

ZIM INTEGRATED SHIPPING SERVICES LTD.
CONDENSED CONSOLIDATED UNAUDITED INTERIM
FINANCIAL STATEMENTS
MARCH 31, 2022

ZIM INTEGRATED SHIPPING SERVICES LTD.

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ZIM INTEGRATED SHIPPING SERVICES LTD.
CONDENSED CONSOLIDATED UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

		March 31		December 31
		2022	2021	2021
	Note	US \$ in millions		
Assets				
Vessels	6	4,037.5	1,299.7	2,957.8
Containers and handling equipment	6	1,323.6	665.6	1,365.8
Other tangible assets	6	74.6	64.5	68.9
Intangible assets		77.5	66.8	73.8
Investments in associates		13.6	13.5	12.2
Other investments		306.2	3.1	169.2
Trade and other receivables		107.9	5.8	107.2
Deferred tax assets		2.3	1.6	2.1
Total non-current assets		5,943.2	2,120.6	4,757.0
Inventories		173.8	86.3	119.0
Trade and other receivables		1,386.4	700.3	1,278.0
Other investments		2,092.4	63.0	2,144.5
Cash and cash equivalents		2,727.2	1,188.4	1,543.3
Total current assets		6,379.8	2,038.0	5,084.8
Total assets		12,323.0	4,158.6	9,841.8
Equity				
Share capital and reserves	5	2,009.8	1,992.4	2,011.4
Retained earnings (deficit)		2,246.1	(936.1)	2,580.6
Equity attributable to owners of the Company		4,255.9	1,056.3	4,592.0
Non-controlling interests		4.3	3.8	7.5
Total equity		4,260.2	1,060.1	4,599.5
Liabilities				
Lease liabilities		2,784.2	1,055.1	2,178.7
Loans and other liabilities		171.3	440.2	120.8
Employee benefits		57.1	63.2	65.6
Deferred tax liabilities		122.6	34.2	120.6
Total non-current liabilities		3,135.2	1,592.7	2,485.7
Trade and other payables	4(f)	2,946.2	538.7	1,086.3
Provisions		31.6	25.6	28.3
Contract liabilities		596.6	295.6	618.3
Lease liabilities		1,238.4	508.2	893.0
Loans and other liabilities		114.8	137.7	130.7
Total current liabilities		4,927.6	1,505.8	2,756.6
Total liabilities		8,062.8	3,098.5	5,242.3
Total equity and liabilities		12,323.0	4,158.6	9,841.8

/s/ Yair Seroussi

Yair Seroussi
Chairman of the Board of Directors

/s/ Eli Glickman

Eli Glickman
President & Chief Executive
Officer

/s/ Xavier Destriau

Xavier Destriau
Chief Financial Officer

Date of approval of the Financial Statements: May 18, 2022

The accompanying Notes are an integral part of these condensed consolidated unaudited interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

CONDENSED CONSOLIDATED UNAUDITED INTERIM INCOME STATEMENTS

	Note	Three months ended March 31		Year ended December 31
		2022	2021	2021
		US \$ in millions		
Income from voyages and related services		3,716.4	1,744.3	10,728.7
Cost of voyages and related services:				
Operating expenses and cost of services	8	(1,118.3)	(880.6)	(3,905.9)
Depreciation		(284.4)	(128.1)	(756.3)
Gross profit		2,313.7	735.6	6,066.5
Other operating income		4.6	2.4	14.5
Other operating expenses		(0.1)	(0.1)	(1.0)
General and administrative expenses		(77.1)	(55.9)	(267.7)
Share of profit of associates		1.4	1.5	4.0
Results from operating activities		2,242.5	683.5	5,816.3
Finance income		21.4	6.8	18.8
Finance expenses		(45.3)	(46.3)	(175.6)
Net finance expenses		(23.9)	(39.5)	(156.8)
Profit before income taxes		2,218.6	644.0	5,659.5
Income taxes		(507.6)	(54.4)	(1,010.4)
Profit for the period		1,711.0	589.6	4,649.1
Attributable to:				
Owners of the Company		1,708.8	587.6	4,640.3
Non-controlling interests		2.2	2.0	8.8
Profit for the period		1,711.0	589.6	4,649.1
Earnings per share (US\$)				
Basic earnings per 1 ordinary share	10	14.25	5.35	40.31
Diluted earnings per 1 ordinary share	10	14.19	5.13	39.02

The accompanying Notes are an integral part of these condensed consolidated unaudited interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

CONDENSED CONSOLIDATED UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	US \$ in millions		
Profit for the period	1,711.0	589.6	4,649.1
Other components of Comprehensive Income			
Items of other comprehensive income that were or will be reclassified to profit and loss			
Foreign currency translation differences for foreign operations	(5.0)	(3.3)	(7.8)
Net change in fair value of investments in debt instruments at fair value through other comprehensive income, net of tax	(7.3)		(0.7)
Items of other comprehensive income that would never be reclassified to profit and loss			
Net change in fair value of investments in equity instruments at fair value through other comprehensive income, net of tax	0.2	(0.2)	(0.2)
Defined benefit pension plans actuarial gains, net of tax	3.9		1.1
Other comprehensive income for the period, net of tax	(8.2)	(3.5)	(7.6)
Total comprehensive income for the period	1,702.8	586.1	4,641.5
Attributable to:			
Owners of the Company	1,701.5	585.2	4,636.8
Non- controlling interests	1.3	0.9	4.7
Total comprehensive income for the period	1,702.8	586.1	4,641.5

The accompanying Notes are an integral part of these condensed consolidated unaudited interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

CONDENSED CONSOLIDATED UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attribute to the owners of the Company						
	Share capital	General reserves (**)	Translation reserve	Retained earnings (deficit)	Total	Non-controlling interests	Total equity
				US \$ in millions			
For the three months period ended March 31, 2022							
Balance at December 31, 2021	923.2	1,107.9	(19.7)	2,580.6	4,592.0	7.5	4,599.5
Initial application of an amendment to IAS 37 (*)				(3.3)	(3.3)		(3.3)
Balance at January 1, 2022	923.2	1,107.9	(19.7)	2,577.3	4,588.7	7.5	4,596.2
Profit for the period				1,708.8	1,708.8	2.2	1,711.0
Other comprehensive income for the period, net of tax			(4.1)	(3.2)	(7.3)	(0.9)	(8.2)
Share-based compensation		2.5			2.5		2.5
Exercise of options	1.1	(1.1)					
Dividend to owners of the Company (Note 4(f))				(2,036.8)	(2,036.8)		(2,036.8)
Dividend to non-controlling interests in subsidiaries						(4.5)	(4.5)
Balance at March 31, 2022	924.3	1,109.3	(23.8)	2,246.1	4,255.9	4.3	4,260.2
For the three months period ended March 31, 2021							
Balance at January 1, 2021	700.3	1,106.5	(16.0)	(1,523.5)	267.3	7.2	274.5
Profit for the period				587.6	587.6	2.0	589.6
Other comprehensive income for the period, net of tax			(2.2)	(0.2)	(2.4)	(1.1)	(3.5)
Issuance of share capital, net of issuance costs	203.5				203.5		203.5
Share-based compensation		0.3			0.3		0.3
Dividend to non-controlling interests in subsidiaries						(4.3)	(4.3)
Balance at March 31, 2021	903.8	1,106.8	(18.2)	(936.1)	1,056.3	3.8	1,060.1
Balance at January 1, 2021	700.3	1,106.5	(16.0)	(1,523.5)	267.3	7.2	274.5
Profit for the year				4,640.3	4,640.3	8.8	4,649.1
Other comprehensive income for the year, net of tax			(3.7)	0.2	(3.5)	(4.1)	(7.6)
Issuance of share capital, net of issuance costs	203.5				203.5		203.5
Share-based compensation		20.8			20.8		20.8
Exercise of options	19.4	(19.4)					
Dividend to owners of the Company				(536.4)	(536.4)		(536.4)
Acquisition of subsidiary with non-controlling interest						0.3	0.3
Dividend to non-controlling interests in subsidiaries						(4.7)	(4.7)
Balance at December 31, 2021	923.2	1,107.9	(19.7)	2,580.6	4,592.0	7.5	4,599.5

(*) See Note 3.

(**) Include reserves related to transactions with an interested party and share-based compensation.

The accompanying Notes are an integral part of these condensed consolidated interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

CONDENSED CONSOLIDATED UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	US \$ in millions		
Cash flows from operating activities			
Profit for the period	1,711.0	589.6	4,649.1
Adjustments for:			
Depreciation and amortization	290.2	133.6	779.2
Net finance expenses	23.9	39.5	156.8
Share of profits and change in fair value of investees	(1.5)	(2.5)	(4.7)
Capital gain	(4.0)	(0.4)	(8.7)
Income taxes	507.6	54.4	1,010.4
Other non-cash items	2.5		20.8
	2,529.7	814.2	6,602.9
Change in inventories	(54.8)	(34.1)	(66.8)
Change in trade and other receivables	(96.3)	(174.2)	(766.5)
Change in trade and other payables including contracts liabilities	36.0	175.7	555.9
Change in provisions and employee benefits	(2.1)	(0.7)	6.6
	(117.2)	(33.3)	(270.8)
Dividends received from associates		0.7	4.4
Interest received	3.2	0.7	3.5
Income taxes paid	(755.7)	(4.9)	(369.1)
Net cash generated from operating activities	1,660.0	777.4	5,970.9
Cash flows from investing activities			
Proceeds from sale of tangible assets, intangible assets, investments and affiliates	5.3	0.5	10.9
Acquisition of tangible assets, intangible assets and interest in investees	(182.5)	(133.0)	(1,005.0)
Acquisition of investment instruments, net	(182.9)		(182.5)
Change in other receivables	(0.3)		(101.8)
Change in other investments (mainly deposits), net	99.8	(2.1)	(2,064.7)
Net cash used in investing activities	(260.6)	(134.6)	(3,343.1)

The accompanying Notes are an integral part of these condensed consolidated unaudited interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

CONDENSED CONSOLIDATED UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	US \$ in millions		
Cash flows from financing activities			
Receipt of long-term loans and other long-term liabilities	59.2		50.0
Issuance of share capital, net of issuance costs		205.4	205.4
Repayment of borrowings and lease liabilities	(208.9)	(190.4)	(1,191.3)
Change in short term loans	(20.0)	(1.0)	(16.0)
Dividend paid to non-controlling interests	(4.5)	(2.8)	(4.7)
Dividend paid to owners of the Company			(536.4)
Interest and other financial expenses paid	(40.5)	(34.8)	(160.0)
Net cash used in financing activities	(214.7)	(23.6)	(1,653.0)
Net change in cash and cash equivalents	1,184.7	619.2	974.8
Cash and cash equivalents at beginning of the period	1,543.3	570.4	570.4
Effect of exchange rate fluctuation on cash held	(0.8)	(1.2)	(1.9)
Cash and cash equivalents at the end of the period	2,727.2	1,188.4	1,543.3

The accompanying Notes are an integral part of these condensed consolidated unaudited interim Financial Statements.

ZIM INTEGRATED SHIPPING SERVICES LTD.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

1 Reporting entity

ZIM Integrated Shipping Services Ltd. (hereinafter - the "Company" or "ZIM") and its subsidiaries (hereinafter – "the Group" or "the Companies") and the Group's interests in associates, operate in the field of container shipping and related services.

ZIM is a company incorporated in Israel, with limited liability. ZIM's ordinary shares have been listed on the New York Stock Exchange (the "NYSE") under the symbol "ZIM" on January 28, 2021. The address of the Company's registered office is 9 Andrei Sakharov Street, Haifa, Israel.

2 Basis of compliance

(a) Statement of compliance

These condensed consolidated unaudited interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2021 (hereafter – the "annual Financial Statements"). These condensed consolidated unaudited interim Financial Statements were approved by the Board of Directors on May 18, 2022.

(b) Estimates

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those applied to the annual financial statements.

3 Significant accounting policies

The accounting policies applied by the Group in these unaudited condensed consolidated interim Financial Statements are the same as those applied by the Group in its annual Financial Statements, except as detailed below.

Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets:

As from January 1, 2022, the Company applies the amendment to IAS 37 in respect of onerous contracts, according to which, when assessing whether a contract is onerous, the costs of fulfilling a contract that should be taken into consideration are costs that relate directly to the contract, comprised of: (i) incremental costs, and (ii) an allocation of other costs that relate directly to fulfilling the contract.

The amendment is effective retrospectively in respect of contracts where, at the date of initial application, the entity has not yet fulfilled all its obligations. The Group did not restate comparative data but adjusted the opening balance of retained earnings by the amount of the cumulative effect of the amendment (US\$ 3.3 million).

4 Financial position

- (a) The container shipping industry continues to be characterized by volatility in freight rates, charter rates and bunker prices, accompanied by significant uncertainties in the global trade (including further implications that might derive from the Covid-19 pandemic and in particular the scope and duration of the lockdown measures applied in China, or the recent military conflict between Russia and Ukraine and the economic sanctions levied on Russia and certain of its corporates and individuals).

4 Financial position (cont'd)

In Addition, regulators in certain jurisdictions have become more active in their regulatory oversight over our industry, through change in regulations and interpretation of related rules. Market conditions in the recent quarters impacted positively, resulting in improved results of the Company, mainly driven by elevated freight rates, partially offset by the impact of increased charter hire rates and bunker prices.

In view of the aforementioned business environment and in order to constantly improve the Group's results of operations and liquidity position, Management continues to optimize its network by participating in partnerships and cooperation agreements and by upgrading its customer's offerings, whilst seeking operational excellence and cost efficiencies. In addition, the Company continues to explore options which can contribute to strengthen its capital and operational structure.

- (b) Further to the Company's operational cooperation with the "2M" alliance initiated in 2018, the Company announced in February 2022, that the 2M alliance partners (Maersk and MSC, two leading shipping liner companies) and the Company have formally agreed to extend their existing operational collaboration agreement, based on a full slot exchange and vessel sharing agreement, on the Asia – US East Coast and Asia – US Gulf Coast trades. The parties also agreed to terminate their collaboration in the Asia to Mediterranean and Pacific North – West trades, in which ZIM will launch a new independent service to address its customers' needs. The agreements with the 2M alliance partners became effective on April 2, 2022.
- (c) In March 2022, the plaintiff in the claim for an alleged patents' infringement against the Company, as disclosed in Note 27(h) to the Company's 2021 annual financial statements, voluntarily withdrew his claim, thus resulting in the closure of the related proceedings.
- (d) Charter agreements:

In January 2022, the Company entered into an agreement with a related-party shipping company for an eight-years charter of three 7,000 TEU liquefied natural gas (LNG) dual-fuel container vessels, for a total consideration of approximately \$400 million. The vessels are scheduled to be delivered during the first and second quarters of 2024.

In February 2022, the Company entered into an agreement with Navios Maritime Partners L.P. for chartering a total of thirteen container vessels for a term of approximately 5 years, in a total consideration of approximately \$870 million. The agreement comprises five secondhand vessels at the size range of 3,500-4,360 TEU, all of which were delivered during 2022, to be deployed in trades between Asia and Africa, and eight 5,300 TEU newbuild vessels, scheduled to be delivered between the third quarter of 2023 and the fourth quarter of 2024.

In March 2022, the Company entered into an agreement MPC Container Ships ASA, for chartering of up to six 5,500 TEU newbuild vessels for a period of 7 years, in a total consideration of up to approximately US\$ 600 million. The vessels are scheduled to be delivered between May 2023 and February 2024.

As part of its ongoing operational needs, the Company continues to charter additional vessels and extend vessel charter periods. See also Note 1(b) and Note 26 to the Company's 2021 annual financial statements, in respect of the Company's chartering agreements with Seaspan and the Company's commitments.

- (e) Fleet acquisitions:

Further to the purchase agreements of eight second-hand vessels the Company entered into during the second half of 2021, all related vessels were delivered to Company, including five vessels which were delivered during 2022.

4 Financial position (cont'd)

(f) Dividends:

In March 2022, in accordance with the Company's updated dividends policy, the Company's Board of Directors approved a distribution of dividend in a total amount of US\$ 2,037 million, or US\$ 17.00 per ordinary share, which was paid on April 4, 2022, to all holders of ordinary shares on record as of March 23, 2022. As at March 31, 2022 the dividend amount is presented under Trade and other payables.

In May 2022, further to such dividend policy, the Company's Board of Directors approved a distribution of an interim dividend of approximately US\$ 2.85 per ordinary share (or approximately US\$ 342 million, considering the number of ordinary shares outstanding as of March 31, 2022). The dividend is scheduled to be paid on June 8, 2022, to all holders of ordinary shares on record as of May 31, 2022.

5 Capital and reserves

Share-Based payment arrangements

In March 2022, the Board of directors approved a grant of share options to officers, directors and employees, as detailed below:

Grant date	Instrument terms	Number of instruments	Vesting Terms	Contractual life
March 9, 2022	Each option is exercisable into one ordinary share on a cash-less basis.	1,727,443	These options shall vest upon the first, second, third and fourth anniversary of the grant date, in four equal instalments of 25% each.	5 years

In addition to the above, following the balance sheet date, a grant of approximately 490,662 options granted to the Company's senior officers and Directors was approved by the Company's shareholders.

Information on fair value measurement

The weighted average fair value of the options on grant date was US\$ 29.72, measured using the Black & Scholes model, based on the following measurement inputs:

Share price on grant date	USD 68.94
Exercise price	USD 68.37
Expected volatility	47.32%
Expected life	5 years
Expected dividends	0%
Risk-free interest rate	1.7%

During the three months period ended March 31, 2022, 67,500 ordinary shares were issued upon the cashless exercise of options, previously granted in respect of share-based payment arrangements.

During the three months period ended March 31, 2022, 2021 and the year ended December 31, 2021, the Company recorded expenses related to share-based compensation arrangements of US\$ 2.5 million, US\$ 0.3 million and US\$ 20.8 million, respectively.

ZIM INTEGRATED SHIPPING SERVICES LTD.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

6 Right-of-use assets

	Balance at March 31		Balance at December 31
	2022	2021	2021
	US \$ in millions		
Vessels	3,630.3	1,180.6	2,720.2
Containers and handling equipment	439.0	485.9	458.6
Other tangible assets	53.4	44.8	47.6
	4,122.7	1,711.3	3,226.4

7 Segment information

ZIM is managed as one operating unit, generating revenues from operating a global liner service network of container shipping and related services. The Group service lines share the use of its resources and their performance are co-dependent. Accordingly, the chief operating decision maker manages and allocates resources to the entire liner network. As there is no appropriate allocation for the Group's results, assets and liabilities, these are all attributed to the Group's sole operating segment.

Freight revenues are disaggregated geographically by trade zone, as follows:

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	US \$ in millions		
Freight Revenues from containerized cargo:			
Pacific	1,725.4	812.2	5,278.8
Cross-Suez	472.7	202.5	1,254.2
Atlantic	329.8	159.6	960.8
Intra-Asia	597.0	312.0	1,714.6
Latin America	179.7	87.4	490.3
	3,304.6	1,573.7	9,698.7
Other Revenues (*)	411.8	170.6	1,030.0
	3,716.4	1,744.3	10,728.7

(*) Mainly related to demurrage, value-added services and non-containerized cargo.

ZIM INTEGRATED SHIPPING SERVICES LTD.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

8 Operating expenses and cost of services

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	US \$ in millions		
Wages, maintenance and other vessel-operating costs	6.8	3.7	14.3
Expenses relating to fleet equipment (mainly containers and chassis)	7.3	7.4	28.1
Fuel and lubricants	261.8	145.7	739.8
Insurance	2.1	2.5	11.5
Expenses related to cargo handling	484.4	437.4	1,879.9
Port expenses	70.6	60.0	255.5
Agents' salaries and commissions	60.5	41.9	238.8
Cost of related services and sundry	64.7	35.0	170.9
Slot purchases and hire of vessels	150.9	138.4	530.5
Hire of containers	9.2	8.6	36.6
	1,118.3	880.6	3,905.9

9 Financial instruments

Level 1 financial instruments carried at fair value

	March 31,				December 31,		
	2022			2021	2021		
	Investments in sovereign bonds at fair value through other comprehensive income	Investments in corporate bonds at fair value through other comprehensive income	Investments in equity instruments at fair value through other comprehensive income	Investments in equity instruments at fair value through other comprehensive income	Investments in sovereign bonds at fair value through other comprehensive income	Investments in corporate bonds at fair value through other comprehensive income	Investments in equity instruments at fair value through other comprehensive income
	US \$ in millions						
Other investments:							
Current	40.5	25.6	2.2	2.0	2.0	16.3	2.0
Non-Current	57.0	236.3	6.8		35.5	127.4	
	97.5	261.9	9.0	2.0	37.5	143.7	2.0

Financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, trade and other receivables, other investments, trade and other payables and loans and other liabilities, reflect reasonable approximation of their fair value.

ZIM INTEGRATED SHIPPING SERVICES LTD.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

10 Earnings per share

Basic and diluted earnings per share

	Three months ended March 31		Year ended December 31
	2022	2021	2021
Profit attributable to ordinary shareholders used to calculate basic and diluted earnings per share (US \$ in millions)	1,708.8	587.6	4,640.3
Number of shares at the beginning of the period used to calculate basic earnings per share	119,910,688	100,000,000	100,000,000
Effect of shares issued		9,777,778	13,712,329
Effect of share options			1,393,175
Weighted average number of ordinary shares used to calculate basic earnings per share	119,910,688	109,777,778	115,105,504
Effect of share options	528,210	4,730,337	3,828,219
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>120,438,898</u>	<u>114,508,115</u>	<u>118,933,723</u>