

Eimskip: Second quarter 2024 results

Highlights of Q2 2024 results

- Acceptable results given softened demand in Iceland and a four-week strike in the Faroe Islands while International Forwarding performed well
- Revenue remained at same level as last year and amounted to EUR 210m in the quarter
 - Liner revenue decreased by EUR 12.9m while Forwarding revenue increased by EUR 13.0m
 - Decrease in Liner revenue mainly explained by lower Trans-Atlantic rates, lower import volume and different export cargo mix in Iceland and a four-week strike in the Faroe Islands
 - Increase in Forwarding revenue driven by higher global freight rates especially in Asia connected trade lanes
- Expenses amounted to EUR 186m, an increase of EUR 10.9m, driven by cost of third-party logistics services which increased by EUR 10.8m from previous year
 - Bunker expenses increased marginally by EUR 0.6m and the newly imposed ETS expense amounted to EUR 0.9m in the quarter which is hedged through revenue management
 - Salary expenses increased by 2.9% or EUR 1.1m partly offset by 2% reduction in number of FTEs compared to same quarter last year
- EBITDA amounted to EUR 23.5m, compared to EUR 34.3m in a strong quarter last year
 - Liner EBITDA amounted to EUR 15.1m and decreased by EUR 10.8m from a strong quarter last year and calculated Liner EBITDA ratio was 10.6% and EBIT ratio 1.6%
 - The estimated negative EBITDA effect of the four-week strike in the Faroe Island is EUR 1.8m
 - Forwarding EBITDA remained stable from previous year and amounted to EUR 8.4m and calculated Forwarding EBITDA ratio 10.0%
- EBIT for the quarter amounted to EUR 8.6 million compared to EUR 19.4 million in Q2 2023
- Net earnings amounted to EUR 7.9 million compared to EUR 17.0 million for the same period in 2023

HIGHLIGHTS OF 6M 2024 RESULTS

- Revenue amounted to EUR 405.5 million, a decrease of EUR 18.6 million or 4.4% when compared with the same period in 2023
- Total expenses amounted to EUR 367.8 million, a increase of EUR 9.8 million compared to expenses for same period last year
- EBITDA amounted to EUR 37.7 million compared to EBITDA of EUR 66.2 million in the same period last year, a decrease of EUR 28.4 million
- EBIT amounted to EUR 7.7 million compared to EBIT of EUR 35.2 million for the same period last year
- Net earnings amounted to EUR 8.4 million, compared to Net earnings of EUR 29.5 million in the same period of 2023

VILHELM MÁR THORSTEINSSON, CEO

“We delivered acceptable results in the second quarter of 2024 as we saw business pick up after a challenging start of the year. The EBITDA in the quarter amounted to EUR 23.5 million and decreased by EUR 10.8 million from previous year. This decrease is almost entirely attributable to lower results in the Container Liner services where a combination of lower rates and less volume adversely affected revenue while operating expenses remained on a similar level compared to previous year. However, the results of the Container liner improved significantly from the first quarter. We have been extremely focused on cost control, but given the inflationary pressure and wage increases in recent years, our efforts have merely offset cost increases, rather than reducing overall costs. On the revenue side it was positive to see our export volume out of Iceland increase from previous year, although a different category mix caused a slight decrease in unit revenue compared to previous year. On the other hand, there was a drop from last year in demand within selected import categories to Iceland, namely cars and building materials, while other categories such as foodstuff and other consumer goods remained stable. Decrease in these specific categories was to be expected as a response to a prolonged period of elevated interest rates in Iceland. We remain hopeful that we will start to see some easing of the monetary policy before this softening in demand spills over to other categories, causing an unnecessary hard landing of the Icelandic economy.

Furthermore, an extensive four-week strike in the Faroe Islands had a material impact on the Container liner operations, adversely affecting import and export volumes and resulting in an estimated EUR 1.8m negative impact on EBITDA at a Group level. Volume in Trans-Atlantic services was on similar level as same quarter last year but increased considerably from the first quarter this year when the market was quite challenging. The Trans-Atlantic rates did not pick up to the extent that we expected in the quarter and were considerably lower than last year, although it was positive to see improved balance between eastbound and westbound cargo which improved our vessel utilization. Lastly, our Norwegian Reefer Liner services performed well in the quarter on back of strong volume of exported whitefish and shrimp.

Global shipping markets remain highly volatile and we saw a surge in global freight rates over the course of the second quarter, driven by factors such as the Red-Sea situation, which limits commercial traffic through the Suez Canal, combined with a healthy rebound in some large economies. These high rate levels, combined with growth in volume, contributed to our International Forwarding operations which performed well in the quarter, delivering financial results in line with same quarter last year and a good improvement from the first quarter this year.

Portwise, an international consulting firm, recently conducted a review of the operational structure of terminal services in Sundahöfn. Their conclusion is that the current arrangement is considered best-practice from an international point of view and thus the most preferred option for the interests of Icelandic import and export customers and well as for Faxaport. Eimskip stays true to its commitment to deliver excellent customer service. It is often challenging to operate a shipping line in the harsh environment of the North-Atlantic and we are well aware of the important part we play in Iceland's supply chain that is highly dependent on shipping, as a remote island nation. Our customers' needs are in many cases quite specific and call for customized solutions that differ in many ways from the services provided by global shipping lines that sail between continents, carrying mostly non-time-sensitive cargo on ultra-large container vessels. Investments in the Icelandic fisheries industry over the course of past decades that have focused on increasing efficiency and quality both in fishing and processing, along with the development of salmon farming, have resulted in increased exports of fresh and fully processed products. This value-added development has required increased speed and flexibility in the supply chain, especially with regards to shipping. Equally, the growing demand from Icelandic consumers for access to fresh imported food has called for the development and adaptation of shipping to deliver such goods fast and reliably to Icelandic wholesalers and retail chains. Our unique business model, based on integration of shipping, terminal services and trucking, is fundamental for flexibility and efficiency in Eimskip's services, allowing us to meet the high demands of Icelandic consumers across the country and ensuring the quality of our valuable seafood products as they reach foreign markets.

The start of the third quarter is promising and we are optimistic the results will improve from the second quarter. A new fishing quota year starts in Iceland in September and is anticipated to boost export volumes, however there is continued uncertainty surrounding the trajectory of the Icelandic economy. Exports out of Faroe Islands in recent weeks have been somewhat affected by lack of mackerel, as the fisheries started slowly, but meanwhile fresh fish exports have remained on a solid level. Furthermore, the outlook is promising with signs of the mackerel catch picking up in volume and quality, and salmon harvesting is expected to peak in the third quarter. Meanwhile, imports to Faroe Islands have remained stable and the considerable infrastructure investment that is planned in the islands could positively impact the volume in the coming

quarters. In the International Forwarding operations we have seen some easing in global freight rates in recent weeks, potentially due to the peak summer holiday season in Europe. The outlook is generally good but the effects of prolonged disruption in the world's supply chains and growing geopolitical tensions on shipping capacity and global trade, remain to be seen.

INVESTOR MEETING 21 AUGUST 2024

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for second quarter 2024 at its meeting on 20 August 2024. Investors and market participants are invited to a meeting on Wednesday, 21 August 2024, at 8:30 a.m. at the Company's headquarters, Sundabakki 2, second floor. **The meeting will also be webcasted live in Icelandic at www.eimskip.com/investors.** Vilhelm Már Thorsteinsson, CEO and María Björk Einarsdóttir, CFO, will present the Company's financial results for Q2 2024. Investor presentation and a recording of the meeting will be available on the Company's investor relations website.

FURTHER INFORMATION

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FORWARD-LOOKING STATEMENTS

Statements contained in this financial press release that refer to the Company's estimated or anticipated future results or future activities are forward-looking statements which reflect the company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions and other factors. Eimskip undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.