2021: nil)	8.1	-
	24.2	**-**

The Board is proposing a final dividend of 9.45 cent per ordinary share amounting to €16.1 million out of the distributable reserves of the Company.

11. Earnings per share

	2022 '000	2021 '000
Shares in issue at the beginning of the year	182,795	186,980
Effect of shares issued during the year	23	134
Effect of share buybacks and cancellation in the year	(5,044)	(398)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**177,774**	**186,716**
Dilutive effect of employee equity plans where vesting conditions not met	2,363	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**180,137**	**186,716**

Denominator for earnings and diluted earnings per share calculations

Equity awards under the ICG Performance Share Plan are treated initially as contingently issued shares because any shares which may in future be issued are contingent on the satisfaction of performance conditions set at the date of grant, in addition to the passage of time. Where the performance conditions have been met at the end of the performance period and the awards remain unexercised, they are no longer treated as contingently issuable and are treated as issued shares from the end of the performance period and included in the weighted average number of ordinary shares for the purpose of basic earnings per share.

Those contingently issuable shares for which the performance period has not yet expired, are included in the weighted average number of ordinary shares for the purposes of diluted earnings per share unless the performance conditions governing their exercisability have not been met at the reporting date.

A total of 664,484 (2021: 3,646,828) unvested share options outstanding at the reporting date have been excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share as they were either antidilutive or had not met the performance conditions governing their exercisability.

The earnings used in both the adjusted basic and adjusted diluted earnings per share are adjusted to take into account the net interest on defined benefit obligations and the effect of non-trading items after tax. The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	2022 €m	2021 €m
Earnings		
Earnings for the purposes of basic and diluted earnings per share -		
Profit / (loss) for the financial year attributable to equity holders of the parent	59.8	(4.9)
Net interest income on defined benefit assets (note 31 vii)	(0.1)	(0.1)
Earnings for the purposes of adjusted basic and adjusted diluted earnings per share	**59.7**	**(5.0)**

	2022 Cent	2021 Cent
Basic earnings per share	33.6	(2.6)
Diluted earnings per share	33.2	(2.6)
Adjusted basic earnings per share	33.6	(2.7)
Adjusted diluted earnings per share	33.1	(2.7)

Notes Forming Part of the Consolidated Financial Statements
Continued

12. Property, plant and equipment

	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2021	0.7	444.2	64.8	26.0	535.7
Additions	0.5	42.7	2.2	0.2	45.6
Reclassification	(0.6)	0.6	-	-	-
Disposals	-	(7.6)	(5.6)	-	(13.2)
Currency adjustment	-	1.4	0.2	-	1.6
At 31 December 2021	0.6	481.3	61.6	26.2	569.7
Additions	4.5	62.6	5.2	2.1	74.4
Reclassification	(0.5)	-	0.5	-	-
Disposals	-	(7.4)	(1.6)	-	(9.0)
Currency adjustment	-	(2.4)	(0.2)	-	(2.6)
At 31 December 2022	**4.6**	**534.1**	**65.5**	**28.3**	**632.5**
Accumulated depreciation					
At 1 January 2021	-	166.5	46.0	9.7	222.2
Depreciation charge for the financial year	-	27.8	3.4	0.7	31.9
Eliminated on disposals	-	(7.6)	(5.6)	-	(13.2)
Currency adjustment	-	0.5	0.1	-	0.6
At 31 December 2021	-	187.2	43.9	10.4	241.5
Depreciation charge for the financial year	-	34.7	3.3	0.5	38.5
Eliminated on disposals	-	(7.4)	(1.6)	-	(9.0)
Currency adjustment	-	(0.7)	(0.1)	-	(0.8)
At 31 December 2022	**-**	**213.8**	**45.5**	**10.9**	**270.2**
Carrying amount					
At 31 December 2022	**4.6**	**320.3**	**20.0**	**17.4**	**362.3**
At 31 December 2021	0.6	294.1	17.7	15.8	328.2

In accordance with IAS 16, the property, plant and equipment of the Group and Company has been reviewed in relation to the residual values used for the purpose of depreciation calculations. In considering residual values of passenger vessels, the Directors have taken into consideration the valuation of the scrap value of the vessels per light displacement tonne. Residual values are reviewed annually and updated where the Directors consider the latest estimates of residual value estimates would lead to a significant change in depreciation charges.

12. Property, plant and equipment (continued)

Estimations of economic life of vessels are a key judgemental estimate in the financial statements and further details are set out in note 3. In relation to the remaining estimated economic life of the vessels, a one year increase/ decrease would have a €2.1 million (2021: €1.6 million) decrease/ €2.7 million (2021: €2.0 million) increase in depreciation in the Consolidated Income Statement, and a €2.1 million (2021: €1.6 million) increase/ €2.7 million (2021: €2.0 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

In relation to one vessel which had reached 25 years from date of construction, the remaining useful life was increased from five years to ten years. The effect of the increase in useful life was to reduce the depreciation charge in the reporting period by €1.5 million.

During the years ended 31 December 2022 and 2021, no staff costs or interest costs were included in additions. Assets under construction at 31 December 2022 of €4.6 million (2021: €0.6 million) relate to construction completed on assets not in operation at the year end.

13. Intangible assets

	2022 €m	2021 €m
Cost		
At 1 January	12.5	11.5
Additions	0.4	1.0
At 31 December	**12.9**	**12.5**
Amortisation		
At 1 January	10.6	10.3
Charge for the financial year	0.4	0.3
At 31 December	**11.0**	**10.6**
Carrying amount		
At 31 December	**1.9**	**1.9**
At 1 January	1.9	1.2

The intangible assets included above, all computer software, have finite useful lives of five years over which the assets are amortised. Amortisation is on a straight-line basis.

Notes Forming Part of the Consolidated Financial Statements
Continued

14. Right-of-use assets

	Vessels	Plant and Equipment	Land and Buildings	Total
	€m	€m	€m	€m
Cost				
At 1 January 2021	21.0	8.0	28.8	57.8
Additions	28.5	5.0	5.3	38.8
Lease remeasurement	(0.3)	-	-	(0.3)
Derecognition on lease expiry	-	(0.9)	-	(0.9)
Currency adjustment	-	-	1.0	1.0
At 31 December 2021	49.2	12.1	35.1	96.4
Additions	2.8	3.2	0.2	6.2
Lease remeasurement	-	-	-	-
Derecognition on lease expiry	(2.8)	(0.1)	(0.4)	(3.3)
Currency adjustment	-	-	(0.8)	(0.8)
At 31 December 2022	**49.2**	**15.2**	**34.1**	**98.5**
Accumulated depreciation				
At 1 January 2021	11.3	4.0	4.2	19.5
Charge for the period	16.2	1.9	2.2	20.3
Derecognition on lease expiry	-	(0.9)	-	(0.9)
Currency adjustment	-	-	0.3	0.3
At 31 December 2021	27.5	5.0	6.7	39.2
Charge for period	17.0	2.2	2.4	21.6
Derecognition on lease expiry	(2.8)	(0.1)	(0.4)	(3.3)
Currency adjustment	-	-	(0.4)	(0.4)
At 31 December 2022	**41.7**	**7.1**	**8.3**	**57.1**
Carrying amount				
At 31 December 2022	**7.5**	**8.1**	**25.8**	**41.4**
At 31 December 2021	21.7	7.1	28.4	57.2

Right-of-use assets are depreciated on a straight-line basis over the lease term. Where a lease contract contains extension options, the Group includes such option periods in its valuation of right-of-use assets where it is reasonably certain to exercise the option. Initial direct costs incurred in the period relating to the acquisition of leases and included in additions amounted to €nil (2021: €0.3 million).

Plant and equipment mainly relates to containers used in the Group's container fleet leased under various master agreements with an average remaining term of 2.8 years (2021: 3.9 years). Land and buildings comprised (i) leased land at Dublin Port from which the Group operates a container terminal where the average remaining lease term was 92 years (2021: 93 years); (ii) a concession agreement at Belfast Harbour from which the Group operates a container terminal where the average remaining lease term was 3.7 years (2021: 4.7 years) and (iii) land leased during 2021 at Dublin Inland Port from which the Group operates a container depot where the average remaining lease term was 19.0 years (2021: 20.0 years).

Related lease liabilities of €42.4 million (2021: €57.6 million) are disclosed in note 22 to the Consolidated Financial Statements.

15. Finance lease receivable

	2022 €m	2021 €m
At 1 January	16.6	19.4
Amounts received	(3.6)	(3.6)
Net benefit recognised in revenue	0.6	0.8
At 31 December	**13.6**	**16.6**

In 2019, the Group entered into a bareboat hire purchase sale agreement for the disposal of a vessel. Legal title to the vessel transfers to the lessor only on payment of the final instalment. The deferred consideration has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

Amounts received less the net benefit recognised in revenue, a total of €3.0 million (2021: €2.8 million) has been recognised in the Consolidated Statement of Cash Flows as proceeds on disposal of property, plant and equipment.

The amounts receivable under the agreement at 31 December were as follows:

	2022 €m	2021 €m
Within one year	3.6	3.6
Between one and two years	3.6	3.6
Between two and three years	7.3	3.6
Between three and four years	-	7.3
Between four and five years	-	-
Greater than five years	-	-
Undiscounted payments receivable	14.5	18.1
Unearned income	(0.9)	(1.5)
Present value of payments receivable / Net investment in the lease	13.6	16.6
Analysed as:		
Current finance lease receivable	3.1	3.0
Non-current finance lease receivable	10.5	13.6
	13.6	**16.6**

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as it is denominated in euro. Residual value risk on the vessel under lease is not significant, because of the existence of a secondary market in vessels.

The Directors of the Company estimate the loss allowance on the finance lease receivable at 31 December at an amount equal to lifetime expected credit losses. None of the finance lease receivable at 31 December 2022 was past due. Taking into account the historical payment experience up to the date of approval of these financial statements has been in line with the agreed contractual arrangement together with the retention of legal title, the Directors of the Group consider that the allowance for expected credit losses is immaterial.

Notes Forming Part of the Consolidated Financial Statements
Continued

16. Inventories

	2022 €m	2021 €m
Fuel and lubricating oil	4.7	3.5
Catering and other stocks	0.5	0.3
	5.2	**3.8**

The Directors consider that the carrying amount of inventories approximates their replacement value.

Cost of inventories recognised as an expense in the Consolidated Income Statement amounted to €135.1 million during the financial year (2021: €60.4 million).

17. Trade and other receivables

	2022 €m	2021 €m
Trade receivables	65.0	47.3
Allowance for expected credit losses	(2.6)	(1.8)
	62.4	45.5
Prepayments		
Deposit on vessel	-	3.2
Deposits relating to other property, plant and equipment	9.5	5.4
Other prepayments	3.1	2.5
Finance lease receivable (note 15)	3.1	3.0
Other receivables	1.8	2.3
	79.9	**61.9**

The Group and Company extend credit to certain trade customers after conducting a credit risk assessment. Year-end trade receivables represent 41 days sales at 31 December 2022 (2021: 52 days). Deposits paid relating to other property, plant and equipment include advance payments for services or goods where title has not transferred at the period end.

The Group's trade receivables are analysed as follows:

	Gross value 2022 €m	Expected credit losses 2022 €m	Net value 2022 €m	Gross value 2021 €m	Expected credit losses 2021 €m	Net value 2021 €m
Not past due						
Within terms	57.9	(1.4)	56.5	42.6	(1.0)	41.6
Past due						
Within 3 months	6.2	(0.6)	5.6	4.4	(0.5)	3.9
After 3 months	0.9	(0.6)	0.3	0.3	(0.3)	-
	65.0	**(2.6)**	**62.4**	**47.3**	**(1.8)**	**45.5**

17. Trade and other receivables (continued)

Expected credit losses

The Group has applied the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The concentration of credit risk is limited due to the exposure being spread over a large number of counterparties and customers. In measuring the expected credit losses, the trade receivables have been grouped by shared credit risk characteristics and by days past due. The expected loss rates are heavily influenced by the past rate of actual credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. The Group also considers expected credit losses in relation to prepaid capital purchases such as vessel building deposits as there is a risk of non-delivery. The Group has a limited history of credit losses.

	2022 €m	2021 €m
Movement in the allowance for expected credit losses		
Balance at beginning of the financial year	1.8	1.7
Increase in allowance during the financial year	0.8	0.1
Balance at end of the financial year	**2.6**	**1.8**

In relation to the amounts paid as deposits on capital works, significant progress on these works had been completed by the financial statement approval date. No allowance has been made for expected credit losses on refundable deposits.

18. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks. There were no bank overdrafts outstanding at 31 December which met the offsetting conditions under IAS 32 Financial Instruments. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows were:

	2022 €m	2021 €m
Cash and cash equivalents	39.0	38.5

Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. 95 per cent of the cash and cash equivalents were on deposit in institutions rated A2 or above by Moodys. The Directors consider the credit risk of these counterparties to be compatible with the Group's credit policy and operational requirements.

The geographic spread by deposit institution for the Group was as follows:

	2022 €m	2021 €m
Ireland	36.8	32.5
United Kingdom	1.4	3.3
Europe	0.8	2.7
Total	**39.0**	**38.5**

The cash and cash equivalents figure of €39.0 million (2021: €38.5 million) at 31 December 2022 includes a deposit of €3.5 million (2021: €3.5 million) over which the Group has granted a charge in favour of the Irish Ferries Pension Trustee Limited as continuing security for amounts due under a deficit funding agreement concluded with the Trustee on behalf of the Irish Ferries Limited Pension Scheme.

Notes Forming Part of the Consolidated Financial Statements
Continued

19. Share capital

Group and Company

Authorised	2022 Number	2022 €m	2021 Number	2021 €m
Ordinary shares of par value €0.065 each	450,000,000	29.3	450,000,000	29.3
Redeemable shares of par value €0.00001 each	4,500,000,000	-	4,500,000,000	-
		29.3		**29.3**

Allotted, called up and fully paid	2022 Number	2022 €m	2021 Number	2021 €m
Ordinary shares				
At beginning of the financial year	182,794,567	11.9	186,980,390	12.2
Share issue	34,978		379,177	
Share buyback	(12,006,403)	(0.8)	(4,565,000)	(0.3)
At end of the financial year	**170,823,142**	**11.1**	**182,794,567**	**11.9**

There were no redeemable shares in issue at 31 December 2022 or 31 December 2021.

The Company has one class of share unit, an ICG Unit, which at 31 December 2022 comprised one ordinary share and nil redeemable shares. The share unit, nor any share therein, does not carry any right to fixed income.

The number of ICG Units issued during the year was 34,978 (2021: 379,177) and total consideration received amounted to €0.1 million (2021: €0.7 million). These ICG Units were issued under the Group's and Company's share option plans.

During the year, the Company bought back 12,006,403 (2021: 4,565,000) ICG Units on the market at prices ranging between €3.50 and €4.27 and at a weighted average price of €4.05 per ICG Unit. Total consideration paid of €49.2 million (2021: €19.8 million) was charged against retained earnings. The nominal value of the shares cancelled of €780,000 (2021: €297,000) was retained in a undenominated capital redemption reserve. The buybacks were conducted in line with the Group's capital management policy at prices which the Directors considered were in the best interests of the remaining shareholders.

Holders of ordinary shares are entitled to such dividends that may be declared from time to time on such shares and are entitled to attend, speak and vote at the Annual General Meeting of the Company. On return of capital on a winding up, the holder of ordinary shares is entitled to participate in a distribution of surplus assets of the Company.

Redeemable shares do not entitle holders to any dividend nor any right to participate in the profit or assets of the Company other than to the repayment of a sum equal to the nominal value of 0.001 cent per share on a winding up of the Company. Redeemable shares do not entitle the holder to attend, speak or vote at the Annual General Meeting.

20. Analysis of Equity

Group and Company

Share premium

The share premium account comprises the excess of monies received in respect of share capital over the nominal value of shares issued.

Capital reserves

This consists of reserves arising on consolidation and the undenominated capital redemption reserve.

Reserves arising on consolidation relate to the acquisition of a subsidiary. At 31 December 2022, the reserve balance was €0.1 million. The balance is unchanged from 31 December 2021, 1 January 2022 and 1 January 2021.

The undenominated capital redemption reserve represents the nominal value of share capital repurchased. During the year, €0.8 million was transferred from retained earnings representing the nominal value of shares cancelled. At 31 December 2022, the reserve balance stands at €8.5 million (2021: €7.7 million).

Share options reserve

The share options reserve represents the cumulative charge to the Consolidated Income Statement of share options issued which are not yet exercised.

Translation reserve

Exchange differences relating to the translation of the net assets and results of the Group's foreign currency denominated subsidiaries, from their functional currency into the Group's presentational currency, being euro, are recognised directly in the translation reserve.

21. Borrowings

	2022 €m	2021 €m
Bank loans	118.2	73.8
Private placement loan notes	50.0	50.0
Origination fees	(0.5)	(0.7)
	167.7	123.1
On demand or within one year	7.3	7.3
In the second year	119.4	7.3
In the third year	7.4	67.4
In the fourth year	7.5	7.5
Fifth year and after	26.1	33.6
	167.7	123.1
Less: Amount due for settlement within 12 months	(7.3)	(7.3)
Amount due for settlement after 12 months	**160.4**	**115.8**

Notes Forming Part of the Consolidated Financial Statements
Continued

21. Borrowings (continued)

Obligations under the Group borrowing facilities have been cross guaranteed by Irish Continental Group plc, Irish Ferries Limited, Eucon Shipping & Transport Limited, Zatarga Limited, Irish Ferries Finance DAC and ICG Shipping (W.B. Yeats) Limited but are otherwise unsecured.

The currency profile of the Group's borrowings is set out in note 23 (iii).

Borrowing facilities

	2022 €m	2021 €m
Overdraft and trade guarantee facilities		
Amounts utilised – trade guarantee (note 35)	0.6	0.6
Amounts undrawn	15.4	15.4
Total committed overdraft facilities	**16.0**	**16.0**
Committed loan facilities		
Amounts drawn	168.2	123.8
Amounts undrawn	13.0	65.0
Total committed loan facilities	**181.2**	**188.8**
Uncommitted facilities	**258.0**	**242.8**

At 31 December 2022, the Group had total committed loan and overdraft facilities of €197.2 million (2021: €204.8 million) which comprised of amounts utilised (including trade guarantees of €0.6 million (2021: €0.6 million)) of €168.8 million (2021: €124.4 million) and amounts undrawn of €28.4 million (2021: €80.4 million). Uncommitted facilities relate to bank and private placement shelf agreements which are available for drawing at the discretion of the relevant lender. All borrowings at 31 December 2022 were unsecured and cross guaranteed by certain subsidiaries within the Group and are denominated in euro.

The Group's borrowing facilities comprise of the following;

i) A bank overdraft and trade guarantee facility with permitted drawing amounts of €16.0 million. At 31 December 2022, €0.6 million (2021: €0.6 million) was utilised on this facility by way of trade guarantees and €nil (2021: €nil) was utilised as an overdraft. Interest rates are calculated by reference to the lender's prime rate plus a fixed margin. This facility, available for drawing by the Company and certain subsidiaries, is reviewed annually and is repayable on demand.

ii) A multicurrency revolving credit facility with permitted drawing amounts of €75.0 million, which may be increased to €125.0 million in total at the discretion of the lenders on application. At 31 December 2022, €62.0 million (2021: €10.0 million) was drawn under this facility. Interest rates are arranged at floating rates for an interest period of up to six months, calculated by reference to EURIBOR or other reference rate depending on currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio, which creates a cash flow interest rate risk. This facility is available for drawing by the Company and certain subsidiaries and matures on 30 September 2024.

iii) Amortising term loan facility totalling €56.2 million (2021: €63.8 million) made available by the European Investment Bank to fund the construction of a new cruise ferries one of which was delivered in December 2018. This facility had been drawn in full and is repayable in equal instalments over a ten year period commencing December 2020 and ending during 2030. Interest rates were fixed for the duration of the term at a rate of 1.724%.

21. Borrowings (continued)

iv) Multicurrency private placement loan note shelf agreements agreed with a number of investors with a potential drawing amount of €258.0 million. Loan notes for a total amount of €50.0 million with a maturity of 30 November 2024 at an interest rate of 1.40% have been issued under this facility. The remaining balance of €208.0 million total is available for drawing at the discretion of investors up to 6 October 2023. Interest rates are set at each drawing date and maturity may extend for up to 15 years.

The weighted average interest rates paid during the financial year were as follows:

	2022	2021
Bank overdrafts	1.05%	0.41%
Bank loans	1.80%	1.61%

The average interest rates reflect the terms of the refinancing arrangements concluded in prior periods. There was €52.0 million (2021: €10.0 million) worth of bank loans drawn during 2022 from an existing loan facility. Interest rates on all bank loans drawn in prior periods were fixed at date of drawdown with resetting occurring every three to six months. The Group's financing facilities contain provisions that where there is a change in control of the Company, lenders may cancel the facilities and declare all utilisations immediately due and payable. A change of control is where any person or group of persons acting in concert becomes the owner of more than 50 per cent of the voting share capital of the Company.

The borrowing agreements contain a range of undertakings and negative pledges including conduct of business in compliance with laws and regulations, maintenance of assets, insurance and take-on of additional borrowing facilities. In certain circumstances, proceeds from the disposal of key assets must be applied towards repayment of borrowings. In the opinion of the Directors, the Group and Company are in compliance with the covenants contained in its borrowing agreements as of 31 December 2022.

The two key financial covenants cover leverage which is borrowings expressed as times EBITDA and interest cover which is EBITDA expressed as times interest on borrowings. The calculation of these ratios and reconciliation to IFRS measures is set out below.

EBITDA for covenant purposes

	2022 €m	2021 €m
Operating profit / (loss)	66.7	(0.2)
Depreciation and amortisation	60.5	52.5
EBITDA	127.2	52.3
Movement in lease receivable (note 15)	3.0	2.8
Lease payments (note 22)	(22.3)	(21.1)
EBITDA for covenant purposes	**107.9**	**34.0**

Net debt for covenant purposes

	2022 €m	2021 €m
Cash (note 18)	(39.0)	(38.5)
Bank deposits subject to lien (note 18)	3.5	3.5
Borrowings (note 21)	167.7	123.1
Origination fees (note 21)	0.5	0.6
Trade guarantees (note 35)	0.6	0.6
Net debt for covenant purposes	**133.3**	**89.4**

Notes Forming Part of the Consolidated Financial Statements
Continued

21. Borrowings (continued)

Bank loan interest expense

	2022 €m	2021 €m
Finance income	(0.1)	(0.1)
Finance costs	4.3	4.0
Net finance costs	4.2	3.9
Interest income on defined benefit assets (note 6)	0.1	0.1
Interest expense on lease liabilities (note 7)	(1.3)	(1.3)
Bank loan interest expense	**3.0**	**2.7**

		Times	Times
Covenant	**Covenant Level**		
Leverage ratio	Max 3.0x (2021: 4.0x)	1.2x	2.6x
Interest service ratio	Min 4.0x	36.0x	12.6x

For financial covenant testing dates falling during calendar year 2021, a temporary increase in covenant leverage levels from 3.0x to 4.0x had been agreed with the Company's lenders.

22. Lease liabilities

	2022 €m	2021 €m
At 1 January	57.6	38.5
Additions	6.2	38.5
Payments	(22.3)	(21.1)
Lease remeasurement	-	(0.3)
Lease interest expense recognised in period	1.3	1.3
Currency adjustment	(0.4)	0.7
At 31 December	**42.4**	**57.6**
Analysed as:		
Current liabilities	11.7	20.1
Non-current liabilities	30.7	37.5
	42.4	**57.6**

22. Lease liabilities (continued)

The maturity profile of lease liabilities is set out below:

	2022 €m	2021 €m
Committed lease obligations		
Within one year	11.7	20.1
Between one and two years	4.1	9.1
Between two and three years	3.7	3.7
Between three and four years	2.5	3.3
Between four and five years	1.0	2.1
Between five and 10 years	2.5	2.1
Greater than 10 years	16.9	17.2
	42.4	**57.6**

Outstanding lease terms vary from one month to eight years except in the case of leasehold land where the terms vary between 19 and 99 years. At 31 December 2022, the average incremental borrowing rate applying to lease liabilities was 3.2% (2021: 2.5%) for periods of between 3 months and 99 years. These rates were based on the incremental borrowing rate which in the case of lease liabilities recognised on application of IFRS 16 was estimated at 1 January 2019 and in all other cases at the date of commencement of the lease. The incremental borrowing rate is estimated as that rate of interest available to the Group for borrowings over a similar term as the obligation to acquire a similar asset. The Group's obligations are secured by lessors' title to the leased assets.

All lease contracts relating to land and property contain market review clauses. The leases for land and property in Dublin contain seven yearly upward only rent reviews based on market rates. The next review is due on 1 January 2024. The lease contract relating to land and property in Belfast includes an annual review based on UK Retail Price Inflation.

The above lease liabilities do not include any variable payments based on throughput of leased facilities, short term leases of less than one year or leases relating to low value assets. These are expensed as incurred and disclosed at note 9.

Related right-of-use assets of €41.4 million (2021: €57.2 million) are disclosed in note 14 to the Consolidated Financial Statements. Expenses of €3.3 million (2021: €4.3 million) relating to short-term leases, variable lease payments and leases of low-value assets were recognised in the income statement and are disclosed in note 9 to the Consolidated Financial Statements.

Notes Forming Part of the Consolidated Financial Statements
Continued

23. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including market risk (such as interest rate risk, foreign currency risk, commodity price risk), liquidity risk and credit risk. The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are assessed within the Group's risk management systems and included on the Group's risk register. Risk mitigation measures may include use of financial derivatives, foreign currency forward contracts, interest rate swaps and cash flow matching.

i) Categories of financial instruments

Financial assets and liabilities

2022	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Carrying value	Fair value
	€m	€m	€m	€m
Finance lease receivable	13.6	-	13.6	13.6
Trade and other receivables	76.8	-	76.8	76.8
Cash and cash equivalents	39.0	-	39.0	39.0
Borrowings	-	167.7	167.7	169.0
Trade and other payables	-	79.7	79.7	79.7

2021	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Carrying value	Fair value
	€m	€m	€m	€m
Finance lease receivable	16.6	-	16.6	16.6
Trade and other receivables	58.9	-	58.9	58.9
Cash and cash equivalents	38.5	-	38.5	38.5
Borrowings	-	123.1	123.1	124.8
Trade and other payables		57.9	57.9	57.9

Fair value hierarchy

The Group does not have any financial assets or financial liabilities that are carried at fair value in the Consolidated Statement of Financial Position at 31 December 2022 and 31 December 2021. In relation to those financial assets and financial liabilities where fair value is required to be disclosed in the Notes to the Consolidated Financial Position, these financial assets and financial liabilities are classified within Level 3 (2021: Level 3) of the fair value hierarchy as market observable inputs (forward rates and yield curves) which are used in arriving at fair values.

The Group has adopted the following fair value measurement hierarchy for financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

23. Financial instruments and risk management (continued)

The following are the significant methods and assumptions used to estimate fair values of financial assets and financial liabilities:

Finance lease receivable
Finance lease recognised based on the estimated net investment in the lease being the present value of the contractual future cash flows discounted at the rate implicit in the lease.

Trade and other receivables / payables
For trade receivables and trade payables, with average settlement periods of 41 days (2021: 50 days) and 67 days (2021: 81 days) respectively, the carrying value less allowance for expected credit losses, where appropriate, is estimated to reflect fair value due to their short-term nature.

Cash and cash equivalents
For cash and cash equivalents, all with a maturity of three months or less, the nominal amount is estimated to reflect fair value.

Borrowings
The fair value of bank loans has been determined based on a discounted cash flow analysis with the most significant input being the discount rate reflecting the Group's own credit risk. For finance leases the Group considers that the incremental borrowing cost used to calculate the carrying value includes a fair estimate of counterparty risk and the carrying value approximates fair value.

Derivative financial instruments
There are no derivative financial instruments outstanding at 31 December 2022 and 31 December 2021 and none were entered into in either 2021 or 2022.

ii) Interest rate risk
At 31 December 2022, interest rates on short-term bank deposits were contracted for terms of less than three months at average effective rates of 0.3% (2021: (0.3%)).

The interest rates on all Group borrowings at 31 December 2022 comprising loan notes and term loans has been fixed at contracted rates at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average interest rate at 31 December 2022 was 2.40% (2021: 1.60%) for remaining terms of between 1.8 and 7.5 years.

The interest rates on all lease liabilities at 31 December 2022 were fixed at the incremental borrowing rate at the later of the IFRS 16 effective application date of 1 January 2019 or lease commencement date.

Sensitivity to interest rates
As all of the Group's borrowings are fixed for the full remaining borrowing terms, the Group has not prepared calculations to measure the estimated effect of changes in market interest rates on the Consolidated Income Statement and Equity Review.

iii) Foreign currency risk management
The Group publishes its consolidated financial statements in euro and conducts business in different foreign currencies. As a result, it is subject to foreign exchange risk due to exchange rate movements which will affect the Group's transaction costs and the translation of the results and underlying net assets of its foreign operations.

Sterling denominated profits are translated to euro at the average rate of exchange for the financial year. The average rate at which sterling profits were translated during the year was €1:£0.8528 (2021: €1:£0.8596).

Exchange rate exposures are managed within approved policy parameters. The Group did not utilise forward foreign exchange contracts during the year ended 31 December 2022 or 31 December 2021.

Notes Forming Part of the Consolidated Financial Statements
Continued

23. Financial instruments and risk management (continued)

Sensitivity
The currency risk sensitivity analysis is set out below:

Under the assumptions; (i) a 10% strengthening in euro exchange rates against all currencies, profit before tax would have increased by €5.2 million (2021: increase of €4.8 million) and equity (before tax effects) would have increased by €1.0 million (2021: increase of €3.2 million); (ii) a 10% weakening in euro exchange rates against all currencies, profit before tax would have decreased by €6.3 million (2021: decrease of €6.2 million) and equity (before tax effects) would have decreased by €1.2 million (2021: decrease of €4.3 million).

The currency profile of the carrying amounts of the Group's monetary assets and monetary liabilities at the reporting date are as follows:

2022	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	-	3.7	0.1	3.8
Cash and cash equivalents	1.1	12.3	1.0	14.4
Total assets	1.1	16.0	1.1	18.2
Trade and other payables	-	14.0	8.1	22.1
Lease liabilities	-	-	1.1	1.1
Total liabilities	-	14.0	9.2	23.2
Net assets / (liabilities)	**1.1**	**2.0**	**(8.1)**	**(5.0)**

2021	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	-	3.4	0.3	3.7
Cash and cash equivalents	0.2	6.0	1.5	7.7
Total assets	0.2	9.4	1.8	11.4
Trade and other payables	-	11.3	6.2	17.5
Lease liabilities	-	-	0.7	0.7
Total liabilities	-	11.3	6.9	18.2
Net assets / (liabilities)	**0.2**	**(1.9)**	**(5.1)**	**(6.8)**

iv) Commodity price risk
In terms of commodity price risk, the Group's vessels consume heavy fuel oil (HFO), marine diesel / gas oil (MDO / MGO) and lubricating oils, all of which continue to be subject to price volatility. The Group must also manage the risks inherent in changes to the specification of fuel oil which are introduced under international and EU law from time to time.

The Group's policy has been to purchase these commodities in the spot markets and to remain unhedged. In the Container and Terminal Division, movements in fuel costs are offset to a large extent by the application of pre-arranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in fuel costs are included in the ticket price to the extent that market conditions will allow.

23. Financial instruments and risk management (continued)

v) Liquidity risk

The Group and Company are exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations. There were no open derivative contracts at 31 December 2022 or 31 December 2021. The Group and Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group and Company:

- monitor credit ratings of institutions with which the Group and Company maintain cash balances;
- limit maturity of cash balances; and
- borrow the bulk of its debt needs under committed bank lines or other term financing and by policy maintains a minimum level of undrawn committed facilities.

At each year-end, the Group's rolling liquidity reserve (which comprises cash and undrawn committed facilities and which represents the amount of available cash headroom in the Group funding structure) was as follows:

	2022 €m	2021 €m
Cash and cash equivalents	39.0	38.5
Committed undrawn facilities	28.4	80.4
Liquidity reserve	**67.4**	**118.9**

Management monitors rolling cash flow forecasts on an ongoing basis to determine the adequacy of the liquidity position of the Group. This process also incorporates a longer term liquidity review to ensure refinancing risks are adequately catered for as part of the Group's strategic planning.

Liquidity analysis

The following table sets out the maturity and liquidity analysis of the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

Liquidity Table 2022	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	Between 5 – 10 years €m	More than 10 years €m
Liabilities								
Trade and other payables	-	84.2	84.2	84.2	-	-	-	-
Bank loans	2.5	167.7	178.4	11.9	123.3	24.0	19.2	-
Lease liabilities	35.6	42.4	86.8	12.8	5.1	9.5	5.9	53.5
Total liabilities		**294.3**	**349.4**	**108.9**	**128.4**	**33.5**	**25.1**	**53.5**

Liquidity Table 2021	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	Between 5-10 years €m	More than 10 years €m
Liabilities								
Trade and other payables	-	60.2	60.2	60.2	-	-	-	-
Bank loans	3.6	123.1	130.3	9.1	9.1	85.1	27.0	-
Lease liabilities	27.1	57.6	101.5	22.0	9.4	11.4	5.5	53.2
Total liabilities		**240.9**	**292.0**	**91.3**	**18.5**	**96.5**	**32.5**	**53.2**

Notes Forming Part of the Consolidated Financial Statements
Continued

23. Financial instruments and risk management (continued)

vi) Credit risk
The Group and Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and where possible limits its exposure to any one party to ensure that there are no significant concentrations of credit risk. Notwithstanding the foregoing, due to the nature of the underlying transaction there is a material exposure to a single counterparty in relation to the lease receivable. Mitigation of this exposure to finance lease receivables is explained at note 15. Credit risk in relation to trade and other receivables and cash and cash equivalents has been discussed in notes 17 and 18 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

vii) Capital management
The objective when managing capital is to safeguard the Group's ability to continue in business and provide returns for shareholders together with maintaining the confidence of all stakeholders. No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 December 2022 and 31 December 2021.

The capital structure of the Group consists of net debt (borrowings as detailed in note 21 offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 19 and 20). The Group seeks to maintain an optimal capital structure to reduce the overall cost of capital while balancing the benefits of different capital sources. Within this framework the Group considers the amount and tenor of borrowings and distributions to shareholders either through dividends or buybacks.

During the year the Company bought back 12.0 million ICG units at a cost of €49.2 million. The Group increased bank borrowings (net of repayments) by €44.4 million), lease liabilities decreased by €15.2 million and cash and cash equivalents increased by €0.5 million.

The Group actively monitors the externally imposed capital requirements contained in our debt facilities which set a maximum leverage ratio of net debt to earnings before interest tax depreciation and amortisation. Having agreed a temporary increase in this leverage ratio against the background of the Covid-19 pandemic to 4 times which applied during the financial year ended 2021, this reverted to 3 times for testing dates after 1 January 2022. At 31 December 2022, the leverage ratio under covenant definitions was 1.2 times (2021: 2.6 times).

At 31 December 2022, the net debt position of the Group was €171.1 million (2021: net debt of €142.2 million) and total equity balances amounted to €260.8 million (2021: €249.7 million).

24. Deferred tax liabilities

Companies within the Group where appropriate, have elected to be taxed under the Irish tonnage tax scheme in respect of all eligible shipping activities. Certain activities will not fall within the tonnage tax scheme and will continue therefore to be subject to standard rates of corporation tax. These activities give rise to deferred tax assets and liabilities and the impact of these is shown below.

Deferred tax assets arise where taxable losses in excess of expected future reversing taxable temporary differences have been incurred that are available for offset against future taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. A deferred tax asset of €0.1 million (2021: €0.1 million) has not been recognised in respect of tax losses as suitable taxable profits are not expected to arise. The Group estimates the probable amount of future taxable profits, using assumptions consistent with those employed in the Group's financial planning process, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference would be immaterial and will not reverse in the foreseeable future.

24. Deferred tax liabilities (continued)

The following are the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

2022	Accelerated tax depreciation €m	Retirement benefit obligation €m	Total €m
At beginning of the financial year	0.5	0.7	1.2
Charge to the Statement of Consolidated Income	-	-	-
Charge to Statement of Other Comprehensive Income	-	2.4	2.4
Currency translation adjustment	-	(0.1)	(0.1)
At end of the financial year	**0.5**	**3.0**	**3.5**
Analysed as:			
Non-current asset			(0.1)
Non-current liability			3.6
			3.5

2021	Accelerated tax depreciation €m	Retirement benefit obligation €m	Total €m
At beginning of the financial year	0.4	(0.2)	0.2
Charge to the Statement of Consolidated Income	0.1	-	0.1
Charge to Statement of Other Comprehensive Income	-	0.9	0.9
At end of the financial year	**0.5**	**0.7**	**1.2**

Deferred tax is recognised in the Consolidated Statement of Comprehensive Income to the extent it arises on profits or losses recognised in that statement.

25. Trade and other payables

	2022 €m	2021 €m
Within one year		
Trade and other payables	37.1	30.7
Accruals	42.6	27.2
	79.7	**57.9**
Deferred revenue	11.8	15.3
Payroll taxes	1.3	0.7
Social insurance cost	0.3	0.2
Corporation tax	1.0	-
Value-added tax	2.1	1.4
	96.2	**75.5**

Notes Forming Part of the Consolidated Financial Statements
Continued

25. Trade and other payables (continued)

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing. They also include deferred revenue amounts of €11.8 million (2021: €15.3 million) relating to cash received in respect of performance obligations outstanding not yet complete by the Group. Movements in deferred revenue balances during the period were as follows:

	2022 €m	2021 €m
At 1 January	15.3	13.0
Passenger revenue	(162.7)	(59.0)
Cash received	159.2	61.3
At 31 December	**11.8**	**15.3**

The average trade credit period outstanding was 67 days at 31 December 2022 (2021: 81 days). Certain suppliers reserve the right to charge interest on balances past their due date.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

26. Provisions

	2022 €m	2021 €m
Claims provision		
At beginning of the financial year	3.3	2.2
Utilisation of provision	(0.3)	-
(Decrease) / increase in provision	(0.2)	1.1
At end of the financial year	**2.8**	**3.3**
Analysed as follows:		
Current liabilities	1.7	3.1
Non-current liabilities	1.1	0.2
	2.8	**3.3**

The claims provision comprises;

(i) the insurance excess payable by the Group and Company in a number of potential compensation claims, arising in the normal course of business. Provision is made for incidents reported prior to the reporting date but for which no claim has been received. No provision has been recognised for incidents that may have occurred prior to the reporting date, but which had not been reported to the Group, as based on past experience these are not expected to be material;

(ii) provisions relate to claims lodged and expected to be lodged with the Group based on events which have occurred prior to the reporting date, where a future cash flow is expected to occur.

27. Commitments

	2022 €m	2021 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for, but not accrued		
Approved and contracted	30.8	42.0
Less accrued at 31 December	(18.4)	(10.6)
Approved and contracted for not accrued	**12.4**	**31.4**

28. Short-term vessel charter and container hire obligations

	2022 €m	2021 €m
Within one year	-	-

There were €nil outstanding commitments at 31 December 2022 (2021: €nil million) relating to short-term vessel charter and container hire obligations. An expense of €3.3 million (2021: €4.3 million) was recognised in the period where the related rights were not recognised as a right-of-use asset. The 2022 expense is analysed in note 9.

29. Operating lease income

The aggregate future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2022 €m	2021 €m
Within one year	13.2	17.2
Between one and two years	3.7	13.2
Between two and three years	-	3.7
	16.9	**34.1**

The lease payments receivable relate to the charter of container vessels.

30. Share-based payments

The Group operates two equity-settled share option schemes under which certain employees have been issued with share options as described below.

The Performance Share Plan (PSP) is the active plan under which option awards may be granted. Details of the award and vesting conditions are set out in the Report of the Remuneration Committee. Vesting is contingent on market conditions such as total shareholder return and non-market conditions such as earnings per share, free cash flow and return on average capital employed. During the year, 1,552,500 (2021: 1,042,500) options were granted under the PSP with a vesting period of three years.

The 2009 Share Option Plan remains in place with respect to outstanding grants made prior to 2016 but no new grants will be made following the adoption of the PSP. The number of shares over which options may be granted may not exceed 10 per cent of the shares of the Company in issue.

Notes Forming Part of the Consolidated Financial Statements
Continued

30. Share-based payments (continued)

Options are forfeited where the grantee ceases employment with the Group unless retention, is permitted by the Remuneration Committee under good leaver rules. The Scheme Rules allow for the early exercise of outstanding options upon a change in control of the Company.

The number and weighted average exercise price of share options granted under the above plans is as follows:

	2022		2021	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		€		€
Outstanding at 1 January	5,646,854	1.47	5,756,140	1.59
Granted during the year	1,552,500	0.065	1,042,500	0.065
Exercised during the year	(1,060,856)	1.25	(637,530)	1.25
Forfeited during the year	(608,962)	0.35	(514,256)	0.065
Outstanding at 31 December	**5,529,536**	**1.25**	**5,646,854**	**1.47**
Exercisable at 31 December	1,910,000	3.52	2,790,000	2.94
Weighted average share price at date of exercise of options		3.51		4.35
Weighted average remaining contractual life of options outstanding at year-end		1.6 years		1.8 years

In settlement of the options exercised during the year, the Company issued 34,978 (2021: 379,177) new ICG units with the balance of 1,025,878 (2021: 258,353) settled through market purchase.

The exercise prices of options outstanding at 31 December are as follows:

	2022	2021	Price
	Options	Options	€
Exercisable:			
2009 Share Option Plan			
Vested Options	-	825,000	1.57
Vested Options	200,000	205,000	2.97
Vested Options	1,710,000	1,760,000	3.58
Exercisable at 31 December	**1,910,000**	**2,790,000**	
Not Exercisable:			
Performance Share Plan	3,619,536	2,856,854	0.065
Outstanding at 31 December	**5,529,536**	**5,646,854**	

Options issued under the 2009 Share Option Plan were market priced options with a maximum life of 10 years. These had been measured at fair value using a binomial option pricing model. All options issued under the 2009 Option Plan have vested to participants and the fair value of these has been expensed to the Income Statement over the period from date of grant to date of vesting determination.

30. Share-based payments (continued)

Options granted under the PSP are priced at the nominal price of the shares comprised in an ICG unit. Vesting of options under the PSP are contingent on the achievement of certain market and non-market performance hurdles. The fair value of options subject to market conditions is estimated using Monte-Carlo simulation. The fair value of options subject to non-market conditions is estimated based on the market value at date of grant adjusted for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value is expensed to the Income Statement evenly over a vesting period of three years with an adjustment made at each reporting period for the estimated vesting rate for those options subject to non-market vesting conditions.

Outstanding options had been granted on 1 September 2014, 5 March 2015, 6 March 2020, 12 March 2021 and 11 March 2022. The estimated fair values of the options are as follows:

Year of Grant	2022	2021	2020	2015	2015	2014	2014
Share Plan	PSP	PSP	PSP	2009 Plan	2009 Plan	2009 Plan	2009 Plan
	-	-	-	Basic Tier	Second Tier	Basic Tier	Second Tier
Fair value of option:							
Options subject to market performance conditions	€1.29	€2.15	€0.96	€0.4528	€0.5581	€0.2992	€0.4449
Options subject to non-market performance conditions	€2.30	€3.63	€3.07	-	-	-	-

The inputs into the valuation model in the respective years of grant were as follows:

Year of Grant	2022	2021	2020	2015	2015	2014	2014
				Basic Tier	Second Tier	Basic Tier	Second Tier
At date of grant:							
Weighted average share price	€3.36	€4.26	€3.77	€3.580	€3.580	€2.970	€2.970
Weighted average exercise price	€0.065	€0.065	€0.065	€3.580	€3.580	€2.970	€2.970
Expected volatility	45%	43%	29%	29%	31%	27%	30%
Expected life	3 years	3 years	3 years	7 years	9 years	7 years	9 years
Risk free rate	(0.141%)	(0.562%)	(0.462%)	0.090%	0.299%	0.439%	0.765%
Expected dividend yield	4.41%	2.15%	3.70%	5.16%	4.72%	5.83%	4.89%

Expected volatility was determined by calculating the historical volatility of the Company's share price.

In 2022, the share-based payment expense recognised in the Consolidated Income Statement was €3.0 million (2021: €1.3 million).

The share-based payment expense has been classified in the Consolidated Income Statement as follows:

	2022	2021
	€m	€m
Employee benefits expense	3.0	1.3

Share-based payment expense of €1.1 million (2021: €0.5 million) relates to the Directors of the Company. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2022 is €6.3 million (2021: €4.7 million).

Notes Forming Part of the Consolidated Financial Statements
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31. Retirement benefit schemes

The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has defined benefit obligations as set out below. Scheme assets are held in separate trustee administered funds.

Defined Contribution Scheme
The Group operates a defined contribution pension scheme, which provides retirement and death benefits for all recently hired employees. The total cost charged in the Consolidated Income Statement of €0.4 million (2021: €0.3 million) represents employer contributions payable to the externally administered defined contribution pension scheme at rates specified in the rules of the scheme. There was €nil in outstanding contributions included in trade and other payables at 31 December 2022 (2021: €nil).

Defined Benefit Obligations
i) Group sponsored schemes
The Group operates contributory defined benefit obligations, which provide retirement and death benefits for other employees who are not members of the defined contribution pension scheme. The defined benefit obligations provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary.

The assets of these schemes are held separately from those of the Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deed and the pension laws of the relevant jurisdiction. The trustees invest the funds in a range of assets with the objective of maximising the fund return whilst minimising the cost of funding the scheme at an acceptable risk profile. In assessing the risk profile, the trustees take account of the nature and duration of the liabilities and review investment strategy regularly.

The pension charges and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 31 March 2021 and 31 October 2021. The valuations employed for disclosure purposes have been based on the most recent funding valuations for each scheme adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2022 and to take account of financial conditions at this date. The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

The pension contributions paid in the year ended 31 December 2022 amounted to €0.6 million (2021: €1.1 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.7 million (2021: €1.7 million).

The profile of membership across all schemes at 31 December was as follows;

	2022	2021
Current employees	130	145
Members with deferred benefits	476	500
Pensioners	163	134
Total	**769**	**779**

Buyout transaction
On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into an irrevocable agreement whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of an initial premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. A further premium of €8.5 million was paid to the insurer during 2021 on completion of a data verification exercise. The obligations associated with this payment had been included in the pension scheme obligations as at 31 December 2020 and no additional settlement gain or loss arose on payment of this further premium.

31. Retirement benefit schemes (continued)

The Trustee, in agreement with the Company, also augmented pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes, which was recognised in the Income Statement for the year ended 31 December 2020.

In conjunction with the 9 December 2020 transaction, the Group concluded a new deficit funding agreement with the trustee replacing the previous deficit funding agreement agreed in 2014. Under the new agreement, the Group retained the obligation to make deficit payments to the scheme of €1.5 million per annum, adjusted for inflation, for a projected period up to 2023, or until the deficit is eliminated if earlier. During 2021, the Trustee confirmed that the Scheme met the minimum funding standard including risk reserves as set out in Irish pensions legislation leading to a cessation of the requirement to continue making the deficit funding payments. The Trustee continues to retain a charge over the escrow deposit created and funded under the former funding agreement until 31 December 2023, with the balance payable to the scheme in certain circumstances. The balance held in the escrow account at 31 December 2022 was €3.5 million (note 18).

Netherlands Scheme
The Group operates a defined benefit pension scheme for certain employees based in The Netherlands. All the liabilities of this scheme are matched by insurance contracts other than for inflation adjustment to accrued benefits for current employees.

ii) Merchant Navy Officers Pension Fund (MNOPF)
In addition to the pension schemes operated by the Group, the Group has obligations in respect of past service of certain former employees who are members of the MNOPF, an industry wide multi-employer scheme and which is closed to future accrual. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2021 and disclosed a net past service surplus of £55.0 million, equivalent to a gross funding level of 102%. The Group's share of the MNOPF obligations, as most recently advised by the trustees, is 1.04% (2021: 1.53%). The obligation valuation in these financial statements at 31 December 2022 is based on the actuarial deficit contribution demands notified to the Group and which remain outstanding at the reporting date. The last deficit demand received by the Group was dated May 2013 and has been fully paid.

On this basis, the share of the overall deficit in the MNOPF estimated to be attributable to the Group at 31 December 2022 is €nil (2021: €nil). During the year, the Group made payments of €nil (2021: €nil) to the trustees.

iii) Principal risks and assumptions
The Group is exposed to a number of actuarial risks as set out below:

Investment risk
The pension schemes hold investments in asset classes such as equities which are expected to provide higher returns than other asset classes over the long term, but may create volatility and risk in the short term. The present value of the defined benefit obligations liability is calculated using a discount rate by reference to high quality corporate bond yields; if the future achieved return on scheme assets is below this rate, it will create a deficit. IAS 19 Employee Benefits provides that the discount rate used to value retirement benefits should be determined by reference to market yields on high quality corporate bonds consistent with the duration of the liabilities. Due to a narrow bond universe, the Group defines high quality bonds in the Eurozone as those rated AA or higher by at least one rating agency. In respect of sterling schemes, corporate bonds must be rated AA, or higher, by at least two rating agencies.

Salary risk
The present value of the defined benefit liability is calculated by reference to the projected salaries of scheme participants at retirement based on salary inflation assumptions. As such, any variation in salary versus assumption will vary the schemes' liabilities.

Life expectancy risk
The present value of the defined benefit obligations liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will change the scheme liabilities.

Notes Forming Part of the Consolidated Financial Statements
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31. Retirement benefit schemes (continued)

Inflation risk
A significant proportion of the benefits under the plans are linked to inflation with higher inflation leading to higher liabilities.

The Directors have taken independent actuarial advice on the key judgements used in the estimate of retirement benefit scheme assets and liabilities.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Sterling liabilities		Euro liabilities	
	2022	2021	2022	2021
Discount rate	4.75%	1.85%	3.65%	1.20%
Inflation rate	2.90%	3.60%	2.50%	2.00%
Rate of annual increase of pensions in payment	2.20% - 3.30%	2.20% - 3.40%	1.50%	1.00%
Rate of increase of pensionable salaries	1.15%	1.10%	0.00% - 1.40%	0.00% - 1.20%

The euro and sterling discount rates have been determined in consultation with the Group's independent actuary, who has devised proprietary models referencing market yields at the balance sheet date on high quality corporate bonds consistent with the duration of the liabilities. For 31 December 2022, the high quality corporate bond population include those rated AA or higher by at least two rating agencies.

Sterling obligations include the effects of the UK GMP equalisation court decisions. The estimated effect was to increase the obligations of the UK scheme by 0.1%.

The average life expectancy used in the principal Group schemes at age 60 is as follows:

	2022		2021	
	Male	Female	Male	Female
Irish Schemes:				
Current retirees	26.7 years	29.6 years	26.6 years	29.5 years
Future retirees	29.1 years	31.6 years	29.0 years	31.5 years
UK Schemes:				
Current retirees	27.7 years	29.5 years	27.8 years	29.4 years
Future retirees	29.2 years	30.9 years	29.3 years	30.9 years

Assumptions regarding life expectancies are set based on actuarial advice in accordance with published statistics and experience in each jurisdiction.

Sensitivity of pension liability judgemental assumptions
The Group's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually and totals €91.6 million at 31 December 2022 (2021: €140.5 million). At 31 December 2022, the Group also has scheme assets totalling €124.8 million (2021: €145.8 million), giving a net pension surplus of €33.2 million (2021: surplus of €5.3 million). The size of the obligation is sensitive to actuarial assumptions. The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant with the exception of the rate of inflation assumption which impacts other inflation linked assumptions. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries. The analyses are for illustrative purposes only as in practice assumptions rarely change in isolation.

31. Retirement benefit schemes (continued)

There has been no change from the prior year in the methods and assumptions used in preparing the sensitivity analyses below.

2022

Assumption	Change in assumption	Impact on euro schemes liabilities	Impact on sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	9.5% decrease in liabilities	7.2% decrease in liabilities	9.1% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	8.5% increase in liabilities	4.7% increase in liabilities	7.8% increase in liabilities
Rate of mortality	Members assumed to live one year longer	3.0% increase in liabilities	3.1% increase in liabilities	3.0% increase in liabilities

2021

Assumption	Change in assumption	Impact on euro schemes liabilities	Impact on sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	9.5% decrease in liabilities	8.4% decrease in liabilities	9.3% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	10.3% increase in liabilities	6.0% increase in liabilities	9.4% increase in liabilities
Rate of mortality	Members assumed to live one year longer	4.0% increase in liabilities	4.3% increase in liabilities	4.1% increase in liabilities

* The rate of inflation sensitivity includes its impact on the rate of annual increase of pensions in payment assumption and the rate of increase of pensionable salaries assumption as they are both inflation linked assumptions.

The size of the scheme assets which are also sensitive to asset return levels and the level of contributions from the Group are analysed by asset class in part (iv) of this note.

iv) Retirement benefit assets and liabilities

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's defined benefit obligations is as follows:

	Scheme with liabilities in sterling		Schemes with liabilities in euro		Total	
	2022	2021	2022	2021	2022	2021
	€m	€m	€m	€m	€m	€m
Equities	10.8	13.5	63.2	68.9	74.0	82.4
Bonds	14.6	15.1	22.3	27.4	36.9	42.5
Property	-	-	0.1	1.0	0.1	1.0
Insurance contracts	-	-	7.4	10.9	7.4	10.9
Other	2.9	3.4	3.5	5.6	6.4	9.0
Fair value of scheme assets	28.3	32.0	96.5	113.8	124.8	145.8
Present value of scheme liabilities	(16.5)	(28.3)	(75.1)	(112.2)	(91.6)	(140.5)
Surplus in schemes	**11.8**	**3.7**	**21.4**	**1.6**	**33.2**	**5.3**

Notes Forming Part of the Consolidated Financial Statements
Continued

31. Retirement benefit schemes (continued)

Three of the defined benefit obligation schemes accounted for by the Group are in a net surplus position and are shown in non-current assets in the Consolidated Statement of Financial Position. One of the defined benefit obligation schemes accounted for by the Group is in a net deficit position and is shown in non-current liabilities.

The overall weighted average duration of the Group's defined benefit obligations is 16.5 years (2021: 19.7 years). The weighted average duration of euro scheme obligations was 17.0 years (2021: 20.1 years) and of sterling scheme obligations was 14.5 years (2021: 17.9 years).

The split between the amounts shown in each category is as follows:

	2022	2021
	€m	€m
Non-current assets – retirement benefit surplus	33.6	6.7
Non-current liabilities – retirement benefit obligation	(0.4)	(1.4)
Net surplus in pension schemes	**33.2**	**5.3**

v) Movements in retirement benefit assets
Movements in the fair value of scheme assets in the current year were as follows:

2022	Schemes in sterling	Schemes in euro	Total
	€m	€m	€m
At beginning of the financial year	32.0	113.8	145.8
Interest income	0.5	1.4	1.9
Actuarial loss	(2.2)	(16.5)	(18.7)
Exchange difference	(1.6)	-	(1.6)
Employer contributions	0.3	0.3	0.6
Contributions from scheme members	0.1	0.2	0.3
Benefits paid	(0.8)	(2.7)	(3.5)
At end of the financial year	**28.3**	**96.5**	**124.8**

2021	Schemes in sterling	Schemes in euro	Total
	€m	€m	€m
At beginning of the financial year	27.3	112.3	139.6
Interest income	0.3	0.8	1.1
Actuarial gains	3.1	12.4	15.5
Exchange difference	1.9	-	1.9
Employer contributions	0.3	0.8	1.1
Contributions from scheme members	0.1	0.2	0.3
Transfer of assets *	-	(8.5)	(8.5)
Benefits paid	(1.0)	(4.2)	(5.2)
At end of the financial year	**32.0**	**113.8**	**145.8**

* The transfer of assets during 2021 relates to the premium paid relating to the buyout transaction concluded on 9 December 2020. Further details are provided at note 31(i) above.

31. Retirement benefit schemes (continued)

vi) Movement in retirement benefit liabilities
Movements in the present value of defined benefit obligations in the year were as follows:

2022	Schemes in sterling	Schemes in euro	Total
	€m	€m	€m
At beginning of the financial year	28.3	112.2	140.5
Service cost	0.4	1.3	1.7
Interest cost	0.5	1.3	1.8
Contributions from scheme members	0.1	0.2	0.3
Actuarial gain	(10.9)	(37.2)	(48.1)
Exchange difference	(1.1)	-	(1.1)
Benefits paid	(0.8)	(2.7)	(3.5)
At end of the financial year	**16.5**	**75.1**	**91.6**

2021	Schemes in sterling	Schemes in euro	Total
	€m	€m	€m
At beginning of the financial year	28.0	112.8	140.8
Service cost	0.4	1.3	1.7
Interest cost	0.4	0.6	1.0
Contributions from scheme members	0.1	0.2	0.3
Actuarial (gain) / loss	(1.6)	10.0	8.4
Exchange difference	2.0	-	2.0
Transfer of liabilities *	-	(8.5)	(8.5)
Benefits paid	(1.0)	(4.2)	(5.2)
At end of the financial year	**28.3**	**112.2**	**140.5**

* The transfer of liabilities during 2021 relate to the buyout transaction concluded on 9 December 2020, which also gave rise to the settlement and augmentation losses reported in the year ended 31 December 2020. Further details are provided at note 31(i) above.

vii) Amounts recognised in the Consolidated Income Statement
Amounts recognised in the Consolidated Income Statement in respect of the defined benefit obligations are as follows:

	2022	2021
	€m	€m
Charges to employee benefits expense		
Current service cost	1.7	1.7
	1.7	**1.7**

Notes Forming Part of the Consolidated Financial Statements
Continued

31. Retirement benefit schemes (continued)

	2022 €m	2021 €m
Recognised in finance income		
Interest income on scheme assets	(1.9)	(1.1)
Interest on scheme liabilities	1.8	1.0
Net interest income on defined benefit obligations (notes 6 and 7)	**(0.1)**	**(0.1)**

The estimated amounts of employer contributions expected to be paid to the schemes during 2023 is €0.6 million based on current funding agreements.

viii) Amounts recognised in the Consolidated Statement of Comprehensive Income
Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the defined benefit obligations are as follows:

	2022 €m	2021 €m
Actuarial gains and losses		
Actual total return on scheme assets	(16.8)	16.6
Interest income on scheme assets	(1.9)	(1.1)
Return on scheme assets (excluding amounts included in net interest cost)	(18.7)	15.5
Remeasurement adjustments on scheme liabilities:		
Losses arising from changes in demographic assumptions	-	(8.6)
Gains arising from changes in financial assumptions	46.9	0.1
Gains arising from experience adjustments	1.2	0.1
Actuarial gain recognised in the Consolidated Statement of Comprehensive Income	**29.4**	**7.1**

	2022 €m	2021 €m
Exchange movement		
Exchange (loss) / gain on scheme assets	(1.6)	1.9
Exchange gain / (loss) on scheme liabilities	1.1	(2.0)
Net exchange loss recognised in the Consolidated Statement of Comprehensive Income	**(0.5)**	**(0.1)**

32. Related party transactions

During the financial year, Group entities incurred costs of €0.2 million (2021: €0.2 million) through provision of administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries (UK) Limited Pension Scheme, related parties that are not members of the Group. These related parties provide pension benefits to employees of the Group.

Compensation of key management personnel

The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of key management, including Directors, during the financial year was as follows:

	2022 €m	2021 €m
Short-term benefits	6.1	3.2
Post-employment benefits	0.3	0.3
Share-based payment expense	2.2	0.9
	8.6	**4.4**

Short-term benefits comprise salary, performance pay and other short-term employee benefits.

Post-employment benefits comprise the past and current service cost calculated in accordance with IAS 19 Employee Benefits.

Share-based payment expense represents the cost charged in respect of equity-settled share-based payments.

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals, market trends and the performance of the Group and Company.

Details of the remuneration of the Group's individual Directors, together with the number of ICG shares owned by them and their outstanding share options are set out in the Report of the Remuneration Committee and the Report of the Directors.

Dividends

The Company paid a final dividend in respect of 2021 on 7 July 2022 and an interim dividend in respect of 2022 on 7 October 2022. The total amounts received by key management including Directors in respect of these dividend payments was €4.3 million. No dividends were paid in 2021.

Share options

Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on page 105.

Notes Forming Part of the Consolidated Financial Statements
Continued

33. Cash flow components

	2022 €m	2021 €m
Retirement benefit scheme movements		
Retirement benefit obligations – current service cost	1.7	1.7
Retirement benefit obligations – payments	(0.6)	(1.1)
Total retirement benefit scheme movements	**1.1**	**0.6**
Repayments of lease liabilities		
Lease payments (note 22)	(22.3)	(21.1)
Interest element of lease payments (note 7 & 22)	1.3	1.3
Capital element of lease payments	**(21.0)**	**(19.8)**
Purchases of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment (note 12)	(74.4)	(45.6)
Purchases of intangible assets (note 13)	(0.4)	(1.0)
Increase in capital asset prepayments (note 17)	(0.9)	(8.6)
Total purchases of property, plant and equipment and intangible assets	**(75.7)**	**(55.2)**
Changes in working capital		
Increase in inventories	(1.4)	(1.9)
(Increase) / decrease in receivables	(17.0)	2.5
Increase in payables	19.6	11.1
Total working capital movements	**1.2**	**11.7**

34. Change in financing liabilities

The changes in liabilities arising from financing activities during the year ended 31 December 2022 were as follows:

	Bank loans €m	Loan notes €m	Origination fees €m	Lease liabilities €m	Total €m
At 1 January 2022	73.8	50.0	(0.7)	57.6	180.7
Changes from cash flows					
Repayment of borrowings	(7.6)	-	-	-	(7.6)
Lease payments	-	-	-	(21.0)	(21.0)
Loan drawdown	52.0	-	-	-	52.0
Non-cash flow changes					
Amortisation	-	-	0.2	-	0.2
Lease liabilities recognised	-	-	-	6.2	6.2
Currency adjustment	-	-	-	(0.4)	(0.4)
At 31 December 2022	**118.2**	**50.0**	**(0.5)**	**42.4**	**210.1**

Capital repayments on the bank loans drawn during 2018 commenced in 2020. The loan notes have bullet payment terms with repayment due in 2024.

35. Contingent liabilities

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €0.6 million (2021: €0.6 million). The Group regards these financial guarantee contracts as insurance contracts and accordingly the accounting treatment applied is that applicable to insurance contracts. No claims have been notified to the Group in respect of these contracts, therefore no provision is warranted.

The Group is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund, all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Group's share of any deficit would be 1.46%. Should other participating employers' default on their obligations, the Group will be required to absorb a larger share of the scheme deficit. If the Group were to terminate their obligations to the fund, voluntarily or otherwise, the Group may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business, the Group is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

36. Events after the reporting period

The Board is proposing a final dividend of 9.45 cent per ordinary share amounting to €16.1 million out of the distributable reserves of the Company.

There have been no other material events affecting the Group since 31 December 2022.

Company Statement of Financial Position
as at 31 December 2022

	Notes	2022 €m	2021 €m
Assets			
Non-current assets			
Property, plant and equipment	39	139.1	144.6
Intangible assets	40	0.3	0.4
Investments in subsidiaries	41	16.5	14.4
Retirement benefit surplus	46 iv	1.0	1.1
		156.9	**160.5**
Current assets			
Trade and other receivables	42	1.4	57.8
Cash and cash equivalents		4.7	1.6
		6.1	**59.4**
Total assets		**163.0**	**219.9**
Equity and liabilities			
Equity			
Share capital	43	11.1	11.9
Share premium		20.5	20.4
Other reserves		14.8	12.4
Retained earnings		111.0	140.3
Equity attributable to equity holders		**157.4**	**185.0**
Current liabilities			
Trade and other payables	45	5.6	34.9
		5.6	34.9
Total liabilities		**5.6**	**34.9**
Total equity and liabilities		**163.0**	**219.9**

The Company reported a profit for the financial year ended 31 December 2022 of €45.7 million (2021: €5.3 million).

The financial statements were approved by the Board of Directors on 8 March 2023 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Company Statement of Changes in Equity
For the financial year ended 31 December 2022

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2022	**11.9**	**20.4**	**7.7**	**4.7**	**140.3**	**185.0**
Profit for the financial year	-	-	-	-	45.7	45.7
Other comprehensive income	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the financial year	-	-	-	-	**45.6**	**45.6**
Share issue	-	0.1	-	-	-	0.1
Share buyback	(0.8)	-	0.8	-	(49.2)	(49.2)
Dividends	-	-	-	-	(24.2)	(24.2)
Employee share-based payments expense	-	-	-	0.1	-	0.1
Movement related to share options granted to employees in subsidiaries (note 41)	-	-	-	2.9	-	2.9
Settlement of employee equity plans through market purchase	-	-	-	-	(2.9)	(2.9)
Transferred to retained earnings on exercise of share options	-	-	-	(1.4)	1.4	-
Movements in the year	(0.8)	0.1	0.8	1.6	(29.3)	(27.6)
Balance at 31 December 2022	**11.1**	**20.5**	**8.5**	**6.3**	**111.0**	**157.4**

Company Statement of Changes in Equity
For the financial year ended 31 December 2021

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2021	**12.2**	**19.7**	**7.4**	**5.1**	**153.7**	**198.1**
Profit for the financial year	-	-	-	-	5.3	5.3
Other comprehensive income	-	-	-	-	0.4	0.4
Total comprehensive income for the financial year					**5.7**	**5.7**
Share issue	-	0.7	-	-	-	0.7
Share buyback	(0.3)	-	0.3	-	(19.8)	(19.8)
Employee share-based payments expense	-	-	-	0.6	-	0.6
Movement related to share options granted to employees in subsidiaries (note 41)	-	-	-	0.7	-	0.7
Settlement of employee equity plans through market purchase	-	-	-	-	(1.0)	(1.0)
Transferred to retained earnings on exercise of share options	-	-	-	(1.7)	1.7	-
Movements in the year	**(0.3)**	**0.7**	**0.3**	**(0.4)**	**(13.4)**	**(13.1)**
Balance at 31 December 2021	**11.9**	**20.4**	**7.7**	**4.7**	**140.3**	**185.0**

Notes Forming Part of the Company Financial Statements
Continued

37. Company Statement of Accounting Policies

Basis of preparation
The Company Financial Statements of Irish Continental Group plc (the Company) were prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these Financial Statements, the Company applies the recognition, measurement and presentation requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Presentation of Company Statement of Cash Flows;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the Consolidated Financial Statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share-based Payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: disclosures.

The accounting policies used in the preparation of the Company Financial Statements are consistent with the accounting policies used in the preparation of the Consolidated Financial Statements set out in the Summary of Accounting Policies at note 2 on pages 130 to 139. Unless otherwise stated, these have been applied consistently to all periods presented in these Company Financial Statements. The Financial Statements have been prepared in euro and are rounded to the nearest hundred thousand.

Accounting policies applying only to the Company Financial Statements
Investments in subsidiaries
Investments in subsidiaries held by the Company are carried at cost less any accumulated impairment losses. Equity-settled share-based payments granted by the Company to employees of subsidiary companies are accounted for as an increase or decrease in the carrying value of the investment in subsidiary companies and the share options reserve.

38. Company profit for the period

The profit attributable to equity shareholders dealt with in the Financial Statements of the Company was €45.7 million (2021: €5.3 million). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

Disclosure of Directors' remuneration paid in the reporting period ended 31 December 2022 and 2021 as required by Section 305 of the Companies Act 2014, is set out below.

	2022 €'000	2021 €'000
Directors remuneration:		
Emoluments	3,307	1,379
Pension contributions – Defined benefit	29	19
Pension contributions – Defined contribution	31	24
Gains from the exercise of options	307	335
	3,674	**1,757**

There were no employees in the Company during the financial year ended 31 December 2022 (2021: nil). Costs of €4.6 million (2021: €2.3 million) were recharged to the Company from subsidiary companies in relation to management services.

Notes Forming Part of the Company Financial Statements
Continued

39. Property, plant and equipment

Company	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2021	-	161.2	3.3	0.1	164.6
Additions	-	-	0.3	-	0.3
At 31 December 2021	-	161.2	3.6	0.1	164.9
Additions	-	0.1	0.4	-	0.5
At 31 December 2022	**-**	**161.3**	**4.0**	**0.1**	**165.4**
Accumulated depreciation					
At 1 January 2021	-	11.1	3.2	0.1	14.4
Depreciation charge for the financial year	-	5.7	0.2	-	5.9
At 31 December 2021	-	16.8	3.4	0.1	20.3
Depreciation charge for the financial year	-	5.7	0.3	-	6.0
At 31 December 2022	**-**	**22.5**	**3.7**	**0.1**	**26.3**
Carrying amount					
At 31 December 2022	**-**	**138.8**	**0.3**	**-**	**139.1**
At 31 December 2021	-	144.4	0.2	-	144.6

40. Intangible assets

	2022 €m	2021 €m
Cost		
At 1 January	10.4	10.2
Additions	-	0.2
At 31 December	**10.4**	**10.4**
Amortisation		
At 1 January	10.0	9.9
Charge for the financial year	0.1	0.1
At 31 December	**10.1**	**10.0**
Carrying amount		
At 31 December	**0.3**	**0.4**
At 1 January	0.4	0.3

The intangible assets included above, all computer software, have finite useful lives of five years, over which the assets are amortised. Amortisation is on a straight-line basis.

41. Investment in subsidiaries

	2022 €m	2021 €m
Investment in subsidiaries at beginning of the financial year	14.4	14.7
Movement related to share options allocated to employees in subsidiaries	2.9	0.7
Payments received on exercise of options	(0.8)	(1.0)
Investment in subsidiaries at end of the financial year	**16.5**	**14.4**

The Company's principal subsidiaries at 31 December 2022 are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activity
Irish Ferries Limited*	Ireland	Ferry operator
Eucon Shipping & Transport Limited*	Ireland	Container shipping services
Irish Continental Line Limited*	Ireland	Ship leasing
Irish Ferries Services Limited*	Ireland	Administration services
Belfast Container Terminal (BCT) Limited	Northern Ireland	Container handling
Irish Ferries (U.K.) Limited	United Kingdom	Shipping & forwarding agents
Eurofeeders Limited	United Kingdom	Non-trading
Irish Ferries (U.K.) Services Limited	United Kingdom	Administration services
Zatarga Limited	Isle of Man	Ship leasing
Contarga Limited*	Ireland	Ship leasing
Irish Ferries Finance DAC*	Ireland	Administration services
ICG Shipping (W. B. Yeats) Limited	Ireland	Non-trading
Irish Ferries International Limited*	Ireland	Ferry operator

*Companies availing of Companies Act 2014 exemption under S357

The Company in all instances owns 100 per cent of the issued ordinary share capital and voting rights attaching thereto in respect of all subsidiary companies.

The registered office for Irish Ferries Limited, Eucon Shipping & Transport Limited, Irish Continental Line Limited, Contarga Limited, Irish Ferries Services Limited, Irish Ferries Finance DAC, ICG Shipping (W.B. Yeats) Limited, and Irish Ferries International Limited is Ferryport, Alexandra Road, Dublin 1.

The registered office for Belfast Container Terminal (BCT) Limited is 1 Lanyon Place, The Soloist Building, Belfast BT1 3LP, Northern Ireland. The registered office for Irish Ferries (U.K.) Limited and Irish Ferries (U.K.) Services Limited is The Plaza Suite 4D, 100 Old Hall Street, Liverpool L3 9QJ, England. The registered office for Eurofeeders Limited is Collins House, Rutland Square, Edinburgh, Midlothian EH1 2AA, Scotland. The registered office for Zatarga Limited is 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

Notes Forming Part of the Company Financial Statements
Continued

42. Trade and other receivables

	2022 €m	2021 €m
Amounts due from subsidiary companies (note 47)	1.1	54.3
Prepayments – deposit on vessel	-	3.2
Other receivables	0.3	0.3
	1.4	**57.8**

Amounts due from subsidiary companies are repayable on demand. The Company has assessed credit losses as if the receivable had been demanded at the statement of financial position date. As all amounts are due from subsidiaries which were in a net asset position at the reporting date, the Company concluded that no allowance for credit losses was required as it would be immaterial.

43. Share capital

Details of the Company's equity share capital are set out at note 19 to the Consolidated Financial Statements.

44. Deferred tax liabilities

There are no deferred tax liabilities and assets recognised by the Company during the current and prior reporting periods. The Company's taxable income was fully taxable within the Irish tonnage tax system.

The estimated value of deferred tax assets not recognised is €0.1 million (2021: €0.1 million). Deferred tax assets are not recognised as it is not probable that taxable profits will be available against which deductible temporary differences can be utilised.

45. Trade and other payables

	2022 €m	2021 €m
Within 1 year		
Amounts due to subsidiary companies (note 47)	3.4	31.2
Other payables	2.2	3.7
	5.6	**34.9**

Other payables include provisions of €1.2 million at 31 December 2022 (€2.2 million at 31 December 2021).

The amounts owed by the Company to its subsidiaries is represented as follows:

	2022 €m	2021 €m
Trading balances	3.4	7.2
Financing balances	-	24.0
	3.4	**31.2**

Trading balances owed to subsidiary companies are subject to normal credit terms. The reduction in financing balances was due to repayment of loans to a subsidiary which were financed through repayment of amounts owed to the Company by other subsidiaries (Note 42).

45. Trade and other payables – continued

Interest is payable on financing balances at agreed fixed rates comprising funding cost and a margin. The average interest rate paid on borrowings advanced during the year was 1.83% (2021: 1.80%). There were no financing balances outstanding at 31 December 2022 (2021: €24.0 million at an interest rate of 1.52%).

46. Retirement benefit schemes

i) Company sponsored / Group affiliated schemes
Certain former employees of the Company were members of a defined benefit scheme which is sponsored by another Group Company, Irish Ferries Limited. The stated policy between the sponsoring entity and the Company does not require the Company to recognise the net defined benefit in its individual financial statements. Detailed information in respect of this scheme is given in note 31 to the Consolidated Financial Statements. Other former employees were members of the Ex Merchant Navy Officers Pension Fund (Ex MNOPF), of which the Company is the sponsoring employer.

The contributory defined benefit schemes sponsored by the Company and the Group companies provide retirement and death benefits for former employees. The defined benefit schemes provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary. The assets of these schemes are held separately from those of the Company and Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deeds and the pension laws of the relevant jurisdiction. The pensions charge and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries.

The latest actuarial valuation report for the Ex MNOPF Scheme, which is not available for public inspection, is dated 29 June 2021. The valuation employed for disclosure purposes has been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2022 and to take account of financial conditions at this date.

The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

ii) Merchant Navy Officers Pension Fund (MNOPF)
In addition to the pension schemes operated by the Company, certain former employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2021 and disclosed a net past service surplus of £55.0 million, equivalent to a gross funding level of 102%. The Company's share of the MNOPF obligations, as most recently advised by the trustees, is 0.33% (2021: 0.51%). The obligation valuation in these financial statements at 31 December 2022 is based on the actuarial deficit contribution demands notified to the Company and which remain outstanding at the reporting date. The last deficit demand received by the Company was dated May 2013 which has been fully paid.

The share of the overall deficit in the MNOPF apportioned to the Company is €nil at 31 December 2022 (2021: €nil). During the year the Company made payments of €nil (2021: €nil) to the trustees.

iii) Principal risks and assumptions
The principal risks and assumptions used for the purpose of the actuarial valuations are set out in note 31 (iii) of the Consolidated Financial Statements.

The Company's total obligation in respect of the defined benefit schemes is calculated by independent, qualified actuaries, updated at least annually and totals €0.7 million at 31 December 2022 (2021: €0.9 million). At 31 December 2022, the Company also has scheme assets totalling €1.7 million (2021: €2.0 million) giving a net pension surplus of €1.0 million (2021: €1.1 million). The size of the obligation is sensitive to actuarial assumptions.

Notes Forming Part of the Company Financial Statements
Continued

46. Retirement benefit schemes – continued

iv) Retirement benefit assets and liabilities
The amount recognised in the Statement of Financial Position in respect of the Company's defined benefit schemes, is as follows:

	2022 €m	2021 €m
Equities	1.2	1.5
Bonds	0.3	0.3
Property	0.1	0.1
Other	0.1	0.1
Fair value of scheme assets	1.7	2.0
Present value of scheme liabilities	(0.7)	(0.9)
Surplus in schemes	**1.0**	**1.1**

The retirement benefit scheme sponsored by the Company is in a net surplus position. In addition, the Company's share of the deficit in the industry wide scheme, the MNOPF, based on the last actuarial valuation as at 31 March 2021 is €nil (2021: €nil). The total surplus of €1.0 million (2021: €1.1 million) is shown under non-current assets in the Statement of Financial Position.

The Company is exposed to a number of actuarial risks, these include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company.

v) Movement in retirement benefit assets
Movements in the fair value of scheme assets in the financial year were as follows:

	€m
2022	
At beginning of the financial year	2.0
Actuarial losses	(0.3)
At end of the financial year	**1.7**
2021	
At beginning of the financial year	1.7
Actuarial gains	0.3
At end of the financial year	**2.0**

46. Retirement benefit schemes – continued

vi) Movement in retirement benefit liabilities
Movements in the present value of defined benefit obligations in the financial year were as follows:

	€m
2022	
At beginning of the financial year	0.9
Actuarial gains	(0.2)
At end of the financial year	**0.7**
2021	
At beginning of the financial year	1.0
Actuarial losses	(0.1)
At end of the financial year	**0.9**

The present value of scheme liabilities at the financial year ended 31 December 2022 and 31 December 2021 relate to wholly funded plans.

vii) Amounts recognised in the Company Income Statement
There were no amounts recognised in the Company Income Statement in respect of defined benefit obligations in the period (2021: €nil).

The estimated amounts of contributions expected to be paid by the Company to the schemes during 2022 is €nil based on current funding agreements.

viii) Amounts recognised in the Company Statement of Comprehensive Income
Amounts recognised in the Company Statement of Comprehensive Income in respect of defined benefit obligations are as follows:

Actuarial gains and losses:

	2022 €m	2021 €m
Actual return on scheme assets	-	-
Interest income on scheme assets	-	-
Return on scheme assets (excluding amounts included in net interest cost)	-	-
Remeasurement adjustments on scheme liabilities:		
Losses arising from experience adjustments	(0.3)	-
Gains arising from changes in financial assumptions	0.2	0.4
Actuarial (loss) / gain recognised in Statement of Comprehensive Income	**(0.1)**	**0.4**

Notes Forming Part of the Company Financial Statements
Continued

47. Related party transactions

The Company's profit for the year includes transactions with subsidiary companies comprising principally comprising of charter income of €18.6 million (2021: €18.6 million), dividends received of €38.0 million (2021: €nil million) and interest payable of €0.1 million (2021: €3.8 million). Details of loan balances to / from subsidiaries are provided in the Company Statement of Financial Position on page 182, in note 45 'Trade and other payables', in note 42 'trade and other receivables' and in the table below.

The Company has provided Letters of Financial Support for certain of its other subsidiaries.

At 31 December the following amounts were due to or from the Company by its subsidiaries:

	2022 €m	2021 €m
Amounts due from subsidiary companies (note 42)	1.1	54.3
Amounts due to subsidiary companies (note 45)	(3.4)	(31.2)
	(2.3)	**23.1**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Certain of the balances are trading balances and will be settled on normal credit terms. Other balances are repayable on demand.

48. Contingent liabilities

The Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Company's share of any deficit would be 0.47%. Should other participating employers default on their obligations, the Company will be required to absorb a larger share of the scheme deficit. If the Company were to terminate their obligations to the fund, voluntarily or otherwise, the Company may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business, the Company is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

The Company acts as guarantor to lending arrangements concluded by certain of its subsidiaries. The Company has also guaranteed the liabilities and commitments of certain of its Irish subsidiaries for the financial year ended 31 December 2022 pursuant to the provision of Section 357 of the Companies Act 2014. The Company has treated these guarantees as insurance arrangements and each contract is treated as a contingent liability until as such time it becomes probable that the Company will be required to make a payment under the guarantee. The Company has carried out a review based on the latest financial information available regarding these subsidiaries, all of which are in a net asset position, and assessed that as at 31 December 2022 it was not probable that the Company would be required to make a payment under any of these guarantees. Details of the Group's principal subsidiaries have been included in note 41.

49. Events after the reporting period

The Board is proposing a final dividend of 9.45 cent per ordinary share amounting to €16.1 million out of the distributable reserves of the Company.

There have been no other material events affecting the Group since 31 December 2022.

50. Approval of financial statements

The Financial Statements were approved by the Board of Directors and authorised for issue on 8 March 2023.