IRISH CONTINENTAL GROUP

2023

Preliminary Statement of Results
for the year ended 31 December 2023

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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 2023.

Highlights

Financial Summary

	2023	2022	Change
Revenue	€572.0m	€584.9m	(2.2%)
EBITDA	€132.6m	€127.2m	+4.2%
Operating profit	€68.4m	€66.7m	+2.5%
Basic earnings per share	36.2c	33.6c	+7.7%
Final dividend	9.93c	9.45c	+5.0%
Net debt	€(143.7)m	€(171.1)m	(16.0%)
Net debt (pre-IFRS 16)	€(106.7)m	€(128.7)m	(17.1%)
ROACE	17.7%	17.5%	+0.2pts

Volume movements

	2023 '000	2022 '000	Change
RoRo units	724.0	696.6	+3.9%
Cars	645.7	573.4	+12.6%
Containers shipped (teu)	275.5	322.6	(14.6%)
Port lifts	312.4	319.6	(2.3%)

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 decreased by €12.9 million (2.2%) to €572.0 million.
- EBITDA increase of €5.4 million to €132.6 million principally due to a strong performance in the Ferries Division.
- Within the Ferries Division, the recovery in passenger markets, our strong position in freight markets and the introduction of duty-free have lifted the Division to record levels of activity and revenue. Thanks to the increased footprint in the Division, the volumes carried and the scale of the business are unrecognisable when compared to just a few years ago.
- In May 2023, the Group chartered the Oscar Wilde cruise ferry (ex Tallink Star) for an initial 20 month period with further extension and purchase options. The vessel initially entered service on the Rosslare – Pembroke route, replacing the Blue Star 1. The Group also chartered the Norbay vessel on a short-term basis, replacing the Epsilon which was returned to its owners at the end of its charter.
- Performance in the Container & Terminal Division has been more challenging. However, this is against the backdrop of a number of years of record growth and profitability. Overall, volumes and profitability in the business have reduced primarily driven by weak export and import levels in China and the impact of supply chain difficulties and the resulting over stocking had on reducing volumes in the earlier part of the year. Despite the reduction in activity levels and demand, the Division has taken advantage of its flexible cost base to maintain strong levels of profitability.
- The Group has completed the current program for the expansion and modernisation of its container terminals with the latest semi-automated and environmentally friendly equipment as part of our terminal electrification programme. The final crane in this programme became operational in September 2023. In total over the year, we have commissioned five new remote controlled semi-automated rubber-tyred gantries (RTGs) and one new ship-to-shore crane.
- 2023 was another strong year of cash generation for the Group, further strengthening our balance sheet over the period. Cash generated from operations of €136.7 million (2022: €132.0 million) was used to fund strategic capital expenditure of €21.8 million and returns to shareholders of €45.8 million via a combination of dividends and share buybacks. Net debt at year end fell by €27.4 million to €143.7 million (2022: €171.1 million).

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

"Last year, I described 2022 as not just a year of recovery, but of building for long-term sustainable growth and stating our ambition to turn our full attention to maximising the opportunities that have arisen for the Group over the last few years. While 2023 did not yet see the maximisation of those opportunities, it did see significant progress towards it. 2023 was another strong year for the Ferries Division and while the Container and Terminal Division experienced challenging trading conditions, the investment and modernisation of our facilities mean we are in an excellent position to capitalise on opportunities in the future. Capital allocation has always been a key focus in this company and our balance sheet strength allows us to take advantage of opportunities as they arise. As in prior years, I would like to thank all our colleagues who made these results possible, particularly those on the front line who continue to ensure the efficient and reliable operation of our services and allow us to meet the requirements of our customers."

7 March 2024

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Results

Financial Highlights

	2023	2022	Change
Revenue	€572.0m	€584.9m	(2.2%)
EBITDA	€132.6m	€127.2m	+4.2%
Operating profit	€68.4m	€66.7m	+2.5%

The overall financial outcome for the Group was a profit before tax of €63.3 million (2022: €62.5 million) while operating profit was €68.4 million (2022: €66.7 million). EBITDA generated was €132.6 million (2022: €127.2 million) from total revenues of €572.0 million (2022: €584.9 million). This is a robust result against the background challenges of high inflation and a slowdown in global trade.

EBITDA increased significantly on the prior year in our Ferries Division where EBITDA was €106.9 million (2022: €95.7 million). The Division saw increased revenues arising from higher volumes, particularly on the Dover – Calais service. Fuel costs were also lower than the prior year, however this was offset by lower surcharges. Performance in our Container and Terminal Division was worse year-on-year resulting in a decrease in EBITDA to €25.7 million (2022: €31.5 million). This was driven by weak export and import levels in China and the outrun of previous over stocking and supply chain difficulties in the earlier part of the year.

As in the prior year, when the Group also faced challenging trading conditions, our diversified revenue streams and flexible cost model allowed us to further strengthen our balance sheet. Cash generated from operations amounted to €136.7 million (2022: €132.0 million) which funded strategic capital expenditure of €21.8 million, share buybacks of €21.4 million, dividends of €24.4 million and net repayments of borrowings of €14.4 million. Net debt at 31 December 2023 stood at €143.7 million (2022: €171.1 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 Belfast.

Ferries Division

Financial summary

	2023	2022	Change
Revenue*	€412.3m	€399.9m	+3.1%
EBITDA	€106.9m	€95.7m	+11.7%
Operating profit	€52.1m	€46.4m	+12.3%

*Includes inter-segment revenue of €33.2 million (2022: €35.3 million)

Operational Highlights

	2023	2022	Change
Volumes	**'000**	**'000**	
Cars	645.7	573.4	+12.6%
Passengers	2,781.7	2,315.0	+20.2%
RoRo freight units	724.0	696.6	+3.9%

Revenue in the Division was 3.1% higher than the previous year at €412.3 million (2022: €399.9 million). Revenue in the first half of the year increased by 7.1% to €179.8 million (2022: €167.9 million), while in the second half revenue increased by 0.2%, to €232.5 million (2022: €232.0 million). EBITDA increased to €106.9 million (2022: €95.7 million) while operating profit was €52.1 million compared to €46.4 million in 2022.

Fuel costs were €92.7 million, a decrease of €11.9 million on the prior year. In total, Irish Ferries operated 14,250 sailings in 2023 (2022: 13,642), the increase due to additional sailings on the Irish Ferries Dover – Calais service.

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 11.6% in 2023 to 4,461,000 cars. While encouraging, this level of car carryings is still 15.0% behind pre-pandemic levels in 2019.

Operational Review – continued

Ferries Division – continued

Irish Ferries' car carryings during the year were increased over the previous year by 12.6% to 645,700 cars (2022: 573,400 cars). The increase in carryings versus 2022 levels is primarily due to the continued recovery in passenger markets and the benefit of a full year three ship operation on the Dover – Calais route.

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 15.0% on 2022 to a total of 19.0 million passengers. Irish Ferries' passenger numbers carried increased by 20.2% at 2,781,700 (2022: 2,315,000).

RoRo Freight

The RoRo freight market between the Republic of Ireland to the UK and France and the Dover Straits fell slightly in 2023. The total market for trucks and trailers decreased by 2.6%, to approximately 4,277,000 units.

Irish Ferries' freight carryings, at 724,000 freight units (2022: 696,600 freight units), increased by 3.9% versus the prior year. The increased carryings over market performance were enabled through the additional capacity of the full year three vessel service on the Dover – Calais route.

Chartering

The Group continued to charter a number of vessels to third parties during 2023. Overall external charter revenues were €17.2 million in 2023 (2022: €17.2 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 GNV Allegra continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Container and Terminal Division

Financial summary

	2023	2022	Change
Revenue*	€194.1m	€221.5m	(12.4%)
EBITDA	€25.7m	€31.5m	(18.4%)
Operating profit	€16.3m	€20.3m	(19.7%)

*Includes inter-segment revenue of €1.2 million (2022: €1.2 million)

Operational Highlights

	2023	2022	Change
Volumes	'000	'000	
Containers shipped (teu)	275.5	322.6	(14.6%)
Port lifts	312.4	319.6	(2.3%)

Revenue in the Division fell to €194.1 million (2022: €221.5 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 78% (2022: 74%) 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 decreased by 18.4% to €25.7 million (2022: €31.5 million) while operating profit fell 19.7% to €16.3 million (2022: €20.3 million).

In Eucon, overall container volumes shipped were down 14.6% compared with the previous year at 275,500 teu (2022: 322,600 teu). Despite the reduction in volumes in Eucon we benefited from our flexible cost base allowing us to retain strong levels of profitability against the background of challenging trading conditions.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were down 2.3% at 312,400 lifts (2022: 319,600 lifts). DFT's volumes were down 1.0%, while BCT's volumes were down 4.2%.

Cash Flow

A summary cash flow is presented below:

	2023 €m	2022 €m
Operating profit (EBIT)*	68.4	66.7
Depreciation and amortisation	64.2	60.5
EBITDA*	**132.6**	**127.2**
Working capital movements	1.7	1.2
Retirement benefit scheme movements	0.6	1.1
Share-based payment expense	2.8	3.0
Other movements	(1.0)	(0.5)
Cash generated from operations	**136.7**	**132.0**
Interest paid	(5.9)	(4.0)
Tax paid	(2.2)	(1.7)
Capital expenditure excluding strategic capital expenditure	(21.5)	(18.3)
Free cash flow before strategic capital expenditure*	**107.1**	**108.0**
Strategic capital expenditure	(21.8)	(57.4)
Free cash flow after strategic capital expenditure	**85.3**	**50.6**
Proceeds on disposal of property, plant and equipment	3.1	3.0
Share issue	0.4	0.1
Settlement of employee equity plans through market purchases	(3.1)	(2.9)
Dividends paid	(24.4)	(24.2)
Share buyback	(21.4)	(49.2)
Net cash flows	**39.9**	**(22.6)**

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

EBITDA for the year was €132.6 million (2022: €127.2 million). There was a net inflow of €1.7 million due to positive working capital movements, retirement benefit scheme movements of €0.6 million, share-based payment expense of €2.8 million and other net cash outflows amounting to €1.0 million, resulting in cash generated from operations of €136.7 million (2022: €132.0 million).

Interest paid was €5.9 million (2022: €4.0 million) reflecting higher market interest rates on our floating interest rate borrowings. Taxation paid was €2.2 million (2022: €1.7 million).

Capital expenditure outflows amounted to €41.9 million (2022: €75.7 million) which included €21.8 million of strategic capital expenditure. Strategic capital expenditure included plant and machinery relating to the modernisation works at DFT, the addition of a scrubber to the Isle of Inishmore as well as general vessel improvements.

There was a total of €45.8 million (2022: €73.4 million) returned to shareholders during the period which consisted of €24.4 million (2022: €24.2 million) of dividends paid during the year together with €21.4 million (2022: €49.2 million) expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €143.7 million (2022: €171.1 million), which comprised gross borrowings of €153.5 million (2022: €167.7 million), lease obligations of €37.0 million (2022: €42.4 million) offset by cash balances of €46.8 million (2022: €39.0 million). The key net debt / EBITDA ratio was 1.0 times (2022: 1.2 times) under banking covenant definitions (see Appendix for further information).

Balance Sheet

A summary balance sheet is presented below:

	2023 €m	2022 €m
Property, plant & equipment and intangible assets	370.8	364.2
Right-of-use assets	36.1	41.4
Long term receivable	7.3	10.5
Retirement benefit surplus	39.4	33.6
Other assets	72.9	85.2
Cash and bank balances	46.8	39.0
Total assets	**573.3**	**573.9**
Non-current borrowings	41.1	160.4
Non-current lease liabilities	25.4	30.7
Retirement benefit obligations	0.5	0.4
Other non-current liabilities	5.4	4.7
Current borrowings	112.4	7.3
Current lease liabilities	11.6	11.7
Other current liabilities	94.6	97.9
Total liabilities	**291.0**	**313.1**
Total equity	**282.3**	**260.8**
Total equity and liabilities	**573.3**	**573.9**

The total net surplus of all defined benefit pension schemes at 31 December 2023 was €38.9 million in comparison to a €33.2 million surplus at 31 December 2022. The movement principally reflects a net actuarial gain of €4.9 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 and right-of-use assets mainly relates to the addition of plant and machinery at DFT and the addition of the Oscar Wilde, partially offset by depreciation. The decrease in other assets relates primarily to a fall in asset prepayments as new plant and machinery at DFT was commissioned. The movement in non-current and current borrowings principally relates to net repayments during the year of €14.4 million.

Shareholders' equity increased to €282.3 million from €260.8 million at 31 December 2022. The movement includes the profit for the financial period of €61.6 million, actuarial gains arising on retirement benefit schemes of €4.9 million, offset by dividends paid of €24.4 million and buyback of equity of €21.4 million.

Financing

The borrowing facilities available to the Group at 31 December 2023 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Private placement loan notes	248.9	50.0	50.0	-
Bank term loans	48.8	48.8	48.8	-
Revolving credit	125.0	75.0	55.0	20.0
Overdraft and other	16.0	16.0	0.6	15.4
	438.7	**189.8**	**154.4**	**35.4**

Group Finance Review - continued

Financing – continued

At 31 December 2023, the Group had total lending facilities of €438.7 million available of which €189.8 million were committed facilities. Of these, €154.4 million have been drawn, of which €112.1 million are classified as repayable within one year. Subsequent to the year end, €55.0 million of borrowings drawn under a revolving credit facility and classed as repayable within one year were refinanced with an expiration date of March 2029 and comparable margins to the previous facility.

At 31 December 2023, the Group has borrowings comprised of a loan note at a fixed interest rate, a term loan on a fixed interest rate as well as a revolving credit facility on a floating rate for an interest period of up to six months, calculated by reference to EURIBOR or other reference rate depending on the currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio.

The average interest rate on borrowings at 31 December 2023 was 2.96% (2022: 2.40%) for remaining terms of between nine months and 6.5 years. In addition to borrowings, the Group has recognised lease liabilities at 31 December 2023 relating to right-of-use assets amounting to €37.0 million.

These facilities, together with undrawn committed facilities of €35.4 million and cash generated from operations, will be used to support the long-term strategic development of the Group.

Fuel

	2023	2022	Change
Fuel costs	€106.8m	€124.0m	(13.9%)

Group fuel costs in 2023 amounted to €106.8 million (2022: €124.0 million). Bunker consumption was 169,100 tonnes in 2023 (2022: 161,900 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 2023 was 10.3% lower than in 2022 while marine gas oil (MGO) was 19.5% lower than in 2022.

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

The Directors declared and paid during 2023 a final dividend of 9.45 cent per ordinary share for 2022 and an interim dividend of 4.87 cent per ordinary share for 2023. Dividends paid during the year totalled €24.4 million.

During the year, the Company bought back a total of 4.8 million shares which were cancelled. The total consideration paid for these shares was €21.4 million (2022: €49.2 million). The Directors are proposing a final dividend in respect of 2023 of 9.93 cent per share subject to shareholder approval at the AGM on 9 May 2024, which will be paid on 7 June 2024 to shareholders on the register at close of business on 17 May 2024.

Strategic Developments

2023 was a year of further material investment in our operations where the Group continued to progress a number of key strategic developments. We have placed a significant focus on enhancing our approach to ESG and sustainability. We have rolled out a number of new initiatives across the Group and progressed initiatives that commenced in prior years such as completing our expansion and modernisation program at Dublin Port. 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.

2023 saw the Group prepare for the introduction of the maritime transport into the EU Emissions Trading System (EU ETS) from 1 January 2024. The cost of this will be borne by our customers through the introduction of surcharges. The maritime industry is recognised as a hard to abate sector due to its current reliance on the consumption of marine petroleum based fuels due to the current lack of alternative technologies of scale. It is therefore, important that the revenues raised via the EU ETS are appropriately invested in the development of commercially viable alternatives for the maritime industry.

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 and as we prepare to comply with the requirements of Corporate Sustainability Reporting Directive (CSRD). 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

In May of this year, the Group took delivery of the Oscar Wilde. The Group signed a long term charter agreement for a firm period of 20 months with the opportunity to extend the charter by 2 + 2 years. The agreement also gives the Group purchase options over the vessel. The European-built vessel is of a high standard and materially enhances the Ferries Division's offering for both freight and passenger markets. Furthermore, the design of the vessel affords the Group a large amount of flexibility across all of our Irish Sea routes. The vessel entered service on the Rosslare - Pembroke route for the 2023 summer season, but for 2024 will also operate on the Dublin – Holyhead and Dublin – Cherbourg routes. One outstanding feature of the vessel is the material upgrade in retail space available on board. It currently has the largest duty-free shopping space of any cruise ferry on the Irish Sea with 17,000 square feet allowing for enhanced range of stock and customer experience.

During 2023, the Group completed the commissioning of five further RTGs and one ship-to-shore crane as part of the expansion and electrification program of our Dublin Ferryport container terminal. The modern cranes are designed for continuous operation in all but the most extreme weather conditions. These investments are significant milestones towards our Net Zero 2030 goal for the terminal operations. The completion of this programme which commenced in 2017 represents a total investment in the terminal of €28.7 million.

Strategy and the Environment

The Group is conscious that its activities have an environmental impact. Reducing that impact aligns with our overall strategy. The Group has continued with the significant investments in installing exhaust gas cleaning systems (EGCS). A further EGCS unit was installed on the Isle of Inishmore in early 2023 which is in operation on the Dover – Calais route. The programme for the electrification of heavy plant at our container terminals was further progressed in 2023, with the commissioning of five RTGs and one additional ship-to-shore crane at Dublin Ferryport Terminal. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operations and align with the strategic objective of delivering sustained and profitable growth.

The Group currently collects various data related to the 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 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. We note the recent increased ambitions of the IMO in targeting net-zero emissions in the maritime industry by 2050. While welcoming this ambition, the challenges around the current alternatives to the current non-sustainable fuel requirements of the industry remain. The meeting of these challenges has to be addressed not only by the industry but at government regulatory level.

The Group is aware that our stakeholders require us to be environmentally focused and the Group is committed to continuous improvement in both the big and small things 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. As an island off the northwest coast of Europe, approximately 90% of trade exports and imports are dependent on sea access. In addition, we carry nearly three million people, many of whom are tourists making a significant contribution to regional employment. These economic and social benefits have to be offset against our environmental footprint which is significantly lower than for the airlines.

Group Finance Review – continued

Current Trading and Outlook

2024 Trading to date	1/1/24 – 2/3/24	1/1/23 – 2/3/23	Change
Volumes	**'000**	**'000**	
Cars	62.4	48.4	+28.9%
RoRo freight units	124.5	108.2	+15.1%
Containers shipped (teu)	49.9	52.0	(4.0%)
Port lifts	54.7	50.3	+8.7%

2024 has seen a strong start to the year for the Ferries Division with volumes up materially across most revenue streams. However, it is important to note that volumes year to date are positively influenced by the timing of competitor drydockings. In addition, the passenger volumes are for a seasonally quiet part of the year and are influenced by some Covid recovery when compared with the previous year. Volumes to date do not reflect the underlying market growth rates.

In the period from 1 January 2024 to 2 March 2024, Irish Ferries carried 62,400 cars, an increase of 28.9% 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, however, hope that the trends seen in 2023 of a material recovery of the passenger market continue into 2024. As in the prior year, we still do see the opportunity for growth in our passenger business as we move towards a full return to pre-pandemic levels with the benefits that can bring to both our ticket and on-board revenue.

RoRo volumes in the Ferries Division have also had a strong start to the year. Irish Ferries RoRo volumes are up 15.1% on the same period in the prior year to 124,500 units. As in 2023, we expect the trend of freight customers returning to the landbridge will continue into 2024, helped with the introduction of the Windsor agreement, but also the ever-increasing familiarity of our customers with customs measures. Furthermore, the cessation of certain services into Liverpool, will give Irish Ferries an opportunity in 2024 to increase our market share on the Irish Sea.

In Eucon, we have seen a reduction in containers shipped of 4.0% for the first two months of the year. The weakness in volumes is primarily due to a weakness in our deep-sea container volumes, somewhat offset by the more stable short-sea container market. We expect some growth in the container market in 2024, assuming lower interest rates which should fuel economic growth later in the year. Port lifts have increased by 8.7% in the first two months of the year versus the same period in 2023. There is a continuation of the improving trend in volumes from the last quarter of 2023 along with the addition of a new customer on our Dublin terminal. Our recent investments in the Dublin terminal and the ongoing expansion of the Belfast terminal leave us well placed to avail of any market growth.

As part of the EU "Fit for 55" regulations, shipping emissions have been brought into scope of the EU Emission Trading System on a phased basis from 1 January 2024. Following its introduction, we have implemented surcharges for all our customers. We acknowledge that the operations of the group will have an inevitable impact on the environment, however those operations are essential for the island of Ireland and remain the most environmentally sustainable form of transport for the facilitation of trade and the movement of people on and off the island.

Condensed Consolidated Income Statement for the year ended 31 December 2023

	Notes	2023 €m	2022 €m
Revenue	2	572.0	584.9
Depreciation and amortisation		(64.2)	(60.5)
Employee benefits expense		(26.2)	(26.8)
Other operating expenses	2	(413.2)	(430.9)
Operating profit		**68.4**	**66.7**
Finance income		1.4	0.1
Finance costs		(6.5)	(4.3)
Profit before taxation		**63.3**	**62.5**
Income tax expense	3	(1.7)	(2.7)
Profit for the financial year: all attributable to equity holders of the parent		**61.6**	**59.8**

Earnings per ordinary share
– expressed in euro cent per share

Basic	4	36.2	33.6
Diluted	4	35.7	33.2

Condensed Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	2023 €m	2022 €m
Profit for the financial year		**61.6**	**59.8**
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		1.1	(2.5)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit obligations	7	4.9	29.4
Deferred tax on defined benefit pension schemes		(0.4)	(2.4)
Other comprehensive income for the financial year		**5.6**	**24.5**
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**67.2**	**84.3**

Condensed Consolidated Statement of Financial Position as at 31 December 2023

	Notes	2023 €m	2022 €m
Assets			
Non-current assets			
Property, plant and equipment		368.7	362.3
Intangible assets		2.1	1.9
Right-of-use assets		36.1	41.4
Retirement benefit surplus	7	39.4	33.6
Finance lease receivable		7.3	10.5
Deferred tax asset		0.3	0.1
		453.9	**449.8**
Current assets			
Inventories		4.0	5.2
Trade and other receivables		68.6	79.9
Cash and cash equivalents	5	46.8	39.0
		119.4	**124.1**
Total assets		**573.3**	**573.9**
Equity and liabilities			
Equity			
Share capital		10.8	11.1
Share premium		20.9	20.5
Other reserves		(6.1)	(8.2)
Retained earnings		256.7	237.4
Equity attributable to equity holders		**282.3**	**260.8**
Non-current liabilities			
Borrowings	5	41.1	160.4
Lease liabilities	5	25.4	30.7
Deferred tax liabilities		4.5	3.6
Provisions		0.9	1.1
Retirement benefit obligation	7	0.5	0.4
		72.4	**196.2**
Current liabilities			
Borrowings	5	112.4	7.3
Lease liabilities	5	11.6	11.7
Trade and other payables		93.7	96.2
Provisions		0.9	1.7
		218.6	**116.9**
Total liabilities		**291.0**	**313.1**
Total equity and liabilities		**573.3**	**573.9**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2023	**11.1**	**20.5**	**(8.2)**	**237.4**	**260.8**
Profit for the financial year	-	-	-	61.6	61.6
Other comprehensive income	-	-	1.1	4.5	5.6
Total comprehensive income for the financial year	-	-	**1.1**	**66.1**	**67.2**
Employee share-based payments expense	-	-	2.8	-	2.8
Share issue	-	0.4	-	-	0.4
Dividends	-	-	-	(24.4)	(24.4)
Share buyback	(0.3)	-	0.3	(21.4)	(21.4)
Settlement of employee equity plans through market purchase	-	-		(3.1)	(3.1)
Transferred to retained earnings on exercise of share options	-	-	(2.1)	2.1	-
	(0.3)	**0.4**	**2.1**	**19.3**	**21.5**
Balance at 31 December 2023	**10.8**	**20.9**	**(6.1)**	**256.7**	**282.3**
Analysed as follows:					
Share capital					10.8
Share premium					20.9
Other reserves					(6.1)
Retained earnings					256.7
					282.3

Other Reserves comprise the following:

	Undenominated Capital Reserves €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2023	**8.6**	**6.3**	**(23.1)**	**(8.2)**
Employee share-based payments expense	-	2.8	-	2.8
Other comprehensive income	-	-	1.1	1.1
Share buyback	0.3	-	-	0.3
Transferred to retained earnings on exercise of share options	-	(2.1)	-	(2.1)
	0.3	**0.7**	**1.1**	**2.1**
Balance at 31 December 2023	**8.9**	**7.0**	**(22.0)**	**(6.1)**

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:

	Undenominated Capital Reserves €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 Cash Flows for the year ended 31 December 2023

	Notes	2023 €m	2022 €m
Profit for the financial year		61.6	59.8
Adjustments for:			
Finance costs (net)		5.1	4.2
Income tax expense		1.7	2.7
Retirement benefit scheme movements	6	0.6	1.1
Depreciation of property, plant and equipment		45.1	38.5
Depreciation of right-of-use assets		18.7	21.6
Amortisation of intangible assets		0.4	0.4
Share-based payment expense		2.8	3.0
Decrease in provisions		(1.0)	(0.5)
Working capital movements	6	1.7	1.2
Cash generated from operations		**136.7**	**132.0**
Income taxes paid		(2.2)	(1.7)
Interest paid		(5.9)	(4.0)
Net cash inflow from operating activities		**128.6**	**126.3**
Cash flow from investing activities			
Net proceeds on disposal of property, plant and equipment		3.1	3.0
Lease inception costs		(1.4)	-
Purchases of property, plant and equipment and intangible assets	6	(41.9)	(75.7)
Net cash outflow from investing activities		**(40.2)**	**(72.7)**
Cash flow from financing activities			
Share buyback		(21.4)	(49.2)
Dividends		(24.4)	(24.2)
Repayment of lease liabilities	6	(18.0)	(21.0)
Repayment of bank loans		(40.0)	(7.6)
Drawdown of bank loans		25.6	52.0
Settlement of employee equity plans through market purchases		(3.1)	(2.9)
Proceeds on issue of ordinary share capital		0.4	0.1
Net cash outflow from financing activities		**(80.9)**	**(52.8)**
Net increase in cash and cash equivalents		7.5	0.8
Cash and cash equivalents at the beginning of the year		**39.0**	**38.5**
Effect of foreign exchange rate changes		0.3	(0.3)
Cash and cash equivalents at the end of the year	5	**46.8**	**39.0**

Notes to the Condensed Financial Statements for the year ended 31 December 2023

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 2023 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 2023 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 2022 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 2023

Standard	Description	Effective Date for periods commencing
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (amendments)	Disclosure of Accounting Policies	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

The above amended standards have been applied in the preparation of the financial statements for the year ended 31 December 2023.

On adoption of IFRS 17: Insurance Contracts, the prior year classification of certain financial guarantee contracts as insurance contracts for accounting purposes was reviewed.

In the Company financial statements, certain guarantees provided to subsidiaries in connection with borrowing previously treated as financial guarantee contracts and classified as insurance contracts were reclassified as financial instruments and remeasured at fair value. There was no financial effect on the prior or current year Company financial statements arising from this reclassification.

In the Consolidated financial statements, there were no guarantees outstanding in favour of third parties, other than inter group cross guarantees in relation to group borrowings which are eliminated on consolidation. The Company has also provided guarantees under certain loan facility arrangements in favour of its subsidiaries. However, the fair value of such guarantees are immaterial. Consequently, there was no effect on the consolidated financial statements from the first time adoption of IFRS 17.

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The Group is now required to recognise the associated deferred tax assets and liabilities arising from the recognition of right-of-use assets and their related lease liabilities from the beginning of the comparative period.

The Group previously recognised these assets and liabilities on a net basis, however, following the amendment, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and deferred liability in relation to its right-of-use assets. There was no impact on opening retained earnings on 1 January 2022 or 1 January 2023 as a result of the change. There is a €0.2 million credit to the Consolidated Income Statement in respect of FY23. The Group has exercised the right to offset qualifying balances in accordance with paragraph 74 of IAS 12.

Other than noted above the new standards and interpretations did not have any material impact on the results or financial position of the Group.

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

1. Accounting policies - continued

Standards effective for the Group from 1 January 2024 or later

Standard	Description	Effective Date for periods commencing
IAS 1 (amendments)	Non-current Liabilities with Covenants	1 January 2024
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 7 and IFRS 7 (amendments)	Supplier Finance Arrangements	1 January 2024*
IAS 21 (amendments)	Lack of Exchangeability	1 January 2025*
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	Effective date deferred indefinitely

* 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 2023. They are not expected to have a material impact on the results or financial position of the Group when applied in future periods.

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:

	2023 €m	2022 €m
Ferries		
Passenger	181.1	162.7
Freight	180.8	184.7
Charter and other	50.4	52.5
	412.3	399.9
Container and Terminal		
Freight	194.1	221.5
Inter-segment revenue	(34.4)	(36.5)
Total	**572.0**	**584.9**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

2. Segmental information – continued

By geographic origin of booking:

	2023 €m	2022 €m
Ireland	186.6	202.4
United Kingdom	154.2	142.2
Netherlands	96.1	99.7
Belgium	38.0	47.7
France	23.5	20.2
Poland	16.0	18.8
Germany	9.3	7.9
Austria	9.0	10.8
Other	39.3	35.2
	572.0	**584.9**

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

ii) Profit for the financial year

	Ferries		Container & Terminal		Group Total	
	2023 €m	2022 €m	2023 €m	2022 €m	2023 €m	2022 €m
Operating profit	52.1	46.4	16.3	20.3	68.4	66.7
Finance income	1.4	0.1	-	-	1.4	0.1
Finance costs	(5.1)	(3.1)	(1.4)	(1.2)	(6.5)	(4.3)
Profit before tax	48.4	43.4	14.9	19.1	63.3	62.5
Income tax expense	(0.9)	(1.3)	(0.8)	(1.4)	(1.7)	(2.7)
Profit for the financial year	**47.5**	**42.1**	**14.1**	**17.7**	**61.6**	**59.8**

iii) Other operating expenses

	Ferries		Container & Terminal		Group Total	
	2023 €m	2022 €m	2023 €m	2022 €m	2023 €m	2022 €m
Fuel	92.7	104.6	14.1	19.4	106.8	124.0
Labour	52.6	48.3	12.8	12.6	65.4	60.9
Port costs	80.3	69.0	33.2	35.2	113.5	104.2
Haulage	-	-	51.4	56.6	51.4	56.6
Other	58.7	61.3	51.8	60.4	110.5	121.7
Inter-segment	(1.2)	(1.2)	(33.2)	(35.3)	(34.4)	(36.5)
Other operating expenses	**283.1**	**282.0**	**130.1**	**148.9**	**413.2**	**430.9**

iv) Statement of Financial Position

	Ferries		Container & Terminal		Group Total	
	2023 €m	2022 €m	2023 €m	2022 €m	2023 €m	2022 €m
Assets						
Segment assets	420.3	422.5	106.2	112.4	526.5	534.9
Cash and cash equivalents	39.5	34.5	7.3	4.5	46.8	39.0
Consolidated total assets	**459.8**	**457.0**	**113.5**	**116.9**	**573.3**	**573.9**
Liabilities						
Segment liabilities	66.2	66.7	34.4	36.3	100.6	103.0
Borrowings and lease liabilities	158.6	174.6	31.8	35.5	190.4	210.1
Consolidated total liabilities	**224.8**	**241.3**	**66.2**	**71.8**	**291.0**	**313.1**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

3. Income tax expense

	2023	2022
	€m	€m
Current tax	1.5	2.7
Deferred tax	0.2	-
Income tax expense for the year	**1.7**	**2.7**

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 €1.5 million (2022: €2.7 million) and a deferred tax charge of €0.2 million (2022: €nil million).

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

	2023	2022
	€m	€m
Profit before tax	63.3	62.5
Tax at the domestic income tax rate of 12.5% (2022: 12.5%)	7.9	7.8
Effect of tonnage relief	(6.9)	(6.6)
Difference in effective tax rates	0.5	0.3
Other items	0.2	1.2
Income tax expense recognised in the Consolidated Income Statement	**1.7**	**2.7**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

4. Earnings per share

Number of shares	2023 '000	2022 '000
Shares in issue at the beginning of the year	170,823	182,795
Effect of shares issued during the year	70	23
Effect of share buybacks and cancellation in the year	(960)	(5,044)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**169,933**	**177,774**
Dilutive effect of employee equity plans where vesting conditions not met	2,645	2,363
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**172,578**	**180,137**

Denominator for earnings and diluted earnings per share calculations

Share option awards under the ICG Performance Share Plan are 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 options 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 838,954 (2022: 664,484) 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:

Earnings	2023 €m	2022 €m
Earnings for the purpose of basic and diluted earnings per share – Profit for the financial period attributable to equity holders of the parent	61.6	59.8
Net interest income on defined benefit assets	(1.3)	(0.1)
Earnings for the purpose of adjusted basic and adjusted diluted earnings per share	**60.3**	**59.7**
	Cent	**Cent**
Basic earnings per share	36.2	33.6
Diluted earnings per share	35.7	33.2
Adjusted basic earnings per share	35.5	33.6
Adjusted diluted earnings per share	34.9	33.1

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - 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 2023						
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)**
Changes from cash flows:						
Repayment of borrowings	-	40.0	-	-	-	40.0
Lease payments	-	-	-	19.5	-	19.5
Lease interest	-	-	-	(1.5)	-	(1.5)
Loan drawdown	-	(25.6)	-	-	-	(25.6)
Net increase in cash and cash equivalents	7.5	-	-	-	-	7.5
Non-cash flow changes:						
Amortisation	-	-	-	-	(0.2)	(0.2)
Lease liabilities recognised	-	-	-	(14.3)	-	(14.3)
Lease remeasurement	-	-	-	1.8	-	1.8
Currency adjustment	0.3	-	-	(0.1)	-	0.2
	7.8	**14.4**	**-**	**5.4**	**(0.2)**	**27.4**
At 31 December 2023						
Current assets	46.8	-	-	-	-	46.8
Creditors due within one year	-	(62.5)	(50.0)	(11.6)	0.1	(124.0)
Creditors due after one year	-	(41.3)	-	(25.4)	0.2	(66.5)
	46.8	**(103.8)**	**(50.0)**	**(37.0)**	**0.3**	**(143.7)**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - 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 2023 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	-	-	46.8	-	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	123.8	20.0	103.8	62.5	7.5	22.5	11.3
Loan notes	50.0	-	50.0	50.0	-	-	-
Origination fees	(0.3)	-	(0.3)	(0.1)	(0.1)	(0.1)	-
Leases	37.0	-	37.0	11.6	3.6	5.0	16.8
Committed lending facilities	**225.9**	**35.4**	**190.5**	**124.0**	**11.0**	**27.4**	**28.1**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	198.9						
Uncommitted lending facilities	**248.9**						

Bank overdrafts facilities are stated net of trade guarantee facilities utilised of €0.6 million (2022: €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.

Subsequent to the year end, the multicurrency revolving credit facility of €75.0 million, of which €55.0 million was drawn at 31 December 2023, was cancelled and replaced with a new revolving credit facility with permitted drawing amounts of €100.0 million. The drawing amount may be increased to €150.0 million on application, at the discretion of the lenders. This new facility expires in March 2029 but is extendable for up to two years at the lenders' discretion. Borrowings under the existing facility were rolled over into the new facility on the commencement date.

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

6. Cash flow components

	2023 €m	2022 €m
Pension scheme movements		
Retirement benefit obligations – current service cost	0.8	1.7
Retirement benefit obligations – past service cost	0.2	-
Retirement benefit obligations – payments	(0.4)	(0.6)
Total retirement benefit scheme movements	**0.6**	**1.1**
Repayments of lease liabilities		
Lease payments	(19.5)	(22.3)
Interest element of lease payments	1.5	1.3
Capital element of lease payments	**(18.0)**	**(21.0)**
Purchases of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment	(50.7)	(74.4)
Purchases of intangible assets	(0.6)	(0.4)
Decrease / (increase) in capital asset prepayments	9.4	(0.9)
Total purchases of property, plant and equipment and intangible assets	**(41.9)**	**(75.7)**
Changes in working capital		
Decrease / (increase) in inventories	1.2	(1.4)
Decrease / (increase) in receivables	2.0	(17.0)
(Decrease) / increase in payables	(1.5)	19.6
Total working capital movements	**1.7**	**1.2**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - continued

7. Retirement benefit schemes

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

	2023		2022	
	Sterling	Euro	Sterling	Euro
Discount rate	4.50%	3.15%	4.75%	3.65%
Inflation rate	2.75%	2.30%	2.90%	2.50%
Rate of increase of pensions in payment	2.15% - 3.20%	1.30%	2.20% - 3.30%	1.50%
Rate of pensionable salary increases	1.10%	0.00% - 1.30%	1.15%	0.00% - 1.40%

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

	2023		2022	
	Male	Female	Male	Female
Irish Schemes:				
Current retirees	26.8 years	29.7 years	26.7 years	29.6 years
Future retirees	29.2 years	31.7 years	29.1 years	31.6 years
UK Schemes:				
Current retirees	27.8 years	29.6 years	27.7 years	29.5 years
Future retirees	29.3 years	31.1 years	29.2 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	
	2023	2022	2023	2022
Equities	10.4	10.8	57.6	63.2
Bonds	21.5	14.6	33.7	22.3
Property	-	-	-	0.1
Insurance contracts	-	-	7.9	7.4
Other	0.3	2.9	4.4	3.5
Market value of scheme assets	32.2	28.3	103.6	96.5
Present value of scheme liabilities	(18.2)	(16.5)	(78.7)	(75.1)
Surplus in schemes	**14.0**	**11.8**	**24.9**	**21.4**

The movement during the year is reconciled as follows:

	2023	2022
Movement in retirement benefit schemes	€m	€m
Opening surplus	33.2	5.3
Current service cost	(0.8)	(1.7)
Past service cost	(0.2)	-
Employer contributions paid	0.4	0.6
Net interest income	1.3	0.1
Actuarial gain	4.9	29.4
Other	0.1	(0.5)
Net surplus	**38.9**	**33.2**
Schemes in surplus	39.4	33.6
Schemes in deficit	(0.5)	(0.4)
Net surplus	**38.9**	**33.2**

Notes to the Condensed Financial Statements for the year ended 31 December 2023 - 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 2023, 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 2023 will be annexed to the annual return for 2023. 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 2023 and the Directors approved the financial statements in respect of the financial year ended 31 December 2023 on 6 March 2024. A copy of the financial statements in respect of the year ended 31 December 2022 has been annexed to the annual return for 2023 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 2023 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 2023 - 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 Group agreed a new revolving credit facility with lenders, with a permitted drawing amount of €100.0 million, expiring in March 2029 as a replacement for the existing revolving credit facility with a maturity date of September 2024.

The Board is proposing a final dividend of 9.93 cent per ordinary share amounting to €16.4 million out of the distributable reserves of the Company.

There have been no other material events affecting the Group since 31 December 2023.

11. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc on 6 March 2024.

12. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Thursday 9 May 2024, will be notified to shareholders in April 2024.

Appendix: Reconciliation of APMs for the year ended 31 December 2023

Alternative Performance Measures

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2023 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	2023 €m	2022 €m
Operating profit	Condensed Consolidated Income Statement	68.4	66.7
Depreciation and amortisation	Condensed Consolidated Income Statement	64.2	60.5
EBITDA		**132.6**	**127.2**

(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	2023 €m	2022 €m
Net cash inflow from operating activities	Condensed Consolidated Statement of Cash Flows	128.6	126.3
Capital expenditure excluding strategic capital expenditure	Condensed Consolidated Statement of Cash Flows *	(21.5)	(18.3)
Free cash flow before strategic capital expenditure		**107.1**	**108.0**
Strategic capital expenditure	Condensed Consolidated Statement of Cash Flows *	(21.8)	(57.4)
Free cash flow after strategic capital expenditure		**85.3**	**50.6**

* The total of the capital expenditure amounts set out above comprises the line items 'purchases of property, plant and equipment and intangible assets' and 'lease inception costs' reported in the Condensed Consolidated Statement of Cash Flows.

Appendix: Reconciliation of APMs
for the year ended 31 December 2023 - continued

(iii) Net Debt (Pre-IFRS 16)

	Financial Statement Reference	2023 €m	2022 €m
Cash and cash equivalents	Condensed Consolidated Statement of Financial Position	(46.8)	(39.0)
Borrowings	Condensed Consolidated Statement of Financial Position	153.5	167.7
Net Debt (pre-IFRS 16)		**106.7**	**128.7**

(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	2023 €m	2022 €m
EBITDA	See Note (i)	132.6	127.2
Capital repayment on lease receivable	Condensed Consolidated Statement of Cash Flows	3.1	3.0
Lease payments	Note 6	(19.5)	(22.3)
EBITDA for covenant purposes		**116.2**	**107.9**

	Financial Statement Reference	2023 €m	2022 €m
Net Debt (pre IFRS 16)	Note (iii)	106.7	128.7
Bank deposits subject to lien		3.5	3.5
Trade guarantees	Note 5	0.6	0.6
Origination fees	Note 5	0.3	0.5
Net Debt for covenant purposes		**111.1**	**133.3**

	Covenant Level (Times)	Times	Times
Leverage ratio	Max 3.0x	1.0x	1.2x

(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.