Irish Continental Group

2021 Annual Report
and Financial Statements

Contents

Irish Continental Group (ICG) is the leading Irish-based maritime transport group. We carry passengers and cars, Roll on Roll off freight and Container Lift on Lift off freight, on routes between Ireland, Britain and Continental Europe. We also operate container terminals in the ports of Dublin and Belfast.

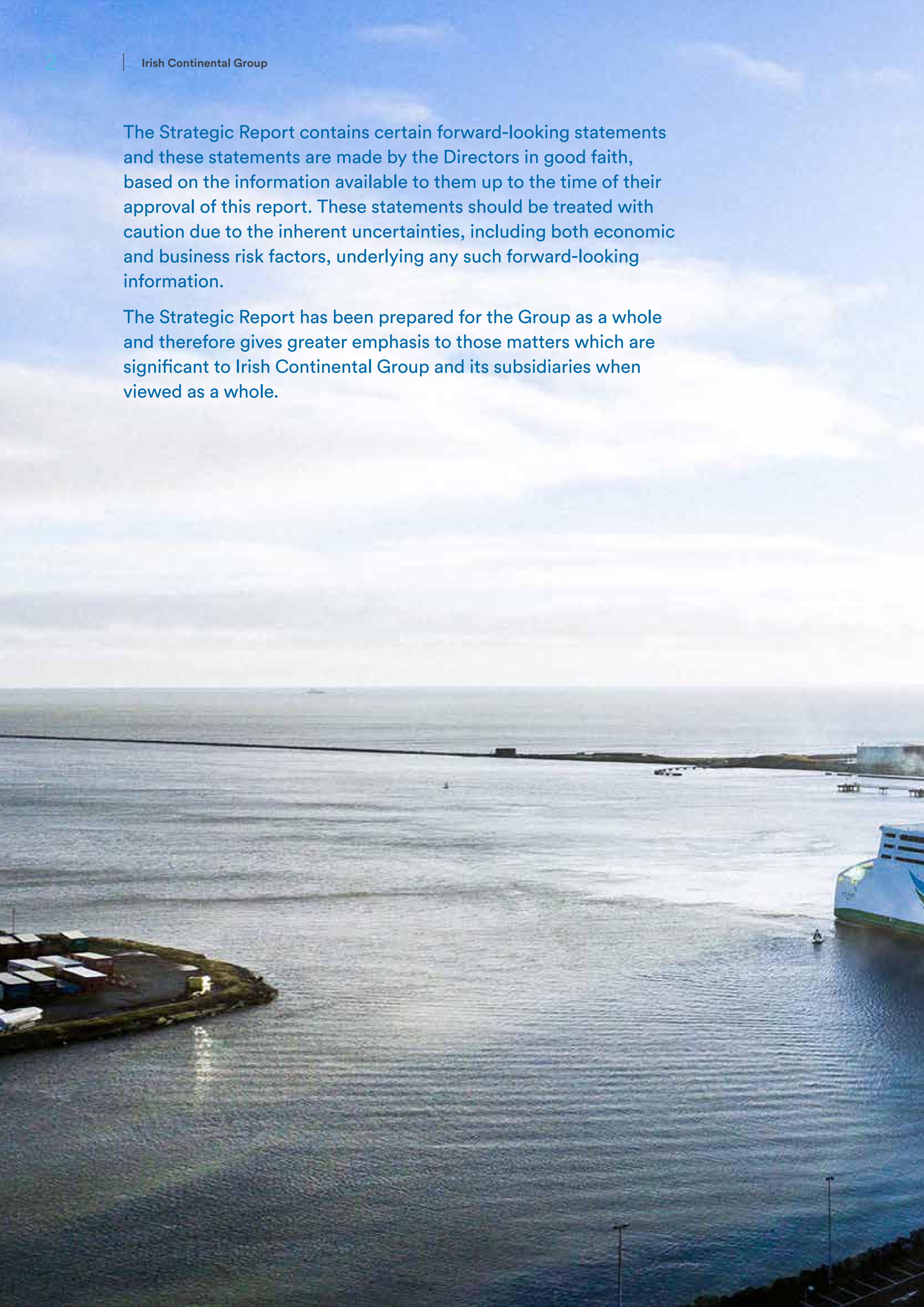
We aim for continued success in our chosen markets and focus our efforts on the provision of a safe, reliable, timely, good value and high-quality experience for all our customers in a way that minimises our impact on the environment.

We will achieve success by anticipating our customers' needs and matching their requirements with superior services through constant innovation and the rapid application of technology.

We measure our success through the quality of our service, as seen by our customers, which should result in delivering sustained and profitable growth for the benefit of all our stakeholders.

The Strategic Report contains certain forward-looking statements and these statements are made by the Directors in good faith, based on the information available to them up to the time of their approval of this report. These statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Irish Continental Group and its subsidiaries when viewed as a whole.



Strategic Report

The Group

The Group operates through two divisions: the Ferries Division, whose principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities, and the Container and Terminal Division, whose principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland.

Ferries Division

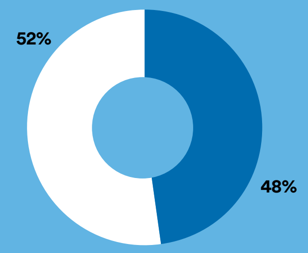
- Modern fleet of multi-purpose ferries and LoLo container vessels operating between the Republic of Ireland and Britain and Continental Europe, and on charter.
- Capacity to operate up to 37 daily sailings, increasing to 47 during 2022.
- Key passenger and freight positions on short sea routes between the Republic of Ireland to Britain, and Britain to Continental Europe.
- Inclusive package holidays to the Republic of Ireland, Britain and France.
- Vessel chartering activities both within and outside the Group.

Container and Terminal Division

- Container shipping services between Ireland and Continental Europe, operating a modern vessel fleet and equipment.
- Full door-to-door container transport service between Ireland and over 20 countries.
- Strategically located container terminals in Ireland's main ports of Dublin and Belfast.

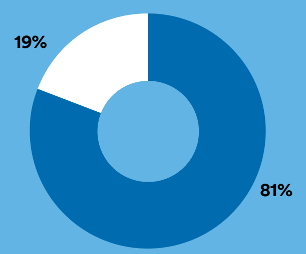
Revenue

€334.5m



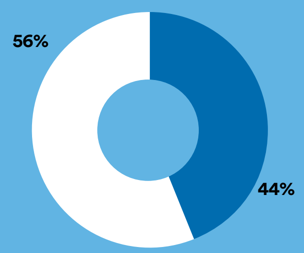
Capital Employed

€377.4m



EBITDA

€52.3m



Ferries   Container & Terminal


Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
Ports Served By Ferries: Dublin, Rosslare, Holyhead, Pembroke, Cherbourg, Dover, Calais
Group Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Dublin Ferryport Inland Depot
Belfast Container Terminal
Ports Served By Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M3
M4
M7
M11
M50
Dublin Ferryport Inland Depot
Dublin Port
Holyhead
Rotterdam
Antwerp
Cherbourg
Belfast
Dublin
Rosslare
Cork
Holyhead
Pembroke
Dover
Calais
Cherbourg
Rotterdam
Antwerp
United Kingdom
Netherlands
Belgium
Germany
France
Switzerland
Italy
Norway
Sweden
Denmark
Estonia
Latvia
Lithuania
Poland
Czech Rep.
Slovakia
Austria
Hungary
Slovenia
Croatia
Romania
Serbia
Bulgaria

Financial Highlights

Revenue

€334.5m +20.7%

2020: €277.1m

EBITDA (pre non-trading items)*

€52.3m +24.2%

2020: €42.1m

EBIT (including non-trading items)*

€(0.2)m +98.1%

2020: €(10.4)m

Basic earnings per share

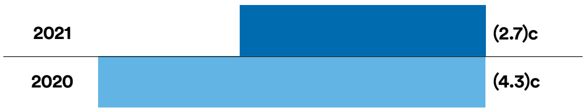
(2.6)c +74.5%

2020: (10.2)c

Adjusted basic earnings per share*

(2.7)c +37.2%

2020: (4.3)c



Net debt*

€(142.2)m -60.7%

2020: €(88.5)m

Return on average capital employed*

(0.1%)

2020: 0.2%

* The Group uses alternative performance measures "APMs" which are non-IFRS measures to monitor Group performance. Definitions and reconciliation to IFRS measures are set out on pages 20 to 21.

Our Group at a Glance

Irish Continental Group is a customer focused business with a pivotal position in the logistics chain facilitating international trade between Ireland, Britain and Continental Europe.

Strategic short sea RoRo routes operated by Irish Ferries providing seamless connections between Ireland, Britain and Continental Europe for the 290,000 RoRo units carried in 2021.

Reliability underpinned by major investment in tonnage and maintenance of quality assets ensuring the high levels of schedule integrity demanded by our customers.

Strategically located container terminals which handled 335,500 container units during 2021 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

Connected container transport services provided by Eucon, transporting 346,600 teu (twenty foot equivalent) in 2021 between Ireland and 20 countries throughout Europe by sea, road, rail and barge.

Always on, always in touch, our shipping and terminal services operate 24/7, assisted by investment in modern booking and tracking systems to ensure our customers can keep in touch over a variety of platforms.

Fastest crossing on the Irish sea on board the Irish Ferries Dublin Swift fastcraft service with a sailing time of two hours between Dublin and Holyhead at speeds of up to 65 kph.

Key contributor to regional tourism in all countries we offer services, Irish Ferries carried 667,800 passengers and 203,600 cars during 2021 with research indicating that car tourists stay longer and travel outside the main urban centres.

High standard on-board experience enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Duty free shopping for passengers travelling to and from Britain. Passengers are never out of touch with free satellite wi-fi services.

Five Year Summary

Summary extract of Income Statement	2021 €m	2020 €m	2019[3] €m	2018 €m	2017 €m
Revenue	334.5	277.1	357.4	330.2	335.1
Operating expenses and employee benefits expense	(282.2)	(235.0)	(270.6)	(261.8)	(254.1)
Depreciation, impairment and amortisation	(52.5)	(41.3)	(36.8)	(22.1)	(20.7)
	(0.2)	0.8	50.0	46.3	60.3
Non-trading items [1]	-	(11.2)	14.9	13.7	28.7
Interest (net)	(3.9)	(7.6)	(3.4)	(0.8)	(1.3)
(Loss) / profit before taxation	(4.1)	(18.0)	61.5	59.2	87.7
Taxation	(0.8)	(1.0)	(1.3)	(1.4)	(4.4)
(Loss) / profit for the year	(4.9)	(19.0)	60.2	57.8	83.3
EBITDA	52.3	42.1	86.8	68.4	81.0
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share					
-Basic	(2.6)	(10.2)	31.7	30.4	44.1
-Adjusted basic[2]	(2.7)	(4.3)	23.8	23.1	31.0
Dividend per share	-	-	4.42	12.77	12.16
Shares in issue at year end:	m	m	m	m	m
-At year end	182.8	187.0	187.4	190.3	189.9
-Average during the year	186.7	187.0	189.8	190.0	188.8

Summary extract of Statement of Financial Position	2021 €m	2020 €m	2019[3] €m	2018 €m	2017 €m
Property, plant and equipment, right-of-use and intangible assets	387.3	353.0	353.5	308.1	250.0
Retirement benefit surplus	6.7	1.0	12.5	2.5	8.1
Other assets	117.9	224.9	225.8	203.7	135.2
Total assets	511.9	578.9	591.8	514.3	393.3
Equity capital and reserves	249.7	265.9	287.9	252.9	223.8
Retirement benefit obligation	1.4	2.2	3.7	4.2	3.4
Other non-current liabilities	154.8	141.6	229.3	205.7	51.5
Current liabilities	106.0	169.2	70.9	51.5	114.6
Total equity and liabilities	511.9	578.9	591.8	514.3	393.3
Summary extract of Consolidated Statement of Cash Flows					
Net cash inflow from operating activities	56.8	46.1	84.8	61.5	71.8
Net cash (outflow) / inflow from investing activities	(52.7)	7.8	(52.3)	(158.8)	27.7
Net cash (outflow) / inflow from financing activities	(116.4)	(14.4)	(46.5)	131.4	(51.3)
Cash and cash equivalents at the beginning of the year	150.4	110.9	124.7	90.3	42.2
Effect of foreign exchange rate changes	0.4	-	0.2	0.3	(0.1)
Closing cash and cash equivalents	38.5	150.4	110.9	124.7	90.3
	€m	€m	€m	€m	€m
Net (debt) / cash	(142.2)	(88.5)	(129.0)	(80.3)	39.6
	Times	Times	Times	Times	Times
Net debt / EBITDA	2.6x	2.1x	1.5x	1.2x	N/A
Gearing (net debt as a percentage of shareholders' funds)	57%	33%	45%	32%	N/A

1. 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.

2. Adjusted basic earnings per share exclude pension interest and non-trading items.

3 The figures for years prior to 2019 have not been restated for the effects of IFRS 16 which was adopted with effect 1 January 2019. The effect on the Consolidated Income Statement for financial year 2019 was to decrease operating expenses by €9.4 million, increase depreciation charges by €8.6 million, increase interest expenses by €1.0 million and a net reduction in profit after tax of €0.2 million. The effect on the Consolidated Statement of Financial Position was to increase assets by €35.3 million and liabilities by €35.5 million and reduce retained earnings by €0.2 million.

Chairman's Statement

2021 was another challenging year for the Group, with a continuation of travel restrictions due to the Covid-19 pandemic. However, it was also a year of significant progress for the Group in particular the commencement of Irish Ferries services on the strategic Britain – Continental Europe short sea route between Dover and Calais. It has been a long-term objective of the Group to expand into this route and its commencement in 2021 is all the more impressive given the current difficulties in our market caused by the pandemic related travel restrictions.

Investment in future growth and our future sustainability continued throughout 2021. We acquired one ferry, the Isle of Innisfree during 2021 together with the charter of a second vessel, the Blue Star 1. In addition, we agreed to the purchase of a third vessel for delivery in 2022. We also added a further container vessel, the CT Daniel to our fleet. As summarised below and detailed later on in the Annual Report, we continued to invest in a sustainable future for the Group. Continued investment in the electrification of Dublin Ferryport Terminal (DFT) took place, which will lead to an achievable and material reduction in emissions from this container terminal based in Dublin Port.

Despite the difficulties in our passenger business, both our RoRo freight operations and container and terminal operations enjoyed another strong year of growth. The Container and Terminal Division had another exceptionally strong year, with growth in both revenues and profitability. Ferries Division RoRo revenues recovered from a difficult start to the year following the end of the transition period between the European Union and the United Kingdom. The flexibility of the Ferries Division fleet allowed Irish Ferries to quickly adjust to changing trade flows in the first half of the year.

I would like to take this opportunity to thank all our colleagues who made retention of these critical services possible through the Covid-19 pandemic that is now hopefully behind us. As in the prior year, particular thanks are extended to our colleagues on our front line in the ports, on our ships and in our terminals. Again, this year and throughout this pandemic, their dedication to their roles kept our ships sailing, our container terminals operating and crucially the supply lines of our island open.

Financial Outcome

The overall financial outcome for the Group was a loss before tax of €4.1 million (2020: loss of €18.0 million) while operating loss before non-trading items was €0.2 million (2020: €0.8 million profit). EBITDA (pre non-trading items) generated was €52.3 million (2020: €42.1 million) from total revenues of €334.5 million (2020: €277.1 million).

EBITDA remained broadly in line with the prior year in our Ferries Division where EBITDA before non-trading items was €23.2 million (2020: €22.3 million). The division saw increased revenues from the easing of travel restrictions and commencement of the Dover – Calais service which was offset by an increase in costs, driven primarily by higher fuel prices and increased activity.

Performance in our Container and Terminal Division improved with an EBITDA of €29.1 million (2020: €19.8 million) through a continued focus on cost optimisation and increases in revenue.

As in the prior year, when the Group also faced challenging trading conditions, our diversified revenue streams and cost containment measures protected our strong balance sheet. While Net Debt increased from €88.5 million to €142.2 million, this was primarily due to strategic capital expenditure of €41.7 million. It is testament to the strength of the business and the balance sheet that despite the trading difficulties, we had the ability to continue investing in the future growth of our business.

Strategic Development

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

In keeping with our progress over the last number of years, we have placed a significant focus on enhancing our approach to ESG and sustainability. As detailed in the Annual Report, we have rolled out a number of exciting initiatives across the Group. These are discussed later in the Annual Report at pages 40 to 61, highlights of which include the significant progress we have made in reducing the emissions of our container terminal operations. 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 (versus 2020).

The progress made to date and the expected future investment have allowed us to target net zero emissions in our container terminal operations by 2030. This year also sees the publication of our environmental policy and the development of our climate risk framework. As a business, we recognise the growing importance of providing transparency over our efforts to create value in a sustainable manner, based on a set of topics which we have identified as material to our business and our stakeholders.

On 26 March 2021, ICG subsidiary Irish Ferries announced that it would commence a new ferry service on the Dover – Calais route. This new service launched on 29 June 2021, with the introduction of the Isle of Inishmore on the route. The service was further expanded by the introduction of the Isle of Innisfree onto the route on 16 December 2021. The service offered will be further expanded by the planned introduction of the Isle of Inisheer in the first half of 2022. This is an exciting development for the Group and in line with our long-term ambitions. The route is a strategic short sea route between Britain and Continental Europe. Following the introduction of the Isle of Inisheer, Irish Ferries will offer up to 30 sailings per day on the Dover – Calais route.

In the prior year, the Group took delivery of and commissioned two electrically powered remotely operated rubber-tyred gantries (RTGs) at DFT following the previous successful commissioning of two similar units. This increases the total number of electric gantries in our Dublin Terminal to four continuing our transition to this more environmentally efficient mode of operation. Following the successful deployment of these environmentally friendly electric rubber-tyred gantries, DFT placed an order for an additional five of these cranes which will be delivered and commissioned in the second half of 2022. The deployment of these electric cranes will allow us to meet our target of reducing emissions in our terminals by 70 per cent in 2025 (versus 2020) and reaching our target of net zero emission in our terminals by 2030. Furthermore, the delivery of these cranes and the relocation of our empty depot facility to the Dublin Ferryport Inland Depot will increase the capacity of DFT to meet the need of the market.

Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. The £40 million re-investment project by

Chairman’s Statement
Continued

BHC commenced in 2020 and continued into 2021. The project includes extensive civil works and the delivery of two new ship-to-shore gantry cranes along with eight new electrically operated RTGs. As per the investment in DFT, this investment is essential to reducing emissions in our terminal operations. The project is now nearing completion and the deployment of the final three RTGs is expected to be completed by the end of 2022.

During 2020 the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. The Group has signed an agreement to enter into a 20-year lease for this operation on completion of certain civil works by the landlord. The facility became operational in January 2022. The facility will be used for the remote storage, maintenance and upgrade of empty container boxes, releasing valuable capacity for the handling of containers in the port area. The Dublin Inland Port is located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and Dublin Port via the Port Tunnel.

Exit of the United Kingdom from the European Union

On 31 December 2020, the UK and EU ended the post Brexit transition period. While trade flows have decreased between Ireland and Britain, our customers have gained more experience with custom formalities and many are returning to the more efficient and reliable short sea services. The change in trade flows and volumes throughout the year has been managed by having a flexible fleet that has allowed us to adjust capacity on our direct continental RoRo and container shipping services. While over the course of the entire year (excluding our new service on Dover – Calais) this has led to a reduction in RoRo volumes, the change in yield mix has maintained RoRo revenues at levels only slightly behind the prior year.

Still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. To the extent that goods are destined for the Republic of Ireland, this is causing a distortion in the level playing field as goods that arrive directly into the Republic of Ireland ports from Britain are being checked on arrival.

Corporate Governance

The Board acknowledges the importance of good corporate governance practices. We have developed a corporate governance framework based on the application of the principles and provisions of the UK Corporate Governance Code (2018) and the Irish Corporate Governance Annex. I report on this framework in the Corporate Governance Report on pages 80 to 93.

During the year, I led the annual evaluation of Board performance, which was externally facilitated, of which further details are set out in the Corporate Governance Report on pages 88 to 89. As Chairman, I am satisfied that the Board operates effectively to ensure the long-term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

Dividend and share buyback

On 1 July 2020, the Group announced that due to the effect of Covid-19, the Directors considered it prudent not to proceed with the 2019 final dividend previously announced. With the continuation of travel restrictions throughout 2020 and the consequential effects on the Group’s financial results, no interim dividend was declared or paid relating to 2020. As travel restrictions continued in and throughout most of 2021, the board did not declare or pay any interim dividend relating to 2021.

Following the easing of travel restrictions in 2022, and the consequent improvement in passenger revenues together with the continuation of strong performance in all other revenue streams, the Board has considered it appropriate to recommence the payment of dividends. The Board is proposing the payment of a dividend of 9.00 cent per ordinary share on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. Irish dividend withholding tax will be deducted where appropriate.

In November 2021, the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million (2020: €1.7 million).

Outlook

Since our last update to the market, in the Trading Update of 24 November 2021, trading to the end of 2021 in our freight business was strong with a continuation of the trends that have seen freight customers returning to the short sea routes. It was a disappointing end to 2021 for our passenger business with the reintroduction of Covid-19 travel restrictions following the emergence of the Omicron variant.

In the period from 1 January 2022 to 5 March 2022, trading has been strong in the Ferries Division with a continuation of the positive trends in our freight business and a lifting of most Covid-19 travel restrictions. Irish Ferries carried 35,900 cars in the period, an increase of 392% over the same period in the prior year. Excluding the new Dover – Calais service, on a like-for-like basis car carryings grew by 163%. While these increases are encouraging, it is over a seasonally less significant time of the year for passenger travel. While the early months are typically a quiet period for passenger travel, the increase in volumes seen in 2022 to date over the prior year are an encouraging indicator for post Covid travel trends.

RoRo volumes in our Ferries Division have also started strongly in 2022. Overall, Irish Ferries RoRo volumes are up 145% on the same period in the prior year. Excluding the new Dover – Calais service, RoRo volumes on the legacy routes are up 27% on the prior year. This is a continuation of the trend of a return of freight volumes to the short sea routes. While the beginning of 2022 has also been encouraging in our RoRo business, still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain that are destined for the Republic of Ireland, unlike the required checks on goods arriving directly into the Republic from Britain.

The Container and Terminal Division has had a weather disrupted start to 2022 which has materially reduced the number of sailings in the container business. The number of sailings reduced by 17% versus the same period in the prior year and this resulted in a 10.6% reduction in containers shipped. Port lifts in our container terminals decreased overall by 1%.

Our new service on Dover – Calais continues to perform in line with our expectations and we are encouraged by the very positive reception received on the route from customers.

As in the prior year, there is still some uncertainty over the possible emergence of further waves of Covid infections and any effect they may have on travel patterns. Also of concern is the conflict in eastern Europe and the extent to which fuel prices will remain at current historically high levels. While we will pass these increased costs through to customers, the underlying effect of the conflict on economic growth is uncertain. Nevertheless, with our significant investment in a flexible modern fleet and in our container terminal footprint combined with our strong balance sheet, this places us in a very good position to benefit from any continued growth in all our markets.

John B. McGuckian,

Chairman
9 March 2022

Chief Executive's Review

2021 Performance

2021 was a progressive year for the Group, which saw the expansion of the Group's ferry services to the Dover – Calais route and continued growth in both our RoRo and LoLo business. Despite the obvious challenges of the Covid-19 pandemic and the resulting travel restrictions, the Group maintained essential shipping links on and off the island of Ireland through operating its conventional ferries. The Group utilised its flexible shipping fleet to ensure it could adjust and service the short-term changes to trade flows following the end of the Brexit transition period.

The Group made a loss before tax of €4.1 million (2020: loss of €18.0 million), at an operating level pre non-trading items a small loss of €0.2 million (2020: profit of €0.8 million) is reported. Operations were cash generative at €56.8 million (2020: €46.1 million) and the Group maintained a strong balance sheet.

The Chairman in his review noted the progress we have made in the strategic development of the Group despite the difficult backdrop in our markets. These include significant environmental investments in both of our divisions and an improvement in our ESG reporting at a Group level.

The performance in the Ferries Division saw a slight increase in EBITDA to €23.2 million (2020: €22.3 million). While the performance is disappointing, we take comfort and encouragement from the division's ability to introduce significant cost containment measures that ensured it remained profitable at an EBITDA level. This is testament to the division's underlying cost base.

Performance in the Container and Terminal Division grew at an impressive rate during the year. EBITDA in this division increased by 47.0% to €29.1 million (2020: €19.8 million). This was driven by strong growth in activity levels, with revenue growing by 18.8% to €174.0 million (2020: €146.5 million).

Key Financial Highlights

EBITDA (pre non-trading items)

€52.3m +24.2%

2020: €42.1m

EBIT (pre non-trading items)

€(0.2)m

2020: €0.8m

Return on average capital

(0.1%) -0.3pts

2020: 0.2%

Adjusted earnings per share

(2.7)c +37.2%

2020: (4.3)c

Free cash flow before strategic capital expenditure

€43.3m +22.7%

2020: €35.3

Financial Position

The Group ended the year in a strong position financially notwithstanding that equity attributable to shareholders decreased by €16.2 million to €249.7 million. To protect the Group's already strong liquidity position against the short-term uncertain trading environment, a decision was made not to pay any dividends during 2021 (2020: €nil). During the year, the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million.

Net debt at year end was €142.2 million compared to net debt of €88.5 million in the prior year. This represents a net debt / EBITDA leverage of 2.6 times under banking covenant definitions. The increase in net debt is due to strategic capital expenditure of €41.7 million and share buyback of €19.8 million during the year. Year end net debt of €142.2 million comprised gross borrowings of €123.1 million (2020: €200.4 million), lease obligations of €57.6 million (2020: €38.5 million) less gross cash balances of €38.5 million (2020: €150.4 million). Right-of-use lease obligations are excluded for banking covenant purposes.

Strategic Performance

As Chief Executive, a key responsibility is to drive future profitable and sustainable growth of the Group. I'm happy to report that on a strategic level significant progress was made during 2021 in preparing the Group for future long term growth opportunities.

During the year, the Group commenced Irish Ferries services on the new Dover – Calais route. The services commenced on the 29 June 2021 with the deployment of the Isle of Inishmore. The route was further boosted with the introduction of the Isle of Innisfree onto the route on the 16 December 2021. The Group purchased a third ship for the route to be named the Isle of Inisheer. This ship will enter service onto the route in the first half of 2022. The introduction of a third ship onto the route for Irish Ferries will strengthen our position on the route and ensure we are a viable alternative to the incumbent operators.

In the prior year, the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. This is an important contract for the Group as we look to expand our container operations in Dublin in the knowledge of the scarcity of space to expand in the core Dublin Port area. It is testament to the quality

Chief Executive's Review
Continued

of our container operations in the Port area that we have been selected as the first tenant of the new Inland Port facility. Operations at this terminal commenced in January 2022.

The Group's management continually seeks investment opportunities which meet the Group's stringent return hurdles both in terms of return and risk appetite, a policy which is promoted at all levels within the organisation. These investments are funded through a combination of debt and cash generation from existing activities.

Strategy and the Environment

The Group is conscious that its activities have an environmental impact but is happy to note that reducing that impact aligns with our overall strategy. In the prior year, the Group proceeded with the significant investments in installing exhaust gas cleaning systems (EGCS) and the ongoing program of electrification of heavy plant at our container terminals. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operatives and align with the strategic objective of delivering sustained and profitable growth. This investment continued in 2021, including the order of five additional electric cranes for our Dublin Ferryport Terminal. In addition to the continued investment, the Group has this year enhanced our target setting across the organisation, developed a climate risk framework and published for the first time our environmental policy. Details of our work in this space during the year are detailed in our Sustainability and ESG Report at pages 40 to 61.

The Group currently collects various data related to its environmental impact of its operations for external reporting purposes. In recognition of the powerful effect that data can have on creating awareness of individual actions. In the prior year, the Group commenced a program to collate and harness this data as a tool to promote environmental responsibility within the workforce. While we recognise that we still have a way to go, we consider the steps taken over the last number of years as creating the foundation from which we can further develop 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 which generate an economic return. The International Maritime Organisation and the European Union have recently set out decarbonisation goals for the Maritime industry. These are set out in our Sustainability and ESG Report on pages 40 to 61.

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.

Exit of the United Kingdom from the European Union

With the ending of the transition period on 31 December 2020 following Brexit, customs and other formalities were introduced on freight movements on our routes between Ireland and Britain. However, the long standing Common Travel Area arrangements were retained which allow free movement of passengers between both jurisdictions. The UK has also retained its adherence to the Convention on the Contract for the International Carriage of Goods by Road which facilitates the movement of goods to Continental Europe via the UK. Of concern is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. This creates a distortion in the market, where such checks are applied on goods arriving into Republic of Ireland ports.

The effect of the new formalities during 2021 was to change RoRo freight shipping patterns for goods moving between Ireland and Continental Europe, from the UK landbridge to direct services. In response, with the flexibility of our fleet, we adjusted capacity between our short sea Ireland Britain services and direct Continental services. While this has resulted in a reduction in RoRo volumes, a higher yield mix has maintained revenues at levels marginally behind last year. As our customers have become more familiar with the new checking arrangements, continental flows are returning to the more efficient and weather reliable short sea services.

Following the end of the transition period, Duty Free sales on our sailings into Britain recommenced,

following the previous abolition of Duty Free sales in 1999. While early signs are encouraging, until we see a full return to post Covid-19 passenger levels, it will be difficult to judge how beneficial this will be for the Group.

Stakeholders

The Group's performance is dependent on the support of our customers, suppliers and employees. I would like to thank all our customers for their support during this difficult year. We will continue to work with our customers to meet their expectations into the future.

Our suppliers are key to our ability to deliver quality services to our customers. We continually work with our suppliers whether they be port operators, contracted service providers or product suppliers to improve efficiencies and quality. We appreciate the co-operation and flexibility achieved in delivering our 24/7 services.

As in prior years, I would like to take this opportunity to thank our employees for their continued dedication to the operation of our services that are essential to the island of Ireland. This dedication has never before been so severely tested. It is testament to their dedication and skill that the Group's services on and off the island were maintained.

Outlook

I look forward in 2022 to a return to normalised levels in our passenger markets with the easing of Covid-19 travel restrictions, the continuation of the trends in 2021 which saw a gradual return of RoRo freight to our short sea Irish Sea routes and the continued growth in our Container and Terminal Division. The introduction of a third vessel onto our Dover – Calais service will give us an excellent platform to continue to grow and firmly establish ourselves on the new route. As in prior years, we will continue to seek out improvement and investment opportunities for our longer-term success.

Eamonn Rothwell,

Chief Executive Officer
9 March 2022

Business Model and Strategy

Irish Continental Group is a focused provider of maritime passenger and freight services with its principal operations in Northwest Europe. The Group operates through two divisions: the Ferries Division, whose principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities, and the Container and Terminal Division, whose principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland. Key risks and uncertainties affecting the Group are set out on pages 67 to 71.

Further details on these operations are set out in the Strategic Report on pages 24 to 34.

There are two principal elements to the Group's strategy for delivering value to shareholders:

Investment in quality assets in order to achieve economies of scale consistent with a superior customer service

Benchmarking costs to industry best practice to enable the Group to compete vigorously in its chosen markets.

This strategy is supported by our five strategic pillars

- Quality service
- People and culture
- Financial management
- Safety
- Sustainability

The key resources supporting delivery of this strategy include

- A modern ferry fleet
- Long term leasehold interests and operating agreements
- Access to strategically located ports and slot times
- Experienced qualified staff
- Recognised brand names
- Access to financial resources


IRISH FERRIES

Key Performance Indicators and Summary of 2021 Results

The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations and of the Group as a whole which are set out and defined below.

Certain financial measures used 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.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation, impairment, amortisation and non-trading items.	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, tax and non-trading items.	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 plus lease liabilities less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
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

APM	Description	Benefit of APM
Non-Financial KPI	Description	Benefit of non-financial KPI
Schedule integrity	Schedule integrity (the number of sailings completed versus scheduled sailings).	Schedule integrity is an important measure for Irish Ferries' vessels as it reflects the reliability and punctuality of our service. This measure is meaningful to both our passenger and freight customers alike in facilitating them and their cargo to arrive on time at their final destination.

The following table sets forth the reconciliation from the Group's operating loss (EBIT) for the financial year to EBITDA, free cash flow and net debt. See note 12 to the Consolidated Financial Statements for the calculation of Basic and Adjusted Basic EPS.

Cash Flow	2021 €m	2020 €m
Operating loss (EBIT)	(0.2)	(10.4)
Non-trading items (note 10)	-	11.2
Net depreciation, impairment and amortisation (note 9)	52.5	41.3
EBITDA	**52.3**	**42.1**
Working capital movements (note 34)	11.7	10.6
Pension service costs less payments (note 34)	0.6	(1.1)
Share based payments expense	0.3	0.2
Other	1.1	(0.6)
Cash generated from operations	**66.0**	**51.2**
Interest paid	(8.4)	(3.7)
Tax paid	(0.8)	(1.4)
Maintenance capital expenditure	(13.5)	(10.8)
Free cash flow before strategic capital expenditure	**43.3**	**35.3**
Strategic capital expenditure	(41.7)	(19.3)
Repayment of vessel contract deposit	-	33.0
Free cash flow after strategic capital expenditure	**1.6**	**49.0**
Proceeds on disposal of property, plant and equipment	2.8	4.9
Buyback of equity	(19.8)	(1.7)
Proceeds on issue of ordinary share capital	0.7	0.2
Net cash flows	**(14.7)**	**52.4**
Opening net debt	(88.5)	(129.0)
Recognition of right-of-use asset lease obligations	(38.5)	(12.5)
Translation / other	(0.5)	0.6
Closing net debt	**(142.2)**	**(88.5)**

Key Performance Indicators and Summary of 2021 Results
Continued

The following table sets forth the reconciliation from the Group's ROACE calculation:

ROACE	2021 €m	2020 €m
Equity	249.7	265.9
Net debt	142.2	88.5
Asset under construction (including prepayment deposits)	(9.2)	(3.3)
Retirement benefit obligations	1.4	2.2
	384.1	**353.3**
Retirement benefit surplus	(6.7)	(1.0)
Capital employed	**377.4**	**352.3**
Average capital employed	364.9	358.3
Operating (loss) / profit (before non-trading items)	(0.2)	0.8
ROACE	**(0.1%)**	**0.2%**

The following table provides a reconciliation of the Group's net debt position:

Net debt	2021 €m	2020 €m
Cash and cash equivalents (note 19)	38.5	150.4
Non-current borrowings (note 22)	(115.8)	(113.1)
Current borrowings (note 22)	(7.3)	(87.3)
Non-current lease obligations (note 23)	(37.5)	(27.8)
Current lease obligations (note 23)	(20.1)	(10.7)
Net debt	**(142.2)**	**(88.5)**

The calculation and performance of KPIs and a summary of the key financial results for the year is set out in the table below. A detailed review of the divisional operations is set out in the Strategic Report on pages 24 to 34.

	Comment	Ferries 2021 €m	Ferries 2020 €m	Container & Terminal 2021 €m	Container & Terminal 2020 €m	Inter- Segment 2021 €m	Inter- Segment 2020 €m	Group 2021 €m	Group 2020 €m
Revenue		175.5	141.4	174.0	146.5	(15.0)	(10.8)	334.5	277.1
EBITDA	1	23.2	22.3	29.1	19.8	-	-	52.3	42.1
Depreciation, impairment and amortisation		(40.6)	(34.6)	(11.9)	(6.7)	-	-	(52.5)	(41.3)
Operating (loss) / profit (EBIT)	2	(17.4)	(12.3)	17.2	13.1	-	-	(0.2)	0.8
Non-trading item (note 10)		-	(11.2)	-	-	-	-	-	(11.2)
Finance costs (note 7)		(2.0)	(6.4)	(2.0)	(1.4)	-	-	(4.0)	(7.8)
Finance income (note 6)		-	0.2	0.1	-	-	-	0.1	0.2
(Loss) / profit before tax		(19.4)	(29.7)	15.3	11.7	-	-	(4.1)	(18.0)
ROACE	3	(5.9)%	(4.2)%	25.5%	21.0%			(0.1)%	0.2%
EPS: (note 12)									
EPS Basic	4							(2.6)c	(10.2)c
EPS Adjusted Basic	4							(2.7)c	(4.3)c
Free cash flow	5							43.3	35.3

Comment:

Financial KPIs

1. **EBITDA:** Group EBITDA for the year increased by 24.2%, to €52.3 million (2020: €42.1 million). The increase in underlying EBITDA was primarily due to due to increased revenues and a continued focus on cost optimisation. EBITDA in the Ferries Division increased by 4.0%, to €23.2 million, while the Container and Terminal Division increased by 47.0%, to €29.1 million.
2. **EBIT:** Group EBIT (pre non-trading items) for the year decreased to €(0.2) million (2020: €0.8 million). The Ferries Division decrease in underlying EBIT was 41.5%, primarily due to the set-up costs on the Dover – Calais route, while the Container and Terminal Division was 31.3% higher, as a result of higher volumes and revenues. Group EBIT including non-trading items increased to €(0.2) million (2020: €(10.4) million). The non-trading item in the prior period relates to the transfer of pension liabilities to a third-party insurer.
3. **ROACE:** The Group achieved a return on average capital employed of (0.1)% (2020: 0.2%). The Ferries Division achieved a return on average capital employed of (5.9)% (2020: (4.2)%) while the Container and Terminal Division achieved 25.5% (2020: 21.0%).
4. **EPS:** Basic EPS was (2.6) cent compared with (10.2) cent in 2020. Adjusted Basic EPS (before non-trading items and the net interest (income) / cost on defined benefit obligations) was (2.7) cent compared with (4.3) cent in 2020.
5. **Free cash flow before strategic capital expenditure:** The Group's free cash flow before strategic capital expenditure was €43.3 million (2020: €35.3 million). The increase in free cash flow is mainly due to the increase in EBITDA. Free cash flow before strategic capital expenditure is a meaningful measure of cash generated for investment or return to shareholders.

Non-Financial KPIs

Schedule integrity: The Ferries Division delivered 96% of scheduled sailings compared with 98% in the previous year across all services.

The Ferries Division

The Ferries Division operates multipurpose ferry services carrying both passengers and RoRo freight on strategic short sea routes between Ireland and Britain, Britain and France and direct ferry services between Ireland and France. The division also engages in chartering activities.

The ferry services trade under the Irish Ferries brand. Irish Ferries operates on four routes utilising a fleet of seven vessels, five of which are owned and two which are chartered-in. An eighth vessel was acquired by the Group in January 2022.

In addition to the modern fleet, Irish Ferries retains rights to access appropriate berthing times at key ports allowing Irish Ferries to facilitate its customers' preferred sailing times.

The division also owns seven container vessels which are time chartered at year end.

Fleet Summary

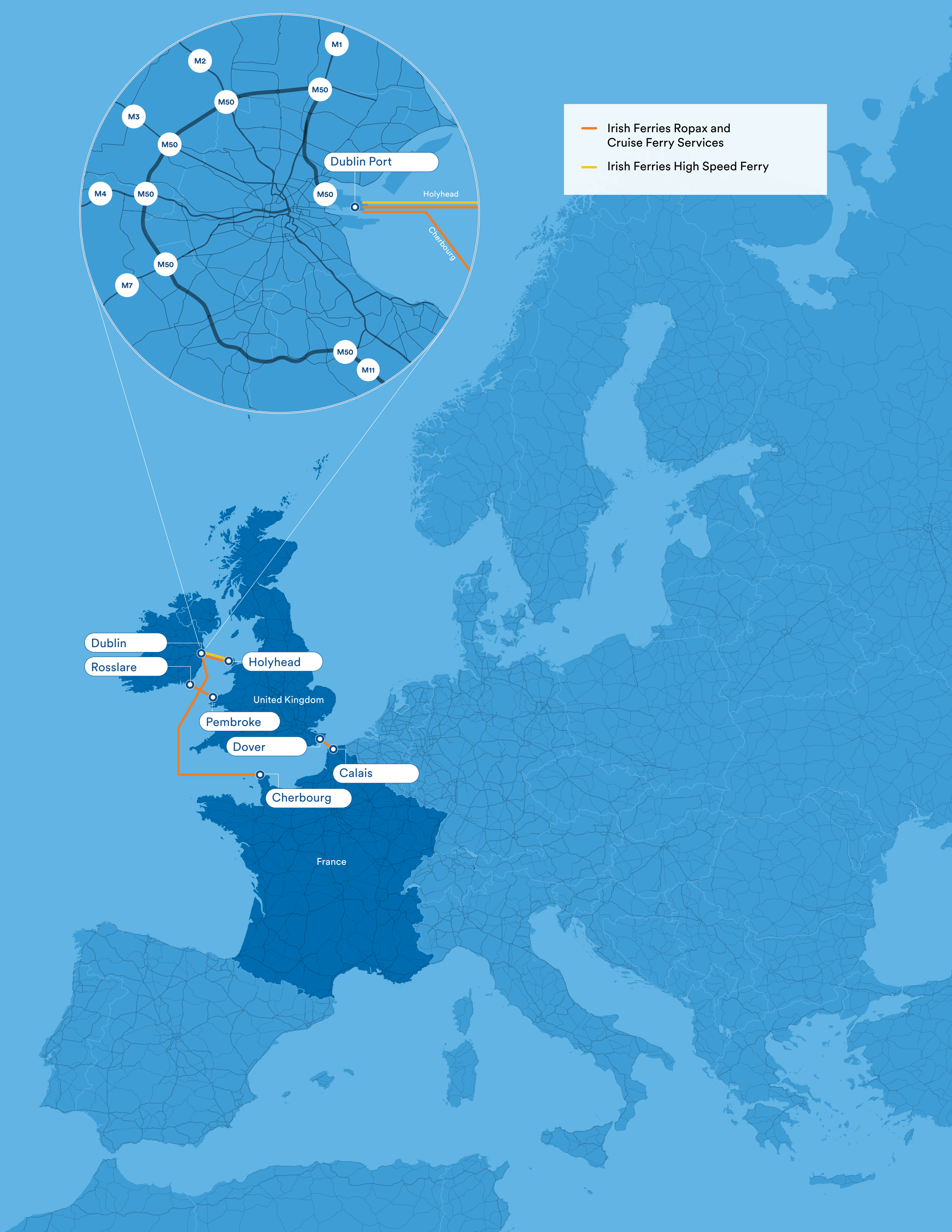
Operated by Ferries Division

Vessel	Type	Employment
Ulysses	Cruise ferry	Dublin – Holyhead
Isle of Inishmore	Cruise ferry	Dover – Calais
Isle of Innisfree	Cruise ferry	Dover – Calais
Blue Star 1 (chartered-in)	Cruise ferry	Rosslare - Pembroke
Epsilon (chartered-in)	Ropax	Dublin – Holyhead / Cherbourg
Dublin Swift	High speed ferry	Dublin – Holyhead
W.B. Yeats	Cruise ferry	Dublin – Holyhead / Cherbourg
Isle of Inisheer (acq'd Jan 2022)	Ropax	Dover – Calais

Chartered out by Ferries Division

Vessel	Type	Employment
Ranger	LoLo container vessel	Charter – 3rd Party
Elbfeeder	LoLo container vessel	Charter – Inter-Group
Elbtrader	LoLo container vessel	Charter – Inter-Group
Thetis D	LoLo container vessel	Charter – 3rd Party
CT Daniel	LoLo container vessel	Charter – 3rd Party
CT Rotterdam	LoLo container vessel	Charter – Inter-Group
Elbcarrier	LoLo container vessel	Charter – Inter-Group

Irish Ferries


M1
M2
M50
M3
M4
M7
M11
Dublin Port
Holyhead
Cherbourg
Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
Dublin
Rosslare
Holyhead
United Kingdom
Pembroke
Dover
Calais
Cherbourg
France

The Ferries Division
Continued

2021 Overall Ferries Division Performance

Revenue
€175.5m +24.1%

2020: €141.4m

EBITDA
€23.2m +4.0%

2020: €22.3m

EBIT
€(17.4)m -41.5%

2020: €(12.3)m

Non-trading item
- +100.0%

2020: €(11.2)m

ROACE
(5.9%) -1.7pts

2020: (4.2%)

Revenue in the division was 24.1% higher than the previous year at €175.5 million (2020: €141.4 million). Revenue in the first half of the year increased by 2.1% to €62.9 million (2020: €61.6 million), while in the second half revenue increased by 41.1%, to €112.6 million (2020: €79.8 million). EBITDA increased to €23.2 million (2020: €22.3 million) while EBIT was €(17.4) million compared with €(12.3) million in 2020.

Fuel costs were €43.0 million, an increase of €10.2 million on the prior year. The division achieved a return on capital employed of (5.9%) (2020: (4.2%)).

In total Irish Ferries operated 6,331 sailings in 2021 (2020: 4,501), the increase due to the reintroduction of the fastcraft Dublin Swift and sailings on the new Irish Ferries Dover – Calais service.

Car and Passenger Markets

It is estimated that the overall car market[1], to and from the Republic of Ireland, grew by approximately 25.8% in 2021 to 357,200 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have increased by 54.0%. Irish Ferries' car carryings during the year were up on the previous year by 48.5% to 203,600 cars (2020: 137,100 cars). The reduction in carryings versus 2019 levels is primarily due to the Covid-19 travel restrictions in place for most of the year.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland increased by 11.0% on 2020 to a total of 1.2 million passengers, while the all-island market increased by 39.5%. Irish Ferries' passenger numbers carried increased by 28.7% at 667,800 (2020: 519,000). In the first half of the year, Irish Ferries' passenger volumes fell by 43.2% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 87.7%.

The Ferries Division delivered 96% of scheduled sailings compared with 98% in the previous year across all services.

In 2021, Irish Ferries maintained focus on supporting passenger messaging on how to meet the varied and rapidly changing Covid-19 travel restrictions. Reassurance continued to be provided with our 'Travel Safe' programme providing information about our on-board environment with fresh air circulation, access to outdoor decks, space for social distancing, as well cleaning regimes and procedures onboard to maximise


IRISH FERRIES

The Ferries Division
Continued

the safety for all passengers, all designed to give greater customer confidence. Implementation of exceptional Covid-19 cancellation credit for economy tickets during periods of travel restriction provided further reassurance for customers who did not wish or were unable to travel, in addition to the terms and conditions of our flexible tickets being improved recognising passengers' greater need to be able to make more changes more easily.

The launch of the new Dover-Calais route was the key focus for marketing and promotions activity in 2021, albeit adapted and at a scale to acknowledge that the launch was in a period of restricted travel regulations. There was a comprehensive multimedia launch for the new route involving traditional and digital TV and radio advertising, paid search, social and public relations activities. By November 2021, market research indicated that 45% of British people were aware of our new Dover-Calais service[2].

Our website and social channels maintained their importance as much visited and valued hubs for information on these safety measures, the latest updates on travel restrictions in the Irish, British and French marketplaces, as well as providing reassurance on the continuity of our sailing schedules. Our social following increased across the main platforms including Twitter, Facebook, and Instagram. There were several technology improvements during the year including the launch mid-year of the Hogia Ferry Systems' standard booking system "BOOKIT" on the passenger side, complemented with a new E-Commerce front end booking flow on the IrishFerries.com website. AI enabled automated web chat was introduced in the last quarter to handle routine passenger enquiries more efficiently, particularly in relation to Covid-19 travel restrictions information.

Irish Ferries continued to link throughout the year with state tourism agencies in Ireland (Tourism Ireland and Fáilte Ireland) as well as in our tourism source markets for Wales (Visit Wales) and France (Normandy Tourism and Cotentin Tourism) to ensure we had the latest insights for each market. In the final quarter of the year, we participated in a collaborative "press the green button" campaign with Tourism Ireland to encourage tourists to return to Ireland.

1. (Market figures source: Passenger Shipping Association and Cruise & Ferry)
2. (Inclusion in an online nationally representative omnibus survey carried out amongst all adults 16+ by a third party market research company)

In a year of ongoing complexity due to managing Covid-19 pandemic challenges, we continued to work in partnership with the travel trade, notwithstanding the requirement to do this more on a virtual basis. In 2021, we were delighted to be recognised by travel trade professionals and voted 'Best Ferry Company' for the 14th consecutive time by the Irish Travel Trade News Awards, and in the UK 'Best Ferry or Fixed Link Operator' in the Group Leisure & Travel awards for the third year running. These awards were a welcome recognition of our professionalism in continuing to handle the volatile travel circumstances.

New Irish Ferries Uniform

Early in 2021, Irish Ferries commenced the rollout of a new uniform, which will ultimately by worn by all passenger facing on-board crew and port staff. The uniform was the culmination of a year-long design project between Irish Ferries and Irish fashion designer Deborah Veale and involved extensive staff research and engagement. The new look reflects Irish Ferries status as a modern ferry company with proud Irish roots and is an important symbol of the brand for all our customers, with the colour green more prevalent than before. In all, 23 garments have been selected giving on-board crew and port staff a greater variety of styles from which to choose from and are designed to fit and flatter all body shapes and sizes. Sustainability considerations were to the fore in the design process, with many of the uniform materials made from recycled plastic bottles, preventing them reaching our oceans and landfill.

Frontline Crew

The challenges required of the Covid-19 pandemic, were a key focus for frontline staff and crew who continuously adapted to changing regulations, managing the required health and safety procedures and cleaning regimes as well as embracing a continuous testing protocol. These measures ensured they were kept safe while providing the highest standards on-board to ensure continued connectivity for our island and protection for our key freight workers and essential travellers.

(see website with details of our 'Travel Safe' programme: https://www.irishferries.com/travelsafe)

The Ferries Division
Continued

RoRo Freight

The RoRo freight market* between the Republic of Ireland, and the UK and France, fell in 2021. The total number of trucks and trailers was down 10.1%, to approximately 926,200 units. This was primarily due to the non-implementation of the Northern Ireland Protocol, which resulted in reduced checks on goods arriving into Northern Ireland from Britain. On an all-island basis, the market decreased by approximately 0.9% to 1.83 million units, clearly showing the distortion in the level playing field between goods arriving into Northern Ireland versus the Republic.

Irish Ferries' carryings (including Dover – Calais), at 290,000 freight units (2020: 335,500 freight units), decreased by 13.6% in the year with volumes down 15.2% in the first half and down 12.3% in the second half.

Irish Ferries has also been proactive in the online environment for freight customers. In recent years high-quality mobile options have been developed, alongside the traditional desktop, whereby customers can access our freight reservations systems with ease. This has facilitated an increasing proportion of our business being booked via our website, www.irishferriesfreight.com.

* (Market figures source: Passenger Shipping Association and Cruise & Ferry)

Chartering

The Group continued to charter a number of vessels to third parties during 2021. Overall external charter revenues were €8.1 million in 2021 (2020: €5.9 million). Of our seven owned LoLo container vessels, four are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst three are chartered to third parties. The Oscar Wilde continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Outlook

We look forward to a further recovery of our tourism markets as Covid-19 travel restrictions ease, and the introduction of our third vessel on the new Dover – Calais service. We expect continued growth in the RoRo freight market and a continuation of the return of traffic from the direct continental routes to the landbridge.

Despite another difficult year for the Group and in particular the Ferries Division, we take comfort from the continued strength of our balance sheet, the high quality and performance of our asset base and improving the level of service provided to our customers on the Dover – Calais service with the introduction of a third vessel on the route.


IRISH FERRIES
IRISH FERRIES
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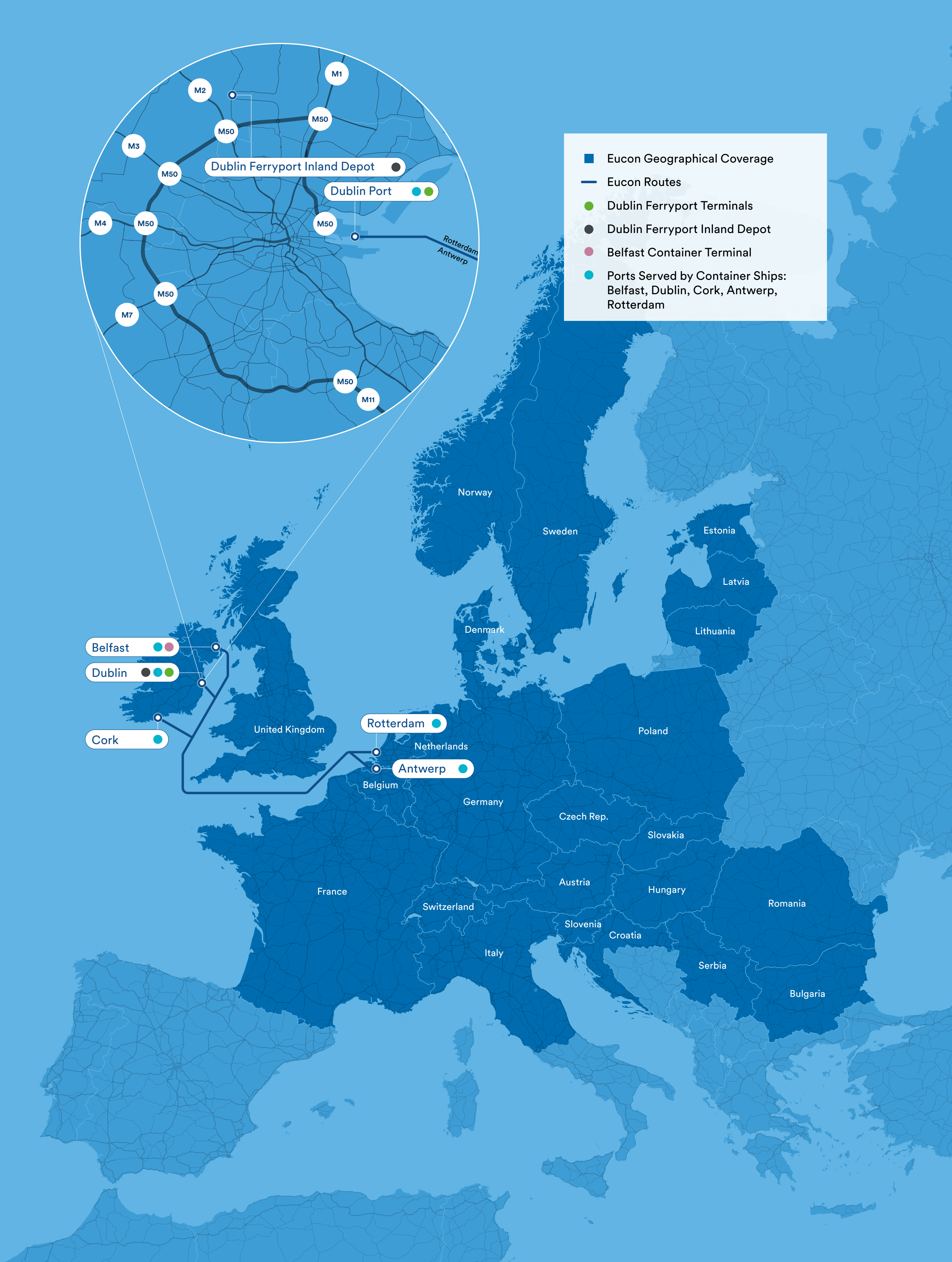
The Container and Terminal Division

The Container and Terminal division provides direct container shipping services between Ireland and continental Europe together with the operation of container terminals at both Dublin and Belfast.

The division's intermodal shipping line Eucon is the market leader in the sector, operating a core fleet of six chartered container vessels ranging in size from 750 – 1,000 teu capacity, connecting the Irish ports of Dublin, Cork and Belfast with the continental ports of Rotterdam and Antwerp. Eucon is offering feeder services to the Deep Sea Lines and a full intermodal service where Eucon deploys 4,500 owned and leased containers (equivalent to 8,100 teu) of varying types thereby offering a full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters from all points on the island of Ireland to destinations across 20 European countries. Door to door services are contracted to third parties utilising a variety of transport modes including road, rail and barge.

Dublin Ferryport Terminals (DFT) operates its Dublin Port container facility from a leasehold facility with remaining lease terms of between 74 and 100 years, covering over 34 acres. The facilities comprise 480 metres of berths for container ships, with a depth of nine to eleven metres and is equipped with three modern Liebherr gantry cranes (40 tonne capacity) and ten rubber-tyred gantries (40 tonne capacity) on a strategically located site within three kilometres of Dublin city centre and within one kilometre of the Dublin Port Tunnel, providing direct access to Ireland's motorway network. DFT now operates four electrically operated rubber-tyred gantries incorporating latest technologies to allow for remote operation. Following the successful deployment of these environmentally friendly electric RTGs, DFT placed an order for an additional five of these cranes which will be delivered and commissioned in the second half of 2022. The delivery of these cranes and the relocation of our empty depot facility in January 2022 to our new Dublin Ferryport Inland Depot located at the new Dublin Inland Port will increase the capacity of DFT to meet the needs of the market.

Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. This services concession agreement currently extends to 2026. BHC are currently completing a £40 million re-investment project which includes extensive civil works and the delivery of two new Liebherr gantry cranes and eight new electrically operated RTGs incorporating the latest technologies to allow for remote operation similar to the RTGs operated at DFT. Civil works have commenced on the building of two new RTG stacks which we expect to be completed by the end of 2022 alongside the commissioning of the final three RTGs. The final two rail mounted gantry cranes will be phased out of operation during 2022.


M1
M2
M50
M3
M50
Dublin Ferryport Inland Depot
Dublin Port
M4
M50
M50
Rotterdam
Antwerp
M50
M7
M50
M11
Eucon Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Dublin Ferryport Inland Depot
Belfast Container Terminal
Ports Served by Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
Belfast
Dublin
Cork
United Kingdom
Rotterdam
Netherlands
Antwerp
Belgium
Poland
Germany
Czech Rep.
Slovakia
Austria
Hungary
Romania
France
Switzerland
Slovenia
Croatia
Italy
Serbia
Bulgaria

The Container and Terminal Division
Continued

2021 Overall Container and Terminal Performance

Revenue
€174.0m +18.8%

2020: €146.5m

EBITDA
€29.1m +47.0%

2020: €19.8m

EBIT
€17.2m +31.3%

2020: €13.1m

ROACE
25.5% +4.5pts

2020: 21.0%

Revenue in the division increased to €174.0 million (2020: €146.5 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 72% (2020: 70%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements, Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner.

EBITDA in the division increased by 47.0% to €29.1 million (2020: €19.8 million) while EBIT grew 31.3% to €17.2 million (2020: €13.1 million).

In Eucon, overall container volumes shipped were up 9.6% compared with the previous year at 346,600 teu (2020: 316,300 teu). There was a strong recovery on volumes for all trade lanes in 2021 as supply chains adjusted to the new Covid-19 operating environment. To facilitate this increased demand we chartered a sixth vessel into the fleet in January 2021. The revenue gains were offset by strong increases in the cost base more particularly ship charter costs and fuel costs which we recovered from our customers by increasing rates and the continued application of the flexible bunker and fuel surcharges.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 14.7% at 335,500 lifts (2020: 292,400 lifts). DFT's volumes were up 15%, while BCT's lifts were up 14%. We have seen a strong increase in volumes across the entire customer base and the resultant increased revenues were partially offset by increased energy and labour costs.

Outlook

In Eucon, we see a continued strong demand for capacity in 2022 which has strongly increase ships charter costs that will be passed onto customers by increasing rates. We look forward to continuing the growth trend in EBIT which is testament to our investment in the business in driving efficiencies and nurturing close customer relationships. The transition from diesel powered rubber-tyred gantries at our Dublin terminal will continue in 2022 with the delivery of five additional electric rubber-tyred gantries capable of remote operation. These new environmentally friendly machines will continue to deliver operational efficiency and a safe working environment as we continue the expansion of our capacity. The opening of Dublin Ferryport Inland Depot at the Dublin Inland Port has provided the opportunity to expand our empty depot business while at the same time increase the capacity at Dublin Ferryport Terminal. At our Belfast Container Terminal facility in Belfast, we look forward to continuing to work on the completion of the £40m re-investment project with Belfast Harbour and assisting in the delivery of additional terminal capacity to the market.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Financial Review

Results

Revenue for the year amounted to €334.5 million (2020: €277.1 million) while operating profit before non-trading items amounted to a loss of €(0.2) million compared with a profit of €0.8 million in 2020. Principal variations on the prior year relate to the recovery in passenger volumes in the second half of the year, increased activity in the Container and Terminal division and the introduction of the new Irish Ferries service on the English Channel.

Taxation

The tax charge is €0.8 million in 2021 compared with a charge of €1.0 million in 2020. The corporation tax charge of €0.7 million (2020: €1.2 million) comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax regime for qualifying shipping activities) in Ireland. Reconciliation of the tax charge showing the effect of the tonnage tax regime on the Group's tax charge is shown at note 8. The deferred tax charge was €0.1 million in 2021 compared to a credit of €0.2 million in 2020.

Earnings per share

Basic EPS was (2.6) cent compared with (10.2) cent in 2020. The primary reason for the increase in Basic EPS is due to the non-trading item of €(11.2) million in the prior year.

Adjusted EPS (before the net interest (income) / cost on defined benefit obligations and non-trading items) was (2.7) cent compared with (4.3) cent in 2020.

Cash flow and investment

EBITDA for the year was €52.3 million (2020: €42.1 million). There was a net inflow of €11.7 million due to positive working capital movements, pension funding movements of €0.6 million and other net cash inflows amounting to €1.4 million, yielding cash generated from operations amounting to €66.0 million (2020: €51.2 million).

Interest paid was €8.4 million (2020: €3.7 million) while taxation paid was €0.8 million (2020: €1.4 million).

Capital expenditure outflows amounted to €55.2 million (2020: €30.1 million) which included €41.7 million of strategic capital expenditure. Strategic capital expenditure included the purchase of a seventh container vessel the CT Daniel for €12.8 million, the purchase of the Isle of Innisfree, a deposit payment for the Isle of Inisheer and rubber-tyred gantry cranes for Dublin Ferryport Terminal.

As in the prior year, no dividends were paid during the year. €19.8 million (2020: €1.7 million) was expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €142.2 million (2020: €88.5 million) net debt, which comprised gross borrowings of €123.1 million (2020: €200.4 million), lease obligations of €57.6 million (2020: €38.5 million) offset by cash balances of €38.5 million (2020: €150.4 million). The key net debt / EBITDA (pre non-trading items) ratio was 2.6 times (2020: 2.1 times).

Dividend and share buybacks

On 1 July 2020, the Group announced that due to the effects of Covid-19 on current trading and notwithstanding that the Group retained a strong liquidity position, the Directors had considered it prudent not to proceed with the 2019 final dividend previously announced and also did not declare any interim dividend.

In light of the travel restrictions continuing into 2021 and uncertainty around when they may be eased the Directors also consider it prudent not to declare a final dividend in relation to the year ended 31 December 2020.

As travel restrictions continued in and throughout most of 2021, the Board did not declare or pay any interim dividend relating to 2021.

Following the easing of travel restrictions in 2022, and the consequent improvement in passenger revenues together with the continuation of strong performance in all other revenue streams, the Board has considered it appropriate to recommence the payment of dividends. The Board is proposing the payment of a dividend of 9.00 cent per ordinary share on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. Irish dividend withholding tax will be deducted where appropriate. In November the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million (2020: €1.7 million).

Pensions

The Group has four, separately funded, company-sponsored defined benefit obligations covering employees in Ireland, the UK and the Netherlands. The Group also participates in the UK based industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) in which participating employers share joint and several liability. Aggregate pension assets in the four company-sponsored schemes at year end were €145.8 million (2020: €139.6 million), while combined pension liabilities were €140.5 million (2020: €140.8 million). The total net surplus of all defined benefit pension schemes at 31 December 2021 was €5.3 million in comparison to €1.2 million deficit at 31 December 2020.

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of a premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes. The Group's subsidiary, Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the scheme's

Financial Review
Continued

administration expenses and incurred expenses totalling €0.8 million relating to the above transaction. This was an important step for the Group in both reducing the quantum and volatility of pension liabilities on its balance sheet and safeguarding pensioner benefits into the future.

Financial risk management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. To minimise risk the Group may use interest rate swaps and forward foreign currency contracts. The Group does not trade in financial instruments for speculative purposes.

Interest rate management

The interest rates on Group borrowings at 31 December 2021, comprising loan notes and finance lease obligations have been fixed at a contracted rate at the date of drawdown with the relevant lender, eliminating exposure to interest rate risk on borrowings. The average effective interest rate at 31 December 2021 was 1.60% (2020: 1.60%). Debt interest cover under our banking covenants to operating cash flows for the year was 12.6 times (2020: 5.1 times).

Currency management

The Group has determined that the euro is the operating currency in which it reports its results. The Group also has significant sterling and US dollar cash flows. The Group's principal policy is to minimise currency risk by matching foreign currency assets and liabilities and to match cash flows of like currencies. Exposure to the US dollar relates mainly to fuel costs. The Group has in place fuel surcharge arrangements with its commercial customers which recovers a portion of movements in euro fuel costs above a base level which partially mitigates the exposure to US dollar currency movements.

Commodity price management

Bunker oil costs constitute a separate and significant operational risk, partly as a result of historically significant price fluctuations. 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. Bunker consumption was 129,400 tonnes in 2021 (2020: 107,300 tonnes). The increase in consumption was primarily due to increased activity levels in the Container and Terminal Division and the Ferries Division's new service on the English Channel. The average cost per tonne of heavy fuel oil (HFO) fuel in 2021 was 40% higher than in 2020 while marine gas oil (MGO) was 34% higher than in 2020.

Credit risk

The Group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The concentration of credit risk in relation to trade is limited due to the exposure being spread over a large number of counterparties and customers. The Group also has a significant long term receivable relating to a bareboat hire purchase arrangement which is secured by retention of title to the vessel.

Liquidity

It is Group policy to maintain available facilities which allow the Group to conduct its business in an orderly manner. The target level is reviewed from time to time in line with the Group's future requirements over the medium term and will comprise cash deposits and committed banking facilities. Total available facilities at 31 December 2021 amounted to €118.9 million, comprising cash balances of €38.5 million together with undrawn committed facilities of €80.4 million with average maturity of 2.4 years (2020: 3.1 years). Total drawn facilities of €123.7 million had an average maturity of 3.6 years (2020: 4.6 years) over remaining terms of up to 9 years (2020: 10 years).

David Ledwidge,

Chief Financial Officer
9 March 2022


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Sustainability and ESG

2021 ESG Highlights

Environmental

Enhanced target setting across operations, including a Net Zero 2030 emissions target for our terminals.

Development of our climate risk framework

Publication of our environmental policy

Trial of sustainable biofuel blend on board Dublin Swift

Trial of robotic underwater hull cleaning for Elbtrader

Enhanced data monitoring of greenhouse gases across fleet

Early energy efficiency design index certification for Ulysses and Isle of Inishmore

Improved machinery efficiency on board Ulysses

Overhaul of electrical network at DFT

Use of 100 percent green electricity at BCT, DFT and head office

Replacement of petrol/diesel company cars with new electric and hybrid models

9,000 new crew garments made from recycled plastics equating to 150,000 plastic bottles

Bamboo flooring fitted in 1,100 new and refurbished containers

Installation of solar panels on our DFT engineering building

Investment in five additional electric cranes at DFT to replace existing diesel units in 2022

Continued rollout of ballast water treatment project across fleet

Installation of a wash water recycling system at our Dublin Inland Port facility, providing up to 90 percent savings in wash water consumption

Upgrade of waste management contracts at office locations to improve contributions to the circular economy

Social and Governance

63 percent reduction in overall Lost Time Injury Frequency rate versus 2020

Facilitation of hybrid working arrangements for office-based staff during Covid-19

Development of our Supplier Code of Conduct

Enhancement of our human rights policies and third-party communications on human rights issues

Strengthening of partnerships with our sponsored charities

Participation in campaigns to re-start the wider tourism industry following the Covid-19 travel restrictions

Promotion of fresh, local produce on board our ferries

Introduction

Over the past 12 months, we have placed a significant focus on enhancing our approach to Environmental, Social and Governance (ESG) and sustainability. The following pages are designed to provide insight into our approach to – and management of – environmental, social, and governance issues across our value chain. As a business, we recognise the growing importance of providing transparency over our efforts to create value in a sustainable manner, based on a set of topics which we have identified as material to our business and our stakeholders.

In developing this report, our approach was informed by a review of best practice sustainability reporting standards and frameworks. Guidelines and recommendations by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Boards (SASB) and the integrated reporting framework have all been considered for the creation of this report. In addition, the UN Sustainable Development Goals (SDGs) played a key role in the development of our overarching strategy for ESG and sustainability. In this report, we map the Group activities we feel best support the SDGs. We have also reported indicators under the Marine Transportation SASB standards, as well as taking our first steps to greater integration of the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

As we continue to enhance our disclosures, we remain focused on improving our processes and procedures for tracking, monitoring, and measuring our performance in relation to the sustainability factors that are relevant and important for our company and our industry. The focus on ensuring the accuracy of our ESG data will be central to our ability to drive performance in the period ahead. While we recognise that we still have a way to go, we consider the steps we have taken over the past number of years as creating the foundation from which we can further develop our approach to sustainability, ESG and strong reporting in the years ahead.

During the year, we enhanced our ESG policies. We have updated and implemented several policies to ensure they address core risks and opportunities within our business. These new and enhanced policies were also designed to reflect the changing landscape in which we operate.

Sustainability and ESG
Continued

In 2020, we outlined our ESG maturity level using the table below and the stages involved in the voyage ahead. While we still have a way to go, we are pleased with our progress made against this timeline in 2021, with further targets set across our vessel and terminal operations, the advancement of the decarbonisation project at our terminals and enhanced reporting of metrics in line with SASB and TCFD frameworks. We continue to look beyond our own operations and influence sustainability considerations of our supply chain partners through processes documented in our Supplier Code of Conduct.

Timeline	
Up to 2021	• Enhanced understanding of the full range of Group activities that carry an ESG impact. • Sustainability is a key component of Group strategy. • Review of sustainability reporting frameworks. • Focus on data collection, identifying baselines and developing KPIs across all ESG areas. • Design of sustainability management programmes such as 'Green Voyages'.
2022-2025	• Further sustainability targets to be set across our ESG areas. • Sustainability programmes within our operations to be fully implemented and effective. • Enhanced reporting of ESG metrics in line with emerging reporting standards.
After 2025	• Progress towards the IMO's CO_2 reduction targets of 40 percent by 2030, towards helping to achieve UN SDGs for 2030 and towards further targets set by the Group. • Sustainability embedded in the ICG culture and in all key decisions made. • Looking beyond our own operations to assess and positively influence the ESG activities of all entities that conduct business with the Group.

The Role of Materiality

The valuable insight provided by external reporting frameworks as well as the knowledge and experience of our leadership team has helped shape our response to sustainability issues. However, in continuation of the process to develop our approach to sustainability and ESG, we intend to carry out an in-depth materiality assessment during 2022. This is an important step in our adopted climate change risk framework outlined on pages 64 to 66. Although there is a consistent focus on the disclosure of ESG and sustainability information, it can often be difficult to identify and assess which information is most useful. Through research and extensive engagement with our key stakeholders, we will determine the sustainability issues that are most likely to impact our ability to create value over the short, medium, and long term. The output of the assessment will also inform the development of our long-term strategy with the ongoing integration of sustainability factors into our strategy and interaction with stakeholders.

Aligning operations with our contribution

'Our purpose is to achieve continued success in our chosen markets, delivering a safe, reliable, timely, good value and high-quality experience to our customers in a way that minimises our impact on the environment.'

At ICG, stakeholder and environmental focus have been key elements within our longstanding mission statement. Within our operating regions, ICG activities positively impact society as a key transport provider of goods and essential supplies and as a significant contributor, under the Irish Ferries brand, to the tourism industries of Ireland, the UK and France, which includes co-operative campaigning to support tourism in areas least visited or most impacted by seasonal factors. In more recent years, we have sought to align our purpose and activities with wider reporting frameworks as a means of maximising our positive impact on society. In addition to the five goals of the UN SDGs that we felt we could most effectively contribute to in last year's annual report, we are also supporting SDG 9 through our strategic focus on upgrade infrastructure and retrofit projects with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and processes.

In 2021, we undertook an assessment to determine where we are making the biggest contribution to the SDGs. This involved mapping the 17 goals and 169 targets against information provided by our business units when compiling this sustainability report, as well as the formal policies set out within those business units and at a corporate level. The outcome of this process was used to rate our overall alignment and contribution to each goal. As highlighted within the pages of this report, the activities we believe best support the Group's core SDGs are:

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY	Employee engagement practices Striving for greater diversity and inclusion, including through policies and initiatives
8 DECENT WORK AND ECONOMIC GROWTH	Being a leader in health and safety, utilising a data driven approach Flexible working policies as well as a range of employment benefits
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Upgrade of infrastructure and retrofit projects with increased resource-use efficiency Adoption of clean and environmentally sound technologies and processes
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Implementing effective waste management systems throughout our vessels
13 CLIMATE ACTION	Development of our formal environmental policy Setting targets for the reduction of our emissions Expanding reporting and engagement with external stakeholders
14 LIFE BELOW WATER	Enhancing pollution prevention systems Novel and market leading circular economy programmes preventing plastics from reaching the oceans

Sustainability and ESG
Continued

The Voyage Ahead

It is reported that the maritime industry is responsible for 2.5 percent of global greenhouse gas (GHG) emissions (UN Climate Change News, 2018). As an organisation we recognise our responsibility to reduce our emissions in line with stakeholder interests and relevant targets set for the industry. ICG is a heavily regulated business, and one that has been conscious of its environmental footprint for a long time. To demonstrate our commitment to environmental sustainability, this year we formalised our Environmental Policy, which can be found on our website.

Decarbonising our Vessel Operations

The International Maritime Organization (IMO), a specialised agency of the United Nations responsible for regulating shipping, and the European Union (EU) have each set decarbonisation goals for the maritime industry. Current IMO targets aim to reduce the industry's total CO2 emissions per transport work by 40 percent by the year 2030 and overall GHG emissions by at least 50 percent by 2050 compared to 2008 levels. The EU has targeted an industry reduction in GHG intensity of 6 percent by 2030, accelerating in five-year stages to 75 percent by 2050, compared to 2020 levels. While regulatory developments at the IMO and EU are ongoing, we are aligning our decarbonisation strategy with the IMO and EU goals and will adjust accordingly to achieve, at a minimum, all required targets. As the maritime industry has unique challenges arising from the current lack of proven, accessible alternative fuels, particularly for large vessels, our current decarbonisation strategy for our vessels is focused on achieving the above targets through a range of short-term operational measures and longer-term technical measures.

Operational Measures

- Operation of green voyage programme to optimise voyage factors such as; port operations, navigational routing and speed management.
- Environmental performance monitoring and advanced data analytics using fleet management software S-Insight.
- Proactive monitoring of real-time vessel performance through a live feed from the vessels' engine power management system, facilitating vessel responsiveness during different operation modes, including Eco-mode. In late 2021, installation commenced onboard the W.B. Yeats which, if successful, shall be expanded across the fleet.
- Regular drydocking of vessels to reduce hull fouling and ensure high maintenance of machinery. We are currently trialling an underwater robotic hull cleaning program for our Elbtrader vessel and are assessing improvements in speed management and fuel efficiency.
- Use of experienced crews and port operations teams to increase efficiency.
- Continuous improvement of vessel performance in line with relevant Ship Energy Efficiency Management Plans (SEEMPs).
- Ongoing research and trialling of accessible alternative fuels, including sustainable biofuels reduce emissions. The Dublin Swift underwent a trial in 2021 using a small biofuel blend derived from used cooking oils.

Technical Measures

- Long-term replacement of existing fleet with efficient ships incorporating latest technologies, in line with vessel life cycles. Our W.B. Yeats vessel is approximately 35 percent more efficient than its predecessor Oscar Wilde.

- Increased utilisation of onshore power within the EU enabled by FuelEU Maritime proposals.
- Compliance with ongoing design efficiency requirements under IMO energy efficiency design index for new (EEDI) and existing (EEXI) ships. In 2021, we obtained early class certification that Ulysses and Isle of Inishmore exceed the required EEXI applicable to existing ships from 2023 and will seek certification for the remaining fleet in 2022.
- Investment in exhaust gas cleaning systems on board certain vessels that minimise sulphur emissions to below levels mandated by existing regulation.
- Investment in upgraded, more efficient turbochargers on board Ulysses in late 2021. This has resulted in a significant lowering of exhaust temperatures, reducing overall wear and tear and improving fuel efficiency.
- Use of innovative, non-toxic, anti-fouling hull paints to reduce resistance when moving through water.
- Use of energy efficient propeller blades to decrease resistance and improve fuel efficiency.

We continually research and assess the feasibility of retrofit projects to improve the emissions performance of our fleet, ensuring innovative technologies that are safe and proven effective can be introduced where appropriate. This includes;

- Ongoing investment and assessment of suitable technologies to improve existing fleet including; air lubrication systems and wind assisted propulsion systems.
- Collaboration with suitable marine technology companies participating in clean energy projects and innovations.
- Ongoing assessment of adjustments to vessel structure to improve efficiency, such as assessing modifications to a vessel's hull shape.

A core element of our decarbonisation strategy is to gather consistent data that aligns with regulatory requirements. This includes ongoing emissions data verification under both the EU Monitoring, Reporting and Verification (MRV) Regulation for which Group vessels have complied with since 2018, and the IMO Fuel Oil Data Collection System (DCS) reporting which came into effect in 2019.

Decarbonising our Terminal Operations

Whilst we are aligning with, and driving innovation to go beyond, regulatory requirements for our fleet, for our Terminal operations we have made more immediate progress in target setting. Alongside the publication of this report, we are setting a target to achieve a 70 percent emissions reduction in our Dublin (DFT) and Belfast (BCT) terminal operations by 2025, versus 2020 levels. We are also targeting net zero DFT and BCT terminal operations by 2030.

The decarbonisation project at our terminals began in 2017 when our first two electric powered Rubber-Tyred-Gantry (RTG) cranes were introduced to DFT, in addition to our diesel units. Our electric RTG capacity doubled in 2019 with the addition of two more units, replacing three diesel cranes, while Belfast Harbour Commissioners upgraded its entire yard crane fleet with eight electrical RTG units from 2019 to 2021. In 2022, DFT will commission five additional electric RTGs; two additions to the fleet and three replacements for end of life diesel cranes. This will increase the overall DFT fleet to 75 percent electrically powered. In making this transition, significant investment is also underway to improve the terminal's electrical network, including the replacement of all medium voltage switchgear, distribution cabling and transformers, preparing the terminal for the requirements of the next 40 years. In late 2021, solar panels were installed on our DFT engineering building, which will generate energy to heat our building and power electric vehicle charging points available to staff and company electric cars and vans. Company cars are being replaced with electric and hybrid models in line with replacement cycles. Four new electric and hybrid cars were ordered in 2021 to replace old petrol and diesel cars used by sales and operations staff. LED lighting is installed within our terminal buildings and flood and mast lighting systems around the terminals. Since mid-2020, the electricity supply for our DFT terminal and Dublin offices is certified green, while our Belfast Terminal has been powered by 100 percent green electricity for the last several years.

Sustainability and ESG
Continued

Environmental Data

Shipping Operations

Topic	Relevant Metric	2021	2020	2019	Unit of measure	SASB Reference
Greenhouse gas emissions	Gross global Scope 1 shipping emissions	399,796	336,535	381,261	Metric tons (t) CO2-e	TR-MT-110a.1
	CO2 emissions per GT mile • Ferries fleet	16.58	15.34	15.72	Grams (g) CO2 / gross ton-nautical mile	N/A
	CO2 emissions per transport work • Container fleet	40.08	43.96	44.98	Grams (g) CO2 / cargo ton-nautical mile	N/A
	Total energy consumed	5,111,364	4,305,170	4,876,440	Gigajoules (GJ)	TR-MT-110a.3
	Percentage heavy fuel oil	75.97%	74.91%	75.28%	Percentage (%)	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships	18.5	18.5	18.5	Grams (g) of CO2 per ton-nautical mile	TR-MT-110a.4
Air quality	NOx (excluding N20)	7,882	7,393	8,377	Metric tons (t)	TR-MT-120a.1
	SOx	623	525	2,767	Metric tons (t)	TR-MT-120a.1
	Particulate Matter (PM10)	396	341	562	Metric tons (t)	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Nil	Nil	Nil	Number of travel days	TR-MT-160a.1
	Percentage of fleet implementing ballast water exchange	94.12%	92.31%	92.31%	Percentage (%)	TR-MT-160a.2
	Percentage of fleet implementing ballast water treatment	29.41%	15.38%	7.69%	Percentage (%)	TR-MT-160a.2
	Number of spills and releases to the environment	1	2	1	Number	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment	0.01	0.201	0.02	Cubic meters (m3)	TR-MT-160a.3
Workforce health and safety	Lost time incident rate from seafaring operations	1.0	4.7	4.6	Rate	TR-MT-320a.1
Business ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Nil	Nil	Nil	Number	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	€Nil	€Nil	€Nil	Euro	TR-MT-510a.2

Topic	Relevant Metric	2021	2020	2019	Unit of measure	SASB Reference
Accident and safety management	Number of marine casualties	1	1	2	Number	TR-MT-540a.1
	Percentage classified as very serious	0%	100%	100%	Percentage (%)	TR-MT-540a.1
	Number of port state detentions	Nil	Nil	Nil	Number	TR-MT-540a.3
Activity	Number of shipboard workers	501	412	455	Number	TR-MT-000.A
	Total distance travelled by vessels	824,132	642,945	703,602	Nautical miles (nm)	TR-MT-000.B
	Operating days	3,744	3,408	3,454	Days	TR-MT.000.C
	Deadweight tonnage	100,485	95,819	84,662	Deadweight tons	TR-MT-000.D
	Number of vessels in total shipping fleet	16	13	13	Number	TR-MT-000.E
	- Owned	12	10	10	Number	
	- Chartered in	4	3	3	Number	
	-Chartered out	3	2	2	Number	
	Number of vessel port calls	6,423	5,221	5,534	Number	TR-MT-000.F
	Twenty-foot equivalent (TEU) capacity (Container fleet)	5,502	5,449	4,475	TEU	TR.MT.000.G

Terminal Operations

Relevant Metric	2021	2020	Unit of measure
Scope 1 emissions from Terminal operations	3,117	3,349	Metric tons (t) CO2-e
Scope 2 emissions from Terminal operations	Nil	386	Metric tons (t) CO2-e
Total Scope 1 and 2 emissions from Terminal operations	3,117	3,735	Metric tons (t) CO2-e
Total energy consumed	74,373	71,732	Gigajoules (GJ)
Percentage renewable	43.21%	26.77%	Percentage (%)

Overall Group

Relevant Metric	2021	2020	Unit of measure
Gross Global Scope 1 emissions	402,913	339,884	Metric tons (t) CO2-e
Gross Global Scope 2 emissions	82	468	Metric tons (t) CO2-e
Total Scope 1 and 2 emissions	402,995	340,270	Metric tons (t) CO2-e
Total fuel consumed	126,519	106,688	Metric tons (t)
Total energy consumed	5,187,201	4,738,369	Gigajoules (GJ)

Sustainability and ESG
Continued

Key Terms, Definitions and Commentary

Terms	Definitions	Commentary
Scope 1 emissions	Direct GHG emissions from sources that are controlled by the Group.	The Group determines its Scope 1 emissions boundary in line with the Greenhouse Gas Protocol (GHG Protocol) using the principle of operational control. In establishing assets under operational control, consideration is given to the length of any charter arrangements, the responsibility for the purchase and consumption of the fuel and the responsibility for the operational activity of the asset being used. CO2 emissions from shipping are calculated using emission factors referenced in IMO Resolution MEPC 245 (66) 2014 "Guidelines on the method of calculation and the attained Energy Efficiency Index (EEDI) for new ships". Scope 1 emissions from land-based activities are calculated in line with GHG Protocol calculation tools.
Scope 2 emissions	GHG emissions from the generation of purchased electricity consumed by the Group.	Scope 2 emissions are calculated in line with the GHG Protocol. Where possible, the Group applies supplier specific emission factors to its electricity consumed. Where this information is not available, regional grid emission factors are obtained and applied for the relevant electricity source used by the provider.
CO2-e	Carbon dioxide equivalent units.	Co2-e includes direct CO2 emissions plus emissions of other gases converted to CO2 based on their equivalent global warming potential.
CO2 emissions per GT mile	Grams of CO2 per gross ton-nautical mile	The Group considers this metric useful to viewing the carbon intensity of its ferries fleet. Our ferries are significantly heavier than our container fleet and 2021 and 2020 assessments based on transport work are not indicative of fleet efficiency or future performance due to the impacts of Covid-19 on ferry carryings and voyage management. An average intensity for the overall ferries fleet is disclosed. The increase in 2021 from 2020 reflects additions made to our operating fleet and the entry on a new route of shorter distance, impacting overall efficiency. We are continuing to assess baseline performance across all vessels and routes which should be assisted by a return to pre-pandemic operating conditions.
CO2 emissions per transport work	Grams of CO2 per cargo ton-nautical mile	This is a widely adopted industry metric for container vessels to assess environmental performance. An average intensity for the overall operated container fleet is disclosed. Carbon intensity for the operated fleet improved by approximately 9 percent versus 2020 and 10 percent compared to 2019.

Terms	Definitions	Commentary
NOx	Nitrogen Oxides	NOx emissions from shipping are calculated using guidance from the NOx Technical Code and MARPOL Annex VI Regulation 13, Nitrogen Oxides (NOx). Emissions from land-based activities are calculated in line with GHG Protocol calculation tools.
SOx	Sulphur Oxides	SOx emissions are calculated by fuel-based emission factors. For vessels with exhaust gas cleaning systems (EGCS), a reported SO2/CO2 emission ratio is used to determine the level to which the sulphur content has been scrubbed down. Group SOx emissions have significantly reduced since the installation of exhaust gas cleaning systems and enhancement of sulphur emission regulations in 2020.
PM10	Particulate matter	The mass of PM10 is calculated by means of an energy-based emission factor depending on engine type, engine tier and type of fuel consumed. Default emission factors proposed by the Fourth IMO GHG Study - July 2020 were applied.
Lost Time Incident Rate	Lost time incidents per 1 million hours worked	A lost time incident is an incident that results in absence from work beyond the date or shift when it occurred.
Marine Casualties	An event, or sequence of events, that occurs directly in connection with the operations of a ship and results in death, serious injury or loss of a person from a ship or material damage to a ship, collision of a ship or material damage to marine infrastructure external to a ship or to the environment.	The reported marine casualty in 2021 relates to contact of Blue Star 1 with a quay during a winter storm. The incident was not considered serious.
Shipboard workers	Those who work on aboard operated vessels (including direct employees and contractors)	The Group discloses an average number of shipboard workers per vessel across operating vessels per year. Shipboard workers increased by approximately 22 percent in 2021 due to increases to the operating fleet and return to service of the Dublin Swift.
Operating days	The number of available days in a reporting period minus the aggregate number of days vessels are off-hire due to unforeseen circumstances	Operating days increased in 2021 due to the strategic expansion of our ferries routing and return to service of the Dublin Swift following the easing of Covid-19 restrictions on non-essential passenger travel.

Sustainability and ESG
Continued

Water and Resource Use: Life Below Water / Responsible Consumption

While globally there is a heightened emphasis on emissions reduction, we are acutely aware that environmental impact is much wider than just emissions, and we continue to focus on minimising waste and resource use, preventing pollution and protecting biodiversity. Due to the nature of our operations, the protection of marine life is of utmost importance. While every effort is made to prevent spills and releases overboard, accidental releases can occur due to leaks, storms or human error. ICG has zero-tolerance for dumping waste at sea and uses high-quality port reception facilities and ISO certified waste management partners to responsibly discharge and treat various types of waste from our vessels and land-based activities. All vessels use oil recovery systems to recover spent oils which are then sent for recycling. We undertake periodic inspection of our partners' waste management facilities to gain comfort over their waste treatment and reporting processes. We also use specialised silicon-based non-toxic paints which avoid the release of harmful agents to the sea.

All our vessels carry an Inventory of Hazardous Materials (IHM) certificate on board to demonstrate the control of hazardous materials on ships in compliance with both the EU Ship Recycling Regulation (SRR) and the Hong Kong Convention (HKC) for the Safe and Environmentally Sound Recycling of Ships. All vessels underwent thorough survey and inspection during the year to ensure IHM certification was in place as required.

During the year, we reviewed and upgraded several waste management contracts at our Group locations. At our Dublin offices, we improved our recovery processes for general waste. Our waste management partner employs a combination of Solid Recovered Fuel (SRF) processing and Refuse Derived Fuel (RDF) processing to recover and recycle metals and transfer processed waste for alternative fuel and electricity production, thereby contributing to the circular economy and avoiding landfill. Food and garbage waste generated on vessels at sea is incinerated ashore for biosecurity purposes. We joined UK Chamber of Shipping pledge in 2019 to continuously minimise the generation of shipborne garbage and to the collective goal of zero pollution from ships to sea from plastics. To this effect, we removed all single use plastics from our ships.

During 2020 and 2021, there was some temporary reintroduction of single-use materials as preventative measures for Covid-19, such as takeaway meals for essential freight drivers. These items have since been fully removed from our ferries.

Each crew and office department have designated waste management champions. Their responsibilities are to ensure vessels and office areas are compliant with agreed procedures, to perform checks at waste segregation areas and to improve awareness of consumption methods within their respective areas.

The use of ballast water is important for the safety and stability of our vessels. Ballast water management involves the intake and discharge of ballast water at different locations due to changes to cargo and voyage conditions. However, this process can cause transference of marine life which increases the unintended risk of bringing invasive species to local ecosystems. In line with the Ballast Water Management Convention, shipowners are obligated to install Ballast Water Treatment systems (BWT) on all vessels by 2024 to eliminate transference risk. We have invested and committed significantly to BWT installation projects across our fleet. The W.B. Yeats was delivered with BWT while the Thetis D, Ulysses, Epsilon and Isle of Inishmore projects were completed in 2021, with the remaining fleet scheduled for BWT installation across 2022 and 2023. The Dublin Swift does not use ballast water and is therefore not applicable under the convention.

We onboard water for potable use from certified sources and retain these supplies on-board in certified sanitary conditions. Water stocks are regularly tested in line with on-board policies to ensure it remains of a high quality. Recognising that potable water is a scarce resource we have integrated water conservation measures including devices such as flow controllers. Where permitted, we use seawater for non-potable use, which is treated prior to discharge back to sea.

During the year, an innovative container wash water recycling system was installed at our new Dublin Inland Port facility, providing up to 90 percent savings in freshwater consumption. The system uses biological and separation technology to return used and dirty wash water back to clean and suitable re-use water. If the system is proven successful, we intend to install further recycling systems at our terminals.

Group Consumption Data

Relevant Metric	2021	2020	Unit of measure
Total municipal solid waste	7,736	6,130	Cubic metres (cm)
Total waste oil and sludge	4,144	2,498	Cubic metres (cm)
Total freshwater consumption	64,680	61,686	Cubic metres (cm)

Increases in waste and consumption volumes in 2021 reflect the expansions made to our routes and operating fleet, as well as the resumption of non-essential passenger travel towards the end of the busier tourism season. We are working with our ship managers and waste management partners across all office locations and ports served to develop a consistent classification of waste streams to enable enhanced reporting and performance management going forward.

Bamboo flooring is present on new and refurbished Eucon containers. At 31 December 2021, 1,100, or approximately 25 percent of the Group's container fleet include bamboo flooring. Bamboo self-regenerates from its roots and is considered more sustainable than hardwood trees for its ability to regenerate quickly.

We are promoting responsible consumption through our selection of crew uniforms, which now contain 95 percent recycled polyester recovered from plastic bottles. In 2021 ICG purchased 9,000 garments, equating to 150,000 plastic bottles being recycled and prevented from reaching the oceans or landfill sites. We continually incorporate sustainability considerations into our procurement process. We minimise the number of deliveries to our vessels through containerised provisioning. Our supply chain partner also offers procurement of any new items requested on board The ICG Supplier Code of Conduct sets out our expectations to suppliers regarding the environment, ethics, human rights and health and safety. Full details of this code can be found on our website.

Sustainability and ESG
Continued

Social: Employee Health and Safety and Diversity and Inclusion

Safety Data

	2021				2020				2019			
	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities
ICG employees and visitors	1	595,200	1.7	0	0	595,200	-	0	1	595,200	1.7	0
Key contractors	7	3,627,720	1.9	0	14	2,090,676	6.7	1	17	2,978,781	5.7	2
	8	4,222,920	1.9	0	14	2,685,876	5.2	1	18	3,573,981	5.0	2

	2021	2020	2019
LTIF on land	4.6	6.3	6.3
LTIF at sea	1.0	4.7	4.6

Lost Time Injury Frequency (LTIF) measures the number of recordable workplace incidents resulting in lost days over a year per million hours worked. We are encouraged by our safety performance during the year which saw a 43 percent decrease in the overall number of incidents reported and a 63 percent decrease in LTIF, despite a 57 percent increase in the Group's total exposure hours. These results are within our previously set targets for 2023 of LTIF on land <5 and LTIF at sea <3.5. The Group has focused on creating a strong safety culture and its performance for the year is a testament to our staff, crews and key third-party contractors who uphold high standards of safety in delivering a quality service for our customers. Regrettably, there were fatalities reported in 2020 and 2019 at our vessels and container terminal. We co-operate fully with all relevant authorities regarding serious incidents. We also investigate all such incidents internally and ensure all necessary steps are taken to improve and to prevent reoccurrences.

Employee Data

	31 Dec 2021	31 Dec 2020
Total number of employees	284	288
• Male	173	175
• Female	111	113
• % Female	39%	39%
• Full time	260	260
• Part time	24	28
• % Part Time Female	83%	86%

	31 Dec 2021	31 Dec 2020
Board members	6	6
• Male	5	5
• Female	1	1
• % Female	17%	17%
Management staff	52	54
• Male	41	42
• Female	11	12
• % Female	21%	22%
Total number of new employee hires	42	16
Total number of departures	47	34
Turnover rate	16%	11%
• Male	19%	13%
• Female	13%	10%

While our gender ratio is imbalanced in comparison to wider society, it is characteristic of the maritime industry, which has been historically androcentric. According to the International Chamber of Shipping's Seafarer Workforce Report 2021, the proportion of female seafarers is estimated to be 1.28 percent of the global seafarer workforce. We are committed to improving the representation of women at ICG through developments to our policies and recruitment process.

To demonstrate our strong commitment to equality, diversity, and inclusion, we developed our first Equality, Diversity and Inclusion Policy, which is available on our website. We are committed to creating a positive working environment whereby all employees are respected, valued and can reach their full potential. We believe that a diverse workforce brings a range of skills and experience which will help to make us more creative and competitive. As well as treating people with dignity and respect, ICG strives to create a supportive environment in which all employees can flourish and reach their full potential.

In order to attract, recruit, develop and retain the very best people, we have created an approach based on three key principles:

1. **Equality** - we promote equality of opportunity by seeking to remove barriers, eliminating discrimination, and ensuring equal opportunities and access for all.
2. **Diversity** - we accept each person as an individual. Our success is built on our ability to embrace diversity – and we believe that everyone should feel valued for their contributions. By working together, we will deliver the best possible service for our staff and stakeholders.
3. **Inclusion** - we create a working culture where differences are not merely accepted but valued; where everyone can develop in a way that is consistent with, and adheres to, ICG's values of impartiality, honesty, integrity, and objectivity.

Our aim is to be an organisation where people feel involved, respected, and connected to our success. At ICG, we strive to be a fully inclusive employer. This includes supporting our workforce by providing the flexibility for a positive work life balance, while continuing to ensure our needs as a business are met. To this effect, we facilitated hybrid working arrangements for our staff in response to changes in the work environment brought upon by the Covid-19 pandemic. We hope that this has helped employees with dependents to manage their responsibilities within and outside of work.

Whistleblowing

ICG is committed to having the highest standards of integrity and transparency. As part of this commitment, we have had policies in place to protect employees when whistleblowing since 2017. This year we enhanced our policy and created a new Protected Disclosure Policy to encourage employees or any person who works or has worked for ICG to make a disclosure in respect of significant matters, and to provide protection for the person making the disclosure.

We seek to always conduct our business honestly and with integrity. It is our policy as an employer to ensure that at every level of management our business complies with all legal requirements that govern our activities. However, we acknowledge that all businesses face the risk of their activities going wrong from time to time, or of unknowingly harbouring malpractice. We believe we have a duty to take appropriate measures to identify such situations and to attempt to remedy them. By encouraging a culture of openness and accountability, we believe we can help prevent such situations occurring. The full details of our Protected Disclosure policy can be found on our website.

Anti-bribery

ICG values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of our staff as well as others acting on our behalf are key to maintaining these standards.

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implement and enforce effective systems to counter bribery. As such we have developed an Anti-Bribery Policy which applies to all employees, partners/directors, agents, consultants, and contractors. The policy can be read in full on our website.

Human Rights

We are committed to the highest standards of business and ethical behaviour and to the respect of internationally recognised human rights as established in the Universal Declaration on Human Rights and the International Labour Organisation's Core Conventions. Our Human Rights Policy, which applies to all ICG employees, contractors, agents and business partners, can be accessed through our website. We have a zero-tolerance policy to modern slavery and human trafficking. We take an open and transparent approach, taking steps to identify and tackle any instances of modern slavery in our supply chain which we outline in our Supplier Code of Conduct. ICG and its ship management service providers undertake regular training, including training provided by the United Nations Migration Agency in relation to human trafficking and labour exploitation. Appropriate training and guidance is provided to all commercial and procurement staff. Further details of our Modern Slavery and Human Trafficking Policy can be found on our website.

Sustainability and ESG
Continued

Corporate Social Responsibility

While the seismic shift in stakeholder expectations of business over the past two years has brought a more material focus to sustainable business practices and ESG, ICG remains committed to contributing to causes that can make a difference. ICG is proud to be a member of the local communities in which we operate. Over the past year, we have continued to support our charitable partners through our CSR programme.

ICG are longstanding supporters of the Dublin Wicklow Mountain Rescue Team (DWMRT). The team share our commitment to the safety of our communities. Irish Ferries assist the DWMRT with transport services for rescue dogs, volunteers, and equipment to carry out critical search and training operations in Ireland. In October, Irish Ferries staff attended a training event hosted by DWMRT. The event gave the Irish Ferries team great insight into the important work undertaken by DWMRT and the activities supported by our partnership.

ICG is a financial supporter of Sail Training Ireland, who provide young people from all backgrounds with the opportunity to participate in voyages on sailing vessels. The voyages help equip participants with important teamwork and communication skills, as well as promoting self-confidence, self-esteem and providing leadership experience.

We would also like to thank our customers for making their own contributions to important causes. Onboard our Irish Ferries vessels we have collections to support the Royal National Lifeboat Association (RNLI) who are the largest charity saving lives across the seas of the United Kingdom, the Republic of Ireland, the Channel Islands and the Isle of Man. Our customers also contributed to the Irish Heart Foundation by choosing healthy meal options onboard. A percentage of proceeds from healthy meals marked with a heart on our menu is donated to the Irish Heart Foundation.

Over the past year, we have continued to support the Irish Whale and Dolphin Association in their monitoring work. We allow the Irish Whale and Dolphin Association to come on board to conduct viewing exercises to monitor the behaviour and populations of whale and dolphin species around our coastline.

ICG are a proud supporter of the St. Patrick's festival in Ireland and provide transport for some of the participating bands and acts who travel from the UK for the event. Whilst this year's festival was cancelled due to Covid-19, we look forward to supporting the festival again over the coming year.

Sunflower Lanyard

In our 2020 Annual Report we were pleased to announce that in February 2020 Irish Ferries became the first Irish travel operator to introduce the hidden disability Sunflower Lanyard scheme across its entire fleet. Available to all passengers with hidden disabilities, and an addition to the full range of services already available to passengers with restricted mobility, the discreet Sunflower Lanyard enables crew who are specially trained, to readily identify those on-board who may require some extra help, time, or assistance. We continue to look for ways to ensure all customers can enjoy our services.

Supporting Tourism and Local Economies

ICG collaborate with Tourism Ireland, Visit Wales, Cotentin Tourism, Normandy Tourism and relevant port bodies on co-operative campaigns to promote sustainable tourism. The campaigns aim to help reduce seasonality issues and highlight less visited areas and attractions.

This year we participated in Tourism Ireland's 'Press the Green Button' campaign to encourage tourists back to Ireland after the downturn caused by the Covid-19 pandemic. The campaign aims to drive bookings for holidays in Ireland and to position the tourism industry well for 2022.

Where possible we seek to increase the use of local suppliers and showcase local produce in supporting artisan producers. This not only reduces our environmental footprint but positively impacts our local economy. Typical examples include our seafood supplier, a large, family-owned fishmonger based in the fishing town of Howth in North County Dublin who supply locally sourced seafood utilising sustainable fishing methods.

We source all our fruit and vegetables through Irish distributors who guarantee to deliver the freshest produce from farms all around Ireland. When in season, Irish produce will always be selected before imported goods. All our beef is Irish produced and our Irish dairy, cheddar cheese and eggs are Origin Green certified, meaning the farms and producers we source from are independently monitored and verified under Ireland's pioneering food and drink sustainability program. Our breakfast meats are sourced in counties Kilkenny and Cork.

We are a strong promotor of Irish beverages, not only the larger brands but also smaller producers of craft beers and spirits. In line with the demands of our guests we offer a wide variety of plant-based food and drink options in all our cafés and restaurants. Our coffees are provided by a Dublin-based roaster using the world's first purpose-built carbon neutral roastery in Dublin. All coffees and teas served on board are fair trade certified. We use local suppliers to service our new Dover-Calais route, including our UK-based coffee supplier that engages in various social projects to support farmers in Guatemala, Tanzania and Peru. We source our on-board wines from a distributor in Cherbourg that provides a vast selection of wines from large and small French wineries. We promote local French wines through special wine tasting events in conjunction with our partner in Cherbourg. Customers have the opportunity to meet with local wine producers and learn more about different wine regions and varietals.

Task Force on Climate-Related Financial Disclosures (TCFD) Report (within ESG report)

Details of how ICG is making progress in implementing the recommendations of the TCFD are set out below. In addition to the four key areas of governance, strategy, risk management and metrics and targets, a complete Appendix cross referencing disclosure against the 11 recommendations is included on page 59 of the Annual Report.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Everything we do at ICG is underpinned by strong governance. Climate-related risks and opportunities are managed and being integrated as a core component of strategy and performance from the highest level of the business. As a leading maritime transport group, in what is an increasingly regulated industry, we recognise how important it is for us to play a leading role in driving more sustainable shipping. Our purpose and strategy are fully aligned to this goal. Oversight of climate-related issues is provided by the Board as a whole, with support from the Audit Committee, in particular in relation to climate risks and opportunities. In terms of management, we have dedicated significant resources to ensuring that climate risks and opportunities are at the forefront of day-to-day activities and operations. We will continue to review the governance of climate-related risks and opportunities in the year ahead to ensure our frameworks evolves with the demands of the outside world.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's businesses strategy and financial planning, where such information is material.

Through our purpose, commitments to contribute to the UN SDG and from regulation, ensuring our strategy is aligned with reduced impact on the environment is a core component of our efforts. It is for this reason we have made significant strides in detailing our environmental impact over the past years while also committing to reducing that impact, with data and effective governance at the heart of those steps.

To gain a better understanding of how climate change might impact our business, we reviewed different scenarios occurring over the coming years. These assessments looked at potential physical and transitionary risks of a changing climate such as flooding and water stress, as well as the risks associated with a transition to a low-carbon economy such as international climate policy and the impacts of carbon pricing. As an industry with stringent environmental-related regulations, the implications of regulatory steps have been a core part of our scenario analyses since before the introduction of the TCFD.

The analysis evaluated the implications for ICG's facilities, fleet and suppliers, as well as the impacts on our consumers. The analysis of both physical and transition risks showed that in both scenarios there is likely to be some financial risks which would need to be managed, but none that would materially impact our business model.

While these analyses were conducted on a qualitative basis and form the foundation of the climate-related risks and opportunities provided below, we aim to conduct a quantitative scenario analysis against a range of warming scenarios in the periods ahead.

Sustainability and ESG
Continued

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Climate-related risk management is integrated into our enterprise risk management process, as detailed extensively on pages 62 to 66. The enterprise risk management process is designed to identify, assess, monitor and report on all risk related to the business. Through the TCFD lens, ICG prioritised the climate risk and opportunity assessment, and set out the following risks and opportunities related to climate change:

	Financial Statement Impact					
Consequence (Negative Scenario)	**Revenue**	**Expenses**	**Assets**	**Liabilities**	**Capital and Financing**	**Opportunity**
Risk - Increase in extreme weather events						
Sailing disruption, damage to assets, increased insurance, health and safety hazards, damage to cargoes, supply chain delays, access issues to key locations	Decrease (fewer sailings)	Increase (Insurance costs, repair costs)	Decrease (damage to assets)	Increase (health and safety hazards, damage to cargoes)		Increase in tourism around operating region due to warmer climate. Tourism boost from conscientious travellers looking to holiday locally and using a more efficient mode of travel than by air
Risk - Introduction of carbon emission allowances						
Increased costs to purchase allowances, penalties for non-compliance, increase in fuel costs, difficulty to offset costs over time through ticket surcharges	Partial increase (fuel surcharge mechanism)	Increase (purchase of allowances, increase in fuel costs)		Increase (provisions for emissions allowances and potential penalties)		Amounts paid may contribute to an industry innovation fund that ICG could seek to benefit from
Risk - Negative impact of meeting EEXI/EEDI requirements						
Increased vessel docking periods to undertake upgrade works, increased capex budgets to meet design requirements, loss of trade due to customer concerns or imposed restrictions, decreased asset values due to poor ratings, reduced charter revenues from inefficient vessels	Decrease (increased vessel docking periods, loss of trade due to customer concerns or imposed restrictions, reduced charter revenues)	Increase (impairment depreciation penalties)	Decrease (poor vessel ratings)		Increased (capex needed to meet design requirements)	Optimise vessel purchasing and selling decisions to consider future compliance and further enhancement costs Reputational improvement by operating fully compliant vessels
Risk - Failure of carbon reducing investments and projects to achieve desired efficiencies						
Substantial capex investment which fails to improve carbon intensity, disproportionate fuel cost reductions, leak, spillage, fire or unintended exposure to alternative fuels harmful to health, energy from alternative sources not enough to meet operational demand		Increase (costs relating to higher than expected carbon intensity, larger quantities of alternative fuels required to meet operational demand)		Increase (potential accidents and hazards from new fuels)	Increased financing to meet capex project requirements	Take a position of market leadership by adopting new technologies to improve environmental performance Opportunity to market new innovative features as unique selling points Reduction in ETS and fuel levy costs
Risk - Poor ESG ratings from external agencies						
Loss of investor and financier interest as the required ESG grades are not met, loss of revenues and/or customers due to ESG concerns	Decrease (loss of revenues and/or customers)	Increase (financing costs due to limited debt options)			Decrease (loss of financier interest)	Use agency feedback to improve performance and boost future ratings Forge supply chain alliances with customers if strong ESG performance can be demonstrated

Consequence (Negative Scenario)	Financial Statement Impact: Revenue	Expenses	Assets	Liabilities	Capital and Financing	Opportunity
Risk - Collective human failure to limit global warming to <1.5 degrees above pre-industrial levels						
Risk to immobile assets and operations at coastal locations, public health and safety risks, natural resource and supply chain shortages	Decrease (Operational disruption at coastal locations due to flooding)	Increase (higher cost of goods and natural resources due to shortages)	Decrease (risk to immobile assets at coastal locations)			Adopt science-based targets, develop and execute our climate change strategy to play our part in limiting global warming Engage with landlords and local authorities on major incident plans and contingencies in place at ports Enhance procedures to responsibly manage water consumption and other key resources
Risk - Biodiversity loss within operating regions						
Loss of species and crops, resulting in food shortages and public health and safety risks		Increase (higher cost of goods and natural resources due to shortages)				Help protect biodiversity through ballast water management systems and other sustainable practices Raise awareness in the community about local biodiversity issues Enhance procedures to responsibly manage water consumption and other key resources
Risk - Unavailable debt financing for capital projects due to operational sustainability concerns						
Construction of suitable vessels and/or undertaking of certain transport activities not meeting sustainable finance criteria, lack of growth opportunities	Decrease (lack of growth opportunities)	Increase (financing costs due to limited debt options)			Decrease (loss of financier interest)	Identify sustainable projects that will achieve funding to grow the business and ensure long-term viability
Risk - Poor fleet emissions ratings with respect to IMO CII and equivalent EU regulations using MRV						
Commercial impact of vessels undertaking reduced speed passages to ensure compliance, impairment of vessels with poor ratings, increased capex to meet efficiency requirements	Decrease (commercial impact of vessels undertaking reduced speed passages)		Decrease (Impairment of vessels with poor ratings)		Increased (capex needed to meet efficiency requirements)	Optimise vessel purchasing and selling decisions to consider future compliance and further enhancement costs IMO encouraged rebates and other concessions from ports and authorities for highly rated vessels

Sustainability and ESG
Continued

Metrics and targets

Over the past number of years, we have commenced collection and disclosure of a range of measures used to assess and manage climate-related risks and opportunities. We have now disclosed our scope 1 and scope 2 emissions and intend to develop our reporting to disclose our scope 3 emissions over time. ICG also adheres to limits on sulphur content of fuel oils, in relation to sulphur oxide (SOx) emissions from the shipping sector, investing approximately €25 million on the installation of exhaust gas cleaning systems (EGCS) in our owned and operated fleet. Studies have shown that EGCS can remove 60 to 90 percent of particulate matter (PM), including a portion of small and ultrafine PM, resulting in fewer particles released in the atmosphere compared to consuming marine gas oil. Separate to our emissions, we provide details of water consumption and waste management throughout our ESG report.

As a business, we have implemented the targets set by the IMO and the EU, including:

- 40 percent reduction in carbon intensity from shipping operations by 2030 compared to 2008 levels
- 50 percent reduction of all GHG from shipping operations by 2050 compared to 2008 levels
- 6 percent reduction in GHG intensity from shipping operations by 2030 compared to 2020 levels
- 75 percent reduction in GHG intensity from shipping operations by 2050 compared to 2020 levels

We have also set the following targets for our terminal operations:

- 70 percent reduction in Scope 1 and 2 emissions by 2025 versus 2020 levels. A 17 percent reduction was achieved in 2021.
- Net zero Scope 1 and 2 operations by 2030.

Over the longer term, we recognise the importance of science-based target setting and look forward to future engagement with the Science Based Targets initiative (SBTi) as we await specific guidance for the transport sector which is currently in development.

Task Force on Climate-Related Financial Disclosures Appendix

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate related risks and opportunities.	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.**	**Disclose how the organisation identifies, assesses, and manages climate-related risks.**	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**
Recommended Disclosures			
(a) Describe the board's oversight of climate-related risks and opportunities. ***Refer to pages 55 and 65***	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. ***Refer to pages 55 to 57***	(a) Describe the organisation's processes for identifying and assessing climate-related risks ***Refer to pages 56 to 57 and pages 64 to 66***	(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process ***Refer to pages 46 to 47 and page 58***
(b) Describe management's role in assessing and managing climate-related risks and opportunities. ***Refer to page 65***	(b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning. ***Refer to pages 56 to 57 and page 65***	(b) Describe the organisation's processes for managing climate-related risks. ***Refer to pages 64 to 66***	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ***Refer to page 47 and pages 56 to 57***
	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. ***Refer to pages 56 to 57 and page 66***	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. ***Refer to pages 62 to 66***	(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. ***Refer to page 58***

Sustainability and ESG
Continued

Disclosures by Non-Financial Undertakings under Article 8 of the EU Taxonomy Regulation

The Group is required to apply the requirements of the EU Taxonomy Regulation. The EU Taxonomy, first published in 2020, is a classification system intended to establish a list of environmentally sustainable economic activities and sectors that play a key role in climate change mitigation and adaptation to support sustainable financing. Under the Taxonomy, for an economic activity to be considered environmentally sustainable, certain criteria must be met across six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

Ahead of reporting on the alignment of ICG activities with the Taxonomy next year, the Group is currently required to disclose the proportion of its turnover, CapEx and OpEX eligible for assessment under the Taxonomy.

Based on a comprehensive analysis of the Group's economic activities against the range of activities listed in the EU Climate Delegated Act and NACE classification system, the Group determines it has Taxonomy-eligible undertakings in accordance with activity 6.10 'Sea and coastal freight water transport, vessels for port operations and auxiliary activities' (Annex I: climate change mitigation/ Annex II: climate change adaptation).

All integrated services necessary to and dependent on the operation of vessels for the combined transport of freight and passengers on sea or coastal waters are also considered eligible and are therefore included within the reported metrics below. This includes service activities incidental to water transportation such as; on board passenger services, Group stevedoring services and quay-to-door container transport services that are component activities embedded within our sea transport offerings to customers.

The Group's Consolidated Financial Statements have been prepared for the financial year ending 31 December 2021 in accordance with IFRS. The amounts used for the calculation of the turnover, CapEx and OpEx ratios are accordingly based on the reported data in those Consolidated Financial Statements.

KPIs

Turnover KPI

The turnover KPI is calculated by the proportion of the net turnover derived from services that are Taxonomy-eligible.

$$\text{Turnover KPI} = \frac{\text{Taxonomy-eligible net turnover}}{\text{Net turnover}} \quad 100\%$$

The total turnover of €334.5 million for the financial year ending 31 December 2021 is the basis for the denominator for the turnover KPI as presented in the Consolidated Income Statement on page 132.

The total turnover of €334.5 million reported in the Consolidated Income Statement was examined across all Group companies to determine whether it was generated from Taxonomy-eligible activities as set out in Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Climate Delegated Act. A detailed analysis of the items included in the sales turnover is used to allocate the respective sales turnover to the Taxonomy-eligible economic activities. The sum of the sales turnover of the Taxonomy-eligible economic activities for the financial year ending 31 December 2021 represents the numerator. The Group has determined its revenue generating activities to be fully eligible.

CapEx KPI

The CapEx KPI is calculated as the proportion of the capital expenditure of an activity that is Taxonomy-eligible.

$$\text{CapEx KPI} = 100\% \; \frac{\text{Taxonomy-eligible investment}}{\text{Additions to tangible and intangible assets}}$$

The capital expenditures amount to €55.2 million, comprising strategic and maintenance capital expenditures. The sum of the additions that reflect investments in Taxonomy-eligible activities forms the numerator.

OpEx KPI

The OpEx KPI is calculated as the proportion of the operating expenditure associated with Taxonomy-eligible activities.

$$\text{OpEx KPI} = 100\% \; \frac{\text{Taxonomy-eligible operating expenses}}{\text{Total OpEx as defined in the EU-Taxonomy}}$$

The amounts reflecting direct non-capitalised costs relating to short-term leasing, maintenance and repair expenses and any other direct expenditures relating to the day-to-day servicing of Group assets or third parties to whom the activities are outsourced that are necessary to ensure the continued and effective functioning of such assets were considered for the denominator calculation.

The numerator is derived from an analysis of the operating expenses associated with Taxonomy-eligible activities.

Risk Management

Overview

Exposure to risk is an inherent element to carrying out the business activities of the Group; the operation of vessels and provision of related services. Effective risk management and internal control systems are essential to protect the Group from exposure to unnecessary risks and to ensure the sustainability of the Group's business.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control framework and determining the nature and extent of the principal risks the Group is willing to accept in order to achieve its long-term objectives. The Board has created a culture of risk awareness throughout the organisation whereby risk consideration is embedded in decision making processes.

The Board has delegated the appraisal of the Group's risk management and internal control systems to the Audit Committee. This assessment is carried out through the review of reports and presentations made by the Risk Management Committee (RMC) and Group Internal Audit. Further information on the Audit Committee activities is set out in its report on pages 94 to 99.

Risk Architecture, Strategy and Protocols

The Group follows international standard ISO 31000 (2018) 'Risk Management – Guidelines' in designing its risk architecture, strategy and protocols (RASP).

The Group's risk architecture includes the roles and responsibilities of the Board and Group personnel in managing risk, along with internal reporting requirements. This is illustrated by the 'three lines of defence' model.

Audit Committee / Board

Senior Management

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Management Controls	Financial Control	Internal Audit
Internal Control Measures	Risk Management	
	Monitoring	
	Compliance	
The first line of defence rests with management acting through their staffs who are responsible for the design, implementation and monitoring of internal control measures within their respective business areas.	The second line of defence comprises of oversight functions such as Group Finance and Group Marine and Safety. These functions are involved in policy setting and provide assurance over first line activities.	The third line of defence consists of the Group Internal Audit function, which performs independent oversight of the first two lines and reports directly to the Audit Committee on matters of internal control, compliance and governance.

External Audit

Regulator

Roles, responsibilities, risk management policy, objectives and process overviews are documented within the Group's Risk Code. The Group adopts an Enterprise Risk Management (ERM) system that takes a unifying, broad and integrated approach to managing risks and aligns risk management to the achievement of strategic objectives.

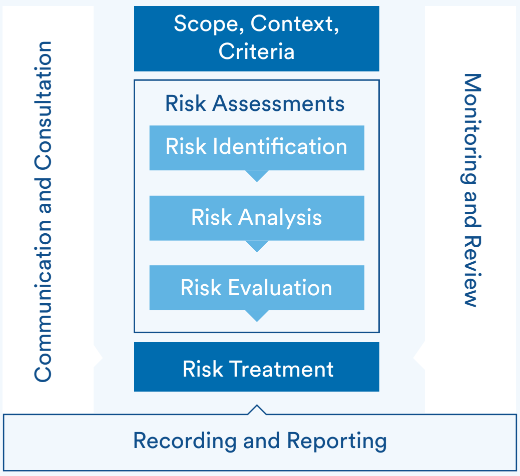
Role of the Risk Management Committee

The Risk Management Committee (RMC) established by the Group comprises members from across the three lines of defence, as well as having Board representation. With its mandate from the Board, the RMC is tasked with;

- Making appropriate recommendations to the Board on all significant matters relating to the development of risk strategy and processes of the Group.
- Keeping under review the effectiveness of the Group's risk management systems.
- Reviewing the Group's risk exposures in relation to the Board's risk appetite.
- Maintaining a robust Group Risk Register and ensuring risks are identified comprehensively and assessed consistently across classified risk areas.

Risk Management Process

The Group's Risk Management Process is underpinned by its RASP methodology and is led by the RMC. The Group's process is based on the revised international standard ISO 31000 (2018), 'Risk Management – Guidelines', and provides an iterative and systematic approach to managing risks throughout the Group.



Risk Assessments and Monitoring

The Board sets the Group's risk appetite for classified risk areas. Risk appetite is communicated through the adoption of Risk Appetite Statements. These statements, along with internal capabilities, resources and industry factors provide context to how the Group's strategy is pursued and to which risks are assessed. With respect to climate and ESG issues, the views of stakeholders are also considered by the Board in setting appropriate appetite levels. Refer to pages 64 to 66 for an overview of the Group's climate risk framework. The Board has a low acceptance for risks that may impact safety of vessels, workers and customers and compliance with relevant laws and regulations.

Each business owner is responsible for ensuring comprehensive risk identification and assessment is carried out covering their sphere of responsibility. Risks are identified through various means, including the use of an identification tool guiding risk assessors through several internal and external factors in identifying potential barriers to respective objectives. Risks are assigned to risk owners with responsibility for the activity generating the risk. Where a risk contains multiple causes and consequences, risk owners are required to collaborate in performing a cause and consequence analysis.

For some risks, this collaboration spans across departments and divisions within the Group.

Risk owners are ultimately responsible for the completion and maintenance of risk assessments across their respective risk areas. Risks are measured in terms of the likelihood of occurrence and estimated impact using a standardised scoring model. All evaluations are made from a Group perspective and are relative to Group risk appetite. Guidance tools are in place to ensure Group-wide consistency is achieved across risk assessments.

Existing control measures are documented and assessed within the risk assessment forms in determining residual risk scores. All risk assessments are reviewed by members of the RMC before they are released to the Group Risk Register. The RMC and risk owners can prescribe the implementation of further control measures at the review stage.

Risk Management
Continued

The Group Risk Register is the central online repository for documenting, assessing and prioritising risks, and for documenting and prescribing control measures. The Register forms a significant portion of the Group's risk management process. The Group Risk Register is reviewed on a regular basis by the RMC.

Any necessary changes to the Group Risk Register are made throughout the year and can be prompted by;

- The occurrence of a risk event.
- The identification of new emerging risks or as circumstances of existing emerging risks change.
- Quarterly RMC meetings.
- Internal Audit or regulatory reviews.
- Annual risk owner reassessment.
- Changes in Key Risk Indicator measurements.
- New risk assessments completed within business area teams.

Risk information within the Group Risk Register is analysed and used for reporting principal risks to the Board and for Internal Audit planning. A presentation of the Group's principal and emerging risks is made to the Board at least annually or more frequently if warranted by developments. At these presentations the Board challenges the RMC in their processes and evaluations of the principal and emerging risks identified in the context of the Group's own risk policy, risk appetite and general market developments both within and outside the industry sector. Key Risk Indicators are in place for highly ranked individual risks at the residual level, to ensure exposure levels are monitored, flagged to the Board and corrective actions taken before impacts are fully realised.

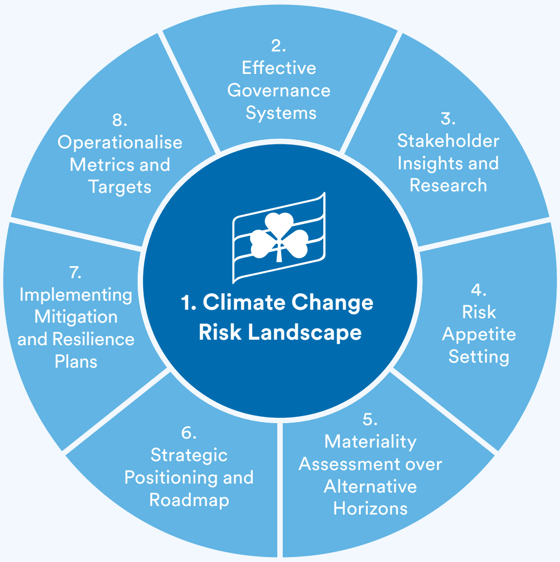
Emerging Risks

Risk monitoring is an ongoing process to reflect the dynamic nature of the environment in which the Group operates. The Group acknowledges three types of emerging risks that can arise. The first type are new risks that emerge in the Group's external environment. These are identified through the ongoing Group risk identification process. The second type are previously identified risks recorded in the Group Risk Register whose impact on Group activities has changed, prompting a reassessment. The third type are new risks emerging from the internal environment when changes to core processes are made. These are identified when undertaking new projects or engaging with new business partners.

Emerging risks are closely monitored and assessed as their uncertain nature can result in the risks becoming significant within a short timeframe. Emerging risks currently under review at the date of this report relate to greater employer responsibility for employee welfare, greater environmental and climate awareness driving increased corporate responsibility and regulatory requirements and long-term risks and opportunities associated with technological advancements.

Managing Climate Change Risks

The Group has adopted a framework, based on guidance from the Institute of Risk Management, which identifies the key areas that require attention to enable the development and execution of its climate change risk management strategy. This framework is integrated within the Group's RASP and related risks assessments are released to the Group Risk Register.



1. Climate Change Risk Landscape

The Group identifies climate risks using the same processes as other emerging risks, with additional emphasis on expert climate risk publications and regulatory updates. Climate change risks are unique in how they; affect every individual and organisation, are long term in nature and are highly uncertain in their ultimate progressions and impacts. Due to these considerations, the Group's climate risk register contains the following additional details;

- Risks are assessed over three different time horizons; 0-3 years, 3-10 years and >10 years, with the 0-3-year horizon assessments transferring to the Group Risk Register.
- Impacted stakeholder groups are identified for engagement on associated risks.
- Opportunities are identified for each risk to support strategic positioning and resilience planning.
- Impacts are linked to financial statement areas.

A summary of the Group's climate risks, impacts and opportunities is disclosed on pages 56 to 57.

2. Effective Governance Systems

The Group applies the same risk governance structure to climate change risks as all enterprise risks. The RMC advises the Board on risk appetite, risk management approach and important risk management issues and considerations, which are ultimately approved by the Board or used to facilitate decision making.

The RMC presents to the Board during the year on all important risk management issues, including climate change and ESG risks. Executive Management are also equipped to update the Board on such matters throughout the year, as 75 percent of the Executive Management Team are RMC members. The Group's recent Board appointments helps ensure there is adequate Non-Executive Director representation with ESG expertise to challenge the RMC and Executive Management on relevant issues.

The RMC is comprised of management across all areas of the business, including; risk and sustainability, sales, operations, health and safety, planning and finance. Collectively, the RMC has the skills, knowledge and experience to best manage the Group's climate change risks and their wide-ranging impacts. ESG issues are incorporated in the incentive plans of Executive Management and dedicated management roles within the RMC.

3. Stakeholder Insights and Research

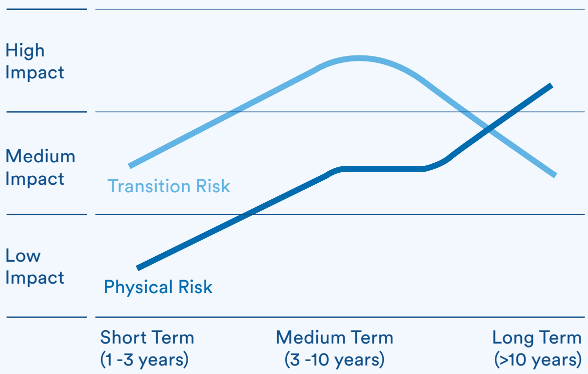
The interests and expectations of stakeholders are important considerations in the Group's climate risk management approach. In 2022, the Group will undertake a stakeholder research program to gain insights on ESG issues facing the Group. This will facilitate an evaluation of our core strategic, operational and compliance processes concerning the environment and climate change expectations. Mapping of these insights will help align stakeholder values to the Group's strategic objectives and core processes.

4. Risk Appetite Setting

Following the outcome of the stakeholder engagement program, the RMC will develop more specific risk appetite areas across a range of ESG issues. Areas of highest stakeholder importance will be considered in setting the appetite levels for Board approval. All ESG and climate change risks going forward will then be assessed, and mitigation plans updated to ensure they remain proportionate to the relevant appetite levels.

5. Materiality Assessment over Alternative Horizons

Climate change risks are assessed over three separate horizons; 0-3 years, 3-10 years and >10 years. Current known transition risks are most significant in the short and medium term and are expected to curtail from the third time horizon as the Group shifts towards a low carbon economy. While physical risks require attention today, significant physical impacts for the Group may only be experienced over the long-term horizon.



Assessments over the long-term horizon are most challenging to calculate but are key to future resilience planning. The Group is exploring further methods to help quantitively analyse the impact of certain future scenarios.

6. Strategic Positioning and Roadmap

Following a full assessment of risks and opportunities over separate time horizons, the Group can assess strategically its current position against long-term goals. This stage allows the Group to identify any changes to its business model necessary for long-term success, with a focus on opportunity management. Further climate change related controls and projects are then agreed.

Risk Management
Continued

7. Implementing Mitigation and Resilience Plans

Further controls and projects to help address climate change risks are implemented and managed. Current resilience plans, including the Group's Major Incident Response Plans and Disaster Recovery Plans are also reviewed and updated periodically for additional information gathered throughout the process.

8. Operationalise Metrics and Targets

Metrics and targets, including carbon intensity and absolute GHG emissions are monitored and reviewed. Relevant Key Risk Indicators are also introduced to monitor high residual risks, in line with the Group's risk management process.

Significant and Emerging Risk Events

Covid-19 Pandemic

The Group responded promptly when the Covid-19 pandemic began to affect operations in 2020 and this continued throughout 2021. Actions taken had two principal emphases:

1. Measures to ensure continuing safe operations and the communication of such measures to all stakeholders including state authorities and customers; and,
2. Measures to ensure the financial viability of services throughout cost-cutting, efficiencies and service restrictions.

A specific and detailed pandemic risk assessment was carried out in 2020 with input from across all divisions and departments which was updated throughout 2021 as necessary.

While some services continued to be curtailed in 2021 and passenger travel was impacted by varying regulations during the year, all operations have been maintained safely including during times of increased passenger demand for ferry services. Global supply chain congestion meanwhile brought opportunities for the Container and Terminal Division. The Group is strongly positioned for success in 2022 as regional restrictions are removed and tourism can safely return to pre-pandemic levels.

Brexit

A specific and detailed risk assessment was developed prior to the end of the transition period on 31 December 2020. This risk assessment was updated throughout 2021 and the risks which materialised were in relation to:

1. Negative impact on the Republic of Ireland (ROI) – Great Britain (GB) freight market due to additional customs and health formalities; and,
2. Market distortion due to re-routing of freight traffic via Northern Ireland and via the direct route to France, to avoid customs and health formalities. However, this risk has also brought the opportunity of increased demand for our ROI – France route.

The Group will continue to monitor the impacts of Brexit, particularly as additional requirements for GB customs controls are implemented in 2022.

Environmental Regulations and Impacts

The Group is exposed to long-term physical effects of climate change and to near and long-term transition risks associated with the movement towards a low carbon economy, driven by changing stakeholder expectations and environmental regulations. During the year, significant regulatory measures and proposals were announced by the IMO and the EU to help achieve the respective GHG reduction targets of each organisation for the maritime transport industry.

Current IMO Measures

- An annual operational Carbon Intensity Indicator (CII) assessment and rating from 2023 to determine how efficiently a ship transports goods or passengers.
- The introduction of the Energy Efficiency Design Index for existing ships (EEXI) which sets from 2023 a baseline technical design efficiency that vessels must meet.

Current EU Proposals

- The extension of the ETS to the maritime industry on a phased-in basis from 2023 to full implementation by 2026, requiring ICG to purchase and submit emissions allowances for each equivalent tonne of CO2 emitted from vessel operations.
- The introduction of the FuelEU Maritime regulation to limit the GHG intensity of energy used on board vessels from 2025.
- The removal of the heavy fuel oil exemption for the industry under the Energy Taxation Directive.

The Group will continue to monitor these developments and liaise with regional chambers of shipping, shipowners' associations and other industry representatives as further information is announced. These regulations could have significant financial and operational impacts for the Group and are currently being managed within the climate risk framework. In mitigation of potential financial impacts, the Group shall seek to recover increased costs through its value chain. The Group has been an early adopter of technology and assessments to certify EEXI compliance for the Isle of Inishmore and Ulysses in 2021, with further studies and measures across the remainder of the fleet scheduled in 2022. The W.B. Yeats is assessed as a new vessel under the Energy Efficiency Design Index (EEDI) and is excluded from EEXI.

War in Eastern Europe

The Group is deeply concerned by developments in Eastern Europe following the invasion of Ukraine by Russia. A full organisational-wide risk assessment was conducted as geopolitical tensions escalated in early February 2022. Among the potential impacts under ongoing assessment at the Annual Report release date include:

- The impact of economic sanctions on Russia on Group operations and fuel prices
- Impact on passenger demand due to ticket price inflation
- Increased cyber security risk to assets and operations
- Business continuity risks associated with supply of fuel and key third party contractors

Viability assessment

The principal risks identified through the Group's risk processes have been considered by the Directors when preparing the Viability Statement on pages 116 to 117, as part of their assessment of the prospects for the Group.

Principal Risks and Uncertainties

Linkage to strategic pillars:

Quality Service | People and Culture | Financial Management | Safety | Sustainability

Description and Impact	Risk Treatment	2021 Developments
Strategic Risk - Commercial & Market		
The Group operates in a highly competitive industry with market risks and opportunities arising from uncertain political and economic landscapes. The Group is at risk of markets not performing in line with expected growth and at risk of loss in market share to competitors, impacting profitability.	The Group undertakes regular assessments of its cost base and performs competitor benchmarking. Direct and indirect competitor activity and market performance is closely monitored which allows the Group to respond swiftly. The Group focuses on ensuring a safe, reliable and high-quality service is provided to customers in order to maintain and strengthen alliances.	Exposure to commercial and market risks increased in magnitude during the year as the Group announced its entry to the Dover – Calais route and competitors introduced additional capacity on existing markets served.
Strategic Risk - Economic and Political		
Economic and political factors including instability and changes to laws on travel and trade could adversely impact the Group's activities and demand for its services. Geopolitical risks, including war risks could have devastating Global impacts, including impacts to Group operations.	The Group liaises with various associations and governmental bodies to share views on proposed legislative changes. Micro and macroeconomic activity is closely monitored to ensure Group decision making is informed and timely.	In 2021, there was a negative impact experienced on the Ireland-GB freight market due to additional customs and health formalities as a result of Brexit and Covid-19. There was also market distortion caused by the re-routing of freight traffic via Northern Ireland via France direct to avoid post-Brexit related customs formalities. The Group is closely monitoring developments in Eastern Europe following the invasion of Ukraine by Russia in February 2022.

Risk Management
Continued

Description and Impact	Risk Treatment	2021 Developments
Operational Risk - Business Continuity		
The Group's operations are exposed to the risk of fire, flood, storms, vessel incidents and loss of critical supplies caused by accident or by natural disaster. Minor disruptions can impact revenues while major disruptive events can result in the loss of critical infrastructure causing significant financial loss and reputational damage.	The Group places strategic importance on investment in quality assets and safety, including vessels suitable for challenging sailing conditions and experienced crews and operations teams. The Group has detailed, coordinated and rehearsed business continuity plans containing crisis management and disaster recovery components to respond to major incidents at land or at sea and ensure affected operations can be resumed promptly and safely.	The Group continues to follow public health guidelines and updates to governmental travel restrictions relating to the Covid-19 pandemic, which saw non-essential passenger travel resume and the Dublin Swift return to service in late summer. The Group is optimistic its services can operate fully and safely throughout the entire 2022 tourism season. Some minor disruptions caused by extended drydocking periods and acute weather events including Storm Barra were experienced during the year.
Operational Risk - Health and Safety		
The Group is inherently exposed to the risk of incidents, including; workplace accidents, vessel collisions and damages, hazardous cargo and incidents involving passengers. There is also a risk of outbreak of contagious illness among staff, crews and customers. These events could result in loss of life, serious personal injury or illness, asset damage and reputational impact concerning safety.	The Group and its service providers adhere to defined operating safety and quality policies and procedures. All sites are regularly inspected by internal second line functions and external regulatory bodies. Emergency procedures and safety training are conducted regularly. Hazardous cargoes are managed in accordance with international maritime regulations. Group vessels, offices and facilities are thoroughly and frequently sanitised. World Health Organisation (WHO) and governmental guidance and instructions are followed. Crews are tested before and during their work on board vessels. Hybrid working arrangements are facilitated for staff to prevent spread of contagious illnesses.	Health and safety metrics for the year are disclosed on page 52. The rollout of vaccination programmes throughout Europe in 2021 helped to protect staff, crew and customers from Covid-19 impacts and contributed to the safe resumption of non-essential travel for passengers. The Group is closely monitoring the impacts of new Covid-19 variants and will continue to exercise caution in how meetings and business activities are conducted.

Description and Impact	Risk Treatment	2021 Developments
Operational Risk - Operational Compliance		
The Group's activities are governed by a range of IMO, flag state, port state, EU and national governmental regulations. There is a risk that instances of non-compliance may occur that causes disruption, reputational damage or financial penalties.	Ongoing training is provided to operations staff and contractors in line with regulatory requirements. New regulations are discussed and assessed at management meetings, together with measures to ensure compliance. The Group's vessels and port operations are subject to regular inspections and audits from internal second line functions and external bodies.	The Group will continue to monitor new regulatory developments at the IMO and the EU and liaise with regional chambers of shipping, shipowners' associations and other industry representatives as further information is announced. Compliance risks related to reducing emissions are managed within the Group's climate change risk framework.
Operational Risk - Environmental Protection		
The Group is exposed to long-term physical effects of climate change and to near and long-term transition risks associated with the movement towards a low carbon economy. These risks and impacts are detailed further on pages 56 to 57. There is also a risk of spillages or incidents causing pollution and discharge to the sea.	Physical and transition climate change risks are managed within the Group's climate change risk framework. The Group is employing a range of technical and operational measures to achieve its GHG reduction targets. Refer to pages 44 to 45 for further details.	Over the last 12 months, the Group has placed significant focus on enhancing its approach to ESG and sustainability. Refer to the Sustainability and ESG Report on pages 40 to 61 for further information on activities and developments during the year.
Operational Risk - Human Capital		
There is a risk of failure to attract qualified and talented individuals and additionally a risk of losing key personnel. Staff could become unmotivated or dissatisfied with the working environment. These risks can ultimately lead to a poor standard of customer service and decision making, affecting the Group's market position, reputation and stakeholder relationships.	Pay and conditions are reviewed and benchmarked to ensure the Group remains competitive. ICG is an equal opportunities employer and seeks a diverse workforce to promote a strong and accepting culture and to help make informed decisions. Staff are encouraged and supported in their pursuits of further education and career advancement. Long-term incentive plans are in place to retain and motivate key management personnel.	Work from home arrangements can be attractive opportunities for many individuals. The Group introduced hybrid working arrangements in response to changes in the work environment brought upon by the Covid-19 pandemic.

Risk Management
Continued

Description and Impact	Risk Treatment	2021 Developments
IT Systems and Cyber Risk - Information Security and Cyber Threats		
The Group is heavily reliant on its IT systems to support business activities. These systems are susceptible to data breaches and cyber attacks that can result in disruption, heavy fines and reputational damage.	The Group employs a suite of physical access controls and technical controls to prevent, detect, mitigate and remediate malicious threats and unusual activity. Such controls include rehearsals for major cyber incidents, vulnerability management processes and security awareness training for staff and key contractors.	Cyber-attacks continue to grow in volume and sophistication and have particularly intensified since the beginning of the Covid-19 pandemic. Notably, in May 2021, a critical national infrastructure provider in Ireland experienced a significant ransomware cyber-attack causing major disruption and damages to systems. This was the largest cyber-attack in Irish history and highlights the importance for the Group to remain vigilant and ensure all efforts to protect its systems are made.
Financial Risk - Financial Loss		
The Group is at risk of losses caused by ineffective or inefficient financial policies or practices, such as; inadequate budgeting and planning, insurance provisioning, project management or credit control techniques.	The Group's financial management activities are performed by experienced and knowledgeable personnel. Regular internal management reporting ensures negative variances and trends are identified timely and acted upon. Close relations with insurance brokers are maintained and emerging risks are considered when assessing coverage. Major projects require pre-approval of the Board. Due diligence procedures are carried out for project contractors and new commercial customers while ongoing performance management of projects and debtors are in place.	During the year, the Group successfully implemented a new ferry booking system and underwent fleet expansion to service its new Dover-Calais route. The Group continues to monitor performance of these projects during and after implementation.
Financial Risk - Volatility		
The Group is exposed to adverse fluctuations in fuel prices and exchange rates which can reduce revenues, increase cost base and reduce overall profitability.	Group policy has been to purchase commodities in the spot markets and remain unhedged. The Group operates a dynamic surcharge mechanism with its freight customers which allows prearranged price adjustments in line with Euro fuel costs to help mitigate US Dollar exposure arising from fuel purchases. In the passenger sector, in addition to fixed environmental surcharges, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. The Group employs a matching policy to mitigate exposure to Sterling. Decreases in translation of Sterling revenues to Euro are largely offset against corresponding decreases in translation of Sterling costs.	Fuel prices were highly volatile in 2021, but overall have increased substantially over 2020, leading to an increase in Group fuel costs. The Group's magnitude for exposure to unfavourable Sterling movements increased during the year, following entering the Dover-Calais route to be serviced by three vessels.

Description and Impact	Risk Treatment	2021 Developments
Financial Risk - Retirement Benefit Scheme		
The Group's pension liabilities are exposed to risks arising from changes in interest rates, inflation, demographics and market values of the underlying investments, resulting in increased scheme obligations or decreased scheme assets.	A portion of the Group's defined benefit risks are transferred to a third-party insurance company. All actuarial assumptions are substantiated and challenged where necessary. Regular communication is maintained with the scheme investment managers to monitor performance relative to agreed benchmarks.	In 2021, the Group continued its de-risking initiatives and active investment management.
Financial Risk - Fraud		
A significant volume of transactions is processed throughout the course of the year. These include a large amount of payment exchanges in the booking process, on board passenger vessels and at port ticket desks. This level of activity inherently carries a risk of fraud through the processing of improper payments or misappropriation of cash or assets. Any instance of fraud affecting ICG could result in financial loss, reputational and cultural damage.	Improper payments are prevented by a segregation of duties within the payment set-up, payment approval and accounts posting processes. Further training and procedures are in place to ensure any requested changes to vendor payments are validated. Daily reconciliations are performed at cash processing locations. All cash counts require supervisor oversight and CCTV cameras are installed to deter and capture any inappropriate behaviour. Internal audit procedures are designed with consideration for the scope of fraud where relevant.	The Group is not aware of any confirmed or suspected instances of fraud during the year. The Group recently enhanced its Protected Disclosure (Whistleblowing) Policy to encourage employees or any person who works or has worked for the Group to make a disclosure in respect of significant matters included instances of fraud. This policy is available on our website.
Financial Risk - Financial Compliance		
As a public listed company with operations in different jurisdictions, the Group must comply with multiple financial and administrative regulations. Any policy changes or instances of non-compliance could result in financial loss, penalties or reputational damage.	The Group relies on its professional staff to ensure necessary filings are timely, complete and accurate. Third party experts are engaged when required to advise on complex matters. The Group engages productively with Irish tax authorities through the Co-Operative Compliance Framework. Additional assurance is also gained from the work of the Group's external auditors.	The Group is monitoring developments in the G20 global tax deal that would increase the rate of corporation tax in Ireland to 15 percent. As the Group is assessed under the tonnage tax regime it does not currently envisage changes to its tax requirements. The Group is also monitoring and assessing the financial and administrative impact of proposals to include the maritime industry in the EU ETS.

Our Fleet

W.B. Yeats

Year Built	2018
Acquired	2018
Gross Tonnage	54,975
No. Engines	4
Speed	22.5 knots
Lane Metres	2,800
Car Capacity	1,216
Passenger Capacity	1,885
Beds	1,706

Ulysses

Year Built	2001
Acquired	2001
Gross Tonnage	50,938
No. Engines	4
Speed	22 knots
Lane Metres	4,100
Car Capacity	1,342
Passenger Capacity	1,875
Beds	186

Isle of Inishmore

Year Built	1997
Acquired	1997
Gross Tonnage	34,031
No. Engines	4
Speed	21.5 knots
Lane Metres	2,100
Car Capacity	855
Passenger Capacity	2,200
Beds	208

Isle of Innisfree

Year Built	1992
Acquired	2021
Gross Tonnage	28,833
No. Engines	4
Speed	21.0 knots
Lane Metres	2,300
Car Capacity	600
Passenger Capacity	1,140
Beds	78

Isle of Inisheer

Year Built	2000
Acquired	2022
Gross Tonnage	25,152
No. Engines	4
Speed	22.5 knots
Lane Metres	1,950
Car Capacity	500
Passenger Capacity	589
Beds	218

Dublin Swift

Year Built	2001
Acquired	2016
Gross Tonnage	8,403
No. Engines	4
Speed	35 knots
Lane Metres	-
Car Capacity	251
Passenger Capacity	817
Beds	-

Epsilon (chartered in)

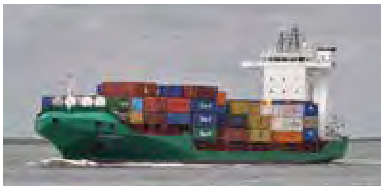
Year Built	2011
Acquired	chartered-in
Gross Tonnage	26,375
No. Engines	2
Speed	23 knots
Lane Metres	2,800
Car Capacity	150
Passenger Capacity	500
Beds	272

Blue Star 1 (chartered in)

Year Built	2000
Acquired	chartered-in
Gross Tonnage	29,858
No. Engines	4
Speed	27 knots
Lane Metres	1,718
Car Capacity	700
Passenger Capacity	1,500
Beds	192

Ranger

Year Built	2005
Acquired	2015
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU

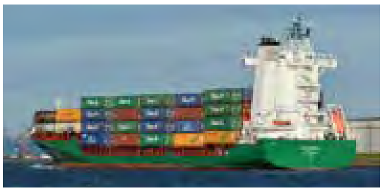


Elbfeeder

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,157
Capacity	974 TEU

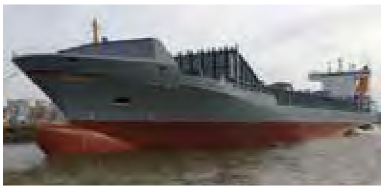
Elbtrader

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,153
Capacity	974 TEU



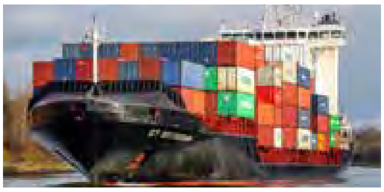
Elbcarrier

Year Built	2007
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,166
Capacity	974 TEU



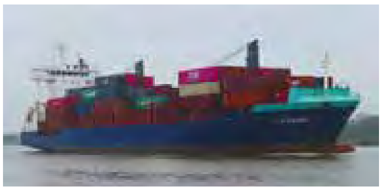
Thetis D

Year Built	2009
Acquired	2019
Gross Tonnage	17,488
Deadweight	17,861
Capacity	1,421 TEU



CT Rotterdam

Year Built	2009
Acquired	2019
Gross Tonnage	8,273
Deadweight	11,157
Capacity	974 TEU



CT Daniel

Year Built	2006
Acquired	2021
Gross Tonnage	9,990
Deadweight	11,190
Capacity	868 TEU

Music (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU

Mirror (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,344
Capacity	803 TEU

Executive Management Team

Eamonn Rothwell
BComm, MBS, FCCA, CFA UK

Chief Executive Officer
Eamonn Rothwell, aged 66, has been a Director for 35 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Tilman Brewin Dolphin. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

David Ledwidge
FCA, BSc (Mgmt)

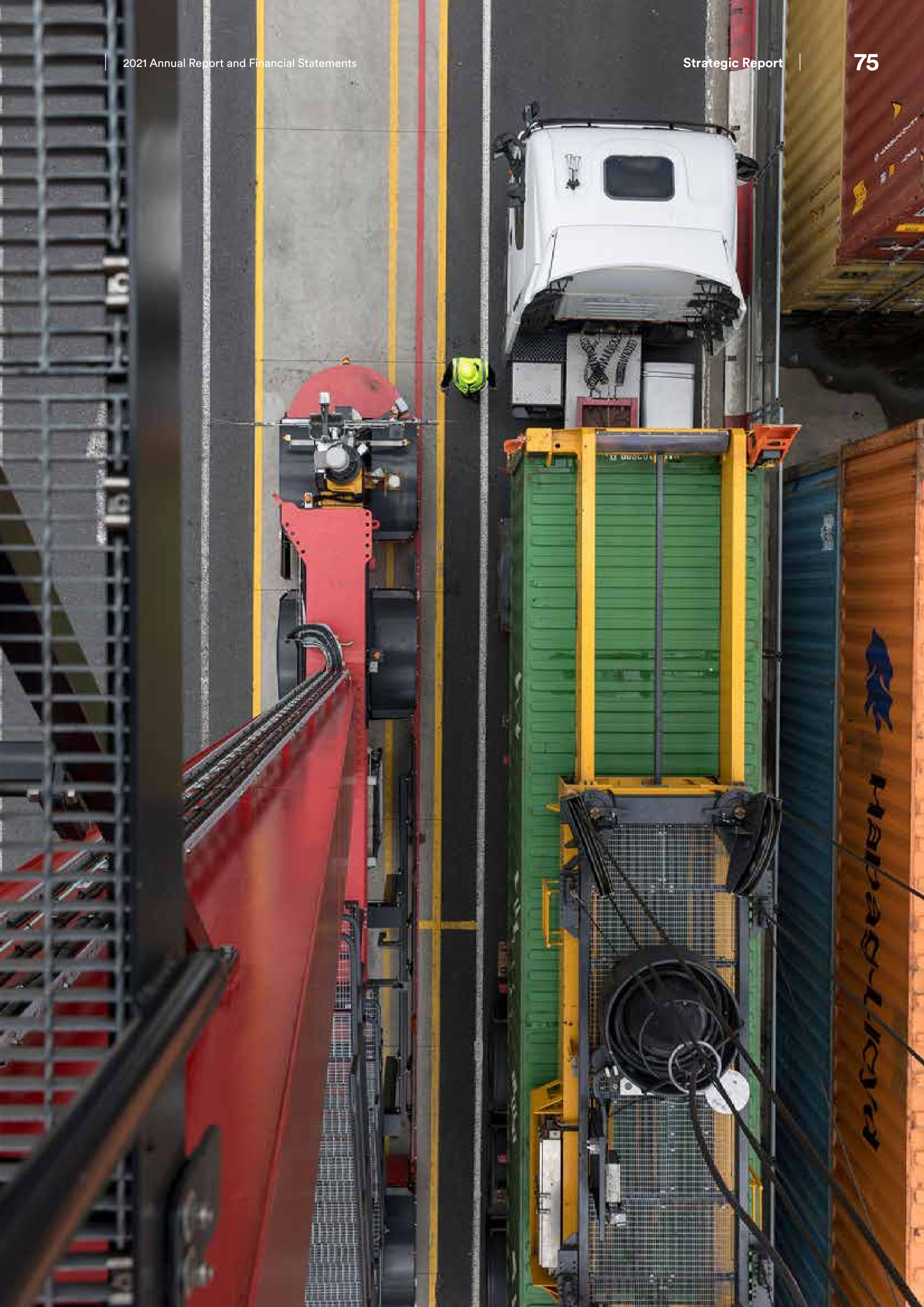
Chief Financial Officer
David Ledwidge, aged 42, was appointed to the Board in March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant and Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

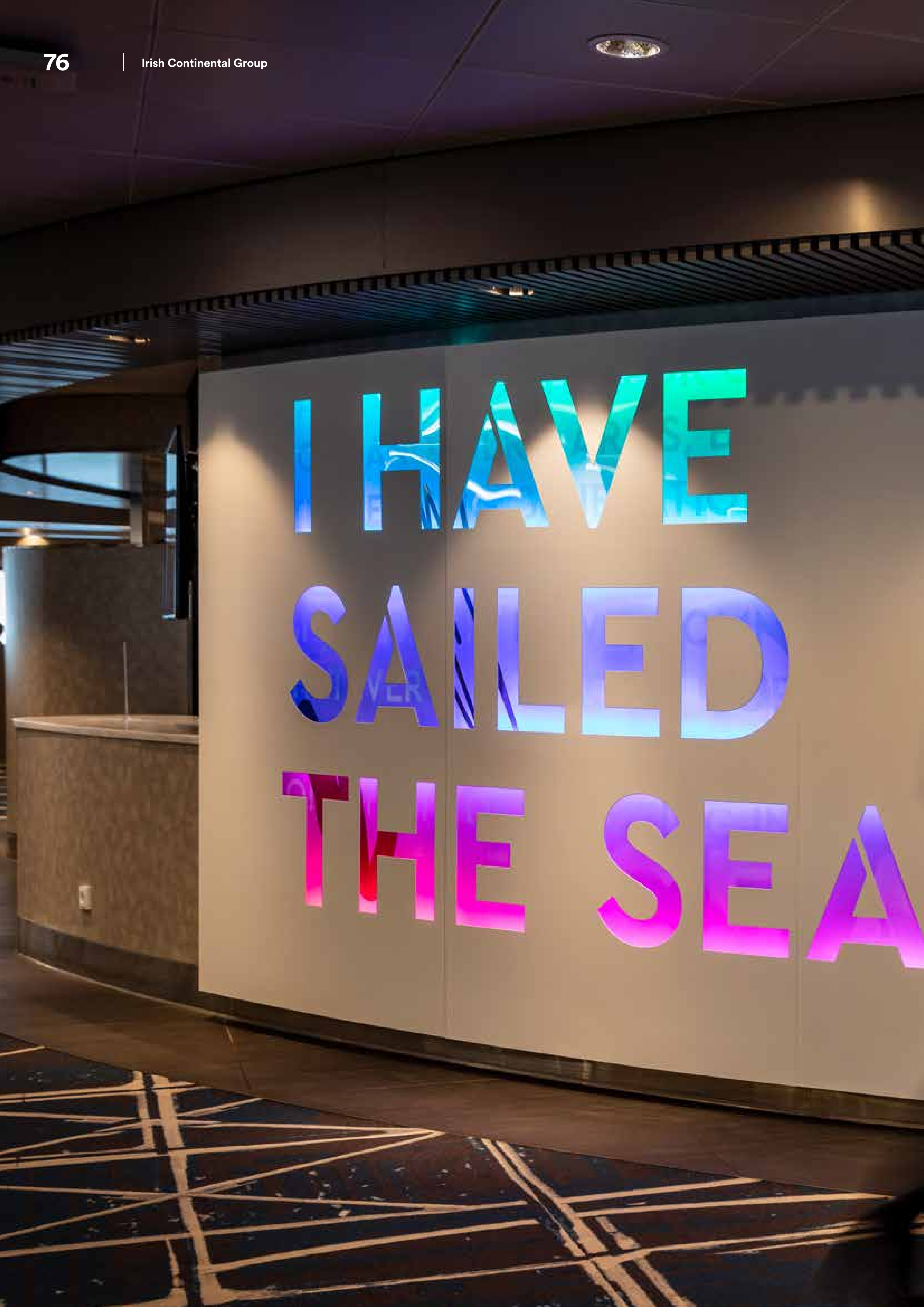
Andrew Sheen
MSc, BEng(Hons), CEng, FIMarEST, FRINA.

Managing Director – Ferries Division
Andrew Sheen, aged 50, a Chartered Engineer, has been involved in shipping for over 30 years and has worked with Irish Ferries in a variety of operational roles for over 15 years. He re-joined ICG from the UK Maritime & Coastguard Agency and has been a Director of Irish Ferries since 2013. He was appointed to his current role as Managing Director of the Ferries Division in March 2015. He is currently President of the Irish Chamber of Shipping and is a Director of the International Chamber of Shipping.

Declan Freeman
FCA

Managing Director - Container and Terminal Division
Declan Freeman, aged 46, joined the Group in 1999 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has worked in a number of financial and general management roles in the Group up to his appointment as Managing Director of Eucon in 2011. He was appointed to his current role as Managing Director of the Container and Terminal Division in 2012.


Hapag-Lloyd


I HAVE
SAILED
THE SEA

Corporate Governance

The Board

The Group's non-executive Directors are:

John B. McGuckian BSc (Econ)

Chairman

John B. McGuckian, aged 82, has been a Director for 34 years having been appointed as a non-executive Director in 1988 and Chairman in 2004. He has a wide range of interests, both in Ireland and internationally. He is also a Director of Cooneen Textiles Limited. He is a former Director of a number of listed companies and he has previously acted as the Chairman of; the International Fund for Ireland, the Industrial Development Board for Northern Ireland, UTV Media plc and as Senior Pro-Chancellor and Chairman of the Senate of the Queen's University of Belfast.

Committee Membership: Audit Committee, Remuneration Committee, Nomination Committee (Chairperson)

Daniel Clague

Independent Director

Dan Clague, aged 62 is a Managing Director of Stephens Europe, an independent investment bank for middle market companies where Dan leads the Transport Services and Infrastructure Group. With over 25 years' experience in investment banking, Dan has previously held senior positions with Hawkpoint Partners, SG Hambros, ABN Amro and Baring Brothers. Prior to entering investment banking, Dan spent a number of years working in the maritime sector as a shipping and ports manager. He has global experience of both public and private company mergers and acquisitions across the transport industry including the RoRo, LoLo and port sectors. Dan is based in London.

Committee Membership: Audit Committee, Remuneration Committee, Nomination Committee

John Sheehan FCA

Senior Independent Director

John Sheehan, aged 56, was appointed to the Board in October 2013. John is Chief Financial Officer with Ardagh Group, a leading operator in the global glass and metal packaging sector with operations principally in Europe and North America. John has over 20 years of experience at management level with exposure to international acquisition and development projects. He was formerly Head of Equity Sales at NCB Stockbrokers, now part of Tilman Brewin Dolphin, where he spent thirteen years in a range of roles and directly covered various industry sectors including transport and aviation. John qualified as a Chartered Accountant with PwC.

Committee Membership: Audit Committee (Chairperson), Remuneration Committee (Chairperson), Nomination Committee

Lesley Williams

Independent Director

Lesley Williams, aged 56, was appointed to the Board in January 2021. Lesley has over 25 years' experience in capital markets having held senior positions with Investec Bank plc as Head of Irish Equities, Euronext Dublin (formerly the Irish Stock Exchange) as Head of Irish Market and Goodbody Stockbrokers as Head of Institutional Equity Sales. Lesley holds a number of independent non-executive directorships in the asset management and International fund sectors. She is also a past director of Dublin Port Company where she held the position of Chairperson of the Audit and Risk Committee. Lesley is an Associate member of the Chartered Financial Analyst Institute (CFA) from which she also holds a certificate in ESG investing and is a Fellow of the Chartered Institute for Securities and Investment.

Committee Membership: Audit Committee, Remuneration Committee, Nomination Committee

The Group's executive Directors are:

Eamonn Rothwell
BComm, MBS, FCCA, CFA UK

Chief Executive Officer
Eamonn Rothwell, aged 66, has been a Director for 35 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Tilman Brewin Dolphin. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

Committee Membership: Nomination Committee

David Ledwidge
FCA, BSc (Mgmt)

Chief Financial Officer
David Ledwidge, aged 42, was appointed to the Board in 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant, and most recently as Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

The company secretary is:

Thomas Corcoran
BComm, FCA

Company Secretary
Thomas Corcoran, aged 57, joined the Company in 1989 from the international professional services firm PwC, where he qualified as a Chartered Accountant. He has held a number of financial positions within the Group and is currently Group Financial Controller and Company Secretary. He was appointed Company Secretary in 2001.

Corporate Governance Report

Dear Shareholder,

As the coronavirus pandemic has continued to impact on society, the Board has overseen the consideration of stakeholder needs and experiences, and the integration of these throughout work and discussions in the Boardroom. This approach reflects the Board's focus on embedding high standards of corporate governance, with the objective of providing a transparent and engaging account of our approach throughout our Annual Report.

A Focus on Purpose

Our purpose – to achieve continued success in our chosen markets, delivering a safe, reliable, timely, good value and high-quality experience to our customers in a way that minimises our impact on the environment – has guided actions at every level of the organisation throughout the year. In the immediate term, this meant a relentless focus on the health and safety of our employees, customers and wider stakeholders. With a longer-term view, it has resulted in significant efforts to review our impact on the environment and, where possible, go above and beyond the significant changes to the regulatory environment for shipping. The pandemic has not distracted from the challenges presented by climate change and ICG will continue to do its utmost to reduce the impact it has on the environment. As part of those efforts, we have for the first time set out a plan for net zero in our land-based operations, with further details set out on page 45.

Enhancing Board effectiveness

Social distancing guidelines have resulted in significant changes to the way we work and engage. One of our priorities during FY2021 was to ensure the Board continues to operate at a highly effective standard. With the inability to meet physically, a comprehensive engagement programme has drawn on technology to create new platforms for conversations. While not a direct substitute for in-person discussion, these have been successful in ensuring the connectivity and collaboration necessary to ensure the effective functioning of the Board and senior leadership.

While we had deferred the external Board evaluation during 2020 due to the challenges facing society and the business, it took place during 2021. The evaluation showed that the Board and each of its Committees continue to operate effectively. The value of external evaluations lies in ensuring the Board consistently tests itself and always strives to improve. Further details of the evaluation are set out on pages 88 to 89.

Board Changes

There were two additions to the Board in the year. On 4 January 2021, Lesley Williams joined the Board, followed by Dan Clague on 26 August 2021. We are fortunate to have been able to add such impressive individuals to our Board. While each possess many talents, Lesley's capital markets and ESG expertise will be relevant, with Dan's knowledge at the intersection of investment banking, transport and infrastructure already adding significant depth of expertise to the Board. For the first time, we have also provided a skills matrix for our Directors, which will inform succession and Board refreshment plans, as well as the requirements for Board development and learning.

Catherine Duffy and Brian O'Kelly stepped down during 2021 and we are grateful for their contribution throughout their tenure. Following these changes, the Board is fully aware that the composition of the Board does not align with the ambitions set by the Hampton-Alexander Review and, closer to home, targets from the Balance for Better Business. As a Board, we recognise the benefits of diversity and through the Nomination Committee, we place a particular focus on ensuring any candidate pool for Board or senior management positions provides the Board an opportunity to promote diversity within the Board and senior team.

Monitoring culture

As a Board, we have welcomed the growing focus on the idea of culture within businesses from investors and regulators. One of the key tests of the past 12 months has been the resilience of employees and business' culture. While there has been significant upheaval in our sector, given the focus on safety throughout the business, we were probably positioned better than most to respond to the evolving requirements of a pandemic and associated regulation. The impact of coronavirus on the metrics that depict our culture will be monitored closely as we progress through 2022, alongside actions to reiterate broader cultural expectations. One of the most meaningful means of understanding culture, and subsequently taking steps to drive enhancements, is direct feedback from employees at all levels of the organisation. With this in mind we will be undertaking a new program to engage our employees with talent development.

Creating value for stakeholders

While the requirements of the UK Code apply to Irish businesses, certain aspects of its framework are based on UK legislation. Once such aspect is provision 5 of the 2018 Code, which sets out the expectation that the Board details how stakeholder interests have been taken into account. Nonetheless, while section 172 of the UK Companies Act does not directly apply to ICG, stakeholder interests have never been in sharper focus, and the importance of Environmental, Social and Governance (ESG) matters to investors continues to grow at pace. To ensure the Board remains in touch with material issues and concerns, it has increased the resources dedicated to sustainability practices, and has put in place a more robust reporting framework that takes into account stakeholder interests. The Board's annual review of sustainability priorities reflects our wider social contract, which in 2021 saw the adoption of an environmental policy, a complete revision of many existing policies and, our inaugural reporting against SASB standards for our industry and the commencement of our disclosure against the TCFD. Work is also continuing as part of the review of all governance documentation, to ensure the most material risks and opportunities are elevated to the highest parts of the organisation, with material non-financial data being integrated into the same risk management and KPI framework as its financial counterparts.

UK Corporate Governance Code

I am pleased to report that we applied the provisions of the 2018 UK Corporate Governance Code (the '2018 Code') during the year. In those limited instances where compliance was not achieved in the specific circumstances of the Group, we have provided explanation. Details of our compliance, the composition of our Board, its corporate governance arrangements, processes and activities during the year, and reports from each of the Board's Committees, are set out on the following pages.

Finally, I would like to thank all of our shareholders for their continued support, and I look forward to welcoming you to our AGM on 11 May 2022. The Board will be available to answer any questions you may have about the business of the meeting.

John McGuckian

Chairman

9 March 2022

Corporate Governance Report
Continued

Corporate Governance Code

The Group is committed to the principles of corporate governance contained in the UK Corporate Governance Code (the Code) issued in July 2018 by the Financial Reporting Council, as adopted by Euronext Dublin, for which the Board is accountable to shareholders. The Irish Corporate Governance Annex (the Irish Annex) issued by Euronext Dublin also applies to the Group.

This Corporate Governance Report presented in the context of the full Annual Report and Financial Statements for the year ended 31 December 2021 sets out how the Board has applied the Principles of the Code. This is supported through reporting on compliance with the Provisions of the Code. The Board considers that, other than for the deviations noted below which have been explained in this Corporate Governance Report, throughout the period under review the Group has been in compliance with the provisions of the Code and the requirements set out in the Irish Annex.

Provision 5 of the Code requires the Board to describe in its Annual Report how the interests of key stakeholders and the matters set out in Section 172 of the United Kingdom Companies Act of 2006. While that Act does not apply to Irish companies, the Board is satisfied that these matters have been addressed in discussions and disclosures throughout this Annual Report including discussion on strategy and business model, business review, risk processes, environmental matters and stakeholder engagement. Provision 5 also requires that employee engagement be facilitated by one of three prescribed methods. As the Board has not chosen one or more of these methods, it explains at page 84 the alternative arrangements which are in place and why it considers that they are effective. Under Provision 19 of the Code, the Chair should not remain in post beyond nine years from the date of their first appointment. This report at page 87 provides details to the continuing tenure of Mr. John B. McGuckian as Chairman beyond nine years.

Provision 36 requires that the Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. The Report of the Remuneration Committee at page 113 sets out the reasoning for not establishing a formal policy given that the existing arrangements under the Remuneration Policy result in contractual restrictions on share disposals of up to five years post-employment.

Provision 39 requires that notice or contract periods should be one year or less. The Report of the Remuneration Committee at page 112 sets out why in relation to one Director a notice period of two years will apply in certain circumstances.

Corporate Governance Framework

Board Leadership and Company Purpose

The Board is collectively responsible for the long-term sustainable success of the Group through provision of leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. Pursuant to the Constitution, the Directors of the Company are empowered to exercise all such powers as are necessary to manage and run the Company, subject to the provisions of the Companies Act 2014.

In discharging this responsibility, the Board has adopted a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group's business including approval of financial statements, budgets (including capital expenditure), acquisitions or disposals of significant assets, dividends and share redemptions, board appointments and setting the risk appetite. Certain additional matters are delegated to Board Committees.

In discharging their duties, the Board has arrangements in place for Directors to disclose any direct or indirect interests which may possibly conflict with the interests of the Company.

Group Strategy and Corporate Governance

On page 18 we describe the Group's strategy. This strategy is supported by our five strategic pillars, consideration of which is interwoven throughout the Board agenda for each meeting and throughout this report.

Strategic pillar	Key activities during the period
Quality service	
Investment in quality assets is essential to ensure a reliable, timely and high-quality service to our customers which is essential to retaining the Group's pivotal position in international logistics chain and to driving growth in the Group's business.	• The oversight and monitoring of performance of the fleet • Evaluation and approval of ongoing expansion including: - Commencement of new ferry services between Dover and Calais. - Increase in the operational ferry fleet from 5 to 8 vessels, 2 of which were purchased and 1 chartered. - Increase in the container vessel fleet from 6 to 7 vessels. - Approval of the acquisition of 5 new electrically powered RTGs at Dublin Ferryport Terminals as part of a replacement and expansion program. - Vessel upgrade works involving customer facing and background technical improvements. - Commencement of operations at the Dublin Inland Port.
People and culture	
Our customers' experience is directly affected through their interaction with our employees and third-party contractors.	• Overview of service quality reports. • Monitoring of feedback from staff briefing sessions. • Monitoring of Covid-19 initiatives to ensure safety of customers and the workforce. • Review of whistleblowing procedures.
Financial management	
Pursuit of investment opportunities within stringent risk and reward hurdles, avoidance of speculative financial positions and Capital management.	• Reviewed the regular reports from the CEO and CFO regarding the Group's operations. • Monitored the financial liquidity and adequacy of borrowing facilities. • Challenge of investment proposals presented by the executive team in terms of resilience and risk appetite. • Consideration of commodity and currency exposures. • Assessed the Group's capital allocation, dividend and buyback transactions. • Approved the post Brexit migration of Company share trade settlement from CREST to Euroclear Bank.
Safety	
The operational safety of our vessels and terminal facilities is paramount to maintaining the reputation of our brands which is vital to future success and a strong safety culture is promoted across all activities.	• Oversight of Group operational safety reviews. • Review of arrangements introduced to protect customers, staff and crew aboard our vessels against Covid-19. • Attended briefings from the Risk Management Committee. • Review of risk appetite statements. • Reviewed effectiveness of the Group's internal control and risk management systems.
Sustainability	
The Group seeks to minimise the impact of its activities on the environment through constant innovation, efficiency and awareness.	• Oversight of Group compliance with existing regulations and potential effects of new regulations. • Approval of additional resources to formalise the development of integrated Group sustainability policy and framework. • Approval of projects to improve the group's environmental footprint.

Corporate Governance Report
Continued

Stakeholder Engagement

At Irish Continental Group, we believe success in our business will deliver sustained and profitable growth for the benefit of all our stakeholders. To nurture this success regular dialogue takes place at relevant levels within the Group and feedback is delivered to the Board through the CEO and presentations from the senior executive team.

Shareholders

The Board acknowledges its responsibility to engage with shareholders to ensure that their interests are being met and to listen to any areas of concern which they may raise.

The Board encourages communications with shareholders and welcomes their participation at all general meetings of the Company. While it was not possible to accommodate physical attendance at the 2021 AGM due to government restrictions on gatherings imposed due to Covid-19, the Company provided a live audio feed and a facility to submit questions in advance of the meeting.

Regular formal updates are provided to shareholders and are available on the Group's website. During 2021, these included Trading Updates, the Half-Yearly Financial Report, and the Annual Report and Financial Statements together with investor presentations. Irish Continental Group's website, www.icg.ie, also provides access to other corporate and financial information, including all regulatory announcements and a link to the current ICG Unit price.

Other than during close periods and subject to the requirements of the Takeover Code, when applicable, the Chief Executive and the Chief Financial Officer have a regular dialogue with its major shareholders throughout the year and report on these meetings to the Board. The Senior Independent Director is also available on request to meet with major shareholders.

The 2022 Annual General Meeting is scheduled for 11 May 2022. Arrangements will be made for the 2021 Annual Report and 2022 Annual General Meeting Notice to be available to shareholders at least 20 working days before the meeting and for the level of proxy votes cast for and against each resolution and the number of abstentions, to be announced at the meeting. Further details on the procedures applicable to general meetings are set out on pages 91 to 92.

Further investor relations information is available on pages 208 to 209 of this Annual Report.

Workforce

We rely on our workforce to promote our values. Our customers' experience and consequentially our success is directly affected through their interaction with our workforce comprising our own employees and third-party contractors. In return we recognise our obligation to promote employee development in an environment which promotes diversity and inclusion and provides a safe working environment.

The Board notes the Code provision relating to workforce engagement and the methods which might be used to effect same. The Board has considered these against the nature of the manner in which the Group's activities are performed. As is common practice in the maritime sector, our vessels are crewed through third-party managers. The Group has no legal rights to engage with the individual crew members who are directed and controlled by the third-party manager. The contracts between the Group and the crewing managers include detailed service level arrangements and requirements that the third-party adhere to international IMO regulations regarding employment terms for seafarers. The Group monitors the crewing manager certification on an ongoing basis. The Group has also entered into third-party labour contracts with respect to its terminal operations.

At peak season, the Group engages in excess of 1,000 persons, of which approximately 300 are direct employees. The Board has considered that the most appropriate manner in which it can ensure that the interests of persons employed directly or indirectly can be considered is through challenging the CEO and divisional managing directors on their regular reports to the Board.

Both formal and informal processes underlie engagement with the direct workforce. Formal processes include general briefing sessions to all employees through the management chain. There are also annual staff reviews which promote the exchange of views. The Group has also formulated grievance and whistleblowing procedures whereby employees can report any concern in confidence. The Group also has arrangements in place for the provision of confidential counselling services. Informally, given the small direct workforce, there is an open access policy whereby any employee has access to any manager up to the CEO. Senior management also regularly visit all Group locations. Within these processes, executive management report on workforce matters to the Board.

Site visits are also arranged for Board members. However, during the Covid-19 pandemic these were curtailed in line with Group safety protocols to limit unnecessary contacts.

Customers

Our strategy centres around meeting our customers maritime transport requirements whether that is being a key partner in their organisation's international logistics chain or personal travel arrangements. We engage with our customers on a daily basis through the provision of our services but also proactively work in partnership with our customers so that they can achieve their objectives. Through listening to our customer feedback and requirements we adapt our offering in the provision of safe, reliable, timely, good value and high quality maritime transport, while continuing initiatives to minimise the impact of our operations on the environment. The Board receives regular updates from the CEO and senior managers on customer performance and market developments.

Suppliers

The Group's partnerships with its suppliers are essential to the Group's success in delivering its services. We work closely with our suppliers to ensure the quality of supplies and services meet our exacting requirements. We support our suppliers with their innovation projects which benefit the way we can deliver our services. Increasingly this involves initiatives with an environmental benefit whether it be a new or improved product or a new way of doing things. We have in place a Supplier Code of Conduct which purpose is to ensure our procurement processes are aligned with our values and policies across the areas of environment, ethics, human rights and health and safety. The Board receives regular updates from the CEO and senior managers on the performance of key suppliers and innovations.

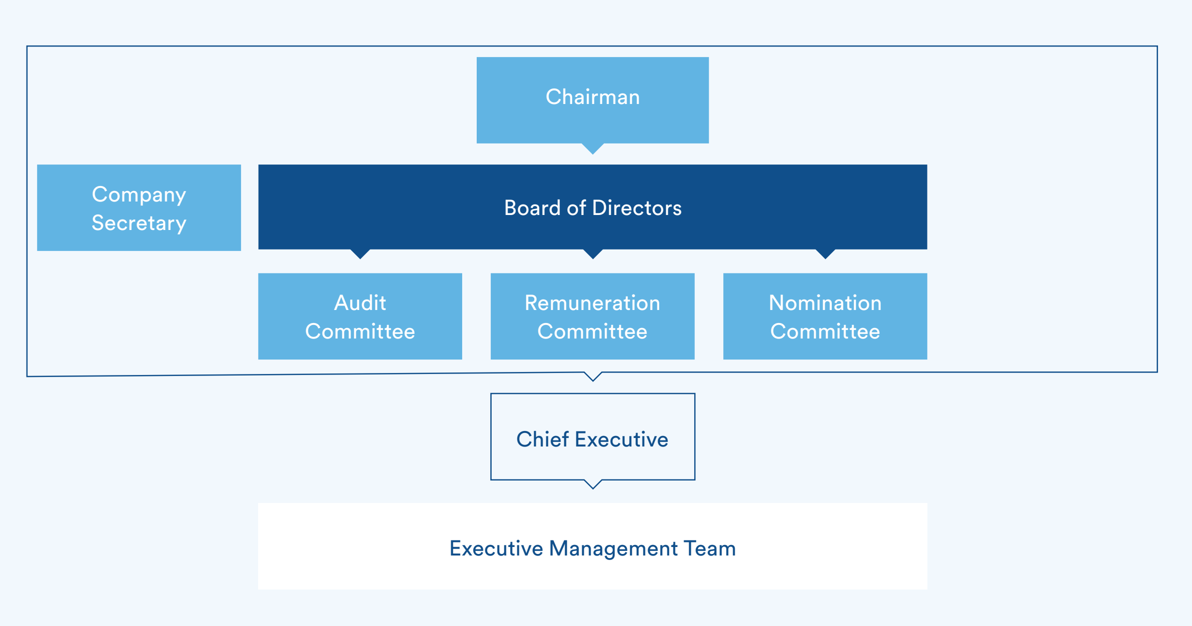
Environment and Society

The Group acknowledges its societal responsibility to conduct business in a manner that protects our shared environment. We operate in a highly regulated industry which requires adherence to high standards of waste and resource management, pollution prevention and increasingly rigorous compliance measures to reduce greenhouse gas emissions across the maritime sector. This involves continuous engagement with port and flag state authorities, industry representative bodies, and local and international regulatory agencies. A key step in the Group's climate change risk framework outlined on pages 64 to 66 is to engage in a research program to incorporate stakeholder views on the environment and climate change expectations into the Group's risk appetite setting and strategic planning processes.

ICG is recognised as a critical infrastructure operator in providing essential transport services under the Irish Ferries and Eucon brands. This requires collaboration with the Irish government on areas of business continuity and network and information security. Irish Ferries is also a significant contributor to the tourism industries of Ireland, the UK and France and engages in co-operative campaign programs with regional tourism bodies to promote local tourism.

We also support various community initiatives and charities that align with our strategic pillars of safety and sustainability.

Corporate Governance Report
Continued



Division of Responsibilities

The Board comprises of two executive and four non-executive Directors. The roles of Chairman and Chief Executive are separate, set out in writing and approved by the Board.

The Board has adopted the corporate governance structure set out below which it believes provides for segregation of the oversight functions from those of executive management.

Chairman: The Board is led by the Chairman who is responsible for its overall effectiveness in directing the Group.

John B. McGuckian has served as Chairman of the Board since 2004 and is responsible for leading the Board, ensuring its effectiveness through;

- Setting the Board's agenda and ensuring that adequate time is available for discussion.
- Promoting a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.
- Ensuring that the Directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.

Chief Executive: The Board has delegated the management of the Group to the Executive Management Team, through the direction of Eamonn Rothwell who has served as Chief Executive since 1992. The Chief Executive is responsible for implementing Board strategy and policies and closely liaises with the Chairman and manages the Group's relationship with its shareholders.

Senior Independent Director: The Board, having considered his experience, appointed John Sheehan as the Senior Independent Director effective from 26 January 2022. The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors if necessary. The Senior Independent Director is also available to shareholders if they have concerns which have not been resolved through the normal channels of Chairman, Chief Executive or for which such contact is inappropriate. Brian O'Kelly served as the Senior Independent Director up to his retirement as Director on 17 December 2021.

Non-executive Directors: Non-executive Directors through their knowledge and experience gained outside the Group constructively challenge and contribute to the development of Group strategy. Non-executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. Through their membership of Committees, they are responsible for determining appropriate levels of remuneration of executive Directors and have a prime role in appointing and, where necessary, removing executive Directors, and in succession planning.

Company Secretary: The Company Secretary provides a support role to the Chairman and the Board ensuring good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitating induction and assisting with professional development as required and advising the Board through the Chairman on governance matters. Thomas Corcoran has served as Company Secretary since 2001.

Committees: During the year ended 31 December 2021, there were three standing Board Committees with formal terms of reference; the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition, the Board will establish ad-hoc sub-committees to deal with other matters as necessary. All Board committees have written terms of reference setting out their authorities and duties delegated by the Board. The terms of reference are available, on request, from the Company Secretary and are available on the Group's website. The reports of the committees are set out at pages 94 to 114.

Independence: All of the non-executive Directors are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. In considering their independence, the Board has taken into account a number of factors including their length of service on the Board, other directorships held and material business interests.

Mr. McGuckian has served on the Board for more than nine years since his first appointment. Notwithstanding this tenure the Board, as advised by the Nomination Committee, considers Mr. McGuckian to be independent having regard to the independent mindset with which he carries out his role. The Board has considered the knowledge, skills and experience that he contributes and assesses him to be both independent in character and judgement and to be of continued significant benefit to the Board. Mr McGuckian was also assessed to be independent at the date of appointment as Chairman in 2004. While conscious of the recommendations of the UK Code, the Board – through the Nomination Committee – considered it in the best interests of the Company and its stakeholders for the Chair to continue for 2022. Mr. McGuckian extensive knowledge of the business ensures appropriate challenge and leadership of the Board during this time of strategic development and continuing risk of the Covid-19 pandemic.

Meetings: The Board agrees a schedule of regular meetings each calendar year and also meets on other occasions if necessary with contact between meetings as required in order to progress the Group's business. Where a Director is unable to attend a meeting, they may communicate their views to the Chairman. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. Non-executive Directors are expected to utilise their expertise and experience to constructively challenge proposals tabled at the meetings. The Board has direct access to the Executive Management Team who regularly brief the Board in relation to operational, financial and strategic matters concerning the Group.

Director attendances at scheduled meetings are set out below. In addition, there was regular contact and updates between these scheduled meetings. The Chairman also held meetings with the non-executive Directors without the executive Directors present and the non-executive Directors also meet once a year, without the Chairman present.

Attendance at scheduled Board meetings during the year ended 31 December 2021 was as follows:

Member	A	B	Tenure
J. B. McGuckian (Chair)	7	7	34 years
E. Rothwell	7	7	35 years
C. Duffy (resigned: 12 May 2021)	3	3	9 years
D. Ledwidge	7	7	6 years
B. O'Kelly (resigned: 17 December 2021)	7	7	9 years
J. Sheehan	7	7	8 years
Lesley Williams (appt: 4 January 2021)	7	7	1 year
Dan Clague (appt: 26 August 2021)	2	2	0.5 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Board.

Column B: the number of scheduled meetings attended during the year where the Director was a member of the Board.

Corporate Governance Report
Continued

Access to Advice: There is a procedure for Directors in the furtherance of their duties to take independent professional advice, at the expense of the Group, if they consider this necessary. The Group carries director liability insurance which indemnifies Directors in respect of legal actions that may be taken against them in the course of discharging their duties as Directors.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Composition, Succession and Evaluation

Composition: The Board comprises two executive and four non-executive Directors. Excluding the Chairman, a majority of the Board comprises independent non-executive Directors in line with the recommendation of the Code.

Details of the professional and educational backgrounds of each Director encompassing the experience and expertise that they bring to the Board are set out on pages 78 to 79. The Board believes that it is of a size and structure and that, the Directors bring an appropriate balance of skills, experience, independence and knowledge to enable the Board to discharge its respective duties and responsibilities effectively, with no individual or group of individuals dominating the Board's decision making. Each of the non-executive Directors has a broad range of business experience independent of the Group both domestically and internationally. The appointments that took place during 2021 further underpinned that diversity of background and experience.

The Board has established a Nomination Committee to lead the appointments process and plan for orderly succession at Board and senior management level. The Nomination Committee report is set out on pages 100 to 101.

Appointments: All Directors are appointed by the Board, following a recommendation by the Nomination Committee, for an initial term not exceeding three years, subject to annual re-election at the Annual General Meeting. Prior to their nomination as a non-executive Director, an assessment is carried out to determine that they are independent. Non-executive Directors' independence is thereafter reviewed annually, prior to recommending the resolution for re-election at the AGM. Under the Articles each Director is subject to re-election at least every three years but in accordance with the Code, the Board has agreed that each Director will be subject to annual re-election at the AGM.

The terms and conditions of appointment of non-executive Directors appointed after 2002 are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the AGM of the Company.

During 2021, there were two new non-executive appointments to the Board, Lesley Williams on 4 January 2021 and Dan Clague on 26 August 2021. Both were deemed independent on appointment. Catherine Duffy and Brian O'Kelly resigned as Directors during 2021, both having served nine years as a Director of the Company.

Development and Induction: On appointment, Directors are given the opportunity to familiarise themselves with the operations of the Group, to meet with executive management, and to access any information they may require. Each Director brings independent judgement to bear on issues of strategy, risk and performance. The Directors also have access to the Executive Management Team in relation to any issues concerning the operation of the Group.

The Board recognises the need for Directors to be aware of their legal responsibilities as Directors and it ensures that Directors are kept up to date on the latest corporate governance guidance, company law developments and best practice.

Performance Evaluation: The Board conducts an annual self-evaluation of the Board as a whole, the Board processes, its committees and individual Directors. The purpose of the evaluation process includes identification of improvements in Board procedures and to assess each Director's suitability for re-election. The process, which is led by the Chairman, is forward looking in nature. On a triennial cycle an independent external facilitator is engaged to further assist the process, though this engagement was deferred from 2020 to 2021 due to Covid-19 considerations.

The 2021 evaluation was facilitated by Carol Bolger CDir. who has no connection to the Group. The process involved completion of in-depth questionnaires and engagement. The focus areas included ensuring effective oversight in a virtual environment, Board composition, quality of information, time allocation and decision making processes. The responses were collated and the external facilitator presented a report of the questionnaire findings to the Chairman together with observations thereon. The Chairman used this report to lead a discussion with the Board on overall effectiveness. Within this process, the non-executive Directors, led by the Senior Independent Director, evaluated the Chairman's performance. The performance of individual directors was also assessed by the Chairman following discussions, held by the Chairman, with directors on an individual basis.

Following the conclusion of the process, the Chairman reported to the Board on the outcome of the evaluation process which indicated that the Board as a whole was operating effectively for the long-term success of the Group and that each Director was contributing effectively and demonstrating commitment to the role. While no areas of concern were highlighted, a number of Board process matters are to be followed up with a view to improving overall reporting to the Board. Separately, the Senior Independent Director reported that the Chairman was providing effective leadership of the Board.

Audit Risk and Internal Control

The Board has described its business model on page 18 setting out how the Company generates value over the longer term and the strategy for delivering the objectives of the Company.

The Board has overall responsibility for determining the Group's risk appetite but has delegated responsibility for the review, design implementation and monitoring of the Group's internal control system to the Audit Committee. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

In accordance with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014) issued by the FRC, the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, that it has been in place for the period under review and up to the date of approval of the Financial Statements, and that this process is regularly monitored by the Board. The report of the Audit Committee is set out on pages 94 to 99. The risk management framework and processes including the principal risks and uncertainties identified are set out on pages 62 to 71.

No material weaknesses in internal controls were reported to the Board during the year.

Taking account of the Group's current position and principal risks, the Directors have set out their assessment of the prospects for the Group in the Viability Statement on pages 116 to 117.

Reporting

The Board is committed to providing a fair, balanced and understandable assessment of the Group's position and prospects to shareholders through the Annual Report, the Interim Statement and any other public statement issued by the Group. The Directors have considered the Annual Report based on a review performed by the Audit Committee and have concluded that it represents a fair, balanced and understandable assessment of the Group's position and prospects.

Remuneration

The Board has delegated the approval of remuneration structures and levels of the executive Directors and senior management to the Remuneration Committee whose report is set out at pages 102 to 114.

Diversity

The Board has adopted a Board Diversity Policy in compliance with the European Union (Disclosure of non-financial and diversity information by certain large undertakings and Groups) Regulation 2017. The promotion of a diverse Board makes prudent business sense, promotes effective decision-making and ensures stronger corporate governance.

The Group seeks to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds reflecting the diverse nature of the business environment in which the Group operates. For purposes of Board composition, diversity includes, but is not limited to, age, gender or educational and professional backgrounds.

When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Group, through the Nomination Committee, considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

The Nomination Committee will give due regard to diversity when reviewing Board composition and considering Board candidates. The Committee will report annually, in the corporate governance section of the Annual Report, on the process it has used in relation to any Board appointments.

Corporate Governance Report
Continued

Beyond the Board, of 62 individuals holding a managerial position, 21% are female. While the Board acknowledges the imbalance of this ratio compared to society at large, it is reflective in part of the sector in which the Group operates. Against this background, the Board has not set any gender ratio target but is committed to improving this ratio over time. In that regard the Nomination Committee and Executive Management Team, as appropriate, will actively seek out a greater pool of female candidates when undertaking any future recruitment process.

Matters Pertaining to Share Capital

The information set out below is required to be contained in the Report of the Directors under Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006). The information represents the position at 31 December 2020.

For the purposes of Regulations 21(2)(c), (e), (j) and (k) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006), the information given under the following headings: (i) Substantial Shareholdings page 118; (ii) Share Option Plans page 112; (iii) Long Term Incentive Plan pages 108 to 109; (iv) Service Contracts page 112; and (v) Share-based Payments pages 179 to 181; (vi) Borrowings pages 167 to 169; are deemed to be incorporated into this statement.

Share Capital

The authorised share capital of the Company is €29,295,000 divided into 450,000,000 ordinary shares of €0.065 each (ordinary shares) and 4,500,000,000 redeemable shares of €0.00001 each (redeemable shares). The ordinary shares represent approximately 99.85% and the redeemable shares represent approximately 0.15% of the authorised share capital. The issued share capital of the Company as at the date of this report is 182,794,567 ordinary shares. There are no redeemable shares currently in issue.

Ordinary shares and redeemable shares (to the extent redeemable shares are in issue) are inextricably linked as an ICG Unit. An ICG Unit is defined in the Constitution of the Company as one Ordinary Share in the Company and ten Redeemable Shares (or such lesser number thereof, if any, resulting from the redemption of one or more thereof) held by the same holder(s).

The rights and obligations attaching to the ordinary shares and redeemable shares are contained in the Constitution of the Company.

The Directors may exercise their power to redeem redeemable shares from time to time pursuant to the Company's Constitution where there are redeemable shares in issue.

The structure of the Group's and Company's capital and movements during the year are set out in notes 20 and 21 to the Financial Statements.

Restrictions on the Transfer of Shares

There is no requirement to obtain the approval of the Company, or of other holders of ICG Units, for a transfer of ICG Units. Certain restrictions may from time to time be imposed by laws or regulations such as those relating to insider dealing.

For so long and to the extent that any redeemable shares are in issue, transfers of ordinary shares and redeemable shares can, in those circumstances, only be effected where the transfer of one class of share (e.g. ordinary share) involves a simultaneous transfer of the other linked class of shares (e,g, redeemable share) as an ICG Unit. As noted, there are currently no redeemable shares in issue. An ICG Unit comprised one ordinary share and nil redeemable shares at 31 December 2021 and 31 December 2020.

ICG Units are, in general, freely transferable but, in accordance with the Companies Act 2014 (as amended) and the Constitution, the Directors may decline to register a transfer of ICG Units upon notice to the transferee, within two months after the lodgement of a transfer with the Company, in the following cases:

1. if redeemable shares are in issue, where the transfer of shares does not involve a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit (as described immediately above);
2. a lien is held by the Company; or
3. in the case of a purported transfer to or by a minor or a person lawfully adjudged not to possess an adequate decision-making capacity;
4. unless the instrument of transfer is accompanied by the certificate of the shares to which it relates (if any) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; or
5. unless the instrument of transfer is in respect of one class only (unless redeemable shares are in issue and the proposed transfer is in respect of ICG Units).

ICG Units held in certificated form are transferable upon production to the Company's Registrars of the original share certificate and the usual form of stock transfer or instrument duly executed by the holder of the shares.

ICG Units held in uncertificated form are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to the ICG Units to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) and Section 1085 of the Companies Act 2014 (as amended).

The rights attaching to ordinary shares and redeemable shares comprised in each ICG Unit remain with the transferor until the name of the transferee has been entered on the Register of Members of the Company.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The Powers of the Directors Including in Relation to the Issuing or Buying Back by the Company of its Shares

Under the Constitution of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts 2014 (as amended), the Constitution of the Company and to any directions given by members at a General Meeting. The Constitution further provides that the Directors may make such arrangements as may be thought fit for the management of the Company's affairs including the appointment of such attorneys or agents as they consider appropriate and delegate to such persons such powers as the Directors may deem requisite or expedient.

At the Company's AGM held on 12 May 2021, resolutions were passed whereby

1. the Company, or any of its subsidiaries, were authorised to make market purchases of up to 15% of the issued share capital of the Company.
2. the Directors were authorised until the conclusion of the next AGM, to allot shares up to an aggregate nominal value of 66.66% of the then present issued ordinary share capital and the present authorised but unissued redeemable share capital of the Company subject to the provision that any shares allotted in excess of 33.33% of the then present issued ordinary share capital must be allotted pursuant to a rights issue.

In line with market practice, members will be asked to renew these authorities at the 2022 AGM.

General Meetings and Shareholders Voting and other Rights

Under the Constitution, the power to manage the business of the Company is generally delegated to the Directors. However, the members retain the power to pass resolutions at a General Meeting of the Company which may give directions to the Directors as to the management of the Company.

The Company must hold an AGM each year in addition to any other meetings in that year and no more than 15 months may elapse between the date of one AGM and that of the next. The AGM will be held at such time and place as the Directors determine. All General Meetings, other than AGMs, are called Extraordinary General Meetings.

Extraordinary General Meetings shall be convened by the Directors or on the requisition of members holding, at the date of the requisition, not less than five percent of the paid up capital carrying the right to vote at General Meetings and in default of the Directors acting within 21 days to convene such a meeting to be held within two months, the requisitionists (or more than half of them) may, but only within three months, themselves convene a meeting.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Two or more members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The holders of ICG Units have the right to receive notice of, attend, speak and vote at all General Meetings of the Company.

In the case of an AGM or of a meeting for the passing of a Special Resolution or the appointment of a Director, 21 clear days' notice at the least, and in any other case 14 clear days' notice at the least (assuming that the members have passed a resolution to this effect at the previous year's AGM), needs to be given in writing in the manner provided for in the Constitution to all the members, Directors, Secretary, the Auditor for the time being of the Company and to any other person entitled to receive notice under the Companies Act.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has

Corporate Governance Report
Continued

one vote regardless of the number of shares held by a shareholder. On a poll, every member who is present in person or by proxy has one vote for each share of which he/she is the holder. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Deadlines for Exercising Voting Rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to the vote of the meeting. A vote decided on a show of hands is taken forthwith. A vote taken on a poll for the election of the Chairman or on a question of adjournment is also taken forthwith and a poll on any other question is taken either immediately, or at such time (not being more than 30 days from the date of the meeting at which the poll was demanded or directed) as the Chairman of the meeting directs. Where a person is appointed to vote for a member as proxy, the instrument of appointment must be received by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for taking the poll.

EU (Shareholders' Rights) Regulations 2020

The holders of ICG Units have the right to attend, speak, ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, specifies record dates for General Meetings, by which date members must be registered in the Register of Members of the Company to be entitled to attend and vote at the meeting.

Pursuant to Section 1104 of the Companies Act 2014, a member, or a group of members who together hold at least three per cent of the issued share capital of the Company, representing at least three per cent of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, have the right to put an item on the agenda, or to modify an agenda which has been already communicated, of a General Meeting.

In order to exercise this right, written details of the item to be included in the General Meeting agenda must be accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted at the General Meeting together with evidence of the member or group of members shareholding must be received, by the Company, 42 days in advance of the meeting to which it relates.

The Company publishes the date of its AGM on its website www.icg.ie on or before 31 December of the previous financial year.

Rights to Dividends and Return of Capital

Subject to the provisions of the Company's Constitution, the holders of the ordinary shares in the capital of the Company shall be entitled to such dividends as may be declared from time to time on such shares. The holders of the redeemable shares (if any) shall not be entitled to any dividends.

On a return of capital on a winding up of the Company or otherwise (other than on a conversion, redemption or purchase of shares), the holders of the ordinary shares shall be entitled, pari passu with the holders of the redeemable shares (if any) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the shares held by them respectively. Thereafter, the holders of the ordinary shares shall be entitled to the balance of the surplus of assets of the Company to be distributed rateably according to the number of ordinary shares held by a member. The redeemable shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

Rules Concerning Amendment of the Company's Constitution

As provided in the Companies Act 2014, the Company may, by special resolution, alter or add to its Constitution. A resolution is a special resolution when it has been passed by not less than 75 per cent of the votes cast by members entitled to vote and voting in person or by proxy, at a General Meeting at which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution, has been duly given.

Rules Concerning the Appointment and Replacement of Directors of the Company

Other than in the case of a casual vacancy, Directors of the Company are appointed on a resolution of the members at a General Meeting, usually the AGM.

No person, other than a Director retiring at a General Meeting is eligible for appointment as a Director without a recommendation by the Directors for that person's appointment unless, not less than six or more than 40 clear days before the date of the General Meeting, written notice by a member, duly qualified to be present and vote at the meeting, of the intention to propose the person for appointment and notice in writing signed by the person to be proposed of willingness to act, if so appointed, shall have been given to the Company.

The Directors have power to fill a casual vacancy or to appoint an additional Director (within the maximum number of Directors fixed by the Constitution of the Company (as may be amended by the Company in a General Meeting)) and any Director so appointed holds office only until the conclusion of the next AGM following their appointment, when the Director concerned shall retire, but shall be eligible for reappointment at that meeting.

Each Director must retire from office no later than the third AGM following their last appointment or reappointment. In addition, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to one-third), are obliged to retire from office at each AGM on the basis of the Directors who have been longest in office since their last appointment.

The Company has adopted the provisions of the UK Corporate Governance Code in respect of the annual election of all Directors. All Directors will retire at the forthcoming AGM and following review are being recommended for re-election.

A person is disqualified from being a Director, and their office as Director ipso facto vacated, in any of the following circumstances:

1. if s/he is adjudicated bankrupt or being bankrupt has not obtained a certificate of discharge in the relevant jurisdiction; or
2. if in the opinion of a majority of his/her co-Directors, the health of the Director is such that he or she can no longer be reasonably regarded as possessing an adequate decision-making capacity so that s/he may discharge his/her duties; or
3. if s/he ceases to be, or is removed as a Director by virtue of any provision of the Acts or the Articles, or s/he becomes prohibited by law from being a Director or is restricted by law in acting as a Director; or
4. if s/he (not being a Director holding for a fixed term an executive office in his/her capacity as a Director) resigns his/her office by notice in writing to the Company; or
5. if s/he is absent for six successive months without permission of the Directors from meetings of the Directors held during that period and the Directors pass a resolution that by reason of such absence s/he has vacated office; or
6. if s/he is removed from office by notice in writing served upon him/her signed by all his/her co-Directors; if s/he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him/her and the Company; or
7. if s/he is convicted of an indictable offence not being an offence under the Road Traffic Act, 1961 or any statutory provision in lieu or modification thereof.

Notwithstanding anything in the Constitution or in any agreement between the Company and a Director, the Company may, by Ordinary Resolution of which the required notice has been given in accordance with Section 146 of the Companies Act 2014, remove any Director before the expiry of their period of office.

Replacement of CREST with Euroclear Bank for Electronic Settlement of Trading in the Company's shares

On 15 March 2021 electronic settlement of trades in the Company's shares migrated from the UK CREST System to Euroclear Bank SA/NV, an international central securities depository based in Belgium and part of the Euroclear Group. This migration was necessary as a result of the exit of the United Kingdom from the EU and the legislative requirement that electronic settlement occur through an authorised central securities depository that is established in a member state of the EU or under an approved third country arrangement. The required shareholder authorisations for the migration were given at an EGM held on 12 February 2021.

Report of the Audit Committee

Dear shareholder,

I am pleased to present the Report of the Audit Committee (the Committee) for the year ended 31 December 2021.

The Committee plays an important role in ensuring the Group's financial integrity for shareholders through oversight of the financial reporting process, including the risk and control systems which underlie that process. This report sets out how the Committee fulfilled its duties under its Terms of Reference, the UK Corporate Governance Code, the Irish Annex and relevant legislation.

Composition

There were some changes to the Committee composition during the year. As Chairman, I welcome new Committee members Lesley Williams and Dan Clague. I also thank Catherine Duffy and Brian O'Kelly who resigned during the year for their contributions as members of the Committee during their tenure.

The Audit Committee membership during the year is set out in the table below which also details attendance and tenure.

Member	A	B	Tenure
J. Sheehan (Chair)	4	4	8 years
C. Duffy (resigned, 12 May 2021)	2	2	9 years
B. O'Kelly (resigned, 17 December 2021)	4	4	9 years
L Williams (appt'd. 8 April 2021)	4	4	0.7 years
D. Clague (appt'd. 26 August 2021)	1	1	0.5 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.

Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

At 31 December 2021, the Committee comprised of three Non-Executive Directors, all of whom have been determined by the Board to be independent. The members bring significant professional expertise to their roles gained from a broad level of experience gained outside of the Group. This, together with their experience as Directors of the Company, assures that the Committee as a whole has competence relevant to the sector in which the Group operates. The member's biographies are set out on pages 78 to 79. The Board has determined that John Sheehan has recent and relevant financial experience and that all members have wide experience of corporate financial and risk matters. Overall, the Committee is independent and possesses the skills and knowledge to effectively discharge its duties under the Committee's Terms of Reference. The Company Secretary acts as secretary to the Committee.

There were four scheduled meetings during the year at which all then current members attended. In addition, where requested, the Chief Executive Officer, the Chief Financial Officer and Chair and other members of the Risk Management Committee also attended. The scheduled meetings normally take place on the same day as Board meetings. The Chairman provides updates to the Board on key matters discussed and minutes are circulated to the Board.

Role and Responsibilities

The role, responsibilities and duties of the Audit Committee are set out in written terms of reference which are reviewed annually. The Terms of Reference are available on the Group's website www.icg.ie.

The principal responsibilities of the Committee cover the following areas;

- Supporting the Board in fulfilling its responsibilities in relation to the integrity of the financial reporting process including assessment of key estimates, critical accounting judgements, going concern and viability statements.
- Advise whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

- Overseeing the functioning of the internal audit function.
- Monitor the effectiveness of the Group's internal controls and risk management systems, including structures and arrangements supporting the Directors' Compliance Statement.
- Managing the relationship with the external auditor, including consideration of the appointment of the external auditor, the level of audit fees, and any questions of independence, provision of non-audit services, resignation or dismissal.

Work Performed

The principal work undertaken by the Committee during the period under review was focused on the following areas;

Financial Reporting

The Committee reviewed the Group's Half Yearly Financial Report for the six months ended 30 June 2021, the Preliminary Statement of Results and Annual Report and Financial Statements, for the financial year ended 31 December 2021 and the two Trading Statements issued during the year. These reviews considered;

- Assessment of the effects of new standards effective for reporting in financial year 2021;
- Other than for any new standards, the consistency, appropriateness and application of the Group's accounting policies;
- The clarity and completeness of disclosures and compliance with financial reporting standards, legislative and regulatory requirements;
- Whether these reports, taken as a whole, were fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- A comparison of these results with management accounts; and
- The critical accounting judgements and key sources of estimation applied in the preparation of the Financial Statements.

In assessing if the Financial Statements have dealt appropriately with each area of judgement, the Committee challenged the key assumptions and methodologies used by management in formulating estimates. The key sources of estimation uncertainty and critical accounting judgements applied in the preparation of the Financial Statements for the financial year ended 31 December 2021 are set out below and also discussed on pages 149 to 152.

Key Estimates

- **Post-employment benefits**
  The Group operates a number of Group sponsored pension schemes and is also a participating employer in the Merchant Navy Officers Pension Fund, a multi-employer scheme. Details of these schemes are set out in note 32 to the Financial Statements. The size of the pension obligations at €140.5 million (2020: €140.8 million) is material to the Group and sensitive to actuarial assumptions. The Committee has reviewed actuarial advice received from the Group's external actuary on the assumptions used by the scheme actuary in estimating the outstanding pension obligations at the year end. The Committee was satisfied that the assumptions used were reasonable and that the obligations set out in the Financial Statements are consistent with the assumptions and fairly presented.
- **Useful lives for property, plant and equipment and intangible assets**
  Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of total assets. Changes in the useful lives may have a significant impact on the annual depreciation and amortisation charge. The Committee reviewed the useful life estimates of significant assets including technological developments, regulatory developments, operating performance and industry scrapping cycles and were satisfied that the estimates used were reasonable.

Critical Accounting Judgements

- **Impairment**
  The Group does not have assets which are required to be tested annually for impairment. In relation to other significant assets, the Committee made inquiries of management to determine whether there were any indications of impairment. The Committee acknowledged the continuing effects of Covid-19 measures on the Group's trading position in its ferry operations and the sector in general and considered whether this amounted to an indication of impairment and, if so, whether asset valuations were materially negatively affected.

Report of the Audit Committee
Continued

Based on the evidence provided by management the Committee were satisfied that there were no indicators of general declines in the market value of the types of vessels included in the Group's fleet. Nonetheless, in referencing accounting standard IAS 36: Impairment of Assets, management, having considered each of the events described at paragraph 12 of the standard, assessed that the decline in profitability from its passenger operations amounted to an indicator of impairment for its ferry fleet at 31 December 2021 and on reassessment also at 31 December 2020. The Group's position as previously reported in the 31 December 2020 financial statements, was that the remaining useful lives of the vessels were sufficiently long to allow the downturn in performance and cash generated by the vessels noted in 2020 to be temporary and therefore not regarded as an impairment indicator.

The Committee reviewed and challenged management on their approach and conclusion that the continuing effect of Covid-19 travel restrictions on passenger revenues amounted to an indicator of impairment. The Committee cognisant of the requirement for consistency between years were satisfied as to the appropriateness of the assessment and the conclusion that an indicator of impairment existed at 31 December 2021 and also, following reassessment, at 31 December 2020 requiring a recoverable value estimate of the ferry fleet to be prepared at both reporting dates.

The Committee reviewed management's calculations of the recoverable value estimates which were prepared based on the conditions and information available at each reporting date. The Committee examined the methodology, key assumptions and key judgements used including the limitations of the independent vessel valuations, the rationale for treating the ferry fleet as a single cash generating unit, growth rates and the discount rate used in the value in use calculations.

The Committee was satisfied that the recoverability assessment performed at each reporting date was robust, comprehensive and supported the carrying value of the ferry fleet as at 31 December 2021 and 2020. The Committee agreed that no provision for impairment against the carrying value of the Group's ferry fleet was required at 31 December 2021 or at 31 December 2020.

- **Going concern**
  The Committee reviewed the appropriateness of using a going concern assumption for the preparation of the Group Financial Statements.

  The Committee noted that the introduction of measures in response to Covid-19 by governments in the jurisdictions in which we operate services in March 2020 and which have continued in various forms throughout the period to 31 December 2021 have had a material effect on the Group's financial results. Notwithstanding the downturn in profitability due to the reduced passenger revenues, the Group's RoRo, LoLo, chartering and port stevedoring services operated largely in line with expectations and the Group has continued to generate cash from operations.

  The Committee also noted that government imposed Covid-19 travel restrictions have been largely removed from the beginning of 2022 for passengers who are fully vaccinated and passenger volumes have increased over the prior year levels. However, there remains a risk of a resurgence of Covid infections and the possibility of re-imposition of restrictions in the future. All other revenue streams were performing satisfactorily up to the date of the approval of the financial statements.

  The Committee met with management and reviewed and challenged their going concern modelling including assumptions and sensitivities in a number of trading scenarios including a possible re-imposition of travel restrictions and the effects of emerging geopolitical issues on fuel prices. The Committee also considered existing and future financial resources which could reasonably be expected to be available to the Group on normal market terms. The going concern modelling covered a period of 12 months from the date of approval of the Financial Statements.

  Following completion of the above, the Committee were satisfied that the Group will have adequate financial resources to continue in operational existence for the foreseeable future and the use of the going concern basis remained appropriate in the preparation of the financial statements. The Going Concern Statement is set out on page 116.

Viability Statement

The Committee reviewed and challenged management's assumptions and scenarios together with the calculations supporting the Viability Statement set out on pages 116 to 117. The Committee also considered the appropriateness of the five year assessment time frame and that the Group's principal and emerging risks had been appropriately considered. The Committee was satisfied that a robust assessment had been completed and reported this to the Board.

Fair, balanced and understandable

The Committee reviewed this Annual Report and Financial Statements to ensure that in its opinion taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Recommendations to the Board

Based on the work undertaken, the Committee reported to the Board that the Annual Report and Financial Statements for the year ended 31 December 2021 taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy and recommended that the Annual Report and Financial Statements be approved by the Board.

The Committee had also recommended the approval of the Half Yearly Financial Report for the six months ended 30 June 2021 and the Trading Statements issued during 2021.

Engagement with Regulators

The Committee also oversaw management's engagement with the Irish Auditing and Accounting Supervisory Authority (IAASA) regarding their inquiries into certain aspects of the Financial Statements for the year ended 31 December 2020. The Chairman also met with IAASA in relation to their audit quality review of Deloitte, auditor to the Company for year ended 31 December 2020.

Risk Management and Internal Control

The Board is responsible for the Group's risk management and system of internal control. The Board's approach to risk management is set out in the Risk Management Report at page 62. The Committee, on behalf of the Board, reviews the effectiveness of the Group's control environment including internal controls and risk management systems.

The Risk management report describes the principal risks and uncertainties faced by the Group. Risks are grouped under strategic, operational, IT system and cyber and financial risks. The risk management system is dynamic and monitors for signals of new emerging risks. During 2021 two areas were being actively monitored; ongoing changes as a result of Brexit and environmental regulation. Since the year end geopolitical risks in eastern Europe are also being monitored.

The Committee oversees the work of the Risk Management Committee (RMC) which coordinates a unified system of ongoing identification, monitoring and reporting of risks throughout the Group. The activities of the RMC are undertaken alongside the activities of Internal Audit.

During the year, the Committee met with members of the RMC and presentations were made outlining the work undertaken in managing risk monitoring systems, procedures for ensuring the Group Risk Register is being updated for new and emerging risks and the management of exposure to principal risks. The work of the RMC is also central in putting consideration of risk to the fore in business decision making throughout the Group. The Committee reviewed the updated Risk Appetite Statements prepared by the RMC which were then presented to the Board for approval. The Committee also received regular reports throughout the year including internal audit reviews, operational and safety risk reviews including information technology and cyber security. In addition, the Chairman meets regularly with Group Internal Audit and the Committee approved the 2021 Internal Audit Plan.

The Committee undertook a review of the RMC and Internal Audit activities. The Committee was satisfied that risk management and internal control system had been in place throughout the financial year. In conducting the review the Committee acknowledges that the risk management and internal control system is designed to manage and mitigate rather than eliminate risk. The Committee was satisfied that the RMC and Internal Audit were achieving their objectives and that the Group control environment remains appropriate and effective. This assessment has been reported to the Board.

Report of the Audit Committee
Continued

The Committee also reviewed the effectiveness of the arrangements and structures which the Company has designed and put in place to secure material compliance with its Relevant Obligations as defined under Companies Act 2014. Relevant obligations comprise compliance with certain company law and tax obligations. The Committee reported to the Board that the arrangements and structures were sufficient to secure material compliance with its Relevant Obligations

External Audit

The Committee is responsible for managing the relationship with the Group's external auditor and monitoring their performance, objectivity and independence.

Audit Tender

Under Part 27 of the Statutory Audits of Companies Act 2014, given the tenure of the Company's previous auditor Deloitte, the Company was required to conduct a tender process in relation the appointment of a new auditor for the external audit in respect of the financial year commencing 1 January 2021. As Deloitte had served in excess of 20 years, they were not eligible for re-appointment.

The tender process was led by the Audit Committee Chair in conjunction with a tender committee comprising management of the Company and involved a number of steps;

- Research into audit firms with the capability and reputation to provide audit services to the Company and Group
- Request for expressions of interest from a selection of identified audit firms.
- Shortlisting of firms who were then invited to submit audit proposals. As part of this process teams from shortlisted firms met with management at Group and divisional level to gain insights into the Group's operations and control environment.
- The Company maintained scorecards from the above interactions covering areas of team competence, service approach, communication, commitment and proactivity.
- The CEO and Committee chair met separately with the shortlisted firms
- The submitted written proposals were assessed by the Company

Following completion of the process, the Committee made a recommendation to the Board for appointment of auditor. After due consideration of the Audit Committee recommendation, the Board proposed that a resolution be put to shareholders at the 2021 AGM for the appointment of KPMG as the new auditor to the Company. This resolution was passed by shareholders on 12 May 2021.

2021 Audit Process

The Committee met with KPMG prior to the commencement of the audit of the Financial Statements for the financial year ended 31 December 2021. The Committee considered KPMG's internal policies and procedures for maintaining independence and objectivity and their approach to audit quality. The Committee assessed the quality of the external audit plan as presented by KPMG and satisfied itself as to the expertise and resources being made available. The Committee also reviewed the terms of the Letter of Engagement and approved the level of remuneration.

KPMG reported their key audit findings to the Committee in March 2022 prior to the finalisation of the Financial Statements. This report, which included a schedule of unadjusted errors and misstatements, significant judgements and estimations and key areas of risk, was considered by the Committee in forming their recommendation to the Board. The Committee also considered the representations sought by KPMG from the Directors.

KPMG's key audit findings report included control weaknesses noted during their audit, none of which were considered of a serious nature so as to cause KPMG to amend the scope of their original audit plan. The Committee has considered these and, having discussed with management, have directed remedial action be taken where considered appropriate.

The Committee evaluated KPMG's performance which included an assessment of KPMG's communication process with the Committee and senior management, knowledge of the Group and industry sector and resource commitment to the external audit and the Committee is satisfied that in conducting the audit of the 2021 Financial Statements KPMG were effective, objective and independent.

As auditor, KPMG confirmed to the Company that they comply with the Ethical Standards for Auditors (Ireland) 2016 as issued by IAASA and that, in their professional judgement, they and, where applicable, all KPMG network firms are independent and their objectivity is not compromised.

KPMG confirmed to the Company that the lead partner will be rotated every five years to ensure continued objectivity and independence. Mr. Colm O'Sé has acted as lead partner for the audit of the 2021 Financial Statements.

Auditor Independence

The Committee permits the external auditor to provide non-audit services where they are permitted under Part 27 of the Statutory Audits of Companies Act 2014 and are satisfied that they do not conflict with auditor independence. The Committee's policy on the provision of non-audit services requires that each engagement for the provision of non-audit services requires approval of the Committee. The Committee approved the engagement of the external auditor to provide certain tax compliance services and reporting accountant services in respect of the 2021 financial year. This approval was granted on the basis of procedural efficiency.

The Audit Committee has considered all relationships between the Company and the external audit firm, KPMG, including the provision of non-audit services as disclosed in note 9 to the financial statements which are within the thresholds set out in Part 27 of the Statutory Audits of Companies Act 2014. The Committee does not consider that those relationships or the level of non-audit fees impair the auditor's judgement or independence.

John Sheehan

Chair of the Audit Committee

9 March 2022

Report of the Nomination Committee

Dear shareholder,

I am pleased to present the Report of the Nomination Committee (the Committee) for the year ended 31 December 2021.

This Report sets out how the Committee fulfilled its duties under its terms of reference and the UK Corporate Governance Code, the Irish Annex and relevant legislation.

At the heart of every organisation are its people, culture and values, which underpins the important role of the Nomination Committee. The Committee sets the framework for the development of an inclusive and high-performing leadership team and workforce. Reflecting on the Committee's work at Board-level during 2021, a stated focus was Board refreshment, with two appointments made. This was a formal and rigorous process, which was designed to ensure the Board's depth of experience continued to expand. As part of orderly succession and refreshment of the Board, two Directors also stepped down during 2021. At the time of writing, the Board is comprised of four non-executive directors and two executives.

With the Board changes which took place during the year there were consequent changes made to the Committee. I was appointed Chairman on the 12 May, following the resignation of former Chair, Catherine Duffy. Brian O'Kelly also stepped down as a member of the Committee and Board on 17 December. Both Catherine and Brian had served nine years as non-executive directors of the Company and I extend our gratitude to both for their service. The two new non-executive Directors Lesley Williams and Dan Clague joined the Committee during the year.

The Committee had a prominent role in the external board evaluation, ensuring that it delivered its aim of promoting greater effectiveness at Board and Committee level.

Composition

The Committee membership is set out in the table below which also details attendance and tenure. All Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on pages 78 to 79.

Member	A	B	Tenure
J.B. McGuckian* (Chair) (appt'd. 12 May 2021)	2	2	0.5 years
C. Duffy* (resigned 12 May 2021)	-	-	9 years
B. O'Kelly* (resigned 17 December 2021)	2	2	9 years
J. Sheehan*	2	2	5 years
L. Williams* (appt'd. 8 April 2021)	1	1	0.7 years
D. Clague* (appt'd 26 August 2021)	1	1	0.5 years
E. Rothwell	2	2	12 years

* Independent director
Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

In addition to the scheduled meeting, there was significant engagement between Committee members throughout the period to progress the Committee's business.

Role and Responsibilities

The role, responsibilities and duties of the Committee are set out in written terms of reference and are reviewed annually. The Terms of Reference are available on the Group's website www.icg.ie.

Its duties are to regularly evaluate the balance of skills, knowledge, experience and diversity of the Board and Committees and lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, overseeing the development of a diverse pipeline for succession.

Work Performed

The Committee considered the results of the external evaluation of the Board and the changes to Board composition made during 2021. The Committee was satisfied that the Board continues to be of adequate size and composition to suit the current scale of its operations and has an appropriate balance of skills, knowledge, experience and diversity to enable it to effectively discharge its duties.

As outlined in a number of areas of this report, the Committee is placing a particular focus on ensuring greater diversity at Board and senior management level. We are confident the changes we make to succession planning will address this imbalance versus best practice in the periods ahead. Outside of gender and ethnic diversity, as a Committee, we are confident the current Board's skillset ensures the ability to oversee management and contribute to the development of strategy.

The Committee notes the Code's comments on non-executive Director tenure and the tenure profile of the existing non-executive Directors. As reported last year, the Committee continued researching future potential candidates to ensure orderly Board refreshment during 2020 and 2021. That process culminated in the appointment of Lesley Williams and Dan Clague, who have both brought fresh insight and discussion to the Board. From the 2022 AGM, the average tenure of the non-executive directors, including the Chairman will be 11 years.

Outside of the newly appointed Directors. the Committee reviewed and recommended to the Board the re-appointment of the remaining Directors. In considering the proposals for the re-election, the Committee had particular regard for the tenure of John B. McGuckian. John has served as Chairman of the Board since 2004 and as a non-executive Director since 1988. This recommendation was proposed following a robust review of the knowledge, skills and experience that he contributes, in the interests of the Company and stakeholders. The Committee assessed him to be both independent in character and judgement and to be of continued significant benefit to the Board. Recognising the guidance of the UK Code, the Committee was also cognisant of the appointment of John well in advance of the revisions to market expectations on Chair tenure. The Committee expects to align with the provisions of the UK Code on this issue in the future; however, at this time, and particularly in light of the ongoing challenges in the Company's industry, the Committee determined it appropriate for John to continue as Chair and leader of the Board. The Committee was also satisfied that the role of the senior independent director further ensures clear division between management and oversight.

The Committee did not identify any issues that were likely to impair, or could appear to impair the independence of the non-executive Directors, John Sheehan, Lesley Williams and Dan Clague.

No Committee member voted on a matter concerning their position as a Director.

The Committee reviewed the processes agreed in respect of workforce engagement described at pages 84 to 85 and was satisfied that these arrangements remain appropriate to the Group's circumstances.

The Group values diversity and the benefits it can provide in promoting the success of the business. The Board's Diversity Policy is set out on pages 89 to 90. In considering any appointment to the Board the Committee identifies the set of skills and experience required. Individuals are selected based on the required competencies of the role with due regard for the benefits of diversity. Currently, the female composition of the Board and senior management reports was 14% and 21%, respectively. In relation to future Board and senior manager appointments the Committee will actively seek out a greater pool of female candidates for consideration. External search agencies independent of the Group are engaged to assist where appropriate and their mandates include considerations of gender diversity and, in the periods ahead, ethnic diversity.

No recruitment for senior management positions requiring the input of the Committee took place during the period.

John B. McGuckian

Chairman

9 March 2022

Report of the Remuneration Committee

Dear Shareholder,

I am pleased to introduce the Directors' Remuneration Report for the first time for year ended 31 December 2021, which includes the Annual Report on Remuneration and an abridged version of our Directors' Remuneration Policy which was approved by shareholders at our 2021 AGM. On behalf of the Committee and the Board, I would like to thank my predecessor, Brian O'Kelly, for his service as Chair of the Remuneration Committee over the past number of years.

The socio-economic challenges presented by the Covid-19 pandemic continued during FY2021, requiring agility to protect our people and maintain the performance of the business. Throughout the Covid-19 pandemic, the Company has put the safety and well-being of its workforce front and centre, alongside delivering services to customers and safeguarding stakeholder interests. As a prudent step, a general salary freeze was applied for FY2021 across the workforce, including Executive Directors and other Senior Management Team members. As is outlined elsewhere in this Annual Report, our focus throughout the past year has been on protecting colleagues, supporting customers, and promoting a return to travel in a safe manner. Thanks to the extraordinary hard work and dedication of our employees, we have continued to deliver high quality services to our customers and support the interests of our other stakeholders.

Overview of Performance

During 2021, the twin challenges of Brexit and the continuing Covid-19 situation represented a significant headwind on operations and financial performance, with the safety of staff and customers remaining our number one priority. Despite these challenges, the Committee was satisfied that the business and executives again performed strongly in terms of what they could control. This included flexibility in terms of freight, as well positive performance for periods during the year when the pandemic and associated restrictions had subsided.

The overall trading performance resulted in an operating loss (before non-trading items) of €0.2 million compared to an operating profit (before non-trading items) of €0.8 million in 2020. The Committee acknowledges that this performance was negatively affected by the ongoing depressed passenger revenues as a result of the pandemic together with the start-up losses associated with the commencement of operations on our new strategically significant Dover - Calais service. The reported result belies a strong financial performance in our RoRo freight, container and terminal and chartering operations each of which reported growth compared with the prior year. The Committee further notes the Group's operations were cash generative and that a number of strategic investments and expansion of operations occurred during the year which positions the Group for future growth.

The Committee acknowledges the strong contribution of the Executive Directors during financial year 2021 and the actions taken in response to ongoing disruptions from factors outside of their control, including domestic and international restrictions on travel, a general level of caution among large portions of our passenger base and post-Brexit effects on freight shipping patterns. The level of performance achieved, which was cash generative at an operating level, has demonstrated the resiliency of the business and provides a platform for strong performance as the impact of the pandemic subsides.

Our approach to remuneration and variable pay seeks to consistently link variable remuneration to performance: when performance is strong, executives will be awarded higher levels of variable pay and when performance is behind where we would want it to be, variable remuneration will be low or nil. The Committee considers the most important aspect of variable remuneration to be the alignment between it and the interests of shareholders, stakeholders and management.

Noting the robust performance in FY2021 against the challenging background, the Committee concluded that modest bonus payouts were appropriate for 2021 for certain directors and senior managers. The CFO received a total pay-out at 22% of maximum while in the case of the legacy arrangement applying to the CEO, as in 2020, no bonus was awarded, given its sole link to EPS performance

We are satisfied the Committee's actions are aligned with the philosophy of our shareholder approved remuneration policy, which favours long-term equity ownership over short-term remuneration. We were pleased that, at the 2021 AGM, a significant majority of shareholders agreed.

Implementation of Policy

At the 2021 AGM, 87% of voting shareholders supported our proposed remuneration policy, a level at which the Committee is satisfied endorses our arrangements to incentivising Executive Directors. In determining whether or not to continue with the legacy arrangement in respect of the CEO, the Committee conducted an in-depth review of market practice and alternative methods of driving superior alignment between the CEO and our shareholders. While there were certain other structures that had positive elements, there was no structure that the Committee felt matched the current arrangement in terms of ensuring alignment with shareholder remuneration. As part of that review the Committee looked at a number of particular elements of the current arrangement and benchmarked them against investor expectations and peer practice. Specifically, the framework requires:

- A minimum of 50% of annual bonus (after tax liabilities) to be invested in equity, with the Committee exercising discretion to apply a higher percentage in recent years.
- A five-year deferral, continuing to apply post-employment, for the entire portion of the awards reinvested in equity under the annual bonus.
- A five-year holding period, continuing to be applied post-employment, following a three-year performance period for awards vesting under the Performance Share Plan, for a total of an eight-year time horizon from grant to release, which is market leading; and,
- Shareholding guidelines for all executive directors and members of the Executive Committee of a minimum three times base salary to be achieved within five years of appointment.

These requirements create some of the most stringent deferral and holding mechanisms in the Irish and UK markets, locking in significant holdings with alignment periods of between five and eight years. By way of illustration, in the event of a pay-out of 200% of salary under the bonus and a grant of 200% under the PSP (the maximum permitted), the following restrictions would apply to the CEO's variable remuneration. Of the total quantum of 400% of salary:

- A maximum of 100% of salary would be eligible to be released in cash immediately.
- A minimum of 100% of salary would be deferred into equity and restricted for a minimum of five years from award.
- Subject to the achievement of stretching performance criteria, a maximum of 200% of salary would be restricted for release for a minimum of eight years.
- While there are no planned changes to the implementation of the policy in 2022, as with every year, the Committee will review the effectiveness of the incentive arrangements to ensure they continue to drive the next stage of the Company's journey and will consult with shareholders in the event that any material deviations are proposed. One area of particular focus for the Committee in 2022 will be aligning the company's latest efforts on sustainability with the remuneration framework, through the incorporation of certain measures in the incentive schemes.

Workforce Remuneration

As a Remuneration Committee we are always mindful of the extent to which the remuneration of the executives aligns with the experience of our stakeholder groups. We have taken a close interest in the actions that have been taken to protect our employees and support their wellbeing during the past year. The Committee has received regular updates on relevant matters affecting the workforce and have overseen the implementation of a range of measures to help and support its direct employees. The team has performed extremely well in these challenging circumstances, with high levels of customer satisfaction and the maintenance of continuous services for essential supply chains, including medical, food and beverage, in times of significant disruption. As the impact of the pandemic hopefully subsides in periods ahead, the Committee hopes to oversee further staff development, including reward frameworks that are increasingly aligned with sustainable practices and the development of succession planning.

Salary Increases

As detailed later on in this report, the Committee conducted a review of salary and fixed pay arrangements at the end of 2021, which focused on the importance of remuneration arrangements remaining competitive as the business enters a crucial juncture, in terms of the exiting of the pandemic and executing on the evolution of our strategy. While these were the primary considerations of the Committee, it was also cognisant of using benchmarking data as a reference point in determining the appropriate salary levels for high performing executives. Following the in-depth review, the Committee determined that it would increase the salaries of the CEO and CFO by 20% and 26%, respectively.

Report of the Remuneration Committee
Continued

Consideration of Discretion

The Committee reviewed the outcomes of both the annual bonus and long-term incentive plan and considered the results both against the relevant performance targets and the wider internal and external context. As set out at the start of this report, it was noted that the business had remained resilient during the pandemic. However, in the case of the CEO, the formulaic calculations based on Group performance indicated that no bonus would be payable under the legacy arrangement. This was also the case in 2020.

Notwithstanding the robust earnings and cash flow performance against the challenging business backdrop, as well as the significant strategic achievement of launching the Group's first services on the Dover-Calais cross-channel route during the year, the world's busiest route for ro-ro freight traffic, in the case of the CFO, the Committee considered it appropriate to exercise discretion and reduced the formulaic outcome on that element of annual bonus related to Group financial performance to nil, while also applying a 10% reduction to other elements.

With regard to the vesting outcomes under the long-tern incentive plan, the Committee agreed that the formulaic vesting outcomes were appropriate given performance against the three-year targets and concluded that a reduction in vesting outcome was not required. One of the strengths of our approach to remuneration is the market leading deferral requirements which, unlike the vast majority of our listed peers, allows us the flexibility to restrict the disposal of vested awards for up to five years.

Integrating ESG Measures

Over the past two years, there has been significant growth in the focus on ESG and sustainability, with investors and wider stakeholders raising expectations as to how companies are embedding environmental, social and governance criteria into strategies and everyday operations. As outlined elsewhere is this Annual Report, during the last year, the business has significantly advanced its integration of a range of ESG factors into the risk management and strategy frameworks. That process continues to progress, and the Committee will look to ensure the outcomes of it are reflected in the reward structure for Executives and the wider employee base in the period ahead.

Outlook

2021 has once again been one of disruption and adaptation as our colleagues, customers and wider society have dealt with the developing Covid-19 pandemic. Our people and business have shown resilience and strength in the face of these challenges and it is this dedication and commitment which will enable the next stage of our development. The rest of this report sets out both our Policy, as approved by 87% of voting shareholders at the 2021 AGM, and our Annual Report on Remuneration which sets out the decisions and outcomes summarised in this letter in further detail.

The Remuneration Committee

The Remuneration Policy and Framework is overseen by the Remuneration Committee. Committee membership during 2021 is set out in the table below which also details attendance and tenure. All Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on pages 78 to 79.

Member	A	B	Tenure
J. Sheehan (Chair – appt'd : 26 August 2021)	4	4	8 years
B. O' Kelly (resigned 17 December 2021)	4	4	9 years
C. Duffy (resigned 12 May 2021)	2	2	5 years
L. Williams (appt'd 8 April 2021)	2	2	1 years
D. Clague (appt'd 26 August 2021)	1	1	0.5 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

The Committee met four times during the period with follow up contacts between meetings. The Chairman provided an update to the Board on key matters discussed.

Role and Responsibilities

The role, responsibilities and duties of the Committee are set out in written terms of reference which are reviewed annually. The Terms of Reference are available on the Group's website www.icg.ie.

The Committee's duties are to establish a remuneration framework that;

- Will attract, motivate and retain high calibre individuals;
- Will reward individuals appropriately according to their level of responsibility and performance;
- Will motivate individuals to perform in the best interest of the shareholders; and
- Will not encourage individuals to take risks in excess of the Company's risk appetite.

Against this framework the Committee approves remuneration levels and awards based on an individual's contribution to the Company against the background of underlying Company financial performance having regard to comparable companies in both size and complexity.

The Company is subject to Company Law as enacted in Ireland. The Shareholders' Rights Directive 2017/828 (SRD II Directive) was transposed into Irish law by the European Union (Shareholders' Rights) Regulations 2020 (Regulations). This requires the Company to prepare a Remuneration Policy and submit this to a shareholder vote once every four years and otherwise when a material change to the policy is proposed. In compliance with SRD II, the Company submitted a Remuneration Policy to shareholders at the 2021 AGM by way of an advisory resolution which received 87% approval. This Remuneration Report sets out how we have applied the Remuneration Policy during FY 2021 and will be put to a shareholder vote as an advisory resolution at the 2022 AGM.

Remuneration Outcomes for executive Directors in 2021

Total Directors' single figure remuneration for the year was €1,821,000 compared with €1,608,000 in 2020 and details are set in the table below:

		Performance pay						
	Base salary	Restricted shares	Cash	Benefits	Pension	Options / PSP[1]	Fees	Total 2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors								
E. Rothwell	580	-	-	35	-	304	-	**919**
D. Ledwidge	318	75	32	22	43	102	-	**592**
Total for executives	**898**	**75**	**32**	**57**	**43**	**406**	**-**	**1,511**
Non-executive Directors								
J. B. McGuckian	-	-	-	-	-	-	125	**125**
C. Duffy	-	-	-	-	-	-	18	**18**
B. O'Kelly	-	-	-	-	-	-	50	**50**
J. Sheehan	-	-	-	-	-	-	50	**50**
L. Williams	-	-	-	-	-	-	50	**50**
D. Clague	-	-	-	-	-	-	17	**17**
Total for non-executives	-	-	-	-	-	-	310	**310**
Total	**898**	**75**	**32**	**57**	**43**	**406**	**310**	**1,821**

1. 31% of the options granted on 8 March 2019 under the PSP are expected to vest during 2022 based on performance to 31 December 2020, subject to continued employment up to the vesting date.
2. The value of any options vesting will be based on the actual share price at date of vesting. For the purposes of the above disclosure, the value of an option has been based on the difference between the option subscription price and the average closing price of an ICG Unit between 1 October and 31 December 2021.

Report of the Remuneration Committee
Continued

Details of Directors' remuneration for the year ended 31 December 2020 are set out below:

		Performance pay						
	Base salary	Restricted shares	Cash	Benefits	Pension	Options / PSP[1]	Fees	Total 2020
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors								
E. Rothwell	580	-	-	35	-	258	-	**873**
D. Ledwidge	318	-	-	22	43	77	-	**460**
Total for executives	**898**	**-**	**-**	**57**	**43**	**335**	**-**	**1,333**
Non-executive Directors								
J. B. McGuckian	-	-	-	-	-	-	125	**125**
C. Duffy	-	-	-	-	-	-	50	**50**
B. O'Kelly	-	-	-	-	-	-	50	**50**
J. Sheehan	-	-	-	-	-	-	50	**50**
Total for non-executives	-	-	-	-	-	-	275	**275**
Total	**898**	**-**	**-**	**57**	**43**	**335**	**275**	**1,608**

1. The value of options which vested during 2021 based on financial performance to 31 December 2020 reported in the prior year based on the average closing price of an ICG Unit between 1 October 2020 and 31 December 2020 has been restated based on the actual closing price on the vesting date. The restatement amounted to an increase in the previously reported benefit of €17,000 in respect of Eamonn Rothwell and €5,000 in respect of David Ledwidge.

Base Salary

Neither executive received an increase in salary during 2021, reflecting continued alignment between remuneration decisions and stakeholder experience. The average change of pay for the general employee base was nil. Any adjustments to salary for employees were effective from 1 January 2021.

Director's Pension Benefits

The aggregate pension benefits attributable to the executive Directors at 31 December 2021 are set out below:

	D. Ledwidge	Total 2021	Total 2020
	€'000	€'000	€'000
Increase in accumulated accrued annual benefits (excluding inflation) in the period	1	1	1
Transfer value of the increase in accumulated accrued benefits (excluding inflation) at year end*	4	4	4
Accumulated accrued annual benefits on leaving service at year end	18	18	17

* Note: Calculated in accordance with actuarial guidance note GNII.

There were no pension benefits attributable to Eamonn Rothwell as he has reached normal retirement age under the pension scheme rules and pension benefits have vested.

With regard to David Ledwidge, costs in relation to defined benefit pension arrangements were €20,000 (2020: €20,000) with a further €23,000 (2020: €23,000) related to the defined contribution pension arrangements.

The Company also provides lump sum death in service benefits and the premiums paid during the year amounted to €6,000 and €1,000 in relation to Eamonn Rothwell and David Ledwidge respectively.

Performance Related Pay

Eamonn Rothwell

Eamonn Rothwell has been with ICG since its inception as a public company and flotation in 1988. As detailed in the Remuneration Policy passed at the 2021 AGM, a legacy contractual arrangement continues to govern Mr. Rothwell's performance related pay.

The CEO annual bonus performance award is predominantly driven by a formula based on basic EPS growth which incorporates an adjustment for share buybacks and rights issues. The Committee also retains discretion to make adjustments for any non-cash non-trading items. The Company believes that EPS is consistent and transparent. EPS growth drives long-term value creation for all stakeholders and has increased in line with the company's scaling over the past two decades. EPS is one of the key performance indicators by which the Board assesses the overall performance of the Company and, as such, the Committee deems it an appropriate incentive for the Company's most senior employee.

The Committee reassessed the CEO performance incentive arrangements and in its view the arrangements remain an effective means of driving performance and aligning the interests of the CEO, shareholders and wider stakeholders.

The Committee considered the performance of Mr. Rothwell and the significant effort expended in managing and protecting the Group's businesses throughout another year of external challenges, including government imposed Covid-19 travel restrictions and caution among customers. The Committee also considered the achievement in launching the Group's strategically significant Dover Calais service. Despite the long standing legacy arrangement regarding his annual performance award being impacted significantly by factors outside of the CEO's control, the Committee did not consider it appropriate to exercise discretion to adjust the formulaic outcome. The Committee considered a nil payout driven by the application of the performance-related pay formula as appropriate driven by two key factors: simplicity and performance alignment. When financial performance is strong and shareholder experience is healthy, payouts will accrue. When the converse is the case, performance related pay will be correspondingly reduced to a minor or nil amount, which runs in contrast to more complex schemes commonplace at listed companies.

David Ledwidge

The Committee assessed Mr. Ledwidge's performance in his role over the period and concluded that Mr. Ledwidge was performing in line with expectations and contributing positively to the longer term development of the Group.

The Committee considered it appropriate to retain for Mr. Ledwidge the maximum annual bonus opportunity of 150% current year salary, as per the Remuneration Policy, against the following parameters;

- 75% based on Group financial outturn where, against the background of continuing uncertainty attributable to Covid-19 travel restrictions in early 2021, the targets were set based off 2020 outturn;
- 15% based on personal objectives including completion of certain operational projects and input into strategic development;
- 10% on the continuing development of an ESG framework into the overall risk framework and enhancement of ESG reporting.

Based on the 2021 financial outturns, the Committee determined that a bonus amount was eligible to be paid under the financial outturn element. However, following a holistic evaluation of Company performance and in recognition of the external operating environment which had faced the company, the Committee reduced the financial portion of the bonus to nil. In doing so, the Committee had particular regard for the fact that no dividends had been paid to shareholders during 2021, that the Group had availed of certain wage supports earlier in the year and that certain travel restrictions remained in place at 31 December 2021. As means of reflecting the experience of shareholders and wider stakeholders, the Committee was satisfied that reducing the financial portion of the bonus to nil was appropriate.

Report of the Remuneration Committee
Continued

The Committee also assessed the personal objectives set and noted Mr. Ledwidge's significant effort during the year in protecting the Group's finances and balance sheet against significant disruption and his contribution to strategic initiatives to position the Group for future growth. The Committee further noted the work achieved to date on ESG frameworks and reporting. Taking into account the positive aspects of personal performance, the Committee considered that a full bonus pay-out of €119,000 accrued under these criteria. However, the Committee again, in consideration of the matters discussed above determined it appropriate that this be reduced by 10% to €107,000 and also required that (i) the full amount, rather the minimum 50%, be invested in equity through the Group's restricted share scheme, less any amount required to discharge tax liabilities and (ii) that payment of the award would be dependent on the removal of travel restrictions. This amount was paid to Mr. Ledwidge in February 2022, and reported in the single figure remuneration table for year ended 31 December 2021. No annual bonus had been awarded in relation to financial year 2020.

Restricted Shares

In relation to Mr. Ledwidge, €75,000 of his annual bonus award was applied towards the acquisition of 17,201 ICG units which will be held in the employee trust for a period of five years.

Long Term Incentive

(i) Options expected to vest during 2022 based on performance to 31 December 2021

The Committee has considered the performance conditions attaching to the options granted under the PSP on 8 March 2019 which are tested against Group performance up to 31 December 2021. The 2021 outcomes have been adjusted for the effects of the application of IFRS 16 Leases so that the diluted earnings per share, return on average capital employed and free cash flow ratio metrics are comparable over the performance period. The overall vesting rate is expected to be 31% (2020: 34%) and the table below details the expected vesting on each metric.

Performance Condition	Weighting	Threshold	Maximum	Actual	Outcome
Diluted adjusted earnings per share	25%	26.6c	32.3c	(2.6)c	0% out of 25%
Return on average capital employed	25%	13%	20%	5.5%	0% out of 25%
Free cash flow ratio	25%	100%	130%	322.4%	25% out of 25%
Total shareholder return					
• Versus peer group	12.5%	(15.1%)	20.7%	(5.7%)	6% out of 12.5%
• Versus Ftse 250	12.5%	28.6%	65.2%.	(5.7%)	0% out of 12.5%

30% vesting occurs at threshold performance increasing pro-rata up to the maximum vesting threshold. Vesting will be conditional on the continued employment of the option holders at the vesting date in 2022. At 31 December 2021, there were 749,818 outstanding options granted on 8 March 2019, including 226,000 and 76,500 options in favour of Mr. Rothwell and Mr. Ledwidge respectively of which 70,060 and 23,560 are expected to vest during 2022 under the above performance outturns.

The gross value of those options expected to vest in favour of the executive Directors based on performance to 31 December 2021 has been included in the total Director remuneration table for year ended 31 December 2021, based on an estimated share price of €4.41, being the average closing price of an ICG Unit between 1 October 2021 and 31 December 2021.

(ii) Options Vested during 2021

As reported in last year's report, the Committee determined based on performance up to 31 December 2020 the vesting of the options granted under the PSP on 9 March 2018 at an exercise price of €0.065 at a vesting rate of 34 per cent, vesting 430,737 options in total.

Mr. Rothwell held 64,260 of the PSP vested options. Share option remuneration of €258,000 based on the market price at the vesting date has been disclosed in the 2020 remuneration table (adjusting the €241,000 previously disclosed last year which was estimated based on year end 2020 prices). Under the rules of the PSP, the 64,260 PSP options which vested were exercised and are subject to retention in trust for a period of five years.

Mr. Ledwidge held 19,210 of the PSP vested options. Share option remuneration of €77,000 based on the market price at the vesting date has been disclosed in the 2020 remuneration table (adjusting the €72,000 previously disclosed last year which was estimated based on year end 2020 prices). Under the rules of the PSP, the 19,210 PSP options which vested were exercised and 19,210 are subject to retention in trust for a period of five years.

The share price at date of vesting was €4.26.

(iii) Grants during 2021

The long term incentive scheme applicable for the 2021 financial year was the PSP approved by shareholders on 17 May 2017. The Committee had suspended future awards under the legacy 2009 Share Option Plan which remains in place to facilitate the administration of previously granted options.

On 12 March 2021, the Committee granted options over 1,042,500 ICG Units to employees of the Group. These included an annual award of options granted to Mr. Rothwell and Mr. Ledwidge in line with the annual limits set out in the PSP rules being 200% and 150% of salary respectively. The total number of options granted to Mr. Rothwell and Mr. Ledwidge based on a share price of €4.26 were 272,000 and 111,500 respectively, a reduction in absolute numbers from 2020.

Vesting of these awards are based on the achievement of the following performance conditions over a three-year vesting period;

- Adjusted Diluted Earnings per Share (EPSd)
- Return on Average Capital Employed (ROACE)
- Free Cash Flow Ratio (FCFR)
- Total Shareholder Return (TSR)

Each condition is equally weighted and in all cases 30% vests at threshold performance and 100% vests at maximum with pro-rata vesting between these two levels.

The performance levels were calibrated as follows;

	Vesting Threshold	
	Minimum	Maximum
EPSd	5%	12%
ROACE	13%	20%
FCFR	100%	130%
TSR	Median	Top Quartile

The Committee noted in setting the above targets that EPS for financial year 2020 was negative, largely due to the effect of government imposed travel restrictions. In recognition of the continuing uncertainty around the timing of the removal of these restrictions and the challenges in setting a base EPS level, the Committee agreed in relation to the 2021 grants to set base EPS at 0.1 cent per share. The targets relating to the other measures were retained at previous year levels

TSR is measured against a combination of the performance of the FTSE 250 index and a grouping of peer companies comprising DFDS, Tallink Grupp, Viking Line, Air-France KLM, Ryanair, EasyJet, Getlink, Origin Enterprises, Dalata Hotel Group and C&C Group.

The Committee considered the timing of grant of awards in the first quarter of 2021 and whether there were circumstances which may create a perception that participants benefitted from 'windfall gains'. The Committee noted that the price used was reflective of recent closing prices and was higher than that used in 2020 resulting in a reduction of the number of option grants by 8.5% on average. As with each award, the Committee will review any outcome at the time of vesting to ensure that there has not been any disproportionate windfall to any participant based on external factors.

The 2021 PSP awards granted were calculated based on a share price of €4.26, the closing share price on the day preceding the award date. In 2020, the PSP awards granted were calculated based on a share price of €3.90.

Report of the Remuneration Committee
Continued

Options Held

Details of movements in share options granted to Directors under the Performance Share Plan and the legacy Share Option Plan are set out in the table below:

E. Rothwell

Option Type	Date of Grant	31-Dec-20	Granted	Exercised	Lapsed	31-Dec-21	Option Price (€)	Earliest Vesting Date	Latest Expiry Date
Unvested									
Performance Share Plan [1]	9-Mar-18	189,000	-	(64,260)	(124,740)	-	0.065	-	-
Performance Share Plan [2]	5-Mar-19	226,000	-	-	-	226,000	0.065	5-Mar-22	-
Performance Share Plan [2]	6-Mar-20	297,000	-	-	-	297,000	0.065	6-Mar-23	-
Performance Share Plan [2]	12-Mar-21	-	272,000	-	-	272,000	0.065	12-Mar-24	-
Vested but not yet exercised	5-Mar-15	700,000	-	-	-	700,000	3.58	-	4-Mar-25
		1,412,000	**272,000**	**(64,260)**	**(124,740)**	**1,495,000**			

D. Ledwidge

Option Type	Date of Grant	31-Dec-19	Granted	Exercised	Lapsed	31-Dec-20	Option Price (€)	Earliest Vesting Date	Latest Expiry Date
Unvested									
Performance Share Plan [1]	9-Mar-18	56,500	-	(19,210)	(37,290)	-	0.065	-	-
Performance Share Plan [2]	05-Mar-19	76,000	-	-	-	76,000	0.065	5-Mar-22	-
Performance Share Plan [2]	6-Mar-20	122,000	-	-	-	122,000	0.065	6-Mar-23	-
Performance Share Plan [2]	12-Mar-21	-	111,500	-	-	111,500	0.065	12-Mar-24	-
Vested but not yet exercised	5-Mar-15	150,000	-	-	-	150,000	3.58	-	4-Mar-25
		404,500	**111,500**	**(19,210)**	**(37,290)**	**459,500**			

1. These are expected to vest during 2022 at a vesting rate of 31% based on performance to 31 December 2021 and the gross value has been included in the Director remuneration schedule. The delivered shares less any permitted sales to discharge tax liabilities, will be held in trust for a period of five years from the exercise date.

2. These will vest and become exercisable three years from the third anniversary of grant in accordance with achievement of the performance conditions set at date of grant. These options will normally have to be exercised on or shortly after the vesting date and the delivered shares, less any permitted sales to discharge tax liabilities, held in trust for a period of five years from the exercise date.

Remuneration for executive Directors in 2022

The Committee will continue to apply the existing Remuneration Policy, approved by shareholders in May 2021, during financial year 2022.

Base Salary

The Committee has reviewed the salaries of the CEO and CFO against market competitive levels for similar sized ISEQ and FTSE companies, taking into account the performance of the executive directors; in particular their leadership of the company through the challenges of Brexit, the Covid pandemic and significant expansion of operations. The Committee notes that these challenges were successfully managed without accessing cash from shareholders, while at the same time paying down debt and returning cash to shareholder via share repurchases. It should also be noted that through this period the Group has positioned itself for further growth in both its Ferries and the Container and Terminal divisions, to underpin further shareholder value creation over the longer-term. In light of the strong contribution in protecting the resiliency of the business, and to ensure that both executive directors are retained to execute on the significant strategic initiatives undertaken during the past 18 months, the Committee determined that it would address the gap in salary between the executive directors and rates in the market.

The Committee concluded that it was appropriate in this context to award a 20% increase in annualised base salary to Eamonn Rothwell, CEO. The Committee determined that the proposed salary level was appropriate in the context of the CEO's experience and performance, and market norms, being at the median level for other ISEQ companies of comparable scale and the FTSE250 more broadly.

The Committee also awarded a 26% increase in annualised base salary to David Ledwidge, CFO, for 2022. The adjustment brings the CFO in line with the median level of base pay for ISEQ20 companies of similar market capitalisation, and the lower quartile for other FTSE 250 companies. The Committee concluded that this salary level reflects the CFO's continued strong contribution and individual performance in his role.

These changes are effective from 1 January 2022.

Pension arrangements and other benefits

Pension arrangements and other benefits will be unchanged from 2021.

Annual Bonus

The Committee following review has retained the long-standing legacy CEO bonus arrangements for FY2022. The Committee remains satisfied that the outcomes reflect Group performance, noting that no bonus was awarded in financial years 2020 and 2021 under this arrangement, in line with its straightforward alignment structure between Group performance and payouts, with a particular focus on EPS.

In relation to the CFO, he will be eligible for an annual bonus award with maximum opportunity of 150% of base salary. In line with 2021, any award of bonus is weighted 75% on the Group achieving stretching financial targets, in excess of budget levels, 10% on ESG related measures and 15% on personal objectives.

Long-term incentive

The Committee will make an annual award of options under the PSP in line with the plan limits of 200% of base salary for the CEO and 150% for the CFO. The performance metrics, EPS growth, return on capital employed, cash flow generation and relative TSR will be set at the same levels as for the 2021 awards.

Other Matters

Minimum Shareholding Requirements

The Company encourages individuals to acquire and retain significant shareholdings to align interests of management with those of shareholders. The Company has a minimum shareholding requirement of three times base salary. The holding levels are expected to be met within five years from the date of appointment. The Committee considers these minimum holding requirements to exceed market norms. The market value inherent in vested options and any shares held under the Company's restricted share arrangements will count towards determining an individual's holdings.

Report of the Remuneration Committee
Continued

The market value of the holdings of executive Directors and executive management at 31 December 2021 as a multiple of base salary at that date are shown in the following table:

	Salary multiple held*
Eamonn Rothwell	235.6 times
David Ledwidge	3.1 times
Other executive management	7.3 times

* Includes FY 2021 remuneration invested in equity in 2022 and included in the Director's single figure remuneration table at 31 December 2021

Non–Executive Directors

Non-executive Directors receive a fee which is set by the Committee and approved by the Board. They do not participate in any of the Company's performance award plans or pension schemes. As part of the overall review of remuneration structures, the Committee recommended the fee payable to the Board Chairman to be the same as the prior year at €125,000 per annum and other non-executive Directors at €50,000.

Non-executive Directors do not have notice periods and the Company has no obligation to pay compensation when their appointment ceases. The letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM.

Director's Service contracts

Non-executive Directors have been appointed under letters of appointment for periods of three years subject to annual re-election at the AGM.

In respect of Mr. Rothwell, CEO, there is an agreement between the Company and Mr. Rothwell that, for management retention reasons, in the event of a change in control of the Company (where over 50% of the Company is acquired by a party or parties acting in concert, excluding Mr. Rothwell) he will have the right to extend his notice period to two years or to receive remuneration in lieu thereof.

This amendment to Mr. Rothwell's contract of employment was agreed by the Remuneration Committee a number of years ago to retain and motivate the CEO during a series of attempted corporate takeover actions.

The letters of appointment for other executive Directors do not provide for any compensation for loss of office other than for payments in lieu of notice and, except as may be required under Irish law, the maximum amount payable upon termination is limited to 12 months equivalent. No future executive contracts will include similar change of control provisions.

On termination, outstanding options may at the absolute discretion of the Committee, be retained by the departing individual in accordance with the good leaver / bad leaver provisions of the relevant plan. Any shares delivered to an individual which are subject to a retention period will remain unavailable to the individual until the end of the retention period and where applicable will be subject to clawback under the provisions of the Clawback Policy.

Share Option Schemes

There were no long-term incentive plans in place during the year other than the Group's 2009 share option plans (suspended as regards new grants) and the PSP.

The purpose of the share option plans is to encourage identification of option holders with shareholders' longer term interests. Under the plans, options have been granted both to Directors and to employees of the Group. The options were granted by the Committee on a discretionary basis, based on the employees expected contribution to the Group in the future. Non-executive Directors are not eligible to participate in the plan.

In the ten year period ended 31 December 2021, the total number of options granted, net of options lapsed amounted to 4.4% of the issued share capital of the Company at 31 December 2021.

A charge is recognised in the Consolidated Income Statement in respect of share options issued to executive Directors. The charge in respect of executive Directors for the financial year ended 31 December 2021 is €478,000 (2020: €715,000).

Clawback Policy

The Committee recognises that there could potentially be circumstances in which performance related pay (either annual bonuses, and / or longer term incentive awards) is paid based on misstated results or inappropriate conduct resulting in material damage to the Company. Whilst the Company has robust management and internal controls in place to minimise any such risk, the Committee has in place formal clawback arrangements for the protection of the Company and its investors. The clawback of performance related pay comprising the annual bonus and PSP awards would apply in certain circumstances including;

- a material misstatement of the Company's financial results;
- a material breach of an executive's contract of employment;
- any wilful misconduct, recklessness, and / or fraud resulting in serious injury to the financial condition or business reputation of the Company.

For executive Directors and members of the Executive Management Team a minimum of 50 per cent of the annual bonus will be invested in ICG equity which must be held for a period of five years, which will be subject to clawback for a period of two years per the circumstances noted above. Any awards granted under the PSP will be subject to clawback during the vesting period and any shares delivered on vesting will be subject to clawback for an initial two year period per the circumstances noted above.

Post-employment holdings

The Committee, in designing its performance pay initiatives, as explained below, has ensured that executive Directors and senior managers retain an appropriate level of shareholding post-employment. For the past nine years, the Company has had a structure in place under which all equity awarded to executives (either under the annual bonus plan or PSP) is placed in a trust for a period of five years. Executives are restricted from disposing of those shares during this five-year period even in circumstances where they are no longer in the employment of the Company. This ensures strong alignment with investors and other stakeholders' post-employment and ensures that departing executives retain an interest in the business for a significant period after leaving the Company.

Consequently, under the annual bonus scheme a minimum of 50% of an annual award must be invested in shares and held in trust for a holding period of five years. Similarly, any shares delivered pursuant to the vesting of options under the PSP must normally be held in trust for a holding period of five years (for a total time horizon of eight years). Therefore, at termination executive Directors and senior management participating in these schemes will contractually retain an interest in shares for up to a period of five years post-employment, proportional to the amount of variable pay awarded over the final five years of employment. At 31 December 2021, the following vested share awards were held in employee trusts relating to executive Directors and members of the executive management team with release dates between January 2022 and January 2027.

	No. shares*	Value €m	Salary multiple held	Release profile
Eamonn Rothwell	2,484,434	11.2	19.4 times	1.5 years
David Ledwidge	167,828	0.8	2.4 times	3.1 years
Other executive management	758,325	3.4	4.1 times	2.9 years

* Includes FY 2021 remuneration invested in equity in 2022 and included in the Director's single figure remuneration table at 31 December 2021

Report of the Remuneration Committee
Continued

External Appointments

No executive director retained any remuneration receivable in relation to external board appointments.

Payments to former Directors

There were no pension payments or other payments for loss of office paid to any former Directors during the year.

Employee Average Remuneration

The annual percentage change in payments to directors and an average full time equivalent employee across the Group over the past five years, together with the annual change in the ISEQ index and Company annual total shareholder return were as follows;

	2021	2020	2019	2018	2017
Directors	9.1%	(58.4%)	1.1%	(17.0%)	17.5%
FTE Employee	19.9%	(16.4%)	5.7%	3.2%	(3.5%)
ISEQ	15.7%	4.0%	33.7%	(20.8%)	9.4%
ICG TSR	0.6%	(7.0%)	17.2%	(24.6%)	30.7%

The payments to Directors and employees include base salaries, overtime, allowances, bonuses and Directors' fees but exclude employer costs expensed to the Income Statement relating to social welfare, pensions and share options.

External Advisers

The Committee's independent advisor during the year was Ellason LLP, who provide advice and external market perspectives on remuneration for the Executive Directors. During the year, this included advice on short-term incentive design and provision of market data on base salaries. Ellason LLP is a member of the UK's Remuneration Consultants Group and a signatory to its Code of Conduct. Other than the services above, Ellason LLP did not provide any other services to the Group in the period from 1 January 2021 to the date of this report.

Market price of shares

The closing price of the shares on Euronext Dublin on 31 December 2021 was €4.525 and the range during the year was €3.84 to €4.82.

John Sheehan

Chair of the Remuneration Committee
9 March 2022

Report of the Directors

The Directors present their Report together with the audited Financial Statements of the Group for the financial year ended 31 December 2021.

Results for the year and Business Developments

Details of the results for the financial year are set out in the Consolidated Income Statement on page 132 and in the related notes forming part of the Financial Statements. The fair review of the development of the business of the Company and its subsidiaries is set out in the Strategic Report on pages 4 to 75. This includes a description of the principal activities, principal risks, uncertainties, alternative performance measures and environmental and employee matters.

Research and Development

The Group actively monitors developments in vessel design and vessel availability with an emphasis on product improvement, environmental efficiency and achievement of economies of scale. During the reporting period the Group has worked with external suppliers to adopt new technologies into its operations, both on its vessels and onshore.

Dividend and Share Buyback

The Company did not pay any dividends during financial year 2021. The Company is proposing to pay a dividend of 9.00 cent per ICG Unit on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. The cumulative payment to all shareholders is estimated at €16.5 million. Irish dividend withholding tax will be deducted where applicable.

The Company has adopted a progressive approach to returning cash to shareholders, through a combination of dividends and share buybacks. Against the background of the Covid-19 pandemic and its effects on the financial performance of the Company, no dividends have been paid during the years ended 31 December 2021 and 2020. The Company during financial year 2021 bought back 4,565,000 (2020: 570,000) of its shares, representing 2.4% (2020: 0.3%) of its issued share capital at the beginning of the financial year for a total consideration of €19.8 million (2020: €1.7 million). Further details are contained at note 20 to the financial statements.

Dividends are declarable at the discretion of the Directors, and as with buybacks, following assessment of the Company's performance, its cash resources and distributable reserves. At 31 December 2021, the Company's retained earnings amounted to €140.3 million all of which were considered to be distributable.

Board of Directors

The Company's Constitution requires that one third of the Directors are required to retire from office at each AGM of the Company. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire at the 2022 AGM and offer themselves for re-election. Biographical details of the Directors are set out on pages 78 to 79 of this report and the result of the annual board evaluation is set out on pages 88 to 89.

During the year Catherine Duffy and Brian O'Kelly retired from the Board on 12 May 2021 and 17 December 2021 respectively. Lesley Williams and Dan Clague joined the Board on 4 January 2021 and 26 August 2021 respectively.

Accounting Records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's registered office, Irish Continental Group plc, Ferryport, Alexandra Road, Dublin 1, Ireland.

Non-Financial information

The Group is not subject to the reporting requirements of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended). Notwithstanding the Group provides certain non-financial information in its Sustainability and ESG Report contained at pages 40 to 61.

Report of the Directors
Continued

Going Concern

The Financial Statements have been prepared on the going concern basis. The Directors report that, after making inquiries, they have a reasonable expectation at the time of approving the Financial Statements, that the Group and Company are going concerns, having adequate financial resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have considered the future cash requirements of the Group and Company in the context of the economic environment of 2022, the principal risks and uncertainties facing the Group (pages 67 to 71), the Group's 2022 budget plan and the medium-term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which are available to the Group and Company.

The introduction of measures in response to Covid-19 by governments in the jurisdictions in which we operate services in March 2020 and which have continued in various forms throughout the period to 31 December 2021 had a material effect on the Group's financial results. This was particularly concentrated on our passenger business where international travel was affected resulting in a material reduction in passenger revenues compared to pre-pandemic levels. The Group has, despite the imposition of restrictions, continued to operate its passenger services on all routes in conjunction with its RoRo services. Following the ending of the Brexit transition period, the Group experienced changed travel patterns with a reduction in RoRo carryings overall but revenue losses on the Ireland - UK routes were significantly replaced with higher yielding revenues on our direct services on Ireland – France routes.

Notwithstanding the downturn in profitability due to reduced passenger revenues, the Group's RoRo, LoLo, chartering and port stevedoring services operated largely in line with expectations and the Group generated cash from operations of €66.0 million (2020: €51.2 million) in financial year 2021, with free cash flow after maintenance capital expenditures of €43.3 million (2020: €35.3 million). The Group retained cash balances and committed undrawn facilities at 31 December 2021 of €118.9 million. From 1 January 2022 maximum leverage covenants have reverted to the previous contracted levels of 3 times EBITDA. The leverage covenant level at 31 December 2021 calculated in accordance with the lending agreements, was within maximum permitted levels at 2.6 times EBITDA.

Government imposed travel restrictions have been largely removed from the beginning of 2022 for passengers who are fully vaccinated and passenger volumes have increased over the prior year levels. However there remains a risk of a resurgence of Covid infections and the possibility of re-imposition of restrictions in the future. All other revenue streams are performing satisfactorily up to the date of the approval of the financial statements.

In making their going concern assessment, the Directors have considered a number of trading scenarios including a re-imposition of travel restrictions. This modelling assumed a full schedule of services of the conventional ferry fleet and cash management within the terms of the Group's existing financing arrangements. Based on this modelling, the Directors believe the Group retains sufficient liquidity to operate for at least the period up to March 2023.

Viability Statement

The Directors have assessed ICG's viability over a timeframe of five years which the Directors believe reflects an appropriate timeframe for performing realistic assessments of future performance given the dynamic nature of our markets as regards the competitive landscape, economic activity, long-life assets and the continued capital investment commitments related to our operations.

In making their assessment, the Directors took account of ICG's current financial and operational positions and contracted capital expenditure. These positions were then rolled forward based on a set of assumptions on expected outcomes to arrive at a base projection. Sensitivity analysis was then performed on the base projection against potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties and the likely degree of effectiveness of current and available mitigating actions as set out on pages 67 to 71. It was further assumed that functioning financial markets exist throughout the assessment period with bank lending available to the Group on normal terms and covenants. The process, which was performed by management, was subject to examination and challenge by the Audit Committee and the Board.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due over the five year assessment period.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined by the Companies Act 2014 (the Relevant Obligations).

The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company with respect to compliance with its Relevant Obligations.

The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations. For the year ended 31 December 2021, the Directors have reviewed the effectiveness of these arrangements and structures during the financial year to which this Report relates.

In discharging its obligations under the Companies Act 2014, as set out above, the Directors have relied on the advice of persons employed by the Company or retained by it under a contract for services, who the Directors believe to have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

Disclosure of Information to Statutory Auditors

In accordance with the provisions of Section 330 of the Companies Act 2014, each Director of the Company at the date of approval of this report individually confirms that;

- So far as they are aware, there is no relevant audit information, as defined in the Companies Act 2014, of which the Statutory Auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to ensure that the Statutory Auditor is aware of such information.

International Financial Reporting Standards

ICG presents its Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2021 and that have been adopted by the European Union.

Principal Risks and Uncertainties

The Group has a risk management structure in place which is designed to identify, manage and mitigate the threats to the business. The key risks facing the Group include strategic, operational, financial and information technology and cyber risks arising in the ordinary course of business. Further details of risks and uncertainties are set out on pages 67 to 71.

Report of the Directors
Continued

Substantial Shareholdings

The latest notifications of interests of 3 per cent or more in the share capital of the Company received by the Company on or before 9 March 2022 and as at 31 December 2021 were as follows:

	9 March 2022		31 December 2021	
Beneficial Holder as Notified	Number of Units	% of Issued Units	Number of Units	% of Issued Units
Eamonn Rothwell	29,922,604	16.3%	29,922,604	16.0%
Wellington Management Company, LLP	18,714,065	10.2%	18,666,332	9.9%
Kinney Asset Management, LLC	13,469,752	7.3%	11,444,752	6.1%
Ameriprise Financial Inc.	12,712356	6.9%	16,862,148	9.0%
Marathon Asset Management, LLP	10,899,056	5.9%	12,878,846	6.8%
FMR, LLC	6,229,035	3.4%	6,229,035	3.3%
Brewin Dolphin Wealth Management	5,895,833	3.2%	5,895,833	3.1%

Directors, Secretary and their Interests

The interests of the Directors and Secretary of the Company and their spouses and minor children in the share capital of the Company at 31 December 2021 and 1 January 2021 all of which were beneficial, were as follows:

	31/12/2021 ICG Units	01/01/2021 ICG Units	31/12/2021 Share Options	01/01/2021 Share Options
Director				
John B. McGuckian	296,140	296,140	-	-
Eamonn Rothwell	30,095,384	30,030,114	1,495,000	1,412,000
David Ledwidge	149,968	130,758	459,500	404,500
John Sheehan	90,000	80,000	-	-
Lesley Williams	10,000	-	-	-
Dan Clague	-	-	-	-
Company Secretary				
Thomas Corcoran	272,780	246,064	506,000	475,500

Note: Lesley Williams was appointed to the Board on 4 January 2021. Dan Clague was appointed to the Board on 26 August 2021. Catherine Duffy resigned on 12 May 2021 and Brian O'Kelly resigned on 17 December 2021.

ICG Units are explained on page 208 of this report.

Auditors

As required under Section 381(1)(b) of the Companies Act 2014, the AGM agenda will include a resolution authorising the Directors to fix the remuneration of the auditors.

Section 383 of the Companies Act 2014 provides for the automatic re-appointment of the auditor of an Irish company at a company's AGM, unless the auditor has given notice in writing of his unwillingness to be re-appointed or a resolution has been passed at that meeting appointing someone else or providing expressly that the incumbent auditor shall not be re-appointed.

As outlined in the Audit Committee Report on page 98, the company replaced its auditor Deloitte Ireland LLP ("Deloitte") following a competitive tender process. Deloitte acted as auditor in relation to the financial statements for the year ended 31 December 2020. Deloitte was not eligible for re-appointment due to the length of its tenure as auditor to the Company. KPMG were appointed auditor by the shareholders voting on an ordinary resolution tabled at the AGM held on 12 May 2021.

Corporate Governance

The Group applies the principles and provisions of The UK Corporate Governance Code (2018) as adopted by Euronext Dublin and the UK Financial Conduct Authority and of the Irish Corporate Governance Annex (the Irish Annex) issued by Euronext Dublin. A Corporate Governance Report is set out on pages 80 to 93 and is incorporated into this Report by cross reference.

The Group has established an Audit Committee whose Report is included at pages 94 to 99.

Key Performance Indicators

The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations. These KPIs are set out on pages 20 to 21 and are incorporated into this report by cross reference.

Future Developments

We look forward to a recovery of our passenger markets as Covid-19 with the easing of travel restrictions and the introduction of the third vessel on the new Dover – Calais service. We expect continued growth in the RoRo freight market and a gradual return of traffic from the direct continental routes to landbridge.

Despite another difficult year for the Group and in particular the Ferries Division, we take comfort from the continued strength of our balance sheet, the high quality and performance of our asset base and improving the level of service provided to our customers on the Dover – Calais service with the introduction of a third vessel on the route. We see a continued strong demand for capacity in 2022 in our container shipping services operated by Eucon. The opening of Dublin Ferryport Inland Depot at the Dublin Inland Port has provided the opportunity to expand our empty depot business while at the same time increase the capacity at Dublin Ferryport Terminal. At our Belfast Container Terminal facility in Belfast, we continue working on the completion of the £40m re-investment project with Belfast Harbour and assisting in the delivery of additional terminal capacity to the market.

The post pandemic increase in global trade has given rise to cost pressures particularly increased ships charter and fuel costs will be passed through the logistics chain in the form of increased rates. Nevertheless, we look forward to continuing the growth trend in EBIT which is testament to our investment in the business in driving efficiencies and nurturing close customer relationships.

The Group notes the ever increasing expectations and regulatory requirements to reduce the effects of its operational footprint on the environment. While the Group acknowledges that its operations have an inevitable effect on the environment, reducing this effect is embedded within the Group's strategy through achievement of efficiencies and reflected in our capital investment program.

Report of the Directors
Continued

Events after the Reporting Period

No events have occurred between 31 December 2021 and the date of approval of these Financial Statements which require to be separately reported.

Annual Report and Financial Statements

This Annual Report together with the Financial Statements for the financial year ended 31 December 2021 was approved by the Directors on 9 March 2022. The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Annual General Meeting

Notice of the AGM, which will be held on 11 May 2022, will be notified to shareholders in April 2022.

On behalf of the Board

Eamonn Rothwell,	**David Ledwidge,**
Director	Director

9 March 2022

Registered Office: Ferryport, Alexandra Road, Dublin 1, Ireland.

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework as applied in accordance with the provisions of Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website icg.ie. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement as required by the Transparency Directive and UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 78 to 79 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with FRS 101 Reduced Disclosure Framework, give a true and fair view of the assets, liabilities, and financial position of the Group and Company at 31 December 2021 and of the profit or loss of the Group for the year then ended;
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risk and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Eamonn Rothwell,	**David Ledwidge,**
Director	Director


LIEBHERR
SAMSKIP
Eucon

Financial Statements

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Irish Continental Group plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2021, contained within the reporting package 635400FQKB6QXERQOC74-2021-12-31-en.zip, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows; Company Statement of Financial Position, Company Statement of Changes in Equity, and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

- We evaluated the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting.
- Our evaluation of the Director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:
- Evaluating the Group's process around the going concern assessment performed by management;
- Agreeing the underlying cash flow projections to Board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- Testing of the clerical accuracy of management's going concern model including the data used in their downside scenario;
- Evaluating the key assumptions within management's forecasts;
- Assessing whether the plausible downside scenario prepared by management appropriately considered the principal risks facing the business;
- Evaluating the feasibility of management's mitigating actions in the plausible downside scenario; - Substantiation of certain financial resources available to the Group;
- Evaluating management's assessment of the Group's ability to comply with debt covenants; and
- Assessing the appropriateness of the going concern disclosures by evaluating the consistency with management's assessment and for compliance with the relevant reporting requirements.

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

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

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

Key audit matters: our assessment of risks of material misstatement

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

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

Valuation of vessels – Group and Company

Group - €294.1m (2020 - €277.7m); Company – €144.4m (2020 - €150.1m)

Refer to note 2 (accounting policy), note 3 (Critical accounting judgements and key sources of estimation uncertainty) and notes 13 and 40 (Group and Company financial disclosures respectively)

The key audit matter	How the matter was addressed in our audit
Property, plant and equipment amounted to €328.2 million (Company: €144.6 million) as of 31 December 2021, of which €294.1 million (Company: €144.4 million) related to owned vessels. The vessel-related depreciation charge for the year ended 31 December 2021 was €27.8 million (Company: €5.7 million). We identified the valuation of vessels as a key audit matter. This matter consists of: 1. the evaluation of the key assumptions used in estimating the periodic depreciation of vessels, including the key assumptions relating to useful economic life and expected residual values; and 2. the identification of the Group's ferry fleet as a single Cash Generating Unit and the assessment of its recoverable value as part of the impairment review, including the selection of key assumptions regarding future passenger revenue and future costs.	We obtained and documented an understanding of the Group's process in place and tested the design and implementation of the relevant control in place over the Group's process to value vessels including the control relating to the development of the assumptions in relation to the useful economic life and expected residual values together with the calculation of the recoverable values of vessels. In respect of part a) of the key audit matter, we assessed the estimated useful lives and estimated residual values assumptions by comparing; • the estimated useful lives to the Group's own experience of disposals of vessels and to industry data relating to the lives of ships that were scrapped during the financial year, and • the estimated residual values of vessels to industry data relating to the value of scrap metal. In respect of part b) of the key audit matter, we assessed the accuracy of the Group's calculations used in assessing those assets subject to impairment testing and considered whether the assumptions and methodology applied to the assets tested were reasonable and appropriate.

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

The key audit matter	How the matter was addressed in our audit
	We evaluated the key assumptions used in the Group's value in use calculations with regard to those assets subject to impairment assessment by: • Challenging the Group's identification of its ferry fleet as a single Cash Generating Unit by assessing its basis and conclusions for same including the nature of the assets, the interdependence of the assets and the routes they are used for, and the transferability of the asset between routes; • Assessing the reasonability of the key assumptions made by the Group regarding future passenger revenue and future costs; • Comparing the future cash flow projections used in the value in use calculation to the projections used in the Group's going concern and Viability Statement analyses; • Assessing other inputs used in the value in use calculation in respect of future revenues, costs and other cash flows by comparing them to past performance and known contracted future cash flows, and performing reasonability assessments on uncontracted future cash flows; • Challenging the completeness of future cash outflows given known future industry developments; • Assessing the reasonability of the terminal values included in the value in use calculation; • Assessing the reasonability of the discount rate used in calculating the present value of the future cash flows with reference to the Group's cost of capital; and • We performed sensitivity analysis over the Group's assumptions with regard to cash flows and discount rate, to assess the impact of changes to those assumptions on the Group's determination of the recoverability of vessels. We also reviewed asset valuations obtained from experts engaged by the Group and considered whether they supported the Group's assessment of impairment at 31 December 2021. We evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty. As a result of our work performed, we found that the judgements made by the Group in relation to: • the key assumptions used in estimating the periodic depreciation of vessels relating to the expected useful life, the expected residual values; and • the identification of the Group's ferry fleet as a single Cash Generating Unit and assessment of its recoverable value including key assumptions regarding future passenger revenue and future costs were reasonable and we found the related disclosures to be appropriate.

Valuation of net defined benefit pension asset – Group only

Refer to note 2 (accounting policy), note 3 (Critical accounting judgements and key sources of estimation uncertainty) and note 32 (financial disclosures)

Valuation of the net defined benefit pension asset of €5.3m consisting of pension assets of €6.7m and deficits of €1.4m (2020 – net pension liability of €1.2m consisting of pension assets of €1.0m and deficits of €2.2m)

The key audit matter	How the matter was addressed in our audit
The Group operates a number of defined benefit pension schemes. The valuation of such schemes requires judgement and is subject to volatility arising from movements in actuarial assumptions and the selection of same. We consider that the valuation of the net defined benefit pension assets includes estimation uncertainty in relation to the key assumptions used, in particular the discount rate. In addition, the valuation of the net defined benefit pension asset is sensitive to changes in those assumptions applied.	We obtained and documented our understanding of the process in place to value the defined benefit pension schemes, including the selection of actuarial assumptions used, in particular the discount rate used. We tested the design and implementation of the controls in place over ensuring the completeness and accuracy of information provided to the actuary, in order for them to perform their valuation of the pension schemes, and the selection of the discount rate. We made inquiries of management to understand the key assumptions made in calculating the net defined benefit pension asset. We challenged, with the support of our actuarial specialist, the key actuarial assumptions applied in the calculation of the valuation of the defined benefit pension asset, in particular the key discount rates assumptions. We also assessed the inflation rate and mortality/life expectancies used. This included a comparison of these assumptions against externally available data. We also considered the adequacy of the Group's disclosures in respect of the sensitivity of the net defined benefit pension asset to these assumptions. We found the assumptions used in, and the resulting valuation of the net defined benefit pension asset to be reasonable and the related disclosures to be adequate.

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

Company key audit matter

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

Valuation of investment in subsidiaries €14.4m (2020 - €14.7m)

Refer to note 38 (accounting policy) and note 43 (financial disclosures)

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

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

Materiality for the Group financial statements as a whole was set at €2.5 million. This has been calculated as 0.75% of the benchmark of total revenue for the year ended 31 December 2021, which we have determined in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to users in assessing the financial statements of the Group.

We report to the Audit Committee all corrected and uncorrected audit misstatements we identified in our audit in excess of €150,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

Materiality for the Company financial statements was set at €1.5 million, determined with reference to a benchmark of the Company's total assets of which it represents 0.5%.

Of the Group's 14 reporting components, we subjected all to full scope audits for group purposes. The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's components. We performed comprehensive audit procedures, including those in relation to the key audit matters as set out above, on those transactions accounted for at Group and component level. Our audits covered 100% of total Group revenue and 100% of Group total assets, including 100% of the Company's revenue and total assets. The work on all components was performed by the Group team.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €20,000 to €1.6 million. The Group audit team were also auditors to all of the Group's significant components.

Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, the Strategic Report, the Corporate Governance Report and the Investor and Other Information.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation within the Viability Statement that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit Committee: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;
- Statement of compliance with UK Corporate Governance Code: if the Directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin for our review.
- If the Directors' statement relating to Going Concern required under the Listing Rules of Euronext Dublin set out on page 116 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

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

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 80 to 93, that:

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

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

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

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

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

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

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

- the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2020.

We have nothing to report in this regard.

The Listing Rules of Euronext Dublin require us to review:

- the Directors' Statement in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on page 82 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 121, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

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

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

Colm O'Sé

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

10 March 2022

Consolidated Income Statement
for the year ended 31 December 2021

	Notes	2021 €m	2020 €m
Revenue	4	334.5	277.1
Depreciation, impairment and amortisation	9	(52.5)	(41.3)
Employee benefits expense	5	(20.8)	(18.0)
Other operating expenses	9	(261.4)	(217.0)
Operating (loss) / profit before non-trading items		**(0.2)**	**0.8**
Non-trading items	10	-	(11.2)
Operating loss		**(0.2)**	**(10.4)**
Finance income	6	0.1	0.2
Finance costs	7	(4.0)	(7.8)
Loss before tax		**(4.1)**	**(18.0)**
Income tax expense	8	(0.8)	(1.0)
Loss for the financial year: all attributable to equity holders of the parent	9	**(4.9)**	**(19.0)**
Earnings per share – expressed in euro cent per share			
Basic	12	(2.6c)	(10.2c)
Diluted	12	(2.6c)	(10.2c)

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 €m	2020 €m
Loss for the financial year		(4.9)	(19.0)
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		1.3	(1.2)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on defined benefit obligations	32 viii	7.1	(0.8)
Deferred tax on defined benefit obligations	25	(0.9)	0.3
Other comprehensive income for the financial year		7.5	(1.7)
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**2.6**	**(20.7)**

Consolidated Statement of Financial Position
as at 31 December 2021

	Notes	2021 €m	2020 €m
Assets			
Non-current assets			
Property, plant and equipment	13	328.2	313.5
Intangible assets	14	1.9	1.2
Right-of-use assets	15	57.2	38.3
Retirement benefit surplus	32 iv	6.7	1.0
Finance lease receivable	16	13.6	16.6
Deferred tax asset	25	0.1	0.3
		407.7	**370.9**
Current assets			
Inventories	17	3.8	1.9
Trade and other receivables	18	61.9	55.7
Cash and cash equivalents	19	38.5	150.4
		104.2	**208.0**
Total assets		**511.9**	**578.9**
Equity and liabilities			
Equity			
Share capital	20	11.9	12.2
Share premium	21	20.4	19.7
Other reserves	21	(8.1)	(9.3)
Retained earnings		225.5	243.3
Equity attributable to equity holders of the parent		**249.7**	**265.9**
Non-current liabilities			
Borrowings	22	115.8	113.1
Lease liabilities	23	37.5	27.8
Deferred tax liabilities	25	1.3	0.5
Provisions	27	0.2	0.2
Retirement benefit obligation	32 iv	1.4	2.2
		156.2	**143.8**
Current liabilities			
Borrowings	22	7.3	87.3
Lease liabilities	23	20.1	10.7
Trade and other payables	26	75.5	69.2
Provisions	27	3.1	2.0
		106.0	**169.2**
Total liabilities		**262.2**	**313.0**
Total equity and liabilities		**511.9**	**578.9**

The Financial Statements were approved by the Board of Directors on 9 March 2022 and signed on its behalf by:

Eamonn Rothwell   **David Ledwidge**

Director   Director

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

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

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Share Capital €m	Share Premium €m	Undenominated Capital Reserves €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2020	**12.2**	**19.5**	**7.5**	**5.9**	**(20.7)**	**263.5**	**287.9**
Loss for the financial year	-	-	-	-	-	(19.0)	(19.0)
Other comprehensive income	-	-	-	-	(1.2)	(0.5)	(1.7)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**(1.2)**	**(19.5)**	**(20.7)**
Employee share-based payments expense	-	-	-	1.9	-	-	1.9
Share issue	-	0.2	-	-	-	-	0.2
Share buyback	-	-	-	-	-	(1.7)	(1.7)
Settlement of employee equity plans through market purchase	-	-	-	-	-	(1.7)	(1.7)
Transferred to retained earnings on exercise of share options	-	-	-	(2.7)	-	2.7	-
Reserve movements in the year	**-**	**0.2**	**-**	**(0.8)**	**(1.2)**	**(20.2)**	**(22.0)**
Balance at 31 December 2020	**12.2**	**19.7**	**7.5**	**5.1**	**(21.9)**	**243.3**	**265.9**

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2021

	Notes	2021 €m	2020 €m
Loss for the financial year		**(4.9)**	**(19.0)**
Adjustments for:			
Finance costs (net)		3.9	7.6
Income tax expense		0.8	1.0
Retirement benefit scheme movements	34	0.6	9.3
Depreciation of property, plant and equipment		31.9	29.3
Amortisation of intangible assets		0.3	0.2
Depreciation of right-of-use assets		20.3	9.5
Impairment charges		-	2.3
Share-based payment expense less market purchase cost		0.3	0.2
Increase in provisions		1.1	0.2
Working capital movements	34	11.7	10.6
Cash generated from operations		**66.0**	**51.2**
Income taxes paid		(0.8)	(1.4)
Interest paid		(8.4)	(3.7)
Net cash inflow from operating activities		**56.8**	**46.1**
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		2.8	4.9
Lease inception costs		(0.3)	-
Return of vessel contract deposit		-	33.0
Purchases of property, plant and equipment and intangible assets	34	(55.2)	(30.1)
Net cash (outflow) / inflow from investing activities		**(52.7)**	**7.8**
Cash flow from financing activities			
Share buyback		(19.8)	(1.7)
Repayments of leases liabilities	34	(19.8)	(9.2)
Repayments of bank loans		(87.5)	(3.7)
Drawdown of bank loans		10.0	-
Proceeds on issue of ordinary share capital		0.7	0.2
Net cash (outflow) from financing activities		**(116.4)**	**(14.4)**
Net (decrease) / increase in cash and cash equivalents		(112.3)	39.5
Cash and cash equivalents at beginning of year		150.4	110.9
Effect of foreign exchange rate changes		0.4	-
Cash and cash equivalents at end of year	19	**38.5**	**150.4**

Notes Forming Part of the Consolidated Financial Statements
for the financial year ended 31 December 2021

1. General information

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

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

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

2. Summary of accounting policies

Statement of Compliance

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

Basis of preparation

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

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

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

Basis of consolidation

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

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

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

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

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

2. Summary of accounting policies – continued

New standards and interpretations

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

Standards effective for the Group from 1 January 2021

Standard	Description	Effective date for periods commencing
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments)	Interest Rate Benchmark Reform	1 January 2021
IFRS 16 (amendment)	Covid-19 related rent concessions	1 June 2020

The above amended standards has been applied in the preparation of the financial statements for the year ended 31 December 2021 but did not have any material impact on the results or financial position of the Group.

Standards effective for the Group from 1 January 2022 or later

Standard	Description	Effective date for periods commencing
IAS 1 (amendments)	Classification of liabilities as current or non-current	1 January 2024 *
IAS 1 (amendments)	Disclosure of Accounting Policies	1 January 2023 *
IFRS 17	Insurance Contracts	1 January 2023
IFRS 4 (amendments)	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
IAS 12 (amendment)	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023 *
IAS 16 (amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRS Standards 2018–2020		1 January 2022
IFRS 3 (amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 37 (amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 8 (amendments)	Definition of Accounting Estimates	1 January 2023 *

* Not yet endorsed by the EU

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies – continued

The above standards and amendments to standards have not been applied in the preparation of the financial statements for the year ended 31 December 2021. They are not expected to have a material impact on the results or financial position of the Group when applied in future periods.

Accounting policies applied in the preparation of the Financial Statements for the financial year ended 31 December 2021:

Revenue recognition

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

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

Ferries Division

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

2. Summary of accounting policies – continued

Container and Terminal Division

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

Leasing

Identifying a lease

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

a) As Lessee

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

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

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

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

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies – continued

b) As Lessor

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

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

Concession and Licence agreements

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

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

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

Non-trading items

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

Foreign currencies

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

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

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

2. Summary of accounting policies – continued

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

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

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

Finance costs

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

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

Finance Income

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

Retirement benefit schemes

Defined benefit obligations

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

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

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

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

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies – continued

Defined contribution pension schemes

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

Employee benefits expense

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

Share-based payments

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

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

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

Taxation

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

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

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

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

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

2. Summary of accounting policies – continued

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

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

Property, plant and equipment

Vessels

Vessels are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

The estimated economic useful lives of vessels are as follows:

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

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

Drydocking

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

Passenger vessels	1 year
Container vessels	1 – 5 years

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

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies – continued

Other assets

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

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

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

Buildings	10 – 150 years
Plant, equipment and vehicles	4 – 25 years
Plant superstructure	12 – 20 years

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

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

Intangible assets

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

Impairment of property, plant and equipment and intangible assets

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

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

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

2. Summary of accounting policies – continued

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

Inventories

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

Treasury shares

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

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

Financial instruments

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

Trade receivables

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

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

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

Cash and cash equivalents

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

Notes Forming Part of the Consolidated Financial Statements
Continued

2. Summary of accounting policies – continued

Financial liabilities and equity

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

Bank borrowings

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

Trade payables

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

Equity instruments

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

Contingent liability

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

Provisions

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

Financial guarantee contracts

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

Distributions

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

Operating profit

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Estimates

Post-employment benefits

The Group's and Company's total obligation in respect of defined benefit pension obligations is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Group and Company. Further details are set out in note 32. Many of the actuarial assumptions are dependent on market developments and are outside the control of the Company and Group and movements may give rise to material adjustments in future estimates of post-employment obligations.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF was in surplus at the most recent valuation date of 31 March 2021. Under the rules of the fund all employers are jointly and severally liable for the deficit. The deficit included in the financial statements for the Group and Company represents an apportionment of the overall scheme deficit based on the most recent notification received from the trustees dated May 2013 and which was 1.53% for the Group and 0.51% for the Company, less any deficit payments made. Should other participating employers' default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Useful lives for property, plant and equipment

Long lived assets comprising primarily of property, plant and equipment represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated useful lives of each type of asset. Management regularly reviews these useful lives and change them if necessary, to reflect current conditions. In determining these useful lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the asset. Changes in the useful lives may have a significant impact on the annual depreciation and amortisation charge. Details of the useful lives are included in the accounting policy headed property, plant and equipment. Further details are set out in note 13.

In relation to one vessel, which is operated on a seasonal basis and primarily dedicated to passenger only carryings and was not operated during 2020, the Directors noted that this vessel had been maintained in line with all regulatory and class requirements during the lay-up period and the Directors determined that no revision in remaining useful life was warranted. The vessel returned to service during Summer 2021.

Critical accounting judgements

Impairment

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

In line with the requirements of IAS 36: Impairment of assets, the Group assessed its property, plant and equipment and intangible assets to determine if there were any indications of impairment. Factors considered in identifying whether there were any indications of impairment included the economic performance of assets, technological developments, new rules and regulations, shipbuilding costs and carrying value versus market capitalisation of the Group.

Notes Forming Part of the Consolidated Financial Statements
Continued

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

During the period ended 31 December 2021, the Group experienced a continuation of the reduced level of passenger carryings due to the imposition of government restrictions placed on travel in the jurisdictions that we offer services. These restrictions, first introduced in March 2020, continued in various forms up to January 2022, and have materially affected the profitability outcome from our Irish Ferries branded operations for financial years 2021 and 2020. The impact of Covid related restrictions has had a significant impact on Passenger traffic with car volumes on a like for like basis (excluding Dover Calais) down 60% (2020: 66%) compared with 2019. However, reassuringly with the easing of restrictions during the second half of 2021, car volumes increased 64% versus the prior year (down 45% compared with the same period in 2019). As against this, the Container and Terminal Division continued to perform strongly in both 2020 and 2021.

Having actively participated in the market during 2021, there are no indicators of general declines in the market value of the types of vessels included in the Group's fleet noted. The Group's market participation included the agreement for the acquisition of two ferries and two container vessels, (including a vessel contracted for in early 2022) and numerous charter agreements of both ferries and container vessels. Indeed, the Group's observation was that both vessel values and charter rates increased significantly during 2021. Nonetheless, in referencing accounting standard IAS 36: Impairment of Assets, management, having considered each of the events described at paragraph 12 of the standard, assessed the decline in profitability from its passenger operations amounted to an indicator of impairment for its ferry fleet at 31 December 2021 and on reassessment also at 31 December 2020. The Group's position as previously reported in the 31 December 2020 financial statements, was that the remaining useful lives of the vessels were sufficiently long to allow the downturn in performance and cash generated by the vessels noted in 2020 to be temporary and therefore not regarded as an impairment indicator.

Having concluded that an impairment indicator existed, the Group sought to assess the recoverable amount of the ferry fleet employed by Irish Ferries based on the conditions and information available at each reporting date. At 31 December 2021 Irish Ferries was expected to operate a ferry fleet of six (2020: five) owned and two (2020: one) chartered vessels operating over four (2020: three) routes between Ireland, the UK and France, including one additional vessel which was contracted at 31 December 2021 and delivered in January 2022. There is a large interdependency between the vessels and routes, vessels are interchangeable between routes and certain customer contracts are based on the Group operating services across multiple routes. Consequently, the Group views the Irish Ferries ferry fleet as a single cash generating unit and has undertaken impairment testing on that basis.

The Group engaged an independent shipbroker Simsonship (2020: Clarkson's Valuation Services) to provide valuations on its ferry fleet on an unseen basis. These valuations are prepared on standard market terms on the assumption of assets being encumbrance free with a willing buyer and seller. The Group adjusted these valuations by providing for an estimate of disposal costs to arrive at a fair value less cost of disposal (FVLCOD) valuation of the fleet. The Group was satisfied that the carrying value of the ferry fleet was strongly supported by the FVLCOD estimate both at 31 December 2021 and 2020.

Notwithstanding the headroom over carrying value indicated by the FVLCOD estimate, the Group acknowledges the potential limitations of such valuation estimates where there are limited transactions, the majority of the Group's fleet by value is bespoke to its requirements and true value can only be assessed if offered for sale to one or more willing purchasers. Against that background, the Group sought to derive its own valuations through performance of a value in use exercise.

The value in use exercise involved projecting cash flows over a ten year period and discounting these to a present value using an estimate of the weighted average cost of capital. Assets were assigned a terminal value at the end of the projection period based on the straight line write down of year-end broker valuations over the remaining useful life of the asset. The starting position for projecting cashflows at 31 December 2021 and 2020 was to use the budget as approved by the Board for the subsequent year and to project forward for the following years assuming that passenger car markets will recover to 2019 levels by 2024 and 2023 respectively. Thereafter, revenue growth of 2% over inflation was assumed. Other key assumptions include those relating to capital expenditure, fuel costs and other operating costs. The cashflow projections for years 1 to 5 were consistent with the base scenario used for the viability assessment.

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

Sensitivity on this base scenario was performed for a number of downside scenarios, including assuming a longer recovery period as well as assuming higher fuel and dry-docking costs, flexing the discount rate and terminal values. The Directors are satisfied that the value in use projections robustly supported the broker valuations and consequently the carrying value of the fleet at 31 December 2021 and 2020. The Directors have reviewed the methodology, key assumptions and results of the impairment testing as described above and concluded that any reasonably possible movement in the assumptions used in the impairment test at 31 December 2021 or 2020 would not result in the identification of an impairment.

One vessel which is operated on a seasonal basis and primarily dedicated to passenger only carryings was not operated during 2020. Within the assessment carried out above, this temporary surplus to operational requirements was not deemed to be an indication of impairment at 31 December 2020 as it was then intended to return this vessel to service when restrictions lift and it was being maintained in an operational ready state. This vessel returned to service during Summer 2021. The standalone FVLCOD for this vessel based of the independent broker valuation at 31 December 2021 and 2020 together the results of management's value in use calculation for the ferry fleet as a single CGU supported the carrying value of this vessel at 31 December 2021 and 2020.

Consequently, based on the recoverability assessment described above, the Directors concluded that no provision for impairment against the carrying value of the Group's ferry fleet was required at 31 December 2021 or 2020.

Going Concern

The Financial Statements have been prepared on the going concern basis. The Directors report that, after making inquiries, they have a reasonable expectation at the time of approving the Financial Statements, that the Group and Company are going concerns, having adequate financial resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have considered the future cash requirements of the Group and Company in the context of the economic environment of 2022, the principal risks and uncertainties facing the Group (pages 67 to 71), the Group's 2022 budget plan and the medium-term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which are available to the Group and Company.

The introduction of measures in response to Covid-19 by governments in the jurisdictions in which we operate services in March 2020 and which have continued in various forms throughout the period to 31 December 2021 had a material effect on the Group's financial results. This was particularly concentrated on our passenger business where international travel was affected resulting in a material reduction in passenger revenues compared to pre pandemic levels. The Group has, despite the imposition of restrictions, continued to operate its passenger services on all routes in conjunction with its RoRo services. Following the ending of the Brexit transition period, the Group experienced changed travel patterns with a reduction in RoRo carryings overall but revenue losses on the UK routes were significantly replaced with higher yielding revenues on our direct services to France.

Notwithstanding the downturn in profitability due to reduced passenger revenues, the Group's RoRo, LoLo, chartering and port stevedoring services operated largely in line with expectations and the Group generated cash from operations of €66.0 million (2020: €51.2 million) in financial year 2021, with free cash flow of €43.3 million (2020: €35.3 million) after maintenance capital expenditure. The Group retained cash balances and committed undrawn facilities at 31 December 2021 of €118.9 million. From 1 January 2022 maximum leverage covenants have reverted to the previous contracted levels of 3 times EBITDA. The leverage covenant level at 31 December 2021 calculated in accordance with the lending agreements, was within maximum permitted levels at 2.6 times EBITDA.

Government imposed travel restrictions have been largely removed from the beginning of 2022 for passengers who are fully vaccinated and passenger volumes have increased over the prior year levels. However there remains a risk of a resurgence of Covid infections and the possibility of re-imposition of restriction in the future. All other revenue streams are performing satisfactorily up to the date of the approval of the financial statements.

Notes Forming Part of the Consolidated Financial Statements
Continued

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

In making their going concern assessment, the Directors have considered a number of trading scenarios including a re-imposition of travel restrictions. The base scenario assumptions included a return of passenger volumes following the easing of travel restrictions, but remaining behind pre-pandemic activity levels. The downside scenario assumptions included passenger carryings at similar levels to 2021. This modelling assumed a full schedule of services of the conventional ferry fleet and reduced services on the fast craft route in the downside scenario. The modelling further assumed that there were no changes to the Group's existing contractual financing arrangements. Based on this modelling the Directors believe the Group retains sufficient liquidity to operate for at least the period up to March 2023.

4. Segmental information

Business segments

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

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

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

	Ferries	Container & Terminal	Inter- segment	Total
	€m	€m	€m	€m
Revenue				
2021				
External revenue	161.7	172.8	-	334.5
Inter-segment revenue	13.8	1.2	(15.0)	-
Total	**175.5**	**174.0**	**(15.0)**	**334.5**
2020				
External revenue	131.8	145.3	-	277.1
Inter-segment revenue	9.6	1.2	(10.8)	-
Total	**141.4**	**146.5**	**(10.8)**	**277.1**

Inter-segment revenue is at best estimates of prevailing market prices. The inter-segment revenue in the Ferries Division in 2021 of €13.8 million (2020: €9.6 million) primarily relates to container vessels which are on time charter to the Group's container shipping subsidiary, Eucon.

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

4. Segmental information – continued

	Ferries		Container & Terminal		Total	
	2021	2020	2021	2020	2021	2020
	€m	€m	€m	€m	€m	€m
Revenue						
Passenger	59.0	33.7	-	-	59.0	33.7
Freight	94.6	92.2	172.8	145.3	267.4	237.5
Chartering	8.1	5.9	-	-	8.1	5.9
Total	**161.7**	**131.8**	**172.8**	**145.3**	**334.5**	**277.1**

For the year ended 31 December 2021, €323.6 million was recognised over time (2020: €272.3 million) and €10.9 million was recognised at a point in time (2020: €4.8 million). No single external customer in the current or prior financial year amounted to 10 per cent or more of the Group's revenues. Of total Group revenues of €334.5 million (2020: €277.1 million), €7.4 million (2020: €5.1 million), all of which relates to the Ferries Division, is recognised under IFRS 16 with the remainder being recognised as revenue under IFRS 15.

	Ferries		Container & Terminal		Total	
	2021	2020	2021	2020	2021	2020
	€m	€m	€m	€m	€m	€m
Result						
Operating (loss) / profit before non-trading items	(17.4)	(12.3)	17.2	13.1	(0.2)	0.8
Finance income	-	0.2	0.1	-	0.1	0.2
Finance costs	(2.0)	(6.4)	(2.0)	(1.4)	(4.0)	(7.8)
Non-trading items	-	(11.2)	-	-	-	(11.2)
(Loss) / profit before tax	(19.4)	(29.7)	15.3	11.7	(4.1)	(18.0)
Income tax expense	(0.1)	(0.3)	(0.7)	(0.7)	(0.8)	(1.0)
(Loss) / profit for the financial year	**(19.5)**	**(30.0)**	**14.6**	**11.0**	**(4.9)**	**(19.0)**
Statement of Financial Position						
Assets						
Segment assets	367.0	341.4	106.4	87.1	473.4	428.5
Cash and cash equivalents	29.9	117.2	8.6	33.2	38.5	150.4
Consolidated total assets	**396.9**	**458.6**	**115.0**	**120.3**	**511.9**	**578.9**
Liabilities						
Segment liabilities	49.8	48.2	31.7	25.9	81.5	74.1
Borrowings and lease liabilities	140.0	190.7	40.7	48.2	180.7	238.9
Consolidated total liabilities	**189.8**	**238.9**	**72.4**	**74.1**	**262.2**	**313.0**
Consolidated net assets	**207.1**	**219.7**	**42.6**	**46.2**	**249.7**	**265.9**
Other segment information						
Capital additions	44.0	30.8	2.6	4.8	46.6	35.6
Right-of-use asset additions	22.0	7.2	16.8	5.3	38.8	12.5
Depreciation, impairment and amortisation	40.6	34.6	11.9	6.7	52.5	41.3

Notes Forming Part of the Consolidated Financial Statements
Continued

4. Segmental information – continued

	Ferries		Container & Terminal		Total	
	2021	2020	2021	2020	2021	2020
	€m	€m	€m	€m	€m	€m
Other operating expenses						
Fuel	43.1	23.8	12.0	9.0	55.1	32.8
Labour	28.7	22.9	9.7	8.4	38.4	31.3
Port costs	44.0	38.9	33.7	29.5	77.7	68.4
Haulage	-	-	50.0	43.9	50.0	43.9
Other	20.7	20.4	34.5	31.0	55.2	51.4
Inter-segment	(1.2)	(1.2)	(13.8)	(9.6)	(15.0)	(10.8)
Total other operating expenses	**135.3**	**104.8**	**126.1**	**112.2**	**261.4**	**217.0**

Geographic analysis of revenue by origin of booking

	2021	2020
	€m	€m
Revenue		
Ireland	135.6	116.2
United Kingdom	64.1	55.1
Netherlands	73.7	58.6
Belgium	36.7	31.7
France	4.5	1.3
Other	19.9	14.2
Total	**334.5**	**277.1**

Geographic location of non-current assets

	2021	2020
	€m	€m
At Sea and in transit		
Vessels	315.8	288.3
Containers	9.9	7.8
	325.7	296.1
On Shore		
Ireland	51.6	45.7
Other	10.0	11.2
	61.6	56.9
Carrying amount at 31 December	**387.3**	**353.0**

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

5. Employee benefits expense

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

	2021	2020
Ferries	197	203
Container and Terminal	86	88
	283	291
The number of employees at financial year-end was	**284**	**288**

Aggregate costs of employee benefits were as follows:

	2021 €m	2020 €m
Wages and salaries	17.2	14.4
Covid-19 government subsidies	(1.4)	(1.7)
Social insurance costs	1.7	1.3
Defined benefit obligations – current service cost (note 32 vii)	1.7	1.7
Defined benefit obligations – settlement loss (note 32 vii)	-	9.3
Defined benefit obligations – augmentation cost	-	1.1
Defined contribution pension scheme – pension cost (note 32)	0.3	0.4
Share-based payment expense (note 31)	1.3	1.9
Total employee benefit costs incurred	20.8	28.4
Amounts recognised as non-trading item (note 10)	-	(10.4)
Total employee benefits expense before non-trading items	**20.8**	**18.0**

There were no staff costs capitalised during the financial year (2020 €nil) in relation to management and supervision of the contracts for the construction of new vessels. Of the total employee expense of €20.8 million (2020: €28.4 million), €nil (2020: €10.4 million) relating to defined benefit scheme settlement losses and augmentation costs were included as part of the reported non-trading item (note 10).

6. Finance income

	2021 €m	2020 €m
Net interest income on defined benefit assets (note 32 vii)	0.1	0.2
Total finance income	**0.1**	**0.2**

Notes Forming Part of the Consolidated Financial Statements
Continued

7. Finance costs

	2021 €m	2020 €m
Interest on bank overdrafts and loans	2.7	6.7
Interest on lease obligations	1.3	1.1
Total finance costs	**4.0**	**7.8**

8. Income tax expense

	2021 €m	2020 €m
Current tax	0.7	1.2
Deferred tax (note 25)	0.1	(0.2)
Total income tax expense for the financial year	**0.8**	**1.0**

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

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

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

	2021 €m	2020 €m
Loss before tax	(4.1)	(18.0)
Tax at the domestic income tax rate of 12.5% (2020: 12.5%)	-	-
Losses not eligible for surrender under loss provisions	2.4	1.9
Effect of tonnage relief	(2.2)	(1.6)
Difference in effective tax rates	0.8	(0.3)
Items for which no tax deduction is available	-	0.8
Other items	(0.2)	0.2
Income tax expense recognised in the Consolidated Income Statement	**0.8**	**1.0**

9. Loss for the year

	2021 €m	2020 €m
Loss for the year arrived at after charging:		
Depreciation of property, plant and equipment (note 13)	31.9	29.3
Amortisation of intangible assets (note 14)	0.3	0.2
Impairment of property, plant and equipment (note 13)	-	2.3
Depreciation of right-of-use assets (note 15)	20.3	9.5
Net depreciation, amortisation and impairment costs	**52.5**	**41.3**
Fuel	55.1	32.8
Labour	37.2	30.2
Port costs	77.7	68.4
Haulage	50.0	43.9
Other	41.4	41.7
Other operating expenses	**261.4**	**217.0**
Foreign exchange (gains) / losses	**(0.5)**	**0.4**
Expenses relating to lease payments not included in the measurement of the lease liability		
Short-term leases	2.2	4.0
Variable lease payments	2.1	1.3

	KPMG Ireland	Deloitte Ireland
Group Auditor's remuneration:	€'000	€'000
The audit of the Group financial statements	260.0	222.0
Other assurance services	40.0	28.0
Tax advisory services	45.0	35.0
Other non-audit services	-	4.0
	345.0	**289.0**

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

Notes Forming Part of the Consolidated Financial Statements
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10. Non-trading items

	2021 €m	2020 €m
Non-trading expense	-	**(11.2)**

There were no non-trading items in the year ended 31 December 2021. On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of an initial premium of €160.6 million in 2020 and a further premium of €8.5 million in 2021. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid.

The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes.

The Group's subsidiary Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the scheme's administration expenses and incurred expenses totalling €0.8 million relating to the above transaction.

11. Dividends

	2021 €m	2020 €m
Final dividend of 0c per ICG Unit RE: financial year ended 31 December 2020 (2020: nil)	-	-
Interim dividend of 0c per ICG Unit RE: the financial year ended 31 December 2021 (2020: nil)	-	-
	-	-

The Board is proposing a final dividend of 9.00 cent per ordinary share amounting to €16.5 million out of the distributable reserves of the Company.

12. Earnings per share

	2021 '000	2020 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	186,715	186,981
Effect of dilutive potential ordinary shares: Share options	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	186,715	186,981

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued and acquired from the market during the year (note 20).

12. Earnings per share – continued

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 (note 32) and the effect of non-trading items after tax.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2021 €m	2020 €m
Earnings		
Earnings for the purposes of basic and diluted earnings per share -		
Loss for the financial year attributable to equity holders of the parent	(4.9)	(19.0)
Non-trading item after tax (note 10)	-	11.2
Net interest income on defined benefit assets (note 32 vii)	(0.1)	(0.2)
Earnings for the purposes of adjusted basic and adjusted diluted earnings per share	**(5.0)**	**(8.0)**

	2021 Cent	2020 Cent
Basic earnings per share	(2.6)	(10.2)
Diluted earnings per share	(2.6)	(10.2)
Adjusted basic earnings per share	(2.7)	(4.3)
Adjusted diluted earnings per share	(2.7)	(4.3)

Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive effect of share options. All 5,646,854 options outstanding at the end of the reporting period (2020: 5,756,140) were excluded from the diluted earnings per share calculation because of their anti-dilutive effect. Options excluded comprised 2,790,000 (2020: 2,296,500) vested options and 2,856,854 (2020: 3,459,640) unvested options which have not yet satisfied the required performance conditions for vesting.

Notes Forming Part of the Consolidated Financial Statements
Continued

13. Property, plant and equipment

	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2020	6.9	429.1	60.4	26.0	522.4
Additions	1.6	27.4	5.6	-	34.6
Reclassification	(0.1)	0.1	-	-	-
Disposals	(5.4)	(11.0)	(1.1)	-	(17.5)
Impairment	(2.3)	-	-	-	(2.3)
Currency adjustment	-	(1.4)	(0.1)	-	(1.5)
At 31 December 2020	0.7	444.2	64.8	26.0	535.7
Additions	0.5	42.7	2.2	0.2	45.6
Reclassification	(0.6)	0.6	-	-	-
Disposals	-	(7.6)	(5.6)	-	(13.2)
Impairment	-	-	-	-	-
Currency adjustment	-	1.4	0.2	-	1.6
At 31 December 2021	**0.6**	**481.3**	**61.6**	**26.2**	**569.7**
Accumulated depreciation					
At 1 January 2020	-	152.1	43.9	9.3	205.3
Depreciation charge for the financial year	-	25.7	3.2	0.4	29.3
Eliminated on disposals	-	(11.0)	(1.1)	-	(12.1)
Currency adjustment	-	(0.3)	-	-	(0.3)
At 31 December 2020	-	166.5	46.0	9.7	222.2
Depreciation charge for the financial year	-	27.8	3.4	0.7	31.9
Eliminated on disposals	-	(7.6)	(5.6)	-	(13.2)
Currency adjustment	-	0.5	0.1	-	0.6
At 31 December 2021	-	**187.2**	**43.9**	**10.4**	**241.5**
Carrying amount					
At 31 December 2021	**0.6**	**294.1**	**17.7**	**15.8**	**328.2**
At 31 December 2020	0.7	277.7	18.8	16.3	313.5

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

13. Property, plant and equipment – continued

Estimations of economic life of vessels are a key judgemental estimate in the financial statements and further details are set out in note 3. In relation to the remaining estimated economic life of the vessels, a one year increase/ decrease would have a €1.6 million (2020: €1.0 million) decrease/ €2.0 million (2020: €1.2 million) increase in depreciation in the Consolidated Income Statement, and a €1.6 million (2020: €1.0 million) increase/ €2.0 million (2020: €1.2 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

During the year ended 31 December 2021 and 2020 no staff costs or interest costs were included in additions. Assets under construction at 31 December 2021 of €0.6 million (2020: €0.7 million) relate to construction completed on assets not in operation at the year end.

During the prior year, a contract for the construction of a new vessel was cancelled due to the inability of the shipyard to deliver the vessel. Previously paid contractual deposits were returned to the Company by the deposit guarantor. An impairment charge of €2.3 million was recognised in the prior year against costs previously capitalised not related to the deposit guarantee.

14. Intangible assets

	2021 €m	2020 €m
Cost		
At 1 January	11.5	10.5
Additions	1.0	1.0
At 31 December	**12.5**	**11.5**
Amortisation		
At 1 January	10.3	10.1
Charge for the financial year	0.3	0.2
At 31 December	**10.6**	**10.3**
Carrying amount		
At 31 December	**1.9**	**1.2**
At 1 January	1.2	0.4

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

Notes Forming Part of the Consolidated Financial Statements
Continued

15. Right-of-use assets

	Vessels	Plant and Equipment	Land and Buildings	Total
	€m	€m	€m	€m
Cost				
At 1 January 2020	10.9	8.2	29.5	48.6
Additions	10.1	2.4	-	12.5
Derecognition on lease expiry	-	(2.6)	-	(2.6)
Currency adjustment	-	-	(0.7)	(0.7)
At 31 December 2020	21.0	8.0	28.8	57.8
Additions	28.5	5.0	5.3	38.8
Lease remeasurement	(0.3)	-	-	(0.3)
Derecognition on lease expiry	-	(0.9)	-	(0.9)
Currency adjustment	-	-	1.0	1.0
At 31 December 2021	**49.2**	**12.1**	**35.1**	**96.4**
Accumulated depreciation				
At 1 January 2020	5.7	4.7	2.2	12.6
Charge for the period	5.6	1.9	2.0	9.5
Derecognition on lease expiry	-	(2.6)	-	(2.6)
At 31 December 2020	11.3	4.0	4.2	19.5
Charge for period	16.2	1.9	2.2	20.3
Derecognition on lease expiry	-	(0.9)	-	(0.9)
Currency adjustment	-	-	0.3	0.3
At 31 December 2021	**27.5**	**5.0**	**6.7**	**39.2**
Carrying amount				
At 31 December 2021	**21.7**	**7.1**	**28.4**	**57.2**
At 31 December 2020	9.7	4.0	24.6	38.3

Right-of-use assets are depreciated on a straight-line basis over the lease term. Where a lease contract contains extension options the Group includes such option periods in its valuation of right-of-use assets where it is reasonably certain to exercise the option. Initial direct costs incurred in the period relating to the acquisition of leases and included in additions amounted to €0.3 million (2020: €nil).

Plant and equipment mainly relates to containers used in the Group's container fleet leased under various master agreements with an average remaining term of 3.9 years (2020: 3.4 years). Land and buildings comprised (i) leased land at Dublin Port from which the Group operates a container terminal where the average remaining lease term was 93 years (2020: 94 years); (ii) a concession agreement at Belfast Harbour from which the Group operates a container terminal where the average remaining lease term was 4.7 years (2020: 5.7 years) and (iii) land leased during 2021 at Dublin Inland Port from which the Group operates a container depot where the average remaining lease term was 20.0 years.

Related lease liabilities of €57.6 million (2020: €38.5 million) are disclosed in note 23 to the Consolidated Financial Statements.

16. Finance lease receivable

	2021 €m	2020 €m
At 1 January	19.4	22.1
Amounts received	(3.6)	(3.6)
Net benefit recognised in revenue	0.8	0.9
At 31 December	**16.6**	**19.4**

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

Amounts received less the net benefit recognised in revenue, a total of €2.8 million (2020: €2.7 million) has been recognised in the Consolidated Statement of Cash Flows as proceeds on disposal of property, plant and equipment.

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

	2021 €m	2020 €m
Within one year	3.6	3.6
Between one and two years	3.6	3.6
Between two and three years	3.6	3.6
Between three and four years	7.3	3.6
Between four and five years	-	7.3
Greater than five years	-	-
Undiscounted payments receivable	18.1	21.7
Unearned income	(1.5)	(2.3)
Present value of payments receivable / Net investment in the lease	16.6	19.4
Analysed as:		
Current finance lease receivable	3.0	2.8
Non-current finance lease receivable	13.6	16.6
	16.6	**19.4**

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

The Directors of the Company estimate the loss allowance on the finance lease receivable at 31 December at an amount equal to lifetime expected credit losses. None of the finance lease receivable at 31 December 2021 was past due. Taking into account the historical payment experience up to the date of approval of these financial statements has been in line with the agreed contractual arrangement together with the retention of legal title, the Directors of the Group consider that the allowance for expected credit losses is immaterial.

Notes Forming Part of the Consolidated Financial Statements
Continued

17. Inventories

	2021 €m	2020 €m
Fuel and lubricating oil	3.5	1.7
Catering and other stocks	0.3	0.2
	3.8	**1.9**

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

Cost of inventories recognised as an expense in the Consolidated Income Statement amounted to €60.4 million during the financial year (2020: €36.7 million).

18. Trade and other receivables

	2021 €m	2020 €m
Trade receivables	47.3	45.8
Allowance for expected credit losses	(1.8)	(1.7)
	45.5	44.1
Prepayments		
Deposit on vessel	3.2	-
Deposits relating to other property, plant and equipment	5.4	2.6
Other prepayments	2.5	4.0
Finance lease receivable (note 16)	3.0	2.8
Other receivables	2.3	2.2
	61.9	**55.7**

The Group and Company extend credit to certain trade customers after conducting a credit risk assessment. Year-end trade receivables represent 52 days sales at 31 December 2021 (2020: 57 days). Deposits paid relating to other property, plant and equipment include advance payments for services or goods where title has not transferred at the period end.

The Group's trade receivables are analysed as follows:

	Gross value 2021 €m	Expected credit losses 2021 €m	Net value 2021 €m	Gross value 2020 €m	Expected credit losses 2020 €m	Net value 2020 €m
Not past due						
Within terms	42.6	(1.0)	41.6	42.6	(1.1)	41.5
Past due						
Within 3 months	4.4	(0.5)	3.9	2.6	(0.4)	2.2
After 3 months	0.3	(0.3)	-	0.6	(0.2)	0.4
	47.3	**(1.8)**	**45.5**	**45.8**	**(1.7)**	**44.1**

18. Trade and other receivables – continued

Expected credit losses

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

	2021 €m	2020 €m
Movement in the allowance for expected credit losses		
Balance at beginning of the financial year	1.7	1.5
Increase in allowance during the financial year	0.1	0.2
Balance at end of the financial year	**1.8**	**1.7**

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

19. Cash and cash equivalents

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

	2021 €m	2020 €m
Cash and cash equivalents	38.5	150.4

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

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

	2021 €m	2020 €m
Ireland	32.5	131.1
United Kingdom	3.3	0.2
Europe	2.7	19.1
Total	**38.5**	**150.4**

The cash and cash equivalents figure of €38.5 million at 31 December 2021 includes a deposit of €3.5 million (2020: €3.4 million) over which the Group has granted a charge in favour of the Irish Ferries Pension Trustee Limited as continuing security for amounts due under a deficit funding agreement concluded with the Trustee on behalf of the Irish Ferries Limited Pension Scheme.

Notes Forming Part of the Consolidated Financial Statements
Continued

20. Share capital

Group and Company

Authorised	2021 Number	2021 €m	2020 Number	2020 €m
Ordinary shares of par value €0.065 each	450,000,000	29.3	450,000,000	29.3
Redeemable shares of par value €0.00001 each	4,500,000,000	-	4,500,000,000	-
		29.3		**29.3**

Allotted, called up and fully paid	2021 Number	2021 €m	2020 Number	2020 €m
Ordinary shares				
At beginning of the financial year	186,980,390	12.2	187,419,390	12.2
Share issue	379,177		131,000	-
Share buyback	(4,565,000)	(0.3)	(570,000)	-
At end of the financial year	**182,794,567**	**11.9**	**186,980,390**	**12.2**

There were no redeemable shares in issue at 31 December 2021 or 31 December 2020.

The Company has one class of share unit, an ICG Unit, which at 31 December 2021 comprised one ordinary share and nil redeemable shares. The share unit, nor any share therein, does not carry any right to fixed income.

The number of ICG Units issued during the year was 379,177 (2020: 131,000) and total consideration received amounted to €0.7 million (2020: €0.2 million). These ICG Units were issued under the Group's and Company's share option plans.

During the year, the Company bought back 4,565,000 (2020: 570,000) ICG Units on the market at prices of €4.25 (in respect of 3,565,000 ICG units) and €4.37 (in respect of the remaining 1,000,000 ICG units purchased) (2020: €3.10) per ICG Unit. Total consideration paid of €19.8 million (2020: €1.7 million) was charged against retained earnings. The nominal value of the shares cancelled of €297,000 (2020: €37,000) was retained in a undenominated capital redemption reserve. The buybacks were conducted in line with the Group's capital management policy at prices which the Directors considered were in the best interests of the remaining shareholders.

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

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

21. Analysis of Equity

Group and Company

Share premium

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

Capital reserves

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

Reserves arising on consolidation relate to the acquisition of a subsidiary. At 31 December 2021, the reserve balance was €0.1 million. The balance is unchanged from 31 December 2020, 1 January 2021 and 1 January 2020.

The undenominated capital redemption reserve represents the nominal value of share capital repurchased. During the year, €297,000 was transferred from retained earnings representing the nominal value of shares cancelled. At 31 December 2021, the reserve balance stands at €7.7 million (2020: €7.4 million).

Share options reserve

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

Translation reserve

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

22. Borrowings

	2021 €m	2020 €m
Bank loans	73.8	151.3
Private placement loan notes	50.0	50.0
Origination fees	(0.7)	(0.9)
	123.1	200.4
On demand or within one year	7.3	87.3
In the second year	7.3	7.3
In the third year	67.4	7.3
In the fourth year	7.5	57.4
Fifth year and after	33.6	41.1
	123.1	200.4
Less: Amount due for settlement within 12 months	(7.3)	(87.3)
Amount due for settlement after 12 months	**115.8**	**113.1**

Notes Forming Part of the Consolidated Financial Statements
Continued

22. Borrowings – continued

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

The currency profile of the Group's borrowings is set out in note 24 (iii).

Borrowing facilities

	2021 €m	2020 €m
Overdraft and trade guarantee facilities		
Amounts utilised – trade guarantee (note 36)	0.6	0.6
Amounts undrawn	15.4	15.4
Total committed overdraft facilities	**16.0**	**16.0**
Committed loan facilities		
Amounts drawn	123.8	201.3
Amounts undrawn	65.0	75.0
Total committed loan facilities	**188.8**	**276.3**
Uncommitted facilities	**242.8**	**224.1**

At 31 December 2021, the Group had total committed loan and overdraft facilities of €204.8 million (2020: €292.3 million) which comprised of amounts utilised of €124.4 million (2020: €201.9 million) and amounts undrawn of €80.4 million (2020: €90.4 million). Uncommitted facilities relate to bank and private placement shelf agreements which are available for drawing at the discretion of the relevant lender. All borrowings at 31 December 2021 were unsecured and cross guaranteed by certain subsidiaries within the Group and are denominated in euro.

The Group's borrowing facilities comprise of the following;

i) A bank overdraft and trade guarantee facility with permitted drawing amounts of €16.0 million. At 31 December 2021, €0.6 million (2020: €0.6 million) was utilised on this facility by way of trade guarantees and €nil (2020: €nil) was utilised as an overdraft. Interest rates are calculated by reference to the lender's prime rate plus a fixed margin. This facility, available for drawing by the Company and certain subsidiaries, is reviewed annually and is repayable on demand.

ii) A multicurrency revolving credit facility with permitted drawing amounts of €75.0 million, which may be increased to €125.0 million in total at the discretion of the lenders on application. At 31 December 2021, €10.0 million (2020: €nil) was drawn under this facility. Interest rates are arranged at floating rates, calculated by reference to EURIBOR or other reference rate depending on currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio, which creates a cash flow interest rate risk. This facility is available for drawing by the Company and certain subsidiaries and matures on 30 September 2024.

iii) Amortising term loan facility totalling €63.8 million (2020: €151.3 million) made available by the European Investment Bank to fund the construction of two new cruise ferries one of which was delivered in December 2018. These facilities had been drawn in full and are repayable in equal instalments over a ten year period commencing December 2020 and ending during 2030. Interest rates were fixed for the duration of the term at rates ranging from 1.616% to 1.724%. Following the cancellation of the contract for the second cruise ferry during 2020 due to the insolvency of the shipbuilder, €72.0 million worth of loans were repaid early together with €15.5 million of scheduled repayments during the year ended 31 December 2021.

22. Borrowings – continued

iv) Multicurrency private placement loan note shelf agreements agreed with a number of investors with a potential drawing amount of €242.8 million. Loan notes for a total amount of €50.0 million with a maturity of 30 November 2024 at an interest rate of 1.40% have been issued under this facility. The remaining balance of €192.8 million total is available for drawing at the discretion of investors up to 6 October 2023 following agreement of a three year extension to the initial agreed drawing period. Interest rates are set at each drawing date and maturity may extend for up to 15 years.

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

	2021	2020
Bank overdrafts	0.41%	0.52%
Bank loans	1.61%	1.58%

The average interest rates reflect the terms of the refinancing arrangements concluded in prior periods. There was €10.0 million (2020: €nil) worth of bank loans drawn during 2021 from an existing loan facility. Interest rates on all bank loans drawn in prior periods were fixed at date of drawdown. The Group's financing facilities contain provisions that where there is a change in control of the Company, lenders may cancel the facilities and declare all utilisations immediately due and payable. A change of control is where any person or group of persons acting in concert becomes the owner of more than 50 per cent of the voting share capital of the Company.

In the opinion of the Directors, the Group and Company are in compliance with the covenants contained in its borrowing agreements as of 31 December 2021.

23. Lease liabilities

	2021 €m	2020 €m
At 1 January	38.5	36.0
Additions	38.5	12.5
Payments	(21.1)	(10.3)
Lease remeasurement	(0.3)	(0.1)
Lease interest expense recognised in period	1.3	1.1
Currency adjustment	0.7	(0.7)
At 31 December	**57.6**	**38.5**
Analysed as:		
Current liabilities	20.1	10.7
Non-current liabilities	37.5	27.8
	57.6	**38.5**

Notes Forming Part of the Consolidated Financial Statements
Continued

23. Lease liabilities – continued

The maturity profile of lease liabilities is set out below:

	2021 €m	2020 €m
Committed lease obligations		
Within one year	20.1	10.7
Between one and two years	9.1	4.7
Between two and three years	3.7	2.7
Between three and four years	3.3	2.5
Between four and five years	2.1	2.2
Between five and 10 years	2.1	1.4
Greater than 10 years	17.2	14.3
	57.6	**38.5**

Outstanding lease terms vary from one month to eight years except in the case of leasehold land where the terms vary between 20 and 100 years. At 31 December 2021, the average incremental borrowing rate applying to lease liabilities was 2.5% (2020: 2.8%). The incremental borrowing rate in the case of lease liabilities recognised on application of IFRS 16 was estimated at 1 January 2019 and in all other cases at the date of commencement of the lease. The incremental borrowing rate is estimated as that rate of interest available to the Group for borrowings over a similar term as the obligation to acquire a similar asset. The Group's obligations are secured by lessors' title to the leased assets.

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

The average interest rate at 31 December 2020 on outstanding lease liabilities was 2.5% (2020: 2.9%) for remaining lease terms of between 1 month and 100 years.

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

Related right-of-use assets of €57.2 million (2020: €38.3 million) are disclosed in note 15 to the Consolidated Financial Statements. Expenses of €4.3 million (2020: €5.3 million) relating to short-term leases, variable lease payments and leases of low-value assets were recognised in the income statement and are disclosed in note 9 to the Consolidated Financial Statements.

24. Financial instruments and risk management

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

24. Financial instruments and risk management – continued

i) Categories of financial instruments

Financial assets and liabilities

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

2020	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Carrying value	Fair value
	€m	€m	€m	€m
Finance lease receivable	19.4	-	19.4	19.4
Trade and other receivables	52.9	-	52.9	52.9
Cash and cash equivalents	150.4	-	150.4	150.4
Borrowings	-	200.4	200.4	208.4
Trade and other payables	-	52.3	52.3	52.3

Fair value hierarchy

The Group does not have any financial assets or financial liabilities that are carried at fair value in the Consolidated Statement of Financial Position at 31 December 2021 and 31 December 2020. In relation to those financial assets and financial liabilities where fair value is required to be disclosed in the Notes to the Consolidated Financial Position, these financial assets and financial liabilities are classified within Level 3 (2020: Level 3) of the fair value hierarchy as market observable inputs (forward rates and yield curves) which are used in arriving at fair values.

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

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

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

Finance lease receivable

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

Notes Forming Part of the Consolidated Financial Statements
Continued

24. Financial instruments and risk management – continued

Trade and other receivables / payables

For trade receivables and trade payables, with average settlement periods of 50 days (2020: 57 days) and 81 days (2020: 76 days) respectively, the carrying value less allowance for expected credit losses, where appropriate, is estimated to reflect fair value due to their short-term nature.

Cash and cash equivalents

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

Borrowings

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

Derivative financial instruments

There are no derivative financial instruments outstanding at 31 December 2021 and 31 December 2020 and none were entered into in either 2020 or 2021.

ii) Interest rate risk

At 31 December 2021, interest rates on short-term bank deposits were contracted for terms of less than three months at average effective rates of (0.3)% (2020: (0.3%)).

The interest rates on all Group borrowings at 31 December 2021 comprising loan notes and term loans has been fixed at contracted rates at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average interest rate at 31 December 2021 was 1.60% (2020: 1.60%) for remaining terms of between 2.9 and 9.5 years.

The interest rates on all lease liabilities at 31 December 2021 were fixed at the incremental borrowing rate at the later of the IFRS 16 effective application date of 1 January 2019 or lease commencement date eliminating exposure to interest rate risk on lease liabilities.

Sensitivity to interest rates

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

iii) Foreign currency risk management

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

Sterling denominated profits are translated to euro at the average rate of exchange for the financial year. The average rate at which sterling profits were translated during the year was €1:£0.8596 (2020: €1:£0.8896).

Exchange rate exposures are managed within approved policy parameters. The Group did not utilise forward foreign exchange contracts during the year ended 31 December 2021 or 31 December 2020.

24. Financial instruments and risk management – continued

Sensitivity

The currency risk sensitivity analysis is set out below:

Under the assumptions; (i) a 10% strengthening in euro exchange rates against all currencies, profit before tax would have increased by €4.8 million (2020: increase of €3.2 million) and equity (before tax effects) would have increased by €3.2 million (2020: increase of €1.3 million); (ii) a 10% weakening in euro exchange rates against all currencies, profit before tax would have decreased by €6.2 million (2020: decrease of €4.0 million) and equity (before tax effects) would have decreased by €4.3 million (2020: decrease of €1.5 million).

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

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

2020	Euro	Sterling	US Dollar	Total
	€m	€m	€m	€m
Trade receivables (net)	-	6.4	1.0	7.4
Cash and cash equivalents	-	12.2	1.0	13.2
Total assets	-	18.6	2.0	20.6
Trade and other payables	-	11.8	3.4	15.2
Lease liabilities	-	-	0.2	0.2
Total liabilities	-	11.8	3.6	15.4
Net assets / (liabilities)	**-**	**6.8**	**(1.6)**	**5.2**

iv) Commodity price risk

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

Notes Forming Part of the Consolidated Financial Statements
Continued

24. Financial instruments and risk management – continued

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

v) Liquidity risk

The Group and Company are exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations. There were no open derivative contracts at 31 December 2021 or 31 December 2020. The Group and Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group and Company:

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

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

	2021 €m	2020 €m
Cash and cash equivalents	38.5	150.4
Committed undrawn facilities	80.4	90.4
Liquidity reserve	**118.9**	**240.8**

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

Liquidity analysis

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

24. Financial instruments and risk management – continued

Liquidity Table 2021	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	Between 5 – 10 years	More than 10 years
	Years	€m	€m	€m	€m	€m	€m	€m
Liabilities								
Trade and other payables	-	75.5	75.5	75.5	-	-	-	-
Bank loans	3.6	123.1	130.3	9.1	9.1	85.1	27.0	-
Lease liabilities	27.1	57.6	101.5	22.0	9.4	11.4	5.5	53.2
Total liabilities		**256.2**	**307.3**	**106.6**	**18.5**	**96.5**	**32.5**	**53.2**

Liquidity Table 2020	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	Between 5-10 years	More than 10 years
	Years	€m	€m	€m	€m	€m	€m	€m
Liabilities								
Trade and other payables	-	69.2	69.2	69.2	-	-	-	-
Bank loans	4.6	200.4	216.3	96.1	9.1	76.0	35.1	-
Lease liabilities	39.1	38.5	82.9	11.3	5.9	9.6	4.7	51.4
Total liabilities		**308.1**	**368.4**	**176.6**	**15.0**	**85.6**	**39.8**	**51.4**

vi) Credit risk

The Group and Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and where possible limits its exposure to any one party to ensure that there are no significant concentrations of credit risk. Notwithstanding the foregoing, due to the nature of the underlying transaction there is a material exposure to a single counterparty in relation to the lease receivable. Mitigation of this exposure to finance lease receivables is explained at note 16. Credit risk in relation to trade and other receivables and cash and cash equivalents has been discussed in notes 18 and 19 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

vii) Capital management

The objective when managing capital is to safeguard the Group's ability to continue in business and provide returns for shareholders together with maintaining the confidence of all stakeholders. No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 December 2021 and 31 December 2020.

The capital structure of the Group consists of net debt (borrowings as detailed in note 22 offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 20 and 21). The Group seeks to maintain an optimal capital structure to reduce the overall cost of capital while balancing the benefits of different capital sources. Within this framework the Group considers the amount and tenor of borrowings and distributions to shareholders either through dividends or buybacks.

During the year the Company bought back 4.5 million ICG units at a cost of €19.8 million and issued 0.4 million ICG Units under its share option plans raising €0.7 million. The Group repaid €77.5 million of bank borrowings (net of drawdowns), lease liabilities increased by €19.8 million and cash and cash equivalents reduced by €112.3 million.

Notes Forming Part of the Consolidated Financial Statements
Continued

24. Financial instruments and risk management – continued

The Group actively monitors the externally imposed capital requirements contained in our debt facilities which set a maximum leverage ratio of net debt to earnings before interest tax depreciation and amortisation. Having agreed a temporary increase in this leverage ratio against the background of the Covid-19 pandemic to 4 times which applied during the financial year ended 2021, this will revert to 3 times for testing dates after 1 January 2022. At 31 December 2021, the leverage ratio under covenant definitions was 2.6 times (2020: 1.6 times).

At 31 December 2021, the net debt position of the Group was €142.2 million (2020: net debt of €88.5 million) and total equity balances amounted to €249.7 million (2020: €265.9 million).

25. Deferred tax liabilities

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

Deferred tax assets arise where taxable losses in excess of expected future reversing taxable temporary differences have been incurred that are available for offset against future taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. A deferred tax asset of €0.1 million (2020: €0.1 million) has not been recognised in respect of tax losses as suitable taxable profits are not expected to arise. The Group estimates the probable amount of future taxable profits, using assumptions consistent with those employed in the Group's financial planning process, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

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

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

2021	Accelerated tax depreciation	Retirement benefit obligation	Total
	€m	€m	€m
At beginning of the financial year	0.4	(0.2)	0.2
Charge to the Statement of Consolidated Income	0.1	-	0.1
Charge to Statement of Other Comprehensive Income	-	0.9	0.9
At end of the financial year	**0.5**	**0.7**	**1.2**
Analysed as:			
Non- current asset			(0.1)
Non-current liability			1.3
			1.2

25. Deferred tax liabilities – continued

2020	Accelerated tax depreciation	Retirement benefit obligation	Total
	€m	€m	€m
At beginning of the financial year	0.5	0.2	0.7
Credit to the Statement of Consolidated Income	(0.1)	(0.1)	(0.2)
Credit to Statement of Other Comprehensive Income	-	(0.3)	(0.3)
At end of the financial year	**0.4**	**(0.2)**	**0.2**

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

26. Trade and other payables

	2021	2020
	€m	€m
Within one year		
Trade and other payables	30.7	24.8
Accruals	27.2	27.5
	57.9	**52.3**
Deferred revenue	15.3	13.0
Payroll taxes	0.7	0.2
Social insurance cost	0.2	0.1
Value-added tax	1.4	3.6
	75.5	**69.2**

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing. They also include deferred revenue amounts of €15.3 million (2020: €13.0 million) relating to cash received in respect of performance obligations outstanding not yet complete by the Group. Movements in deferred revenue balances during the period were as follows:

	2021	2020
	€m	€m
At 1 January	13.0	5.0
Passenger revenue	(59.0)	(33.7)
Cash received	61.3	41.7
At 31 December	**15.3**	**13.0**

The average trade credit period outstanding was 81 days at 31 December 2021 (2020: 76 days). Certain suppliers reserve the right to charge interest on balances past their due date.

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

Notes Forming Part of the Consolidated Financial Statements
Continued

27. Provisions

	2021 €m	2020 €m
Claims provision		
At beginning of the financial year	2.2	2.0
Utilisation of provision	-	(0.1)
Increase in provision	1.1	0.3
At end of the financial year	**3.3**	**2.2**
Analysed as follows:		
Current liabilities	3.1	2.0
Non-current liabilities	0.2	0.2
	3.3	**2.2**

The claims provision comprises;

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

(ii) ex-gratia discounts which can be claimed by customers against future travel the timing and presentation of which are uncertain. Provisions relate to claims lodged with the Group where a future cash outflow is expected to occur. The expected cash outflows that were expected to be incurred during 2020 and 2021 were delayed due to continuing Covid-19 related postponements in the legal process and are expected to be resolved during 2022.

28. Commitments

	2021 €m	2020 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for, but not accrued		
Approved and contracted	42.0	5.9
Less accrued at 31 December	(10.6)	(4.0)
Approved and contracted for not accrued	**31.4**	**1.9**

29. Short-term vessel charter and container hire obligations

	2021 €m	2020 €m
Within one year	-	**0.6**

There were no outstanding commitments at 31 December 2021 (2020: €0.6 million) relating to short-term vessel charter and container hire obligations. An expense of €4.3 million (2020: €5.3 million) was recognised in the period where the related rights were not recognised as a right-of-use asset. The 2021 expense is analysed in note 9.

30. Operating lease income

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

	2021	2020
	€m	€m
Within one year	17.2	2.7
Between one and two years	13.2	-
Between two and three years	3.7	-
	34.1	**2.7**

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

31. Share-based payments

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

The Performance Share Plan (PSP) is the active plan under which option awards may be granted. Details of the award and vesting conditions are set out in the Report of the Remuneration Committee. Vesting is contingent on market conditions such as total shareholder return and non-market conditions such as earnings per share, free cash flow and return on average capital employed. During the year, 1,042,500 (2020: 1,120,500) options were granted under the PSP with a vesting period of three years.

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

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

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

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		€		€
Outstanding at 1 January	5,756,140	1.59	5,871,785	1.61
Granted during the year	1,042,500	0.065	1,120,500	0.065
Exercised during the year	(637,530)	1.25	(660,424)	0.62
Forfeited during the year	(514,256)	0.065	(575,721)	0.065
Outstanding at 31 December	**5,646,854**	**1.47**	**5,756,140**	**1.59**
Exercisable at 31 December	2,790,000	2.94	2,296,500	2.50
Weighted average share price at date of exercise of options		4.35		3.48
Weighted average remaining contractual life of options outstanding at year-end		1.8 years		2.3 years

In settlement of the options exercised during the year, the Company issued 379,177 (2020: 131,000) new ICG units with the balance settled through market purchase.

Notes Forming Part of the Consolidated Financial Statements
Continued

31. Share-based payments – continued

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

	2021 Options	2020 Options	Price €
Exercisable:			
2009 Share Option Plan			
Vested Options	825,000	1,161,500	1.57
Vested Options	205,000	230,000	2.97
Vested Options	1,760,000	905,000	3.58
Exercisable at 31 December	**2,790,000**	**2,296,500**	
Not Exercisable:			
2009 Share Option Plan			
Second Tier Options	-	905,000	3.58
Performance Share Plan	2,856,854	2,554,640	0.065
	2,856,854	3,459,640	
Outstanding at 31 December	**5,646,854**	**5,756,140**	

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

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

Outstanding options had been granted on 26 March 2012, 1 September 2014, 5 March 2015, 8 March 2019, 6 March 2020 and 12 March 2021. The estimated fair values of the options are as follows:

Year of Grant	2021	2020	2019	2015	2015	2014	2014	2012	2012
Share Plan	PSP	PSP	PSP	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan
	-	-	-	Basic Tier	Second Tier	Basic Tier	Second Tier	Basic Tier	Second Tier
Fair value of option:									
Options subject to market performance conditions	€2.15	€0.96	€1.59	€0.4528	€0.5581	€0.2992	€0.4449	€0.3240	€0.3680
Options subject to non-market performance conditions	€3.63	€3.07	€4.18	-	-	-	-	-	-

31. Share-based payments – continued

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

Year of Grant	2021	2020	2019	2015 Basic Tier	2015 Second Tier	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier
At date of grant:									
Weighted average share price	€4.26	€3.77	€4.945	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Weighted average exercise price	€0.065	€0.065	€0.065	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Expected volatility	43%	29%	27%	29%	31%	27%	30%	34%	33%
Expected life	3 years	3 years	3 years	7 years	9 years	7 years	9 years	7 years	9 years
Risk free rate	(0.562%)	(0.462%)	(0.498%)	0.090%	0.299%	0.439%	0.765%	1.323%	1.799%
Expected dividend yield	2.15%	3.70%	2.50%	5.16%	4.72%	5.83%	4.89%	4.97%	4.41%

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

In 2021, the share-based payment expense recognised in the Consolidated Income Statement was €1.3 million (2020: €1.9 million).

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

	2021 €m	2020 €m
Employee benefits expense	1.3	1.9

Share-based payment expense of €478,000 (2020: €715,000) relates to the Directors of the Company. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2021 is €4.7 million (2020: €5.1 million).

32. Retirement benefit schemes

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

Defined Contribution Scheme

The Group operates a defined contribution pension scheme, which provides retirement and death benefits for all recently hired employees. The total cost charged in the Consolidated Income Statement of €0.3 million (2020: €0.4 million) represents employer contributions payable to the externally administered defined contribution pension scheme at rates specified in the rules of the scheme. There was €nil in outstanding contributions included in trade and other payables at 31 December 2021 (2020: €nil).

Notes Forming Part of the Consolidated Financial Statements
Continued

32. Retirement benefit schemes – continued

Defined Benefit Obligations

i) Group sponsored schemes

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

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

The pension charges and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 31 March 2018 and 31 October 2018. The valuations employed for disclosure purposes have been based on the most recent funding valuations for each scheme adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2021 and to take account of financial conditions at this date. The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

The pension contributions paid in the year ended 31 December 2021 amounted to €1.1 million (2020: €2.8 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.7 million (2020: €1.7 million).

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

	2021	2020
Current employees	145	157
Members with deferred benefits	500	536
Pensioners	134	109
Total	**779**	**802**

Buyout transaction

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

32. Retirement benefit schemes – continued

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

In conjunction with the 9 December 2020 transaction, the Group concluded a new deficit funding agreement with the trustee replacing the previous deficit funding agreement agreed in 2014. Under the new agreement, the Group retained the obligation to make deficit payments to the scheme of €1.5 million per annum, adjusted for inflation, for a projected period up to 2023, or until the deficit is eliminated if earlier. During 2021 the Trustee confirmed that the Scheme met the minimum funding standard including risk reserves as set out in Irish pensions legislation leading to a cessation of the requirement to continue making the deficit funding payments. The Trustee continues to retain a charge over the escrow deposit created and funded under the former funding agreement until 31 December 2023, with the balance payable to the scheme in certain circumstances. The balance held in the escrow account at 31 December 2021 was €3.5 million (note 19).

Netherlands Scheme

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

ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Group, the Group has obligations in respect of past service of certain former employees who are members of the MNOPF, an industry wide multi-employer scheme and which is closed to future accrual. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2021 and disclosed a net past service surplus of £55.0 million, equivalent to a gross funding level of 102%. The Group's share of the MNOPF obligations, as most recently advised by the trustees, is 1.53% (2020: 1.53%). The obligation valuation in these financial statements at 31 December 2021 is based on the actuarial deficit contribution demands notified to the Group and which remain outstanding at the reporting date. The last deficit demand received by the Group was dated May 2013 and has been fully paid.

On this basis, the share of the overall deficit in the MNOPF estimated to be attributable to the Group at 31 December 2021 is €nil (2020: €nil). During the year the Group made payments of €nil (2020: €nil) to the trustees.

iii) Principal risks and assumptions

The Group is exposed to a number of actuarial risks as set out below:

Investment risk

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

Notes Forming Part of the Consolidated Financial Statements
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32. Retirement benefit schemes – continued

Salary risk

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

Life expectancy risk

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

Inflation risk

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

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

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

	Sterling liabilities		Euro liabilities	
	2021	2020	2021	2020
Discount rate	1.85%	1.30%	1.20%	0.70%
Inflation rate	3.60%	3.15%	2.00%	1.20%
Rate of annual increase of pensions in payment	2.20% - 3.40%	3.05%	1.00%	0.30% - 0.40%
Rate of increase of pensionable salaries	1.10%	0.95%	0.00% - 1.20%	0.00% - 0.90%

The euro and sterling discount rates have been determined in consultation with the Group's independent actuary, who has devised proprietary models referencing market yields at the balance sheet date on high quality corporate bonds consistent with the duration of the liabilities. For 31 December 2021, the high quality corporate bond population include those rated AA or higher by at least two rating agencies.

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

32. Retirement benefit schemes – continued

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

	2021		2020	
	Male	Female	Male	Female
Irish Schemes:				
Current retirees	26.6 years	29.5 years	26.5 years	29.5 years
Future retirees	29.0 years	31.5 years	28.9 years	31.5 years
UK Schemes:				
Current retirees	27.8 years	29.4 years	27.7 years	29.3 years
Future retirees	29.3 years	30.9 years	29.2 years	30.8 years

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

Sensitivity of pension liability judgemental assumptions

The Group's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually and totals €140.5 million at 31 December 2021 (2020: €140.8 million). At 31 December 2021, the Group also has scheme assets totalling €145.8 million (2020: €139.6 million), giving a net pension surplus of €5.3 million (2020: deficit of €1.2 million). The size of the obligation is sensitive to actuarial assumptions. The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant with the exception of the rate of inflation assumption which impacts other inflation linked assumptions. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries. The analyses are for illustrative purposes only as in practice assumptions rarely change in isolation.

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

2021

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

Notes Forming Part of the Consolidated Financial Statements
Continued

32. Retirement benefit schemes – continued

2020

Assumption	Change in assumption	Impact on euro schemes liabilities	Impact on sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	9.8% decrease in liabilities	8.7% decrease in liabilities	9.6% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	9.5% increase in liabilities	7.3% increase in liabilities	9.1% increase in liabilities
Rate of mortality	Members assumed to live one year longer	2.8% increase in liabilities	4.7% increase in liabilities	3.2% increase in liabilities

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

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

iv) Retirement benefit assets and liabilities

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

	Scheme with liabilities in sterling		Schemes with liabilities in euro		Total	
	2021	2020	2021	2020	2021	2020
	€m	€m	€m	€m	€m	€m
Equities	13.5	10.9	68.9	62.9	82.4	73.8
Bonds	15.1	13.3	27.4	28.2	42.5	41.5
Property	-	-	1.0	4.8	1.0	4.8
Insurance contracts	-	-	10.9	12.3	10.9	12.3
Other	3.4	3.1	5.6	4.1	9.0	7.2
Fair value of scheme assets	32.0	27.3	113.8	112.3	145.8	139.6
Present value of scheme liabilities	(28.3)	(28.0)	(112.2)	(112.8)	(140.5)	(140.8)
Surplus / (deficit) in schemes	**3.7**	**(0.7)**	**1.6**	**(0.5)**	**5.3**	**(1.2)**

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

The overall weighted average duration of the Group's defined benefit obligations is 19.7 years (2020: 19.7 years). The weighted average duration of euro scheme obligations was 20.1 years (2020: 19.9 years) and of sterling scheme obligations was 17.9 years (2020: 18.5 years).

32. Retirement benefit schemes – continued

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

	2021 €m	2020 €m
Non-current assets – retirement benefit surplus	6.7	1.0
Non-current liabilities – retirement benefit obligation	(1.4)	(2.2)
Net surplus / (deficit) in pension schemes	**5.3**	**(1.2)**

v) Movements in retirement benefit assets

Movements in the fair value of scheme assets in the current year were as follows:

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

2020	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	27.8	270.6	298.4
Presentational change	-	5.2	5.2
Interest income	0.5	2.7	3.2
Actuarial gains	1.1	4.1	5.2
Exchange difference	(1.5)	-	(1.5)
Employer contributions	0.3	2.5	2.8
Contributions from scheme members	0.1	0.3	0.4
Transfer of assets	-	(160.6)	(160.6)
Benefits paid	(1.0)	(12.5)	(13.5)
At end of the financial year	**27.3**	**112.3**	**139.6**

The transfer of assets during 2021 and 2020 relate to the premium paid relating to the buyout transaction concluded on 9 December 2020. Further details are provided at note 32(i) above.

Notes Forming Part of the Consolidated Financial Statements
Continued

32. Retirement benefit schemes – continued

vi) Movement in retirement benefit liabilities

Movements in the present value of defined benefit obligations in the year were as follows:

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

2020	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	26.2	263.4	289.6
Presentational change	-	5.2	5.2
Service cost	0.5	1.2	1.7
Interest cost	0.5	2.5	3.0
Contributions from scheme members	0.1	0.3	0.4
Augmentation cost	-	1.1	1.1
Settlement loss	-	9.3	9.3
Actuarial gain	3.1	2.9	6.0
Exchange difference	(1.4)	-	(1.4)
Transfer of liabilities	-	(160.6)	(160.6)
Benefits paid	(1.0)	(12.5)	(13.5)
At end of the financial year	**28.0**	**112.8**	**140.8**

The transfer of liabilities during 2021 and 2020 relate to the buyout transaction concluded on 9 December 2020, which also gave rise to the settlement and augmentation losses reported in the year ended 31 December 2020. Further details are provided at note 32(i) above.

32. Retirement benefit schemes – continued

vii) Amounts recognised in the Consolidated Income Statement

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

	2021 €m	2020 €m
Charges to employee benefits expense		
Current service cost	1.7	1.7
Settlement loss (notes 10 and 32(i))	-	9.3
Augmentation cost (notes 10 and 32(i))	-	1.1
	1.7	**12.1**

	2021 €m	2020 €m
Recognised in finance income		
Interest income on scheme assets	(1.1)	(3.2)
Interest on scheme liabilities	1.0	3.0
Net interest (income) / cost on defined benefit obligations (notes 6 and 7)	**(0.1)**	**(0.2)**

The estimated amounts of employer contributions expected to be paid to the schemes during 2021 is €1.6 million based on current funding agreements.

viii) Amounts recognised in the Consolidated Statement of Comprehensive Income

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

	2021 €m	2020 €m
Actuarial gains and losses		
Actual total return on scheme assets	16.6	8.4
Interest income on scheme assets	(1.1)	(3.2)
Return on scheme assets (excluding amounts included in net interest cost)	15.5	5.2
Remeasurement adjustments on scheme liabilities:		
(Losses) arising from changes in demographic assumptions	(8.6)	-
Gains / (losses) arising from changes in financial assumptions	0.1	(12.0)
Gains arising from experience adjustments	0.1	6.0
Actuarial gain / (loss) recognised in the Consolidated Statement of Comprehensive Income	**7.1**	**(0.8)**

	2021 €m	2020 €m
Exchange movement		
Exchange gain / (loss) on scheme assets	1.9	(1.5)
Exchange (loss) / gain on scheme liabilities	(2.0)	1.4
Net exchange (loss) recognised in the Consolidated Statement of Comprehensive Income	**(0.1)**	**(0.1)**

Notes Forming Part of the Consolidated Financial Statements
Continued

33. Related party transactions

During the financial year, Group entities incurred costs of €0.2 million (2020: €1.0 million) through provision of administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries (UK) Limited Pension Scheme, related parties that are not members of the Group. These related parties provide pension benefits to employees of the Group.

Compensation of key management personnel

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

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

	2021 €m	2020 €m
Short-term benefits	3.2	2.5
Post-employment benefits	0.3	0.3
Share-based payment expense	0.9	1.3
	4.4	**4.1**

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

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

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

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

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

Dividends

As the Company did not pay any dividends during the years ended 31 December 2021 and 2020, no dividends were received by key management, including Directors.

Share options

Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on pages 105 to 106.

Other relationships

In the prior reporting period Catherine Duffy, non-executive Director of the Company, was a partner at law firm A&L Goodbody (ALG) until her retirement from the partnership on 31 December 2020. During the year ended 31 December 2020, expenses of €0.3 million of which €50,000 related to Catherine's remuneration for her role as non-executive Director were incurred for services received from ALG in their capacity as legal advisors to the Company and Group. All services were provided on an arm's length basis at the standard commercial terms of ALG.

34. Cash flow components

	2021 €m	2020 €m
Retirement benefit scheme movements		
Retirement benefit obligations – current service cost	1.7	1.7
Retirement benefit obligations – payments	(1.1)	(2.8)
Retirement benefit obligations – settlement loss	-	9.3
Retirement benefit obligations – augmentation cost	-	1.1
Total retirement benefit scheme movements	**0.6**	**9.3**
Repayments of lease liabilities		
Lease payments (note 23)	(21.1)	(10.3)
Interest element of lease payments (note 7 & 23)	1.3	1.1
Capital element of lease payments	**(19.8)**	**(9.2)**
Purchases of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment (note 13)	(45.6)	(34.6)
Purchases of intangible assets (note 14)	(1.0)	(1.0)
(Increase) / decrease in capital asset prepayments (note 18)	(8.6)	5.5
Total purchases of property, plant and equipment and intangible assets	**(55.2)**	**(30.1)**
Changes in working capital		
(Increase) / decrease in inventories	(1.9)	1.2
Decrease in receivables	2.5	1.6
Increase in payables	11.1	7.8
Total working capital movements	**11.7**	**10.6**

35. Change in financing liabilities

The changes in liabilities arising from financing activities during the year ended 31 December 2021 were as follows:

	Bank loans €m	Loan notes €m	Origination fees €m	Lease liabilities €m	Total €m
At 1 January 2021	151.3	50.0	(0.9)	38.5	238.9
Changes from cash flows					
Repayment of borrowings	(87.5)	-	-	-	(87.5)
Lease payments	-	-	-	(19.8)	(19.8)
Loan Drawdown	10.0	-	-	-	10.0
Non-cash flow changes					
Amortisation	-	-	0.2	-	0.2
Lease liabilities recognised	-	-	-	38.5	38.5
Lease remeasurement	-	-	-	(0.3)	(0.3)
Currency adjustment	-	-	-	0.7	0.7
At 31 December 2021	**73.8**	**50.0**	**(0.7)**	**57.6**	**180.7**

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

Notes Forming Part of the Consolidated Financial Statements
Continued

36. Contingent liabilities

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €0.6 million (2020: €0.6 million). The Group regards these financial guarantee contracts as insurance contracts and accordingly the accounting treatment applied is that applicable to insurance contracts. No claims have been notified to the Group in respect of these contracts, therefore no provision is warranted.

The Group is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund, all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Group's share of any deficit would be 1.53%. Should other participating employers' default on their obligations, the Group will be required to absorb a larger share of the scheme deficit. If the Group were to terminate their obligations to the fund, voluntarily or otherwise, the Group may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

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

37. Events after the reporting period

The Board is proposing a final dividend of 9.00 cent per ordinary share amounting to €16.5 million out of the distributable reserves of the Company.

There have been no other material events affecting the Group since 31 December 2021.

Company Statement of Financial Position
as at 31 December 2021

	Notes	2021 €m	2020 €m
Assets			
Non-current assets			
Property, plant and equipment	40	144.6	150.2
Intangible assets	41	0.4	0.3
Investments in subsidiaries	42	14.4	14.7
Retirement benefit surplus	47 iv	1.1	0.7
		160.5	**165.9**
Current assets			
Trade and other receivables	43	57.8	107.5
Cash and cash equivalents		1.6	40.6
		59.4	**148.1**
Total assets		**219.9**	**314.0**
Equity and liabilities			
Equity			
Share capital	44	11.9	12.2
Share premium		20.4	19.7
Other reserves		12.4	12.5
Retained earnings		140.3	153.7
Equity attributable to equity holders		**185.0**	**198.1**
Current liabilities			
Trade and other payables	46	34.9	115.9
		34.9	115.9
Total liabilities		**34.9**	**115.9**
Total equity and liabilities		**219.9**	**314.0**

The Company reported a profit for the financial year ended 31 December 2021 of €5.3 million (2020: €15.2 million).

The financial statements were approved by the Board of Directors on 9 March 2022 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Company Statement of Changes in Equity

For the financial year ended 31 December 2021

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2021	**12.2**	**19.7**	**7.4**	**5.1**	**153.7**	**198.1**
Profit for the financial year	-	-	-	-	5.3	5.3
Other comprehensive income	-	-	-	-	0.4	0.4
Total comprehensive income for the financial year					**5.7**	**5.7**
Share issue	-	0.7	-	-	-	0.7
Share buyback	(0.3)	-	0.3	-	(19.8)	(19.8)
Employee share-based payments expense	-	-	-	0.6	-	0.6
Movement related to share options granted to employees in subsidiaries (note 42)	-	-	-	0.7	-	0.7
Settlement of employee equity plans through market purchase	-	-	-	-	(1.0)	(1.0)
Transferred to retained earnings on exercise of share options	-	-	-	(1.7)	1.7	-
Movements in the year	(0.3)	0.7	0.3	(0.4)	(13.4)	(13.1)
Balance at 31 December 2021	**11.9**	**20.4**	**7.7**	**4.7**	**140.3**	**185.0**

Company Statement of Changes in Equity
For the financial year ended 31 December 2020

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2020	**12.2**	**19.5**	**7.4**	**5.9**	**139.4**	**184.4**
Profit for the financial year	-	-	-	-	15.2	15.2
Other comprehensive income	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**15.1**	**15.1**
Share issue	-	0.2	-	-	-	0.2
Share buyback	-	-	-	-	(1.8)	(1.8)
Employee share-based payments expense	-	-	-	0.9	-	0.9
Movement related to share options granted to employees in subsidiaries (note 42)	-	-	-	1.0	-	1.0
Settlement of employee equity plans through market purchase	-	-	-	-	(1.7)	(1.7)
Transferred to retained earnings on exercise of share options	-	-	-	(2.7)	2.7	-
Movements in the year	**-**	**0.2**	**-**	**(0.8)**	**14.3**	**13.7**
Balance at 31 December 2020	**12.2**	**19.7**	**7.4**	**5.1**	**153.7**	**198.1**

Notes Forming Part of the Company Financial Statements
Continued

38. Company Statement of Accounting Policies

Basis of preparation

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

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

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

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

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

The accounting policies used in the preparation of the Company Financial Statements are consistent with the accounting policies used in the preparation of the Consolidated Financial Statements set out in the Summary of Accounting Policies at note 2 on pages 138 to 148. Unless otherwise stated, these have been applied consistently to all periods presented in these Company Financial Statements. The Financial Statements have been prepared in euro and are rounded to the nearest hundred thousand.

Accounting policies applying only to the Company Financial Statements

Investments in subsidiaries

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

39. Company profit for the period

The profit attributable to equity shareholders dealt with in the Financial Statements of the Company was €5.3 million (2020: €15.2 million). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

39. Company profit for the period – continued

Disclosure of Directors' remuneration paid in the reporting period ended 31 December 2021 and 2020 as required by Section 305 of the Companies Act 2014, is set out below.

	2021 €'000	2020 €'000
Directors remuneration:		
Emoluments	1,379	1,237
Pension contributions – Defined benefit	3	12
Pension contributions – Defined contribution	24	24
Gains from the exercise of options	335	774
	1,741	**2,047**

There were no employees in the Company during the financial year ended 31 December 2021 (2020: nil). Costs of €2.3 million (2020: €2.4 million) were recharged to the Company from subsidiary companies in relation to management services.

40. Property, plant and equipment

Company	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2020	6.4	160.0	3.3	0.1	169.8
Additions	1.3	1.2	-	-	2.5
Impairment	(2.3)	-	-	-	(2.3)
Disposals	(5.4)	-	-	-	(5.4)
At 31 December 2020	-	161.2	3.3	0.1	164.6
Additions	-	-	0.3	-	0.3
At 31 December 2021	**-**	**161.2**	**3.6**	**0.1**	**164.9**
Accumulated depreciation					
At 1 January 2020	-	5.5	3.0	0.1	8.6
Depreciation charge for the financial year	-	5.6	0.2	-	5.8
At 31 December 2020	-	11.1	3.2	0.1	14.4
Depreciation charge for the financial year	-	5.7	0.2	-	5.9
At 31 December 2021	**-**	**16.8**	**3.4**	**0.1**	**20.3**
Carrying amount					
At 31 December 2021	**-**	**144.4**	**0.2**	**-**	**144.6**
At 31 December 2020	-	150.1	0.1	-	150.2

During the prior period, a contract the Company had entered into for the construction of a new vessel was cancelled due to the inability of the shipyard to deliver the vessel. Previously paid contractual deposits were returned to the Company by the deposit guarantor. An impairment charge of €2.3 million was recognised in the year ended 31 December 2020 against costs previously capitalised not related to the deposit guarantee.

Notes Forming Part of the Company Financial Statements
Continued

41. Intangible assets

	2021 €m	2020 €m
Cost		
At 1 January	10.2	10.0
Additions	0.2	0.2
At 31 December	**10.4**	**10.2**
Amortisation		
At 1 January	9.9	9.8
Charge for the financial year	0.1	0.1
At 31 December	**10.0**	**9.9**
Carrying amount		
At 31 December	**0.4**	**0.3**
At 1 January	0.3	0.2

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

42. Investment in subsidiaries

	2021 €m	2020 €m
Investment in subsidiaries at beginning of the financial year	14.7	14.6
Movement related to share options allocated to employees in subsidiaries	0.7	1.0
Payments received on exercise of options	(1.0)	(0.9)
Investment in subsidiaries at end of the financial year	**14.4**	**14.7**

42. Investment in subsidiaries – continued

The Company's principal subsidiaries at 31 December 2021 are as follows:

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

*Companies availing of Companies Act 2014 exemption under S357

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

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

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

Notes Forming Part of the Company Financial Statements
Continued

43. Trade and other receivables

	2021 €m	2020 €m
Amounts due from subsidiary companies (note 48)	54.3	107.1
Prepayments – deposit on vessel	3.2	-
Other receivables	0.3	0.4
	57.8	**107.5**

Amounts due from subsidiary companies are repayable on demand. The decrease in amounts due from subsidiary companies of €52.8 million principally relates to repayment of amounts demanded to facilitate repayment of financing balances (note 48). The increase in prepayments relates to the deposits paid for a vessel for which purchase was agreed prior to the reporting date with the balance due in early 2022. The Company has assessed credit losses as if the receivable had been demanded at the statement of financial position date. As all amounts are due from subsidiaries which were in a net asset position at the reporting date, other than €0.4 million receivable from a subsidiary in a net liability position, the Company concluded that no allowance for credit losses was required as it would be immaterial.

44. Share capital

Details of the Company's equity share capital are set out at note 20 to the Consolidated Financial Statements.

45. Deferred tax liabilities

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

The estimated value of deferred tax assets not recognised is €0.1 million (2020: €0.1 million). Deferred tax assets are not recognised as it is not probable that taxable profits will be available against which deductible temporary differences can be utilised.

46. Trade and other payables

	2021 €m	2020 €m
Within 1 year		
Amounts due to subsidiary companies (note 48)	31.2	112.7
Other payables	3.7	3.2
	34.9	**115.9**

Other payables include provisions of €2.2 million at 31 December 2021 (€1.2 million at 31 December 2020).

46. Trade and other payables – continued

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

	2021	2020
	€m	€m
Trading balances	7.2	1.5
Financing balances	24.0	111.2
	31.2	**112.7**

Trading balances owed to subsidiary companies are subject to normal credit terms. The reduction in financing balances was due to repayment of loans to a subsidiary which were financed through repayment of amounts owed to the Company by other subsidiaries (Note 43).

Interest is payable on financing balances at agreed fixed rates comprising funding cost and a margin. The average interest rate paid on borrowings advanced during the year was 1.80% (2020: 1.76%) and the average interest rate payable on financing balances outstanding at 31 December 2021 was 1.52% (2020: 1.79%).

47. Retirement benefit schemes

i) Company sponsored / Group affiliated schemes

Certain former employees of the Company were members of a defined benefit scheme which is sponsored by another Group Company, Irish Ferries Limited. The stated policy between the sponsoring entity and the Company does not require the Company to recognise the net defined benefit in its individual financial statements. Detailed information in respect of this scheme is given in note 32 to the Consolidated Financial Statements. Other former employees were members of the Ex Merchant Navy Officers Pension Fund (Ex MNOPF), of which the Company is the sponsoring employer.

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

The latest actuarial valuation report for the Ex MNOPF Scheme, which is not available for public inspection, is dated 29 June 2018. The valuation employed for disclosure purposes has been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2021 and to take account of financial conditions at this date.

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

Notes Forming Part of the Company Financial Statements
Continued

47. Retirement benefit schemes – continued

ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Company, certain former employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2021 and disclosed a net past service surplus of £55.0 million, equivalent to a gross funding level of 102% . The Company's share of the MNOPF obligations, as most recently advised by the trustees, is 0.51% (2020: 0.51%). The obligation valuation in these financial statements at 31 December 2021 is based on the actuarial deficit contribution demands notified to the Company and which remain outstanding at the reporting date. The last deficit demand received by the Company was dated May 2013 which has been fully paid.

The share of the overall deficit in the MNOPF apportioned to the Company is €nil at 31 December 2021 (2020: €nil). During the year the Company made payments of €nil (2020: €nil) to the trustees.

iii) Principal risks and assumptions

The principal risks and assumptions used for the purpose of the actuarial valuations are set out in note 32 (iii) of the Consolidated Financial Statements.

The Company's total obligation in respect of the defined benefit schemes is calculated by independent, qualified actuaries, updated at least annually and totals €0.9 million at 31 December 2021 (2020: €1.0 million). At 31 December 2021, the Company also has scheme assets totalling €2.0 million (2020: €1.7 million) giving a net pension surplus of €1.1 million (2020: €0.7 million). The size of the obligation is sensitive to actuarial assumptions.

iv) Retirement benefit assets and liabilities

The amount recognised in the Statement of Financial Position in respect of the Company's defined benefit schemes, is as follows:

	2021 €m	2020 €m
Equities	1.5	1.1
Bonds	0.3	0.4
Property	0.1	0.1
Other	0.1	0.1
Fair value of scheme assets	2.0	1.7
Present value of scheme liabilities	(0.9)	(1.0)
Surplus in schemes	**1.1**	**0.7**

The retirement benefit scheme sponsored by the Company is in a net surplus position. In addition, the Company's share of the deficit in the industry wide scheme, the MNOPF, based on the last actuarial valuation as at 31 March 2018 is €nil (2020: €nil). The total surplus of €1.1 million (2020: €0.7 million) is shown under non-current assets in the Statement of Financial Position.

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

47. Retirement benefit schemes – continued

v) Movement in retirement benefit assets

Movements in the fair value of scheme assets in the financial year were as follows:

	€m
2021	
At beginning of the financial year	1.7
Actuarial gains	0.3
At end of the financial year	2.0
2020	
At beginning of the financial year	1.7
Actuarial gains	-
At end of the financial year	1.7

vi) Movement in retirement benefit liabilities

Movements in the present value of defined benefit obligations in the financial year were as follows:

	€m
2021	
At beginning of the financial year	1.0
Actuarial gains	(0.1)
At end of the financial year	0.9
2020	
At beginning of the financial year	0.9
Actuarial losses	0.1
At end of the financial year	1.0

The present value of scheme liabilities at the financial year ended 31 December 2021 and 31 December 2020 relate to wholly funded plans.

vii) Amounts recognised in the Company Income Statement

There were no amounts recognised in the Company Income Statement in respect of defined benefit obligations in the period (2020: €nil).

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

Notes Forming Part of the Company Financial Statements
Continued

47. Retirement benefit schemes – continued

viii) Amounts recognised in the Company Statement of Comprehensive Income

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

Actuarial gains and losses:

	2021 €m	2020 €m
Actual return on scheme assets	-	-
Interest income on scheme assets	-	-
Return on scheme assets (excluding amounts included in net interest cost)	-	-
Remeasurement adjustments on scheme liabilities:		
Losses arising from changes in financial assumptions	0.4	(0.1)
Actuarial gain / (loss) recognised in Statement of Comprehensive Income	**0.4**	**(0.1)**

48. Related party transactions

The Company's profit for the year includes transactions with subsidiary companies comprising charter income of €18.6 million (2020: €18.7 million), management charges of €0.7 million (2020: €0.7 million), dividends received of €nil million (2020: €10.0 million) and interest payable of €3.8 million (2020: €0.6 million). Details of loan balances to / from subsidiaries are provided in the Company Statement of Financial Position on page 193, in note 46 'Trade and other payables', in note 43 'trade and other receivables' and in the table below.

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

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

	2021 €m	2020 €m
Amounts due from subsidiary companies (note 43)	54.3	107.1
Amounts due to subsidiary companies (note 46)	(31.2)	(112.7)
	23.1	**(5.6)**

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

In the prior reporting period Catherine Duffy, non-executive Director of the Company, was a partner at law firm A&L Goodbody (ALG) until her retirement from the partnership on 31 December 2020. During the year ended 31 December 2020, expenses of €0.3 million of which €50,000 related to Catherine's remuneration for her role as non-executive Director were incurred for services received from ALG in their capacity as legal advisors to the Company and Group. All services were provided on an arm's length basis at the standard commercial terms of ALG.

49. Contingent liabilities

The Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Company's share of any deficit would be 0.51%. Should other participating employers default on their obligations, the Company will be required to absorb a larger share of the scheme deficit. If the Company were to terminate their obligations to the fund, voluntarily or otherwise, the Company may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

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

The Company acts as guarantor to lending arrangements concluded by certain of its subsidiaries. The Company has also guaranteed the liabilities and commitments of certain of its Irish subsidiaries for the financial year ended 31 December 2021 pursuant to the provision of Section 357 of the Companies Act 2014. The Company has treated these guarantees as insurance arrangements and each contract is treated as a contingent liability until as such time it becomes probable that the Company will be required to make a payment under the guarantee. The Company has carried out a review based on the latest financial information available regarding these subsidiaries, all of which are in a net asset position, and assessed that as at 31 December 2021 it was not probable that the Company would be required to make a payment under any of these guarantees. Details of the Group's principal subsidiaries have been included in note 42.

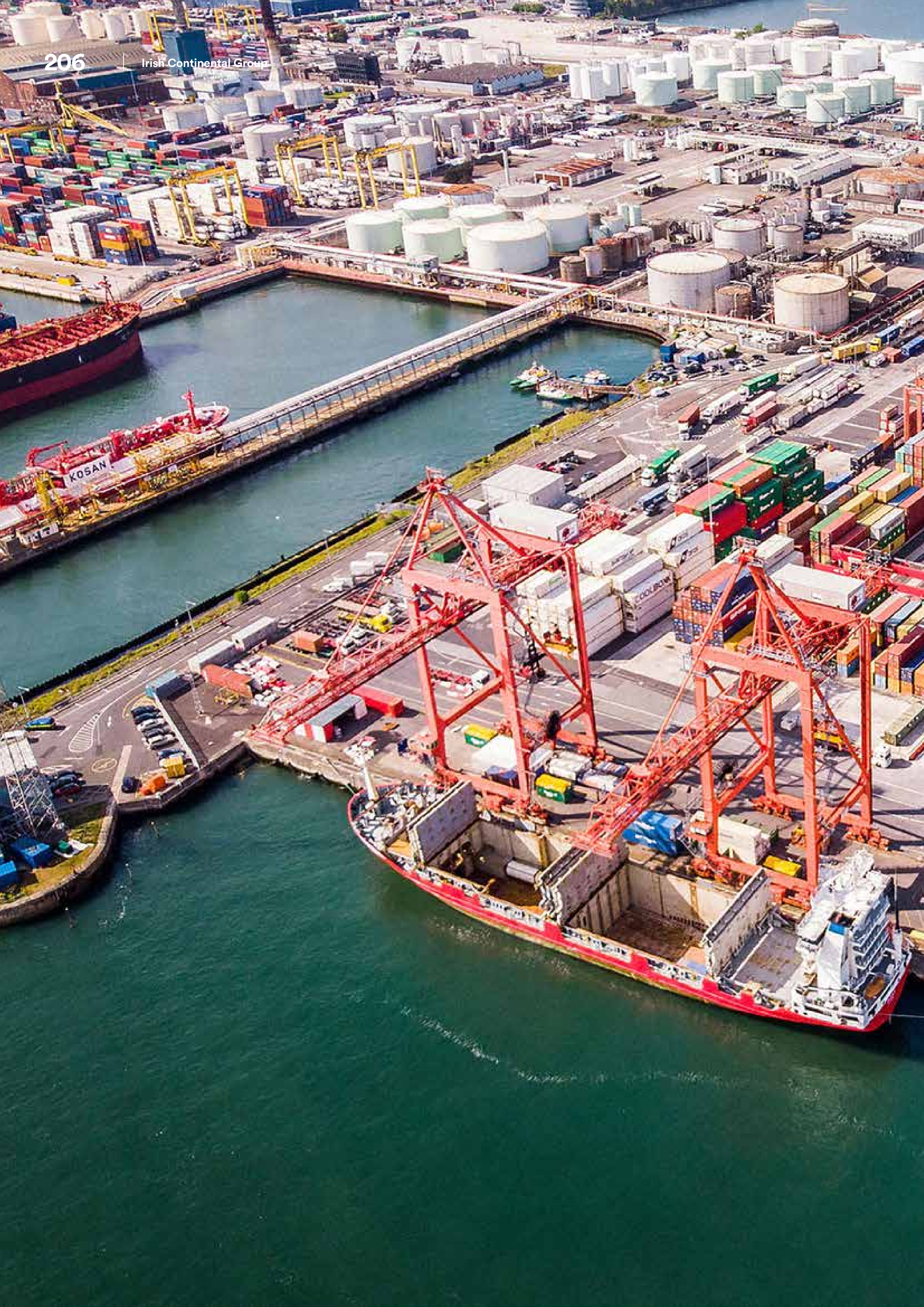
50. Events after the reporting period

The Board is proposing a final dividend of 9.00 cent per ordinary share amounting to €16.5 million out of the distributable reserves of the Company.

There have been no other material events affecting the Group since 31 December 2021.

51. Approval of financial statements

The Financial Statements were approved by the Board of Directors and authorised for issue on 9 March 2022.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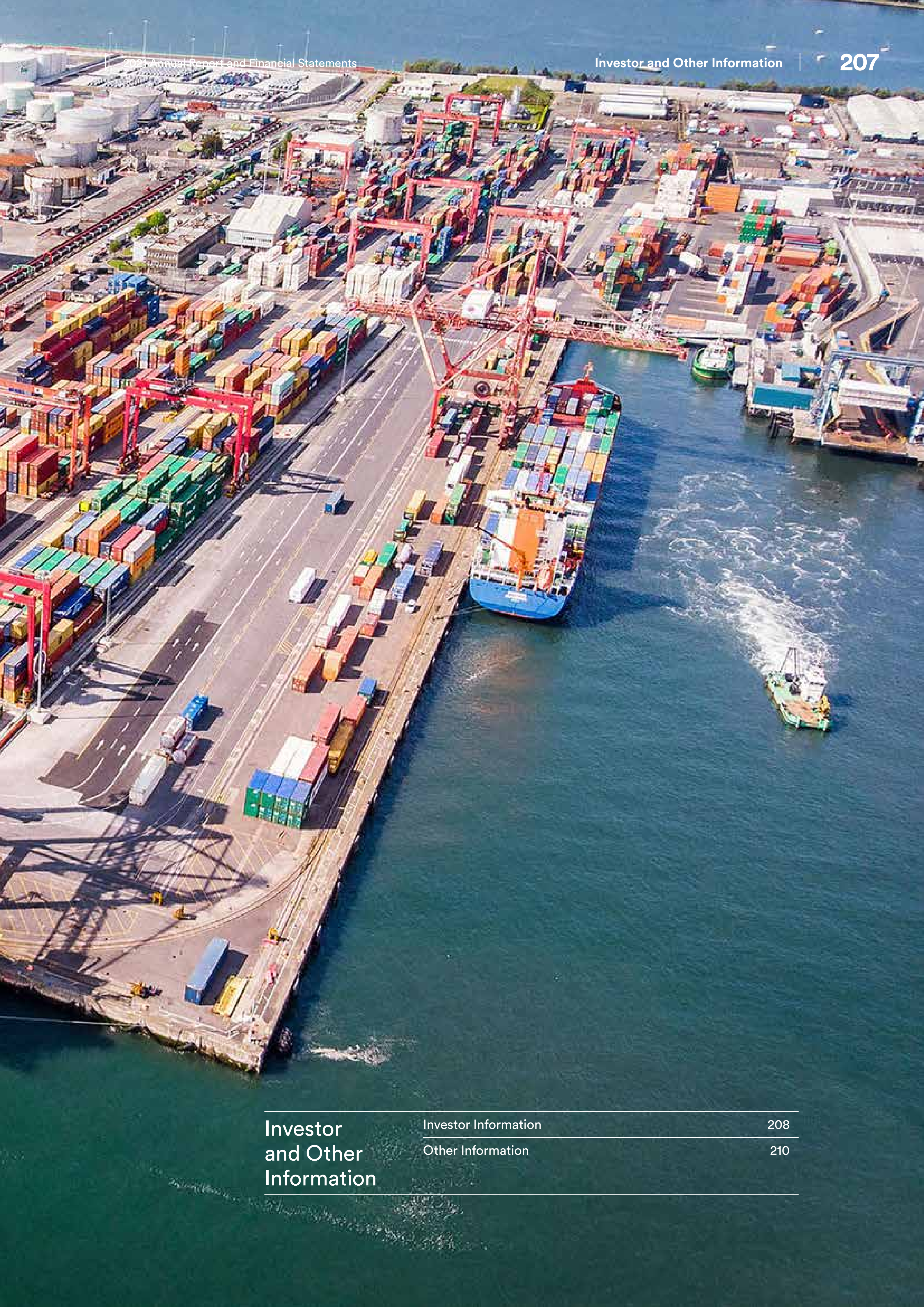

Investor and Other Information

Investor Information

ICG Units

An ICG Unit consists of one ordinary share and nil redeemable shares at 31 December 2021 and 31 December 2020. The shares comprising a unit are not separable for sale or transfer purposes.

The number of redeemable shares comprised in an ICG Unit at any particular time will be displayed on the Irish Continental Group plc. website www.icg.ie. The redemption of redeemable shares is solely at the discretion of the Directors.

At 9 March 2022, an ICG Unit consisted of one ordinary share and nil redeemable shares.

Payments to shareholders

Shareholders are offered the option of having any distributions paid in euro or sterling and made by way of cheque payment or electronic transfer. Shareholders should contact the Company's Registrar for further information.

The Company is obliged to deduct Dividend Withholding Tax (DWT) at the standard rate of income tax in Ireland (currently 20 per cent) from dividends paid to its shareholders, unless a shareholder is entitled to an exemption from DWT and has returned a declaration form to the Company's Registrar claiming such entitlement.

ICG Unit price data (€)

	High	Low	Year end
Year ended 31 December 2021	4.82	3.84	4.53
Year ended 31 December 2020	5.03	2.30	4.50

Share listings

ICG Units are quoted on the official lists of both Euronext Dublin and the UK Listing Authority.

ICG's ISIN code is IE00BLP58571.

ICG is a member of the CREST share settlement system. Shareholders may choose to hold paper share certificates or hold their shares in electronic form.

Investor Relations

Please address investor enquiries to:
Irish Continental Group plc
Ferryport
Alexandra Road
Dublin 1
Telephone: +353 1 607 5628
Email: investorrelations@icg.ie

Registrar

The Company's Registrar deals with all administrative queries about the holding of ICG Units.

Shareholders should contact the Registrar in order to:

- Register to receive shareholder information electronically;
- Elect to receive any distributions from the Company by bank transfer; and
- Amalgamate accounts where shareholders have multiple accounts in their name, to avoid duplicate sets of Company mailings being sent to one shareholder.

The Registrar also offers a share dealing service to shareholders.

The Company's Registrar is:
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
D24 AK82
Telephone: +353 1 447 5483
Fax: +353 1 447 5571
Email: webqueries@computershare.ie

Financial calendar 2022

Announcement of Preliminary Statement of Results to 31 December 2021	10 March 2022
Annual General Meeting	11 May 2022
Half year results announcement	25 August 2022

Travel discounts for shareholders

Registered shareholders of 1,000 or more ICG shares can avail of a discount when travelling with Irish Ferries. The availability of the discount, the conditions applicable and the level of discount are subject to review and are varied from time to time. The principal features of the scheme at 9 March 2022 are:

- 20% discount on passenger and car ferry services between Ireland and Britain;
- 10% discount on passenger and car ferry services between Ireland and France (direct sailings only); and
- 5% discount on Irish Ferries inclusive package holidays (incorporating travel with Irish Ferries).

To qualify for the discount the person travelling must be the registered holder of the shares, book online at www.irishferries.com, and apply for the discount at the time of booking. The discount is not available in conjunction with any other discount scheme.

For further information please contact Irish Ferries Customer Support in Dublin on + 353 1 607 5700 or email shareholders@irishferries.com.

Investor Information
Continued

Other information

Registered office	Ferryport Alexandra Road Dublin 1, Ireland.
Solicitors	A&L Goodbody, Dublin
Auditors	KPMG Chartered Accountants, Statutory Audit Firm 1 Stokes Place, St. Stephen's Green, Dublin 2
Principal bankers	AIB Group plc, Dublin Bank of Ireland Group plc, Dublin
Stockbrokers	Goodbody Stockbrokers, Dublin
Registrars	Computershare Investor Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82
Website	www.icg.ie
Email	info@icg.ie

	Euronext Dublin	London Stock Exchange
Reuters	IR5B_u.I	ICG_u.L
Bloomberg	IR5B	ICGC
ISE Xetra	IR5B	

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Website: www.irishferries.com

Eucon Shipping & Transport Ltd,
Irish Ferries head office, Breakwater Road South,
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Tel: +353 1 607 5555
email: info@eucon.ie
Website: www.eucon.ie

Dublin Ferryport Terminals,
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email: info@dft.ie

Belfast Container Terminal,
Victoria Terminal 3, West Bank Road,
Belfast BT3 9JL, Northern Ireland.
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email: info@bcterminal.com

Dublin Ferryport Inland Depot
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Notes

www.sourcedesign.ie

IRISH CONTINENTAL GROUP

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