



Financial Statements  
for the year ended 31 December 2023  
EUR

Eimskip Ísland ehf.  
Sundabakki 2  
104 Reykjavík

Reg. no. 421104-3520

# Contents

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Endorsement and statement by the Board of Directors and the CEO .....	3
Independent Auditors' Report .....	5
Income Statement .....	9
Balance Sheet .....	10
Statement of Changes in Equity .....	11
Statement of Cash Flows .....	12
Notes to the Financial Statements .....	13

# Endorsement and Statement by the Board of Directors and the CEO

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Eimskip Ísland ehf. (the "Company") specializes in shipping, logistics and supply chain management and offers its customers solutions on both land and sea with special emphasis on the handling and storing of any type of temperature-controlled cargo, frozen or chilled and dry cargo. The Company's operations include vessel liner systems, bulk transport, three container ports, seven chilled and cold storages, 15 warehouses, trucking and distribution as well as all related sales and services. In addition the Company operates branch offices in Norway, Denmark, the UK, Netherlands and Germany.

## Operations and significant matters in 2023

The Company's net earnings for the year 2023 amounted to EUR 23.2 million according to the Income Statement. Equity at 31 December 2023 amounted to EUR 113.2 million according to the Balance Sheet. At year-end 2023 share capital nominal value was ISK 4,123 million.

At year-end, Eimskipafélag Íslands hf. (the "Parent") was the sole shareholder of the Company, unchanged from the beginning of

The average number of full-time equivalents was 732 during the year 2023 compared to 700 during the year 2022.

The Annual General meeting of Eimskip Iceland ehf. approved on 8 March 2023 a dividend payment of EUR 24.8 million which represented 60.8% of net earnings for the year 2022.

The Board of Directors proposes a dividend payment to shareholders in 2024 in the amount of EUR 15.0 million which represents 64.7% of net earnings for the year 2023.

## Outlook and uncertainties

The outlook for the beginning of the year 2024 is again marked by uncertainty, with rising political conflicts causing disturbance in the world economy and negatively impacting expectations of an economic rebound alongside declining inflation. The Suez Canal, a vital trade corridor between Asia and Europe, has since mid-December experienced a major blow by militant attacks on commercial vessels. This has effectively closed the canal for commercial sea traffic, increasing transit times and negatively affecting turnaround times of vessels and containers. The freight rates on Asia connected trade lanes have subsequently risen sharply. Higher rates might positively affect Eimskip's group international freight forwarding business, while the risk of prolonged economic downturn, with increased shipping costs negatively impacting global trade, might have the opposite effect. In that respect, Eimskip's group specialization in reefer logistics provides an advantage as frozen and refrigerated goods are generally more resistant to economic cycles.

In the liner segment, Eimskip group is strongly positioned as a shipping line mainly servicing wealthy economies in the North-Atlantic. Eimskip's group home market covers Northern Norway, Faroe Islands, Iceland, Greenland, Newfoundland, and the New England area in the United States. This area is rich in natural resources with a strong fishing heritage, a highly skilled labor force, and economies that are heavily reliant on import and export. At the start of 2024, demand for Eimskip's group shipping services in this region remains on a good and stable level, while demand for Trans-Atlantic transportation of goods from Europe to North-America via Iceland, which softened over the course of 2023 with lower rates and less volume, affected by changed market landscape, is likely to remain on a similar or somewhat better level than the latter half of last year during the next few months.

Despite the mixed global macro-economic outlook, Eimskip group is well positioned in its home market in the North Atlantic, with focus on transportation of frozen and chilled commodities. The Company remains operationally focused and cost conscious while also committed to business development to support sustainable growth that is built on strong relationships with all stakeholders. The Company is not immune to the effects of the economic slowdown that impacts global trade and demand for shipping and transportation but the Company has sound financial position enabling the Company to weather economic cycles with greater resilience.

## Corporate Governance

The Company's management is of the opinion that practicing good Corporate Governance is vital for Eimskip and is in the best interests of the shareholders, employees and other stakeholders.

The framework for Corporate Governance practices within Eimskip Group consists of the provisions of law, the parent company's Articles of Association, Rules of Procedures for the Board of Directors and Board's subcommittee and various company policies, Rules for Issuers of Financial Instruments listed at Nasdaq Iceland and the 6th edition of Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, SA – Confederation of Iceland Enterprise and Nasdaq Iceland.

# Endorsement and Statement by the Board of Directors and the CEO

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## Corporate Governance, continued

Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders, and other stakeholders. Management has emphasized and increased level of information shared with investors and other stakeholders in quarterly reporting as well as communication with customers on current affairs. The Corporate Governance in the Group is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics. Further information is provided in the Corporate Governance Statement on Eimskip's website [www.eimskip.com/investors/corporate-governance/](http://www.eimskip.com/investors/corporate-governance/).

Active risk management plays an important role at the Company ensuring stable operations and earnings. The Company's Treasury Policy aims to minimize potential negative effects on operations and earnings from financial activities and to keep risk at acceptable levels. Information on matters related to financial risk management is disclosed in the consolidated financial statement for the group and Parent Company of Eimskip Ísland ehf. Furthermore, the Company has an active risk management program to map and manage the Company's main risk exposure, both operational and financial.

The Company complies with Article 39 of Act no. 138/1994 on Private Limited Liability Companies (Company Act), as the Company's Board of Directors currently consists of one female and one male. The Executive Management and the CEO consists of six males and three female. The Company's gender ratio is 75.6% males and 24.4% females. Further information on the number of full time equivalents is provided in note 2.

## Non-Financial Reporting

The Company is defined as a large Company according to the Icelandic Financial Statement Act. The Act states that these companies should disclose as an attachment to the Endorsement of the Board of Directors and CEO relevant and useful information on their policies, main risks and outcomes relating to environmental, social and employee matters, their human rights policy and how they counteract corruption and bribery, in addition to a short description of the Company's business model. The Company's policies and outcome of these matters are further discussed in the Non-Financial Reporting which is an appendix to the Eimskipafélag Íslands hf. Consolidated Financial Statements, which is the Parent Company of Eimskip Ísland ehf. In November 2020 Eimskip conducted an ESG (Environmental, Social and Governance) sustainability risk assessment and ESG sustainability targets for the next three years plans were developed. Eimskip has now published its Sustainability Statement for 2023 that reflects the ESG guidelines issued by Nasdaq Iceland and the Nordic countries in March 2017. Further information is provided on Eimskip's website [www.eimskip.com/about-eimskip/sustainability/](http://www.eimskip.com/about-eimskip/sustainability/).

## Statement by the Board of Directors and the CEO

The Financial Statements of Eimskip Ísland ehf. are prepared and presented in accordance with the Icelandic Financial Statements Act.

According to the best of our knowledge, it is our opinion that these Financial Statements give a true and fair view of the financial performance of Eimskip Ísland ehf. for the year 2023, its assets, liabilities and financial position as at 31 December 2023 and its cash flows for the year 2023.

The Board of Directors and the CEO have today discussed the Annual Financial Statements of Eimskip Ísland ehf. for the year 2023 and confirm them by means of their signatures.

Reykjavík, 6 March 2024.

Board of Directors:

Vilhelm Már Thorsteinsson  
María Björk Einarsdóttir

CEO:

María Björk Einarsdóttir

# Independent Auditors' Report

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**To the Board of Directors and the shareholders of Eimskip Ísland ehf.**

## **Opinion**

We have audited the accompanying financial statements of Eimskip Ísland ehf. for the year 2023, excluding the endorsement and statement by the Board of Directors and the CEO.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee and the Board of Directors.

*The financial statements comprise*

- Endorsement and statement by the Board of Directors and the CEO.
- Income statement for the year 2023.
- Balance sheet as at 31 December 2023.
- Statement of changes in equity for the year ended 31 December 2023.
- Statement of cash flows for the year 2023.
- Notes to the financial statements, which include material accounting policies and other explanatory information.

The endorsement and statement by the Board of Directors and the CEO is excluded from the audit, refer to section reporting on other information.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

## **Independence**

We are independent of the company in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the company's financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the entity and its subsidiaries, in the period from January 1, 2023 to December 31, 2023, are disclosed in note 15 to the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditors' Report

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Key audit matters	Audit procedures
<b>Revenue recognition</b>	Our audit procedures included:
Operating revenue amounts to EUR 460.808 thousand in the year 2023.	- Considering the appropriateness of the revenue recognition accounting policies and assessing compliance with applicable accounting standards.
Recognition of revenue consists of high volume of transactions and different types of logistic contracts with individually negotiated terms.	- Obtaining understanding of the revenue and accounts receivable accounting process.
We focused on this area due to the significance of amounts involved and because recognition of revenue involves accounting policy decisions and judgements made by management.	- Testing the accounting treatment and principles applied. - Data analytics on selected revenue streams and testing journal entries on revenue. - Substantive procedures over invoicing, contracts and other supporting documents.
Further, the volume of transactions and extent of different contracts require various IT setups to ensure correct revenue recognition.	- Detailed testing on timing to ensure that the revenue is recognised in the correct financial year.
Reference is made to notes 1.d. in the financial statements.	- Accounts receivable confirmations.
	Relevant notes have been reviewed.

## Reporting on other information, including the endorsement and statement by the Board of Directors and the CEO

The Board of Directors and Chief executive officer are responsible for other information. The other information comprises of the endorsement and statement by the Board of Directors and the CEO which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information, including the endorsement and statement by the Board of Directors and the CEO.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the endorsement and statement by the Board of Directors and the CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the endorsement and statement by the Board of Directors and the CEO accompanying the financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the financial statements.

## Responsibilities of the Board of Directors and the Chief executive officer

The Board of Directors and the Chief executive officer are responsible for the preparation and fair presentation of the financial statements in accordance with Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent Auditors' Report

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In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the financial statements.

Those charged with governance are responsible for overseeing the company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Independent Auditors' Report

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## **Report on other legal and regulatory requirements**

### *Appointment*

We were first appointed as auditors at the company's annual general meeting on March 25, 2021. Our appointment has been renewed at the company's annual general meeting representing a total period of uninterrupted engagement appointment of three years.

Reykjavik, March 6, 2024.

### ***PricewaterhouseCoopers ehf.***

Bryndís Björk Guðjónsdóttir  
certified public accountant

## Income Statement for the year 2023

	Notes	2023	2022
<b>Revenue</b>			
Operating revenue .....		460,808,036	500,401,855
<b>Expenses</b>			
Operating expenses .....		339,628,757	360,741,935
Salaries and related expenses .....	2	74,749,706	69,050,213
Depreciation and amortization .....	4.5	15,545,839	17,287,202
		429,924,301	447,079,350
<b>Results from operating activities, EBIT</b> .....		30,883,735	53,322,505
Interest income .....		3,076,250	1,326,478
Interest expense .....		( 6,752,790)	( 4,217,023)
Net foreign exchange gain .....		543,569	924,753
Net finance expense .....		( 3,132,970)	( 1,965,792)
<b>Profit before income tax</b> .....		27,750,765	51,356,713
Income tax .....	3	( 4,580,589)	( 10,547,996)
<b>Net profit for the year</b> .....		23,170,176	40,808,717
Profit per share (EUR) .....		0.00562	0.00990

## Balance Sheet as at 31 December 2023

	Notes	2023	2022
<b>Assets</b>			
Property and equipment .....	4	138,670,120	132,479,306
Intangible assets .....	5	9,641,116	6,435,738
Shares in subsidiaries .....	8	1,576,212	1,576,212
Shares in other companies .....		121,583	121,583
Loan to related parties .....	14	67,616,183	65,855,873
Finance assets .....		1,144,859	2,123,287
Total non-current assets		218,770,071	208,591,999
Inventories .....		6,334,093	7,026,455
Trade receivables .....	10	54,010,203	63,858,663
Receivables from related parties .....	14	10,447,232	7,115,829
Other receivables .....		8,955,779	8,996,196
Cash and cash equivalents .....		1,533,758	23,309,518
Total current assets		81,281,064	110,306,661
<b>Total assets</b>		<b>300,051,136</b>	<b>318,898,660</b>
<b>Equity</b>			
Share capital .....		27,071,356	27,071,356
Share premium .....		32,894,272	32,894,272
Hedging reserve .....		1,245,252	2,239,478
Retained earnings .....		51,950,434	53,580,257
Total equity	12	113,161,313	115,785,363
<b>Liabilities</b>			
Loans and borrowings .....	13	78,955,896	87,805,862
Loans from related parties .....	14	37,005,836	39,462,263
Deferred tax liability .....	11	4,142,806	4,074,302
Total non-current liabilities		120,104,539	131,342,427
Loans and borrowings .....	13	10,393,669	10,582,533
Trade payables .....		25,772,800	26,499,358
Payables to related parties .....	14	12,387,751	11,442,236
Other payables .....		18,231,064	23,246,742
Total current liabilities		66,785,283	71,770,870
Total liabilities		186,889,822	203,113,297
<b>Total equity and liabilities</b>		<b>300,051,135</b>	<b>318,898,660</b>

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

	Share capital	Share premium	Hedging reserve	Retained earnings	Total
<b>Changes in Equity 2022</b>					
Equity as at 1 January 2022 .....	27,071,356	32,894,272	175,892	24,771,540	84,913,060
Dividend paid .....				( 12,000,000)	( 12,000,000)
Fair value changes of cash flow hedges, net of income tax .....			2,063,586		2,063,586
Net earnings for the year .....				40,808,717	40,808,717
Equity as at 31 December 2022 .....	<u>27,071,356</u>	<u>32,894,272</u>	<u>2,239,478</u>	<u>53,580,257</u>	<u>115,785,363</u>
<b>Changes in Equity 2023</b>					
Equity as at 1 January 2023 .....	27,071,356	32,894,272	2,239,478	53,580,257	115,785,363
Dividend paid .....				( 24,800,000)	( 24,800,000)
Fair value changes of cash flow hedges, net of income tax .....			( 994,226)		( 994,226)
Net earnings for the year .....				23,170,176	23,170,176
Equity as at 31 December 2023 .....	<u>27,071,356</u>	<u>32,894,272</u>	<u>1,245,252</u>	<u>51,950,434</u>	<u>113,161,313</u>

## Statement of Cash Flows for the year 2023

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Net earnings for the year .....		23,170,176	40,808,717
Adjustments for:			
Depreciation and amortization .....	4.5	15,545,839	17,287,202
Net finance expense .....		3,132,970	1,965,792
Share in loss in associated companies .....		0	253,038
Gain on sale of property and equipment .....	(	426,006)	( 784,448)
Change in deferred tax asset .....		68,504	2,492,793
		41,491,483	62,023,094
Changes in current assets and liabilities:			
Inventories, change .....		692,362	( 2,941,945)
Receivables, change .....		8,305,570	( 8,053,425)
Payables, change .....	(	5,366,495)	13,308,062
Related parties, change .....	(	1,887,058)	( 7,072,428)
Changes in current assets and liabilities		1,744,379	( 4,759,736)
Interest received .....		3,076,250	1,326,478
Interest paid .....	(	6,752,790)	( 4,217,023)
Changes in current assets and liabilities		( 3,676,539)	( 2,890,545)
Net cash from operating activities		39,559,323	54,372,814
<b>Cash flows used in investing activities</b>			
Acquisition of property and equipment .....	(	18,830,117)	( 12,633,404)
Acquisition of intangible assets .....	(	5,719,826)	( 4,284,049)
Proceeds from sale of property and equipment .....		1,621,376	1,419,420
Finance assets, change .....		978,428	990,522
Related parties, change .....	(	1,760,310)	( 7,642,735)
Net cash used in investing activities		( 23,710,450)	( 22,150,246)
<b>Cash flows to financing activities</b>			
Dividend paid .....	(	24,800,000)	( 12,000,000)
Repayments of long-term borrowings .....	(	10,552,309)	( 10,576,926)
Related parties, change .....	(	2,456,427)	4,067,580
Net cash used in financing activities		( 37,808,736)	( 18,509,346)
<b>Change in cash and cash equivalents</b> .....	(	21,959,863)	13,713,222
<b>Cash and cash equivalents at the beginning of the year</b> .....		23,309,518	9,712,603
<b>Effects of exchange rate fluctuations on cash held</b> .....		184,104	( 116,307)
<b>Cash and cash equivalents at the end of the year</b> .....		1,533,759	23,309,518
<b>Financing and investing activities not affecting cash flows:</b>			
Investment in non-current assets .....		1,587,461	2,327,280
Proceeds from long-term borrowings .....	(	1,587,461)	( 2,327,280)

# Notes to the Financial Statements

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## 1. Basis of preparation

- a. Eimskip Ísland ehf. (the "Company") is a private limited liability company domiciled in Iceland. The address of the Company's registered office is Sundabakki 2, 104 Reykjavík.

The Financial Statements for 2023 of Eimskip Ísland ehf. are not consolidated with its subsidiaries. The subsidiaries A-Orange ehf. and Eimskip Greenland A/S are immaterial and therefore according to article 70 in laws 3/2006 permitted to not make consolidated accounts since the subsidiaries have immaterial effects on the operation and financial position of the Company. See further in note 8 about shares in subsidiaries.

The Company is a wholly owned subsidiary of Eimskipafélag Íslands hf. which registered office is Sundabakki 2, 104 Reykjavík. The Company and its subsidiaries are included in the Consolidated Financial Statements of the Parent Company and information about the financial position and financial risk management of the Group are available there. Website: [www.eimskip.com/investors/publications/](http://www.eimskip.com/investors/publications/)

The Financial Statements of Eimskip Ísland ehf. are prepared and presented in accordance with the Icelandic Financial Statements Act. The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments (see note 1.n.), and are based on the same accounting policies as in the previous year. The Company does not prepare Consolidated Financial Statements as the Financial Statements of the Company and its subsidiary are included in the Consolidated Financial Statements of Eimskipafélag Íslands hf.

## b. Functional and presentation currency

These Financial Statements are presented in euro (EUR), which is the Company's functional currency.

## c. Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the beginning of year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognized in profit or loss.

## d. Revenue

Revenue is recognized when control over a good or service is transferred to a customer. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances. Liner services is a door-to-door transportation process where customers can enter or exit the process whenever before the terminal handling in exports and after the terminal handling in imports. Activities included in liner services are pre-carriage, warehousing, terminal handling, container services, sea-transportation, documentation, on-carriage and distribution. Eimskip considers each activity in the liner transportation process to be a distinct performance obligation. For each activity, with the exception of sea-transportation, revenue is recognized when the performance obligation has been satisfied or at a certain point-in-time.

## e. Income tax

Income tax expense for the period comprises current and deferred tax.

Tax is recognized in the Income Statement except to the extent that it relates to items recognized directly in Shareholders' equity. In case of recording directly in Shareholders' equity, the tax on this item is included in deferred taxes; the net amount is recognized in Shareholders' equity. The income tax rate is 20%.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Company is jointly taxed with its parent company.

## Notes

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### f. Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### g. Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for software is in the range of 3 - 7 years where certain software systems important to the operations have an estimated useful life of 7 years. Useful life is estimated at each reporting date.

Software .....	3 - 7 years
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### h. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis from the depreciable amount, which is the cost of an asset, less its residual value.

Buildings .....	15 - 50 years
Equipment .....	2 - 35 years

### i. Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's balance sheet.

### j. Inventories

Inventories mainly consist of supplies and are measured at cost.

### k. Shares in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. They are initially recognized at cost, which includes transaction costs. Subsequent to recognition, the Financial Statements include the Company's share of profit or loss of subsidiaries, until the date on which control ceases.

### l. Shares in associated companies

Associates are those entities in which the Company has significant influence, but not control, over financial and operating policies. Joint operation involves contractual sharing of control. Investment in equity-accounted investees is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to recognition, the Financial Statements include the Company's share of profit of equity-accounted investees, until the date on which significant influence or joint control ceases.

### m. Trade and other receivables

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

## Notes

### n. Derivative financial instruments

The Company holds derivative financial instruments to hedge a part of its exposure to fluctuation in oil prices. Derivatives are recognized at fair value. When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the derivative is recognized in the hedging reserve in equity. Any ineffective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss. The amount accumulated in equity is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

### 2. Salaries and related expenses

Salaries and related expenses are specified as follows:

	2023	2022
Salaries .....	58,746,098	54,025,619
Defined contribution pension plan .....	7,037,908	6,611,109
Other related expenses .....	8,965,700	8,413,485
Salaries and related expenses .....	74,749,706	69,050,213
Average number of full-time equivalents during the year .....	732	700

The members of the board, the CEO and other directors were employed by Eimskipafélag Íslands hf. and their salaries and related expenses is included in management fee paid by the Company.

### 3. Income tax

Effective income tax is specified as follows:

	2023		2022	
Net profit before income tax .....		27,750,765		51,356,713
Income tax based on the current corporate tax rate of 20.0% .....	20.0%	( 5,550,153)	20.0%	( 10,271,343)
Adjustments from previous year .....	( 3.5%)	969,564	0.4%	( 190,509)
Other changes .....	0.0%	0	0.2%	( 86,144)
Income tax according to the Income statement .....	16.5%	( 4,580,589)	20.5%	( 10,547,996)

### 4. Property and equipment

Property and equipment are specified as follows:

	Land and buildings	Containers and equipment	Total
<b>Cost</b>			
Balance at 1 January 2023 .....	99,556,843	154,181,761	253,738,603
Additions .....	5,377,877	15,039,702	20,417,579
Reclassified assets .....	88,382	( 88,382)	0
Disposals .....	( 576,105)	( 6,452,094)	( 7,028,199)
Balance at 31 December 2023 .....	104,446,997	162,680,987	267,127,983
<b>Depreciation</b>			
Balance at 1 January 2023 .....	31,987,348	89,271,950	121,259,298
Disposals .....	( 332,964)	( 5,499,861)	( 5,832,825)
Depreciation .....	3,204,138	9,827,253	13,031,391
Balance at 31 December 2023 .....	34,858,522	93,599,342	128,457,864
Carrying amounts .....	69,588,475	69,081,645	138,670,120

## Notes

<b>4. Property and equipment, continued:</b>		<b>Land and buildings</b>	<b>Containers and equipment</b>	<b>Total</b>
<b>Cost</b>				
Balance at 1 January 2022 .....	98,388,815	149,656,964	248,045,779	
Additions .....	606,482	14,354,203	14,960,685	
Reclassified assets .....	561,546	( 561,546)	0	
Disposals .....	0	( 9,267,860)	( 9,267,860)	
Balance at 31 December 2022 .....	99,556,843	154,181,761	253,738,603	
<b>Depreciation</b>				
Balance at 1 January 2022 .....	28,871,595	86,619,435	115,491,030	
Disposals .....	0	( 8,632,888)	( 8,632,888)	
Depreciation .....	3,115,753	11,285,403	14,401,156	
Balance at 31 December 2022 .....	31,987,348	89,271,950	121,259,298	
Carrying amounts .....	67,569,495	64,909,811	132,479,306	

The Company has entered into finance lease agreements with regard to equipment. The remaining balance amounted to EUR 6.0 million at year-end (2022: EUR 6.7 million) and is included in loans and borrowings. The book value of assets under finance lease was EUR 8.6 million at year-end (2022: EUR 9.3 million).

### 5. Intangible assets

Intangible assets and amortization are specified as follows:	<b>2023</b>	<b>2022</b>
Balance at 1 January .....	6,435,738	5,037,735
Additions during the year .....	5,719,826	4,284,049
Amortization .....	( 2,514,448)	( 2,886,046)
Balance at 31 December .....	9,641,116	6,435,738

### 6. Insurance value

The insurance value, real estate value and book value at year-end 2023 were as follows:

Insurance value of real estate .....	160,539,631
Official real estate valuation of land and buildings .....	138,712,292
Book value of land and buildings .....	69,588,475
Insurance value of other operating assets .....	70,115,229
Book value of other operating assets .....	69,081,645
Insurance value of inventories .....	5,392,534
Book value of inventories .....	6,334,093

### 7. Operating lease commitments

The Company leases vessels, real estate, trucks, equipment and containers under operating leases. The leases generally run for a period of two months to eight years.

Expensed lease are specified as follows:	<b>2023</b>	<b>2022</b>
Operating expense, (third parties) .....	47,319,418	38,561,147
Operating expense, (related parties) .....	24,336,250	24,195,120
Total expensed lease .....	71,655,668	62,756,267

## Notes

### 7. Operating lease commitments, continued:

Non-cancellable operating lease rentals are payable as follows:	2023	2022
Within 1 year .....	45,681,253	57,503,159
Between 1 - 2 years .....	10,056,920	16,548,946
Between 2 - 3 years .....	3,261,308	7,197,788
Between 3 - 4 years .....	1,789,942	1,687,059
Between 4 - 5 years .....	1,470,482	1,718,678
After 5 years .....	31,369,661	14,494,869
Total operating lease commitments .....	93,629,566	99,150,499

### 8. Shares in subsidiaries

The Company owns 100% in its subsidiaries A-Orange ehf. which is domiciled in Iceland and Eimskip Greenland A/S which is domiciled in Greenland. A-Orange ehf. is a dormant Company. The equity of Eimskip Greenland A/S was EUR 386.2 thousand in the year end (2022: Negative by EUR 133.2 thousand) and the result for the year was positive by EUR 518.7 thousand (2022: Negative by EUR 91.9 thousand).

### 9. Mortgages and guarantees

Mortgages and guarantees for debt with a remaining balance of EUR 89.3 million were registered against the Company's assets at year-end 2023 (2022: EUR 98.4 million). The pledged assets have a book value of EUR 47.3 million in the year-end 2023 (2022: EUR 47.9 million).

### 10. Trade receivables

Trade receivables are specified as follows:	2023	2022
Trade receivables .....	60,370,673	69,402,724
Allowance for impairment .....	( 6,360,470)	( 5,544,061)
Total trade receivables .....	54,010,203	63,858,663

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Balance 1.1. ....	5,544,061	4,992,111
Impairment loss recognized .....	( 328,804)	( 64,940)
Changes in allowance for impairment losses .....	1,145,213	616,890
Balance 31.12. ....	6,360,470	5,544,061

### 11. Deferred tax liability

Deferred tax liability (asset) is specified as follows:	2023	2022
Deferred tax liability (asset) 1 January .....	4,074,302	1,581,509
Income tax recognized in the Income Statement .....	4,580,589	10,547,996
Hedging reserve tax liability .....	311,313	559,870
Income tax payable in joint taxation .....	( 4,840,722)	( 8,761,608)
Other changes .....	17,325	146,535
Deferred tax liability 31 December .....	4,142,806	4,074,302

Deferred tax liability is specified as follows:

Non-current assets .....	4,195,676	3,450,873
Current assets .....	( 602,381)	( 338,626)
Exchange rate differences .....	233,305	402,185
Hedging reserve .....	316,206	559,870
Deferred tax liability 31 December .....	4,142,806	4,074,302

## Notes

### 12. Equity

The Company's share capital, according to its Articles of Association, amounts to ISK 4,123 million at year end. Shareholders are entitled to one vote per share at shareholders' meetings.

#### Share premium

Share premium represents excess of payments above nominal value that shareholders have paid for shares sold by the Company. The balance of the share premium can be used to offset losses not covered by other reserves.

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

#### Dividend

The Annual General meeting of Eimskip Iceland ehf. approved on 19 March 2023 a dividend payment of EUR 24.8 million which represented 60.8% of net earnings for the year 2022.

The Board of Directors proposes a dividend payment to shareholders in 2024 in the amount of EUR 15.0 million which represents 64.7% of net earnings for the year 2023.

### 13. Loans and borrowings

Loans and borrowings is specified as follows:

	2023	2022
Loans in EUR .....	83,138,887	91,222,222
Loans in ISK .....	2,901,715	2,096,582
Loans in USD .....	3,308,963	5,069,591
	89,349,565	98,388,395
Current maturities .....	( 10,393,669)	( 10,582,533)
Total non-current loans and borrowings .....	78,955,896	87,805,862

Non-current loans and borrowings are payable as follows:

Within 1 year .....	10,393,669	10,582,533
Between 1 - 2 years .....	40,218,521	10,014,039
Between 2 - 3 years .....	5,203,566	39,841,501
Between 3 - 4 years .....	4,901,597	4,912,287
Between 4 - 5 years .....	4,563,713	4,635,253
After 5 years .....	24,068,499	28,402,782
Total loans and borrowings, incl. current maturities .....	89,349,565	98,388,395

### 14. Related parties

Loans from related parties are specified as follows:

Loan from Eimskip Holding BV. ....	18,358,633	13,161,044
Loan from Eimskip USA Inc. ....	10,605,237	6,170,590
Loan from P/F Faroe ship .....	3,403	16,241,326
Loan from Eimskip UK .....	1,376,338	331,430
Loan from TVG Zimsen ehf .....	6,662,225	3,557,873
	37,005,836	39,462,263

Loans from group companies to Eimskip Ísland ehf. are in the form of revolving credit facilities and are negotiated on market terms. The revolving credit facilities each have a five year term which is renewed on the maturity date.

## Notes

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### 14. Related parties, continued:

Receivables and payables, revenue and expenses with related parties is specified as follows:

2023	Loans and		Revenue	Expenses
	Receivables	Payables		
Parent company .....	25,247,208	0	2,288,771	0
Other related companies .....	52,816,207	12,387,751	37,570,888	53,765,852
Total .....	78,063,415	12,387,751	39,859,659	53,765,852

2022	Loans and		Revenue	Expenses
	Receivables	Payables		
Parent company .....	18,501,504	0	1,355,074	0
Other related companies .....	54,470,198	12,996,077	45,662,821	55,582,214
Total .....	72,971,702	12,996,077	47,017,895	55,582,214

### 15. Auditor's fees

The audit fee is included in the auditor's fee for the Parent Company. Please refer to note 24 in the consolidated financial statement for the year 2023. No non-audit services have been provided to the entity.

### 16. Other matters

#### Investigation of the Iceland District Prosecutor

No changes have been in this case during the year. The Company believes that it complied with all laws and regulations in the sales process and sold the vessels for further trading but not to recycling. In 2020 the Environment Agency of Iceland reported the Company to the District Prosecutors for alleged violation of the Icelandic Waste Management Act due to the vessels Godafoss and Laxfoss being recycled in India. On 20 June 2022 the COO of Eimskipafélag Íslands hf. received a status of a defendant from the Icelandic District Prosecutor in the investigation regarding the sale and went to the District Prosecutor for formal questioning. Eimskip will diligently provide all the information requested by the Icelandic District Prosecutor. Any elaboration on the potential outcome of the investigation is premature, and no information is available on potential fines, or if they will materialize. The investigation has had immaterial effect on the Company's Financial Statements.

### 17. Subsequent events

There are no subsequent events to report.