Irish Continental Group

2022

Preliminary Statement of Results
for the year ended 31 December 2022

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Irish Continental Group (ICG), the leading Irish-based maritime transport group, reports its financial performance for the year ended 31 December 2022.

Highlights

Financial Summary

	2022	2021	Change
Revenue	€584.9m	€334.5m	+74.9%
EBITDA	€127.2m	€52.3m	+143.2%
Operating profit / (loss)	€66.7m	€(0.2)m	
Basic earnings per share	33.6c	(2.6)c	
Net debt	€(171.1)m	€(142.2)m	(20.3%)
Net debt (pre-IFRS 16)	€(128.7)m	€(84.6)m	(52.1%)
ROACE	17.5%	(0.1%)	+17.6 pts

Volume movements

	2022 '000	2021 '000	Change
RoRo units	696.6	290.0	+140.2%
Cars	573.4	203.6	+181.6%
Containers shipped (teu)	322.6	346.6	(6.9%)
Port lifts	319.6	335.5	(4.7%)

This preliminary statement contains certain alternative performance measures including EBITDA, EBIT, and adjusted earnings per share. An explanation of these measures together with other abbreviated terms is provided at note 9 on page 25 of the Condensed Financial Statements.

- Revenue increased by €250.4 million (74.9%) to €584.9 million.
- EBITDA increase of €74.9 million to €127.2 million principally due to increased revenues and a continued focus on costs.
- The Ferries Division's Dover – Calais service was further expanded by the introduction the Isle of Inisheer to the route on 26 April 2022. The introduction of the third vessel is the culmination of our planned investment for the route. This has made Irish Ferries a genuine alternative for all customers on the Channel route, with Irish Ferries now offering up to 30 sailings per day on the Dover – Calais route.
- The fleet was also increased with the acquisition of a container vessel, the CT Pachuca, bringing the total owned fleet to six ferries and eight container ships.
- The Group commenced operations at a container depot at the new Dublin Inland Port in January 2022 following an earlier public tender. This is an important facility for the Group as we look to expand our container operations in Dublin in the knowledge of the scarcity of space to expand in the core Dublin Port area.
- During 2022, the Group took delivery of a further five remote control semi-automated electric rubber-tyred gantry cranes (RTGs), which brings the total number of electrically powered units at DFT to nine. Of the nine RTG's, six are fully commissioned and in use, with a further three to be commissioned in Q2 of 2023, continuing our transition to this more environmentally efficient mode of operation. The Group has also ordered one new electrically powered ship-to-shore crane (STS) for delivery in 2023. The equipment replacement programme puts us on track to achieve emissions reduction targets of net zero emissions by 2030 in our terminal operations.
- The Group had strong cash generation during the year with cash generated from operations of €132.0 million (2021 €67.0 million). Cash outflows included strategic capital expenditure of €57.4 million (2021: €41.7 million), share buybacks of €49.2 million (2021: €19.8 million) and dividends paid of €24.2 million (2021: €nil). Net debt at year end was €171.1 million (€128.7 million pre-IFRS 16) which was 1.2 times EBITDA under banking covenant definitions. The Group is in a strong financial position with available liquidity comprising cash and committed bank facilities of €67.4 million at 31 December 2022.

Commenting on the results, Chairman John B. McGuckian said;

"2022 has been a year not just of recovery but of building for long-term growth. With the Covid-19 pandemic now behind us, we have turned our full attention to maximising the opportunities that have arisen for the Group over the last two years. We come out of the pandemic with operations larger than we had at its commencement, and with a balance sheet that remains strong. 2022 saw the completion of our planned fleet investment for the Dover – Calais route. The entry to this route has been a long-term objective for the Group and the expansion to a three ship operation during 2022 allows us to compete effectively on this route. While there is some uncertainty around economic growth rates, we look forward to continued growth during 2023 through the leveraging of our recent investments and the continued support of all customers."

9 March 2023

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Financial Highlights

	2022	2021	Change
Revenue	€584.9m	€334.5m	+74.9%
EBITDA	€127.2m	€52.3m	+143.2%
Operating profit / (loss)	€66.7m	€(0.2)m	

The overall financial outcome for the Group was a profit before tax of €62.5 million (2021: loss of €4.1 million) while operating profit was €66.7 million (2021: loss of €0.2 million). EBITDA generated was €127.2 million (2021: €52.3 million) from total revenues of €584.9 million (2021: €334.5 million).

EBITDA increased significantly on the prior year in our Ferries Division where EBITDA was €95.7 million (2021: €23.2 million). The division saw increased revenues from the easing of travel restrictions and expansion of the Dover – Calais service which was offset by an increase in costs, driven primarily by higher fuel prices and increased activity. Performance in our Container and Terminal Division improved with an increased EBITDA of €31.5 million (2021: €29.1 million) through a continued focus on cost optimisation and increases in revenue.

As in the prior year, when the Group also faced challenging trading conditions, our diversified revenue streams and cost containment measures protected our strong balance sheet. Cash generated from operations amounted to €132.0 million (2021: €67.0 million) and together with loan drawdowns, this funded strategic capital expenditure of €57.4 million, share buybacks of €49.2 million and dividends of €24.2 million. Net debt at 31 December 2022 stood at €171.1 million (2021: €142.2 million). It is testament to the strength of the business and the balance sheet that, despite challenging trading conditions, we had the ability to continue investing in the future growth of our business.

Operational Review

ICG operates through two divisions; the Ferries Division and the Container and Terminal Division. The Ferries Division, which owns and manages the Group's fleet, operates under the Irish Ferries brand, offering passenger and RoRo freight services. The division is also engaged in ship chartering activities with vessels chartered within the Group and to third parties. The Container and Terminal Division includes the intermodal shipping line Eucon as well as the division's strategically located container terminals in Dublin and its terminal operations in Belfast.

Ferries Division

Financial summary

	2022	2021	Change
Revenue*	€399.9m	€175.5m	+127.9%
EBITDA	€95.7m	€23.2m	+312.5%
Operating profit / (loss)	€46.4m	€(17.4)m	

*Includes inter-segment revenue of €35.3 million (2021: €13.8 million)

Operational Highlights

	2022	2021	Change
Volumes	'000	'000	
Cars	573.4	203.6	+181.6%
Passengers	2,315.0	667.8	+246.7%
RoRo freight units	696.6	290.0	+140.2%

Revenue in the division was 127.9% higher than the previous year at €399.9 million (2021: €175.5 million). Revenue in the first half of the year increased by 166.9% to €167.9 million (2021: €62.9 million), while in the second half revenue increased by 106.0%, to €232.0 million (2021: €112.6 million). EBITDA increased to €95.7 million (2021: €23.2 million) while operating profit was €46.4 million compared with a loss of €(17.4) million in 2021.

Fuel costs were €104.6 million, an increase of €61.5 million on the prior year. The division achieved a return on capital employed of 14.9% (2021: (5.9%)). In total, Irish Ferries operated 13,865 sailings in 2022 (2021: 6,331), the increase due to additional sailings on the Irish Ferries Dover – Calais service, commenced in June 2021, as it moved to a three vessel operation during 2022.

Car and Passenger markets

It is estimated that the overall car market, on the routes that we operate (Republic of Ireland to UK/France and the Dover Straits), grew by approximately 147.2% in 2022 to 4,131,000 cars. While encouraging, this level of car carryings is still 23.9% behind 2019 levels.

Irish Ferries' car carryings during the year were increased over the previous year by 181.6% to 573,400 cars (2021: 203,600 cars). The increase in carryings versus 2021 levels is primarily due to the lifting of Covid-19 travel restrictions and the expansion to a three ship service on the Dover – Calais route.

Operational Review – continued

Ferries Division – continued

The total sea passenger market (i.e. comprising car, coach and foot passengers on the Republic of Ireland to UK/France and the Dover Straits) increased by 95.5% on 2021 to a total of 16.6 million passengers. Irish Ferries' passenger numbers carried increased by 246.7% at 2,315,000 (2021: 667,800).

RoRo Freight

The RoRo freight market between the Republic of Ireland to the UK and France and the Dover Straits fell slightly in 2022. The total number of trucks and trailers decreased by 1.1%, to approximately 4,389,700 units.

Irish Ferries' freight carryings, at 696,600 freight units (2021: 290,000 freight units), increased by 140.2% versus the prior year. The increased carryings over market performance was enabled through the additional capacity of the three vessel service on the Dover – Calais route.

Chartering

The Group continued to charter a number of vessels to third parties during 2022. Overall external charter revenues were €17.2 million in 2022 (2021: €8.1 million). Of our eight owned LoLo container vessels, five are currently on charter to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst three are chartered to third parties. The Oscar Wilde continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Container and Terminal Division

Financial summary

	2022	2021	Change
Revenue*	€221.5m	€174.0m	+27.3%
EBITDA	€31.5m	€29.1m	+8.2%
Operating profit	€20.3m	€17.2m	+18.0%

*Includes inter-segment revenue of €1.2 million (2021: €1.2 million)

Operational Highlights

	2022	2021	Change
Volumes	'000	'000	
Containers shipped (teu)	322.6	346.6	(6.9%)
Port lifts	319.6	335.5	(4.7%)

Revenue in the division increased to €221.5 million (2021: €174.0 million). The revenue is derived from container handling and related ancillary revenues at our terminals and in Eucon from a mix of domestic door-to-door, quay-to-quay and feeder services with 74% (2021: 72%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements, Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner. EBITDA in the division increased by 8.2% to €31.5 million (2021: €29.1 million) while operating profit grew 18.0% to €20.3 million (2021: €17.2 million). The division achieved a return on capital employed of 29.3% (2021: 25.5%).

In Eucon, overall container volumes shipped were down 6.9% compared with the previous year at 322,600 teu (2021: 346,600 teu). Despite the reduction in volumes in Eucon and strong increases in the cost base, revenue and profitability increased due to recovery from our customers by increasing rates and the continued application of the flexible bunker and fuel surcharges.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were down 4.7% at 319,600 lifts (2021: 335,500 lifts). DFT's volumes were down 4.5%, while BCT's volumes were down 5.1%. While the reduction in volumes is disappointing, we are encouraged by the continued Revenue growth in the terminals offsetting the additional costs.

Group Finance Review

Cash Flow

A summary cash flow is presented below:

	2022 €m	2021 €m
Operating profit / (loss) (EBIT)*	66.7	(0.2)
Depreciation and amortisation	60.5	52.5
EBITDA*	**127.2**	**52.3**
Working capital movements	1.2	11.7
Retirement benefit scheme movements	1.1	0.6
Share-based payment expense	3.0	1.3
Other movements	(0.5)	1.1
Cash generated from operations	**132.0**	**67.0**
Interest paid	(4.0)	(8.4)
Tax paid	(1.7)	(0.8)
Capital expenditure excluding strategic capital expenditure	(18.3)	(13.5)
Free cash flow before strategic capital expenditure*	**108.0**	**44.3**
Strategic capital expenditure	(57.4)	(41.7)
Free cash flow after strategic capital expenditure	**50.6**	**2.6**
Proceeds on disposal of property, plant and equipment	3.0	2.8
Share issue	0.1	0.7
Settlement of employee equity plans through market purchases	(2.9)	(1.0)
Dividends paid	(24.2)	-
Share buyback	(49.2)	(19.8)
Net cash flows	**(22.6)**	**(14.7)**

*Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 25.

EBITDA for the year was €127.2 million (2021: €52.3 million). There was a net inflow of €1.2 million due to positive working capital movements, retirement benefit scheme movements of €1.1 million, share-based payment expense of €3.0 million and other net cash outflows amounting to €0.5 million, yielding cash generated from operations amounting to €132.0 million (2021: €67.0 million).

Interest paid was €4.0 million (2021: €8.4 million) while taxation paid was €1.7 million (2021: €0.8 million).

Capital expenditure outflows amounted to €75.7 million (2021: €55.2 million) which included €57.4 million of strategic capital expenditure. Strategic capital expenditure included the purchase of an eighth container vessel (the CT Pachuca), the purchase of the Isle of Inisheer and RTG's for Dublin Ferryport Terminal.

There was €24.2 million (2021: €nil) of dividends paid during the year. There was €49.2 million (2021: €19.8 million) expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €171.1 million (2021: €142.2 million), which comprised gross borrowings of €167.7 million (2021: €123.1 million), lease obligations of €42.4 million (2021: €57.6 million) offset by cash balances of €39.0 million (2021: €38.5 million). The key net debt / EBITDA ratio was 1.2 times (2021: 2.6 times) under banking covenant definitions (see Appendix for further information).

Group Finance Review - continued

Balance Sheet

A summary balance sheet is presented below:

	2022 €m	2021 €m
Property, plant & equipment and intangible assets	364.2	330.1
Right-of-use assets	41.4	57.2
Long term receivable	10.5	13.6
Retirement benefit surplus	33.6	6.7
Other assets	85.2	65.8
Cash and bank balances	39.0	38.5
Total assets	**573.9**	**511.9**
Non-current borrowings	160.4	115.8
Non-current lease liabilities	30.7	37.5
Retirement benefit obligations	0.4	1.4
Other non-current liabilities	4.7	1.5
Current borrowings	7.3	7.3
Current lease liabilities	11.7	20.1
Other current liabilities	97.9	78.6
Total liabilities	**313.1**	**262.2**
Total equity	**260.8**	**249.7**
Total equity and liabilities	**573.9**	**511.9**

The total net surplus of all defined benefit pension schemes at 31 December 2022 was €33.2 million in comparison to a €5.3 million surplus at 31 December 2021. The movement principally reflects a net actuarial gain of €29.4 million comprising a fall in asset values reflective of the investment market and a reduction in obligations due to higher discount rates. Movement in property, plant and equipment mainly relates to the acquisition of new vessels, partially offset by depreciation. The increase in other assets relates primarily to increased trade receivables. The movement in non-current borrowings principally relates to the drawdown during 2022 of €52.0 million worth of loans, offset by €7.6 million worth of scheduled repayments.

Shareholders' equity increased to €260.8 million from €249.7 million at 31 December 2021. The movement includes the profit for the financial period of €59.8 million, actuarial gains arising on retirement benefit schemes of €29.4 million, dividends paid of €24.2 million and buyback of equity of €49.2 million.

Financing

The borrowing facilities available to the Group at 31 December 2022 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Private placement loan notes	258.0	50.0	50.0	-
Bank term loans	56.2	56.2	56.2	-
Revolving credit	125.0	75.0	62.0	13.0
Overdraft and other	16.0	16.0	0.6	15.4
	455.2	**197.2**	**168.8**	**28.4**

Group Finance Review - continued

Financing – continued

At 31 December 2022, the Group had total lending facilities of €455.2 million available of which €197.2 million were committed facilities. Of these, €168.8 million have been utilised, of which €7.3 million are classified as repayable within one year. 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 on borrowings at 31 December 2022 was 2.40% (2021: 1.60%) for remaining terms of between three months and 7.5 years. In addition to borrowings, the Group has recognised lease liabilities at 31 December 2022 relating to right-of-use assets amounting to €42.4 million.

These facilities, together with undrawn committed facilities of €28.4 million and cash generated from operations, will be used to support the long-term strategic development of the Group.

Fuel

	2022	2021	Change
Fuel costs	€124.0m	€55.1m	+125.0%

Group fuel costs in 2022 amounted to €124.0 million (2021: €55.1 million). Bunker consumption was 161,900 tonnes in 2022 (2021: 129,400 tonnes). The increase in consumption was primarily due to increased sailings on the Dover – Calais service. The average cost per tonne of heavy fuel oil (HFO) fuel in 2022 was 47% higher than in 2021 while marine gas oil (MGO) was 107% higher than in 2021.

In the Container and Terminal Division, bunker costs above a base level are offset to a large extent by the application of prearranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow.

Dividend and Share Buyback

Following the easing of travel restrictions and the subsequent increase in our tourism carryings, the Directors declared and paid during 2022 a final dividend of 9.00 cent per ordinary share for 2021 and an interim dividend of 4.64 cent per ordinary share for 2022. Dividends paid during the year totalled €24.2 million. Payment of dividends had been suspended during 2020 and 2021 due to the effects of the Covid-19 travel restrictions on the financial performance of the Group.

During the year, the Company bought back a total of 12.0 million shares which were cancelled. The total consideration paid for these shares was €49.2 million (2021: €19.8 million). The Directors are proposing a final dividend in respect of 2022 of 9.45 cent per share subject to shareholder approval at the AGM on 11 May 2023, which will be paid on 9 June 2023 to shareholders on the register at close of business on 19 May 2023.

Exit of United Kingdom from the European Union

The Group remains concerned at the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. To the extent that goods are destined for the Republic of Ireland, this is causing a distortion in the level playing field as goods that arrive directly into the Republic of Ireland ports from Britain are being checked on arrival. The Group notes the proposals contained in the recent Windsor Framework, which as yet is not ratified by the UK Government and the EU. We welcome this initiative to introduce appropriate checks on goods moving between Britain and Ireland including movements via ports in Northern Ireland.

Strategic Developments

The Group has continued to progress a number of key strategic developments during the year.

In keeping with our progress over the last number of years, we have placed a significant focus on enhancing our approach to ESG and sustainability. We have rolled out a number of further initiatives across the Group and continued initiatives that commenced in prior years, highlights of which include the significant progress we have made in reducing the emissions of our container terminal operations. Continuing our expansion and modernisation programme at Dublin Port, 2022 was a year of further material investment in this business. With the investment we have made and continue to make in more environmentally friendly terminal equipment, we are on course to achieve a reduction in the emissions from our container terminal operations of 70 per cent by 2025 over the course of the programme. With the progress made to date and the expected future investment, we expect to achieve our target of net zero emissions in our container terminal operations by 2030. We also continue to develop our environmental reporting processes in co-ordinating the collection of relevant data and considering how best this can be harnessed to affect behaviours in order to drive further improvement. This also provides the basis for increasing transparency over our sustainability credentials. We continue to engage with our stakeholders to understand their key pressing and material issues which we will evaluate and implement in our day to day business when appropriate.

Group Finance Review – continued

Strategic Developments – continued

We introduced the Isle of Inisheer onto our Dover – Calais service as the third vessel on 26 April 2022. Joining the Isle of Inishmore and the Isle of Innisfree, this service now offers up to 30 sailings per day. Having commenced in June 2021, our service on Dover – Calais offers a genuine alternative for all users of the Channel Route.

The Group also purchased a container vessel, the CT Pachuca, during the year. This brings the total number of container vessels owned by the Group to eight and upon delivery the vessel was chartered to Group subsidiary Eucon.

During 2022, the Group took delivery of a further five remote control semi-automated electric RTG's which brings the total number of electrically powered RTG's at DFT to nine. Of the nine RTG's, six are fully commissioned and in use with a further three to be commissioned during Q2 2023 continuing our transition to this more environmentally efficient mode of operation. The Group has also ordered one new electrically powered ship-to-shore crane (STS) for delivery in 2023. The deployment of these electric cranes puts us on track to meet our emissions reduction targets of net zero emissions by 2030.

Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. The £40 million re-investment project by BHC commenced in 2019 and continued into 2022. The project included extensive civil works and the delivery of two new ship-to-shore gantry cranes along with eight new electrically operated RTGs of which five are now in service. A further three RTG's are scheduled to be commissioned in the second half of 2023. As per the investment in DFT, this investment is essential to reducing emissions in our terminal operations.

The Group commenced operations at the new Dublin Inland Port in January 2022, under a 20 year lease agreement awarded following a public tender process. Trading as Dublin Ferryport Inland Depot (DFID), this facility will be used for the remote storage, maintenance and upgrade of empty container boxes, releasing valuable capacity for the handling of containers in the port area. The Dublin Inland Port is located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and Dublin Port via the Port Tunnel.

Strategy and the Environment

The Group is conscious that its activities have an environmental impact but is happy to note that reducing that impact aligns with our overall strategy. The Group has continued with the significant investments in installing exhaust gas cleaning systems (EGCS) and the ongoing program of electrification of heavy plant at our container terminals. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operatives and align with the strategic objective of delivering sustained and profitable growth. This investment continued in 2022, including the commissioning of two additional electric cranes for our Dublin Ferryport Terminal. Three further electric RTG's are on site and will be commissioned in 2023.

The Group currently collects various data related to its environmental impact of its operations for external reporting purposes. In recognition of the powerful effect that data can have on creating awareness of individual actions, the Group collates and harnesses this data as a tool to promote environmental responsibility within the workforce. While we recognise that there is and always will be additional work to do in this space, we consider the ongoing improvement and progress together with the firm foundation established from prior years will enable the further development of our approach to sustainability, ESG and strong reporting in the years ahead.

However, for certain aspects the Group will require the shipping sector as a whole to work together. This particularly relates to global regulation under the auspices of the International Maritime Organisation setting common standards and key equipment suppliers adopting the latest technologies. As a small operator in a global market, the Group will only apply proven technologies and we will recover the costs of same, either by increased efficiencies or by passing associated costs through to customers.

The Group is aware that our stakeholders require us to be environmentally focused and the Group is committed to continuous improvement in everything that we do. Freight remains the backbone of the local Irish and European economies. Our efforts in greening the maritime industry is a vital part of moving the wider European economy to a sustainable footing in the face of the rising challenge from climate change.

Group Finance Review – continued

Current Trading and Outlook

2023 Trading to date

	1/1/23 – 4/3/23	1/1/22 – 4/3/22	Change
Volumes	‘000	‘000	
Cars	50.0	35.2	+42.0%
RoRo freight units	111.9	92.4	+21.1%
Containers shipped (teu)	53.7	56.2	(4.4%)
Port lifts	51.9	55.0	(5.6%)

We have experienced strong growth in car and RoRo freight volumes in 2022, due partly to the unwinding of Covid-19 restrictions and also due to the expansion of our services on the Dover – Calais route. Container volumes were down slightly as they are more impacted by the slowdown in world growth and international trade volumes.

In the period from 1 January 2023 to 4 March 2023, Irish Ferries carried 50,000 cars, an increase of 42.0% over the same period in the prior year. While these increases are encouraging, it is over a seasonally less significant time of the year for passenger travel. We do see an opportunity for material growth in our passenger business with the expected return to pre-pandemic levels.

RoRo volumes in the Ferries Division have also started strongly in 2023. Overall, Irish Ferries RoRo volumes are up 21.1% on the same period in the prior year to 111,900 RoRo units. We expect that 2023 sees a continuation of the trend of freight customers returning to the landbridge and we are hopeful that the Windsor Framework will remove the distortion from the non-implementation of the Northern Ireland Protocol. We welcome recent calls for the establishment of Green lanes on ferry routes between the UK and the Republic of Ireland, for traffic destined for Northern Ireland. This will ensure freight moves on and off the island of Ireland in the most efficient, timely and environmentally friendly manner.

The Container and Terminal Division has seen a reduction in containers shipped in the period from 1 January 2023 to 4 March 2023 of 4.4%. The number of terminal lifts has seen a similar drop of 5.6% in the same period. This is indicative of a slowdown in the global economy and is not unexpected. However, the recent and ongoing investment in capacity expansion for longer term growth and plant modernisation at our container terminals will provide a platform for both growth and more efficient operations at our Dublin terminal. This will be further aided by the operations at our new Dublin Inland Port facility which commenced during 2022.

We note the ever-increasing expectations and regulatory requirements to reduce the effects of our operations on the environment. While the Group acknowledges that its operations have an inevitable impact on the environment it does so in the knowledge that it operates essential services from the island of Ireland, which was clearly evident during the worst of the Covid-19 lockdowns. Our maritime transport operations remain the most environmentally sustainable form of transport for facilitating trade and movement of goods and people on and off the island. Nevertheless, reducing our impact on the environment is embedded in the Group’s DNA through maximising the effectiveness and efficiency in our operations while continuing to invest in appropriate technologies to reduce our impact on the environment.

While there is some uncertainty around economic growth rates, we look forward to continued growth during 2023 through the leveraging of our recent investments and the continued support of all customers.

Condensed Consolidated Income Statement for the year ended 31 December 2022

	Notes	2022 €m	2021 €m
Revenue	2	584.9	334.5
Depreciation and amortisation		(60.5)	(52.5)
Employee benefits expense		(26.8)	(20.8)
Other operating expenses	2	(430.9)	(261.4)
Operating profit / (loss)		**66.7**	**(0.2)**
Finance income		0.1	0.1
Finance costs		(4.3)	(4.0)
Profit / (loss) before taxation		**62.5**	**(4.1)**
Income tax expense	3	(2.7)	(0.8)
Profit / (loss) for the financial year: all attributable to equity holders of the parent		**59.8**	**(4.9)**
Earnings per ordinary share – expressed in euro cent per share			
Basic	4	33.6	(2.6)
Diluted	4	33.2	(2.6)

Condensed 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	7	29.4	7.1
Deferred tax on defined benefit pension schemes		(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**

Condensed Consolidated Statement of Financial Position as at 31 December 2022

	Notes	2022 €m	2021 €m
Assets			
Non-current assets			
Property, plant and equipment		362.3	328.2
Intangible assets		1.9	1.9
Right-of-use assets		41.4	57.2
Retirement benefit surplus	7	33.6	6.7
Finance lease receivable		10.5	13.6
Deferred tax asset		0.1	0.1
		449.8	**407.7**
Current assets			
Inventories		5.2	3.8
Trade and other receivables		79.9	61.9
Cash and bank balances	5	39.0	38.5
		124.1	**104.2**
Total assets		**573.9**	**511.9**
Equity and liabilities			
Equity			
Share capital		11.1	11.9
Share premium		20.5	20.4
Other reserves		(8.2)	(8.1)
Retained earnings		237.4	225.5
Equity attributable to equity holders		**260.8**	**249.7**
Non-current liabilities			
Borrowings	5	160.4	115.8
Lease liabilities	5	30.7	37.5
Deferred tax liabilities		3.6	1.3
Provisions		1.1	0.2
Retirement benefit obligation	7	0.4	1.4
		196.2	**156.2**
Current liabilities			
Borrowings	5	7.3	7.3
Lease liabilities	5	11.7	20.1
Trade and other payables		96.2	75.5
Provisions		1.7	3.1
		116.9	**106.0**
Total liabilities		**313.1**	**262.2**
Total equity and liabilities		**573.9**	**511.9**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2022	**11.9**	**20.4**	**(8.1)**	**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	-
	(0.8)	**0.1**	**(0.1)**	**11.9**	**11.1**
Balance at 31 December 2022	**11.1**	**20.5**	**(8.2)**	**237.4**	**260.8**
Analysed as follows:					
Share capital					11.1
Share premium					20.5
Other reserves					(8.2)
Retained earnings					237.4
					260.8

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2022	**7.8**	**4.7**	**(20.6)**	**(8.1)**
Employee share-based payments expense	-	3.0	-	3.0
Other comprehensive income	-	-	(2.5)	(2.5)
Share buyback	0.8	-	-	0.8
Transferred to retained earnings on exercise of share options	-	(1.4)	-	(1.4)
	0.8	**1.6**	**(2.5)**	**(0.1)**
Balance at 31 December 2022	**8.6**	**6.3**	**(23.1)**	**(8.2)**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2021	**12.2**	**19.7**	**(9.3)**	**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	-
	(0.3)	**0.7**	**1.2**	**(17.8)**	**(16.2)**
Balance at 31 December 2021	**11.9**	**20.4**	**(8.1)**	**225.5**	**249.7**

Analysed as follows:	
Share capital	11.9
Share premium	20.4
Other reserves	(8.1)
Retained earnings	225.5
	249.7

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2021	**7.5**	**5.1**	**(21.9)**	**(9.3)**
Employee share-based payments expense	-	1.3	-	1.3
Other comprehensive income	-	-	1.3	1.3
Share buyback	0.3	-	-	0.3
Transferred to retained earnings on exercise of share options	-	(1.7)	-	(1.7)
	0.3	(0.4)	1.3	1.2
Balance at 31 December 2021	**7.8**	**4.7**	**(20.6)**	**(8.1)**

Condensed Consolidated Statement of Cash Flows for the 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	6	1.1	0.6
Depreciation of property, plant and equipment		38.5	31.9
Depreciation of right-of-use assets		21.6	20.3
Amortisation of intangible assets		0.4	0.3
Share-based payment expense		3.0	1.3
(Decrease) / increase in provisions		(0.5)	1.1
Working capital movements	6	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			
Net 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	6	(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)	-
Repayment of lease liabilities	6	(21.0)	(19.8)
Repayment 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 the beginning of the year		**38.5**	**150.4**
Effect of foreign exchange rate changes		(0.3)	0.4
Cash and cash equivalents at the end of the year	5	**39.0**	**38.5**

Notes to the Condensed Financial Statements for the year ended 31 December 2022

1. Accounting policies

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as set out in the Group's annual financial statements in respect of the year ended 31 December 2022 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The 2022 Annual Report will be distributed to shareholders and made available on the Company's website www.icg.ie in due course. It will also be filed with the Company's annual return in the Companies Registration Office. The auditor has reported on the financial statements for the year ended 31 December 2022 and their report was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The financial information for the year ended 31 December 2021 represents an abbreviated version of the Group's statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office.

Basis of preparation and accounting policies

The financial information contained in this Preliminary Statement has been prepared in accordance with the accounting policies set out in the last annual financial statements. New and revised accounting standards and interpretations have been issued which are set out below.

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 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.

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

2. Segmental information

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.

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 or a business to business relationship as this impacts directly on the uncertainty of cash flows.

i) Revenue analysis

By business segment:

	2022 €m	2021 €m
Ferries		
Passenger	162.7	59.0
Freight	184.7	94.6
Charter and other	52.5	21.9
	399.9	175.5
Container and Terminal		
Freight	221.5	174.0
Inter-segment revenue	(36.5)	(15.0)
Total	**584.9**	**334.5**

By geographic origin of booking:

	2022 €m	2021 €m
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
	584.9	**334.5**

No single external customer in the current or prior financial year amounted to 10 per cent of the Group's revenues.

ii) Profit / (loss) for the financial year

	Ferries		Container & Terminal		Group Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
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)**

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

2. Segmental information – continued

iii) Other operating expenses

	Ferries		Container & Terminal		Group Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
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)
Other operating expenses	**282.0**	**135.3**	**148.9**	**126.1**	**430.9**	**261.4**

iv) Statement of Financial Position

	Ferries		Container & Terminal		Group Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
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**

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

3. Income tax expense

	2022	2021
	€m	€m
Current tax	2.7	0.7
Deferred tax	-	0.1
Income tax expense for the year	**2.7**	**0.8**

The Company and its Irish tax resident subsidiaries, where appropriate, have elected to be taxed under the Irish tonnage tax method. Under the tonnage tax method, 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 guidance on *IAS 12 Income Taxes*, the tonnage tax charge is not considered an income tax expense 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 system. 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 million (2021: €0.1 million.

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

	2022	2021
	€m	€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 to the Condensed Financial Statements for the year ended 31 December 2022 - continued

4. Earnings per share

	2022	2021
Number of shares	**'000**	**'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 initially treated 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	2021
Earnings	**€m**	**€m**
Earnings for the purpose of basic and diluted earnings per share – Profit / (loss) for the financial period attributable to equity holders of the parent	59.8	(4.9)
Effect of net interest income on defined benefit assets	(0.1)	(0.1)
Earnings for the purpose of adjusted basic and adjusted diluted earnings per share	**59.7**	**(5.0)**
	Cent	**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 to the Condensed Financial Statements for the year ended 31 December 2022 - continued

5. Net cash and borrowing facilities

i) The components of the Group's net cash position at the reporting date and the movements in the period are set out in the following table:

	Cash €m	Bank Loans €m	Loan Notes €m	Lease Obligations €m	Origination Fees €m	Total €m
At 1 January 2022						
Current assets	38.5	-	-	-	-	38.5
Creditors due within one year	-	(7.5)	-	(20.1)	0.2	(27.4)
Creditors due after one year	-	(66.3)	(50.0)	(37.5)	0.5	(153.3)
	38.5	**(73.8)**	**(50.0)**	**(57.6)**	**0.7**	**(142.2)**
Changes from cash flows:						
Repayment of borrowings	-	7.6	-	-	-	7.6
Lease payments	-	-	-	21.0	-	21.0
Loan drawdown	-	(52.0)	-	-	-	(52.0)
Net increase in cash and cash equivalents	0.8	-	-	-	-	0.8
Non-cash flow changes:						
Amortisation	-	-	-	-	(0.2)	(0.2)
Lease liabilities recognised	-	-	-	(6.2)	-	(6.2)
Currency adjustment	(0.3)	-	-	0.4	-	0.1
	0.5	**(44.4)**	**-**	**15.2**	**(0.2)**	**(28.9)**
At 31 December 2022						
Current assets	39.0	-	-	-	-	39.0
Creditors due within one year	-	(7.3)	-	(11.7)	0.2	(18.8)
Creditors due after one year	-	(110.9)	(50.0)	(30.7)	0.3	(191.3)
	39.0	**(118.2)**	**(50.0)**	**(42.4)**	**0.5**	**(171.1)**

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

5. Net cash and borrowing facilities - continued

ii) The maturity profile and available borrowing and cash facilities available to the Group at 31 December 2022 are set out in the following table:

				Maturity Profile			
	Facility €m	Undrawn €m	On-hand / drawn €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €m
Cash	-	-	39.0	-	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	131.2	13.0	118.2	7.5	69.5	22.5	18.7
Loan notes	50.0	-	50.0	-	50.0	-	-
Origination fees	(0.5)	-	(0.5)	(0.2)	(0.1)	(0.1)	(0.1)
Leases	42.4	-	42.4	11.7	4.1	7.2	19.4
Committed lending facilities	**238.5**	**28.4**	**210.1**	**19.0**	**123.5**	**29.6**	**38.0**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	208.0						
Uncommitted lending facilities	**258.0**						

Bank overdrafts facilities are stated net of trade guarantee facilities utilised of €0.6 million (2021: €0.6 million).

Obligations under the Group borrowing facilities have been cross guaranteed by the parent company and certain subsidiaries but are otherwise unsecured except for lease obligations which are secured by the lessors' title to the leased assets.

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

6. Cash flow components

	2022 €m	2021 €m
Pension 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	(22.3)	(21.1)
Interest element of lease payments	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	(74.4)	(45.6)
Purchases of intangible assets	(0.4)	(1.0)
Increase in capital asset prepayments	(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**

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

7. Retirement benefit schemes

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

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

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

The amount recognised in the balance sheet in respect of the Group's defined benefit obligations, is as follows:

	Schemes with Liabilities in Sterling		Schemes with Liabilities in Euro	
	2022	2021	2022	2021
Equities	10.8	13.5	63.2	68.9
Bonds	14.6	15.1	22.3	27.4
Property	-	-	0.1	1.0
Insurance contracts	-	-	7.4	10.9
Other	2.9	3.4	3.5	5.6
Market value of scheme assets	28.3	32.0	96.5	113.8
Present value of scheme liabilities	(16.5)	(28.3)	(75.1)	(112.2)
Surplus in schemes	**11.8**	**3.7**	**21.4**	**1.6**

The movement during the year is reconciled as follows:

	2022	2021
Movement in retirement benefit schemes	**€m**	**€m**
Opening surplus / (deficit)	5.3	(1.2)
Current service cost	(1.7)	(1.7)
Employer contributions paid	0.6	1.1
Net interest income	0.1	0.1
Actuarial gain	29.4	7.1
Other	(0.5)	(0.1)
Net surplus	**33.2**	**5.3**
Schemes in surplus	33.6	6.7
Schemes in deficit	(0.4)	(1.4)
Net surplus	**33.2**	**5.3**

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

8. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the year ended 31 December 2022, the material transactions between Irish Continental Group plc and its key management personnel were the remuneration of employees and Directors and the provision of professional services at arm's length basis.

9. General information

The Condensed Financial Statements in this preliminary announcement do not constitute full statutory financial statements ("Financial Statements"), a copy of which is required to be annexed to the annual return to the Companies Registration Office. A copy of the financial statements in respect of the financial year ended 31 December 2022 will be annexed to the annual return for 2022. The auditor has made a report, without any qualification on their audit, of the financial statements in respect of the financial year ended 31 December 2022 and the Directors approved the financial statements in respect of the financial year ended 31 December 2022 on 8 March 2023. A copy of the financial statements in respect of the year ended 31 December 2021 has been annexed to the annual return for 2022 filed at the Companies Registration Office.

The financial statements have been prepared in accordance with IFRS as adopted by the European Union and therefore the Group's financial statements comply with Article 4 of the IAS Regulations. The consolidated financial statements have also been prepared in accordance with the Companies Act 2014, and the Listing Rules of Euronext Dublin and the UK Listing Authority.

The financial statements have been prepared on the historical cost basis.

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2022 are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures ("APMs") provides useful supplementary information which, when viewed in conjunction with the Company's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below. Reconciliations of these APMs outlined below are contained in the Appendix to this statement.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation, impairment and amortisation.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest and tax.	Measures the Group's earnings from ongoing operations.
Free cash flow before strategic capital expenditure	Free cash flow comprises operating cash flow less capital expenditure before strategic capital expenditure which comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
Leverage	Measured based on bank covenant definitions being net debt excluding lease liabilities over EBITDA adjusted for net lease effects and non-cash trading items.	Measures the Group's ability to draw funding.
Adjusted Basic Earnings Per Share (EPS)	EPS is adjusted to exclude the non- trading items and net interest (income) / cost on defined benefit obligations.	Directors consider Adjusted Basic EPS to be a key indicator of long-term financial performance and value creation of a public listed company.
ROACE	ROACE represents return on average capital employed. Operating profit (before non-trading items) expressed as a percentage of average capital employed (consolidated net assets, excluding net (debt) / cash, retirement benefit surplus / (obligation) and asset under construction net of related liabilities.	Measures the Group's profitability and the efficiency with which its capital is employed.
Pre-IFRS 16	Use of the term Pre-IFRS 16 denotes that the APM or IFRS measure has been adjusted to remove the effects of the application of IFRS 16: Leases.	Measurement of covenants for bank facility purposes

Notes to the Condensed Financial Statements for the year ended 31 December 2022 - continued

9. General information - continued

Terms and abbreviations	
teu	20 foot equivalent unit, an industry standard measurement for container units.
RoRo unit	Roll on, Roll off freight unit of any length either accompanied or unaccompanied carried on Ropax ferries.
LoLo unit	Lift on, Lift off container unit of any size.
Ropax	A cruise ferry capable of carrying both passengers and RoRo freight.
ICG Unit	ICG Unit is a stock exchange trading unit of ICG equity with each unit comprising one ordinary share and up to ten redeemable shares (if any in issue).

10. Events after the Reporting Date

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.

11. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc on 8 March 2023.

12. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Wednesday 11 May 2023, will be notified to shareholders in April 2023.

Appendix: Reconciliation of APMs for the year ended 31 December 2022

Alternative Performance Measures

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2022 are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures (APMs) provides useful supplementary information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS.

Descriptions of the APMs included in this report are disclosed below.

(i) EBITDA

EBITDA represents earnings before non-trading items, interest, tax, depreciation and amortisation. As it eliminates the effects of financing and depreciation decisions, it allows for the assessment of underlying cash profit generated from operations.

	Financial Statement Reference	2022 €m	2021 €m
Operating profit / (loss)	Condensed Consolidated Income Statement	66.7	(0.2)
Depreciation and amortisation	Condensed Consolidated Income Statement	60.5	52.5
EBITDA		**127.2**	**52.3**

(ii) Free Cash Flow

Free cash flow comprises Net Cash Inflow from Operating Activities less capital expenditure. It is presented both before and after strategic capital expenditure. Capital expenditure comprises purchases of property, plant and equipment and intangible assets. Strategic capital expenditure comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.

It is presented as a measure of the availability to the Group of funds for reinvestment or for return to shareholders.

	Financial Statement Reference	2022 €m	2021 €m
Net cash inflow from operating activities	Condensed Consolidated Statement of Cash Flows	126.3	57.8
Capital expenditure excluding strategic capital expenditure	Condensed Consolidated Statement of Cash Flows *	(18.3)	(13.5)
Free cash flow before strategic capital expenditure		**108.0**	**44.3**
Strategic capital expenditure	Condensed Consolidated Statement of Cash Flows *	(57.4)	(41.7)
Free cash flow after strategic capital expenditure		**50.6**	**2.6**

* The total of the capital expenditure amounts set out above is included as a single line item in the Condensed Consolidated Statement of Cash Flows.

Appendix: Reconciliation of APMs for the year ended 31 December 2022 - continued

(iv) Leverage

The debt leverage ratio is based on the definition in our lending agreements. The debt leverage ratio provides an indication of the Group's debt capacity. The below table sets out the ratio at the reporting date:

	Financial Statement Reference	2022	2021
		€m	€m
EBITDA	See Note (i)	127.2	52.3
Capital repayment on lease receivable	Condensed Consolidated Statement of Cash Flows	3.0	2.8
Lease payments	Note 6	(22.3)	(21.1)
EBITDA for covenant purposes		**107.9**	**34.0**

	Financial Statement Reference	2022	2021
		€m	€m
Net Debt (pre IFRS 16)	See Note (iii)	128.7	84.6
Bank deposits subject to lien		3.5	3.5
Trade guarantees	Note 5	0.6	0.6
Origination fees	Note 5	0.5	0.7
Net Debt for covenant purposes		**133.3**	**89.4**

	Covenant Level (Times)	Times	Times
Leverage ratio	Max 3.0x (2021: Max 4.0x)	1.2x	2.6x

(v) Adjusted Basic EPS

Basic EPS is adjusted to exclude non-trading items and net interest cost on defined benefit obligations. Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

It is used as a key indicator of long-term financial performance and value creation of a public listed company.

The calculation of adjusted basic EPS is set out at note 4.